



(A Miniratna Category I Company)
CIN : L13100KA1976GOI002974

KIOCL LTD

Poised for Growth...



39th ANNUAL REPORT 2014-15



Honorable Minister Sri. Narendra Singh Tomar unveiled the rejuvenated Pellet Auditorium on 18.09.2014 at Corporate Office, Bangalore.



KIOCL enters MOU with MECL for Exploration of Minerals in presence of Hon'ble Steel Ministers and Steel Secretary on 07.07.2015 at Bangalore.



CMD inaugurated the class room donated by KIOCL to Kulur Church Pary School on 02.04.14 at Mlore. Rev Fr Herald DSouza & officers of the company present.

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Release of “MAKE IN INDIA” policy document by Steel Secretary Sri Rakesh Singh & Sri Malay Chatterjee, CMD, on 04.06.2015

VISION

To emerge as a world class mining company with the highest international standards of quality, productivity, technological & environmental excellence and also as a leader in Beneficiation & Pelletisation Industry in India and establish a global credence.

MISSION

- Lasting relations with customers and Vendors to ensure smooth supply chain based on trust and mutual benefits.
- Business with ethics & integrity.
- To thrive to improve the socio economic condition in the neighbourhood of Company's production centre.
- Continuous learning.
- Adaptability to Technology and changing Global Scenario.
- Growth, recognition and reward for employees.

OBJECTIVES

- Growth through expansion and diversification.
- Explore new markets and segments.
- Be competitive through cost reduction by change in processes.
- Open new vistas of business by creating diversified Business Units.
- To continue to invest in the capacity building of personnel for improving the knowledge, skill & attitude.

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS



Shri Malay Chatterjee
Chairman-cum-Managing Director



Shri Laxminarayana
Director (Finance)



Shri MV Subba Rao
Director (Commercial)



Shri N Vidyananda
Director (Production & Projects)

NON-EXECUTIVE DIRECTORS



Smt. Bharathi S. Sihag
Official Part Time Director
(From 16-03-2015)



Shri T. Srinivas
Official Part Time Director
(From 15-07-2015)



Shri Vinod Kumar Thakral
Official Part Time Director
(Upto 16-03-2015)



Smt. Urvilla Khati
Official Part Time Director
(From 06-11-2014 to 15-07-2015)



Shri Lokesh Chandra
Official Part Time Director
(Upto 31-10-2014)



Shri S Manoharan
Non-Official
Part Time Director



Shri PK Bajaj
Non-Official
Part Time Director



Dr. S Raghunath
Non-Official
Part Time Director



Dr. BK Sahoo
Non-Official
Part Time Director



Shri VK Agarwal
Non-Official Part Time Director
(Upto 01-08-2014)



Shri S K Padhi
Company Secretary

CORPORATE INFORMATION

COMPANY SECRETARY

SK Padhi

DEPOSITORIES

National Securities Depository Ltd.
Central Depositories Services (India) Ltd.

REGISTRAR & SHARETRANSFERAGENT

Integrated Enterprises (India) Ltd.
Regd. Office 30, Ramana Residency
4th Cross, Sampige Road,
Malleswaram, Bangalore - 560 003

OUR BANKERS

State Bank of India
Union Bank of India
IDBI Bank
Allahabad Bank
Andhra Bank
Bank of Baroda
Corporation Bank
Canara Bank
Central Bank of India

Indian Overseas Bank
Karnataka Vikas Bank
Oriental Bank of Commerce
Punjab National Bank
State Bank of Mysore
Syndicate Bank
Vijaya Bank
Bank of India
UCO Bank

STATUTORY AUDITORS

Sundaram & Srinivasan
Chartered Accountants
C-204, Skyline Solstice Apartments,
Bhuvanagiri Main Road,
Banasavadi, Bangalore-560 043

INTERNAL AUDITORS

M/s.NBS & Co.,
Chartered Accountants,
No. 6 & 7, Divya Enclave,
MG Road,
Mangalore – 575 003

COST AUDITORS

Shri Giridhar Ramakrishnan,
M/s Giridhar Ramakrishnan & Co.,
23, Southend Apartments,
LIC Colony, III Block,
Jayanagar, Bangalore -560 011

SECRETARIAL AUDITORS

Shri Naman Gurumurthi Joshi,
M/s N.G. Joshi & Co.,
#12, 1st Floor, 72nd Cross,
5th Block, Rajajinagara,
Bangalore - 560 010

Message from Chairman



“As we reflect back to the past year of 2014-15, we feel proud of all that your company has successfully accomplished despite the slowdown in economy and recession in the key markets where we operate. Guided by our Vision, Mission and Objectives, your Company continues to positively influence the lives of its stakeholders.”

Dear Fellow Shareowners,

It gives me immense pleasure in presenting before you the Annual Report of the Company for FY 2014-15. As we reflect back to the past year of 2014-15, we feel proud of all that your company has successfully accomplished despite the slowdown in economy and recession in the key markets where we operate. Guided by our vision, mission & objectives, your Company continues to positively influence the lives of its stakeholders.

The global economy in FY 2014-15 saw a steep decline in raw material prices, which had significant impact on steel sector. This sector is under relentless pressure caused by years of excessive steelmaking capacity and low margins. While global steel production has overshoot the steel demand, world's top iron ore miners are continuously ramping up their production capacities thereby the iron ore prices are under continuous pressure.

The Indian economy in FY 2014-15 is in the midst of a recovery with lower fiscal and current account deficit, lower inflation and weak commodity prices. Our country's growth seems poised to return to a high-growth path.

FY 2014-15 was a challenging year for the domestic steel industries due to subdued activity

in steel using sectors. Diminished demand for steel and high pellet production capacities coupled with most of the integrated steel plants equipping themselves with captive pellet plants, have shrunk the total market space available for merchant pellet manufacturers. Coal based sponge iron units, the other segment where pellet is one of the raw material is also passing through a bad phase due to poor demand and huge availability of scrap at competitive prices. The sponge iron industry's capacity utilization was below 50% during FY 2014-15. Moreover import of high grade lumps and pellets at competitive prices affected the pellet prices and demand for domestic pellets.

Amidst the current challenges, the performance of KIOCL in FY 2014-15 got a setback when the year's production & sales touched almost to the lowest level of 0.785 million tones and 0.679 million tones respectively & negative growth by 54% & 58% over the previous year. The physical performance clearly dominated over the financial side, as KIOCL reported revenue of ₹ 628.84 crores (Y-o-Y declined by 144 %) with EBIDTA of ₹ 63.35 crores and Post Tax Profit of ₹ 30.82 crores.

The World Steel Association estimates a marginal demand growth of 0.5% in CY 2015. The global steel industry continues to grapple with problems of surplus capacity and rising steel exports from China (above ~100 MTPA mark on annualized basis), resulting in global supply glut.

Indian steel industry faced headwinds of 71% Y-o-Y surge in finished steel imports (especially from China, Korea, Japan & Russia) in FY 2015, when apparent consumption increased only 3.1% Y-o-Y. Meanwhile, finished steel exports also decreased by 8.1% Y-o-Y in FY 2015. Re-functioning of closed mines in FY 2016 will improve domestic iron ore availability. Rising steel imports continue to be a major concern.

In order to supplement current operations, your company has forayed into service sector by opening Operational & Maintenance Portal to cater to mineral sector for providing value added services through its highly skilled and experienced manpower. I am happy to share with you that KIOCL has bagged a project from M/s NMDC for providing services during pre-commissioning, commissioning and O&M services initially for a period of three years in their 1.89 MTPA Beneficiation Plant and 1.2 MTPA Pellet Plant at Donimalai, which will go a long way in augmenting our sustenance. In addition to this, your Company also bagged two more similar contracts from M/s MRPL and M/s Odisha Mining Corporation (OMC). The work in these projects has already begun and will add strength to our Balance Sheet in future years.

I am glad to inform you that the Parliament has approved the Mines & Minerals (Development and Regulation) Amendment Act, 2015, notified on 12.01.2015 amending the MMDR Act, 1957. It states that the mineral concessions will be granted by the respective State Governments after getting clearance from Ministry of Mines which shall bring greater transparency and

remove discretion in allocation of mineral resources. KIOCL has already identified 4 blocks in the Karnataka State and requested Ministry of Mines, Ministry of Steel and State Governments for reserving the mining areas in favour of KIOCL under Section 17 A2(A) of MMDR Amendment Act, 2015.

I am also equally glad to inform you that KIOCL has been recognized as one of the Nodal agencies by Govt. of India for exploration of mineral assets in the country. In view of this notification, your company is spearheading towards forming JV with various State undertakings for exploration and exploitation of mineral deposits and setting up of value addition plants in their respective states. Your Company has opened a full-fledged Mineral Exploration Department to undertake prospecting and exploratory drilling of mineral deposits on behalf of Government of India and State Governments.

I am pleased to share that your Company has recently signed an agreement with Institute of Minerals & Materials Technology, Bhubaneswar to provide Iron Ore Beneficiation and Pelletisation solutions to interested parties in domestic and overseas market right from concept design to commissioning of the plant along with technology provided by IMMT, Bhubaneswar.

KIOCL is spearheading Steel Ministry's efforts to preserve high grade ore and utilize the low grade ore abundantly available at various mine heads through Beneficiation and Pelletization for the end users by forming JVs with other CPSEs. In order to make pan India presence, KIOCL has submitted its offer for the tender floated by M/s SAIL for setting up of a 1.5 MTPA capacity Pellet Plant on Built-Own-Operate (BOO) basis at Bokaro Steel Plant. Your Company has engaged the Technological Partner who will set up the project on turnkey basis.

On the Tripartite MoU signed with M/s APMDC and M/s RINL for joint exploration and exploitation of iron ore deposit in Ananthapuramu District in the State of Andhra Pradesh, Govt. of AP has forwarded a proposal on 24th March, 2015 to Ministry of Mines, Govt. of India for reserving the said PL area in favour of APMDC under Section 17 A 2 (A) of MMDR Amendment Act 2015 and for grant of PL under Section 5 (1) of MMDR Act 1957. We are hopeful of getting approval from Govt. of India. In the meantime, Survey & Investigation work for boundary demarcation, contour survey, geological investigation, mapping and preparation of detailed prospecting and exploratory drill plan has been prepared. On receiving statutory approvals and permits, exploratory drilling work will be carried out jointly with APMDC. Drill plan has been submitted to State Forest Department and the same is under process for grant of permission.

During the year, KIOCL received clearance from DGFT, Ministry of Commerce & Industry, Govt. of India for export of pellets through third party mechanism. Subsequently, your company started third party export of pellets to Iran on trial basis. The Company is continuing its efforts to regain its lost export market and further expand its market base.

Govt. of India has launched "Make in India" programme, an initiative to promote India as a global manufacturing hub. The initiative offers incentives, benefits and supporting infrastructure to the overseas manufacturers in addition to relaxation of foreign equity caps in various sectors, online application for licenses etc. Having our Pellet Plant strategically located on the west coast is a big advantage to tap Middle East/ Iranian markets where there is a growing demand for steel. Your Company is looking forward to enter into tolling arrangement wherein imported ore/concentrate is converted into pellet & export

finished product back to the overseas customers. I am happy to share with you that KIOCL is on the course to freeze this iconic deal, setting new possibilities between Iran and India trade relations.

KIOCL's Corporate Social Responsibility (CSR) strategy is designed to ensure positive impact on the people and communities. We firmly believe that demonstrating good practice in all aspects of CSR creates long-term value for our shareholders and other stakeholders. In response to Swachh Bharat- Swachh Vidyalaya mission launched by Hon'ble Prime Minister, KIOCL has constructed 20 functional toilets in Government Schools in the State of Karnataka. Besides, several other CSR activities were undertaken in the areas of healthcare, education, community development etc.

In the ensuing year, the business environment will continue to remain challenging and competitive intensity is likely to remain high. With our purpose driven objective, our passionate employees and your continued support, I am confident that we will continue to deliver growth that is consistent, competitive, profitable and responsible.

I would like to thank all our shareholders, for the trust and wholehearted support.

Best Regards,



Malay Chatterjee
Chief Executive Officer &
Chairman-cum-Managing Director

10 YEARS AT A GLANCE

Particulars	Quantity in '000 Dry Metric Tonnes/ ₹ in lakhs									
	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
Production (quantity)										
a) Concentrate	-	-	-	-	-	-	-	-	-	2922
b) Pellets	785	1710	1265	1710	2124	1273	1316	1927	630	2834
c) Pig Iron	-	-	-	-	-	62	118	157	-	-
Capacity Utilisation (%)										
a) Concentrate	-	-	-	-	-	-	-	-	-	58
b) Pellets	22	49	36	49	61	36	38	55	18	81
c) Pig Iron	-	-	-	-	-	29	55	73	-	-
Sales (quantity)										
a) Concentrate	-	-	-	-	-	-	-	-	-	482
b) Pellets	680	1615	1236	1716	2090	1456	1131	1907	629	2859
c) Pig Iron	1	2	4	10	20	95	74	170	-	-
Total Sales (US \$ Million) *	102.57	-	-	315.592	385.032	170.197	229.766	294.680	60.274	278.341
Export Sales (US \$ Million) *	12.14	-	-	93.162	164.725	51.690	166.143	197.825	10.340	194.244
DTA Sales (US \$ Million) *	90.43	-	-	222.430	220.307	118.507	63.623	96.855	49.934	84.097
Total Sales (in ₹ Lakhs) **	62884	153237	115912	152108	180346	99272	122898	153011	26744	123228
Export Sales (in ₹ Lakhs)	7391	-	-	41818	74727	23938	71961	78732	4459	85876
DTA & Indigenous Sales (in ₹ Lakhs)**	55493	153237	115912	110290	105619	75334	50937	74279	22285	37352
Gross Margin from operation	(11535)	(5037)	(6847)	3252	7026	(20783)	(5692)	10375	(6839)	59468
Income earned from Deposits etc.	17508	15663	14439	13511	9230	7312	11910	11145	10065	10905
Profit on sale of assets	63	4	7	4	5	7	7	26	-	8
Interest paid	-	-	-	-	-	-	2	611	15	9
Cash Profit	6036	10630	7599	16767	16261	(13464)	6223	20985	3211	70372
Depreciation & DRE	3209	4232	4322	4090	3707	4949	4347	4912	3172	16083
Profit before Prior period adjustment/extraordinary items	2827	6398	3277	12677	12554	(18413)	1876	16023	39	54289
Prior period adjustment/extraordinary items	299	(258)	(43)	(1138)	(2559)	(1082)	542	(372)	1955	522
Profit before Tax (PBT)	3126	6140	3234	11539	9995	(19495)	2418	15651	1994	54811
Profit after Tax (PAT)	3082	3994	3105	9430	7627	(17727)	2201	10816	1377	35630
Dividend - to Government	628	816	628	1884	1570	-	629	2142	-	12563
- to others	6	8	6	19	16	-	6	21	-	127
- Dividend Tax	127	140	108	316	263	-	108	368	-	1780
- % of Share Capital	1.00%	1.30%	1.00%	3.00%	2.50%	-	1.00%	3.409%	-	20.00%
Transfer to General Reserve	2321	3029	2362	7210	5778	(17727)	1459	8285	1377	21160
Paid-up Capital	63451	63451	63451	63451	63451	63451	63451	63451	63451	63451
No of shipments	15	42	24	38	44	32	25	43	17	71
Value added	23095	29987	23530	33171	43848	5670	29368	43567	8591	83726
No. of employees	947	957	1251	1319	1347	1362	1617	1642	1582	1889
Value added per employee	24.39	31.33	18.81	25.15	32.55	4.16	18.16	26.53	5.43	44.32
Value added per ₹ payment to employee	1.75	1.98	1.52	2.33	3.43	0.46	2.27	4.28	1.62	11.19

Pellets includes Pellet Fines Pig Iron includes Auxiliary material

* Value in Foreign Exchange relates to Pellet plant (Export Oriented Unit)

** Value in ₹ lakhs include sale of Pig Iron in Indigenous market.

The erstwhile KISCO has merged with the Company and became Blast Furnace Unit with effect from 01.04.2007. The information of Blast Furnace unit was given from 2007-08 onwards.

KIOCL LIMITED

(A Government of India Enterprise)

Regd. Office: II Block, Koramangala, Bangalore - 560034
Tele Fax: 080-25531525, e-mail: bsecretary@kudreore.com
Website: www.kioclltd.com
CIN:L13100KA1976GOI002974

NOTICE IS HEREBY GIVEN THAT THE THIRTY-NINTH ANNUAL GENERAL MEETING OF THE MEMBERS OF **KIOCL LIMITED** WILL BE HELD AS SCHEDULED BELOW TO TRANSACT THE FOLLOWING BUSINESSES:-

DATE & DAY : September 7, 2015, Monday
TIME : 12.00 noon
VENUE : Pellet Auditorium, KIOCL Ltd.,
II Block, Koramangala, Bangalore – 560 034

ORDINARY BUSINESS:

1. To consider and adopt the Audited Balance Sheet as at 31st March 2015 and the Profit & Loss Account for the financial year ended on that date together with the Reports of the Directors and the Auditors thereon and Comments of the Comptroller and Auditor General of India in terms of Section 143(6)(b) of the Companies Act, 2013.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Shri MV Subba Rao (DIN: 06495576) who retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri N. Vidyananda (DIN: 06729244) who retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment.
5. To pass with or without modification(s) the following resolution as an Ordinary Resolution for fixing the remuneration of Statutory Auditors:-

“RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013, the Board of Directors, be and are hereby authorized for fixation of annual statutory audit fee payable to the Statutory Auditors for the financial year 2015-16.”

SPECIAL BUSINESS:

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Rules made thereunder including any statutory modification(s) or re-enactment thereof for the time being in force and Articles of Association of the Company, Smt. Bharathi S Sihag (DIN: 02154196), Additional Secretary & Financial Adviser, Ministry of Steel, Govt. of India who was appointed as an Additional Director designated as Official Part Time Director by the Board of Directors w.e.f. 16.03.2015 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has, pursuant to Section 160 of the Companies Act, 2013, received a notice from a member in writing proposing her candidature for the office of director, be and is hereby appointed as Director of the Company, liable to retire by rotation.”

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Rules made thereunder including any statutory modification(s) or re-enactment thereof for the time being in force and Articles of Association of the Company, Shri T Srinivas (DIN: 07238361), Joint Secretary, Ministry of Steel, Govt. of India who was appointed as an Additional Director designated as Official Part Time Director by the Board of Directors w.e.f. 15.07.2015 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has, pursuant to Section 160 of the Companies Act, 2013, received a notice from a member in writing proposing his candidature for the office of director, be and is hereby appointed as Director of the Company, liable to retire by rotation.”

8. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 148(3) and other applicable provisions of the Companies Act, 2013 and Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), Shri Giridhar Ramakrishnan of M/s Giridhar Ramakrishnan & Co., the Cost Auditor appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Pellet Plant Unit of Company for the financial year 2015-16, be paid a remuneration of ₹ 1,00,000/- (Rupees one lakh only) plus applicable taxes, other out of pocket expenses to be reimbursed on production of bills be and is hereby ratified and confirmed.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

**By Order of the Board of Directors
KIOCL Limited,**



**(S. K. Padhi)
Company Secretary**

Place: Bangalore
Dated: 17-07-2015

NOTE:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company.
3. The instrument appointing the proxy (duly completed, stamped and signed) must be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, member would be entitled to inspect the proxies lodged, at any time during the business hours of the Company, provided not less than 3 days written notice is given to the Company.
4. Relevant Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, in respect of the Special Businesses, set out above is annexed hereto.
5. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
6. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. In pursuance to provisions of Section 152(6) (a) of the Companies Act, 2013, Sri MV Subba Rao, (DIN: 06495576), Director (Commercial) and Sri N. Vidyananda, (DIN: 06729244), Director (Production & Projects) retire by rotation and being eligible, offers themselves for re-appointment. However, as per the original terms of appointment issued by President of India, the tenure of Sri MV Subba Rao and Sri N. Vidyananda as Directors of the Company will expire on 31.01.2018 and 31.10.2018 respectively, or until further orders, whichever is the earliest.
8. In pursuance to Section 161 of the Companies Act, 2013 Smt. Bharathi S. Sihag, (DIN 02154196), Additional Secretary & Financial Adviser to Govt. of India and Shri T. Srinivas, (DIN 07238361), Joint Secretary, Ministry of Steel were appointed as Additional Directors on the Board of KIOCL Limited who shall hold office only upto the date of the next AGM. The Board has recommended their appointments. However, as per the appointment No. 1/16/2015-BLA dated 16th March 2015 and order No. 1/16/2015-BLA dated 15th July 2015 respectively their appointment on Board of KIOCL is co-terminus with their post in Ministry of Steel, Govt. of India.
9. Brief resume of the Directors proposed for appointment and re-appointment as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges is annexed hereto and form part of the Notice.
10. The Register of Members and Share Transfer Books of the Company will remain closed from 01-09-2015 to 07-09-2015 (both days inclusive) for determining the names of members eligible for dividend of Equity Shares, if declared, at the Meeting.

11. Subject to the provisions of Section 126 of the Companies Act, 2013, dividend @ 20.59% of Profit after Tax, which works out to Re.0.10/- per share of the face value of Rs.10/- each as recommended by the Directors at its 233rd Meeting held on 27.05.2015 for the year ended 31st March, 2015, if declared, will be payable to those Members, whose names appear in the Register of Members as at the close of business on 31-08-2015 and in respect of shares held in dematerialized form, as per the list of beneficial owners furnished to the Company by NSDL / CDSL, as at the close of business on 31-08-2015. The dividend warrants will be posted on or after 16-09-2015.
- Note:
- a. In respect of shares held in electronic / demat form, beneficial owners are requested to notify any change in their address, bank account, mandate, etc. to their respective Depository Participant.
 - b. Members holding shares in physical form are requested to notify any change in their address, bank account, etc. to the Company or to the Registrar and Transfer Agent.
 - c. With a view to prevent fraudulent encashment of dividend warrants, Members holding shares in physical form are advised to furnish particulars of their bank account together with their 9 digit MICR code number for recording the same.
12. The identity/signature of the Members holding shares in electronic/demat form is liable for verification with the specimen signatures furnished by NSDL/CDSL.
 13. The Registrar and Transfer Agent of the Company M/s. Integrated Enterprises (India) Limited, 30, Ramana Residency, Ground Floor, 4th Cross, Sampige Road, Malleswaram, Bangalore - 560 003, is handling registry work in respect of shares held both in physical form and in electronic/demat form.
 14. The Company has designated an exclusive e-mail ID i.e. bsecretary@kudreore.com for redressal of shareholders/investors complaints / grievances. In case you have any queries / complaints or grievances, then please write to us at the above mentioned e-mail address.
 15. Pursuant to the provisions of Section 205A(5) and 205C of the Companies Act, 1956, the Company has transferred the unpaid or unclaimed dividends upto the financial year 2005-06, to the Investor Education & Protection Fund (the IEPF) established by the Central Government.
 16. Pursuant to Section 72 of the Companies Act, 2013, shareholders holding shares in physical form may file nomination in the prescribed Form SH-13 with the Company's Registrar and Transfer Agent. In respect of shares held in electronic / demat form, the nomination form may be filed with the respective Depository Participant.
 17. Voting through electronic means Pursuant to the provisions of Section 108 of the Companies Act, 2013, Rule 20 and Rule 21 of Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by Central Depositories Services (India) Limited (CDSL). It is hereby clarified that it is not mandatory for a member to vote using the e-voting facility and a member may avail of the facility at his/her/it discretion, subject to compliance with the instructions prescribed below:

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on 04.09.2015 at 9.00 AM and ends on 06.09.2015 at 5.00 PM. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 31.08.2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form

PAN*	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. • In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DOB#	<p>Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.</p>
Dividend Bank Details#	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> • Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach

'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that

company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <CompanyName> on which you choose to vote.
- (xii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xviii) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.
18. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice of 39th AGM and holding shares as of the cut off date i.e. 31-08-2015 may cast their votes by following the instructions and process as provided in the notice of AGM.
 19. The scrutinizer shall immediately after the conclusion of voting at the General meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through e-voting in the presence of atleast two

witnesses not in the employment of the company and make not later than three days of conclusion of the meeting, a consolidated scrutinizers report of the total votes cast in favour or against if any, to the chairman or a person authorised by him in writing, who shall counter sign the same.

20. The result of the voting on the resolutions at the meeting will be announced by the Chairman or any other person authorised by him on receipt of the scrutinizer report. The result declared will also be placed on the company website and on the website of CDSL and will also be communicated to the stock exchange.
21. Pursuant to Section 139(5) read with Section 142 of the Companies Act, 2013, the Auditors of a Government Company are appointed or re-appointed by the Comptroller & Auditor General of India (C&AG) and their remuneration is fixed by the Company in the Annual General Meeting. The General

Meeting may authorize the Board to fix up an appropriate remuneration of Auditors for the year 2015-16 as may be deemed fit.

22. Company's shares are available in dematerialized form with National Securities Depository Limited (NSDL) and Central Depositories Services (India) Limited (CDSL). The ISIN number allotted to the Company's share is INE880L01014. Members are advised to get in touch with the Depository participant (DP)/Registrar and Transfer Agent for further details.
23. The route map of the venue of 39th AGM alongwith prominent landmarks is given in the Annual Report.
24. ***No Gifts, gift coupons or cash in lieu of gifts shall be distributed to members in the AGM or afterwards.***



Ship Loading Facility at Pellet Plant, Mangalore

EXPLANATORY STATEMENT

(Pursuant to Section 102(1) of the Companies Act, 2013)

As required by Section 102 of the Companies Act, 2013 (Act), the following explanatory statement sets out all material facts relating to the business mentioned under Item Nos. 6 to 8 of the accompanying Notice:

Item No. 6

Smt. Bharathi S. Sihag, (DIN 02154196), Additional Secretary & Financial Adviser, Ministry of Steel has been appointed as Part time Official Director w.e.f. 16.03.2015 in place of Shri Vinod Kumar Thakral (DIN 00402959). As per the Direction of Govt. of India, Smt. Bharathi S. Sihag, (DIN 02154196) was appointed as an Additional Director designated as Official Part-Time Director of the Company. Smt. Bharathi S. Sihag, (DIN 02154196) holds office till the date of ensuing Annual General Meeting by virtue of section 161(1) of the Companies Act, 2013 read with Article 114(xxxii) of the Articles of Association of the Company and is eligible for re-appointment.

In terms of Section 160 of the Companies Act, 2013, the Company has received a notice in writing from a Member along with a deposit of requisite amount proposing candidature of Smt. Bharathi S. Sihag, (DIN 02154196) for the office of Director of the Company. A brief profile of Smt. Bharathi S. Sihag, (DIN 02154196) is annexed hereto in accordance to clause 49 of the Listing Agreement of the Stock Exchanges.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company is in any way, concerned or interested, financially or otherwise, in the resolution. The Board of Directors commends the resolution for approval of the shareholders.

Item No. 7

Shri T. Srinivas (DIN 07238361) Joint Secretary, Ministry of Steel has been appointed as Part time Official Director w.e.f 15-07-2015 in place of Smt. Urvilla Khati, (DIN 07011413), Joint Secretary, Ministry of Steel. As per the Direction of Govt. of India, Shri T. Srinivas (DIN 07238361) was appointed as an Additional Director designated as Official Part-Time Director of the Company. Shri. T. Srinivas (DIN 07238361) holds office till the date of ensuing Annual General Meeting by virtue of Section 161(1) of the Companies Act, 2013 read with Article 114(xxxii) of the Articles of Association of the Company and is eligible for re-appointment.

In terms of Section 160 of the Companies Act, 2013, the Company has received a notice in writing from a Member along with a deposit of requisite amount proposing candidature of Shri T. Srinivas (DIN 07238361) for the office of Director of the Company. A brief profile of Shri T. Srinivas (DIN 07238361) is annexed hereto in accordance to clause 49 of the Listing Agreement of the Stock Exchanges. Save and except the above, none of the other Directors / Key Managerial Personnel of the Company is in any way, concerned or interested, financially or otherwise, in the resolution. The Board of Directors commends the resolution for approval of the shareholders.

Item No. 8

The Board, on the recommendation of the Audit & Risk Management Committee, has approved the appointment of Shri Giridhar Ramakrishnan of M/s Giridhar Ramakrishnan & Co., a Practicing Cost Accountant as the Cost Auditors for Pellet Plant Unit of Company for FY 2015-16 at a

remuneration of ₹ 1,00,000/- (Rupees one lakh only) plus applicable taxes, other out of pocket expenses to be reimbursed on production of bills.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 8 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2015.

None of the Directors/ Key Managerial Personnel of the Company is, in any way, concerned or interested,

financially or otherwise, in the resolution set out at Item No. 8 of the Notice.

The Board commends the Ordinary Resolution set out at Item No. 8 of the Notice for approval by the shareholders.

**By Order of the Board of Directors
KIOCL Limited,**



**(S. K. Padhi)
Company Secretary**

Place: Bangalore
Dated: 17-07-2015



Vacuum Disc Filters

**BRIEF RESUME AND OTHER INFORMATION IN RESPECT OF DIRECTORS
SEEKING ELECTION/RE-ELECTION AT THE 39TH AGM**

Name		Shri M V Subba Rao (DIN: 06495576)	Shri N. Vidyananda (DIN: 06729244)	Smt. Bharathi S. Sihag (DIN: 02154196)	Shri T. Srinivas (DIN: 07238361)
Date of Birth	06.06.1961	28.02.1960	02.12.1958	01.03.1962	
Date of appointment	01.02.2013	01.11.2013	16.03.2015	15.07.2015	
Qualifications	Graduate in B. Tech., (Metallurgy) from NIT, Warangal, DIM, PGD in Marketing and MBA (Marketing).	B. Tech (Mechanical) from Karnataka Regional Engineering College (Now National Institute of Technology, Karnataka), Surathkal	Post Graduate, M. Phil in History from Delhi University, MS in Development Studies from Cornell University, Ithaca, New York, USA	M.A., M. Phil.	
Nature of expertise	Commercial Activities	More than 33 years of illustrious career in KIOCL at different positions and units.	Indian Administrative Service (IAS)	Central Civil Service	
Directorships held in other Companies	NIL	NIL	SAIL, RINL, NMDC, MECON	NIL	
Memberships / Chairmanships of committee of other Public Companies	NIL	NIL	NIL	NIL	

BOARD'S REPORT

Your Directors have pleasure in presenting the Thirty Ninth Annual Report and Audited Financial Statements for the financial year ended March 31, 2015, together with the Auditors' Report and Comments on the Accounts by the Comptroller & Auditor General of India (C&AG) .

RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 134(5) of the Companies Act, 2013, it is hereby confirmed that:

- 1) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- 2) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- 3) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- 4) the directors had prepared the annual accounts on a going concern basis;
- 5) the directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- 6) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate & operating effectively.

