



KIOCL Limited

ANNUAL REPORT

2016-2017

Building, Shaping, Rejuvenating...!



4 Decades
of Service to the Nation

के आई ओ सी एल लिमिटेड



MISSION

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.

VISION

- 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 invest in the capacity building of personnel for improving the knowledge, skill & attitude.

CORE VALUES

- KIOCL is committed to the following Core Values:-
- Customer focused culture
- Respect
- Ownership Mindset
- Excellence
- Team work
- Integrity



Inside this Report



View our Annual Report 2016-17 online
We provide our annual report online,
which allows us to reduce the amount
of paper we print and distribute.
<https://www.kiocltd.in/user/cms/39>



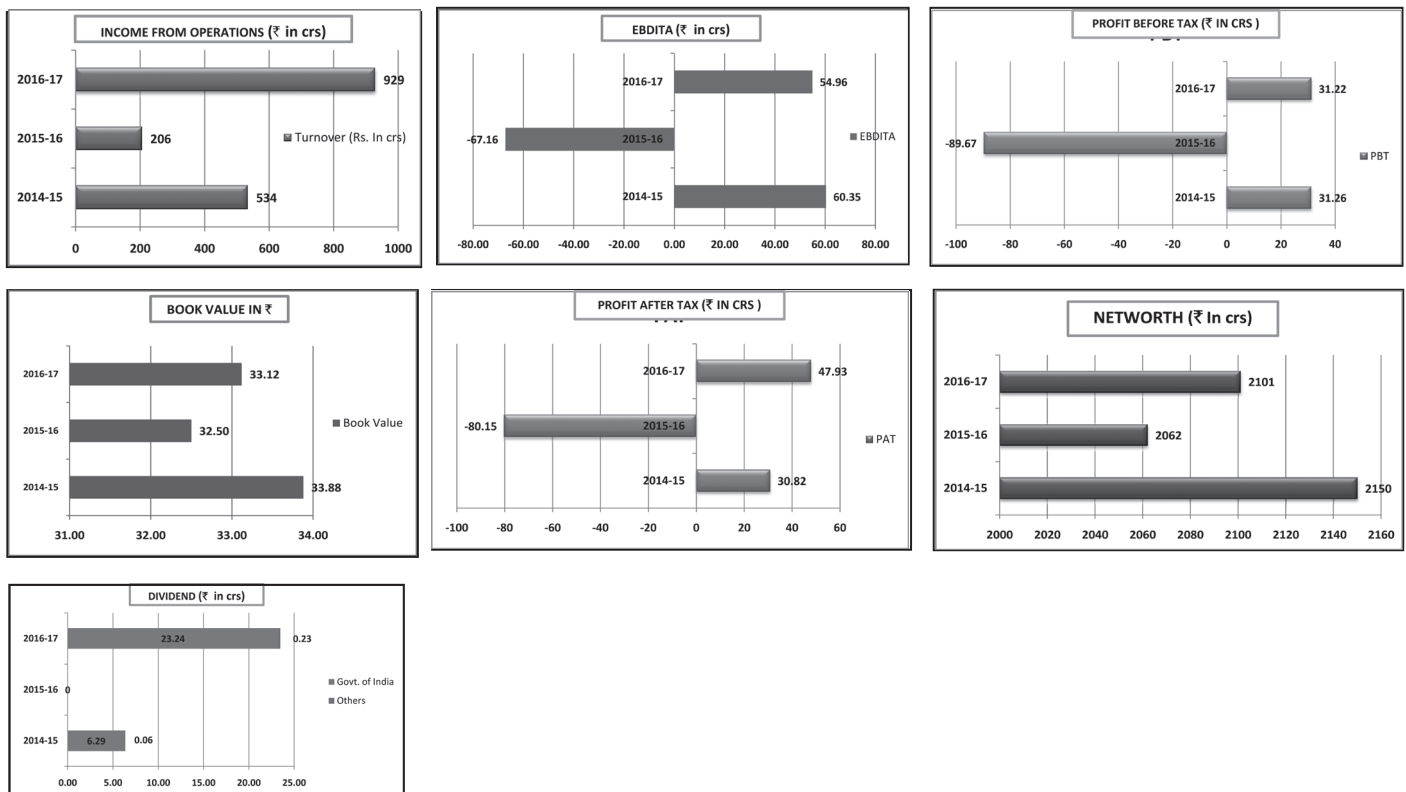
Message from the
Chairman-cum - Managing Director
(Addl. Charge)
& Director (Commercial)

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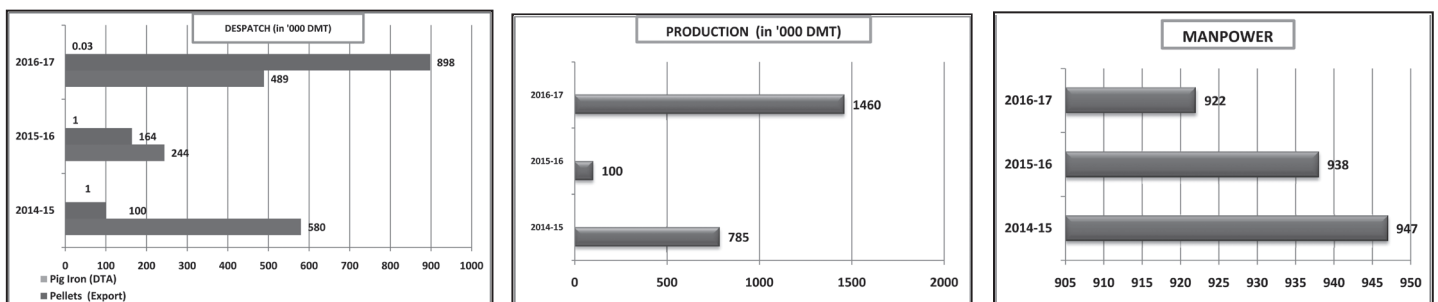
KEY PERFORMANCE INDICATORS

In an ever-changing economic scenario throwing up challenges our performance is a validation of our focus to improve profitability and continue creating wealth for stakeholders.

FINANCIAL PERFORMANCE



NON FINANCIAL PERFORMANCE





BOARD OF DIRECTORS

(AS ON 01.08.2017)

EXECUTIVE DIRECTORS

Sri MV Subba Rao (DIN: 06495576)

Sri N. Vidyananda (DIN: 06729244)

Sri S. K. Gorai (DIN: 07223221) (w.e.f. 11.11.2016)

GOVT.NOMINEE DIRECTORS

Sri Saraswati Prasad (DIN: 07729788) (w.e.f.08.02.2017)

Sri T. Srinivas (DIN: 07238361)

INDEPENDENT DIRECTORS

Sri Madhav Lal (DIN: 06547581)

Dr. Deepika Sharma (DIN: 07734495) (w.e.f. 10.02.2017)

CEASED DIRECTORS

Sri Laxminarayana (DIN: 03588092) (upto 30.05.2016)

Sri S. Manoharan (DIN: 03521659) (upto 04.07.2016)

Sri P.K. Bajaj (DIN: 02216069) (upto 04.07.2016)

Sri S. Raghunath (DIN: 00458251) (upto 04.07.2016)

Smt. Bharathi S Sihag (DIN: 02154196) (upto 30.11.2016)

Sri B.K. Sahoo (DIN: 02216069) (upto 29.01.2017)

Sri Malay Chatterjee (DIN: 00380683) (up to 30.06.2017)



CORPORATE INFORMATIONS

COMPANY SECRETARY

Sri SK Padhi

LISTED AT

National Stock Exchange of India Ltd.

"Exchange Plaza", C-1, Block G,
Bandra Kurla Complex, Bandra (E)
Mumbai – 400 051

Metropolitan Stock Exchange of India Ltd.

Vibgyor Towers, 4th floor, Plot No.C 62,
G-Block, Bandra Kurla Complex,, Bandra (E),
Mumbai – 400 098

DEPOSITORIES

National Security Depositories Ltd.
Central Depositories Services India Ltd.

REGISTRAR & TRANSFER AGENT

M/s Integrated Registry Management Services Pvt. Ltd.

30, Ramana Residency, 4th Cross, Sampige Road,
Malleswaram, Bengaluru - 560 003

BANKERS

IndusInd Bank
IDBI Bank
Union Bank Of India
Vijaya Bank
Canara Bank
Corporation Bank
Syndicate Bank
Bank of India
Karnataka Vikas Grameena Bank
Axis Bank
DCB Bank
Yes Bank

AUDITORS

STATUTORY AUDITOR

M/s Anand & Ponnappan

Flat C, I Floor, Rophini Manor Apts,
II Main I Cross, No. 187, SGS Palya,
Main Road, CV Raman Nagar,
Bengaluru – 560 093

INTERNAL AUDITOR

M/s NBS & Co.,

Chartered Accountants,
No. 6 & 7, Divya Enclave,
MG Road, Mangaluru – 575003

COST AUDITOR

M/s PKR & Associates LLP
Cost Accountants
Plot No. 440, HMT Hills,
Near Ramalayam Temple,
Kukatpally,
Hyderabad – 500 085

SECRETARIAL AUDITOR

M/s N.G. Joshi & Co.,
#12, 1st Floor, 72nd Cross,
5th Block, Rajajinagara,
Bengaluru – 560 010

10 YEARS AT A GLANCE

(Quantity in '000 Dry Metric Tonnes/Rupees in lakhs)

Particulars	2016-17	2015-16#	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
Production (quantity)										
a) Pellets	1460	100	785	1710	1265	1710	2124	1273	1316	1927
b) Pig Iron	-	-	-	-	-	-	-	62	118	157
Capacity Utilisation (%)										
a) Pellets	42	3	22	49	36	49	61	36	38	55
b) Pig Iron	-	-	-	-	-	-	-	29	55	73
Sales (quantity)										
a) Pellets	1387	409	680	1615	1236	1716	2090	1456	1131	1907
b) Pig Iron			1	2	4	10	20	95	74	170
Total Sales (US \$ Million) *	128.68	29.82	102.57	-	-	315.592	385.032	170.197	229.766	294.680
Export Sales (US \$ Million)*	75.95	10.74	12.14	-	-	93.162	164.725	51.690	166.143	197.825
DTA Sales (US \$ Million) *	52.73	19.08	90.43	-	-	222.430	220.307	118.507	63.623	96.855
Total Sales (in Rs. Lakhs) **	86753	19980	62884	153237	115912	152108	180346	99272	122898	153011
Export Sales (in Rs. Lakhs)	51751	7217	7391	-	-	41818	74727	23938	71961	78732
DTA & Indigenous Sales (in Rs. Lakhs)**	35002	12763	55493	153237	115912	110290	105619	75334	50937	74279
Gross Margin from operation	(9133)	(22358)	(11535)	(5037)	(6847)	3252	7026	(20783)	(5692)	10375
Income earned from Deposits etc.	14393	15618	17508	15663	14439	13511	9230	7312	11910	11145
Profit on sale of assets	64	24	63	4	7	4	5	7	7	26
Interest paid	-	-	-	-	-	-	-	-	-	611
Cash Profit	5324	(6716)	6036	10630	7599	16767	16261	(13464)	6223	20935
Depreciation & DRE	2202	2251	3209	4232	4322	4090	3707	4949	4347	4912
Profit before Prior period adjustment/ extraordinary items	3122	(8967)	2827	6398	3277	12677	12554	(18413)	1876	16023
Prior period adjustment/ extraordinary items	-	-	299	(258)	(43)	(1138)	(2559)	(1082)	542	(372)
Profit before Tax (PBT)	3122	(8967)	3126	6140	3234	11539	9995	(19495)	2418	15651
Profit after Tax (PAT)	4793	(8015)	3082	3994	3105	9430	7627	(17727)	2201	10816
Dividend -to Government	2324	-	628	816	628	1884	1570	-	629	2142
- to others	24	-	6	8	6	19	16	-	6	21
- Dividend Tax	491	-	127	140	108	316	263	-	108	368
- % of Share Capital	3.70%	-	1.00%	1.30%	1.00%	3.00%	2.50%	-	1.00%	3.409%
Transfer to General Reserve	1954	(8015)	2321	3029	2362	7210	5778	(17727)	1459	8285
Paid-up Capital	63451	63451	63451	63451	63451	63451	63451	63451	63451	63451
No of shipments	26	7	15	42	24	38	44	32	25	43
Value added	18552	3431	23095	29987	23530	33171	43848	5670	29368	43567
No. of employees	922	938	947	957	1251	1319	1347	1362	1617	1642
Value added per employee	20.12	3.66	24.39	31.33	18.81	25.15	32.55	4.16	18.16	26.53
Value added per Rupee payment to employee	1.24	0.29	1.75	1.98	1.52	2.33	3.43	0.46	2.27	4.28

Pellets includes Pellet Fines Pig Iron includes Auxiliary material

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

Figures are restated as per Ind AS.