FINANCIAL HIGHLIGHTS

The financial performance of the Company for the year ended March 31, 2015 is summarized below:

(₹ in crores)

	2014 - 2015	2013 - 2014
Revenue from operations (Gross)	628.84	1532.37
Profit for the year before exceptional and extraordinary items and tax	31.26	70.76
Less : Exceptional items	-	23.82
Profit before Tax	31.26	46.94
Less : Provision for Taxes (including deferred taxes)	0.44	7.00
Profit after Tax	30.82	39.94
EPS (Basic & Diluted)	0.49	0.63

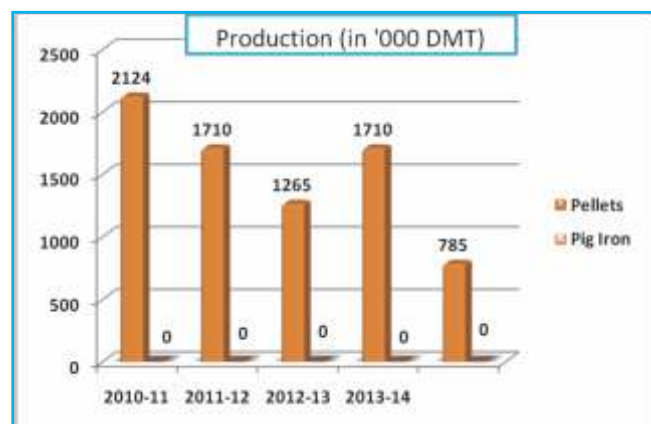
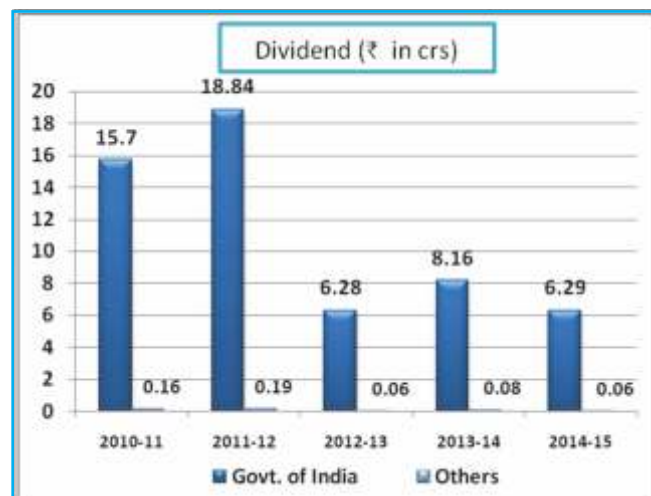
During the fiscal year ended March 31, 2015 the operating results were negatively affected due to subdued activity in steel using sectors. Condition was exacerbated by the economic downturn across the developed world. Owing to reduced sales, the operating revenue declined by 59% on Y-o-Y basis. During the year, the Company reported Profit before tax of ₹31.26 crores and Profit after Tax of ₹30.82 crores as against ₹46.94 crores & ₹39.94 crores respectively during previous fiscal year. The Earning per share (basic & diluted) is ₹0.49 against ₹0.63 during the previous year.

DIVIDEND

Directors of your Company have recommended equity dividend of 20.59% of Profit after Tax which works out to Re.0.10/ per share of the face value of Rs.10/- each for the financial year 2014-15. The dividend payout is subject to approval of members at the ensuing Annual General Meeting. The total dividend payable works out to Rs.6.35 crores (excluding dividend tax of Rs 1.27 crores). The Register of Members and Share Transfer Books will remain closed from 01-09-2015 to 07-09-2015 (both days inclusive) for the purpose of the dividend and Annual General Meeting.

BUSINESS & OPERATIONAL OVERVIEW

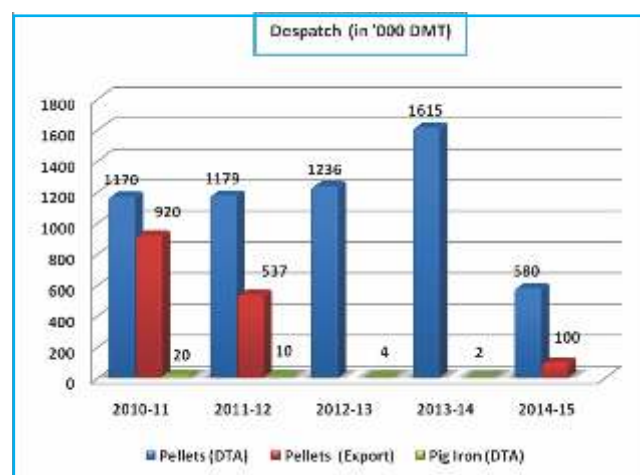
During the year, the Company has produced 0.785 million tons of Pellets against a target of 1.800 million tons thus achieving 44% of the target. The Company recorded a negative growth of 54% over the previous year's production of 1.710 million tons. In domestic market, steel demand remained challenging during current financial year due to subdued activity in steel using sectors.



Diminished demand for steel and high pellet production capacities coupled with most of the integrated steel plants equipping themselves with captive pellet plants has shrunk the total market space available for merchant pellet manufacturers. Coal based sponge iron units; the other segment where pellet is one of the raw materials is also passing through very bad phase due to poor demand and availability of scrap at highly competitive prices. The capacity utilization of sponge iron industry was below 50% during the fiscal year 2014-15. Moreover import of high grade lumps and pellets at very competitive prices have affected the pellet prices and demand for domestic pellets. In International market, the steel sector is straining under the relentless pressure caused by years of excess steelmaking capacity and low margins. While global steel production capacity has overshoot the steel demand, worlds top iron ore miners are continuously ramping up their production capacities thereby the iron ore prices are under continuous pressure. Lack of demand in both domestic and international markets coupled with levy of DBC, export duty, non availability of captive Iron Ore mines and ban on export of Pellets produced out of ore mined in Karnataka has forced the Company to source Iron Ore from Bailadila & Bacheli mines of NMDC in Chattisgarh State, on which the Company is incurring extra logistic cost. All these factors has pushed the Company into a tight corner posing difficulty to liquidate its stock during fiscal year 2014-15.

During the year under review the Company has achieved the sales figures of 0.680 million tons as against 1.615 million tons sold in previous year thereby recorded a decrease of 58% on Y-o-Y basis. From Commercial aspect, the only silver lining for the year is that after protracted discussions, Director General of Foreign Trade

(DGFT) under Ministry of Commerce & Industry, Govt. of India accorded permission to export Pellets through third party mechanism. Subsequently, one shipment on trial basis was made to Iran during the year. The Company is putting consistent efforts to re-establish itself as a global merchant pellet supplier and increase the market base. After a gap of almost 3 years, the Company reopened its export portal and two shipments were made through export to Iran & China. The remaining quantity was sold in domestic market.



The operation of the Blast Furnace Unit continues to remain under suspension since 05.08.2009. During the year, your Company has actively explored the possibilities for leasing out the unit through global tendering process; because of sluggish market, the response was lukewarm and unremunerative. Therefore, it was decided to wait until the recovery of steel market for getting better returns.

The details of last five years including current year production target vis-a-vis actual achievement and sales performance depicted at Table 1 & Table 2.

Table: 1

PP: Pellet Plant

PI: Pig Iron

(Qty. In Million Tons)

Year	MOU Target		Actual Production		Utilisation of installed capacity in %	
	PP	PI	PP	PI	PP	PI
2014-15	1.800	-	0.785	-	22	-
2013-14	1.700	-	1.710	-	49	-
2012-13	2.500	-	1.265	-	36	-
2011-12	3.000	-	1.710	-	49	-
2010-11	2.780	0.100	2.124	-	61	-

(Installed capacity of Pellet Plant is 3.500 million tons / annum and Pig Iron is 0.216 million tons / annum).

Table: 2

Qty: in Million Tons, Value: ₹ in Lakhs

Year	Pellets		Pig Iron		Total	
	Qty	Value	Qty	Value	Qty	Value
2014-15	0.680	62687	0.001	197	0.681	62884
2013-14	1.615	153007	0.002	230	1.617	153237
2012-13	1.236	115252	0.004	660	1.240	115912
2011-12	1.716	150364	0.010	1744	1.726	152108
2010-11	2.090	174931	0.020	5415	2.110	180346

(Note: Pig Iron includes Auxiliary)

MARKET SCENARIO

During 2014, Global Steel Industry continued to face challenges relating to overcapacity. The Crude Steel production maintained its upward trend with an annual increase of 1.2% to 1,662 Million Tons as compared to 1,642 Million tons produced in 2013. The Middle East region had the most robust growth of 7.9% while china, the leading producer, registered a marginal growth of 0.9% at 822.7 Million tons, however its share in world steel production reduced from 49.7% (2013) to 49.5% (2014).

Growth in the Chinese economy, which consumes more than 50% of world iron ore/pellet production, is slowing down as government is moving away from investment-led growth and taking measures to fight pollution and overcapacity in Steel production. China's Iron and Steel sector has been adversely affected by weak demand, overcapacity, falling prices and pollution issues. Chinese steel demand dropped by 3.3% in 2014 - its first fall since 1995 - and it is forecasted to drop by 0.5% in 2015.



The international iron ore market is witnessing severe oversupply situation. The major iron ore producers have been ramping up their production capacities and around 300 Million tons of capacity is being added by 2016. This has led to additional supplies of around 130 Million tons during 2014. The excess supplies of iron ore against contracting demand has led to a steep drop in iron ore prices by more than 56% during the year 2014.

India, with a production of 83.2 million tons retained its position as the fourth largest producer with a growth of 2.3% during 2014. The Indian Steel sector had a difficult year as low economic growth and poor performance of automotive & infrastructure sectors kept the Steel demand stagnated. Very low international iron ore prices has led to record imports of around 15 Million tons by Indian steel industry, during 2014-15 against 0.4 Million tons in the previous year. The global Iron ore/pellet scenario is not expected to improve in the year 2015. Factors like negative demand growth in china, forecasted increase of around 45% in seaborne iron ore supply by 2018 etc are expected to keep the iron ore prices under pressure. However, improvement

in demand from US and Europe could partially offset the decline in Chinese demand.

PELLET INDUSTRY SCENARIO

The pellet production capacity in India is reported to have crossed 90 million tons during 2014. This has aggravated the situation in pellet market within the country which is reeling under severe pressure due to surplus supply situation of pellets & all time high import of iron ore/pellets.

Steel plants in India are expected to increase the usage of pellets in their production process to reduce pollution and increase productivity. This is likely to improve market for pellets. Moreover, there is expectation that, infrastructure, real estate and automobile sectors would see an improvement in their performance during 2015-16 thus generating better demand for Steel, in turn improving the demand and prices of Pellets in the year 2015.



The Company is in the process of negotiating with various International players such as mine owners, traders etc. for procuring high grade iron ore fines/concentrate for pellet manufacturing and supply back to overseas customers. The Company is also exploring to utilise the Pellet Plant infrastructure as tolling plant so that surplus capacity can be utilised for overall improvement in efficiency of the plant, under "Make in India" programme, an initiative launched by Govt. of India for encouraging overseas companies to manufacture their products in India.

TURNING TOWARDS FUTURE GROWTH

The Company is giving lot of impetus to rebuild and is in the path of re-inventing itself. To accomplish this, the Company has acknowledged the issues at hand and swiftly and decisively executing the initiatives to resolve them, so that the Company can turn into excellence. The Company through its accelerated selection and focus is planning to invest in core and new businesses as it aggressively works to transform itself into a more profitable structure. In these directions, the Company has been taking following important steps to counter the challenges faced by it in the rapidly changing and highly competitive global markets.

(i) Diversification into Mineral Exploration Field

Ministry of Mines, Govt. of India notified your Company as exploration entity on 16.02.2015 under second proviso of sub section (1) of Section 4 of the Mines and Minerals (Development and Regulation) Act, 1957. This will facilitate the Company to take up prospecting operation & exploratory drilling of mineral deposits. Govt. of India implemented MMDR Amendment Act 2015 effective from 12.01.2015 with the system of allocation of minerals through auction either mining lease or composite licence (PL cum Mining lease) replacing earlier system of allocating minerals. Govt of India also notified Mineral (Auction) Rules 2015 for conducting auction of minerals by State Govt's. Mineral Auction rules deal with various stages of auction including fixing up of reserve price, up front payment & performance security. To find the intrinsic value of minerals of a particular area, detailed exploration is required to be carried out before auction of minerals for

grant of ML, unlike grant of mining lease on submission of application before implementation of MMDR Amendment Act 2015. Further, it is learnt that about 8 lakh sq. km of mineralized area in the country requires detailed exploration to identify the ore reserves and assess their intrinsic value. There is a need for extensive exploration by the mineral rich states before they put up minerals for auction. Keeping in view the importance of mineral exploration, Govt of India framed National Mineral Exploration Trust (NMET) Rules 2015 with an objective to utilize the funds of trust for carrying out regional and detailed exploration of minerals in any part of India. KIOCL, being a notified exploration entity by Govt of India, has an objective to undertake exploration works for NMET, on behalf of State Govt. The Company has opened full-fledged Mineral Exploration Department to undertake prospecting and exploratory drilling of mineral deposits on behalf of Government of India and State Governments.



Sri Malay Chatterjee, CMD with Sri Narendra Kothari, CMD, NMDC on the occasion of Signing of Agreement for O&M work at Donimalai on 07.01.2015

(ii) Creation of Operation & Maintenance Portal

In a fresh effort to rejuvenate the Company in the absence of captive mine and at the same time to gainfully utilise the existing trained manpower the Company has set up a new business Operation and Maintenance (O&M) Portal. The prime objective of the portal is to provide expert services to the Industry and helping them improve upon their efficiency level. The portal is structured on a fee based interlinking with the number of engineers and support staff deployed to the concerned organization. In this direction, the Company has already secured 3 (Three) contracts during the year.

- Signed an agreement with M/s NMDC Limited, a PSU under Ministry of Steel to Operate & Maintain their 1.89 MTPA Beneficiation and 1.20 MTPA Pellet Plant at Donimalai mines site of Karnataka. The contract is initially for a period of 3 years with a provision to extend for further period of 2 years with mutual consent of both PSUs. The commissioning of the plant is in the advance stage and likely to start the work by mid of 2015.
- M/s Orissa Mining Corporation, a Govt. of Odisha Undertaking awarded the contract for Operation, Repair and Maintenance of their Chrome Ore Beneficiation Plant at South Kaliapani, Odisha initially for 01 year and extendable for next 02 years on year to year basis and also extendable for further period of 02 years. The work has commenced at site.
- The Company is awarded with contract from M/s MRPL, Mangalore for Operation & Maintenance of their Pet Coke Handling System (crusher conveyors). The work has been started at site.

(iii) Exploration and Exploitation of Nemaikallu Iron Ore deposit in Ananthapur Dist., of Andhra Pradesh with M/s APMDC and setting up value addition plant

The Company has signed a Tripartite MoU along with M/s. APMDC and M/s. RINL during 2013-14 for joint exploration and exploitation of Nemaikallu Iron Ore deposit in Ananthapur Dist., of Andhra Pradesh. The Company is also proposing to set up a Beneficiation and Pelletisation plant and to supply 50% Pellets to RINL on cost plus basis as per the understanding. Govt. of AP has forwarded the proposal on 24.03.2015 to Ministry of Mines, GoI for reserving the said mining area in favour of M/s APMDC under Section 17A 2(A) of MMDR Amendment Act 2015 and for grant of PL under section 5(1) of MMDR Act 1957. Permission for undertaking exploratory drilling is being examined by Divisional Forest Officer, Anantapuramu, Andhra Pradesh. On receipt of approval from Ministry of Mines, Govt. of India for reserving the said area, Govt. of AP shall grant area for prospecting/mining operations.

(iv) 1.5 MTPA Pellet plant Greenfield Project at Bokaro Steel Plant, SAIL

In order to establish credence & to aid pelletisation programme in the country, the Company is in dialogue with sister concern PSUs to set up Beneficiation & Pelletisation Plants at their mine head. In this direction, the Company is negotiating with M/s SAIL, which intends to utilize large quantity of dumped fines at mine head to meet the requirement of prepared burden in Bokaro Steel Limited (BSL) Blast furnaces. M/s. SAIL floated Limited Tender Enquiry on

23.12.2014 for “Installation of 1.5 MTPA Pellet Plant at Bokaro Steel Plant, Bokaro on Build-Own-Operate (BOO) basis”. The due date for submission of offer was 02.05.2015. In the field of pelletisation, the Company possesses vast experience of operating the Pellet Plant of 3.5 MTPA capacity in Karnataka with state-of-the-art technology and is also into marketing of iron oxide pellets in the International / Domestic market. Keeping the above background and experience in view and to diversify/expand its operations by making use of the emerging opportunities, the Company has submitted its offer for the subject tender.

(v) MoU with CSIR-IMMT for providing solution to Ore Beneficiation Plants/ Mineral processing Plants in India & abroad

As a diversification measure, the Company has entered into a Memorandum of Understanding with Institute of Minerals & Materials Technology [IIMT], Bhubaneswar for establishment of Iron Ore Beneficiation plants in India/Abroad. Under this pact, both the entities will jointly develop technologies and offer unique project specific solution for the beneficiation of different grade ore available in Odisha and commission the beneficiation plant for the benefit of nation at large. CSIR-IMMT is possessing the facilities like testing of ore, developing flow sheet based on test results, basic engineering, etc. This MoU will facilitate KIOCL to participate as a consortium partner with CSIR-IMMT in the tenders floated by various PSU's and reputed companies for setting up of Iron Ore Beneficiation Plants in India and abroad on EPC/Turnkey basis.



Sri Malay Chatterjee , CMD & Sri BK Mishra, Director, IMMT along with the officials on the occasion of signing the MoU on 20.3.2015 at Bhubaneswar.

(vi) Mining Leases for Iron Ore Deposit

To source Iron Ore for its Pellet Plant, the Company has submitted various mining lease applications to Govt of Karnataka (GoK). The Company has also submitted mining lease applications for Iron Ore deposits in the States of Odisha, Jharkhand and Andhra Pradesh. Chikkanayakanahalli Iron Ore mining lease is already recommended by the GoK and the Company is in the process of obtaining various statutory clearances to commence the mining operation. Central Govt. implemented MMDR Amendment Act, 2015 on 12.01.2015. As per the Section 10(A) of Act, all applications pending with State Governments are ineligible for grant of ML.



Hon'ble Minister of Mines & Steel visited KIOCL Corporate Office at Bangalore on 03.04.2015, also seen in the picture is CMD alongwith colleague Directors

With implementation of MMDR Amendment Act, 2015, the Company requested Ministry of Mines, Ministry of Steel and various State Governments for reserving the mining areas in favour of the Company under Section 17A 2 (A) of MMDR Amendment Act, 2015. The same is being pursued with highest authorities for early allotment of mines.

STATUS ON DISTANCE BASED CHARGES (DBC)

South Western Railways & East Coast Railways have levied Distance Based Charge on KIOCL through Rates Circular No.36 of 2009 dated 01.06.2009 on Iron Ore transported by rakes for manufacture of Pellets and its subsequent exports. However, the same is not applicable for transporting of Iron Ore for manufacture of Steel and its subsequent Exports. Aggrieved by this, the Company has filed writ petition before the Hon'ble High Court of Karnataka and Odisha, challenging the imposition of DBC by Railways. Both the Courts heard the matter and granted stay for the operation of Para 5 of the Rates Circular No.36/2009 subject to condition that 50% of the demand excluding penalty is to be deposited with Railways. In compliance to the Hon'ble Courts directives, KIOCL has already deposited 50% of demand with Railways. The matter came up for hearing before the Courts and is sub-judice.

MOU PERFORMANCE

The Company has been signing MoU with the Ministry of Steel right from 1991-92. The performance of the Company was rated "VERY GOOD" by the Department of Public Enterprises for 2013-14 with highest ever Composite score of 1.632 after the closure of mines. The MoU for the financial year 2015-16 was signed on 30.03.2015 with Ministry of Steel and the following targets have been laid down under Good Category:

- ✓ Pellet Production : 1.80 million Tons
- ✓ Pellet Dispatch : 1.80 million Tons
- ✓ Turnover : Rs.1470.00 crores
- ✓ Gross Operating Margin : Rs.31.43 crores

The MoU evaluation for 2014-15 is under finalization.

CORPORATE PLAN 2022

The Company in association with a reputed consultant took the initiatives of formulating the Corporate Plan covering the period till the year 2022 in sync with Govt. of India 13th five year plan. The consultant after due consideration of the current state of affairs, with proper market & peer review, highlighted the key opportunities alongwith timelines, resource requirements etc. for the Company which need to be pursued for future growth. The internal Coordination Committee set up for the purpose is examining the same and it is proposed to implement the plan in the next financial year.



Sri Bobraj V Jeyaharan, GM I/c (Mangalore) & Officers of KIOCL received environment award on 27.06.2015 from Sri Ramanatha Rai, Hon'ble Minister for forest, ecology & environment, Govt. of Karnataka.

ENVIRONMENTAL MANAGEMENT & POLLUTION CONTROL MEASURES

The Company is according highest priority for environmental protection and taking requisite measures for pollution control as per the norms.



Kudremukh Tree Park Project, launched on 04.08.15 by Honble. Minister of Forest, Ecology & Environment, Sri. B.Ramanath Rai

Environmental Mitigation Initiatives

The initiatives and continued efforts on the environmental management and pollution control measures for the current year are as under:-

- The job of installing additional quantity of mist type water sprinklers to a length of about 310 meters is under progress. Further, installation of large area water sprinklers for a length of 385 meters is also under progress. The installation of such sprinklers (130 Nos) during the last year has considerably reduced the generation of fugitive dust during raw material handling near storage yard.
- Concreting of road for an additional length of 280 meters between Shed No.II and Pellet stock yard has been completed.
- The jobs/ campaign undertaken under Green Nurturing Programme during the last year i.e., up-keeping of school building and providing basic facilities have been completed during the current year.
- MoU was signed to develop “Kudremukh Tree Park” for the conservation of rare and endangered plant species of Western Ghats at Pilikula Mangalore as a part of commitment made to develop green belt and conservation of wide variety of plants. As on date, planting of 2500 sapling of RET species has been completed.

- The existing covered coke shed has been extended further to accommodate additional quantity of 2300 tons of coke.
- Low sulphur furnace oil is being used for Captive Power Plant.
- The upgraded STP adopting MBR scheme is being maintained and the entire quantity of treated effluent is being re-cycled in the process.
- The runoff water, floor washings and spillages are being recycled.
- Under Swachh Bharath Mission, cleaning campaign was undertaken in the Company premises, township and surroundings. The Company is also constructing toilets for the needy schools under Swachh Vidyalaya Mission.
- The standard norms prescribed by KSPCB in respect of air and water quality monitoring are being adhered to in all areas of work.
- The compliance status with respect to the conditions stipulated in the consents is being reported regularly to the concerned authorities. The compliance to consent conditions is satisfactory.
- The Company has complied with the requirement of Battery management, Hazardous waste management, Bio Medical Waste management, Water Act, Air Act & EP Act.
- The consents/authorizations are being renewed on schedule and company is having valid consents.

SAFETY

The Company is fully committed to ensure safe working conditions at all work sites. Corporate Safety Management Cell is involved in spreading awareness of “Safety” and coordination of organizational efforts on Safety related statutory compliances. Training programmes are conducted to inculcate safety consciousness,

Refresher training on SOPs and maintenance activities, first-aid training, fire-fighting training. Activities undertaken by the Safety Management Cell includes preparation of Safety Manual, Celebration of National Safety Day/ Week with effect from 04.03.2015 which included activities like administering safety pledge, release of safety posters, display of safety banners at Corporate and field offices etc. Awards were also given to the employees for winning safety competitions on safe working. Onsite mock drills are conducted twice in the year at Plant level to check the emergency preparedness to face any major accident/eventuality.



Safety pledge by Employees at Mangalore

PUBLIC/STAFF GRIEVANCE REDRESSAL

The Company has framed a well defined grievance procedure evolved under the Code of Discipline from its very inception. Since its introduction, the Scheme has been working satisfactorily without any complaints. Grievances received have been redressed to the satisfaction of the aggrieved employees. With respect to public grievance, as and when any complaints are received from the public, necessary remedial action, if any, is taken by the Company immediately.

Complaints/grievances other than the staff grievance are categorized into customer /consumer complaints/grievances from the Contractors, NGOs/General Public etc. The respective project heads are empowered to dispose off the grievances

concerning their areas and the general public. Linkage has been provided to Centralized Public Grievances Redressal & Monitoring System (CPGRAMS) with effect from 01.05.2011.

The grievances received and disposed off by the Company are reported to the Administrative Ministry on a monthly basis. The guidelines laid down by the Government of India in this regard are being followed. The Government also reviews the subject matter periodically.

The Second Administration Reforms Commission in its 12th report "Citizens Centric Administration" – the Heart of Governance recommended the organization to be made transparent, accountable and citizen friendly through making citizen charter more effective and mandatory. It also recommended for all Responsibility Centre to have Citizen Charter. Based on the above recommendation, a Public Service Delivery (SEVOTTAM) has been created for assessing and improving the quality of services delivered to the citizens. The system also involves the identification of the services delivered, quality of service, its objective, improvement of quality, using innovative methods for developing business process and more informative with the help of information technology. The same is also available in Company's website.



Inauguration of KIOCL stall at IITF-14 by Hon'ble Minister of Steel & Mines Sri Narendra Singh Tomar & Hon'ble Minister of State for Steel Sri Vishnu Deo Sai in the presence of Secretary, Steel & CMD, KIOCL

IMPLEMENTATION OF OFFICIAL LANGUAGE POLICY

In compliance with the Government's Policy on Official language, continuous efforts were made for propagating and progressively increasing the use of Hindi in Official work. Every year Hindi Divas & Rajbhasha week/fortnight is organized in the Corporate Office as well as at all locations of the Company. During these events employees doing exemplary work in Hindi in their day to day official tasks are felicitated.

10th issue of "Deepika" brought under TOLIC banner was released by Hon'ble Governor of Karnataka in the presence of Secretary (OL) & other dignitaries at South & South west regional conference at Mangalore organized by Govt. of India on 27.03.2015.

The Company is Convenor of Bangalore Town Official Language Implementation Committee (Undertakings) and conducts regular meetings and Joint Hindi Fortnight programmes for all Central PSUs in Bangalore. The Company had organized Joint Hindi Month for Town Official Language Implementation Committee (Undertakings) members between 30.07.2014 to 27.08.2014.



Hon'ble Governor of Karnataka Shri Vajubhai Rudabhai Vala addressing Southern & south-western regional official language convention on 27.03.2015 at Mangalore

Two days residential Official Language conference was organized under the aegis of Town Official Language Implementation Committee (Undertakings), Bangalore on 5-6 February, 2015 at Kudremukh. Representatives from various public sector (Undertakings) have participated in the Official Language conference.

The Company has been conferred with Indira Gandhi Rajbhasha award for the year 2013-14 for outstanding achievements in implementation of Official Language at Town Level. The award was presented by his Excellency, President of India Shri Pranab Mukherjee. The Company has also been conferred with Regional award for the progressive use of Official Language at the Town Level for the year 2013-14 during the South & South West Regional Conference at Mangalore on 27.03.2015 by Hon'ble Governor of Karnataka.

ISO CERTIFICATION

The Company is certified with Environmental Management System- ISO 14001: 2004, Quality Management System - ISO 9001: 2008 & Occupational Health & safety Management System (OHSAS) - 18001:2007.

VISIT OF PARLIAMENT COMMITTEE ON OFFICIAL LANGUAGE

During the year, the Company had the opportunity to interact with the Third Sub-Committee of the Parliament on Official Language headed by Shri. Hukmdev Narayan Yadav, Hon'ble Member of Parliament (Lok Sabha). The Committee inspected the Official Language Implementation of New Delhi office on 16.01.2015. During the inspection, Committee expressed its satisfaction and commended the actions initiated by the Company for the Implementation of Official Language Policy.

MANPOWER PROFILE

As on March 31, 2015, the Company had 947 employees on rolls comprising of 318 Executives including Non-Unionized Supervisors (33.6%), 629 Non executives (66.4%). During the year, no fresh recruitment has taken place in any of the grade; however, Two Executives were re-instated

in pursuance to order of the Hon'ble Court of Karnataka.

Table: 3 shows the number of SCs, STs, women employees, Ex-servicemen and PwD as against the total number of employees in different Groups on rolls of the Company as on 31.03.2015.

Table : 3

Group	Total No. of employees on rolls	SC	ST	No. of Women employees	Ex-servicemen	PwD
A	269	44	12	12	-	05
B	49	03	03	06	01	-
C	588	90	30	10	01	05
D	37	04	06	-	-	-
D(Sweepers)	04	03	-	01	-	03
Total	947	144	51	29	02	13

COMPLIANCE UNDER THE PERSONS WITH DISABILITIES ACT, 1995

The Company ensures compliance under the Persons with Disabilities Act, 1995. Suitable provision / modification are made in the working place to meet the requirements of such persons with disability.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has adopted an Anti Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. The Company has set up Internal Complaint Committees locationwise to redress complaints, if any, received regarding sexual harassment. All women employees (permanent, contractual, temporary, trainees) are covered under this policy. During the year under review, no complaints on sexual harassment was received.

INDUSTRIAL RELATIONS AND EMPLOYEES WELFARE

During the year, the Company continued to maintain harmonious industrial relations, Co-operation between the elected representative bodies of employees and management. It was ensured that no man-days were lost during the year. Personnel policies and welfare schemes were continuously aligned with the Company's goals and objectives.



HUMAN RESOURCE DEVELOPMENT

Human Resource Development is a continuous process as human resources are the key assets in the organization. The objective of Human Resource Development is to build a vibrant learning organisation that meets the challenges for its future growth & business goals. A series of initiatives were taken in this direction by the Company, viz:-

- Various in-house training programmes were organized for Executives and Non executives to enhance their skills.
- Employees were nominated for various seminars and conferences conducted at different locations in India & abroad.
- During the year, 3421 man days of Training was imparted to the employees.

AWARDS AND RECOGNITIONS

During the year under review, the Company was recognized in various ways by various institutions and some of the prominent awards presented to the Company are listed below:

- “Indira Gandhi Rajbhasha Shield” (Puraskar) from His Excellency the Hon'ble President of India, Shri Pranab Mukherjee.
- Bagged topmost award for Official Language Implementation at TOLIC level for the year 2013-14 as a Convener of TOLIC (Undertakings), Bangalore.
- Green Award for implementation of Green Nurturing Programme at various schools at Mangalore.

VIGILANCE

“Preventive vigilance” has been the thrust area of Vigilance Department all these years and the same has received focussed attention during the year. A climate of preventive vigilance was generated to sensitize officials at all levels about the ill effects of corruption and malpractices.

Regular Structured Meeting is being conducted with the management. The Vigilance Department is certified for compliance to ISO certification 9001-2008 standards to ensure continuous improvement in Quality Management System and certificate is valid upto February 2016. Vigilance Awareness Week was observed from 27th October 2014 at all the locations/ offices of the Company. During the year 89 work / purchase/ sale orders have been issued incorporating Integrity Pact (IP) clause, covering 97.38% of contracts by value. No complaints have been received under IP. Vigilance Department conducted 21 training programmes at three different locations, covering 1152 employees. Topics such as Good governance - Vigilance & other developments, Lokpal & Lokayukta Act 2013, Vigilance Awareness & Preventive Vigilance, etc., are covered. As per the guidelines of the Department of Public Enterprises & CVC on Corporate Governance, the Company had adopted Fraud Prevention & Whistle Blower Policies for prevention/ detection/ reporting of any fraud that is detected or suspected to ensure fair dealing of matter on the subject.



Sri Malay Chatterjee, CMD & Chairman TOLIC (Undertaking) receiving the INDIRA GANDHI RAJBHASHA AWARD from The President of India on 15.11.2014 at New Delhi

IMPLEMENTATION OF NEW PUBLIC PROCUREMENT POLICY FOR MICRO SMALL ENTERPRISES (MSES)

The Company has adopted a Micro & Small Enterprises (MSEs) policy for MSEs Sector, in line with the Government of India guidelines as per MSMED Act 2006. The following benefits are extended for the MSEs as per Govt. Guidelines:

- The Company has identified 85 items, which have been reserved for exclusive purchase from Micro and Small Enterprises.
- MSEs are exempted from payment of tender document fee & Earnest Money Deposit (EMD).