KUDREMUKH

Building, Shaping, Rejuvenating

MESSAGE FROM THE CHAIRMAN-CUM-MANAGING DIRECTOR

On November 29, 2016 we successfully listed our equity shares with National Stock Exchange, beginning a new chapter in the history of KIOCL. I am extremely proud in the 1st year of our entry to India's largest Stock Exchange; we raised our performance and delivered improved Financial Results overcoming the gloomy situation of previous year.

Dear Shareholders,

When I look back at Fiscal 2017, I am energized by how we worked together as a team to unlock the extraordinary potential and creating a better future for the Company. I would certainly reckon Fiscal 2017 as a historic and memorable year from the Company's perspective in many senses.

Firstly, our long standing aspiration for a Captive Iron Ore Mine for sustained operation was fulfilled with Government of Karnataka's issuance of the Gazette Notification on 23.01.2017 by reserving an area of 470.40 ha. in favour of our Company for Iron & Manganese ore in Devadari Range, Sandur Taluk, Bellary District, Karnataka under Section 17A (2) of the Mines & Minerals (Development & Regulation) Act, 1957. We are striving to operationize the mine in quickest possible time. A Task Force has been constituted and a road map has been prepared with specific time schedule and the same is being monitored closely.

Our successful listing on the NSE platform w.e.f. 29.11.2016 marks the fulfillment of Investors' need for creating sustainable value of their investment in Company. In the absence of trading history, NSE had listed with initial price of Rs.10.50. On the date of reporting, I am happy to share with you that the price has shored up to Rs.75/- per share, which is 7.5 fold increase from initial re-listing price.

Our strategy delivered the results

The business landscape has seen rapid changes in recent years. Winning in today's world requires new business models, agile ways of working and a fresh strategy. We believe that growth opportunities are vast for those who make a successful transition to the new business models and align harmoniously with the new ways of working.

During last few years, we have adopted strategy which is based on three themes - Optimize Capacity Utilization - Augmentation of Wage & Means - Invest in CAPEX on New Projects for expansion and diversification. We believe that above strategies, particularly in times of uncertainty, is in the best long-term interest of all our stakeholders. I am delighted to share with you that some of our strategies have paid off in Fiscal 2017 and contributed to our profitability.

Our conventional style of running the Pellet Plant continued to be under severe strain due to subdued demand in steel capacity worldwide, therefore it warrants a lot of flexibility in operation. Pellet Plant which was designed to handle Magnetite Iron Ore from Kudremukh as a feed material, has now opened up the wings across the globe with better facilitation through its in-house R & D programme, Technology Modification/ Upgradation etc. It is noteworthy that during the



Fiscal 2017, the plant has processed on Pilot basis successfully seven different categories of Iron Ore Fines/Concentrate received from equal number of sources. This gives us a tremendous amount of confidence to overcome any challenge that comes our way, in foreseeable future. Today, we have fairly open, offering to utilize our infrastructure to large steel making companies globally, in a way also supporting Govt. of India's "Make in India" Policy.

Our Performance

Despite the challenging global economic environment, the Company made smart recovery in terms of capacity utilization and value creation as compared to last year. With 1.460 Million Tonnes of Pellet Production and 1.387 Million Tonnes sales, we have grown by 1360% and 239% respectively Y-o-Y basis. The sales includes 0.898 Million Tonnes through exports representing 65% and 0.489 Million Tonnes in domestic market.

We have registered Revenue from Operation of Rs.929.36 Crores as compared to just Rs.205.57 crores during previous year achieving a growth of 353%. The Company has achieved Profit before Tax of Rs.31.22 crores and Profit after Tax of Rs.47.93 crores compared to last year loss of Rs.89.67 crores.

As a result of improved financial performance, the Board of Directors has proposed a final dividend of Re. 0.26 per share, subject to the approval of the shareholders at the Annual General Meeting. Together with an interim dividend of Re. 0.11 per share, the total dividend for the financial year ended March 31, 2017 amounts to Re. 0.37 per share. The Dividend amount as proposed by the Board would be the highest in terms of cash outgo from the Company since the closure of captive mine way back in 2006.

Global Steel Industry

Global economy is projected to grow by 3.5% in Calendar Year 17. The overall macro-economic situation looks far better than previous year. While Global steel industry continue to grapple with over capacity, weak demand growth, dumping of steel and Iron Ore Lumps at predatory prices by some countries and volatile input prices; improving growth momentum in advanced and key emerging markets and broad-basing of trade remedial measures will provide stability to steel industry.

Collaborating with Indian National Steel Policy

Under the strong leadership of Hon'ble Prime Minister Shri Narendra Modi, India has achieved stability of governance giving strong push to reforms, rising infrastructure spend and robust consumption demand will provide a platform to reach per capita steel consumption of 160 Kg and total steel capacity of 300 Million Tonnes by 2030 as envisaged by National Steel Policy 2017. Also trade remedial measures taken by the Government of India will provide level playing field to this strategic industry to revive investment cycle and create employment opportunities.

The budgetary allocation of Rs.4 trillion for infrastructure, water and gas pipelines, renewable energy and road sector should fuel enhanced economic activity, and as a result, steel demand. Together with this, a normal monsoon will also augur well for the economy. Therefore, we expect the steel industry to grow at 5-6% over the medium term.

At KIOCL, we will play a key role in supporting the above policy initiatives including the 'Make in India' initiative. Considering our vast experience in setting up operation & maintenance of Iron Ore Beneficiation & Pelletisation plant, we have already requested Ministry of Steel to extend support to KIOCL for partnering alongwith Steel making companies in various iron ore Beneficiation and Pelletisation capacities required for each of the CPSE till the year 2030, in phases through various models like JV/SPV/BOO etc. The above said approach will facilitate structural support for the CPSEs to channelize their technical / financial resources in the areas of their core competencies and not to duplicate the work being carried out by some other CPSE.

Looking Ahead

To match growing demand and increase the footprint, the Company also has outlined an ambitious Capex Plan of Rs.5000-7000 crores, which will be achieved through investment in Greenfield and Brownfield projects along with a few other strategic investments in the form of JVs /SPVs. We are also scouting for organic and inorganic growth opportunities to expand our footprint in Pan-India.

Social Responsibility

Our Corporate Social Responsibility 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. In fiscal 2017, we continued to work in the areas of providing pure and safe drinking water, promoting education, healthcare. Key projects included Installation of Reverse Osmosis Plants in Kumbarwada village & Ulvi village at Uttara Kannada District, Puri Jagannath Temple, Odisha, Educational Assistance to Economically backward children, Construction/ Upgradation of College building at Govt. PU College, Kavoor, Mangaluru etc. We also actively contributed in Swachh Bharat Swachh Vidyalaya Abhiyan with constructions of several toilets at various Government Schools/Colleges. All-out efforts have been made to improve awareness among the children on the importance of cleanliness and to involve them in its implementation.

In conclusion

I would like to take this opportunity to acknowledge the many contributions, dedication and commitment of all our team members, which make our Company thriving and successful. My deep appreciation to all our business partners, vendors and other business associates, for all their contributions. To the various Central and State Government Authorities, I extend my sincere thanks for their support. Finally, let me end by thanking you and all our stakeholders, for the trust and faith that you repose in us. We look forward to your continued support in the years ahead.

Very Sincerely,



MV Subba Rao

Chairman-cum-Managing Director (Addl. Charge)
and Director (Commercial)

August 01, 2017



BOARD'S REPORT - 2017

Dear Members,

The Board of Directors of your Company is pleased to submit the reports of the business and operations of your Company for the Financial Year ended March 31, 2017, together with the Auditors' Report on the Annual Financial Statements and Comments on the same by the Comptroller & Auditor General (C&AG) of India. Your Directors are happy to inform you that the Company had a very successful year in 2016-17. Overcoming the gloomy situation of previous year, your Company could achieve Pellet production of 1.460 Million Tons resulting in capacity utilization of 42% as compared to production of 0.100 Million Tons a year before. During the year, your Company has achieved Pellet dispatch of 1.387 Million Tons as compared to 0.409 Million Tons during the previous year. The details of financial performance are given below:

1. Financial Results and State of Company's Affairs

(₹ in Crore)

Particulars	Financial Year 2017	Financial Year 2016
Revenue from Operations	929.36	205.57
Other Income	156.37	213.81
Profit before Exceptional item and Tax	32.95	(89.67)
Less : Exceptional Items-Expenses	1.73	0
Profit before Tax	31.22	(89.67)
Tax Expense (including deferred taxes)	(16.71)	(9.52)
Profit after Tax	47.93	(80.15)
Less : Other Comprehensive Income (Net of Tax)	(0.33)	0.51
Total Comprehensive Income	47.59	(79.64)
EPS (Basic & Diluted)	0.76	(1.26)

Note: Figures for Financial Year 2016 are re-arranged as per Ind AS.

Indian Accounting Standards

The Ministry of Corporate Affairs (MCA), vide its notification in the Official Gazette dated February 16, 2015, notified the Indian Accounting Standards (Ind AS) applicable to certain classes of companies. Ind AS has replaced the existing Indian GAAP prescribed under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. For your Company, Ind AS is applicable from April 1, 2016, with a transition date of April 1, 2015.

The following are the areas which had an impact on account of transition to Ind AS:

- Property, Plant & Equipment (PPE)
- Intangibles and Deferred taxes



The reconciliations and descriptions of the effect of the transition from IGAAP to Ind AS have been provided in Note 23 **“First time adoption of Ind AS”**.

Revenues

Acting promptly on the favorable market movement during the year, your Company could increase the volume of production and dispatch resulting into significant increase in income from plant operations at Rs.929.36 Crores as compared to Rs.205.57 Crores in the previous year, achieving a growth rate of 353%. During the year, Revenue from export sales increased by 617.07% to Rs.517.51 Crores from Rs.72.17 Crores and Domestic Sales increased to Rs.351.28 Crores from Rs.127.23 Crores, an increase of 175.23%. Of the Total Revenue for the year ended March 31, 2017, the share from exports vis-à-vis DTA sales stood at 60% and 40% respectively. Income from Sale of Services (O&M Operations) has also increased to Rs.32.98 Crores from Rs.5.77 Crores. Other Income comprising of Interest Income on fixed deposits and other miscellaneous Income has decreased to Rs.156.37 Crores from Rs.213.82 Crores due to lower yields on fixed deposits.

Profits

Your Company's Profit before Tax has increased to Rs.31.22 Crores from a net loss Rs.89.67 Crores in the previous year. Your Company has achieved even a higher Profit after Tax at Rs.47.93 Crores primarily due to deferred tax on account of timing difference and MAT credit entitlements as compared to a Loss after Tax of Rs.80.15 Crores during the previous year.

Liquidity

Your Company continues to maintain debt free status conserving sufficient cash to meet the strategic operational objectives. Your Company recognizes that liquidity has to be balanced between earning adequate returns on Capital employed and needs to cover financial and business risk. Liquidity enabled your Company to make a rapid shift in direction as a response to changing market dynamics and to overcome the adverse market condition faced during the previous year.

Listing of Equity Shares in NSE

In pursuance to SEBI Circular dated May 22, 2014 and April 17, 2015 relating to de-recognition of Regional Stock Exchanges, outlining the roadmap for Companies listed exclusively on such Regional Stock Exchanges, your Company opted for listing on a national level stock exchange and promptly got its equity shares listed with Metropolitan Stock Exchange of India in 2015-16. As a step forward, to enhance further visibility in the market, your Board of Directors in their 238th meeting held in April, 2016, approved listing of Equity Shares with National Stock Exchange. The Company thereafter applied for and got listed in National Stock Exchange w.e.f. November 29, 2016 under stock code 'KIOCL'.

Listing in two of the National Stock Exchanges resulted into high degree of liquidity of your investment and your Directors were extremely happy to participate in the Bell Ceremony organized by the NSE, when your share debuted at a quote of Rs.10.50, which is being quoted at above Rs.75/- in recent past thereby increasing the market capitalization of your Company by about 7.5% time.



Credit Rating

During the year, your Company's credit worthiness was evaluated by Credit Analysis and Research Ltd. (CARE), who has assigned following Credit Rating to your Company for availing Bank Facilities.

Facilities	Amount (₹ in crore)	Rating
Long Term Bank Facilities	1.00	CARE AA; Stable (Double A; outlook Stable)
Long term/Short term Bank Facilities	369.00	CARE AA; Stable/CARE A1+ (Double A; Outlook:Stable/A One Plus)
Total	370.00	

The above rating indicates that your Company enjoys highest short term credit rating and a notch below the highest rating for long term borrowing. This credit ratings implies your Company's capability to leverage for its operation and capital expenditure as and when need arise.

Dividend

Complying with the directives from the Committee on Management of Government Investment in CPSEs (CMGIC), Govt of India, on February 10, 2017 your Company paid an Interim Dividend @1.1% of the Paid up Share Capital amounting to Rs.6.97 Crores (i.e. Re.0.11 per share), out of its free reserve of previous year. In view of improved financial performance during the year, your Board of Directors were happy to pass a resolution in its meeting held on May 29, 2017, recommending a final dividend of 50% of Profit after Tax for the Financial Year ended March 31, 2017, which works out to be Rs 0.37 per Equity Share including the Interim Dividend already paid. The proposal to pay final dividend is subject to the approval of shareholders at the ensuing Annual General Meeting to be held on 31.08.2017. The total dividend (excluding dividend tax) for the current year is Rs 23.47 Crores. Dividend (including dividend tax) as a percentage of Profit after Tax is 59%.

The Register of Members and Share Transfer Books will remain closed from 25.08.2017 to 31.08.2017 (both days inclusive) for the purpose of payment of the dividend for the Financial Year ended March 31, 2017 and the AGM.

Performance vis-à-vis MoU

Performance of your Company, in terms of the Memorandum of Understanding (MoU) signed with the Ministry of Steel, Government of India, was rated as "Fair" for the Financial Year 2015-16. Performance Evaluation of the Company for the years 2016-17 vis-a-vis MoU Targets on provisional basis result would be "Good" rating.

Particulars of Loans, Guarantees or Investments

No loan, guarantee or investment made by your Company under Section 186 of the Companies Act, 2013 during the Financial Year 2016-17.

Particulars of Contracts or Arrangements made with Related Parties

During the Financial Year, no transactions were entered into with Related Parties as defined under the Companies Act, 2013 and Regulation 53(f) and Para A of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, which attract the provisions of Section

188 of the Companies Act, 2013, as such annexure AOC is not furnished. There were no materially significant transactions with related parties which were in conflict with the interest of the Company. The Board has approved a Policy on Materiality of Related Party transactions and Dealing with Related Party transactions, which is available on the Company website.

Material Changes and Commitments, if any, affecting Financial Position

No material changes and commitments occurred between the end of the Financial Year of your Company to which the Financial Statements relates and the date of the report which have affected on the financial position of your Company.

Management Discussion and Analysis

In terms of the provisions of Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015, the Management's discussion and analysis is set out in this Annual Report.

2. BUSINESS AND OPERATIONAL REVIEW

During the year under review, your Company achieved stellar performance and produced 1.460 Million Tons of Pellets in comparison to 0.100 Million Tons produced in the previous year, thereby recorded a quantum jump of 1360% on Y-o-Y basis. The quantity produced also surpassed the "Very Good" Target set in the MoU for the year 2016-17.

During the year, Your Company had sold 1.387 Million Tons of Pellets as against 0.409 Million Tons in the previous year, a jump of 239.12% Y-o-Y. Out of the total 1.387 Million Tons sold, exported quantity was 0.898 Million Tons which is almost 65% and balance 0.489 Million Tons was sold to domestic customers.

The Pellet Plant Unit of your Company is strategically located and ideal for overseas customers. However, after the imposition of Distance Based Charge by Indian Railways on Iron ore moved through Railway Network for Pelletisation and subsequent exports, coupled with high logistics cost on input raw material like Iron Ore, the products became uneconomical in the overseas market causing adverse impact on the capacity utilization during last couple of years. During the year under review, Indian Railways provided relief by suspending levy of DBC till March 31, 2017 which is now extended till March 31, 2018. In addition to this, Government of India withdrew Export Duty on Pellets from January 04, 2016. These favorable developments supported by upward movement of price in the International market from second half of Financial Year 2016-17, contributed to improved performance of the Company.

Due to increased sales in export market, your Company could be able to nullify the deficit in foreign exchange earnings and turned into a positive Net Foreign Exchange earner as per the Foreign Trade Policy.

Revival of Blast Furnace Unit

The operation of the Blast Furnace Unit continues to remain under suspension since August 05, 2009. Considering early signs of improvement in price scenario of input raw materials, the Board of Directors of the Company in its 238th meeting held in April 06, 2017 approved re-starting of the Blast Furnace operation immediately after refurbishment works.



The execution of all planned jobs for refurbishment of Blast Furnace and associated equipments were completed on time within the approved cost. All equipments of Blast Furnace, Staves, Pump houses and Raw material handling system have been tested and found to be working satisfactorily. Erection of new cooling tower for BF and CPP has been completed. A schedule has been prepared for regular running of all equipments in the Plant and the same is being followed.

However, due to frequent floods in Australia, increased demand for Coke, the prices of Low Ash Metallurgical (LAM) coke, a major component of raw material for operating BFU has doubled in International market. Your Company is keeping a watch on the LAM Coke prices. Once the price stabilizes, the procurement action will be taken and the plant operation shall be commenced.

A snapshot of production target vis-a-vis actual achievement with capacity utilization and sales performance during last five years including current year are depicted at Table 1 & 2.

Table: 1

(Qty. In Million Tons)

Year	MoU Target	Actual Production	Utilization of installed capacity in %
2016-17	1.300	1.460	42
2015-16	1.800	0.100	3
2014-15	1.800	0.785	22
2013-14	1.700	1.710	49
2012-13	2.500	1.265	36

(Installed capacity of Pellet Plant is 3.500 Million Tons / Annum).

Table: 2

Qty: in Million Tons, Value: ₹ In Lakhs

Year	Pellets		Pig Iron		Total	
	Qty	Value	Qty	Value	Qty	Value
2016-17	1.387	86872	0.000	7	1.387	86879
2015-16	0.409	19845	0.001	135	0.410	19980
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

(Note: Pig Iron includes Auxiliary)

Performance of Operation & Maintenance Portal

The Operation and Maintenance Portal was created with primary objective of providing expertise of your Company to other organisation in helping them to improve their efficiency level and in the process, optimizing the resource utilization of the Company. The portal is structured on a fee based interlinking with the number of engineers and support staff deployed to the concerned organization. Under this platform, your Company is managing following two operations:

- NMDC's 1.89 mtpa beneficiation and 1.2 mtpa Pellet Plant at Donimalai, Karnataka. Your Company's technical manpower were involved in pre-commissioning activities, trial runs of the equipments, etc. and the plant has been successfully commissioned and is operating. Modification jobs were carried out by O&M team during the commissioning stage and continuous Pellet production commenced from September 30, 2016.
- Orissa Mining Corporation's Chromite Ore Beneficiation Plant at South Kaliapani, Jajpur, Odisha.

MARKET SCENARIO

During the Financial Year 2016-17, steel production in India witnessed a jump of about 9.3% Y-o-Y. The crude steel production stood at 98.11 Million Tons. Good internal demand combined with backing of Government in the form of levy of Minimum Import Price (MIP) to rein in cheaper imports resulted into enhanced performance of steel sector.

Good performance of steel sector boosted iron ore production. It was reported that, during Financial Year 2016-17 Indian iron ore production surged by 28% Y-o-Y to 182.33 Million Tons against 142.5 Million Tons in Financial Year 2015-16. Iron ore movement across major producing states of the Country was recorded at 123.29 Million Tons in Financial Year 2016-17, up 21% Y-o-Y. Indian iron ore exports have seen fourfold increase in Financial Year 2016-17. India has exported 24.35 Million Tons material in Financial Year 2016-17 compared with 6.04 Million Tons in Financial Year 2015-16 which is 303% higher Y-o-Y. Iron ore exports from Goa increased sharply from 3.86 Million Tons in Financial Year 2015-16 to 14.56 Million Tons in Financial Year 2016-17. Indian pellet exports which were recorded at 0.83 Million Tons in Financial Year 2015-16 moved up to 8.26 Million Tons in Financial Year 2016-17.

In the Domestic market, iron ore prices initially witnessed declining trend and then started moving up. The prices touched a bottom of Rs.1,450 per Ton at the end of first quarter and started moving up from the third quarter. The pellet prices have also followed a more or less similar pattern. The prices remained low till first half of the year and started moving up from second half.

In the International market, during calendar year 2016, the steel production went up marginally by 0.8% to 1628.5 Million Tons. China production went up by 1.2% producing 808.37 Million Tons. India was the third largest steel producer after China and Japan. During Financial Year 2016-17, the iron ore prices depicted high turbulence during the beginning and the declining trend continued till June 2016. Both iron ore and pellets started moving up from July 2016. By September 2016, the pellet prices touched US\$ 80 per Metric Ton and Iron ore & pellet producers capitalized on the positive market sentiment. The pellet prices crossed US\$ 100 per Metric Ton in Dec 2016. This sentiment continued till March 2017. The improved demand for iron ore and pellets in China was mainly due to improved demand for Steel in China as Chinese Government infused about RMB 14 trillion into Chinese economy. China imported around 1020 Million Tons of Iron ore during calendar year an increase of 7.8% Y-o-Y. Increased iron ore and pellet output and higher global prices resulted in sharp increase in iron ore & pellet exports from India in Financial Year 2016-17.