- If the price quoted by the MSE in a Tender is within the price band of L1 + 15% of the price quoted by a firm other than MSE, then the MSE is allowed to bring down the price to match the L1 price and supply up to 20% of the total tender value, of which 4% is for MSEs owned by SC/ST. In case of more than one such MSEs, the supply is shared proportionately.

Table 4 Depict the target set by the Company for implementation of Public Procurement Policy for MSEs:

Table : 4 (₹ Crores)

Sl. No.	Particulars	2014-15	2012-15 (for last 3 Years)	Target for the year 2015-16
1	Total annual procurement (excluding Raw Material, Imported items, Capital items and POL)	10.39	35.33	20.00
2	Total value of goods and services procured from MSEs (Including MSEs owned by SC/ST entrepreneurs)	1.67	7.03	20% (Min)
3	Percentage of procurement from MSE (Including MSEs owned by SC/ST entrepreneurs) out of total procurement.	16.07%	19.90%	
4	Percentage of procurement from MSEs owned by SC/ST entrepreneurs out of total procurement.	-	-	4%
5	Total number of vendor development programmes for MSEs	Once in 6 months	Once in 6 months	Once in 6 months

RIGHT TO INFORMATION



Under the Right to Information Act, 2005, the Company has set up an exclusive Right to Information Act outfit to provide

information and bring transparency. As per the requirement of the RTI Act, the Company has nominated Public Information Officers and Appellate Authorities in all its 3 locations (Corporate Office & Plant/Mine Site) to provide information to the applicants. During the financial year 2014-15, Company received thirty-

seven RTI applications and two numbers of first appeals. All these applications were disposed off as per the provisions of the Act.

DIRECTORS AND OTHER KEY MANAGERIAL PERSONNEL

The Company has 10 (Ten) Directors consisting of 4 (Four) Functional, 2 (Two) Non Executive Directors representing Ministry of Steel and 4 (Four) Independent Directors as on March 31, 2015.

Independent and Non-Independent Non-Executive Directors

The following Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149 of the Companies Act, 2013 and Clause 49 of the Listing Agreement which has been relied on by the Company and placed at the 233rd Board Meeting of the Company held on May 27, 2015 :-

- 1) Shri. S Manoharan
- 2) Shri. P K Bajaj
- 3) Dr S Raghunath
- 4) Dr B K Sahoo

Woman Director

In terms of the provisions of Section 149 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, a company shall have at least one Woman Director on the Board of the company. For the year ended 31st March 2015 your Company had two Women Directors Smt. Bharathi S Sihag & Smt. Urvilla Khati representing Ministry of Steel.

Changes in the composition of the Board of Directors

During the year under review, Smt Urvilla Khati (DIN 07011413) and Smt. Bharathi S Sihag (DIN 02154196) and Shri. T. Srinivas (DIN 07238361) were appointed as Part Time Official Directors representing Ministry of Steel until further order.

Shri Lokesh Chandra (DIN 06534076), Shri V K Thakral (DIN 00402959) & Smt. Urvilla Khati (DIN 07011413) ceased to be Directors consequent upon Ministry of Steel orders. Shri V K Agarwal (DIN 00233282) ceased to be an Independent Director consequent upon completion of three years term.

The Board of Directors place on record their deep sense of appreciation of the valuable services rendered as well as advice and guidance given by S/Shri VK Agarwal, Lokesh Chandra, Vinod Kumar Thakral & Smt. Urvilla Khati.

The proposal for appointment of Smt Bharathi S Sihag and Shri T. Srinivas as Govt. Director is being placed before the shareholders for approval; the relevant details are forming part of the AGM notice.

Appointments/Resignations of the Key Managerial Personnel

Shri. Malay Chatterjee, CMD, Shri. Laxminarayana, Director (Finance), Shri. M V Subba Rao, Director (Commercial), Shri. N Vidyananda, Director (P&P) and Shri. S K Padhi, Company Secretary of the Company are the Key Managerial Personnel as per the provisions of the Companies Act, 2013 and were already in office before the commencement of the Companies Act, 2013. None of the Key Managerial Personnel has resigned or appointed during the year under review.

Directors Retiring by Rotation

In terms of Section 152 of the Companies Act, 2013, Shri. M V Subbarao & Shri. N Vidyananda being longest in the office shall retire at the ensuing AGM and being eligible for re-appointment, offers themselves for re-appointment.

Board meeting

During the year under review, 6(six) meetings of the Board of Directors were held to transact the business of the Company. The time gap between two consecutive Board Meetings were not exceeding 120 days. Details of the Board Meetings, including the attendance of Directors at these meetings are provided in the Corporate Governance Report annexed to this report.

Board evaluation

The provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, require formulation of a policy/criteria/manner for determining qualifications, positive attributes, independence and remuneration of directors, key managerial personnel and senior management employees. The provisions also require formulation of policy/criteria for performance evaluation of directors and Board as a whole. The manner in which the evaluation has been carried out has been explained in the Corporate Governance report annexed to this report.

AUDITORS

Statutory Auditors

Pursuant to Section 139 of the Companies Act, 2013, the Comptroller and Auditor General of India shall appoint the Statutory Auditors of the Company for the year 2015-16.

The Statutory Auditors Report on Accounts of the Company for the financial year ended March 31, 2015 alongwith Management's replies thereto are annexed.

The Comptroller & Auditor General of India (C&AG) vide its letter dated 06.07.2015 has given "NIL" comments on the accounts of the Company for the year ended March 31, 2015. Copy of the same is annexed to the report.

Cost Auditors

Pursuant to Section 148 of the Companies Act, 2013 read with The Companies (Cost Records and Audit) Amendment Rules, 2014, the cost audit records of the Pellet Plant Unit of the Company is required to be audited. The Board on the recommendation of the Audit & Risk Management Committee appointed M/s Giridhar Ramakrishnan & Co., Cost Accountants, Bangalore to audit the cost accounts of the Company for the financial year 2015-16 on a remuneration of ₹ 1.00 lakh. As required under the Companies Act, 2013, the remuneration payable to the cost auditor is required to be placed before the Members in a general meeting for their ratification. Accordingly, a Resolution seeking Member's ratification for the remuneration payable to M/s Giridhar Ramakrishnan & Co., Cost Auditors is included at Item No. 8 of the Notice convening the Annual General Meeting. The cost audit report for the financial year 2013-14 was filed with the Ministry of Corporate Affairs on 09.09.2014. The Cost Audit Report for FY 2014-15 is under finalization and will be submitted to the Ministry of Corporate Affairs within the prescribed period.

Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed, M/s NG Joshi & Co., firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company for the financial year 2014-15. The Company provided all assistance and facilities to the Secretarial Auditor for conducting their audit. The Report of Secretarial Auditor for the FY 2014-15 is annexed to this report which is self-explanatory.

CORPORATE SOCIAL RESPONSIBILITY

In compliance with Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules 2014, the Company has established Corporate Social Responsibility (CSR) Committee. The Corporate Social Responsibility Committee has formulated and recommended to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, which has been approved by the Board. The CSR Policy may be accessed on the Company's website at the link: <http://www.kioclltd.in>. CSR is fundamentally a philosophy or a vision about the relationship of business and Society. It is the continuing commitment of business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large.

The Company has identified Education, Community Development, Health, Water, Sanitation as focus areas. The Company would also undertake other need based initiatives in compliance with Schedule VII of the Act. During the year, the Company has spent ₹ 1.01 crores, marginally lower than 2% of average net profits for last three financial years. The unspent amount of ₹ 9 lakhs has been carried forward and will be spent alongwith next year allocated amount. The statutory disclosures with respect to the CSR Committee and an Annual Report on CSR Activities forms part of this Report as Annexure.

CORPORATE GOVERNANCE

The Company is committed to maintain the highest standards of corporate governance and adhere to the corporate governance requirements set out by SEBI/DPE. The Company has also implemented several best

corporate governance practices as prevalent globally. The report on Corporate Governance as stipulated under the Listing Agreement forms an integral part of this Report. The requisite certificate from the Practicing Company Secretaries, M/s. SNM & Associates, confirming compliance with the conditions of corporate governance is attached to the report on Corporate Governance.

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report for the year under review as stipulated under Clause 49 of the listing agreement with the Stock Exchanges in India is presented in a separate section forming part of this Annual Report.

ENERGY CONSERVATION, R&D, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on Conservation of Energy, R&D Technology Absorption and Foreign Exchange earnings and outgo stipulated under Section 134(3) (m) of the Companies Act, 2013 read with Rule 8 of The Companies (Accounts) Rules, 2014, is annexed to this report.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

No loan, guarantee or investment made by the Company under section 186 of the Companies Act, 2013 during the financial year 2014-15.

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT 9 is annexed to this report.

EXPLANATIONS OR COMMENTS BY THE BOARD ON EVERY QUALIFICATION, RESERVATION OR ADVERSE REMARK OR DISCLAIMER MADE BY AUDITOR

Explanations or comments by the Board on every qualification, reservation or adverse remark or disclaimer made by auditor in his report are annexed to this report.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

No related transactions entered into with Related Parties as defined under the Companies Act, 2013 and Clause 49 of the Listing Agreement during the financial year 2014-15 which attract the provisions of Section 188 of the Companies Act, 2013. There were no materially significant transactions with related parties during the financial year which were in conflict with the interest of the Company. The Board has approved a Policy on materiality of related party transactions & dealing with related party transactions, which has been uploaded on the Company's website.

MATERIAL CHANGES & COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION

No material changes and commitments occurred between the end of the financial year of the company to which the financial statement relates and the date of the report which have affected on the financial position of the company.

PARTICULARS OF EMPLOYEES

The remuneration received by the employees of the Company has not exceeded the limit prescribed under Section 197 read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 during the financial year 2014-15.

ACKNOWLEDGEMENT

The Directors gratefully acknowledge the support, co-operation and guidance received from the Hon'ble Minister for Steel, Hon'ble Minister of State for Steel, the Secretary, Ministry of Steel and other officials of the Ministry of Steel as well as other Ministries of the Government of India, Government of Karnataka, Andhra Pradesh, Odisha, Jharkhand and all other departments/agencies of Central and State Governments in all the endeavours of the Company.

The Directors acknowledge the support extended by the valued and esteemed Customers, Shareholders, Stakeholders, Bankers and Suppliers for their support and co-operation.

The Directors also appreciate the continued and dedicated efforts put in by all the employees to overcome many challenges faced during the year.

For and on behalf of the Board of Directors



(Malay Chatterjee)

Chairman-cum-Managing Director

Date : 17-07-2015

Place: New Delhi

REPORT ON CORPORATE SOCIAL RESPONSIBILITY

As a socially conscious corporate, KIOCL is contributing significantly towards community development in and around its project sites to ensure that people living in the vicinity of our projects, especially the tribal communities in the surrounding areas are benefited directly and indirectly through the various development projects. KIOCL is undertaking CSR activities primarily in the state of Karnataka near its project offices which are situated in Bangalore, Mangalore and Kudremukh based on individual /organizational requests received. KIOCL has undertaken CSR activities in and around its project/liaison offices in other States also.

The scheme of Corporate Social Responsibility (CSR) has been evolved in KIOCL right since its inception. The Company is committed to operate in an economically, socially and environmentally sustainable manner, while recognizing the interest of its stakeholders. The aim of CSR policy of the Company is to identify and to lend a helping hand to the SC/ST/underprivileged and economically weaker sections of the society and to contribute for their growth and development. As part of its initiatives under “Corporate Social Responsibility (CSR), the Company has undertaken projects in the areas of Education, Community Development, Health, Water, Sanitation etc. These projects are largely in accordance with Schedule VII of the Companies Act, 2013. The corporate systems and processes were strengthened with the formation of a CSR Committee of the Board and a Company level internal committee constituted at Unit level to provide direction and also to oversee the CSR initiatives of the Company.

For the FY 2014-15 the CSR fund of ₹110 lakh was allocated in line with Section 135 and Schedule VII of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014 applicable w.e.f. 01.04.2014.



Toilets constructed under 'Swachh Bharat-Swachh Vidyalaya Abhiyan' at Sri Mujilnaya Aided Higher Primary School, Nooralbettu

The actual expenditure for the year was ₹101 lakhs. The remaining ₹ 9 lakhs which was earmarked for providing bus facilities to the school going children of neighbouring was dropped due to stoppage of activities at Kudremukh. The amount has been carried forward to next year & will be spent alongwith next year allocated amount. The highlights of CSR activities undertaken by the Company are as detailed below:-

Purified Drinking Water Facility

Vivekananda Vidya Kendra is located in Hoskote Taluk in Bangalore Rural District. This school was started in 1986 with students strength of 12. Presently, there are around 1600 students studying in this school who are from poor & rural background. Water scarcity is one of the perennial problems of Hoskote Taluk and people are regularly facing water crisis. In Vivekananda Vidya Kendra, drinking water was arranged 20 years back with the help of Danida scheme. Now the bore wells have dried up as ground water level is going down year by year and students are facing acute shortage of water. This often resulted in students bringing water from their home. Therefore school authorities have requested KIOCL to provide assistance for purified water facility to the school under Corporate Social Responsibility. Under this project, facilities like Borewells, Pump,

Overhead Water Tank, Reverse Osmosis, Steel Tanks for storage of purified water are provided in school premises. Around 1600 students who are from rural & poor background are benefitted with this project.



Purified drinking water facility to Sri Vivekananda Vidya Kendra, Hoskote

Assistance for Portable Handheld Auto Reflector

Sankara Eye Hospital is conducting programme in the name of “Gift of Vision” which is a rural community outreach program organized to identify beneficiaries with vision impairment from economically weaker section of the society & give treatment free of cost. Under this scheme, a team of doctors & support staff visit the rural areas and conduct eye check camps to identify the vision impairment. To assist doctors to effectively execute this program, Sankara Hospital has requested us to provide Portable Handheld Auto Reflector. With the help of this equipment the eye examination can be done to diagnose the problem at the camp itself. This equipment is portable, hand held, fast, easy to use device which allows capturing the fundus images enabling early intervention of many retinal diseases. It takes less than one minute per eye to capture quality images of the retina.

This equipment will help to reduce the incidence of visual impairment caused due to retinal diseases through systematic screening program.

Complications of these problems can be averted with screening & timely treatment. To support “Gift of Vision” program, KIOCL Limited handed over Portable Handheld Auto Reflector to Sankara Eye Hospital as a part of Corporate Social Responsibility.

Sponsor of Cataract Surgery

To support families living below poverty line, KIOCL Limited has sponsored cataract surgeries for 240 patients who are from rural areas and economically weaker section of the society. This project was executed in association with Sankara Eye Care Hospital, Bangalore through their “Gift of Vision” program which is a rural community outreach program rendering eye care services. Patients are identified through eye camps conducted in rural areas like Tumkur, Chikkaballapur, Ramanagar, Chamrajnagar, Kolar Districts, Bangalore Rural etc. The CSR Team of KIOCL attended Eye camps in Bagepalli and Chamrajnagar. Under this programme the patients are picked up from their respective villages, admitted to the hospital, surgery performed, medications provided with boarding & food and transported back to their villages completely free of cost. Review camps are also conducted after a month of the surgery to ensure zero post-operative complications.



CMD handing over the cheque to Sankara Eye Hospital under 'Gift of Vision' programme

Construction of Toilets under Swachh Bharath-Swachh Vidyalaya Abhiyan

Swachh Bharath-Swachh Vidyalaya is an initiative of Ministry of Human Resource Development, Government of India to create a functional toilet in every school. Swachh Vidyalaya is the national campaign driving 'Clean India Clean Schools'. A key feature of the campaign is to ensure that every school in India has a set of functioning and well maintained toilet, sanitation and hygiene facilities. The provision of clean toilets, sanitation and hygiene facilities in school secure a healthy school environment and protect children from illness and exclusion. Girls are particularly vulnerable to dropping out of school, partly because many are reluctant to continue their education when separate toilets and washing facilities are not available. When schools have appropriate, gender-separated facilities, an obstacle to attendance is removed. Thus having gender segregated toilets in schools particularly matters for girls. This helps in reduction of school drop outs among girls. To support this campaign, KIOCL Limited has constructed 3 toilet Blocks in 2 Government Schools identified from MHRD website. Besides, MHRD listed school; KIOCL also constructed 17 toilets in 5 Government Schools at Bangalore and Mangalore region under Corporate Social Responsibility programme. Facilities like Sanitation, Washing, Overhead tank with pump are provided for usage of students.



Toilets constructed under 'Swachh Bharat - Swachh Vidyalaya Abhiyan' at Government Junior College, Kalasa

Assistance to Sanskrit Vidyalaya

Panda Niyoga Sanskrit Vidyalaya is located in Shree Mandir, Puri, Odisha State. This school was established in the year 1802 in the holy city of Puri. There are 94 students (from Class VI-X) studying in this school. The students coming to this school are from very poor family background. The school lacks the basic infrastructure facilities and students are facing immense hardship. To support this ancient Sanskrit Vidyalaya, KIOCL has provided facilities like Aqua guard Storage Cooler cum Purifier, School Bags, School uniform, Study Materials, Wooden Partitions of School Hall etc. under CSR.



CMD handing over School Bags, Uniforms, Study Materials to students of Panda Niyoga Sanskrit Vidyalaya, Puri.

Construction of School building

DKZP Higher primary School, Tannerbaavi, Panambur located near Pellet Plant Unit and is the only Govt. School available nearby. The School building constructed in 1940 was made up of mud wall & tiled roof which deteriorated over a period of time and was in the verge of collapse. The School is located in close vicinity to our Pellet plant in Mangalore and the area is having about 300 dwellings, consisting mainly economically and socially backward group who are dependent on Govt. School for education of their children. KIOCL has supported this school by providing a new school building by demolishing old one due to the non availability of additional space.



Construction work in progress for new school building at DKZP Higher Primary School, Tannerbaavi, Panambur, Mangalore.

Survey & adoption of slums in the surrounding areas of company establishment for community development of socially under privileged & economically weaker section of the society

Six backward areas / colonies were surveyed by the CSR Committee along with the volunteers of Kalpa Trust in and around Mangalore where KIOCL Pellet Plant unit is located. KIOCL has selected the newly coming up Porkodi Colony for all round development in a span of three years.



50000 Ltrs capacity water tank under construction by KIOCL for the resettlement Colony at Porkodi

The colony needs to be provided with water supply system, which is one of the basic needs for dwelling and hygiene. One bore well has been dug and provided with an electrical lift pump with distribution system.

REPORT ON CORPORATE GOVERNANCE

In accordance with Clause 49 of the Listing Agreement with the Stock Exchange, the report containing the details of Corporate Governance systems and processes at KIOCL Limited is as follows:

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Corporate Governance Policy of KIOCL rests upon the four pillars of Transparency, Full Disclosures, Independent Monitoring and Fairness to all.

The Company believes that conducting the business in a manner that complies with the Corporate Governance procedures and code of conducts, exemplifies each of our core values and positions us to deliver long-term returns to our Shareholders, favourable outcomes to our customers, attractive opportunities to our employees and making the suppliers our partners in progress & enriching the society.

The Company has set itself the objectives of expanding its capacities and becoming more competitive in its business. As a part of its growth strategy, the Company believes in adopting the 'best practices' that are followed in the area of Corporate Governance across the country. The Company emphasizes the need for full transparency and accountability in all its transactions, in order to protect the interest of all its stakeholders.

The Board considers itself as a trustee of its shareholders and acknowledges its responsibilities towards creation and safeguarding of their wealth.

The Board has formulated several policies pursuant to the provisions of the Companies Act, 2013 and revised Equity Listing Agreement which are illustrated herein under :-

- Code of Conduct for Board level and below Board level employees;
- Policy on materiality of related party transactions & dealing with related party transactions;
- Risk Assessment and Minimization Policy & Fraud Prevention Policy;
- Integrity Pact;
- Vigil Mechanism and Whistle Blower Policy;
- Conduct, Discipline and Appeal Rules for Employees;
- Compliance of applicable Laws, Rules & Regulations;
- Accuracy and transparency in disclosures regarding operations, performance and financial position.

BOARD OF DIRECTORS

COMPOSITION OF THE BOARD

KIOCL is a Government Company within the meaning of Section 2(45) of the Companies Act, 2013. The appointment/nomination of all Directors is done by the President of India, through the Ministry of Steel. The existing Articles of Association of the Company stipulate that the number of directors shall not be less than five and not more than thirteen. The current Board of Directors of the Company comprises ten Directors, including four functional directors, two Directors nominated by Ministry of Steel and

four Independent directors. In compliance to Clause 49II(A)(1) of the equity listing agreement and Section 149 of the Companies Act, 2013 read with Rule 3 of the Companies (Appointment & Qualification of Directors) Rules, 2014 the Company has two Women Directors on its Board. Two independent Directors post are laying vacant in pursuance to clause 49 of the equity listing agreement and DPE guidelines on Corporate Governance for CPSE's. The Board of Directors of the Company comprises personalities who are accomplished; eminent professionals of the highest standing, have proven track records in diverse fields and have been appointed to the Board in line with the statutory provisions under the Companies Act 2013 and Articles of Association.

DECLARATION OF INDEPENDENCE

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

BOARD MEETINGS AND PROCEDURE

The Board of Directors plays the primary role in ensuring good governance and functioning of the Company. The meetings are governed by a structured agenda. All the agenda items are backed by comprehensive agenda notes, containing all the vital information, so as to enable the Directors to have focused discussion at the meeting and to take decision. All the relevant information as enumerated in Annexure IA to clause 49 of the Listing agreement and Annexure – IV of the guidelines on Corporate Governance for CPSE's issued by DPE is placed before the Board. The agenda and agenda notes are circulated to all the Directors in advance of each meeting of the Board of Directors. Where it is not practical to send the relevant information as a part of the agenda papers, the same is tabled in the meeting.

The presentation covering the Company's performance, operations and business strategy are also made to the Board.

The Board also reviews periodically the compliance status of all the applicable laws. All the decisions are taken after detailed discussions by the Board Members at the meetings. The members of the Board have complete freedom to express their opinion and have unfettered and complete access to information in the Company.

The Company has a formal system of follow-up, review and reporting on action taken by the management on the decisions of the Board and Sub Committees of the Board. The Company presents a comprehensive Action Taken Report of the previous meetings to the Board of Directors at the ensuing Meeting of the Board of Directors. Matters of urgent nature are approved by the Board by passing resolutions through circulation.

NO. OF BOARD MEETING

The Board met six times during the financial year on 01.05.2014, 16.05.2014, 31.07.2014, 10.11.2014, 11.12.2014 and 03.02.2015. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013. No resolution was passed through circulation.

DIRECTORS' ATTENDANCE RECORD AND DIRECTORSHIPS HELD

As mandated by Clause 49, none of the Directors are members of more than ten Board-level Committees nor Chairman of more than five Committees, in which they are members. The composition of Board of Directors during 2014-15 is given in Table 1.

Table 1: COMPOSITION OF THE BOARD OF DIRECTORS

Name of Director (S/Shri/Smt)	Category	No. of Meetings held during respective tenure	No. of meetings attended	Whether attended last AGM	No. of Director- ships	Number of Committees [#]	
						Member	Chairman
Malay Chatterjee	Executive	06	06	Y	Nil	Nil	Nil
Laxminarayana	Executive	06	06	Y	Nil	Nil	Nil
MV Subba Rao	Executive	06	06	Y	Nil	Nil	Nil
N. Vidyananda	Executive	06	06	Y	Nil	Nil	Nil
VK Thakral* ¹	Non-Executive	06	05	N	4	Nil	Nil
Bharathi S. Sihag* ²	Non-Executive	-	-	-	5	1	1
Lokesh Chandra* ³	Non-Executive	03	03	N	7	Nil	Nil
Urvilla Khati* ⁴	Non-Executive	03	03	N	3	Nil	Nil
V. K. Agarwal ⁵	Independent	03	03	N	1	2	NIL
S Manoharan	Independent	06	06	Y	1	4	1
PK Bajaj	Independent	06	04	N	5	Nil	Nil
S. Raghunath	Independent	06	04	Y	5	4	Nil
BK Sahoo	Independent	06	04	Y	8	3	1

Notes:

Only Statutory Committee considered

* Nominees of Govt. of India

1. Ceased to be Director w.e.f.16.03.2015.
2. Appointed as Director w.e.f.16.03.2015.
3. Ceased to be Director w.e.f.31.10.2014.
4. Appointed as Director w.e.f.06.11.2014.
5. Ceased to be Director w.e.f.01.08.2014.

CODE OF CONDUCT

In pursuance to SEBI and DPE guidelines, Code of Conduct as applicable to Board level and below Board level i.e. one grade below Board level up to General Manager Cadre is in existence. The same is also available on the website of the

Company i.e. <http://www.kioclltd.in>. The Code of Conduct aligned with Company's mission and objectives and aims at enhancing ethical and transparent process in managing the affairs of the Company.

All the Board Members and Senior Managerial Personnel have affirmed compliance to the Code of Conduct. A declaration signed by the Chairman-cum-Managing Director affirming the compliance with the Code of Conduct by the Board Members and Senior Managerial Personnel of the Company is appended at the end of this report.

COMMITTEES OF THE BOARD

The Board has constituted various Committees of Directors to take informed decisions in the best interest of the Company. These Committees monitor the activities falling within their terms of reference. Some of the Committees of the Board were reconstituted, renamed and terms of reference were revised to align with the provisions of the Companies Act, 2013 and Listing Agreement.

Currently, the Board has five Committees: the Audit & Risk Management Committee, Nomination & Remuneration Committee, Corporate Social Responsibility Committee, Stakeholders Relationship Committee and Investment, Project Appraisal & Monitoring Committee.

AUDIT & RISK MANAGEMENT COMMITTEE

The Company has an Audit Committee at the Board level functioning since 2000 with the powers and role that are in accordance with the erstwhile Section 292A of the Companies Act, 1956, Clause 49 of the Listing Agreement and DPE guidelines. The Audit Committee of the Board has been vested with powers and functions relating to Risk Management which inter alia includes identification, monitoring and measurement of the risk profile of the Company (including market risk, operational risk, transactional risk); overseeing its integrated risk measurement system and review of the risk models; approval of the risk management policies and structure of risk management systems; monitoring compliance of various risk parameters by operating departments. Subsequent to the notification of Companies Act, 2013 and revised clause 49 of the listing agreement, the erstwhile Audit Committee renamed as "Audit & Risk Management Committee".

The Committee acts as a link between the management, the Statutory Auditors, Internal Auditors and the Board of Directors to oversee the financial reporting process. The Committee is governed by a Charter which is in line with the regulatory requirements mandated by the Companies Act, 2013 and Clause 49 of the Listing Agreement.

The Audit & Risk Management Committee consists of four Independent Directors and one Functional Director. The Chairman of the Committee is an Independent Director. The majority of the Audit Committee members have accounting and financial management expertise. Director (Finance), Chief of Internal Audit & Statutory Auditor is the permanent invitee to the meeting. In addition, other Functional Directors except CMD, Senior Managerial Personnel are also invited to the Committee meetings to present reports on the respective items being discussed as and when required. Company Secretary acts as a Secretary to the Committee.

The Audit & Risk Management Committee observes and controls the financial reporting process of the Company with a view to provide accurate and proper disclosures. The Committee reviews the Internal Audit reports periodically as well as Action Taken Report. The Committee also gives directions to the management in areas that needs to be strengthened. The recommendations of the Audit Committee are binding on the Board.

The Committee met eight times in the financial year under review on 01.05.2014, 15.05.2014, 06.07.2014, 27.07.2014, 10.11.2014, 25.11.2014, 03.02.2015 & 27.03.2015. The time gap between two Audit Committee meetings are less than four months. During the year under review, the Audit Committee met with Statutory Auditors and the

Internal Auditor and Cost Auditors to get their inputs on significant matters relating to their areas of audit.

The Composition of the Audit & Risk Management Committee as on 31.03.2015 and the attendance of the members at the meetings are given at Table 2.

Table 2: Attendance Record of Audit & Risk Management Committee Meetings

Name of Director (S/Shri)	No. of meetings held during respective tenure	No. of meetings Attended
V.K. Agarwal ¹	4	4
S. Manoharan ²	7	7
P.K. Bajaj	8	6
S. Raghunath ²	7	7
B. K. Sahoo ²	6	4
MVSubbaRao	8	8

1. Ceased to be the member of the Committee w.e.f. 01.08.2014.
2. Appointed as member of Audit Committee w.e.f. 16.05.2014.

Powers of the Audit & Risk Management Committee:

1. To investigate any activity within its terms of reference
2. To seek information from any employee
3. To obtain outside legal or other professional advice
4. To secure attendance of outsiders with relevant expertise, if it considers necessary

Role of the Audit & Risk Management Committee, inter alia, includes the following:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;

3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
 - b. Changes, if any, in accounting policies and practices and reasons for the same;
 - c. Major accounting entries involving estimates based on the exercise of judgment by management;
 - d. Significant adjustments made in the financial statements arising out of audit findings;

- e. Compliance with listing and other legal requirements relating to financial statements;
 - f. Disclosure of any related party transactions;
 - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
 6. Reviewing with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
 7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
 8. Approval or any subsequent modification of transactions of the company with related parties;
 9. Scrutiny of inter-corporate loans and investments;
 10. Valuation of undertakings or assets of the company, wherever it is necessary;
 11. Evaluation of internal financial controls and risk management systems;
 12. Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
 13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
 14. Discussion with internal auditors of any significant findings and follow up there on;
 15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
 16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
 17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
 18. To review the functioning of the Whistle Blower Mechanism;
 19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
 20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- Explanation (I): The term "related party transactions" shall have the same meaning as provided in Clause 49(VII) of the Listing Agreement.

NOMINATION & REMUNERATION COMMITTEE

In pursuance to Section 178 of the Companies Act, 2013 read with rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014 revised Clause 49 of the Listing Agreement, it is mandatory for all listed companies to constitute a Nomination & Remuneration Committee

(N&RC) to take care of the nomination of Directors, KMP, etc. and remuneration related matters of the Directors, KMPs and Employees, etc. Nomination & Remuneration Committee has been constituted by the Board and has been functioning in the Company w.e.f. 16.05.2014. The Committee met twice during the financial year under review on 08.05.2014 and 07.12.2014

The role of the committee shall, inter-alia, include the following:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
2. Formulation of criteria for evaluation of Independent Directors and the Board;

3. Devising a policy on Board diversity;
4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria lay down, and recommend to the Board their appointment and removal and shall carry out evaluation of every Director's performance. The company shall disclose the remuneration policy and the evaluation criteria in its Annual Report.
5. To decide the annual bonus/variable pay pool and policy for its distribution across the executives and non unionized supervisors, within the prescribed limits.

The Composition of the Nomination & Remuneration Committee and the attendance of the members at the meetings are given at Table 3.

Table 3: Attendance Record of Nomination & Remuneration Committee Meeting

Name of Director (S/Shri)	No. of meetings held during respective tenure	No. of meetings attended
V.K. Agarwal ¹	1	1
S. Manoharan ²	2	2
S. Raghunath ²	2	2
B. K. Sahoo ²	1	1
Laxminarayana ²	1	1

1. Ceased to be member of the Committee w.e.f. 01.08.2014
2. Appointed Member of the Committee w.e.f. 16.05.2014

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

In line with Section 135 and Schedule VII of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014 applicable w.e.f. 01.04.2014, the Company has constituted Corporate Social Responsibility Committee w.e.f. 16.05.2014. The role of the Committee should inter-alia include the following:-

- Formulation & recommendation of CSR Policy to the Board;
- Recommendation of CSR Expenditure;
- Monitoring & implementation of CSR Projects.