3. GROWTH STRATEGY

The Company is in the process of strategic expansion and diversification aiming at exponential growth for long term sustainability/viability in the competitive market environment. A part of the expansion and diversification plan of the Company has already been taken forward. Consequent to closure of mining activities at Kudremukh, the Company has been exploring various alternatives for mining at other locations within Karnataka and also in other States. The following efforts have been made to get iron ore mining lease, setting up of value added Plants, etc., for diversification.

Development of Devadari Iron Ore Block

Ministry of Mines, GoI vide its letter dated December 05, 2016 to Govt. of Karnataka has conveyed the approval under Section 17A(2) of MMDR Act, 1957 for reserving area of 470.40 ha in Devadari Range, Sandur Taluk, Bellary District in favour of your Company. Govt. of Karnataka issued Gazette notification on January 23, 2017 for reservation of said area in favour of your Company for mining of iron and Manganese ore.

DMG, Govt. of Karnataka vide letter dated February 13, 2017, informed your Company to submit approved Mine Plan obtained from IBM, Forest Clearance under Section 2 of FC Act, 1980, Environment Clearance obtained under EIA Notification 2006 and CFE obtained from KSPCB for execution of Mining Lease deed.

Your Company has initiated action for obtaining statutory clearances from authorities for execution of mining lease deed.

Your Company will undertake development of iron ore mines, setting up of Beneficiation and Pellet Plant with capital investment of around Rs.1500 Crores. Initially, the iron ore produced from this mine will be utilized in the existing Pellet Plant and Blast Furnace Units at Mangaluru. Your Company has plans to set up Pellet Plant at Mine site at a later stage and on reaching mine peak production level of 4 mtpa to optimize production of existing PPU and BFU in Mangaluru.

Development of Chikkanayakanahalli Iron Ore Deposit

Govt. of Karnataka accorded in principle approval for grant of ML for a period of 30 years over an area of 116.55 ha vide letters dated 01 Aug 2008 and 02 Aug 2008 with the prior approval of Govt. of India under section 5(1) of MMDR Act 1957. During Joint Survey ML map was issued with overlapping of adjacent areas. The application for Forest Clearance was kept pending by Forest Department at Tumkur. Writ Petition was filed in Hon'ble High Court, GoK on the issue of overlapping of ML boundaries. Judgment was passed by Hon'ble High Court of Karnataka on 14.12.2016 and same is challenged in Hon'ble Supreme Court. Stay granted for the Special Leave Petition (SLP).

Backward and Forward integration of BFU

M/s MECON LIMITED, Bengaluru was assigned the work of preparation and submission of a Techno Economic Feasibility Report for setting up of backward and forward integration projects to the 350 M³ capacity Blast Furnace Unit to make the unit economically viable. MECON has submitted the final TEFR on which your Company is in the process of obtaining necessary approvals to implement the same.

Setting up of R&D and Training Centre

With an objective of providing expertise in the fields of Mining, Beneficiation and Pelletisation by utilizing the expertise available, your Company proposes to establish an R&D and Training Centre with state of the art facilities for the benefit of steel industry in Karnataka State as well as other States of India with an aim to improve the technologies in terms of quality, productivity, marketability etc., besides diversifying into many other innovative areas of business.

Based on your Company's request, M/s KIADB has allotted 4.32 Acres of land in Plot No.7 of Obadenahalli Industrial Area, Doddabalapur, Bengaluru Rural District for setting up of R&D and Training Centre. With due approval of the Board, the allotted land was procured from KIADB. The total amount towards land cost as per Lease Deed is Rs. 5,57,29,663/- (Rupees Five Crores fifty seven lakhs twenty nine thousand six hundred sixty three only). The preliminary estimated project cost projected for setting up of Research & Development and Training Centre along with Lab facilities for testing Ferrous & Non-Ferrous Minerals, Food, Pharmaceuticals etc. is Rs.26.00 Crores inclusive of the land, building and other facilities. An Expression of Interest (EoI) floated to identify an agency for preparation of Detailed Project Report (DPR) for setting up the R&D and Training Centre.

Setting up of Grid connected Solar Roof Top Power Plant

With an objective of participating in Government of India's initiative of achieving ambitious target of 40GW of Rooftop Solar Power by 2022, KIOCL had setup 380 kwp grid connected solar roof top plant at available roof top area of 3940 sq. mtrs. on the existing buildings located at Blast Furnace Unit (BFU) and Pellet Plant Unit (PPU), at Mangaluru. Your Company had approached Solar Energy Corporation of India (SECI), a CPSU under the administrative control of the Ministry of New and Renewable Energy (MNRE), which has been entrusted by MNRE for implementation of a Large scale Grid connected Rooftop pilot projects to the PSUs under the Ministry of Steel. Solar Energy Corporation of India (SECI) informed KIOCL that M/s Clean Max Enviro Energy Solutions Pvt Ltd., is one of the approved agency for executing the Roof top solar plants in RESCO mode on Net metering Basis.

A Power Purchase Agreement (PPA) has been signed between M/s Clean Max Enviro Energy Solutions Pvt. Ltd and your Company for a period of 25 years for setting up of 380 Kwp capacity Grid connected Solar Roof Top Power plant as per mandate given by the MNRE, Govt. of India.

JOINT VENTURE/MOU

Development of Nemkallu Iron Ore Deposit in Anathapuram District, Andhra Pradesh

A MoU was signed among your Company, APMDC and RINL on June 22, 2013 at Hyderabad for exploration and mining of Nemakal iron ore deposit in Ananthapuram District, Andhra Pradesh. Subsequently, Govt. of AP issued notification dated 30 Nov 2015 reserving an area over an extent of 1327 hectares for Iron Ore in Minchery R.F. of Kalyandurg Range in Ananthapuram District in favour of M/s A.P.Mineral Development Corporation Limited (APMDC) under Section 17A(2) of the Mines and Minerals (D&R) Act,1957. APMDC has submitted proposal to PCCF, Govt. of Andhra Pradesh for seeking permission to carry out exploratory drilling (20 holes) in the aforesaid area. DGPS survey to demarcate the drilling area is under progress. On receiving the forest clearance for exploratory drilling, work will be undertaken jointly by KIOCL and APMDC. TEFRR for the setting up of Beneficiation Plant and Pellet Plant will be prepared based on the outcome of the exploratory drilling.



MoU with M/s WBMDTCL

Your Company has entered into MoU on January 08, 2016 for setting up Joint Venture with WBMDTCL for exploration and development of iron ore mines and for other minerals in the State of West Bengal. WBMDTCL and your Company will form Joint Venture Company in 51:49 equity. Your Company and WBMDTCL to jointly identify an iron ore blocks to put up proposal to State Govt. for reservation of iron ore blocks in favor of JV Company.

Your Company appointed Consultant for preparation of Joint Venture Agreement (JVA) and other documents and incorporation of JV Company. Joint discussions were held in the month of April, 2017 among WBMDTCL, your Company and Consultant. JVA is under finalization for incorporation of the company with due approvals.

DIVERSIFICATION

Mineral Exploration Field

Ministry of Mines, Govt. of India notified the Company as Mineral Exploration Entity on February 16, 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 and exploration works of various minerals across the Country.

Ministry of Mines allotted two Nos. G4 stage of mineral investigation blocks to the Company. The blocks were allotted to the Company on September 12, 2016 during the meeting held under the Chairmanship of Secretary, Ministry of Mines, GoI for allocation of exploration blocks to PSUs. The blocks includes, investigation of Iron Ore over an area of 100 Sq. Kms at Tirumankaradu region of Tiruppur District in Tamilnadu State and investigation of Gold and associated minerals over an area of 202 Sq. Kms at Udbur region of Mysore District in Karnataka State.

The work plans of both the blocks allotted to the Company is technically approved in the 6th National Mineral Exploration Trust (NMET) Technical Committee meeting, which was held on 2nd and 3rd December 2016. The financial proposals of both the blocks were also approved in the 4th NMET Executive Committee meeting, which was held on February 21, 2017 under the Chairmanship of Secretary, Ministry of Mines, GoI. The exploration works of both the allotted blocks will be taken up soon by the Company as per the directions of NMET and the same will add up to the profitability and would demonstrate the expertise of your Company in the field of mineral exploration.

INORGANIC GROWTH

Acquisition of Equity Stake in M/s IDCOL, Odisha

With an objective to capitalize on the emerging opportunities in the mineral rich State of Odisha, your Company approached the Chief Secretary, Govt. of Odisha, with a proposal to set up 1.5 to 2 MTPA Pellet Plant in the State subject to the State committing an ore-linkage for the purpose. During the meeting held on May 13, 2015, Govt. of Odisha decided a Central PSU may be inducted as a strategic investor in IDCOL, Odisha with an equity participation upto 51% along with Management Control. In case of becoming successful in acquiring management control in IDCOL, the Company has plans :



- To set up iron ore beneficiation and pellet plant at free land available at IDCOL Kalinga Iron Works Ltd. (IKIWL), Barbil.
- Up-gradation of existing furnaces and establishing a Captive Power Plant at IDCOL Ferro-Chrome & Alloys (IFCAL).
- Expansion and modernization of existing Chrome Ore Beneficiation Plant to enhance production capacity.
- Development of Mines and a Concentrator Plant at Telangi “B” mine for the commencement of mining.

The Board of Director in its Meeting held on April 06, 2016 accorded approval for submitting conditional Financial Bid to IDCOL to acquire 51% of the paid up Equity of IDCOL with management control in line with the financial due diligence report of M/s YES Securities (India) Limited. Your Company submitted conditional financial bid on April 25, 2016 to IDCOL with following conditions:-

- a) The Govt of Odisha to reserve and notify a suitable iron ore mine having reserves of atleast 100 million tons with average grade of Fe 60-62%, in favour of IDCOL , for the purpose of establishing a suitable mineral based manufacturing plant at the premises of M/s IDCOL Kalinga Works, Barbil, Odisha;
- b) The Govt. of Odisha to reserve and notify a suitable chrome ore mine having reserves of at least 1 million tons, in favour of IDCOL , for the purpose of expanding the Ferro chrome manufacturing plant at the premises of M/s IDCOL Ferro-Chrome &Alloys (IFCAL), Jajpur Road, Odisha;
- c) The Govt. of Odisha shall ensure coal linkage for the proposed captive power plant at IFCAL, Jajpur;
- d) The Govt. of Odisha shall take over the responsibility of settling all outstanding Contingent Liabilities as on date of acquisition.

Further bid validity has been extended till 23 August 2017.

Compliances on financial bid conditions submitted by your Company are being discussed with Govt. of Odisha. Allotment of Iron Ore mines and Chromite mine to IDCOL and settling all outstanding Contingent Liabilities of IDCOL has been made prerequisite for acquisition of IDCOL.

4. HUMAN RESOURCE MANAGEMENT & INDUSTRIAL RELATIONS

Manpower Profile

As on March 31, 2017, the Company had 922 employees on its rolls comprising of 303 Executives including Non-unionized Supervisors (33%) and 619 Non Executive Employees (67%).

Table: 3 show the break up of employees under different categories such as SCs, STs, Women employees, Ex-servicemen and PwD under different categories on rolls of the Company as on March 31, 2017.