The Committee met twice during the year under review on 10.11.2014 & 27.03.2015.

The composition of the Corporate Social Responsibility Committee as on 31.03.2015 and the attendance of the members at the meeting are given at Table 4.

Table 4: Attendance Record of CSR Committee Meetings

Name of Director (S/Shri)	Meetings held during respective tenure	No. of meetings attended
S. Manoharan	2	2
S. Raghunath	2	2
Laxminarayana	2	2
N. Vidyananda	2	2

STAKEHOLDERS RELATIONSHIP COMMITTEE

In pursuance to Section 178 of the Companies Act, 2013 read with rule 6 of The Companies (Meetings of Board and its Powers) Rules, 2014, Stakeholders Relationship Committee has been constituted by the Board and has been functioning in the Company w.e.f. 16.05.2014.

The role of the Committee should inter-alia include the following:-

- Dealing with complaints about non receipt of declared dividend, Non receipt of Annual Report etc.
- Investigate into other investor's complaints and take necessary steps for redressal thereof.
- To perform all functions relating to the interests of shareholders / investors of the Company as may be required by the provisions of the Companies Act, 2013, Listing Agreements with the Stock Exchanges and guidelines issued by the SEBI or any other regulatory authority.

The constitution of the Committee is as under:

Name of Director (S/Shri)	
S Manoharan, Chairman	Independent Director
S. Raghunath, Member	Independent Director
Laxminarayana, Member	Director (Finance)
N. Vidyananda, Member	Director (P&P)

There was no grievance from any of the shareholder during the year. Securities and Exchange Board of India (SEBI) has introduced online compliant redressal system namely SEBI Complaint Redressal System (SCORES). During the year, no complaint was received through SCORES.

INVESTMENT, PROJECT APPRAISAL & MONITORING COMMITTEE

To examine major proposal on Investment and monitor the progress of the investments and advise suitability to the Board to take decision on Investment, Project Appraisal & Monitoring Committee has been constituted by the Board w.e.f 16.05.2014. The role of the Committee should inter-alia include the following:-

- To examine all plan schemes/projects which requires approval of the Board with financial implication of Rs.5 crores & more or such other limit as fixed by the Board from time to time.
- To make preliminary appraisal of the projects identified by the Company for investment and recommend for pursuing with the project.
- To monitor the progress of all major projects and corrective measures to be suggested/taken to achieve the milestone within approved time & cost.
- To examine and recommend to the Board for engagement of Consultants for the purpose of preparation of feasibility report/DPR.
- To scrutinize the Feasibility Report/DPR prepared by the Consultants and recommend to the Board for investment.

The Committee met once during the year under review on 06.09.2014.

The composition of the Investment, Project Appraisal & Monitoring Committee as on 31.03.2015 and the attendance of the members at the meeting are given at Table 5.

Table 5: Attendance Record of Investment, Project Appraisal & Monitoring Committee Meetings

Name of Director (S/Shri)	Meetings held during respective tenure	No. of meetings attended
S. Manoharan	1	1
P. K. Bajaj	1	-
S. Raghunath	1	1
B. K. Sahoo	1	1
Laxminarayana	1	1
N. Vidyananda	1	1

INDEPENDENT DIRECTORS MEETING

During the year the Independent Directors met once on 14.06.2014 to discuss issues as defined in the DPE guidelines. All the Independent Directors were present at the Meeting.

PERFORMANCE EVALUATION OF THE BOARD

The Companies Act, 2013 and Listing Agreement require formulation of a policy/criteria/manner for determining qualifications, positive attributes, independence and remuneration of directors, key managerial personnel and senior management employees. The provisions also require formulation of policy/criteria for performance evaluation of directors and Board as a whole.

Subsequently, Government of India, Ministry of Corporate Affairs vide its notification dated 5th June 2015 exempted Government Companies

from the applicability of clause (p) of sub-section (3) of section 134 of the Companies Act, 2013 regarding evaluation of the Board, as the Directors of the Government Companies are evaluated by the Ministry or Department of the Central Government which is administratively in charge of the company, as per its own evaluation methodology. Hence, no separate policy was framed by the Board to evaluate the performance of Board members.

As far as the appointment/remuneration and other matters in respect of other KMPs and Senior Management are governed by the KIOCL's Recruitment and Promotion Rules and other related manuals as approved/amended by the Board of KIOCL from time to time. Hence, the Board has adopted the appointment / remuneration etc. of KMPs and Senior Management Personnel as per the KIOCL's Recruitment and Promotion Rules and other related manuals.

REMUNERATION TO DIRECTORS & POLICY

Being a Central Government Public Sector Enterprise, the appointment, tenure and remuneration of Directors are decided by the Government of India. The Government letter appointing Chairman & Managing Director and other Functional Directors indicate the detailed terms & conditions of their appointment, including the period of appointment, scale of pay, dearness allowance, entitlement to accommodation etc., and it also indicates that in respect of other terms & conditions not covered in the letter, the relevant rules of the Company shall apply. Remuneration of Directors & Key Management Personnel form part to Form No. MGT.9. annexure to this report. Remuneration of Directors and Key Managerial Personnel from part 2 FORM No. MGT-9, annexed to this report.

Details of remuneration paid to Whole Time Directors during the year 2014-15 are annexed to this report. Non Official Part Time Government Nominee Directors are not paid any remuneration and not paid sitting fees for attending Board Meetings. Independent Directors are paid sitting fee of ₹ 20,000/- per meeting of the Board and ₹15,000/- per meeting of the Committee of the Board attended which is within the overall limit prescribed under the Companies Act, 2013, listing agreement and rule 4 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules 2015. Details of sitting fees paid to the Independent Directors during FY 2014-15 are annexed to this report. None of the non-executive Directors had any pecuniary relationship or transactions with the Company during the year. The part time Government Directors are ex-officio appointees and their terms is co-terminus with the term of respective position held by them in Government at the time of appointment on the Company's Board. The non-executive Independent Directors are appointed for a period of three years.

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT9 is annexed to the report.

EXPLANATIONS OR COMMENTS BY THE BOARD ON EVERY QUALIFICATION, RESERVATION OR ADVERSE REMARK OR DISCLAIMER MADE BY AUDITOR

Explanations or comments by the Board on every qualification, reservation or adverse remark or disclaimer made by auditor in his report are annexed to this report.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

No loan, guarantee or investment made by the Company under section 186 of the Companies Act, 2013 during the financial year 2014-15.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

No related transactions entered into with Related Parties as defined under the Companies Act, 2013 and Clause 49 of the Listing Agreement during the financial year 2014-15 which attract the provisions of Section 188 of the Companies Act, 2013. There were no materially significant transactions with related parties during the financial year which were in conflict with the interest of the Company. The Board has approved a Policy on materiality of related party transactions & dealing with related party transactions, which has been uploaded on the Company's website.

MATERIAL CHANGES & COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION

No material changes and commitments occurred between the end of the financial year of the company to which the financial statement relates and the date of the report which have affected on the financial position of the company.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS (RULE 8(5) (VIII) OF THE COMPANIES (RULES), 2014

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The scope and authority of the Internal Audit (IA) function is well defined. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit & Risk Management Committee. The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report

of internal audit, different departments of the Company undertakes corrective actions in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit & Risk Management Committee of the Company.

ADDITIONAL DISCLOSURES

None of the Directors on the Board is a member of more than 10 Committees and the Chairman of more than 5 Committees, across all the Companies (Public Limited) in which he/she is a Director.

- a) There is no inter-se relationship between Directors of the Company, as per declarations received.
- b) There has been no instance of the non-compliance by the Company and no penalty or stricture imposed on the Company by stock exchange(s) or SEBI or any statutory authority, on any matters related to capital markets during last three years.
- c) Whistle Blower Policy is in operation in Company w.e.f. 06.12.2012 in compliance with clause 49 II (F) of listing agreement.

RISK MANAGEMENT

Pursuant to the requirement of Clause 49 of the Listing Agreement, the Company has constituted a Risk Management Committee. The details of Committee and its terms of reference are set out in the Corporate Governance Report forming part of the Board's Report. The Company has a robust Risk Management framework to identify, evaluate business risks and opportunities. This framework seeks to create transparency, minimize adverse impact on the business objectives and enhance the Company's competitive advantage. The business risk framework defines the risk management approach across the enterprise at various levels

including documentation and reporting. The framework has different risk models which help in identifying risks trend, exposure and potential impact analysis at a Company level as also separately for business segments.

GENERAL SHAREHOLDERS INFORMATION

DISCLOSURE REGARDING APPOINTMENT OF DIRECTORS

The Company has provided brief resume(s) of the Directors seeking appointment at the ensuing Annual General Meeting, in the notice attached with this Report.

COMMUNICATIONS WITH THE MEMBERS / SHAREHOLDERS

Company's quarterly financial results, official news releases and other general information about the Company are uploaded on the Company's website i.e. www.kioclltd.in. The quarterly financial results of the Company are generally published in the Financial Express - all editions & Vijayavani - Bangalore Edition. Date of Board meeting to adopt financial results, date of Annual General Meeting and Postal Ballot etc., are also published in News papers.

RECONCILIATION OF SHARE CAPITAL AUDIT

As required by the Securities & Exchange Board of India (SEBI), quarterly audit of the Company's share capital is being carried out by an independent external auditor with a view to reconcile total share capital admitted with National Securities Depository Limited (NSDL) and Central Depositories Services (India) Limited (CDSL) and held in physical form, with the issued and listed capital. The auditor's certificate in this regard is submitted to the Stock Exchanges.

PARTICULARS OF PAST THREE ANNUAL GENERAL MEETINGS

Date	AGM	Location	Time	Special Resolution Passed
Sept.06, 2014	38 th	Registered office, Bangalore	12 Noon	No Special Resolution was Passed
Aug.30, 2013	37 th	Registered office, Bangalore	12 Noon	One Special Resolution was Passed*
June 21, 2012	36 th	Registered office, Bangalore	12 Noon	No Special Resolution was Passed

* In the 37th AGM, one special resolution was passed w.r.t. commencement of new business u/s 149(2A) of the Companies Act, 1956 of Project Management Consultancy

EXTRAORDINARY GENERAL MEETING (EGM)

During the year under review no Extraordinary General Meeting (EGM) was held.

FINANCIAL CALENDAR

The Company's financial year is from 1st April to 31st March.

CEO / CFO CERTIFICATION

As required by clause 49 of the Listing Agreement, the CEO/CFO certification is appended as an Annexure to this Report.

TRANSFER OF UNPAID/UNCLAIMED DIVIDEND AMOUNTS TO INVESTOR EDUCATION & PROTECTION FUND

Pursuant to Section 205C of the Companies Act, 1956, dividend amount(s) remaining unclaimed and unpaid for a period of seven years, from the date they became due for payment, as required to be transferred to Investor Education & Protection Fund (IEPF) established by the Central Government.

Ministry of Corporate Affairs, Govt. of India through a Notification G.S.R.352(E) dated 10.05.2012 enacted the rules called as Investor Education and Protection Fund (Uploading of information regarding

unpaid and unclaimed amounts lying with Companies) Rules, 2012. Subsequently, Ministry of Corporate Affairs, through Circular No.17/2012 dated 23.07.2012 and Circular No.20/2012 dated 01.08.2012 issued the clarifications further to aforesaid rules. In compliance to the aforesaid rules, the Company has uploaded the complete information regarding unpaid and unclaimed amounts from the financial year 2010-11 onwards upto the date of AGM in the Ministry of Corporate Affairs website as well as in the Company's official website. Prior period unpaid /unclaimed list year wise is also available at the Company's website. Shareholders are requested to visit the site to know the status. Members are advised that no claim shall lie against the said Fund or the Company for the amounts of dividend so transferred to the said Fund.

Members who have so far not en-cashed their dividend warrants are requested to write to the Company/Registrar to claim the same, to avoid transfer to IEPF.

The Company has transferred unclaimed Dividend of amount upto the year 2005-06 to Investor Education & Protection Fund as set up by Government of India. The information on unclaimed dividend is posted on the website of the Company.

ANNUAL GENERAL MEETING FOR THE YEAR 2014-15

Day and Date	Monday, 07-09-2015
Time	12.00 Noon
Venue	Pellet Auditorium, KIOCL Limited, II Block, Koramangala, Bangalore – 560034

DETAILS OF RESOLUTION PASSED THROUGH POSTAL BALLOT

During the year under review, no resolution has been passed through the exercise of postal ballot.



View of the 39th AGM held on 07.09.2015 at Corporate office, Bangalore

FINANCIAL CALENDAR FOR 2015-16 (TENTATIVE)

Financial Report for the Quarter ending June 30, 2015	Within 45 days of the end of each quarter.
Financial Report for the Quarter ending September 30, 2015	Within 45 days of the end of each quarter.
Financial Report for the Quarter ending December 31, 2015	Within 45 days of the end of each quarter.
Financial Report for the Quarter ending March 31, 2016	Within 60 days of the end of the financial year.
Annual General Meeting for the year 2015-16	Last week of September, 2016

BOOK CLOSURE

The Register of Members and Share Transfer Books of the Company shall remain closed from 01-09-2015 to 07-09-2015 (Both days inclusive).

DIVIDEND PAYMENT DATE

Dividend will be paid within 30 days of declaration.

DEMATERIALIZATION OF SHARES AND LIQUIDITY

The shares of the Company continued to be an eligible security in dematerialized form by CDSL and NSDL with ISIN No.: INE880L01014. As on March 31, 2015, 99.93% of the Company's total

paid up Capital representing 634,070,691 shares is in dematerialized form. In view of the numerous advantages offered by the Depository system, members holding shares in physical mode are advised to avail of the facility of dematerialization from either of the Depositories.

MARKET PRICE DATA

There was no trading reported at Bangalore and Madras Stock Exchanges during the financial year 2014-15.

PERFORMANCE IN COMPARISON TO BROAD BASED INDICES SUCH AS BSE SENSEX, CRISIL INDEX ETC

The Company's shares are not trading; hence its performance cannot be compared to broad based indices such as BSE Sensex, CRISIL Index etc. in the absence of price data.

REGISTRARS AND TRANSFER AGENTS & DP

M/s Integrated Enterprises (India) Ltd
Regd. Office: 30, Ramana Residency,
4th Cross, Sampige Road, Malleswaram,
Bangalore – 560003
Tel.No.: 080-23460815-81
Email id: alfint@vsnl.com

OUTSTANDING GDRS/ADRS/WARRANTS

There are no outstanding GDR's/ADR's/warrant's or any convertible instruments.

LISTING ON STOCK EXCHANGES

Consequent upon exit of Madras & Bangalore Stock Exchanges as per the order of SEBI on 14.05.2015 & 26.12.2014 respectively, the Company shares are not listed with any recognized Stock Exchange.

SURRENDER OF LICENCE OF STOCK EXCHANGE BY BANGALORE STOCK EXCHANGE AND MADRAS STOCK EXCHANGE

Securities & Exchange Board of India vide its circular No.CIR/MRD/DSA/14/2012 dated 30.05.2012 had inter-alia revised guidelines in respect of exit policy for de-recognition/non-operational stock exchanges and exit option to shareholders of exclusively listed companies of de-recognized/non-operational stock exchanges. In pursuance to aforesaid order, both BgSE & MSE being regional stock exchange and not able to comply with the norms, submitted applications with SEBI for voluntary de-

recognition and exit from stock exchange. SEBI vide its order No. WTM/RKA/MRD/165/2014 dated 26.12.2014 and WTM/RKA/MRD/47/2015 dated 14.05.2015 passed an order providing the exit of Bangalore Stock Exchange Limited (BgSE) and Madras Stock Exchange Limited ("MSE") respectively under its exit policy dated May 30, 2012. As a consequence, KIOCL ceased to be a listed Company.

KIOCL SECURITIES AVAILABLE ON DISSEMINATION BOARD OF NATIONAL STOCK EXCHANGE

SEBI has advised MSE to move KIOCL shares to dissemination Board of NSE. Accordingly, KIOCL ceased to be a listed Company with Madras Stock Exchange Limited and has been placed on the Dissemination Board w.e.f.27.03.2015. Pursuant to the aforesaid order of SEBI, uniform operational guidelines for the dissemination Board and same is available on the website of NSE at the following link: http://nseindia.com/invest/content/dissemination_board.htm. Shareholders interested for buying and selling of the Company shares may please visit above link for further details.

INVESTOR CORRESPONDENCE

In order to facilitate quick redressal of grievance/queries, the investors and shareholders may contact the Company Secretary at below mentioned address for any assistance:

Company Secretary
KIOCL Limited
II Block, Koramangala,
Bangalore - 560034
Telefax: 080-25531525
E-mail: bsecretary@kudreore.com

COMPLIANCE CERTIFICATE

As required under clause 49 of the listing agreement, the certificate from a practicing Company Secretary pertaining to compliance of conditions of Corporate Governance is being annexed with the Directors Report. This report duly complies with the requirements of Guidelines on Corporate Governance for CPSEs and covers all the suggested items mentioned in Annexure-XI of the Guidelines. The quarterly report on compliance with the Corporate Governance requirements prescribed by DPE is also sent to Administrative Ministry regularly.

SHARE TRANSFER SYSTEM

The shares of the Company which are in compulsory dematerialized (demat) list are transferable through the depository system. Shares in physical form are processed by the

Registrars and Share Transfer Agents, Integrated Enterprises (India) Limited and approved by the Share Transfer Committee. The share transfers are generally processed within a period of 15 days from the date of receipt of the transfer documents by the Company or its R&T agent.

REGISTERED OFFICE

KIOCL Limited
 II Block, Koramangala,
 Bangalore – 560034, Karnataka
 Phone: 080-25531461-470
 Fax: 080-25532153-5941
 Website: www.kioclltd.in

PLANT LOCATIONS

Pellet Plant and Blast Furnace unit is located in Dakshina Kannada District of Karnataka.

SHAREHOLDING PATTERN AS ON 31.03.2015

Category	Number of shares	Shares in dematerialized mode	Shares in Physical mode	%age of shareholding
Central Govt./State Govt.(s)	628,144,130	628,144,130	-	98.9961
Mutual Funds/UTI	2,270,100	1,936,667	333,433	0.3578
Financial Institutions/Banks	800,000	800,000	-	0.1261
Insurance Companies	2,778,300	2,778,300	-	0.4379
Bodies Corporate	230,412	230,112	300	0.0363
Resident Indians & others	290,858	181,482	109,376	0.0458
Total	634,513,800	634,070,691	443,109	100.00

NON-MANDATORY REQUIREMENTS

Besides the mandatory requirements as mentioned above, the status of compliance with

non-mandatory requirements of clause 49 of the Listing Agreement is reproduced below:

Maintenance of Chairman's Office	Currently, Chairman is an Executive Chairman.
Tenure of Independent Directors	Currently, four Independent Directors are nominated by the Government for a term of three years each.
Setting up of Remuneration Committee	Explained in Corporate Governance Report.
Communication of half-yearly result to each household members	Results are placed on the Company website and published in leading newspapers.
Training to Directors	All Directors have expertise in their area of specialisation. However, the Company is having an approved Structured Training Policy for providing training to Board members of the Company.
Mechanism for evaluation of non-executive Directors	Given the Company's performance, this is not considered relevant at this stage.
Whistle Blower Policy	“Internal Whistle Blower Policy” has been implemented in Company during the year 2012-13 and has been hoisted in the Company website. The Policy provides employees an avenue to lodge complaints in line with the commitment of the Company to the highest possible standards of ethical, moral and legal business conduct and its commitment to open communication. It provides necessary safeguards for protection of employees from reprisals or victimization for whistle blowing in good faith.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENT

The Indian Steel industry had a dismal year during 2014-15 due to poor performance of the infrastructure segment. However, demand for quality Pellets remained firm due to restricted availability of Iron Ore, but this did not translate into better prices for Pellets as many new Pellet plants entered into the market resulting in over supply of Pellets and putting severe pressure on Pellet prices. The low prices resulted in restricted sale of our Pellets in domestic market during 2014-15. The issue raised by Railways regarding applicability of Levy of Distance Based Charges over and above normal freight on Iron Ore transported through Railway net work for manufacture of Pellets and subsequent export has made the sale of Pellets in International market unviable. Export of Pellets has been stopped since September 2011.

During 2014-15, Global Steel Industry continued to face challenges relating to overcapacity. The Crude Steel production maintained its upward trend with an annual increase of 1.2% to 1,662 Million tons as compared to 1,642 Million tons produced in 2013. The Middle East region had the most robust growth of 7.9% while china, the leading producer, registered a marginal growth of 0.9% at 822.7 Million tons, however its share in world steel production reduced from 49.7 % (2013) to 49.5%. Growth in the Chinese economy, which consumes more than 50% of world iron ore/pellet production, is slowing down as government is moving away from investment-led growth and taking measures to fight pollution and overcapacity in Steel production. China's Iron and Steel sector has been adversely affected by weak demand, overcapacity, falling prices and pollution issues. Chinese steel demand dropped by 3.3% in 2014 - its first fall since 1995 - and it is forecasted to drop by 0.5% in 2015.

The international iron ore market is witnessing severe oversupply situation. The major iron ore producers have been ramping up their production capacities and around 300 Million tons of capacity is being added by 2016. This has led to additional supplies of around 130 Million tons during 2014. The excess supplies of iron ore against contracted demand has led to a steep drop in iron ore prices by more than 56% during the year 2014-15.

India, with a production of 83.2 million tons retained its position as the fourth largest producer of steel with a growth of 2.3% during 2014. The Indian Steel sector had a difficult year as low economic growth and poor performance of automotive and infrastructure sectors kept the Steel demand stagnated. Very low international iron ore prices has led to record imports of around 15 Million tons by Indian steel industry, during 2014-15 against 0.4 Million tons in the previous year.

During 2014-15, KIOCL successfully resumed exports with one shipment each to Iran and china. Further, exports to Iran utilizing cheap imported ore is under negotiation. Discussions with Iranian mine owners & traders are also in advance stage to undertake conversion contracts.

Production and sale of Pellets during the financial year 2014-15 was 0.785 Million Tons and 0.680 Million Tons respectively. The pellet production capacity in India is reported to have crossed 90 million tons during 2014-15. This has aggravated the situation in pellet market within the country which is reeling under severe pressure due to surplus supply situation of pellets & all time high import of iron ore/pellets.

SWOT ANALYSIS

In the changing environment, the Company has identified the following strengths, weakness, opportunities and threats:

Strengths

- Export Oriented Unit
- Strong financial and credit worthiness
 - Debt free company with strong liquidity and sizeable funds that can be invested for its growth
 - Land that can be potentially monetized
- Technology
 - Experience in technology conversion from Magnetite to Hematite as raw material
 - Strong expertise in mining, beneficiation, pelletisation and blast furnace operations in India
- Material handling advantage
 - Proximity to National highway, railway line & Port.
 - Shore based Pellet plant with dedicated berth and automatic ship loading facility.
- Human resource
 - Strong commitment of the workforce
 - Qualified, skilled and experienced manpower in both executives and non-executives cadres that are well sought by other upcoming projects
 - Well defined HR policies.
- Strong environmental and social commitment

Weakness

- Raw material sourcing
 - Lack of a captive mine since 2006
 - Inability to procure iron ore fines from Karnataka through e-auction
 - Dependence on iron ore fines procured from other states
 - Formal tendering process must be adopted for all procurement and sales.

- Logistics
 - Pellet plant located away from mine head as well as domestic consumer locations.
 - High logistics cost for transportation of Iron Ore fines.
 - Imposition of Distance Based Charge (DBC) by Railway on iron ore fines moved for manufacture of pellets meant for exports.
- Single product portfolio.
 - No major control over quality of pellets due to direct consumption
 - Single product portfolio since BFU operation is suspended.
- Low operational efficiency
 - Manual unloading of iron ore at railway siding and higher cost of production due to low plant capacity utilization
 - Lack of forward or backward integration for its Blast Furnace Unit.
- High average age of manpower and most of them concentrated in a single location.

Opportunities

- Strong growth anticipated in the Indian Steel industry driven by the Govt. focus on manufacturing and infrastructure.
- Resolution of mining licensing issues, and the initiation of steps for revival
- Scope to use existing assets and manpower for new development or services contracts
- Scope to secure new captive mining leases or JV projects with other SMDCs or PSUs
- Inorganic growth through joint ventures with other steel majors in India and overseas.
- A committed and active management that is actively engaged in securing raw material sources, or long term sales arrangements with other state owned organizations.
- Best suited for tolling operation under Make in India programme.

Threats

- Constrained development due to continuation of policy, regulatory and environmental limitations
 - Restriction on export of iron ore or pellets directly or discouraged through levies.
 - Ban on iron ore mining in Goa, Karnataka, Jharkhand and Odisha and limitations on nature or revival.
 - Increased input costs due to policy actions such as the above.
- Greater competition in the Pellet Industry
 - Commissioning of new or expansion of existing pellet production capacity in both the private and public sector
 - Inflow of Pellet and high grade lump from overseas at lower rates given global supply conditions especially with new mines scheduled to open up.
- Volatility in raw material prices on account of policy and regulatory actions
- Threat of substitute's viz., use of sinter in place of pellets.

PRODUCT-WISE PERFORMANCE

The production target vis-a-vis actual achievement during the last five years is given below:-

Year	PP - Pallet Plant		PI - Pig Iron		(Qty. in million tons)	
	MOU Target		Actual Production		Utilisation of installed capacity in %	
	PP	PI	PP	PI	PP	PI
2014-15	1.800	-	0.785	-	22	-
2013-14	1.700	-	1.710	-	49	-
2012-13	2.500	-	1.265	-	36	-
2011-12	3.000	-	1.710	-	49	-
2010-11	2.780	0.100	2.124	-	61	-

(Installed capacity of Pellet Plant is 3.500 million tons and Pig Iron is 0.216 million tons)

OUTLOOK

KIOCL is a zero debt Company and has a large Equity base with highly Technical manpower. The Company is exploring the possibilities of diversifying into new areas of business such as acquiring new mining leases, setting up of beneficiation cum Pellet plants under JVs, O&M contracts, Build Own & Operate (BOO) with new Pellet plants, Project Management Consultancy etc.

The Company proposes setting up a permanent railway siding and bulk material handling system at about 3 kms from the Company's Pellet Plant at Baikampady industrial area, Mangalore. The estimated cost would be ₹ 303 crores. Based on the project report, major portion of the land required for creating the infrastructure has already been acquired through M/s Karnataka Industrial Area Development Board (KIADB) and other private sources. In original DPR, there was a diamond crossing.

From the safety point of view, Indian Railways are not allowing any diamond crossing for the railway tracks. Hence the Consultants, have re-surveyed the area available and have furnished the revised layout plan. Based on the revised track alignment, Company has initiated necessary action for procurement of additional stretch of land from KIADB. The Company is pursuing the matter with local KIADB office, Mangalore for transferring the extent of land measuring 8.185 acres for the Railway Siding Project.

M/s. NMDC has placed a Letter of Award of Contract (LAC) on KIOCL dated 17.09.2014 for providing O&M services for a period of three years for operation & maintenance of its Beneficiation Plant of 1.89 million tons per annum capacity and a Pellet Plant of 1.2 million tons per annum capacity at Donimalai premises. The formal signing of agreement was held on 07.01.2015 at Donimalai. O & M contract will facilitate KIOCL to utilize its experienced manpower for operating the NMDC Plants and it will be for the gainful utilization of the resources available for mutual benefit of both the CPSUs.

A tripartite MoU among M/s. KIOCL, M/s.APMDC and M/s.RINL was signed on 22.06.2013 for exploration and exploitation of Nemkallu Iron Ore deposit in Ananthapur Dist., of Andhra Pradesh. The project is to undertake the activity of exploration and exploitation of Nemkallu Iron Ore deposit by M/s APMDC and M/s. KIOCL jointly, setting up of beneficiation and Pelletisation Plants by the Company and supplying 50% Pellets to RINL on cost plus basis. Govt of AP has forwarded a proposal on 24th March 2015 to Ministry of Mines, GoI for reserving the said PL area in favour of APMDC under section 17 A 2 (A) of MMDR Amendment Act 2015 and for grant of PL under section 5 (1) of MMDR Act 1957. Permission for undertaking exploratory drilling is being examined by Divisional Forest Officer, Anantapuramu, Andhra Pradesh. Exploratory drilling plan has been prepared. On receiving the prior approval under section 5(1) of MMDR ACT 1957 for grant of PL to APMDC and on obtaining permission from Forest Department, exploratory drilling work will be undertaken jointly by APMDC and KIOCL.

To secure Iron Ore for its Pellet Plant, the Company has submitted application for various iron ore mining lease in the state of Karnataka, Odisha, Jharkhand and Andhra Pradesh. Chikkanayakanahalli Iron Ore mining lease is already recommended by the GoK and the Company is in the process of obtaining various statutory clearances to commence the mining operation. Central Govt. implemented MMDR Amendment Act, 2015 on 12.01.2015. As per the Section 10 (A) of Act, all applications pending with State Governments are ineligible for grant of ML. With implementation of MMDR Amendment Act, 2015, KIOCL requested Ministry of Mines, Ministry of Steel and various State Governments for reserving the mining areas in favour of KIOCL under Section 17 A 2(A) of MMDR Amendment Act, 2015. The same is being pursued with highest authorities for early clearance.

RISKS & CONCERNS

The main risks and the areas of concern for the Company is non-availability of captive mines and increasing merchant and captive Pellet plant capacities in the country. Continuous import of DR grade Pellets and lump ore at competitive prices by Integrated Steel Plants put pressure on Indian Pellet prices alongwith high logistic cost for raw materials. The Company is exploring possibility to diversify into Contract Mining, Coal Mining, Project Management Consultancy, setting up of beneficiation and Pellet Plants through JV etc which are yet to materialize.

Due to un-economical price of Pig Iron, BF Unit was shut down since 05.08.2009 and Company is exploring possibilities to offer BFU on long term lease or accept job work.

RISK BASED INTERNAL AUDIT AND INTERNAL CONTROL SYSTEMS

A sound Internal Audit Functions plays an important role in contributing to effectiveness of the internal control system. The Company implemented Risk Based Internal Audit (RBIA) in 2011 and same is in place. Risk Based Internal Audit (RBIA) was conducted in all the departments unit wise during the year 2014- 15. It helps to strengthen the Internal Control Systems of the Company which is very important to ensure compliance of audit related regulatory guidelines, to bring the desired improvement and give timely feedback to the Top Management for taking-up immediate corrective steps. The report of Internal Auditors is placed before the Audit & Risk Management Committee on quarterly basis.

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

- a) The Financial performance of the Company for the year 2014-15 in brief is furnished below:

(₹ in Crores)

Particulars	2014-15	2013-14
Sales	628.84	1532.37
Profit/(Loss) Before Tax for the year	31.26	46.94
Profit/(Loss) After Tax	30.82	39.94

- b) Cash Flow information

An abstract of Cash Flow statement for the year ended on 31st March, 2015 is as under:

(₹ in Lakhs)

A)	Opening cash and cash equivalents as at 01-04-2014	34702.61
B)	Net cash from operating activities	(8840.09)
C)	Net cash from investing activities	18548.48
D)	Net cash used in Financing Activities	(964.87)
E)	Cash and Cash equivalent as at 31-03-2015	43446.13

MATERIAL DEVELOPMENT IN HUMAN RESOURCES/ INDUSTRIAL RELATION FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED

The Company aims at providing motivation and growth opportunities for employees. It also encourages them and creates an environment for best utilisation of their skills in achieving the Company's objectives. Training and Development is the key word of HRD. The achievement during the year under report was 3421 Man days training for both Executives and Non-executives.