**Table: 3**

Group	Total No. of employees on rolls	SC	ST	Women employees	Ex-servicemen	PwD
A	254	44	12	12	--	5
B	49	04	2	6	--	--
C	578	86	30	10	1	5
D	41	7	6	1	--	3
Total	922	141	50	29	1	13

Compliance under the Persons with Disabilities Act, 1995

Your Company ensures compliance under the Persons with Disabilities Act, 1995. Suitable provisions/modifications are made in the workplace to meet the requirements of such persons with disability.

Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Your Company is following Anti Sexual Harassment procedures in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Your Company has constituted Internal Complaint Committees in two major locations i.e. Corporate Office at Bengaluru and Plant level at Mangaluru to redress sexual harassment complaints. All employees (permanent, contractual, temporary, trainees) are covered under this policy. During the year, no complaints were reported.

Empowerment of Women

A Women's Forum – Women in Public Sector (WIPS) is operating in your Company and all the women employees are Life Members of the said Forum. your Company is a corporate Life Member for Forum of WIPS under the aegis of SCOPE. Women employees are being regularly nominated to attend the meets of WIPS. International Women's Day was celebrated on 8th March 2017 in a befitting manner. WIPS, your Company has bagged the Best Recognition Award for WIPS Activities for the year 2016 during 27th National Convention of Forum of WIPS held on 11th and 12th February 2017 at Nagpur. During the year 2016-17, apart from participating in Swachh Bharat Abhiyan, WIPS Cell has actively undertaken various activities such as organizing Medical Camps, monetary assistance to girl students from financially backward family for pursuing higher studies, awareness classes on health and hygiene, extended domestic support to orphanages, self defense workshop for employees, workshops on cashless transactions and other CSR activities.

Industrial Relations and Employees Welfare

During the year, your Company continued to maintain harmonious industrial relations, co-operation between the elected representative bodies of employees and management ensuring no loss of mandays during the year. Personnel policies and welfare schemes were continuously aligned with the Company's goals and objectives.



Human Resource Development

A series of initiatives were taken towards human resource development by your Company which includes in-house training programmes to enhance skills, nomination for various seminars and conferences. During the year, 3960 mandays of training was imparted to the employees.

Public/Staff Grievance Redressal

Your Company has framed a well defined grievance procedure evolved under the Code of Discipline since its inception. Grievances received are being 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 your 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. Linkage has been provided to Centralized Public Grievances Redressal & Monitoring System (CPGRAMS) with effect from May 01, 2011.

The grievances received and disposed off by the Company are reported to the Administrative Ministry on monthly and quarterly basis. The guidelines laid down by the Government of India in this regard are being followed. 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 processes and being more informative with the help of advanced information technology. The same is also available in the Company's website.

During the year, nine grievances from public/ex-employees were received directly/ CPGRAM portal and all of them were disposed off.

Particulars of Employees

Ministry of Corporate Affairs vide its notification dated June 05, 2015 has exempted Government Company with the applicability of section 197 of the Companies Act, 2013. However, 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 2016-17.

Skill India Initiatives

Your Company has undertaken Skill Development Initiative and signed MoU with National Skill Development Corporation (NSDC) and started Skill Development Centre "KIOCL Quess Skill Academy" in the BFU premises at Mangaluru in partnership with M/s Quess Corp, an approved agency of NSDC. The Centre of Excellence was inaugurated on February 05, 2016 and so far around 60 locals got trained in this centre.

The various topics covered under for Skill Development are Heavy Earth Moving Machinery Mechanic, Safety Operator, Raw Material Handling Operator, Conveyor and Other Bulk Material Handling Technician. This copies are provided by Mining Sector Skill Council/ Steel Sector Skill Council.



5. CORPORATE GOVERNANCE

Pursuant to Regulation 34(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate section on Corporate Governance along with certificate from Practising Company Secretary confirming the level of compliance is attached and forms a part of the Board's Report.

Directors and Other Key Managerial Personnel

The Board consists of eight members, four of whom are executive or whole-time Directors, two are non-executive Directors representing Ministry of Steel and two are Independent Directors. Remuneration and other details of the KMP's are mentioned in the extract of the Annual Return which forms part of this Report.

Independent and Non-Independent Non-Executive Directors

Your Company has received necessary declaration under section 149(7) of the Companies Act, 2013 from each Independent Director that he/she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Woman Director

In terms of the provisions of Section 149 of the Companies Act, 2013 and Regulation 17(1) (a) of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, for the year ended March 31, 2017, your Company has one Women Director on its Board.

Changes in the Composition of the Board of Directors

Inductions

During the year, following Directors were appointed by the President of India

- Sri S K Gorai, Director (Finance) in the category of Functional Director w.e.f. 11.11.2016.
- Sri Saraswati Prasad, Additional Secretary and Financial Adviser, Ministry of Steel in the category of Govt. Nominee Director w.e.f. 08.02.2017.
- Dr. Deepika Sharma in the category of Independent Director w.e.f. 10.02.2017.

A proposal for appointment of aforesaid Additional Directors in pursuance to Section 161 of the Companies Act, 2013 is being placed before the shareholders for approval; the relevant details form a part of the AGM notice.

Retirement/Cessation

During the year under review, following Directors ceased to be the Members of Board:-

- Sri Laxminarayana, Director (Finance) w.e.f. 31.05.2016 consequent upon attaining the age of superannuation.
- Sri S. Manoharan, Sri P K Bajaj and Dr. S. Raghunath Independent Directors w.e.f. 04.07.2016 after completion of three years tenure.
- Dr. B.K. Sahoo, Independent Director w.e.f. 29.01.2017 after completion of three years tenure.

- Smt. Bharathi S. Sihag, Government Nominee Director w.e.f. 30.11.2016 tendered her resignation as Director from the Board of KIOCL consequent upon her appointment as Officer on Special Duty in the Department of Fertilizers and release from the duties as Special Secretary and Financial Adviser, Ministry of Steel.

The Board placed on record its deep appreciation of the valuable services rendered by the Directors whose term of office ended during the year.

Appointments/Resignations of the Key Managerial Personnel

Sri S.K. Gorai, Director (Finance) and CFO was appointed during the year.

Directors Retiring by Rotation

In terms of Section 152 (6) of the Companies Act, 2013, Sri. M V Subba Rao, and Sri N. Vidyananda being longest in the office shall retire by rotation at the ensuing AGM and being eligible for re-appointment, offers themselves for re-appointment. The Board recommends their re-appointment.

Number of Meetings of the Board

The Board met seven times during the Financial Year, the details of which are given in the Corporate Governance Report. The maximum interval between any two meetings did not exceed 120 days, as prescribed in the Act. The Meetings were conducted in compliance with relevant regulations of the SEBI (LODR) Regulations, 2015 and Secretarial Standard on Meetings of the Board of Directors (SS-2) issued by The Institute of Company Secretaries of India (ICSI).

Directors' Responsibility Statement

The Financial Statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on accrual basis. The Ind AS is prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. The Company has adopted all the Ind AS standards and adoption was carried out in accordance with applicable transition guidance. Accounting Policies have been consistently applied except where a newly issued Accounting Standard is initially adopted or a revision to an existing Accounting Standard requires a change in the Accounting Policy hitherto in use.

The Directors confirm that :

- a) In the preparation of the Annual Accounts for the Financial Year ended March 31, 2017, the applicable Accounting Standards had been followed.
- b) The Company has 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 & Loss of the Company for that period.
- c) The Company has taken proper and sufficient care towards 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.
- d) The Company have prepared the Annual Accounts on a going concern basis.



- e) The Company has laid down Internal Financial Controls, which are adequate and are operating effectively.
- f) The Company has devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Extract of Annual Return

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

6. 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 2017-18. The Statutory Auditors Report on Accounts of the Company for the Financial Year ended March 31, 2017 are annexed.

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 recommendations of the Audit and Risk Management Committee, has appointed PKR & Associates LLP, Cost Accountants, Bengaluru to audit the cost accounts of the Company for the Financial Year 2017-18 at a remuneration of Rs.50,000/- plus applicable taxes.

As required under the Companies Act, 2013, the remuneration payable to the Cost Auditor is required to be placed before the Members in a Annual General Meeting for their ratification. Accordingly, a Resolution seeking Member's ratification for the remuneration payable to PKR & Associates LLP, Cost Auditors is included at Item No. 9 of the Notice convening the Annual General Meeting.

The Cost Audit Report for the Financial Year 2015-16 was filed with the Ministry of Corporate Affairs on 04.10.2016. The Cost Audit Report for Financial Year 2016-17 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 and Co., Company Secretaries, a firm of Company Secretaries in practice to undertake the Secretarial Audit of the Company for the Financial Year 2016-17.

The Secretarial Audit Report and comments of Management on the adverse remarks are annexed to this Report.

C&AG Audit

The Comptroller & Auditor General of India (C&AG) vide its letter dated June 6, 2017 has conveyed "NIL" comments on the accounts of the Company for the year ended March 31, 2017. Copy of the same is annexed to this Report.

7. CORPORATE SOCIAL RESPONSIBILITY

Your Company has been an early adopter of Corporate Social Responsibility (CSR) initiatives. Your Company has undertaken projects in the areas of Education, Community Development, Health, Water, Sanitation etc. 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. A Board approved Corporate Social Responsibility Policy is in existence in the Company which is available under the link <https://www.kioclltd.in/user/cms/95>.

The statutory disclosures with respect to the CSR Committee and an Annual Report on CSR activities forms a part of this Report as Annexure.

8. KEY INITIATIVES

Environmental Management & Pollution Control Measures

As in the past, your Company continued to stress upon measures for the conservation and optimal utilization of energy in all its areas of operations, including those for energy generation and effective usage of sources/equipments used for generation. Within the factories, there have been continuous efforts to improve operational efficiencies, minimizing consumption of natural resources and reducing water, energy while maximizing production volumes. Some of the Environmental Mitigation initiatives taken during the year 2016-17 are as under:-

- Tree saplings around 100 Nos. in the plant and township area have been planted to augment the existing tree plantations during World Environment day celebrations.
- Work proposal has been initiated to utilize Lakya Dam water head at Pellet Plant during the non production time for miscellaneous activities with some modification works in the existing pumping arrangement. The utilization of gravity head will help conserve energy.
- Combined Air and Water consent has been renewed for Pellet Plant Unit and is valid from 01.07.2016 to 30.06.2021.
- Awareness programme conducted during World Environment day celebrations on utilization of Kitchen waste in houses for developing and maintaining roof top garden to reduce waste generation at Source.
- Composting facility created for disposal of canteen wastes scientifically to prevent the pollution in the premises.
- Large sprinklers and Mist type sprinklers have been extensively installed in the Plant area to suppress fugitive dust generated along haul roads, raw material storage sheds and loading areas.
- The standard norms prescribed by KSPCB in respect of air and water quality monitoring are being adhered to. The company has complied with the requirements specified under Battery Management, Hazardous waste management, Bio medical waste management Rules, Water Act, Air Act and EP Acts.



Safety

The onsite emergency plan approved by Directorate of Factories is in existence at both Pellet Plant and Blast Furnace units and the same is updated as and when there is any change in plant condition as well as emergency team members. Safety Inspections are carried out regularly once in two months by the Safety officer along with concerned Department Engineers and Safety Committee members.

Suitable Personal Protective equipments such as Safety helmets, Shoes, Rain coats, Gloves, Safety Goggles, Face shields, Aprons, Ear plugs/muffs are issued to all employees including Contract labourers to protect them against work place hazards. Various training programmes are being conducted to inculcate Safety consciousness among employees and labourers. Your Company has conducted the National Safety Week celebration from 4th March 2017 to 10th March 2017 during which, different training programmes on Occupational Health, Electrical Safety and Safety Management System were conducted. The Onsite Emergency Mock drills are conducted once in six months in Pellet Plant and Blast Furnace units to check the efficacy of preparedness to handle any major accident.

ISO Certification

Your Company is certified with Environment Management System: ISO-14001:2004, Quality Management System: ISO-9001:2008 and Occupational Health & Safety Management System: OHSAS-18001:2007.

Implementation of Official Language Policy

Your Company follows and implements the directives issued from time to time by the Department of Official Language, Ministry of Home Affairs and Ministry of Steel, Government of India for the progressive use of Official Language Hindi. Employees of the Company are encouraged to work in Hindi with regular training, cash awards and increments as per the Government directives. Hindi Workshops, Orientation programmes are conducted regularly to create awareness, impart knowledge and encourage the employees to do their Official work in Hindi.

Your Company has been conferred with the Ispat Rajbhasha Trophy for the progressive use of Official Language for the year 2015-16 from Hon'ble Minister of State for Steel, Government of India on November 19, 2016 on the eve of Hindi Salahakar Samithi Meeting.

Official Language Implementation Committee Meetings take place at all the locations regularly and the progress during the previous quarters are reviewed in such Meetings. Hindi Fortnight was celebrated at all locations of the Company during September 2016. Hindi Programmes and several Hindi Competitions were held and prizes distributed to the winners. A valedictory function was organized on October 28, 2016.

Your Company is the Convener of Bengaluru Town Official Language Implementation Committee (Undertakings) (TOLIC) and conducts regular meetings and Joint Hindi Month programmes for all Central PSUs in Bengaluru.

Hon'ble Governor of Goa graced the first Meeting of TOLIC in July 27, 2016. During the Meeting, 17 different Public Sector Undertakings were awarded shields and certificates for their contribution towards Official Language Implementation and for the publication of the best house Journal in Hindi. During the Year, 04 Hindi Workshops were conducted to impart training to the employees for doing their official work in Hindi.

Your Company was awarded the third prize for best performance in implementation of Official Language in 'C' region for the year 2015-16 by TOLIC (Undertaking), Bengaluru.

Vigilance

The Company has an independent Vigilance Department headed by the Chief Vigilance Officer. 'Preventive vigilance' has been the thrust area of Vigilance Department all these years and the same has received focused attention during the year. A climate of preventive vigilance is created to sensitize officials at all levels about the ill effects of corruption and malpractices. Structured Meeting of Vigilance with the management is being conducted regularly and issues related to e-governance, Leveraging Technology, Tender Management, Award of Works, Recruitment Policy have been discussed. Vigilance Awareness Week was observed from October 31, 2016 to November 05, 2016 at all the locations/offices of your Company. Workshops, seminars and various competitions were conducted during the week.

Procurement by tendering-cum-e-reverse auction is in vogue from September 2010. The threshold value fixed for contracts at Rs.5 lakhs and above. During the Financial Year 2016-17, 98.80% of cases by value are covered under e-reverse auction. All payments above the threshold value of Rs.1 lakh are being made through electronic mode. During the year 2016-17, 99.6% of the cases by value are covered under electronic mode. During the year, 78 work/purchase/sale orders have been issued incorporating Integrity Pact clause, covering 96.29% of contracts by value. No complaints have been received under IP. Vigilance Department conducted 13 training programmes at three different locations, covering 800 man hours on topics such as Good Governance, Vigilance and other developments, Lokpal & Lokayukta Act 2013, Vigilance Awareness and Preventive Vigilance, Public participation in promoting integrity and eradicating corruption etc.

Implementation of new Public Procurement Policy for MSEs

Keeping in view the effective implementation of Public Procurement Policy for Micro and Small Enterprises (MSEs) Order 2012, following steps have been taken:

- List of item components that could be sourced from MSEs are placed on the Company's web-site at www.kioclltd.in for the information of MSE vendors.
- Communication has been sent to all the registered vendors regarding the said policy with the objective of achieving an overall procurement of 20% from MSEs. Further, for enhancing the procurement from MSEs owned by SC/ST, all the vendors are approached for capturing necessary details and update the data bank.
- Appropriate weightage was given for MSEs in the MoU from year 2016-17 onwards in order to ensure effective implementation of the policy.
- During 2016-17, your Company placed orders for goods and services to the extent of Rs.3.39 Crores from MSEs which constituted 20.72% of the total procurement value of Rs.16.36 Crores.



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 in transparency. As per the requirement of section 4(1) (b) of the Act, general information required to be provided to citizens are displayed on Company's website, www.kioclltd.in

The Company has nominated Public Information Officers and Appellate Authorities in all its 3 locations (Corporate Office & Pellet Plant / Project Site) to provide information to the applicants. All applications and queries received under RTI were disposed off as per the provisions of the Act.

A Web Portal RTI Online with url <https://rtionline.gov.in> has been launched by DoP&T. This is a facility for the Indian citizens to file RTI applications and first appeals online and also to make payment of RTI Fees online. On the instructions, your Company has provided the link to above site.

Further, during the year 2016-17, the Company received 15 applications and queries related to human resources, contracts, tenders, business related matters etc., and the same were disposed off.

Energy Conservation, R&D, Technology Absorption and Foreign Exchange Earnings and Outgo

Details of Energy Conservation, 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.

Green Initiatives

As in the previous years, this year too, your Company is publishing only the statutory disclosures in the print version of the Annual Report. Electronic copies of the Annual Report 2016-17 and Notice of the 41st Annual General Meeting are being sent to all members whose email addresses are registered with the Company/Depository Participant(s). For members who have not registered their email addresses, physical copies are sent in the printed mode.

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, Hon'ble Chief Minister of Karnataka, 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, West Bengal, Jharkhand, Haryana and all other departments/agencies of Central and State Government in all the endeavors 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 challenges faced during the year.

For and on behalf of the Board of Directors

(M.V. Subba Rao)

Chairman-cum-Managing Director (Addl. Charge)
and Director (Commercial)

Date : 01-08-2017

Place: New Delhi



REPORT ON CORPORATE SOCIAL RESPONSIBILITY

Your Company recognizes that to achieve sustainability in operation, it has an obligation to the Society at large at which it operates, from which it sources its inputs and at which it sells its output. In this direction, the Company is contributing significantly towards community development in and around its project sites to ensure that people living in the vicinity of its projects, especially the tribal communities in the surrounding areas, are benefited directly and indirectly through various development projects. 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. To meet its CSR objectives, the corporate systems and processes has been strengthened with the formation of Board level CSR Committee and Company level internal committees at Unit level to provide direction and oversee the CSR initiatives.

Since the average net profit for last three Financial Years i.e. 2013-14, 2014-15 and 2015-16 calculated in line with Section 135 and Schedule VII of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014 is negative, the CSR budget for the year 2016-17 was Nil. However, the unspent CSR amount of Rs.32.50 Lakhs from FY 2015-16 and Rs.11 Lakhs from FY 2012-13 has been carried forward and utilized for CSR projects for the year 2016-17. Accordingly, the total CSR Budget allocated for Financial Year 2016-17 was Rs.43.50 lakhs.

During the year 2016-17, your Company has implemented various socio-economic development activities for the betterment of the society under Corporate Social Responsibility. The details are as under:-

MAKING AVAILABLE CLEAN DRINKING WATER

Water is one of the basic needs of human being. Due to poor quality of water and presence of chemical/ bacteriological contamination, many water borne diseases are spread, which causes untold misery, and in several cases even death, thereby adversely affecting the socio-economic progress of the country. Recognizing the supply of clean and safe drinking water especially in rural areas, KIOCL has taken up following projects under CSR for supply of clean drinking water:-

(1) Installation of Reverse Osmosis (RO) Plant in Kumbarwada Village & Ulvi Village for supply of pure drinking water at Uttara Kannada District, Karnataka

Kumbarwada and Ulvi Villages are located in Joida Taluk of Uttara Kannada District and facing acute shortage of clean drinking water. Totally around 6000 villagers living in two Villages and quality of drinking water is not good for consumption. Therefore, to supply clean drinking water to villagers, KIOCL has installed Reverse Osmosis Plant at a cost of Rs.9.90 lakhs under corporate social responsibility. The facility was handed over on 19.05.2017.

(2) Pure Drinking Water facility with Reverse Osmosis in Puri Jagannath Temple, Odisha

With an objective of supply of pure and clean drinking water to pilgrims at Puri Jagannath Temple, Odisha, KIOCL has installed Reverse Osmosis plant at temple premises and also taken up the maintenance activity for a period of 3 years.



(3) Provided stainless steel drinking water storage cum dispensing units with purification system for Kulur Higher Primary School & High School, Mangaluru

Under this project, KIOCL has installed stainless steel water storage cum dispensing units in school. In addition, maintenance of purification systems is done. Around 465 students who are from poor background are benefitted with this project.

EDUCATION

Good quality education is a foundation for dynamic and equitable societies. Education is the backbone of every society in this world.

Rapidly growing size of population, shortages of teachers, books, basic educational facilities and insufficient public funds to cover education costs are some of the nation's toughest challenges. This is where Children in India are facing the basic challenges.

The rate of school drop-outs amongst students is very high. One of the main reasons behind this is poverty. To support education of children belonging to economically weaker section of the society, KIOCL has taken various initiatives under CSR.

(1) Educational Assistance to Economically Backward Children in and around Bengaluru by providing Teaching Aid

Under this project, KIOCL has provided teaching aid such as books, uniform, shoes, bags etc. to poor students of Govt Agara School, Kengeri and Sri Sangameshwara Vidyalaya, Jayanagar, Bengaluru at a cost of Rs.2.05 Lakhs. Around 400 poor children's are benefitted with this project.

(2) Scholarship to meritorious students belonging to Poor/BPL families at Bengaluru and Mangaluru identified in Govt-High Schools

The students belonging to poor/BPL families are often encountered with financial hardships to pursue their education. On many occasions this will result in school dropout. To support education of meritorious students belonging to poor families and to reduce school dropout due to financial hardship, KIOCL Limited has provided scholarship of Rs.5000/- to 20 meritorious students belonging to poor/BPL families identified in Govt Schools at Bengaluru and Mangaluru under Corporate Social Responsibility.

(3) Conversion of terrace roofing into assembly hall cum class room & upgradation of College Building at Govt. PU College, Kavoov, Mangaluru

Govt. PU College, Kavoov is located near to the Pellet Plant in Mangaluru and is having a student strength of 157. At present the school infrastructure is not adequate to promote quality education. There is a requirement for Assembly hall cum Classroom to conduct various programmes. Most of the students studying in this school are from economically & socially backward group who are dependent on Govt. School for their continuation of education. KIOCL has supported this school by converting terrace roofing into assembly cum classroom under promotion of education category of CSR Scheme at a cost of Rs. 6.24 lakhs. Once operational, this shall help the students to have cultural and other events in their premises as well as it can be used as additional class room which is very much required there.

(4) Extension, upgradation and facelift of Keshava Shishu Mandira, Vidya Nagara, Kulai, Mangaluru

Keshava Shishu Mandira is providing pre-school facility (Anganwadi) to the children of the working mothers of the socially & economically backward class so that they can leave their children here while going for job. This School is located in close vicinity to our Pellet Plant Unit. KIOCL has supported this school by upgrading & facelifting to the existing building by providing false roofing & grill coverage for open area to have safety and security to prevent misuse of the building by antisocial elements after school hours.