Industrial Relations situation remained peaceful throughout the year in all the establishments of the Company. Works Committees and Joint Plant and Shop Councils meet regularly and their discussions contribute towards improving industrial relations and resolving differences, if at all they arise.

The following table shows the total number of employees in different Groups on rolls of the Company as on 31st March 2015 :

Group	Total No. of employees on roll	SC	ST	No. of Women employees	Ex-servicemen	PwD
A	269	44	12	12	-	05
B	49	03	03	06	01	-
C	588	90	30	10	01	05
D	37	04	06	-	-	-
D(Sweepers)	04	03	-	01	-	03
Total	947	144	51	29	02	13

CAUTIONARY STATEMENT

Certain statements made in the management discussion and analysis report relating to Company's objectives, projections, outlook, expectations and others may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ from such expectations whether expressed or implied. Several factors could make significant difference to the Company's operations. These include climatic and economic conditions affecting demand and supply, Government regulations and taxation, natural calamities over which the Company does not have any direct control.

ANNEXURE TO BOARD REPORT

COMPLIANCE WITH CODE OF CONDUCT

As provided under Clause 49 of the Listing Agreement and in compliance with Clause 3.4 and the guidelines on Corporate Governance for Central Public Sector Enterprises issued by Department of Public Enterprises, the Board of Directors has laid down a Code of Conduct for all Board Members and Senior Management of the Company. I hereby declare that the Board Members and the Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct during the year 2014-15.

Place: Bangalore
Date: 17-07-2015



(Malay Chatterjee)
Chief Executive Officer &
Chairman-cum-Managing Director

ANNEXURE TO BOARD REPORT

**CHIEF EXECUTIVE OFFICER (CEO) /
CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION**

We, the undersigned in our respective capacities as Chief Executive Officer and Chairman cum Managing Director and Chief Financial Officer and Director (Finance) of KIOCL Limited to the best of our knowledge and belief certify that:

- a) We have reviewed the Financial statements and Cash Flow Statements for the year ended 31st March 2015 and that to the best of our knowledge and belief:
 - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;
- b) To the best of our knowledge and belief, no transactions were entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct;
- c) We accept the responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and we have taken steps to rectify these deficiencies;
- d) We have indicated to the Auditors and the Audit Committee-
 - i) significant changes in internal control over financial reporting during the year;
 - ii) significant changes in Accounting Policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.



(Malay Chatterjee)
Chief Executive Officer &
Chairman-cum-Managing Director



(Laxminarayana)
Chief Financial Officer &
Director (Finance)

Place: Bangalore
Date: 17-07-2015

ANNEXURE TO BOARD REPORT**SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31.03.2015**

To,
The Shareholders,
KIOCL Limited

I/We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by KIOCL LIMITED (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me/us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my/our verification of the KIOCL LIMITED books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I/We hereby report that in my/our opinion, the company has, during the audit period covering the financial year ended on 31.03.2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I/we have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31.03.2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made hereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made hereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (vi) Other Industry specific following laws applicable to the company
 - a) The Mines Act 1952.
 - b) The Mines and Minerals (Development and Regulation) Act, 1957
 - c) The Mines and Minerals (Development and Regulation) Bill, 2011
 - d) The Water (Prevention & Control of Pollution) Act, 1974, Read with Water (Prevention & Control of Pollution) Rules, 1975,
 - e) Environment (Protection Act), 1986.
 - f) The Air (Prevention & Control of Pollution) Act, 1981 [Read With The Air (Prevention & Control of Pollution) Rules, 1982]
 - g) Factories Act, 1948.
 - h) Contract Labour (Regulation and Abolition) Act, 1970.
 - i) Payment of Wages Act, 1936.
 - j) The Minimum Wages Act, 1948.
 - k) Employees' State Insurance Act, 1948.
 - l) The Employees' Provident Fund and Miscellaneous Provisions Act, 1952.
 - m) Payment of Gratuity Act, 1972.

I/we have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India: **NOT APPLICABLE**
- (ii) The Listing Agreements entered into by the Company with Madras Stock Exchange & Bangalore Stock Exchange

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following specific non-compliances / observations / audit qualification, reservation or adverse remarks:

1. *As per the Article 91 of Articles of Association of the Company The PRESIDENT shall appoint all the Directors of the Company, during the FY 2014-15 The PRESIDENT has appointed Govt. nominees to the Board of Company & Company has filed necessary returns with the ROC, Bangalore, where as the Companies Act prescribes that the proposal of appointment Directors should be placed before the Board for approval and compliance.*
2. *Company has entered the MoU with RINL & NMDC wherein director are interested as per the section 2(49) & even the directors have disclosed the interest as per section 184(1) of the Act though such contract was not placed before the meeting, whereas directors together not holding more than 2% in the other company was present but contract or arrangement was discussed in the Board Meeting in which all the interested directors have participated. However it has been clarified that the Department of Public Enterprises vide its OM No. 11/36/97-Fin. dated 9th October, 1997 mandated the presence of Government Directors at the time of taking major decisions.*

3. *In the financial year, company was supposed to comply with the KMP appointment and company has complied with the provision in the board meeting held on 27.05.2015.*
4. *As per Rule 19 A of securities contract (Regulation) (Second Amendments) Rule 2014 and Clause 40A of the listing agreement, public sector listed company has to maintain the minimum public shareholding of 25% whereas Company has maintained 1.0039% public shareholding out of the total shareholding.*
5. *In the financial year Companies, Board composed with 10 directors with 4 functional directors, 2 directors nominated by ministry of steel and 4 independent directors and company should appoint 2 more independent directors to comply with provisions of the clause 49 of the listing agreement.*
6. *Company has allocated an amount of Rs. 109.92 lakhs towards the CSR activity for the financial year whereas company spent 101 lakhs for the allocated activity.*

I/we further report that

The Board of Directors of the Company is duly constituted with 10 directors out of which 4 are functional directors, 2 directors nominated by ministry of steel and 4 are independent directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out & discrepancy in compliance with the provisions of the Act observed.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meetings.

Majority decision is carried through while the dissenting members views are captured and recorded as part of the minutes.

I/we further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

sd/-

NAMAN GURUMURTHI JOSHI
PRACTICING COMPANY SECRETARY

CP :9579

M NO.26586

DATE : 14.07.2015

PLACE : Bangalore

Note : This report is to be read with our letter of even date which is annexed as 'ANNEXURE A' and forms an Integral part of this report.

'ANNEXURE A'

To,
The Shareholders,
KIOCL Limited

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records such as declarations. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

sd/-

NAMAN GURUMURTHI JOSHI
PRACTICING COMPANY SECRETARY

CP :9579

M NO.26586

DATE : 14.07.2015

PLACE : Bangalore

ANNEXURE TO BOARD REPORT

**CORPORATE GOVERNANCE COMPLIANCE
CERTIFICATE**

To,
The Board of Directors
KIOCL Limited
Bangalore

We have examined all relevant records of M/s. KIOCL Limited, for the purpose of certifying compliance of the conditions of Corporate Governance under Clause 49 of the Listing Agreement(s) entered into with Indian Stock Exchanges for the financial year ending March 31, 2015.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the review of procedures and implementation thereof adopted by the Company for ensuring compliance of the conditions of Corporate Governance as stipulated in the said clause.

On the basis of our findings recorded in the annexed report from the examination of the records produced and explanations and information furnished to us, in our opinion the Company has complied with the conditions of Corporate Governance as stipulated in the clause 49 of the Listing Agreement as on March 31, 2015 except that two Independent Director Post remain vacant which is not in conformity with Clause 49 of the Listing Agreement and DPE guidelines on Corporate Governance.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

Place: Bangalore
Date : 11th July, 2015

Sd/-
S.N.Mishra.
Company Secretary

C. P. No. : 4684
FCS No. : 6143

ANNEXURE TO BOARD'S REPORT

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

- 1. A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes.**

CSR Policy <http://kioclltd.in/downloads/CSR%20POLICY.pdf>

- 2. Composition of the CSR Committee:**

(S/Sri)

S.Manoharan, Independent Director, Chairman

S.Raghunath, Independent Director, Member

Laxminarayana, Director (Finance), Member

N.Vidyananda, Director (Production & Projects), Member

- 3. Average net profit of the Company for last three financial years:**

Average net profit: ₹55.09 Crores

- 4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above):**

The Company is required to spend ₹1.10 Crore towards CSR.

- 5. Details of CSR spend for the financial year:**

a. Total amount spent for the financial year: ₹1.01 Crore

b. Amount unspent, if any: ₹ 0.09 Crore

c. **Manner in which the amount spent during the financial year is detailed below:**

(₹ in Lakhs)

Sr. No.	Projects / Activities	Sector	Locations Districts (State)	Amount Outlay (Budget) Project or Programs Wise	Amount Spent on the project or programs	Cumulative Expenditure upto reporting period	Amount spent: Direct
1	Purified Drinking Water facility to School. Sri Vivekananda Vidya Kendra, Hoskote	Safe Drinking Water	Hoskote, Karnataka	10.00	10.00	10.00	10.00

2	Assistance for portable handheld auto reflector to Sankara Eye Hospital, Bangalore	Promotion of Health	Bangalore Karnataka	2.25	2.44	2.44	2.44
3	Sponsor of Cataract Surgery to Poor/Orphans	Promotion of Health/Community Development	Bangalore Karnataka	12.00	12.00	12.00	12.00
4	Toilet facility to Govt High School-Madiwala, Bangalore	Sanitation and Public health in educational institution	Bangalore Karnataka	8.00	8.00	8.00	8.00
5	Assistance to Panda Niyoga Sanskrit Vidyalaya, Puri	Promotion of Education	Puri, Odisha	2.00	1.99	1.99	1.99
6	Construction of Toilets in Five Schools for school children	Sanitation & Public health in educational institution	Chickmagalur & Mangalore District-Karnataka	20.00	20.59	20.59	20.59
7	Construction of Toilet complex at Dakshina Kannada Zilla Panchayat Hr.Primary School at Mani, Bantwal Taluk	Sanitation & Public health in educational institution	Mangalore Karnataka	4.00	4.00	3.00	3.00

8	Construction of school building for Dakshina Kannada Zilla Panchayat Lower Pry. School, Panambur, Mangalore	Promotion of Education	Mangalore Karnataka	15.00	15.00	15.00	15.00
9	Survey & adoption of slums in the surrounding areas of Company establishment for community development of socially under privileged & economically weaker section of the Society	Community Development/ Eradicating hunger & poverty	Mangalore Karnataka	11.50	9.92	9.42	9.42
10	Development of Tree Park for the conservation of endangered plant species of Western Ghats at Pilikula Nisargha Dhama, Mangalore	Preservation of Environment & Ecology	Mangalore Karnataka	16.17	16.17	16.17	16.17
11	Provision of Bus facility to school going children of Kudremukh & nearby villages	Promotion of Education	Kudremukh, Karnataka	9.00		-	-
				109.92	100.11	98.61	98.61

6. In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report

The amount spent was ₹ 1.01 crores, marginally lower than 2% of average net profits of the last three financial years. The unspent amount of ₹ 0.09 crores was allocated against the project for providing bus facilities to school going children at Kudremukh. However, due to stoppage of activities the project has been shelved off. The unspent amount has been carried to next year budget.

7. A responsibility statement of the CSR committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

We hereby affirm that the CSR Policy, as approved by the Board, have been implemented and the CSR Committee monitors the implementation of the CSR projects and activities in compliance with our CSR objectives.



(Malay Chatterjee)
Chief Executive Officer &
Chairman-cum-Managing Director



(S Manoharan)
Chairman, CSR Committee

Date : 17-07-2015
Place: New Delhi

CSR POLICY

(APPROVED BY THE BOARD OF DIRECTORS ON 01.05.2014 AT ITS 227TH MEETING)

CSR is an essential ingredient of corporate governance. CSR is fundamentally a philosophy or a vision about the relationship of business and Society. It is the continuing commitment of business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large. The emerging concept of CSR goes beyond charity and requires the company to act beyond its legal obligations and to integrate social, environmental and ethical concerns into company's business process.

Vision: Be a Responsible Corporate Citizen deeply committed to Socio-economic development of the society.

Mission: Actively contribute to the Socio-economic development of the Communities. In doing so build a better sustainable way of life for the weaker section of the society.

Objective:

- ✓ To identify and to lend a helping hand to the underprivileged and economically weaker sections of the society and to contribute to their growth and development.
- ✓ Meet social obligations by playing an active role to improve the quality of life of the communities and stakeholders on a sustainable basis for inclusive growth in the society.

ANNEXURE TO BOARD'S REPORT

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND
FOREIGN EXCHANGE EARNINGS AND OUTGO**

[SECTION 134(3)(M) OF THE COMPANIES ACT, 2013 READ WITH RULE 8(3) OF THE COMPANIES
(ACCOUNTS) RULES, 2014]

Sustainability is an integral part of the Company's business philosophy.

A: CONSERVATION OF ENERGY

a) Steps for utilizing alternate sources of energy.

During the Financial Year 2014-15, KIOCL in an effort to bring down the cost towards use of electrical power has increased the contract demand to 32 MVA and entire power requirement is now met from MESCOM power. This resulted in using high cost CPP power only during power failures. Further, power is being purchased through open access from the Indian Energy Exchange (IEX). This has resulted in availability of power for our requirement at an even more reduced price. Power purchase is being made from July 2014 onwards. So far (upto March 2015) we have purchased 60,93,845 units from IEX and the saving in energy cost has been Rs.53,51,618/-.

The Energy Conservation Day was celebrated on 18-12-2014.

Energy Conservation Measures/Investment towards Energy Conservation/impact of measures implemented.

- ✓ Two nos. 22 KW motors in process conveyor drives in PF have been downsized to 15 KW as per PCRA recommendations and two more are being taken up.
- ✓ 25 nos. of 64 x 1 W LED fittings replaced in place of 59 nos. of 125 W conventional fittings in Stores. Impact-expected savings-Rs.62,480/- per year.
- ✓ 20 nos. of 64 W LED street light fittings replaced in place of 150W conventional street light fittings. Impact-expected savings-Rs.29721/- per year
- ✓ In CPP, 4 nos. of 100 W induction lamps have been replaced in place of 16 nos. 70 W SV lamp in generator room. Impact-expected savings-Rs.37960/- per year
- ✓ Replacements of LED fitting in place of conventional fittings are being taken up in other locations also. So far, we have invested Rs.28,65,900/- in replacement of conventional fittings with LED fittings in PP Unit.
- ✓ FAH 2.13.1 Discharge and Scrubber Fan efficiency has been increased by changing the direction of impeller and carrying out certain assembling modifications. This has resulted in saving of around 80 Kilowatt per hour of operation.

- ✓ Energy Management and implementation of energy conservation measures is an ongoing and continuous effort at KIOCL.

Energy Management and conservation measures at Pellet Plant Unit

- a) Energy consumption in PP unit
2013-14 - 105.05 Gwh
2014-15 - 55.8 Gwh
- b) Energy consumption per ton in last two years
2013-14 - 62.56 Kwh/T
2014-15 - 72.60 Kwh/T
- c) Heat consumption in '000 K calories
2013-14 - 243.5
2014-15 - 244.04

Note: The specific consumption of energy is on the higher side in this fiscal year due to lower production levels and intermittent starts/stop of pellet plant due to adverse market conditions.

B: TECHNOLOGY ABSORPTION Research & Development (R & D)

- ✓ Areas where R&D carried out by the Company
 - a) Indigenization of Roll Press control system
 - b) Study on Heat Recovery system from Flue Gases in Pellet Plant
 - c) Feasibility study of Secondary Grinding of Iron Ore Fines for improving the throughput of grinding system at Port Facilities Department
- ✓ Benefits derived as result of above R & D
 - a) The Roller Press at Pellet Plant was of German make from KHD Humboldt procured during 1997-98. The ROLVIS Control system of Roller Press is working only with PC having ISA slot, Windows 98-OS and this is an obsolete PC system. Company was facing recurring problems in this control system which in turn was affecting the continuous operation of the roller press. Therefore, it was proposed to go for a system upgradation and replace the old system. Keep in view of the high cost for imported system, it was decided to develop the system indigenously with the help of readily available programmable logic controllers with Human-Machine interfaces and local systems integrators to ease the maintenance of the system as well as to increase the availability of Roller Press System, besides effecting saving on investment on new imported system.
 - b) There is no system for reusing the heat energy of flue gas emitted from Indurating furnace. With a view to reuse the excess heat energy and bring down the power cost, it is proposed to install a system for re-cycling the flue gas for the purpose of pre-heating the furnace oil which

would reduce the direct power usage and reduce cost of production. In order to look into this proposal, study was taken up by the team of engineers at Pellet Plant and it has been successfully completed. The team has submitted its report indicating the feasibility of introducing the heat recovery system. It has been observed that the cost of heat recovery system is around Rs. 4.00 crores and the savings per year after installation of this system is expected to be around 1.87 cores. Payback period is around 2 years.

- c) The grinding system currently being used at Port Facilities department involves only primary grinding i.e., only single stage grinding. Whenever harder iron ore fines is received from Bailadila Mines of M/s NMDC Ltd., it has been found that the grinding becomes insufficient with single stage grinding which results in lower quality pellet feed material (in terms of grind and Blaine number). As a result, the feed rate has to be reduced to improve the grinding and also to improve the Blaine number. In order to increase the throughput and get desired quality of pellet feed, the secondary grinding is required. The feasibility study for the same has been carried out. At present only two of the existing three Ball Mills are being operated. However the study suggests utilizing all the three Ball Mills with one Ball Mill being utilized for regrinding i.e., secondary grinding. Two options have been suggested based on the study.

✓ Expenditure on R&D

	(₹ in lakhs)	
	2013-14	2014-15
a) Capital	NIL	NIL
b) Revenue	33.00	26.00
c) Total	33.00	26.00
d) As % of total turnover	0.02	0.05

C: FOREIGN EXCHANGE EARNINGS & OUTGO

	(₹ in lakhs)	
	2013-14	2014-15
Foreign exchange earned	-	7369.81
Foreign exchange used	9388.36	3938.94

Form No. MGT-9
Extract of Annual Return
as on the financial year ended 31.03.2015

[Pursuant to Section 92(3) of the Companies Act, 2013, and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. Registration and other details

CIN	L13100KA1976GOI002974
Registration Date	02.04.1976
Name of the Company	KIOCL Limited
Category / Sub-Category of the Company	Company having Share Capital
Address of the Registered Office and contact details	II Block, Koramangala, Bangalore – 560034, Karnataka Phone : 080 - 25531461 - 70 Fax : 080 - 25532153 - 5941
Whether listed company	Listed
Name, address and contact details of Registrar and Transfer Agent, if any	M/s Integrated Enterprises (India) Ltd Regd. Office: 30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore – 560003 Tel.No.: 080-23460815-81 Email id: alfint@vsnl.com

II. Principal Business Activities of the Company

All the Business Activities contributing 10% or more of the total turnover of the Company shall be stated:

Name and Description of main Products / Services	NIC Code of the Product / Service	% to total turnover of the Company
Iron Oxide Pellets	26011210	99.68
Pig Iron	72011000	0.32

III. Particulars of Holding, Subsidiary and Associates Companies

Sl. No.	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
----- NIL -----				

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Promoters	628144130	-	628144130	99.00	628144130	-	628144130	99.00	-
Public Shareholding (Institutions)	5514967	333433	5848400	0.92	5514967	333433	5848400	0.92	-
Public Shareholding (Non-Institutions)	410510	110760	521270	0.08	411594	109676	521270	0.08	-
TOTAL	634069607	444193	634513800	100.00	634070691	443109	634513800	100.00	-

ii) Shareholding of Promoters

Shareholders Name	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% change in shareholding during the year
	No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	
President of India	628144130	99.00	-	628144130	99.00	-	-

iii) Change in Promoters' Shareholding (Please specify, if there is no change)

Shareholding at the beginning of the year			Cumulative Shareholding during the year		
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company	
At the beginning of the year			No change during the year		
Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc):			No change during the year		
At the end of the year			No change during the year		

iv) Shareholding Pattern of Top Ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)

For Each of the Top 10 Shareholders		Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	IN30081210000029 – GENERAL INSURANCE CORPORATION OF INDIA	1648000	0.26	1648000	0.26
2	IN30081210001728 – THE NEW INDIA ASSURANCE COMPANY LIMITED	730300	0.12	730300	0.12
3	IN30012611213062 – CANARA ROBECO MUTUAL FUND A/C CANARA ROBECO EQUITY DIVERSIFIED	595000	0.09	595000	0.09

4	IN30005410000088 – PUNJAB NATIONAL BANK, PRINCIPAL TRUSTEE – PNB MUTUAL FUND – EQUITY LINK	500000	0.08	500000	0.08
5	IN30134820002990 – ICICI BANK LTD	500000	0.08	500000	0.08
6	IN30005410000070 – PUNJAB NATIONAL BANK, PRINCIPAL TRUSTEE – PNB MUTUAL FUND – RISING INCO	333334	0.05	333334	0.05
7	IN30005410000107 – PUNJAB NATIONAL BANK, PRINCIPAL TRUSTEE – PNB MUTUAL FUND – REGULAR INCO	333333	0.05	333333	0.05
8	0001013 – PUNJAB NATIONAL BANK PRINCIPAL	333333	0.05	333333	0.05
9	IN30300110049381 – GFC SECURITIES AND FINANCE LIMITED	309900	0.05	309900	0.05
10	IN30081210501028 – PUNJAB NATIONAL BANK	300000	0.05	300000	0.05

v) Shareholding of Directors and Key Managerial Personnel

For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
Sri Laxminarayana, Director (Finance)				
At the beginning of the year	100	-	100	-
Date wise Increase/Decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	-	-	-	-
At the end of the year	100	-	100	-

VI) Indebtness
Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness ₹ Crores
Indebtedness at the beginning of the financial year	-	-	-	-
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	-	-	-
Change in Indebtedness during the financial year				
Addition	-	-	-	-
Reduction	-	-	-	-
Net Change	-	-	-	-
Indebtedness at the end of the financial year				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	-	-	-

VII. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sr. No.	Particulars of Remuneration	Sri Malay Chatterjee, Chairman-cum-Managing Director	Sri Laxminarayana, Director (Finance)	Sri MV Subba Rao, Director (Commercial)	Sri N. Vidyananda, Director (P&P)	Total Amount ₹ Lakhs
1	Gross Salary					
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	28.47	33.18	27.03	25.60	114.28
	b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961	3.99	4.16	3.38	1.60	13.13
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-	-	-
2	Stock Options	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission					
	- as % of profit	-	-	-	-	-
	- others, specify	-	-	-	-	-
	Total (A)	32.46	37.34	30.41	27.20	127.41

B. Remuneration to other Directors:

1. Independent Directors

Particulars of Remuneration	Sri.VK Agarwal	Sri S. Manoharan	Sri PK Bajaj	Dr. S. Raghunath	Dr. BK Sah oo	Total Amount ₹ Lakhs
Fee for attending Board/Committee Meetings	1.50	3.30	1.85	2.75	2.00	11.41
-Commission	-	-	-	-	-	-
- Others, please specify	-	-	-	-	-	-
Total (B)(1)	1.50	3.30	1.85	2.75	2.00	11.40

2. Other Non-Executive Directors – NOT APPLICABLE

Total (B)(2)	-	-	-	-	-	-
Total (B)= (B)(1)+ (B)(2)	1.50	3.30	1.85	2.75	2.00	11.40

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sr. No.	Particulars of Remuneration	Key Managerial Personnel
		Sri SK Padhi, Company Secretary
1	Gross Salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	15.47
	(b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961	0.17
	c) Profit in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-
2	Stock Options	-
3	Sweat Equity	-
4	Commission	
	- as % of profit	-
	- others, specify	-
5	Others, please specify	-
	Total (C)	15.64

VIII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD/NCLT/COURT]	Appeal made, if any (give details)
A. COMPANY					
Penalty			None		
Punishment					
Compounding					
B. DIRECTORS					
Penalty			None		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty			None		
Punishment					
Compounding					

INDEPENDENT AUDITOR'S REPORT

To
The Members of KIOCL Limited

Report on the Financial Statements

We have audited the accompanying financial statements of KIOCL Limited ("the Company") which comprise the Balance Sheet as at March 31, 2015, the Statement of profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error in making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the

appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

Attention is invited to point no. 3 of Note 16-“Other notes forming part of accounts” regarding claim by railways for difference in freight charges on account of distance based charge and normal freight on iron ore transportation.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2015, and its profit and its cash flows for the year ended on that date.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor’s Report) Order, 2015 (“the Order”) issued by the Central Government of India in terms of Section 143(11) of the Act we give in the annexure a Statement on the matters specified in the paragraph 3 and 4 at the Order to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. The Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the financial statement comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - e. The matter described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
 - f. The qualification relating to maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.
 - g. With respect to the other matters to be included in the Auditor’s report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The company has disclosed the impact of pending litigations its financial position in its financial statements- Refer Note 16(2)(B) to the financial statements;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

for SUNDARAM & SRINIVASAN
Chartered Accountants
Firm Registration No:004207S

(P.Menakshi Sundaram)
Partner
Membership No:217914

Place: New Delhi
Date : 27th May,2015

ANNEXURE REFERRED TO IN OUR REPORT OF EVEN DATE

- (i) a. The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. On the basis of the information and explanation given to us fixed assets are being physically verified by the management at reasonable intervals. As informed to us, no material discrepancies were noticed on such verification.
- (ii) a. We were informed that the inventories of stores and spares are physically verified by the management on a continuous basis, as per programme of perpetual inventory, except raw material and additives at different stages of production. In certain cases, the stock has been verified on the basis of survey method. Inventories of other items have been physically carried verified at the year end.
- b. In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c. In our opinion and according to the information and explanation given to us, the Company has maintained proper records at its inventory. The discrepancies noticed on physical verification carried out by the management, which reported to be not material, have been properly dealt with in the books of accounts.
- (iii) According to information and explanation given to us, the Company has neither granted nor taken any loans, secured or unsecured to or from companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013 (“the Act”).
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purpose of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company carried out in accordance with the Auditing Standards generally accepted in India and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weakness in the aforesaid internal control system.
- (v) The company has not accepted any deposits from the public during the year and hence the directives issued by the Reserve Bank of India and the provisions of Sec 73 to 76 or any other relevant provisions of the Act and the rules framed there under are not applicable.
- (vi) We have broadly reviewed the records maintained by the Company pursuant to the rules made by the central Government for the maintenance of cost records under sub section (1) of section 148 of the Companies Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether these are accurate and complete. Cost Audit Report is yet to be obtained for the year.

(vii) According to the information and explanations given to us, in respect of statutory and other dues:

- a) The Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, cess and any other Statutory dues with the appropriate authorities.
- b) As explained to us, the scheme of Employees State Insurance is not applicable to the Company for the current year. According to information and explanation given to us, there were no undisputed liabilities of above nature as at the last date of the Balance Sheet outstanding for a period of more than 6 months. However, for Employees State Insurance an amount of ₹19.57 lakhs pertaining to the years 2001-07 is disputed towards interest and damages on delayed payment.

According to the information and explanations given to us, there are no dues payable in respect of Sales Tax, Income Tax, Excise Duty, Wealth Tax, Custom Duty, Service Tax and Cess as at 31.03.2015 which were disputed except the following:

Statute	Nature of dues	Total amount (in lakhs)	Paid and or provided (in lakhs)	Balance amount outstanding as on 31.3.2015	Financial year which amount relates	Forum to which it relates
Central Excise & Service tax	Non-payment of SAD on DTA Sales	5848.31	-	5848.31	2010-12	CESTAT, Bangalore
Income tax	Regular Assts.	321.48	321.48	Nil	2009-10	Commissioner of Income Tax (Appeals)
		1089.34	929.37	159.97	2011-12	ITAT, Bangalore
		391.77	93.76	298.01	2012-13	Commissioner of Income Tax (Appeals)

- c) According to the information & explanations given to us, the amount required to be transferred to investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules thereunder has been transferred to such fund within time.
- (viii) There are no accumulated losses as at the end of the financial year. The Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayments to Banks or Financial Institutions. The Company has not issued any Debentures.
- (x) According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from Banks or financial institutions. Hence, the relative reporting requirements are not applicable.
- (xi) According to the information & explanations given to us, no term loans were applied by the Company in the current year.
- (xii) To the best of our knowledge and belief and according to the information and explanation given to us, during the period under audit, no cases of fraud on or by the Company were noticed or reported.

for SUNDARAM & SRINIVASAN
Chartered Accountants
Firm Registration No:004207S

(P.Menakshi Sundaram)
Partner
Membership No:217914

Place : New Delhi
Date 27th May, 2015

REPORT UNDER SECTION 143(5) OF THE COMPANIES ACT, 2013

To
The Comptroller and Auditor-General of India
Report under Section 143(5) of the Companies Act, 2013

In reference to Section 143(5) of the Companies Act 2013 (“the Act”) read along with the Directions issued by Comptroller and Auditor-General of India we report the same as below”

Directions under Section 143(5) of the Act

Sl. No.	Directions under Section 143(5) of the Act	Audit Comments/Compliance by the Company
1	If the Company has been selected for disinvestment, a complete status report in terms of valuation of Assets (including intangible assets and land) and Liabilities (including Committed & General Reserves) may be examined including the mode and present stage of disinvestment process.	The KIOCL Ltd (“the Company”) has not been selected for disinvestment hence the requirement is not applicable to the company.
2	Please report whether there are any cases of waiver/write off of debts/loans/interest etc., if yes, the reasons there for and the amount involved.	The KIOCL Ltd (“the Company”) has not waived/written off any debts/loans/interest etc in the current reporting financial year 2014-15. The reporting of the same is not applicable for the current financial year.
3	Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities.	The same has been reported as per reporting requirement of Companies (Auditor's Report) Order (“the CARO”), 2015. Reference to our CARO report dated 27 th May 2015 para 2 a, b & c.
4	A report on age-wise analysis of pending legal/arbitration cases including the reasons of pendency and existence/effectiveness of a monitoring mechanism for expenditure on all legal cases (foreign and local) may be given.	Appropriate disclosures have been made in the contingent liability schedule and adequate provisions have been made wherever required. The disclosure relating to statutory and other dues has been reported as per reporting requirement of Companies (Auditor;s Report) Order (“the CARO”), 2015. Reference to our CARO report dated 27 th May 2015 para 7 a, b & c.

for SUNDARAM & SRINIVASAN
Chartered Accountants
Firm Registration No:004207S

(P.Menakshi Sundaram)
Partner
Membership No:217914

Place : Bangalore
Date 8th June, 2015

**COMMENTS / OBSERVATIONS OF THE STATUTORY AUDITORS
AND REPLY BY THE COMPANY**

Auditors Report Para No	Comments/ Observations	Reply by the Company
	<p>QUOTE Basis for Qualified Opinion:</p> <p>Attention is invited to item 3 of Note 16 (“Other Notes forming part of Financial statements”) regarding claims by railways for difference in freight charges on account of distance based charge and normal freight on iron ore transportation.</p> <p>UNQUOTE</p>	<p>The position has been clearly explained in item 3 of Note 16 “Other Notes forming part of Financial statement”.</p>

Place : Bangalore
Date : 17-07-2015


(Malay Chatterjee)
Chief Executive Officer &
Chairman-cum-Managing Director

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE ACCOUNTS OF KIOCL LIMITED, BANGALORE FOR THE YEAR ENDED 31 MARCH 2015

The preparation of financial statements of KIOCL Limited, Bangalore for the year ended on 31 March 2015 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of Act is responsible for expressing opinion on these financial statements under Section 143 of the Act based on the independent audit in accordance with the Standards on Auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 27 May 2015.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a Supplementary audit under Section 143(6)(a) of the Act of the financial statements of KIOCL Limited, Bangalore for the year ended on 31 March 2015. This Supplementary audit has been carried out independently without access to the working papers of Statutory Auditors and is limited primarily to inquires of the Statutory Auditor and company personnel and a selective examination of some of the accounting records. On the basis of my audit, nothing significant has come to my knowledge, which would give rise any Comment upon or supplement to Statutory Auditor's report.