Around 25 children are studying at present. This project is taken up under CSR as promotion of education & Child Care

(5) Educational Assistance to Panda Niyoga Sanskrit Vidyalaya, Puri, Odisha

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 100 students 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 Computer with Printer cum copier and Annual Maintenance Charges for the Aqua Guard water purifier which was installed by KIOCL during 2014-15 under CSR.

CONTRIBUTION TO SWACHH BHARAT SWASTH BHARAT SWACHH VIDYALAYA

The objective of Swachh Bharath-Swachh Vidyalaya is 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. To support this campaign, KIOCL Limited has taken various initiatives by constructing/upgradation toilets in schools/colleges etc.

(1) Upgradation of toilet block for girl students at Govt. Higher Primary School, Panjimogaru, Mangaluru

Under this project, KIOCL has constructed new toilet block with 4 urinals & 1 IWC with washing facility for girl students along with covered access path from inside the School building for the benefit of the Girl Children and necessary access path is provided for the Boys toilet block in Govt. Higher Primary School, Panjimogaru, Mangaluru region under Corporate Social Responsibility. Facilities like Sanitation, Washing are provided for usage of students. Around 218 students are studying in this school (Girls 113, Boys 105) and they are benefitted by this project.



(2) Construction of toilet block at Sri Chandrakantha Aided Higher Primary School, Nooralbettu Village, Karkala Taluk

Under this project, KIOCL Limited has provided new toilet block with 4 urinals & 1 IWC with washing facility for girl students at Sri Chandrakantha Aided Higher Primary School, Nooralbettu in Karkala Taluk, a remote Village where KIOCL's water pipeline is passing under Corporate Social Responsibility programme. Facilities like Sanitation, washing is provided for usage of students. Around 80 students are studying in this school.

(3) Maintenance of Toilets constructed under Swachh Bharath-Swachh Vidyalaya Abhiyan

One of the prime objectives of Swachh Vidyalaya Abhiyan is not only constructing toilets but also maintain it for a longer period of time. With proper maintenance and ensuring hygienic toilets at Schools, mission of Swachh Bharath-Swachh Vidyalaya can be achieved. With this responsibility, KIOCL has taken up maintenance of toilets constructed in 7 schools during the year 2014-15 at Bengaluru, Mangaluru and Chikmagaluru Districts for a period of three years under Corporate Social Responsibility.

HEALTH CARE

Healthcare is an important dimension that needs significant attention and investment from all sections of the society. It is a national priority; it is directly related to well-being and productivity of community/population, families and individuals.

A large section of population does not have access to reliable health services in large parts of India. One of the main reasons for not having access to good health care is poverty. To support health care for poor, KIOCL has take various initiatives under CSR. The details are:-

(1) Medical assistance to differently abled persons in Kaliapani, Odisha

As per the 2011 census, the population of differently abled persons in our country is 2.68 crores, which is 2.21% of the total population of the India. This includes persons with Locomotive, Visual Hearing, Speech and Mental disabilities. Out of this group, around 70% of the Persons with Disabilities live in rural areas, 51% are illiterate and 66% are unemployed. For the noble cause of serving the differently abled persons, KIOCL has provided assistive devices such as Tricycle, Wheel Chair and Hearing Aid at Kaliapani, Odisha at a cost of Rs.1 Lakh under Corporate Social Responsibility.

(2) Medical Assistance to Poor & Economically weaker section of the Society at Bengaluru

Under this project KIOCL has provided medical assistance towards treatment of 2 persons belonging to poor family. KIOCL extended financial assistance towards treatment of 50 years old patient who is suffering from cancer. KIOCL has also extended financial assistance towards cataract surgery of one of the patient at Nethra Hospital, Bengaluru.



REPORT ON CORPORATE GOVERNANCE

In accordance to the corporate governance provisions as specified in regulations 17 to 27 and Para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the report containing the details of Corporate Governance systems and processes is as follows:

Company's Philosophy

The Corporate Governance Policy of your Company rests upon the four pillars of Transparency, Full Disclosures, Independent Monitoring and Fairness to all. The Company believes that conducting business in a manner that complies with the Corporate Governance procedures and Code of conduct exemplifies each of the core value and positions it to deliver long-term returns to the shareholders, favorable outcomes to the customers, attractive opportunities to the employees and making the suppliers as partners in progress resulting into enrichment of the Society. The Company has set itself the objectives of expanding its capacities and becoming 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 of your Company considers itself as a trustee of its shareholders and acknowledges its responsibilities towards them for creation and safeguarding their wealth.

Policies

The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 mandated the formulation of certain policies for all listed companies. Accordingly, your Company has formulated its Corporate Governance policies, which are hosted on its website. These policies are reviewed periodically by the Board and are updated based on the need and new compliance requirements.

BOARD OF DIRECTORS

Composition of the Board

Your Company is a Government Company within the meaning of Section 2(45) of the Companies Act, 2013. The appointments /nominations of all Directors are done by Hon'ble President of India through 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 eight Directors, including four Functional Directors, two Directors nominated by Ministry of Steel and two Independent Directors.

In compliance to Section 149 of the Companies Act, 2013 read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 17(1)(a) of the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 the Company has a Women Director on



its Board. Four Independent Directors Post are laying vacant in pursuance to regulation 17 of the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 and DPE guidelines on Corporate Governance for CPSE's.

The Board of Directors of your Company comprises personalities who are accomplished, eminent professionals of the high standing, have proven track records in diverse fields and have been appointed on the Board in line with the statutory provisions under the Companies Act, 2013 and Articles of Association of the Company. The Board diversity policy is available on Company's website.

Attendance at Board Meeting, Last AGM and Directorships held

As mandated by Para 'C' of Schedule V read with regulation 53(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, none of the Directors are members of more than ten Board-level Committees, nor are they Chairman of more than five Committees, in which they are members. The composition of Board of Directors during 2016-17 is given in Table 1.

Table 1: Composition of the Board of Directors

Name of Director (S/Shri/Smt)	Category	Attendance at Board meeting /Total meetings after apppt. as Director	Whether attended last AGM (Yes/No)	No. of Directorships**	Number of Committees#	
					Member	Chairman
Malay Chatterjee (DIN 00380683)	Executive	7/7	Yes	-	-	-
M.V. Subba Rao (DIN 06495576)	Executive	7/7	Yes	-	-	-
N. Vidyananda (DIN 06729244)	Executive	7/7	Yes	-	-	-
S K Gorai ¹ (DIN 07223221)	Executive	3/3	NA	-	-	-
Laxminarayana ² (DIN 03588092)	Executive	2/2	Yes	-	-	-
Saraswati Prasad ^{*3} (DIN 07729788)	Non-Executive	0/1	NA	4	-	-
Bharathi S. Sihag ^{*4} (DIN 02154196)	Non-Executive	5/5	No	7	1	1
T. Srinivas* (DIN 07238361)	Non-Executive	6/7	No	-	-	-
Madhav Lal (DIN 06547581)	Independent	6/7	No	-	-	-

Deepika Sharma ⁵ (DIN 07734495)	Independent	1/1	NA			
B.K. Sahoo ^{@6} (DIN 00160494)	Independent	5/6	No	7	1	-
S. Manoharan ⁷ (DIN 03521659)	Independent	2/2	No	-	-	-
P.K. Bajaj ⁷ (DIN 02216069)	Independent	2/2	No	-	-	-
S. Raghunath ⁷ (DIN 00458251)	Independent	2/2	No	3	-	-

Notes:

Chairpersonship and membership of Audit Committee and Stakeholder's Relationship Committee alone considered

* Nominees of Govt. of India

** Other than KIOCL

@ Chairman Audit Committee

1. Appointed as Director (Finance) w.e.f. 11.11.2016.
2. Ceased to be Director (Finance) w.e.f. 31.05.2016.
3. Appointed as Govt. Nominee Director w.e.f. 08.02.2017.
4. Ceased to be Govt. Nominee Director w.e.f. 30.11.2016.
5. Appointed as Independent Director w.e.f. 10.02.2017.
6. Ceased to be Independent Director w.e.f. 29.01.2017.
7. Cease to be Independent Directors w.e.f. 04.07.2016.

Number of Meetings of the Board held and Dates on which held

The Board met seven times during the Financial Year on 06.04.2016, 25.05.2016, 02.08.2016, 14.09.2016, 28.11.2016, 24.01.2017 and 25.02.2017. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

Disclosure of Relationships between Directors *Inter-se*

There is no *inter-se* relationship between Directors of the Company, as per declarations received from them.

Number of shares held by Non-Executive Directors

None of the Non-Executive Directors holds Shares in the Company.

Familiarization Programme imparted to Independent Directors

During the year under review, your Company has nominated Independent Directors to the training programmes organized by Department of Public Enterprises, Ministry of Heavy Industries & Public Enterprises. Company is also providing a corporate kit to all Directors on their appointment which includes information's about Company and its products, Memorandum of Association and Articles of Association of the Company, roles, rights, and responsibilities of Independent Directors etc.



Resolution through Circulation

Circular Resolution passed during the year under review were in accordance with the provisions of Sub-Section 1 of Section 175 of the Companies Act, 2013 read with Rule 5 of the Companies (Meeting of Board and its Powers) Rules, 2014 and Rule 6 of the Secretarial Standard on Meeting of the Board of Directors. The same was placed before the subsequent Meeting of the Board of Directors and was made part of the Minutes of the Board Meeting.

Declaration of Independence

Independent Directors have given declaration under Section 149(7) of the Companies Act, 2013 that they meet the criteria of independence as laid down in under Section 149(6) of the said Act.

Board Meetings and Procedure

Meetings of Board of Directors are governed by a structured agenda items supported with comprehensive notes, containing all the relevant information, so as to enable the Directors to have focused discussion at the meeting and informed decision taking.

All the relevant information as specified in regulation 17(7) read with Part A of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and Annexure-IV of the guidelines on Corporate Governance for CPSE's issued by DPE is placed before the Board. The Agenda Notes are circulated to 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 during 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. The members of the Board have complete freedom to express their opinion and have unfettered and complete access to information in the Company.

As a mandatory part of the procedure, the Company presents a comprehensive action taken report (ATR) of the previous meetings to the Board of Directors at the ensuing meetings.

Code of Conduct

In pursuance to Regulation 17(5), 26(3) and Schedule-V(D) of SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015 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. www.kioclltd.in. The Code of Conduct is incorporated with the duties of Independent Directors as laid down in the Companies Act, 2013 and 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.

Prohibition of Insider Trading

In compliance with the Regulations No 8 & 9 of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulation, 2015, Board of Directors of your Company has approved “Code of Practices & Procedures for Fair Disclosure of Unpublished Price Sensitive Information and Conduct of Regulating, Monitoring & Reporting of Trading by Insiders of KIOCL Limited” and is placed on Company’s website. The concerned persons defined under the Code should obtain prior permission to deal in the securities during the trading window beyond the specified limits. Periodical disclosures are also required to be made to prevent the instances of insider trading.

Director Shareholding

None of your Director is having shareholding in the Company as on March 31, 2017.

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, as prescribed under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015. Currently, The following five Committees are functioning:

- Audit & Risk Management Committee;
- Nomination & Remuneration Committee;
- Corporate Social Responsibility Committee;
- Stakeholders Relationship Committee; and
- Investment, Project Appraisal & Monitoring Committee.

Audit & Risk Management Committee

Brief Description of Term’s of Reference

The Company has an Audit & Risk Management Committee at the Board level in compliance with the terms of reference as provided in Section 177 of the Companies Act, 2013 read with Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014, Regulation 18 and Part C of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and DPE guidelines. The Committee acts as a link between the Management, the Auditors and the Board of Directors to oversee the financial reporting process of the Company.