For and on the behalf of the
Comptroller and
Auditor General of India

sd/-

(Arabinda Das)

Principal Director of Commercial Audit
& Ex-officio Member, Audit Board, Hyderabad

Place : Hyderabad
Date : 06-07-2015

Balance Sheet

as at 31st March, 2015

₹ in Lakhs

Particulars	Note No.	Figures as at the end of current reporting period 31-03-2015		Figures as at the end of previous reporting period 31-03-2014	
EQUITY AND LIABILITIES					
Shareholders' funds					
Share capital	2.1	63451.38		63451.38	
Reserves and surplus	2.2	150396.48		149002.02	
			213847.86		212453.40
Non-current liabilities					
Deferred tax liabilities(Net)	3.1	42.12		-	
Other long-term liabilities	3.2	74.59		87.94	
Long-term Provisions	3.3	14065.57	14182.28	15918.98	
					16006.92
Current liabilities					
Trade payables	4.1	8694.27		11592.22	
Other current liabilities	4.2	13131.77		15183.52	
Short-term provisions	4.3	4370.23		1710.81	
			26196.27		28486.55
Total Equity & Liabilities			254226.41		256946.87
ASSETS					
Non-current assets					
Fixed assets:					
Tangible assets					
(original cost less depreciation)	5.1	24929.83		29498.82	
Capital work-in-progress	5.2	1.65		46.29	
Deferred tax assets(net)	5.3	-		1878.47	
Long-term loans and advances	5.4	-		-	
Other non-current assets	5.5	1254.60		1278.66	
			26186.08		32702.24
Current assets					
Inventories	6.1	33976.92		29135.87	
Trade receivables	6.2	1330.98		8197.21	
Cash & cash equivalents	6.3	176449.13		171580.61	
Short-term loans and advances	6.4	6940.26		4553.80	
Other current assets	6.5	9343.04		10777.14	
			228040.33		224244.63
Total Assets			254226.41		256946.87
Significant Accounting Policies and other notes forming part of financial statements.	1 & 16				

For and on behalf of Board of Directors

Malay Chatterjee
Chairman-cum-Managing Director

Laxminarayana
Director (Finance)

as per our report of even date
for M/s SUNDARAM & SRINIVASAN
Chartered Accountants
(Firm Registration No:004207S)

Place: New Delhi
Date : 27th May,2015

S.K.Padhi
Company Secretary

(P.Menakshi Sundaram)
Partner
Membership No:217914

Statement of Profit and Loss

for the year ended 31st March, 2015

₹ in Lakhs

Particulars	Note No.	Figures for current reporting period 31-03-2015	Figures for previous reporting period 31-03-2014
I. Revenue			
Revenue from operations	7	53413.97	127234.99
Other Income	8	21202.70	17493.15
Total Revenue		74616.67	144728.14
II.Expenditure			
Cost of materials consumed		42270.18	87787.76
Changes in inventories -Pellet feed	9	1486.55	5343.28
Changes in inventories -Finished product	9	(8625.83)	(7251.59)
Power & Fuel		9351.07	18694.51
Employee benefit expenses	10	13201.59	15114.75
Depreciation & Amortization expense	5.1	3208.63	4232.24
Other expenses	11	10598.51	13730.89
Total Expenses		71490.70	137651.84
III.Profit for the year			
before exceptional and extraordinary items and tax (I-II)		3125.97	7076.30
IV.Exceptional items	12	-	27915.42
V.Profit before extraordinary items and tax(III-IV)		3125.97	(20839.12)
VI.Extraordinary Items		-	-
VII.Profit before tax (V-VI)		3125.97	(20839.12)
VIII.Tax expense:	13	44.24	699.43
X.Profit/(Loss) for the period from continuing operations (VII-VIII)		3081.73	(21538.55)
XI.Gain/(loss) on disposal of assets attributable to the Discontinuing operations	14	-	26979.07
XII.Tax expense of Discontinuing operations		-	1446.77
XIII.Profit/(loss) from Discontinuing operations(after tax) (XI-XII)		-	25532.30
XIV.Profit/(loss) for the period (X+XIII)		3081.73	3993.75
XV.Earnings per equity share:			
Equity shares of par value ₹ 10/- each			
Basic and Diluted		0.49	0.63
Number of shares used in computing earnings per share		634513800	634513800
Significant Accounting Policies and other notes forming part of financial statements	1 & 16		

For and on behalf of Board of Directors

Malay Chatterjee
Chairman-cum-Managing Director

Laxminarayana
Director (Finance)

as per our report of even date
for M/s **SUNDARAM & SRINIVASAN**
Chartered Accountants
(Firm Registration No:004207S)

Place: New Delhi
Date : 27th May,2015

S.K.Padhi
Company Secretary

(P.Menakshi Sundaram)
Partner
Membership No:217914

Cash Flow Statement

for the year ended 31st March 2015

₹ in Lakhs

	Figures as at the end of current reporting period 31-03-2015	Figures as at the end of previous reporting period 31-03-2014
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Tax from Continuing operations	3125.97	(20839.12)
Profit before Tax from Discontinuing operations	-	26979.07
Add/(Less) Adjustment for:		
Depreciation - Current year	3208.63	4232.24
- Prior period	38.78	153.53
Sale of Kudremukh assets	-	(20894.39)
Interest income	(17507.98)	(15663.39)
Interest on delayed payment of Kudremukh sale of assets	-	(4268.08)
(Profit)/Loss on sale of Fixed assets	(62.78)	(3.58)
Operating cash flow before working capital changes	(11197.38)	(30303.72)
Adjustment for:		
(Increase)/Decrease in Inventories	(4841.05)	4162.79
(Increase)/Decrease in Trade and other receivables	8439.19	4270.39
Increase/(Decrease) in Trade and other payables	(1940.61)	10998.46
Sale/deletion/Transfer of Fixed assets	899.76	(196.38)
Cash generated from operations	(8640.09)	(11068.46)
Direct tax paid(Net of refunds)	(200.00)	1763.41
Net cash from Operating activities	(8840.09)	(9305.05)
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed assets	(269.18)	(399.27)
(Increase)/Decrease in Capital work in progress	44.64	610.66
(Increase)/Decrease in investment in term deposits with more than three months	3875.00	110.00
Interest received	15006.72	14801.45
Interest on delayed payment of Kudremukh sale of assets	-	4268.08
Proceeds from sale of Kudremukh assets	-	20894.39
Tax on interest received	(171.48)	(127.62)
Proceeds from sale of Fixed assets	62.78	3.57
Net cash from investing activities	18548.48	40161.26
C CASH FLOW FROM FINANCING ACTIVITIES		
Payment of Dividends and dividend tax	(964.87)	(742.35)
Net cash used in Financing activities	(964.87)	(742.35)

CASH FLOW STATEMENTContinuation

₹ in Lakhs

	Figures as at the end of current reporting period 31-03-2015	Figures as at the end of previous reporting period 31-03-2014
ABSTRACT		
(A) Net cash from operating activities	(8840.09)	(9305.05)
(B) Net cash from investing activities	18548.48	40161.26
(C) Net cash used in financing activities	(964.87)	(742.35)
Net increase/(decrease) in cash and cash equivalents	8743.52	30113.86
Net Increase/(Decrease) in cash + cash equivalents:		
Cash and Cash equivalents As at 01-04-2014 (O.B)	34702.61	4588.75
Cash and Cash equivalents As at 31-03-2015 (C.B)	43446.13	34702.61
Net increase /(decrease) in Cash + cash equivalents	8743.52	30113.86

Notes :

- 1 The above statement has been prepared using indirect method except in case of interest income from investment, Dividend, purchase and sale of investment/Fixed assets and taxes, which have been considered on the basis of actual movement of cash, with corresponding adjustments in assets and Liabilities.
- 2 Additions to fixed assets and capital work-in-progress between the beginning and end of the period are treated as investing activities.
- 3 Figures in brackets indicate cash outflows.

For and on behalf of Board of Directors

S.K.Padhi
Company Secretary

Laxminarayana
Director (Finance)

Malay Chatterjee
Chairman-cum-Managing Director

Place: New Delhi
Date: 27th May, 2015

AUDITOR'S REPORT

We have examined the Cash flow statement of **KIOCL LIMITED**, for the year ended 31st March 2015. The statement has been prepared by the Company in accordance with the requirements of clause 32 of the listing agreement with the stock exchange and is based on and in agreement with the corresponding Profit & Loss account and Balance sheet of the Company covered by our report dated 27th May, 2015 to the members of the Company.

for M/s SUNDARAM & SRINIVASAN
Chartered Accountants
(Firm Registration No:004207S)

(P.Menakshi Sundaram)

Partner
Membership No:217914

Place: New Delhi
Date: 27th May, 2015

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

1. ACCOUNTING:

1.1 Basis of preparation:

The financial statements are prepared in accordance with Generally Accepted Accounting Principles in India (I-GAAP) under the Historical Cost Convention on an accrual basis and are in conformity with mandatory Accounting Standards, as prescribed by the Companies (Accounting Standards) Rules, 2006, and the provisions of the Companies Act, 2013.

1.2 Use of estimates:

In preparing the financial statements in conformity with I-GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities as at the date of financial statements and the amounts of revenue and expenses during the reported period. Actual results could differ from those estimates. Any variation to such estimates is recognized in the period the same is determined.

2. FIXED ASSETS:

2.1 Fixed Assets are stated at historical cost less accumulated depreciation. Cost includes all expenditure involved in bringing them to usable condition.

2.2 Cost of Land is capitalized on taking possession, pending execution of formal deeds of lease, title or transfer.

2.3 Works completed have been capitalized on provisional basis, in respect of those works for which final bills are yet to be received.

2.4 Process Development Expenditure is recognized as an Internally Generated Intangible Asset.

2.5 Capital work in progress consists of costs incurred on projects and other capital works under feasibility/commissioning stage. Cost includes related incidental expenses.

3. DEPRECIATION:

3.1 Depreciation on Fixed Assets till 31-03-2014 is provided on Straight Line Method as stipulated in Schedule XIV of the Companies Act, 1956, at respective rates prevailing at the time they are put to use, except certain assets for which higher rates are considered based on their estimated useful life.

The depreciation on existing Fixed Assets with effect from 01.04.2014 is based as per the provisions of Schedule II of Companies Act, 2013. Assets other than Roads, Bridges and

Culverts, Township, Furniture & Fittings, Computers, Vehicles are provided on their remaining value reduced with residual value over its remaining useful life as technically assessed, which will be reviewed periodically. The remaining useful life for assets including plant buildings which are its integral part, in Pellet Plant and Blast Furnace Unit is estimated as 8 years, Captive Power Plant as 15 years and Port Facilities including Grinding and Balling unit as 10 years. Additions during the year to P&M and Buildings in the above Units are also limited to those useful lives.

Other assets are depreciated in accordance with useful life of the assets as indicated in Part C of Schedule II of the Companies Act, 2013.

- 3.2 Depreciation in respect of Assets whose actual cost does not exceed ₹ 5,000/- each and Temporary Structures has been provided in full retaining a nominal value of ₹1/- per item.
- 3.3 Cost of Leasehold Land is amortized over the period of lease. Assets on leasehold land are depreciated over the useful life of the assets.
- 3.4 Plant, Machinery and other assets damaged or suspected to be damaged during transit, erection or commissioning are shown at cost and related insurance claims are accounted separately on realization.
- 3.5 Part replacement of Steel Cord Conveyor Belt is charged to consumption.
- 3.6 Process Development Expenditure is amortized equally over a period of three years from the year of incurring.

4. INVENTORIES :

- 4.1 Stock of finished goods namely, Pellets and Pig Iron (including stock with the Consignment Agents) is valued at lower of cost or net realizable value. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to its location and includes wherever applicable, appropriate overheads based on normal level of activity. However, when the actual production is abnormally lower as compared to normal level, the expenditure of fixed nature is reduced in proportion to the shortfall.
- 4.2 Raw Materials, Stores & Spares, Consumables and Additives are valued at lower of Cost and net realizable value. The cost is computed on weighted average basis and the same is charged off to Revenue on its issue. Materials in Transit are valued at Cost.
- 4.3 Stock of residue products is valued at estimated net realizable value.
- 4.4 (a) Non-moving items of Stores, Spares and Consumables with value less than ₹ 1,000 each at the end of the year are charged to consumption.

(b) In respect of other non-moving stores including Insurance spares full provision is made if not moved for five or more consecutive completed financial years.

- 4.5** Loose tools with individual value below ₹1,000 are charged to consumption. Loose tools with individual value of ₹1,000 each and above are accounted on issue at cost and charged to consumption over a period of three years. However, if the written down value of each tool is below ₹1,000 at the end of the year, the remaining balance is charged to consumption.
- 4.6** Semi-finished products are valued at lower of cost and net realizable value.

5. REVENUE RECOGNITION:

- 5.1** Sales include Excise/Export Duty and Freight on Consignment Sales wherever applicable and are net of Sales Tax/Value Added Tax. Sales are recognized on dispatch of goods to the customers. In respect of sea shipments, issue of Bill of Lading is considered as dispatch.
- 5.2** Service charges on Operation & Maintenance services rendered is recognized on accrual basis.
- 5.3** Interest is recognized on accrual basis subject to certainty of realization.
- 5.4** Sale of scrap is accounted on lifting of scrap by the buyers.
- 5.5** Capital grants received for specific assets are deducted from the gross value of the assets. Revenue Grants are treated as income.
- 5.6** Refunds of statutory duties and taxes, other than service tax, export duty and cess, are accounted on receipt.
- 5.7** Insurance, Railway claims and export incentives are accounted on receipt as income.

6. TAX ON INCOME:

Tax on income for the current period is determined based on taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax is recognized, subject to consideration of prudence on timing differences, representing the difference between the taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

7. EMPLOYEE BENEFITS :

- 7.1** Liability with regard to Gratuity benefits payable in future is determined by actuarial valuation at each Balance Sheet date using the Projected Unit Credit Method. Liability on this account is covered under Group Gratuity Life Assurance Scheme of LIC of India. Premium paid on this Scheme is charged to expense as contribution to gratuity. Settlement, if any, in excess of the amount received under the scheme, is also recognized as an expense as and when incurred.

7.2 Provision for Leave Encashment Benefits and Leave Travel Concessions is made based on actuarial valuation as on the Balance Sheet date.

7.3 Provident Fund contributions are made to a Trust administered by the trustees nominated by the Company and charged as expenses during the year. Provision for Provident fund interest guarantee is made based on actuarial valuation as on the Balance sheet date.

8. FOREIGN CURRENCY TRANSLATIONS :

8.1 Amount recoverable and payable as at the close of the year in foreign currency is accounted for at the current rate of exchange prevailing on the Balance Sheet date.

8.2 Exchange variations arising out of translation of current assets and current liabilities at the end of the year are taken to Profit and Loss Account.

8.3 The Company had opted for accounting the exchange differences arising on reporting of long term foreign currency monetary items in line with Companies (Accounting Standard (AS) Amendment Rules 2009 relating to Accounting Standard (AS)-11 notified by Govt. of India. Accordingly exchange difference relating to long term monetary items arising during the year, in so far as they relate to the acquisition of fixed assets are adjusted in the carrying cost of such assets.

9. OTHER EXPENSES :

9.1 Preliminary expenses on account of new projects incurred prior to the approval of feasibility report/techno economic clearance are charged to revenue.

9.2 Transit and handling loss of raw material as per company norms or actual whichever is less are included in the cost of raw material.

For and on behalf of Board of Directors

Malay Chatterjee
Chairman-cum-Managing Director

Laxminarayana
Director (Finance)

as per our report of even date
for **M/s SUNDARAM & SRINIVASAN**
Chartered Accountants
(ICAI Regn No: 004207S)

Place : New Delhi
Date : 27th May, 2015

S.K.Padhi
Company Secretary

(P.Menakshi Sundaram)
Partner
Membership No:217914

Note - 2.1 : Share Capital

₹ in Lakhs

Particulars	Figures as at the end of current reporting period 31-03-2015	Figures as at the end of previous reporting period 31-03-2014
Authorised : 67,50,00,000 Equity shares of ₹ 10/- each (Previous year 67,50,00,000 equity shares of ₹ 10/- each)	67500.00	67500.00
Issued, Subscribed and fully paid-up: 63,45,13,800 Equity shares of ₹ 10/- each (Previous year 63,45,13,800 shares of ₹ 10/- each)	63451.38	63451.38
Total:	63451.38	63451.38

a) During the year, the Company has not issued/bought back any shares

b) Details of shareholders holding more than 5% shares in the Company:

Particulars	31-03-2015		31-03-2014	
	No of shares	% holding	No of shares	% holding
-Hon'ble President of India	628144130	99.00%	628144130	99.00%

Note - 2.2 : Reserves and Surplus

₹ in Lakhs

Particulars	Figures as at the end of current reporting period 31-03-2015	Figures as at the end of previous reporting period 31-03-2014
Capital Reserve	9.08	9.08
General Reserve		
As per last Balance sheet	148992.94	145964.06
Add/(Less):Deferred Tax effect of charge to reserves pursuant to revision in useful lives of assets (₹691.00 Lakhs plus Deferred Tax adjustment ₹234.87 Lakhs)	(925.87)	-
	148067.07	145964.06
Add: Transfer from surplus in the statement of Profit & loss	2320.33	3028.88
	150387.40	148992.94
Surplus		
Profit for the year	3081.73	3993.75
Less:Appropriations:		
Proposed Dividend	634.51	824.71
Tax on proposed Dividend	126.89	140.16
Transfer to general reserve	2320.33	3028.88
Net Surplus	-	-
Total:	150396.48	149002.02

Note-3.1 :Deferred tax liabilities(Net)

₹ in Lakhs

Particulars	Figures as at the end of current reporting period 31-03-2015	Figures as at the end of previous reporting period 31-03-2014
A. Deferred tax liability:		
Timing differences on account of depreciation	7708.55	-
B. Deferred tax assets:		
Timing differences on account of disallowances under Income Tax Act	7666.43	-
Net Deferred Tax Liability(A-B)	42.12	-

Note-3.2 : Other Long term liabilities

Deposits from Suppliers,Contractors and Others	74.59	87.94
Total:	74.59	87.94

Note-3.3:Long term provisions

₹ in Lakhs

Particulars	Figures as at the end of current reporting period 31-03-2015	Figures as at the end of previous reporting period 31-03-2014
Provisions towards Employee benefits:		
Gratuity	2038.02	4405.60
Other Superannuation Benefits	6869.02	5979.54
Long term compensated absence-EL	2711.83	3396.83
Long term compensated absence-HPL	2105.80	1786.30
Retirement settlement benefits	340.90	340.90
Provident Fund interest Guarantee Obligation	-	9.81
	14065.57	15918.98
Total:	14065.57	15918.98

Note - 4.1 :Trade payables

₹ in Lakhs

Particulars	Figures as at the end of current reporting period 31-03-2015	Figures as at the end of previous reporting period 31-03-2014
(a)For Goods	8459.63	11256.50
(b)For Works	155.49	205.04
(c)For services	79.15	130.68
Total:	8694.27	11592.22

Note - 4.2 : Other current liabilities

₹ in Lakhs

Particulars	Figures as at the end of current reporting period 31-03-2015	Figures as at the end of previous reporting period 31-03-2014
(a) Advances	889.88	1244.14
(b) Security deposits from Suppliers, Contractors and Others	461.88	584.35
(c) Liability for expenses	5166.36	5422.17
(d) Accrued salaries & benefits	5702.10	5307.95
(e) Unclaimed dividend pending encashment of warrants	1.74	1.68
(f) Other Payables	909.81	1111.30
(g) Income Tax provision	-	8529.34
Less: Advance tax and tax deducted at source	-	7017.41
	-	1511.93
Total:	13131.77	15183.52

Note - 4.3 : Short-term provisions

₹ in Lakhs

Particulars	Figures as at the end of current reporting period 31-03-2015	Figures as at the end of previous reporting period 31-03-2014
Provision towards Employee benefits:	702.45	745.94
Gratuity	100.00	80.00
Short term compensated absence-EL	232.49	275.50
Leave travel concession	202.47	260.66
Short term compensated absence-HPL	167.49	129.78
Others:	3667.78	964.87
Excise duty	2906.38	-
Proposed Dividend	634.51	824.71
Tax on Proposed Dividend	126.89	140.16
Total:	4370.23	1710.81

Note - 5.1 : Fixed Assets

₹ in Lakhs

Sl. No.	Description of Assets	GROSS BLOCK (At cost)			DEPRECIATION				NET BLOCK		
		Cost as at 01.04.2014	Additions during the year	Sales/ Adjust-ments	Cost as at 31.03.2015	Provided upto 01.04.2014	For the year	Sales/ Adjust-ments	Provided up to 31.03.2015	As at 31.03.2015	As at 31.03.2014
TANGIBLE ASSETS											
MINES & PLANT:											
1	Land* - Freehold	723.93	-	-	723.93	-	-	-	-	723.93	723.93
	- Leasehold	2,091.11	-	(8.02)	2,083.09	83.05	3.95	(12.56)	74.44	2,008.65	2,008.06
2	Buildings	13,785.01	30.08	-	13,815.09	7,781.11	600.59	479.95	8,861.65	4,953.44	6,003.90
3	Plant & Machinery	76,576.18	131.40	(2,541.90)	74,165.68	58,403.29	1,689.38	(1,555.36)	58,537.31	15,628.37	18,172.89
4	Furniture & Fittings	354.67	0.68	(0.88)	354.47	348.88	0.80	(0.88)	348.80	5.67	5.79
5	Vehicles	488.05	-	(18.34)	469.71	447.29	6.70	(18.34)	435.65	34.06	40.76
6	Office equipments	1,031.06	62.99	(24.59)	1,069.46	955.75	36.51	(11.88)	980.38	89.08	75.31
7	Others										
	Roads, Bridges & Culverts	1,562.53	39.72	-	1,602.25	1,365.98	8.77	134.73	1,509.48	92.77	196.55
	Dams, Embankments etc.,	12,984.83	-	-	12,984.83	12,984.83	-	-	12,984.83	-	-
	Temporary Structures	76.61	-	-	76.61	76.61	-	-	76.61	-	-
	Railway Siding	971.81	-	-	971.81	379.02	544.19	0.01	923.22	48.59	592.79
	Water supply, Sewerage & Fire Prevention system	1,250.71	-	-	1,250.71	1,056.50	18.35	3.00	1,077.85	172.86	194.21
	Electrical Installation	5,063.52	-	-	5,063.52	4,081.22	86.67	-	4,167.89	895.63	982.30
SUB TOTAL		116,960.02	264.87	(2,593.73)	114,631.16	87,963.53	2,995.91	(981.33)	89,978.11	24,653.05	28,996.49
TOWNSHIP:											
1	Land* - Freehold	32.81	-	-	32.81	-	-	-	-	32.81	32.81
	- Leasehold	34.14	-	-	34.14	34.14	-	-	34.14	-	-
2	Buildings	2,205.13	-	-	2,205.13	1,760.39	211.05	-	1,971.44	233.69	444.74
3	Furniture & Fittings	43.31	-	(0.22)	43.09	43.06	0.05	(0.22)	42.89	0.20	0.25
4	Vehicles	54.48	4.31	-	58.79	54.48	0.27	-	54.75	4.04	-
5	Office equipments	88.31	-	(8.73)	79.58	87.81	-	(8.73)	79.08	0.50	0.50
6	Others										
	Roads, Bridges & Culverts	250.83	-	-	250.83	231.38	1.14	15.44	247.96	2.87	19.45
	Temporary Structures	48.55	-	-	48.55	48.55	-	-	48.55	-	-
	Electrical Installations	195.03	-	-	195.03	192.32	0.21	-	192.53	2.50	2.71
	Water supply, Sewerage & Fire Prevention system	291.55	-	-	291.55	289.68	-	1.70	291.38	0.17	1.87
SUB TOTAL		3,244.14	4.31	(8.95)	3,239.50	2,741.81	212.72	8.19	2,962.72	276.78	502.33
INTANGIBLE ASSETS:											
	Process development expenditure	1,924.98	-	-	1,924.98	1,924.98	-	-	1,924.98	-	-
		1,924.98	-	-	1,924.98	1,924.98	-	-	1,924.98	-	-
GRAND TOTAL		122,129.14	269.18	(2,602.68)	119,795.64	92,630.32	3,208.63	(973.14)	94,865.81	24,929.83	29,498.82
	Previous year	164,117.43	399.27	(42,387.56)	122,129.14	130,828.49	4,232.24	(42,430.41)	92,630.32	29,498.82	33,288.94

1.*Includes

(a) Development Costs (b) Amortisation in respect of Leasehold Land (c) 9.06 acres of land at Kudremukh and 9.798 acres at BFU are leased to other agencies. (d) Freehold land 324.698 acres, and leasehold land 11203.509 acres and lease cum sale land of 220.305 acres (e) The Company will get freehold title in respect of leasehold land (153.875 acres at BFU) after payment of remaining ₹ 29.25 Lakhs (i.e. 1% of cost of the land) and registration of sale deed in 2015.

2. Depreciation on Railway siding and other connected assets under "Mines & Plant" includes ₹ 586.85 Lakhs as Terminal depreciation.

3. Depreciation on Township assets includes ₹ 198.36 Lakhs terminal depreciation in respect of Kudremukh Township Assets.

Note - 5.2 :Capital work-in-progress

₹ in Lakhs

Particulars	Figures as at the end of current reporting period 31-03-2015	Figures as at the end of previous reporting period 31-03-2014
Plant and machinery/construction stores in stock	1.65	26.64
Work in progress:		
Material handling facilities and Railway siding from Thokkur	376.63	376.64
Ductile Iron spun pipe plant	65.43	65.43
Others	301.94	321.58
Total:	744.00	763.65
Less:Provision	744.00	744.00
	-	19.65
Total:	1.65	46.29

Note - 5.3 :Deferred Tax Assets(Net)

₹ in Lakhs

Particulars	Figures as at the end of current reporting period 31-03-2015	Figures as at the end of previous reporting period 31-03-2014
A. Deferred tax assets:		
Timing differences on account of disallowances under Income Tax Act	-	11126.34
B. Deferred tax liability:		
Timing differences on account of depreciation	-	9247.87
Net Deferred Tax Assets(A-B)	-	1878.47

Note - 5.4 :Long term loans & advances

₹ in Lakhs

Particulars	Figures as at the end of current reporting period 31-03-2015	Figures as at the end of previous reporting period 31-03-2014
Un-secured and considered doubtful	1800.00	1800.00
Less:Provision for doubtful debts	1800.00	1800.00
	-	-
Total:	-	-

Note - 5.5 : Other non-current assets

₹ in Lakhs

Particulars	Figures as at the end of current reporting period 31-03-2015	Figures as at the end of previous reporting period 31-03-2014
(e) Other non-current assets:		
Deposits -MESCOM	939.91	939.89
-Others	128.34	141.07
	1068.25	1080.96
Advances-Employees	186.35	197.70
Total:	1254.60	1278.66

Note - 6.1 :Inventories

(As valued and certified by the Management)

₹ in Lakhs

Particulars	Figures as at the end of current reporting period 31-03-2015	Figures as at the end of previous reporting period 31-03-2014
(i) For operations		
(a)Raw materials	663.01	504.28
Less : Provision	-	-
	663.01	504.28
Add: Raw materials in transit	1097.51	2781.18
	1760.52	3285.46
(b)Work in progress	2069.87	3556.42
(c)Finished goods at lower of cost or net realisable value -Pellets #	24309.58	15683.75
(d)Stores and spares	7509.66	9127.13
[Includes ₹ 326.18 lakhs declared surplus (Previous year ₹ 419.52 Lakhs)		
Less:Provision towards Non-moving and Surplus Stores	3427.84	3802.95
	4081.82	5324.18
Add: Stores in transit at cost	3.04	12.72
	4084.86	5336.90
(e) Loose tools at cost(Less written off)	1.63	2.36
(f) Consumables and Additives	631.17	528.78
(ii) Held for sale		
(a) Lam coke	-	4685.53
Less:Provision made towards diminuation in value	-	2562.64
	-	2122.89
Less:Sold during the year	-	1380.69
Value of Lam coke held for sale	-	742.20
(b) Iron ore fines	1119.29	-
Total:	33976.92	29135.87

Note:

- (1) Raw material in Transit includes the value of 20000 Tonnes Iron ore fines purchased through auction yet to be moved.
- (2) # Include excise duty of ₹2906.38 Lakhs on 209514 Tons quantity of finished goods manufactured out of iron ore moved with domestic usage declaration.

Note - 6.2 :Trade receivables

₹ in Lakhs

Particulars	Figures as at the end of current reporting period 31-03-2015	Figures as at the end of previous reporting period 31-03-2014
(i) Outstanding for more than six months from the date they are due for payment		
Secured, considered good	-	-
Un-Secured, considered good	1330.98	5143.16
Doubtful	-	-
	1330.98	5143.16
(ii) Others		
Secured, considered good	-	-
Un-Secured, considered good	-	3054.05
Doubtful	-	-
	-	3054.05
Total:	1330.98	8197.21

Note - 6.3 :Cash & cash equivalents

₹ in Lakhs

Particulars	Figures as at the end of current reporting period 31-03-2015	Figures as at the end of previous reporting period 31-03-2014
(i)Cash and Cash Equivalents		
Balances with banks		
In Current Account	309.01	139.91
In Deposit Account (Maturity less than three months)	43124.60	34560.00
	43433.61	34699.91
Cash on hand	1.34	1.02
Stamps in hand (Unfranked balance)	0.04	-
Unpaid Dividend account	11.14	1.68
	43446.13	34702.61
(ii)Other Bank Balances		
In Term deposit with maturity of more than three months, but less than twelve months	133003.00	136878.00
Total:	176449.13	171580.61

Note - 6.4 :Short-term loans and advances

₹ in Lakhs

Particulars	Figures as at the end of current reporting period 31-03-2015	Figures as at the end of previous reporting period 31-03-2014
Claims - Railways & Customs	1.32	0.55
- Cenvat credit Service Tax	182.05	218.74
- Cenvat credit Excise duty	-	479.67
	183.37	698.96
Deposits - Port	56.54	26.30
- Customs & Excise	4.31	4.33
- Others	79.01	82.41
	139.86	113.04
Advances - Suppliers	1027.50	813.24
- Employees	77.21	92.76
- Others	3320.21	2835.80
	4424.92	3741.80
Advance tax and tax deducted at source	5937.41	-
Less: Provision	3745.30	-
	2192.11	-
Total:	6940.26	4553.80

Note - 6.5 :Other current assets

₹ in Lakhs

Particulars	Figures as at the end of current reporting period 31-03-2015	Figures as at the end of previous reporting period 31-03-2014
Accrued interest on deposits with banks	8,868.21	6545.59
Other receivables	474.83	4231.55
Total:	9343.04	10777.14

Note - 7 :Revenue from operations (Net)

₹ in Lakhs

Particulars	Figures for the current reporting period 31-03-2015	Figures for the previous reporting period 31-03-2014
(a) Sale of Products		
Gross Sales - Pellets	62687.24	153006.88
- Auxilliary	196.64	230.58
	62883.88	153237.46
Less -Excise/Export Duty Pellets	9496.55	25977.11
- Excise Duty Auxilliary	21.66	25.36
- Quantity discount	105.06	-
Net sales	53260.61	127234.99
(b) Other operating revenues	153.36	-
Total:	53413.97	127234.99

Note - 8 :Other income

₹ in Lakhs

Particulars	Figures for the current reporting period 31-03-2015	Figures for the previous reporting period 31-03-2014
Interest income:		
On deposits with Banks	17507.98	15663.39
Others	163.11	530.42
Other Non-operating income:		
Profit on sale of Assets	62.78	3.58
Hire charges	2.39	0.61
Rent	185.10	117.06
Sale of scrap	311.01	142.24
Despatch money	7.73	29.93
Exchange variation	15.58	58.86
Provision no longer required	2054.69	25.72
Surplus stores,DDRs and others	758.93	-
Others	1295.76	25.72
Miscellaneous	892.33	921.34
CST incentive	202.37	261.11
Railway Congestion charges	206.70	503.98
Others	483.26	156.25
Total:	21202.70	17493.15

Note - 9: Changes in inventories (Increase)/Decrease

₹ in Lakhs

Particulars	Figures for the current reporting period 31-03-2015	Figures for the previous reporting period 31-03-2014
Finished stock-Pellet	(8625.83)	(7251.59)
Finished Goods - Pellets: Opening Stock	15683.76	8432.17
Finished Goods - Pellets: Closing stock	24309.59	15683.76
Finished stock-Pellet feed	1486.55	5343.28
Work in progress-Pellet feed: Opening Stock	3556.42	8899.70
Work in progress-Pellet feed: Closing stock	2069.87	3556.42
Total:	(7139.28)	(1908.31)

Note - 10 :Employee benefits expense

₹ in Lakhs

Particulars	Figures for the current reporting period 31-03-2015	Figures for the previous reporting period 31-03-2014
Salaries and wages	10318.14	9983.68
Contribution to Provident Fund	756.90	771.83
Contribution to Gratuity Fund	619.72	2625.00
Contribution towards other Superannuation Benefits	889.46	920.58
Staff welfare expenses	617.37	813.66
Total:	13201.59	15114.75

Note - 11 : Other expenses

₹ in Lakhs

Particulars	Figures for the current reporting period 31-03-2015	Figures for the previous reporting period 31-03-2014
Cost of stores & spares consumed	1433.33	2477.43
Cost of consumables & additives consumed	1863.24	4916.79
Rent	1069.53	1063.79
Rates and taxes-Exise duty on closing stock of finished goods	2906.38	62.58
Others	84.21	2990.59
Insurance charges	74.57	85.44
Travelling expenses	225.25	207.98
Repairs and maintenance:	654.59	676.44
Building	288.23	265.35
Machinery	269.44	333.37
Others	96.92	77.72
Postage and telephone charges	41.96	63.47
Advertisement and publicity	138.91	89.27
Expenses on security	837.12	1126.88
Payment to auditor as:	9.25	9.25
a. auditor	6.00	6.00
b. for taxation matters	1.25	1.25
c. for other services	1.00	1.00
d. for reimbursement of expenses	1.00	1.00
Cost Audit fee and reimbursement expenses	1.00	1.20
Port charges, Sampling Survey and cess	366.83	874.80
Bank charges including discounting of bills	102.29	71.67
Entertainment	7.30	7.19
Forest, Ecology & pollution control expenses	41.14	53.58
Directors' sitting fees	11.40	6.40
Corporate Social Responsibility	110.19	217.00
Provision for surplus stores, DDRs and others	425.57	308.76
Provision for inventory- materials & other supplies	-	77.59
Provision towards diminuation in value of Lam coke	2562.64	-
Less: Written-off during the year	2562.64	-
Provision -Others	-	598.98
Exchange variation	21.20	12.67
Prior period items	(298.88)	258.37
Miscellaneous expenses	472.13	463.36
Total:	10598.51	13730.89

Note - 12 :Exceptional Items

₹ in Lakhs

Particulars	Figures for the current reporting period 31-03-2015	Figures for the previous reporting period 31-03-2014
Voluntary Retirement Scheme compensation	-	6542.69
Distance based charges	-	21032.02
Compensation towards arbitration cases settled during the year	-	453.71
AS-2 Provision	-	(113.00)
Total:	-	27915.42

Note - 13 :Tax Expense

₹ in Lakhs

Particulars	Figures for the current reporting period 31-03-2015	Figures for the previous reporting period 31-03-2014
Current tax	48.20	-
Earlier years (net)	(1689.68)	(4.90)
Deferred tax	1685.72	704.33
Total:	44.24	699.43

Note - 14 : Discontinued Items

Sale of Kudremukh assets	-	20894.39
Interest on delayed payment on sale of Kudremukh assets	-	4268.08
Withdrawal of Kudremukh stores provision	-	1816.60
Total	-	26979.07

Note - 15 : Information regarding value of production, stocks, consumption, value of imports, expenditure and earnings in foreign exchange

₹ in Lakhs

	Figures as at the end of current reporting period 31-03-2015		
	Iron Ore Concentrate	Iron Ore Pellets	Pig Iron
Actual Production	Nil (Nil)	68,406.68 (160,068.42)	-
Opening Stock	Nil (Nil)	15,683.75 (8,432.17)	-
Closing Stock	Nil (Nil)	24,309.58 (15,683.75)	-
Sales (Gross)	Nil (Nil)	62,687.24 (153,006.88)	196.64 (230.58)

Note: 1) Pig Iron includes Auxilliary.
2) Previous year's figures indicated in bracket.

Note 15 (Continuation)

Particulars	Figures as at the end of current reporting period 31-03-2015			Figures as at the end of previous reporting period 31-03-2014		
	Quantity	Value	Percen	Quantity	Value	Percen
	Metric Ton	₹ in Lakhs	-tage	Metric Ton	₹ in Lakhs	-tage
Consumption of raw materials						
Imported: Coke		-			-	
Total :		-			-	
Indigenous: Iron ore fines	759391	42,270.18	96.60%	1606326	87,787.76	94.26%
Indigenous: WIP	24609	1486.55	3.40%	103674	5343.28	5.74%
Total:		43756.73	100.00%		93131.04	100.00%
Consumption of stores, spares and fuel:						
Imported		73.50	1.10%		5562.13	36.51%
Indigenous		6622.99	98.90%		9671.08	63.49%
Total :		6696.49	100.00%		15233.21	100.00%
Included under:						
Stores and spares		1433.33			2477.43	
Power and fuel		5257.97			12749.35	
Welfare expenses		5.19			6.43	
Total :		6696.49			15233.21	
Consumption of Consumables & additives						
Imported - Lime stone	20642	311.18	16.70%	43031	616.65	12.54%
- Coke fines	12366	1,248.36	67.00%	6,067	635.52	12.93%
Total :		1559.54			1252.17	
Indigenous: 1) Bentonite	5344	189.46	} 16.30%	14403	535.46	} 74.53%
2) Coke fines	710	72.66		25495	2901.11	
3) Burnt lime	492	25.14		1159	61.87	
4) Lime stone	843	16.43		8522	166.18	
Total :		303.69			3664.62	
Total :		1863.23	100.00%		4916.79	100.00%
Expenditure incurred in foreign currency (On remittance basis):						
(a) Travelling		16.40			11.41	
(b) Other expenses		3429.33			6701.71	
Value of Imports on CIF Basis						
(a) Components and spare parts		57.21			1454.72	
(b) Consumables and additives		436.00			1220.52	
Earnings in Foreign Exchange (on Receipt basis)						
(a) Export of goods (FOB)						
(₹ in Lakhs)		-			-	
equivalent of above in (US \$ Million)		-			-	
(b) Other receipts (₹ in Lakhs)		-			-	

Note 16: Other notes forming part of financial statements

		Figures as at the end of current reporting period 31-03-2015	Figures as at the end of previous reporting period 31-03-2014
		₹ in Lakhs	₹ in Lakhs
1.	On execution of Lease Deed with New Mangalore Port Trust for certain tracts of land, provision has been made for the Registration charges and Stamp duty, which is estimated at ₹10.71 Lakhs (Previous year ₹10.31 Lakhs). The expenditure incurred is amortized over the period of lease. Lease Rentals are charged to Statement of Profit and Loss on accrual basis.		
	The Company has registered following tracts of land taken on lease during the year 2010-11. The period of lease and rental obligation for the remaining period of lease is as follows:		
Tract of land	Area	Period of Lease	Rental obligation remaining (₹ in Lakhs)
Period not later than five years:			
Tract 1	213783 sqm	20.07.1997 to 19.07.2017	1222.84
Period later than five years:			
Tract 1	113497 sqm	20.04.1999 to 19.04.2029	4464.42
Tract 2	300 sqm	01.04.1999 to 31.03.2029	11.75
Tract 3	1190 sqm	01.08.1999 to 31.07.2029	47.89
Tract 4	21270 sqm	21.07.2012 to 20.07.2022	405.89
Tract 5	475 sqm	01.05.1998 to 30.04.2028	17.94
Tract 6	48 sqm	01.07.1998 to 30.06.2028	1.83
Tract 7	27008 sqm	17.02.2014 to 19.07.2024	636.80
(Extension of Land lease for Land under Track 7 is under process)			
2.	A. Estimated amount of the contracts to be executed on capital account and not provided for (net of advances):	582.18	1469.80

	Figures as at the end of current reporting period 31-03-2015	Figures as at the end of previous reporting period 31-03-2014		
	₹ in Lakhs	₹ in Lakhs		
B. Contingent Liabilities not provided for:				
(a) In respect of - Letters of Credit and Bank Guarantees etc., outstanding				
(i) On Revenue Account	660.00	867.35		
(ii) On Capital Account	-	-		
(b) Claims against the Company not acknowledged as debt.				
(i) On Revenue Account*	59372.28	55902.20		
(ii) On Capital Account	15792.51	15759.52		
(*includes ₹11057.62 Lakhs towards Forest Development Tax (FDT) at the rate of 12% of basic price of iron ore. NMDC Limited has filed a writ petition in the Hon'ble High Court of Karnataka challenging the levy of the same. The case is pending for disposal. Meanwhile, as per the interim order of the Hon'ble Court, ₹ 2617.43 lakhs {25% of FDT} [Previous year ₹ 2617.43 lakhs] is collected in cash and shown it as advance vide note No.6.4 and Bank Guarantee of ₹ 2734.87 lakhs [Previous year ₹ 2734.87 lakhs] is also collected by NMDC Limited)				
(c) Disputed Liabilities in Appeal On Revenue Account: Excise Duty	5848.31	6236.44		
C. Demands made by the income tax department, which are disputed by the Company and payments made against each demand are as under:				
Asst. Year	Disputed demand	Amount Paid	Balance as on 31.03.2015	Pending with
2009-10	321.48	321.48	Nil	Commissioner of Income Tax (Appeals)
2010-11	Nil	Nil	Nil	-
2011-12	1089.34	929.37	159.97	Income Tax Appellate Tribunal, Bangalore
2012-13	391.77	93.76	298.01	Commissioner of Income Tax (Appeals)
There will not be additional financial implication over and above the provisions already made as per Company's assessment.				

	Figures as at the end of current reporting period 31-03-2015	Figures as at the end of previous reporting period 31-03-2014
	₹ in Lakhs	₹ in Lakhs
D. The Company sought rectification of mistake u/s 154 of Income Tax Act, 1961 in the computation of taxable income for the Assessment Year 2012-13 amounting to ₹ 839.96 Lakhs including interest which is pending before the Assessing Authority. Hence, no liability is recognized.		
3. The Company is a 100% Export Oriented Unit. With the suspension of mining operations at Kudremukh mine site, the Company is procuring the iron ore fines from NMDC mines and transporting it to its plant at Mangalore by rail or rail cum sea route.		
<p>The Railways are raising the RRs for transporting the iron ore through rakes which are promptly settled by the Company. As on date none of the RR is pending for payment or under dispute.</p> <p>Railways vide letter No. H/C.474 Classification/11 dated 21-10-2011 raised an issue regarding the applicability of Distance Based Charge(DBC) over and above normal freight on Iron Ore transported through railway network for manufacture of Pellets and their subsequent export.</p> <p>Iron ore fines and lumps attract distance based charge if the same are exported. However, the Iron Ore so moved and utilized in the steel plants for manufacture of finished product and exported thereafter do not attract distance based charge. DBC is also not applicable to Pig iron and Sponge iron Industry.</p> <p>This benefit is not available to Pellets though it is a manufactured and value added, technically and commercially distinct product.</p> <p>This discrimination by Railways was challenged before the Hon'ble High Court of Karnataka through a Writ Petition. The Writ Petition was dismissed. KIOCL filed Writ Appeal challenging the dismissal of the Writ petition. The Hon'ble Court has granted interim order staying DBC, subject to the condition that 50% of the demand excluding penalty is to be deposited.</p>		

	Figures as at the end of current reporting period 31-03-2015	Figures as at the end of previous reporting period 31-03-2014
	₹ in Lakhs	₹ in Lakhs
<p>The Company initially worked out the DBC liability as ₹12727.28 lakhs and paid ₹ 6363.64 Lakhs to South Western Railway (SWR). Subsequently, on reconciliation with SWR, the liability of DBC was assessed at ₹14291.08 Lakhs. Pending settlement of writ appeal, liability has been created in the books of account for the balance amount as a prudent measure during 2013- 14. During the year 2014-15, an amount of ₹1461.51 Lakhs was paid/ adjusted to SWR which includes adjustment of congestion surcharge amounting to ₹206.70 Lakhs by SWR.</p> <p>East Coast Railways (ECR) has raised a demand of ₹41446 lakhs towards Distance Based Charge and penalty there on. This was protested by the Company on the ground that, the claim of ECR includes normal freight paid earlier on every consignment at the time of movement of rakes and three times of the normal freight as penalty. The Company filed writ petition before Hon'ble High Court of Odisha. Hon'ble High Court of Odisha has granted interim order on the same lines of Hon'ble High court of Karnataka.</p> <p>The liability towards DBC to East Coast Railway is ₹6740.94 lakhs. East Coast Railway is demanding the DBC as ₹10361.38 lakhs without reducing freight already paid by the company. The Company has paid 50 % of their demand i.e. ₹ 5180.69 lakhs and the liability have been created for the balance amount of DBC in the Books of Account as a prudent measure pending settlement of writ petition.</p> <p>Both the cases are subjudice before the Hon'ble High court of Karnataka and Odisha respectively. Based on the outcome, necessary adjustments will be made.</p>		
<p>4. (a) The Company's private railway siding at Panambur was commissioned during January 2006 with allotment of code "PNKI-06529006" by Railway. The Iron ore fines moved through this siding is not liable for levy of congestion surcharge over and above the freight. But, South Western Railway (SWR)</p>		

	Figures as at the end of current reporting period 31-03-2015	Figures as at the end of previous reporting period 31-03-2014
	₹ in Lakhs	₹ in Lakhs
<p>continuously levied and collected congestion surcharge for the period from 01.04.2007 to 21.05.2008 for movement of rakes. KIOCL resisted this levy and collection. Further, KIOCL claimed refund of congestion surcharge amounting to ₹6877.86 Lakhs from SWR in respect of 573 rakes moved during the above mentioned period. SWR refunded ₹2715.16 Lakhs till date which includes ₹206.70 Lakhs adjusted by SWR towards DBC. KIOCL approached Railway Claims Tribunal (RCT), Bangalore and filed an application for refund of the balance amount of ₹4162.70 Lakhs with interest. The case is pending for disposal.</p> <p>(b) The Konkan Railway offered concessional freight to KIOCL for movement of rakes through Konkan route instead of shorter route i.e, Hassan-Mangalore. KIOCL accepted the offer and 110 rakes were booked for the Konkanroute. Subsequently, Konkan Railway allowed concessional freight for 92 rakes only and balance 18 rakes were moved through shorter routes i.e, Hassan-Mangalore. Hence, KIOCL claimed refund of ₹254.45 Lakhs from SWR towards differential freight. However SWR has not refunded the amount. Hence, KIOCL approached RCT, Bangalore and has claimed ₹254.45 Lakhs with interest. The case is pending for disposal.</p> <p>(c) East Coast Railway have collected 100% congestion surcharge instead of 30% for the rakes moved during the period from 15.04.2008 to 21.05.2008. KIOCL requested ECR for refunding ₹436.83 lakhs being 70% excess congestion surcharge collected in respect of 26 rakes. As ECR failed to refund the amount, KIOCL has filed a petition before the RCT, Bhubaneswar for refund of ₹436.83 lakhs with interest. The case is pending for disposal. The Company has not recognized the above as income as per Company s significant accounting policy No.5.7.</p>		

	Figures as at the end of current reporting period 31-03-2015	Figures as at the end of previous reporting period 31-03-2014
	₹ in Lakhs	₹ in Lakhs
5. The Company has applied for a prospective license (PL) of Khandhadhar deposit in Jharsuguda district, Odisha. The area identified is having low grade Iron Ore deposit and as project utility could be established only after detailed Study, the Company has carried out exploration work in that area and incurred an amount of ₹105.68 Lakhs (Previous year ₹105.68 Lakhs). Govt. of Odisha rejected the PL application and recommended for grant of PL in favor of POSCO India Private Limited. The Company has filed a writ petition in the Hon'ble High Court of Odisha challenging the same. The Hon'ble High Court of Odisha quashed the recommendation of the State Govt. in another case filed by Geomine Odisha. In the said order court did not give any relief to Geomine Odisha. Three SLPs were filed i.e State of Odisha, M/s. Geomine Minerals and POSCO. KIOCL being an interested party got impleaded in the SLP. On 10.06.2013, Hon'ble Supreme Court passed Judgment setting aside the judgment of the Odisha High Court and also quashed the decision of State Government to grant PL to POSCO. It has directed the Central Government to consider the question of approval under section 5(1) MMDR Act taking into consideration the recommendations made by the State Government.		
The Mines and Minerals (Development and Regulation) Act has been amended vide Amendment Act No. 10 of 2015. According to the Amendment Act 2015, all applications received prior to the date of commencement of the Amendment Act, 2015 shall become ineligible.		
There is no prospecting license granted in favor of KIOCL in the above case. Further, there is no prior approval granted by the Central Govt under subsection (1) of Section 5 of the MMDR Act, 1957 in favor of KIOCL. In view of the above, all cases / litigation in respect of Khandhadhar deposit automatically drops. However, the Company has made a provision for the above expenditure in its books of account as a prudent measure.		

	Figures as at the end of current reporting period 31-03-2015	Figures as at the end of previous reporting period 31-03-2014
	₹ in Lakhs	₹ in Lakhs
6. In pursuance of the directive of the Hon'ble Supreme Court, mining activities at Kudremukh were stopped with effect from 1 st January 2006. The Company filed a Petition for Direction with prayers, inter-alia, to permit utilization of 54.01 hectares of land required for the purpose of safety and slope stability of the mine, at the time of closure of the mine. Indian Bureau of Mines (IBM) has approved final mine closure plan (FMCP) of Kudremukh iron ore mine and the same was communicated vide letter no. MS/CMG/Fe-38-52 dated 06-05-2005. The expenditure towards mine closure, as per the above plan, was ₹ 2.79 Crores (Previous year ₹ 2.79 Crores).		
The Hon'ble Supreme Court, in its judgment (December 2006), directed IIT Delhi to issue global tender for, inter-alia, re analyzing the stability of slopes, drawing up of mine closure plan, implementation of the above plan and drawing up of detailed terms for the work to be done, consistent with basic paradigm of "no or minimal disturbance to unbroken area"		
The expenditure for this purpose was to be met out of ₹19.00Crores deposited by the Company during the year 2005-06 and which is presently lying with the Adhoc Compensatory Afforestation Fund Management and Planning authority (Adhoc CAMPA).		
The Hon'ble Court has also directed that if any funds are required in excess of ₹19.00Crores, the agency or the designated officer shall move the Court for necessary direction.		
Ministry of Mines(GOI), vide letter dated 07.02.2014, nominated The Regional Controller of Mines, IBM Bangalore as the 'Designated Officer' to take possession of Kudremukh Iron Ore Mines. Accordingly, the Company has handed over the possession of the Kudremukh Iron Ore Mines to the Regional Controller of Mines, IBM Bangalore on 03.04.2014.		

	Figures as at the end of current reporting period 31-03-2015	Figures as at the end of previous reporting period 31-03-2014
	₹ in Lakhs	₹ in Lakhs
<p>Subsequently, officials of IBM Bangalore and IIT, Delhi inspected the mine site on 20.05.2014, in which IIT Delhi opined that the residual task of mine closure, keeping in view environment and safety concerns, is relatively minor as compared to what was originally envisaged. Hence, the amount of ₹19.00 Crores paid by the Company to Central Empowered Committee already lying with the Adhoc-CAMPA, is sufficient to meet the expenditure on mine closure, no further liability is considered necessary.</p>		
<p>7. The Mangalore Pellet Plant is the outcome of Kudremukh activity for ore, for beneficiated Concentrate and also water. Consequent upon the judgment of Hon'ble Supreme Court, mining and beneficiation activities were stopped w.e.f. 01-01-2006. However, Mangalore Pellet Plant and also Blast Furnace Unit draw the required water from Lakya Dam at Kudremukh.</p> <p>As an alternative arrangement, the Company has obtained in principle approval for supply of water for its plant operation from Mangalore City Corporation at tariff applicable for industrial use in 2012. However, since there is no embargo for drawl of water still, the Company continued to draw required water for its Mangalore plants during the year from Lakya Dam at Kudremukh. Hence, dam maintenance activity from the safety point of view and maintenance of water drawal system which include electrical and pipeline maintenance are still continuing. Therefore, Kudremukh department is maintained as a part of Mangalore Pellet Plant. Though, mining and beneficiation is not taking place, the department continues to exist. As such, Kudremukh installation is a working unit as on date.</p>		
<p>8. Total mining lease areas of 4605.02 hectares at Kudremukh include an extent of 1220.03 hectares of government revenue land, apart from forest land and KIOCL's free hold land. Regional Controller of Mines IBM, the designated officer has taken over the entire mining lease area for carrying out the mine closure activities in the mine in compliance of Hon'ble Supreme Court orders</p>		

	Figures as at the end of current reporting period 31-03-2015	Figures as at the end of previous reporting period 31-03-2014
	₹ in Lakhs	₹ in Lakhs
<p>dated 15-12-2006 on 03-04-2014. However, the infrastructure and buildings located in Revenue land and other land being the property of the Company shall continue to remain in their physical possession till the cessation of mine closure activities. Till the year 2013-14, the land records of revenue land were in the name of KIOCL. Government of Karnataka has changed the revenue records removing the Company's name. Hence the Company was constrained to file a suit before Civil Judge Court, Mudigere for an injunction against Government and others, restraining them from dispossessing KIOCL from the said revenue land. The court heard the arguments and passed an interim order on 05-11-2013 restraining the defendants or anybody under them from dispossessing the Company from the suit schedule property (i.e. Revenue land) in any manner till the disposal of the suit or till the modalities have been worked out and implemented as directed by the Hon'ble Supreme court. The suit is yet to be decided.</p> <p>Taking in to consideration of taking over the entire mining lease area of 4605.02 hectares comprising forest land, revenue land, company's own land and other land by the Designated officer IBM for carrying out the mine closure activities in the mine in compliance of Hon'ble Court although their physical possession held with the Company, the Company depreciated all its township assets in full as a prudent measure. Consequent upon this the profit for the year is reduced by ₹198.36 Lakhs.</p>		
<p>9 (a) Liability with regard to Gratuity benefits payable in future is determined by actuarial valuation at the end of the year using the Projected Unit Credit Method. Liability on this account is covered under Group Gratuity Life Assurance Scheme of LIC of India. Premium paid on this Scheme is charged to expenses as contribution to gratuity.</p> <p>During the year the Company has deposited an amount of ₹3000.00 lakhs (Previous year ₹3000.00 lakhs) with LIC as fund to be managed by them.</p>	2138.02	4485.60

	Figures as at the end of current reporting period 31-03-2015	Figures as at the end of previous reporting period 31-03-2014
	₹ in Lakhs	₹ in Lakhs
Expected returns on this plan asset have been recognized in the actuarial valuation. While expensing this deposit as gratuity expenditure, the decrease in the liability to be recognized ₹2347.58 lakhs has been accounted under "Employees' benefits expenses" during the year. Present value of Future Obligations of Gratuity as at the Balance Sheet date as per Actuarial Valuations are:		
(b) Present value of Future Obligations of the following as at the Balance Sheet date as per Actuarial Valuations are:		
(i) Long term compensated absence- Earned Leave	2944.33	3672.35
(ii) Long term compensated absence-Half pay Leave	2273.29	1916.07
(iii) Leave Travel Concession	202.47	260.66
(iv) Provident Fund interest guarantee obligation	-	9.81
Disclosure required as per Accounting Standard (AS)-15(Revised) on Employee Benefits are appended.		
10. Pending revision of pay scales of non-executive employees with effect from 01-01-2012, a provision of ₹762.16 lakhs is made during the year (Previous year ₹1271.09 lakhs). The same is included in "Employee benefits" expense. As a tripartite agreement with Employees Union is yet to take place in this regard, the above liability is made on adhoc basis.		
11. As per the guidelines of Department of Public Enterprises, Central Public Sector Enterprises are allowed to extend 30% of Basic Pay plus Dearness Allowance as Superannuation Benefits including Contributory Provident Fund, Gratuity and other specified superannuation benefits. The Company has revised the pay scales, with effect from 01-01-2007, in accordance therewith and provision towards superannuation benefits has been made accordingly.		

	Figures as at the end of current reporting period 31-03-2015	Figures as at the end of previous reporting period 31-03-2014
	₹ in Lakhs	₹ in Lakhs
<p>The Company is contributing around 16% of Basic Pay and Dearness allowance towards Contributory Provident Fund and Gratuity benefits. The balance 14%, amounting to ₹889.46 Lakhs (Previous year ₹920.58 Lakhs) has been provided during the year towards other Superannuation benefits under the head “Employee benefits”.</p>		
<p>12. As per Accounting Standard (AS)-2- ‘Valuation of Inventories’, materials and other supplies held for sale / use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. However, when there has been a decline in the price of materials and it is estimated that the cost of the finished products will exceed net realizable value, the materials are written down to net realizable value.</p> <p>During the year as net replacement value of Furnace oil and Iron ore fines is lesser than its weighted average cost, the difference of ₹725.36 lakhs (Previous year ₹41.96 lakhs) has been written down and charged to Profit for the year as write off in the statement of Profit and loss for the year. Consequent upon this the profit for the year is reduced by ₹683.40 lakhs.</p>		
<p>13. During the year, the Company retrieved 14472 MT of iron ore fines at Pellet Plant Mangalore which were accumulated during the past years in the cooling pond and is valued at nil cost. All the retrieved Iron ore fines were consumed during the year. However, this has no impact on the profitability of the current year. However during the previous year the company retrieved 21515 MT of iron ore fine accumulated in the cooling pond and valued at last purchase of Doni fine and accounted as consumption of raw material crediting other income. Due to the change in the methodology of considering the value of such material at Nil value, to correspond current year’s exhibition regrouping in figures at the end of previous reporting period previous reporting period 31-03-2014 has been made.</p>		

	Figures as at the end of current reporting period 31-03-2015	Figures as at the end of previous reporting period 31-03-2014
	₹ in Lakhs	₹ in Lakhs
<p>14. The Company was holding an inventory of 13218.49 MT of Lam Coke as on 01-04-2013 at its BFU plant and the same was held as “Inventories-Others-Held for sale”. Out of this stock 8597.04 MT valued at ₹1380.69 lakhs was lifted in 2013-14 and remaining 4621.45 MT valued ₹742.20 lakhs is lifted during the year.</p> <p>The difference in stock value of ₹2562.64 lakhs (upto Previous year ₹ 2562.64 lakhs) between the purchase value and sale value of above Lam Coke was written off in the books of account during the year and correspondingly the provision created towards diminution in the value over the years has been reversed / withdrawn. Hence, there is no impact on the profit for the year.</p>		
<p>15. Depreciation on Fixed Assets till 31-03-2014 is provided on Straight Line Method as stipulated in Schedule XIV of the Companies Act, 1956, at respective rates prevailing at the time they are put to use, except certain assets for which higher rates are considered based on their estimated useful life. The depreciation on existing Fixed Assets with effect from 01-04-2014 is based as per the provisions of Schedule II of Companies Act, 2013. Assets other than Roads, bridges and culverts, Township, Furniture & Fittings, Computers, vehicles are provided on their remaining value reduced with residual value over its remaining useful life as technically assessed, which will be reviewed periodically. The remaining useful life for assets including plant buildings which are its integral part, in Pellet Plant and Blast Furnace Unit is estimated as 8 years, Captive Power Plant 15 years and Port Facilities including grinding and balling unit to 10 years. Additions during the year to P&M and Buildings in the above Units are also limited to those useful lives.</p> <p>Other assets are depreciated in accordance with useful life of the assets as indicated in Part C of Schedule II of Companies Act, 2013.</p>		

Figures as at the end of current reporting period 31-03-2015 Figures as at the end of previous reporting period 31-03-2014

₹ in Lakhs

₹ in Lakhs

The carrying amount of Roads, bridges and culverts after retaining the residual value, has been recognized in the opening balance of retained earning where the remaining useful life of those assets is NIL. An amount of ₹ 691 lakhs has been recognized in the retained earnings and reduced from the “Reserves and Surplus” during the year, along with the deferred tax adjustment.

The value of asset and the rate of depreciation adopted vis-a-vis the life and rate of depreciation as per Companies Act, 2013 is as follows;

Type of Asset	As per Companies Act, 2013 (from the date of commissioning) Amount Paid Balance as on 31.03.2015		As per KIOCL Committee proposal (from 01.04.2014)	
	Life	%	Life	%
Plant & Machinery:				
PF Continuous process	25	3.80	10	9.50
PF-Non continuous	15	6.33	10	9.50
PP Continuous process	25	3.80	8	11.88
PP-Non continuous	15	6.33	8	11.88
CPP	40	2.38	15	6.33
BFU	20	4.75	8	11.88

	Figures as at the end of current reporting period 31-03-2015	Figures as at the end of previous reporting period 31-03-2014
	₹ in Lakhs	₹ in Lakhs
Assets for which depreciation rates followed as per Companies Act, 2013.		
Type of asset	Useful lives of assets (In years)	
Township Building	60	
Roads-RCC	10	
Roads-other than RCC	5	
Furniture & Fittings-General	10	
Furniture & Fittings-Canteen & Guest House	8	
Motor Vehicles	8	
Office Equipment's	5	
Computers-Normal	3	
Computers-Servers	6	

Consequent upon change in the methodology of charging depreciation during the year, the depreciation charge for the year is ₹ 3899.63 Lakhs (Accounted ₹3208.63 Lakhs to the statement of Profit & Loss and ₹ 691 Lakhs adjusted against the retained earnings) including terminal depreciation charged on Railway siding and Township assets of ₹ 785.21 Lakhs.

Depreciation charge had provided based on the previous year's methodology would have been ₹ 3358.41 Lakhs including terminal depreciation. Depreciation charged had provided in-Toto based on the useful lives as per Sch-II of Companies Act, 2013 would have been ₹ 3569.35 Lakhs.

- The Company has built a railway siding facility at NMPT yard in 2006 for handling the outsourced ore moved through Railways subsequent to closure of its Captive mine at Kudremukh. The Company was receiving the iron ore fines at this railway siding till a blanket ban was placed on mining in the State of Karnataka i.e., in July 2011. As this facility was not utilized since then, NMPT has not agreed to renew the lease and has requested the

	Figures as at the end of current reporting period 31-03-2015	Figures as at the end of previous reporting period 31-03-2014
	₹ in Lakhs	₹ in Lakhs
<p>Company to surrender the land however with an assurance that the Company will be given priority for handling its cargo at the same siding as and when it receives its cargo after surrendering the siding. Further it was also decided to engage an Independent valuer for valuing the infrastructure developed by the Company, in order to make good the Company's investment. The Company agreed to surrender the land leased out by NMPT and dispose of railways siding and other facilities built on the lease hold land. The transaction is yet to be completed however, based on the provisions of Sch-II to the Companies Act, 2013 the Company depreciated asset in full retaining 5% of its value during the year. Consequent upon this profit for the year amounting to ₹ 586.85 Lakhs is reduced.</p>		
<p>17. In its continued effort for purchasing iron ore fines from sources other than NMDC, the Company has succeeded in e-auction of iron ore fines by Department of Mines & Geology, Goa in Nov 2014 and a lot of 90000 tons was allotted to the Company. The Company moved a part of this quantity (50000 Mt) to Mangalore for its use and sold balance to MMTC Ltd directly from Goa. The value of this 40000 MT iron ore fines therefore, the above inventory has been exhibited in the books of the Company as "Inventory-Held for sale" ₹ 1119.29 Lakhs (Previous year Nil).</p>		
<p>18. The Company was allotted a quantity of 20,000MT of iron ore fines in the e-auction held during October 2013 for NMDC, Donimalai mines. This quantity has to be moved by Railway rakes as NMDC does not permit movement by Road. The Company had deposited the requisite amount of ₹ 571.89 Lakhs (Previous year ₹ 571.89 Lakhs) to the monitoring Committee and has submitted the required documents to Railways (SWR) for allotment of rakes. However, SWR is yet to give clearance for accepting the Company's indents. Pending transportation of this the amount thus deposited is exhibited as Raw-material in transit.</p>		

	Figures as at the end of current reporting period 31-03-2015	Figures as at the end of previous reporting period 31-03-2014
	₹ in Lakhs	₹ in Lakhs
19. The Company is having two reporting business segments i.e., “Iron Oxide Pellet” and “Pig Iron”. Expenses relating to Kudremukh Department and the Corporate office has been allocated to Iron Oxide Pellet segment. Segment Reporting as per AS-17 is appended herewith.		
20. Due to unviable price of Pig Iron, Blast Furnace Unit (BFU) is not operated during the year. However, the recoverable amount in each class of assets in BFU and other Units are more than the carrying amount. Hence, there is no impairment loss to be recognized during the year. During the year the Company at Blast Furnace unit excavated auxiliary material worth ₹196.64 lakhs (Previous year ₹230.58 lakhs) and the same was sold.		
21. During the year the Company has got an operation and maintenance contract (O&M) of Met coke handling plant of Mangalore Refineries & Petro chemical Limited (MRPL) at Mangalore. The O&M contract started from 24.10.2014. The revenue received from that contract ₹153.35 Lakhs has been accounted as ‘Revenue from other operations’ and the Expenditure incurred including salaries and benefits amounting to ₹223.10 Lakhs have been accounted respective heads of account.		
22. Expenses incurred towards generation of power and O&M contract have been included under the primary heads of account.		
23. Related party disclosure: Key Management Personnel: S/Shri. Malay Chattarjee : Chairman-cum-Managing Director Laxminarayana : Director (Finance) M.V.SubbaRao : Director (Commercial) Vidyananda N : Director (Production & Projects)		
Except salary, perquisites and other particulars shown under Note 10		
‘Employee benefits & expense’ there are no other transactions with the related parties which need disclosure.		

	Figures as at the end of current reporting period 31-03-2015	Figures as at the end of previous reporting period 31-03-2014
	₹ in Lakhs	₹ in Lakhs
24. The Company requested its debtors and creditors to confirm directly to Auditors the balances at the year-end in respect of trade payables, trade receivables, advances and loans.		
25. During the year, certain accounting policies have been changed/modified/reworded, wherever necessary, to bring in clarity and to comply with the Accounting standards however, there is no impact on Accounts.		
26. Previous year's figures have been regrouped/reclassified/re-casted wherever necessary to conform to current year's presentation. The figures as at the end of previous reporting period 31-03-2014 in respect of "Balance with the Bank" under deposit account ₹34560 Lakhs has wrongly considered as ₹ 3456 Lakhs and similarly "Other Bank balances". Corresponding difference have been regrouped to exhibit the factual position however there is no change in the totals of the Note-6.3 "Cash & Cash Equivalent" of previous year. The opening balances of cash & cash equivalents of current year in the current year cash flow statement has been corrected as ₹ 34702.61 Lakhs against ₹ 3598.61 Lakhs exhibited in the last years cash flow statement.		
27. Figures in the Balance Sheet, Statement of Profit and loss and the Notes thereon have been rounded off to Rupees Thousands and expressed in Rupees in Lakhs.		

Details of measurement of present value of obligation in respect of Retirement Benefits for employees as per actuarial valuation are as follows : (Refer Sl No 9(b) of Note 16)

TYPE OF PLAN	LONG TERM GRATUITY	
	01-04-2014 to 31-03-2015	
	31-03-2015	31-03-2014
I. PRINCIPAL ACTUARIAL ASSUMPTIONS [Expressed as weighted averages]		
Discount Rate	7.70%	9.00%
Salary escalation rate	15.00%	15.00%
Attrition rate	5.00%	5.00%
Expected rate of return on Plan Assets	8.75%	9.00%
In the following tables, all amounts are in ₹ lakhs, unless otherwise stated		
II. CHANGES IN THE PRESENT VALUE OF THE OBLIGATION (PVO) - RECONCILIATION OF OPENING AND CLOSING BALANCES:		
PVO as at the beginning of the period	4485.59	6160.23
Interest Cost	398.78	386.44
Current service cost	51.90	97.74
Past service cost - (non vested benefits)	-	-
Past service cost - (vested benefits)	-	-
Benefits paid	(109.41)	(2659.51)
Actuarial loss/(gain) on obligation (balancing figure)	217.54	500.69
PVO as at the end of the period	5044.41	4485.59
III. CHANGES IN THE FAIR VALUE OF PLAN ASSETS - RECONCILIATION OF OPENING AND CLOSING BALANCES:		
Fair value of plan assets as at the beginning of the period	9.49	66.88
Expected return on plan assets	130.93	3.34
Contributions	3000.00	2600.00
Benefits paid	(109.41)	(2659.51)
Actuarial gain/(loss) on plan assets [balancing figure]	(124.62)	(1.22)
Fair value of plan assets as at the end of the period	2906.39	949.35
IV. ACTUAL RETURN ON PLAN ASSETS		
Expected return on plan assets	130.93	3.34
Actuarial gain (loss) on plan assets	(124.62)	(1.22)
Actual return on plan assets	6.31	2.12
V. ACTUARIAL GAIN / LOSS RECOGNIZED		
Actuarial gain / (loss) for the period - Obligation	(217.54)	(500.69)
Actuarial gain / (loss) for the period- Plan Assets	(124.62)	(1.22)
Total (gain) / loss for the period	342.17	501.91
Actuarial (gain) / loss recognized in the period	342.17	501.91
Unrecognized actuarial (gain) / loss at the end of the year	-	-

VI. AMOUNTS RECOGNISED IN THE BALANCE SHEET AND RELATED ANALYSES		
Present value of the obligation	5044.41	4485.59
Fair value of plan assets	2906.39	9.49
Difference	2138.02	4476.10
Unrecognised transitional liability	-	-
Unrecognised past service cost - non vested benefits	-	-
Liability recognized in the balance sheet	2138.02	4476.10
VII. EXPENSES RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS:		
Current service cost	51.90	97.74
Interest Cost	398.78	386.44
Expected return on plan assets	(130.93)	(3.34)
Net actuarial (gain)/loss recognised in the year	342.17	501.91
Transitional Liability recognised in the year	-	-
Past service cost - non-vested benefits	-	-
Past service cost - vested benefits	-	-
Expenses recognized in the statement of profit and loss	661.92	982.75
VIII. MOVEMENTS IN THE LIABILITY RECOGNIZED IN THE BALANCE SHEET		
Opening net liability	4476.10	6093.35
Expense as above	661.92	982.75
Contribution paid	(3000.00)	(2600.00)
Closing net liability	2138.02	4476.10
IX. AMOUNT FOR THE CURRENT PERIOD		
01-04-2014 to 31-03-2015		
Present Value of obligation	5044.41	4485.59
Plan Assets	2906.39	9.49
Surplus (Deficit)	(2138.02)	(4476.10)
Experience adjustments on plan liabilities -(loss)/gain	129.23	(486.70)
Experience adjustments on plan assets -(loss)/gain	(124.62)	(1.22)
X. MAJOR CATEGORIES OF PLAN ASSETS (AS PERCENTAGE OF TOTAL PLAN ASSETS)		
Government of India Securities	25.00%	25.00%
State Government Securities	15.00%	15.00%
High Quality Corporate Bonds	30.00%	30.00%
Equity shares of listed companies	0.00%	0.00%
Property	0.00%	0.00%
Special Deposit Scheme	0.00%	0.00%
Funds managed by Insurer	0.00%	0.00%
Others (to specify)	30.00%	30.00%
Total	100.00%	100.00%
XI. ENTERPRISE'S BEST ESTIMATE OF CONTRIBUTION DURING NEXT YEAR		
	500.00	1000.00

Details of measurement of present value of obligation in respect of Retirement Benefits for employees as per actuarial valuation are as follows : (Refer Sl No 9(b))

TYPE OF PLAN	LONG TERM COMPENSATED ABSENCE - EARNED LEAVE	
	01-04-2014 to 31-03-2015	
	31-03-2015	31-03-2014
I. PRINCIPAL ACTUARIAL ASSUMPTIONS [Expressed as weighted averages]		
Discount Rate	7.70%	9.00%
Salary escalation rate	15.00%	15.00%
Attrition rate	5.00%	5.00%
Expected rate of return on Plan Assets	0.00%	0.00%
In the following tables, all amounts are in ₹ lakhs, unless otherwise stated		
II. CHANGES IN THE PRESENT VALUE OF THE OBLIGATION (PVO) - RECONCILIATION OF OPENING AND CLOSING BALANCES:		
PVO as at the beginning of the period	3672.34	2663.04
Interest Cost	276.92	204.91
Current service cost	144.36	111.96
Past service cost - (non vested benefits)	0.00	0.00
Past service cost - (vested benefits)	0.00	0.00
Benefits paid	(1190.81)	(203.21)
Actuarial loss/(gain) on obligation (balancing figure)	41.51	895.64
PVO as at the end of the period	2944.33	3672.34
III. CHANGES IN THE FAIR VALUE OF PLAN ASSETS - RECONCILIATION OF OPENING AND CLOSING BALANCES:		
	01-04-2014 to 31-03-2015	
Fair value of plan assets as at the beginning of the period	-	-
Expected return on plan assets	-	-
Contributions	1190.81	203.21
Benefits paid	(119.08)	(203.21)
Actuarial gain/(loss) on plan assets [balancing figure]	-	-
Fair value of plan assets as at the end of the period	-	-
IV. ACTUAL RETURN ON PLAN ASSETS		
Expected return on plan assets	-	-
Actuarial gain (loss) on plan assets	-	-
Actual return on plan assets	-	-
V. ACTUARIAL GAIN / LOSS RECOGNIZED		
Actuarial gain / (loss) for the period - Obligation	(41.51)	(895.64)
Actuarial gain / (loss) for the period- Plan Assets	-	-
Total (gain) / loss for the period	41.51	895.64
Actuarial (gain) / loss recognized in the period	41.51	895.64
Unrecognized actuarial (gain) / loss at the end of the year	-	-

VI. AMOUNTS RECOGNISED IN THE BALANCE SHEET AND RELATED ANALYSES		
Present value of the obligation	2944.33	3672.34
Fair value of plan assets	-	-
Difference	2944.33	3672.34
Unrecognised transitional liability	-	-
Unrecognised past service cost - non vested benefits	-	-
Liability recognized in the balance sheet	2944.33	3672.34
VII. EXPENSES RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS:		
Current service cost	144.36	111.96
Interest Cost	276.92	204.91
Expected return on plan assets	-	-
Net actuarial (gain)/loss recognised in the year	41.51	895.64
Transitional Liability recognised in the year	-	-
Past service cost - non-vested benefits	-	-
Past service cost - vested benefits	-	-
Expenses recognized in the statement of profit and loss	462.80	1212.51
VIII. MOVEMENTS IN THE LIABILITY RECOGNIZED IN THE BALANCE SHEET		
Opening net liability	3672.34	2663.04
Expense as above	462.80	1212.51
Contribution paid	(1190.81)	(203.21)
Closing net liability	2944.33	3672.34
IX. AMOUNT FOR THE CURRENT PERIOD		
	01-04-2014 to 31-03-2015	
Present Value of obligation	2944.33	3672.34
Plan Assets	-	-
Surplus (Deficit)	(2944.33)	(3672.34)
Experience adjustments on plan liabilities -(loss)/gain	206.58	305.06
Experience adjustments on plan assets -(loss)/gain	-	-
X. MAJOR CATEGORIES OF PLAN ASSETS (AS PERCENTAGE OF TOTAL PLAN ASSETS)		
Government of India Securities	0.00%	0.00%
State Government Securities	0.00%	0.00%
High Quality Corporate Bonds	0.00%	0.00%
Equity shares of listed companies	0.00%	0.00%
Property	0.00%	0.00%
Special Deposit Scheme	0.00%	0.00%
Funds managed by Insurer	0.00%	0.00%
Others (to specify)	0.00%	0.00%
Total	0.00%	0.00%
XI ENTERPRISE'S BEST ESTIMATE OF CONTRIBUTION DURING NEXT YEAR		
	0.00%	0.00%

Details of measurement of present value of obligation in respect of Retirement Benefits for employees as per actuarial valuation are as follows : (Refer Sl No 9(c))

TYPE OF PLAN	LONG TERM COMPENSATED ABSENCE - SICK LEAVE	
	01-04-2014 to 31-03-2015	
	31-03-2015	31-03-2014
I. PRINCIPAL ACTUARIAL ASSUMPTIONS [Expressed as weighted averages]		
Discount Rate	7.80%	9.00%
Salary escalation rate	15.00%	15.00%
Attrition rate	5.00%	5.00%
Expected rate of return on Plan Assets	0.00%	0.00%
In the following tables, all amounts are in ₹ lakhs, unless otherwise stated		
II. CHANGES IN THE PRESENT VALUE OF THE OBLIGATION (PVO) - RECONCILIATION OF OPENING AND CLOSING BALANCES:		
PVO as at the beginning of the period	1916.07	1273.63
Interest Cost	171.40	98.79
Current service cost	115.23	67.77
Past service cost - (non vested benefits)	-	-
Past service cost - (vested benefits)	-	-
Benefits paid	(23.35)	(77.50)
Actuarial loss/(gain) on obligation (balancing figure)	93.94	553.38
PVO as at the end of the period	2273.29	1916.07
III. CHANGES IN THE FAIR VALUE OF PLAN ASSETS - RECONCILIATION OF OPENING AND CLOSING BALANCES:		
	01-04-2014 to 31-03-2015	
Fair value of plan assets as at the beginning of the period	-	-
Expected return on plan assets	-	-
Contributions	23.35	77.50
Benefits paid	(23.35)	(77.50)
Actuarial gain/(loss) on plan assets [balancing figure]	-	-
Fair value of plan assets as at the end of the period	-	-
IV. ACTUAL RETURN ON PLAN ASSETS		
Expected return on plan assets	-	-
Actuarial gain (loss) on plan assets	-	-
Actual return on plan assets	-	-
V. ACTUARIAL GAIN / LOSS RECOGNIZED		
Actuarial gain / (loss) for the period - Obligation	(93.94)	(553.38)
Actuarial gain / (loss) for the period- Plan Assets	-	-
Total (gain) / loss for the period	93.94	553.38
Actuarial (gain) / loss recognized in the period	93.94	553.38
Unrecognized actuarial (gain) / loss at the end of the year	-	-

VI. AMOUNTS RECOGNISED IN THE BALANCE SHEET AND RELATED ANALYSES		
Present value of the obligation	2273.29	1916.07
Fair value of plan assets	-	-
Difference	2273.29	1916.07
Unrecognised transitional liability	-	-
Unrecognised past service cost - non vested benefits	-	-
Liability recognized in the balance sheet	2273.29	1916.07
VII. EXPENSES RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS:		
Current service cost	115.23	67.77
Interest Cost	171.40	98.79
Expected return on plan assets	-	-
Net actuarial (gain)/loss recognised in the year	93.94	553.38
Transitional Liability recognised in the year	-	-
Past service cost - non-vested benefits	-	-
Past service cost - vested benefits	-	-
Expenses recognized in the statement of profit and loss	380.56	719.95
VIII. MOVEMENTS IN THE LIABILITY RECOGNIZED IN THE BALANCE SHEET		
Opening net liability	1916.07	1273.63
Expense as above	380.56	719.95
Contribution paid	(23.35)	77.50
Closing net liability	2273.29	1916.07
IX. AMOUNT FOR THE CURRENT PERIOD		
	01-04-2014 to 31-03-2015	
Present Value of obligation	2273.29	1916.07
Plan Assets	-	-
Surplus (Deficit)	(2273.29)	(1916.07)
Experience adjustments on plan liabilities -(loss)/gain	768.52	80.98
Experience adjustments on plan assets -(loss)/gain	-	-
X. MAJOR CATEGORIES OF PLAN ASSETS (AS PERCENTAGE OF TOTAL PLAN ASSETS)		
Government of India Securities	0.00%	0.00%
State Government Securities	0.00%	0.00%
High Quality Corporate Bonds	0.00%	0.00%
Equity shares of listed companies	0.00%	0.00%
Property	0.00%	0.00%
Special Deposit Scheme	0.00%	0.00%
Funds managed by Insurer	0.00%	0.00%
Others (to specify)	0.00%	0.00%
Total	0.00%	0.00%
XI. ENTERPRISE'S BEST ESTIMATE OF CONTRIBUTION DURING NEXT YEAR		
	0.00%	0.00%

SEGMENT REPORTING FOR THE YEAR ENDED 31ST MARCH 2015

₹ in Lakhs

Particulars	Pellets		Pig Iron		Consolidated Total	
	Figures as at the end of current reporting period 31-03-2015	Figures as at the end of previous reporting period 31-03-2014	Figures as at the end of current reporting period 31-03-2015	Figures as at the end of previous reporting period 31-03-2014	Figures as at the end of current reporting period 31-03-2015	Figures as at the end of previous reporting period 31-03-2014
REVENUE:						
External Sales (Gross)	62,687.24	153,006.88	196.64	230.58	62,883.88	153,237.46
Less: Excise Duty & Freight on Consignment Sales & Quantity discount	9,601.61	25,977.11	21.66	25.36	9,623.27	26,002.47
Net Sales	53,085.63	127,029.77	174.98	205.22	53,260.61	127,234.99
Total Revenue	53,085.63	127,029.77	174.98	205.22	53,260.61	127,234.99
RESULT:						
Segment result before exception and gain on disposal of assets attributable to discontinued operation (Operating profit)	(12,774.71)	(5,848.10)	(1,537.56)	(2,738.99)	(14,312.27)	(8,587.09)
Exceptional items	-	(27,045.00)	-	(870.42)	-	(27,915.42)
Gain on disposal of assets attributable to discontinued operation	-	26,979.07	-	-	-	26,979.07
Profit after exceptional and gain on disposal of assets attributable to discontinued operation	(12,774.71)	(5,914.03)	(1,537.56)	(3,609.41)	(14,312.27)	(9,523.44)
Unallocated Income less expenses						
(a) Interest Income	-	-	-	-	17,507.98	15,663.39
(b) Service charge on O&M Services (Net of expenses)	-	-	-	-	(69.74)	
Profit before tax					3,125.97	6,139.95
Less: Income Tax	-	-	-	-	(1,641.48)	1,441.87
Deferred Tax	-	-	-	-	1,685.72	704.33
Net Profit After Tax					3,081.73	3,993.75
OTHER INFORMATION:						
Segment Assets	52,571.78	59,265.57	10,892.32	13,268.98	63,464.09	72,534.55
Unallocated Assets	-	-	-	-	190,762.31	184,412.32
Total Assets					254,226.41	256,946.87
Segment Liabilities	29,013.75	34,437.76	1,843.87	2,975.41	30,857.62	37,413.17
Unallocated Liabilities	-	-	-	-	9,520.93	7,080.30
Total liabilities					40,378.55	44,493.47
Capital Expenditure	269.18	383.93	-	15.33	269.18	399.26
Depreciation & Amortisation	2,154.87	2,769.07	1,053.77	1,463.17	3,208.63	4,232.24
Non-cash expenses other than Depreciation	1,527.89	1,537.39	200.06	684.75	1,727.95	2,222.14

Note: (1) The expenses at Kudremukh is mainly for the purpose of maintaining of Lakya dam and pumping of water for use in Pellet plant, as such the expenses, Asset and liabilities of Kudremukh establishment is allocated to Pellet plant segment.

KIOCL Offices

Regd. & Corporate Office

II Block, Koramangala, Bangalore -560034
Karnataka
☎ 080-25531461-70
Fax: 080-25532153
✉ bsecretary@kudreore.com

Liaison offices

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Kasturba Gandhi Marg, NEW DELHI - 110 001
☎ 011-23315665
Fax 011-23721696
✉ kiocl@ndf.vsnl.net.in

Production Units

PELLET PLANT UNIT
Panambur, Mangalore- 575010
☎ 0824-2409681 to 2409690
Fax: 0824-2407422
✉ mgmp@kudreore.com

BLAST FURNACE UNIT
Panambur, Mangalore- 575010
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Fax: 0824-2409366
✉ bfugmp@kudreore.com

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Buddhavarapu Gardens, Adjacent to Hotel
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Andhra Pradesh
☎ 0891-2739530
✉ kioclvizag@gmail.com

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Rear Block (APMDC office)
HMWSSB Premises, Khairatabad
Hyderabad - 500 004
☎ 040 23323153 Ext 135
Fax : 040 23393152
✉ kioclhyd@kudreore.com

Project offices

KUDREMUKH PROJECT
Administrative Bldg, Kudremukh- 577142
☎ 0863-254148
Fax: 08263-254117
✉ kgmk@kudreore.com

KALIAPANI O&M PROJECT
C/o Odisha Mining Corporation
COB Plant, South Kaliapani,
Sukinda-755028, Jajpur Dist, Odisha
☎ 7022047234
✉ kaliapani@kudreore.com

D HIREHAL PROJECT
Gavisiddeshwar Street, Opp. Road to BSNL
Tower, D Hirehal - 515872, Raydurgh Tq,
Ananthpur Dist, Andra Pradesh
☎ 9900789115

DONI O&M PROJECT
C/o NMDC, New - III - 162, South Block,
Donimalai Township, Donimalai - 583118
Sandur Tq, Bellary Dist.
☎ 9449858612
✉ oandmnmcdc@kudreore.com

MRPL O&M PROJECT
Kuthethur PO, Via Katipalla,
Mangalore- 575030
Fax: 0824-2271204

BHUBANESWAR OFFICE
Plot No. 228, District Center, Near Bharat
Petroleum Pump, Chandrashekharpur
Bhubaneshwar - 751016, ODISHA
☎ 0674-2302811
Fax: 0674-2303002
✉ kioclbsr@kudreore.com

Ore Coordination centers

KIRANDUL OFFICE
No.17, 11/C Hostel, NMDC,
Near BSNL, Kirandul Post - 494556
South Bastar, Dantewada,
Chattisgarh
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DONIMALAI OFFICE
No.52, Type-II, 1st Floor, South Block,
Donimalai Township, Donimalai,
Sandur Taluk, Bellary Dist , Karnataka-583118
☎ 09449620125



KIOCL LIMITED

(A Government of India Enterprise)
(CIN:L13100KA1976GOI002974)

Regd. Office: II Block, Koramangala, Bangalore – 560034
Tele Fax-080-25531525, Website: www.kioclltd.in,
e-mail: bsecretary@kudreore.com

FORM OF PROXY

(Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management & Administration) Rules 2014

Name of the member(s):

Registered address:

E-mail ID:

Folio No/DP ID-Client ID:

I/We, being the member (s) of KIOCL Ltd. holding - shares of the above named Company, hereby appoint

(1) Name: Address:

E-mail Id: Signature:or failing him;

(2) Name: Address:

E-mail Id: Signature:or failing him;

(3) Name: Address:

E-mail Id: Signature: as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 39th Annual General Meeting the of the Company, to be held at the Pellet Auditorium, KIOCL Limited, II Block, Koramangala, Bangalore – 560 034 on Monday, 7th September 2015 at 12. 00 Noon and at any adjournment thereof in respect of such resolutions as are indicated below:

Sl. No.	Resolution	Optional*	
		For	Against

ORDINARY BUSINESS

1. Adoption of Financial Statements for the year ended 31st March, 2015
2. Declaration of dividend on equity shares.
3. Reappointment of Shri MV Subba Rao, (DIN:06495576) as a Director who retires by rotation.
4. Reappointment of Shri N. Vidyananda, (DIN:06729244) as a Director who retires by rotation.
5. Fixing the remuneration of Statutory Auditors

SPECIAL BUSINESS

6. Appointment of Smt. Bharathi S. Sihag, (DIN: 02154196) as a Director
7. Appointment of Shri T. Srinivas, (DIN: 07238361) as a Director
8. Approval of the Remuneration of the Cost Auditor.

Signed this..... day of2015

Signature of shareholder

Signature of Proxy holder(s)

Note:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.
2. For the Resolutions, Explanatory Statement and Notes, please refer to Notice of the 39th Annual General Meeting.
3. It is optional to put a 'X' in the appropriate column against the resolutions indicated in the box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
4. Please complete all details including details of member(s) in above box before submission.



REGISTRATION OF E-MAIL ADDRESS FOR FUTURE COMMUNICATION

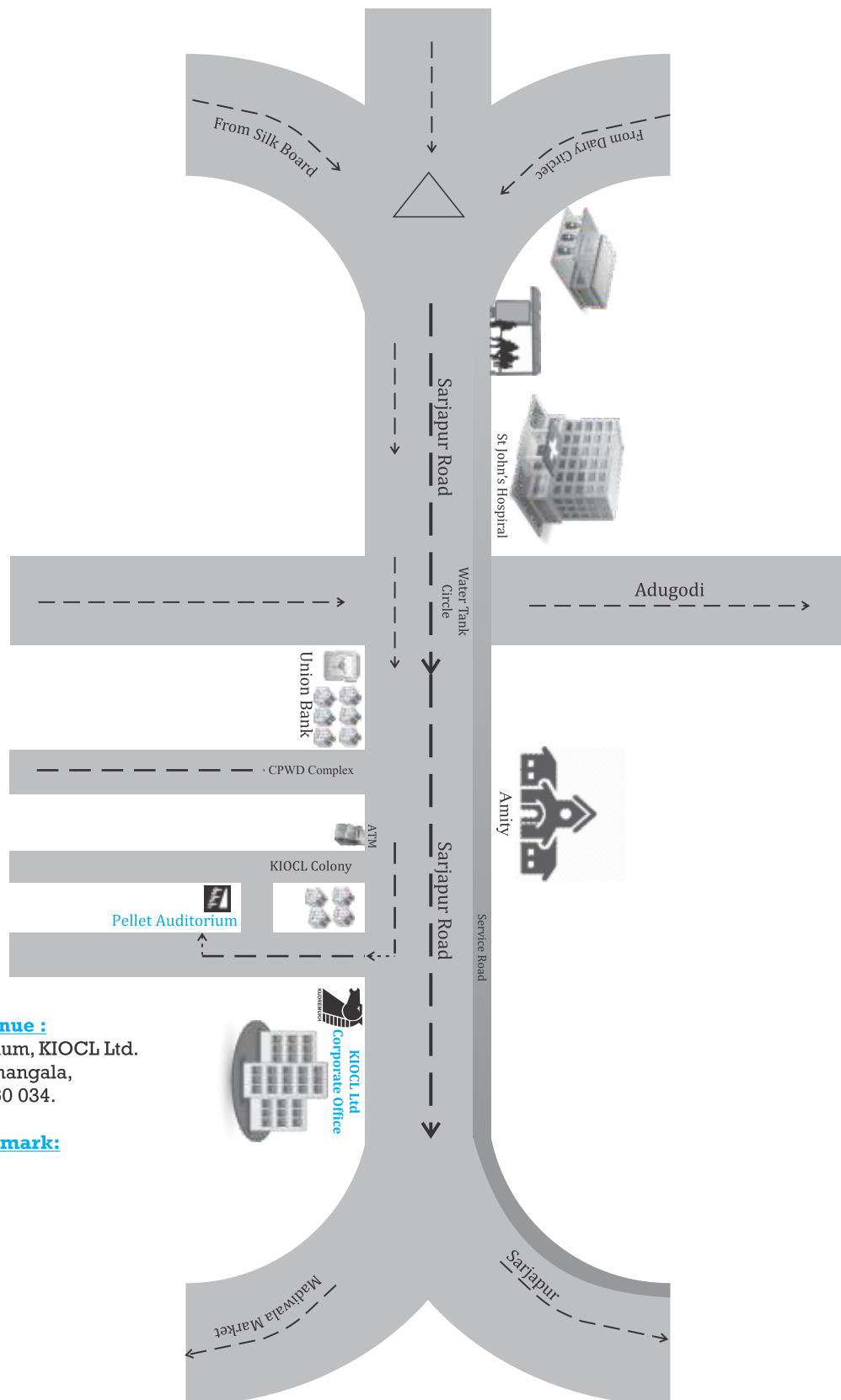
Name of ShareholdersE-mail id:.....

Address.....

Client ID / Folio No. (in case physical holding):.....

DP ID:..... Signature:.....

Route Map-Venue of 39th AGM



Address of Venue :

Pellet Auditorium, KIOCL Ltd.
II Block, Koramangala,
Bangalore - 560 034.

Nearest Landmark:

Amity



CMD, addressing 'MEDA', a value orientation programme organized by Ramakrishna Math, Mangalore on 10.09.14



CMD, inaugurating 'Green Nurturing Programme' at Markada Govt. Higher Primary School on 10.09.14



CMD along with Sr Officers wields the broom as a part of "Swatchh Bharat Abhiyan" on 2.10.2014 at Corporate office, Bangalore.



KIOCL Limited

(A Government of India Enterprise)

An ISO 9001, ISO 14001 & OHSAS 18001 Company

II Block, Koramangala, Bangalore - 560 034. Karnataka State, INDIA

Website : www.kioclltd.com