Composition of the Committee

The Audit & Risk Management Committee consists of two 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 are the permanent invitees to the meetings. In addition, other Functional Directors except CMD, Auditors and Senior Managerial Personnel are 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.



Meetings and Attendance during the Year

The Committee met six times in the Financial Year under review on 24.05.2016, 25.06.2016, 27.08.2016, 28.11.2016, 24.01.2017 & 25.02.2017. The time gap between two Audit Committee Meetings is not more than one hundred and twenty days. During the year under review, the Audit Committee met Statutory Auditors, Internal Auditors 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 March 31, 2017 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/Smt.)	Category	Attendance
Madhav Lal ¹ , Chairman	Independent Director	6/6
B. K. Sahoo ² , Chairman	Independent Director	4/5
Deepika Sharma ³ , Member	Independent Director	1/1
MV Subba Rao, Member	Director (Commercial)	6/6
S. Manoharan ⁴ , Member	Independent Director	2/2
P. K. Bajaj ⁴ , Member	Independent Director	2/2
S. Raghunath ⁴ , Member	Independent Director	1/2

1. Appointed as Chairman w.e.f. 16.02.2017.

2. Ceased to be Chairman w.e.f. 29.01.2017

3. Appointed as Member w.e.f. 16.02.2017.

4. Ceased to be Member w.e.f. 04.07.2016.

Nomination & Remuneration Committee

Brief Description of Terms of Reference

The Board has constituted a Nomination & Remuneration Committee (N&RC), which is functioning w.e.f. May 16, 2014 with terms of reference 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 and Regulation 19 and Part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

Composition of the Committee

The Nomination & Remuneration Committee consists of two Independent Directors and one Non-Official Part Time Govt. Director. The Chairman of the Committee is an Independent Director. Company Secretary acts as a Secretary to the Committee.

Meeting and attendance during the year

The Committee met thrice during the year under review on 27.08.2016, 24.01.2017, & 25.02.2017. The attendance of the members at the Meetings is given at Table 3.

Table 3: Attendance Record of Nomination & Remuneration Committee Meeting

Name of Director (S/Shri/Smt)	Category	Attendance
Madhav Lal, Chairman	Independent Director	3/3
Deepika Sharma ¹ , Member	Independent Director	1/1
T. Srinivas, Member	Govt. Nominee Director	3/3
B.K. Sahoo ² , Member	Independent Director	2/3

1. Appointed as Member w.e.f. 16.02.2017.

2. Ceased to be Member w.e.f. 29.01.2017.

Performance evaluation criteria for Independent Directors

Govt. of India, Ministry of Corporate Affairs vide notification dated 5th June 2015 exempted Govt. Companies from the applicability of Section 134(3)(p), which deals with Board's Report to include statement giving manner of annual evaluation by the Board of its performance, and that of its committees and Individual Directors.

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. May 16, 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 thrice during the year under review on 06.04.2016, 25.06.2016 and 27.08.2016.

The composition of the Corporate Social Responsibility Committee 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/Smt)	Category	Attendance
Madhav Lal ¹ , Chairman	Independent Director	1/1
Dr. Deepika Sharma ¹ , Member	Independent Director	-
S. Manoharan ² , Chairman	Independent Director	2/2
S. Raghunath ² , Member	Independent Director	1/2
B.K. Sahoo ³ , Member	Independent Director	1/1
N. Vidyananda, Member	Director (P&P)	3/3
Laxminarayana ⁴ , Member	Director (Finance)	1/1
MV Subba Rao ⁵ , Member	I/c Director (Finance)	2/2



1. Appointed as Chairman / Member w.e.f. 16.02.2017.
2. Ceased to be Members w.e.f. 04.07.2016.
3. Appointed as Member w.e.f. 16.08.2016 and ceased w.e.f. 29.01.2017
4. Ceased to be Member w.e.f. 31.05.2016
5. Attended in the capacity of in-charge Director (Finance)

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 and Regulation 20 and Part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, a Stakeholders Relationship Committee has been constituted by the Board and has been functioning in the Company w.e.f. May 16, 2014.

The constitution of the Committee is as under:

Name of Director (S/Shri/Smt)	Category
Deepika Sharma ¹ , Chairman	Independent Director
Madhav Lal ¹ , Member	Independent Director
N. Vidyananda, Member	Director (P&P)
S.K. Gorai ² , Member	Director (Finance)
B.K. Sahoo ³ , Chairman	Independent Director
S Manoharan ⁴ , Member	Independent Director
S. Raghunath ⁴ , Member	Independent Director
Laxminarayana ⁵ , Member	Director (Finance)

1. Appointed as Chairman / Member w.e.f. 16.02.2017.
2. Appointed as Member w.e.f. 11.11.2016
3. Appointed as Chairman w.e.f. 16.08.2016 and ceased w.e.f. 29.01.2017
4. Ceased to be Members w.e.f. 04.07.2016.
5. Ceased to be Member w.e.f. 31.05.2016

Company Secretary is the Compliance Officer of the Company. 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 proposals on Investment and monitor the progress of the investments and advise suitability to the Board to take decision, an Investment, Project Appraisal & Monitoring Committee has been constituted by the Board w.e.f May 16, 2014. The role of the Committee *inter-alia* includes 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 twice during the year under review on 27.08.2016 and 14.09.2016.

The composition of the Investment, Project Appraisal & Monitoring Committee as on 31.03.2017 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/Smt)	Category	Attendance
Madhav Lal ¹ , Chairman	Independent Director	2/2
Deepika Sharma ¹ , Member	Independent Director	-
M.V. Subba Rao ² , Member	I/c Director (Finance)	2/2
N Vidyananda, Member	Director (P & P)	2/2
S.K. Gorai ³ , Member	Director (Finance)	-
B.K. Sahoo ⁴ , Member	Independent Director	2/2

1. Appointed as Chairman / Member w.e.f. 16.02.2017.

2. Attended in the capacity of in-charge Director (Finance).

3. Appointed w.e.f. 11.11.2016.

4. Appointed as Member w.e.f. 16.08.2016 and ceased w.e.f. 29.01.2017.

Independent Directors Meeting

In pursuance to regulation 25(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, the Independent Directors met once during the year on 18.04.2016 to discuss issue as defined in the Para VII of Schedule IV of Companies Act, 2013 and DPE guidelines.

Performance Evaluation of the Board

The Companies Act, 2013 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 Company's Recruitment and Promotion Rules and other related manuals as approved/amended by the Board of the Company from time to time. Hence, the Board has adopted the appointment/remuneration etc. of KMPs and Senior Management Personnel as per the Company's Recruitment and Promotion Rules and other related manuals.

Remuneration to Directors

Whole Time Directors

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 cum 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. It also indicates that in respect of other terms & conditions not covered in the letter, the relevant rules of the Company shall apply.

Pursuant to the provisions of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the details of remuneration paid to Functional Directors during Financial Year 2016-17 are annexed to this Report.

Non-Official Part Time Govt. Nominee Directors

Non Official Part Time Government Nominee Directors are neither paid any remuneration nor paid sitting fees for attending Board Meetings. None of the Govt. Nominee Directors have any pecuniary relationship or transactions with the Company during the year.

Independent Directors

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 within the overall limit prescribed under the Companies Act, 2013 read with Rule 4 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules 2015 and Regulation 17(6) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015. Details of sitting fees paid to the Independent Directors during Financial Year 2016-17 are annexed to this report.

There was no payment of commission to the Board of Directors nor any stock option scheme offered to them during the year.

Extract of Annual Return

In terms of Section 92(3) of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return in form MGT 9 is annexed to this Report.



Ratio of Remuneration to each Director

Ratio of remuneration to each Director in pursuance to Section 197(12) of the Companies Act, 2013 read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 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 Loans, Guarantees or Investments u/s 186

No loan, guarantee or investment made by the Company under section 186 of the Companies Act, 2013 during the Financial Year 2016-17.

Particulars of Contracts or Arrangements with Related Parties

No 'Related Party Transactions' entered into with 'Related Parties' as defined under the Companies Act, 2013 and Regulation 2(1) (zb) & (zc) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the Financial Year 2016-17 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 and dealing with Related Party transactions, which has been uploaded on the Company's website.

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 undertake corrective actions in their respective areas and thereby strengthening the controls. Significant audit observations and corrective actions thereon are presented to the Audit & Risk Management Committee of the Company.

Significant and Material orders passed by the Courts/Regulators

During the year under review, no significant and material orders passed by the regulators or courts or tribunals that impact the going concern status and company's operations in future.

CEO and CFO Certification

As required by Reg. 17(8) and Part-B of Schedule-II of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, the CEO and CFO certification is appended as an Annexure to this Report.



Additional Disclosures

In pursuance to regulation 26 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, none of the Directors on the Board is member of more than ten Committees or act as Chairperson of more than five Committees, across all listed entities in which he / she is a Director.

- There is no inter-se relationship between Directors of the Company, as per declarations received.
- There has been no instance of 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.
- Whistle Blower Policy is in operation in Company w.e.f. 06.12.2012.

Risk Management

Pursuant to the requirement of Regulation 21 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 risk trend, exposure and potential impact analysis at a Company level as also separately for business segments.

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.

Reconciliation of Share Capital Audit

As required by the Securities and 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 Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) and held in physical form with the issued and listed capital. The certificate is regularly submitted to the Stock Exchanges.

General Body Meetings

Locations & Time of last three AGM's & details of special resolution passed.

Date	AGM	Location	Time	Special Resolution Passed
Sept.24, 2016	40 th *	Registered Office at Bengaluru	12 Noon	No Special Resolution Passed
Sept.07, 2015	39 th *		12 Noon	No Special Resolution Passed
Sept.06, 2014	38 th		12 Noon	No Special Resolution Passed

* The AGM was conducted in compliance with Secretarial Standard on General Meeting (SS-1) issued by The Institute of Company Secretaries of India (ICSI).

Details of Special Resolution proposed to be conducted

No Special Resolution is proposed to be conducted during the 41st AGM.

Extraordinary General Meeting

During the year under review, no Extraordinary General Meeting was held.

Means of Communication

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 all editions of the Financial Express & Bengaluru edition of Vijayavani. Date of Board meeting to adopt financial results, Date of Annual General Meeting and Postal Ballot etc., are also published in widely circulated National Newspapers.

NSE Electronic Application Processing System (NEAPS)

The NEAPS is a web-based application designed for corporates. All periodical compliance filings in the shareholding pattern, corporate governance request, media releases, statement of investor compliants, among others are also filed electronically on the Listing Centre.

MSEI's mylisting & corpcompliance portals

Mylisting & corpcompliance is a web-based application designed for corporates. All periodical compliance filings like corporate governance report, media releases, statement of investor complaints among other are filed on mylisting portal and shareholding pattern is filed on corpcompliance portal of MSEI.

General Shareholders Information

Annual General Meeting for the Financial Year 2016-17

Day and Date	Thursday, 31-08-2017
Time	12.00 Noon
Venue	Pellet Auditorium, KIOCL Limited, II Block, Koramangala, Bengaluru – 560 034

Financial Year

The Company's Financial Year is from 1st April to 31st March.

Company's Equity Shares are listed on the following stock exchanges:

National Stock Exchange of India Limited (NSE)

Metropolitan Stock Exchange of India Limited (MSEI)

Listing fees for the Financial Year 2016-17 has been paid.

Stock Code

NSE	KIOCL
MSEI	KIOCL



Custodial Fees to Depositories

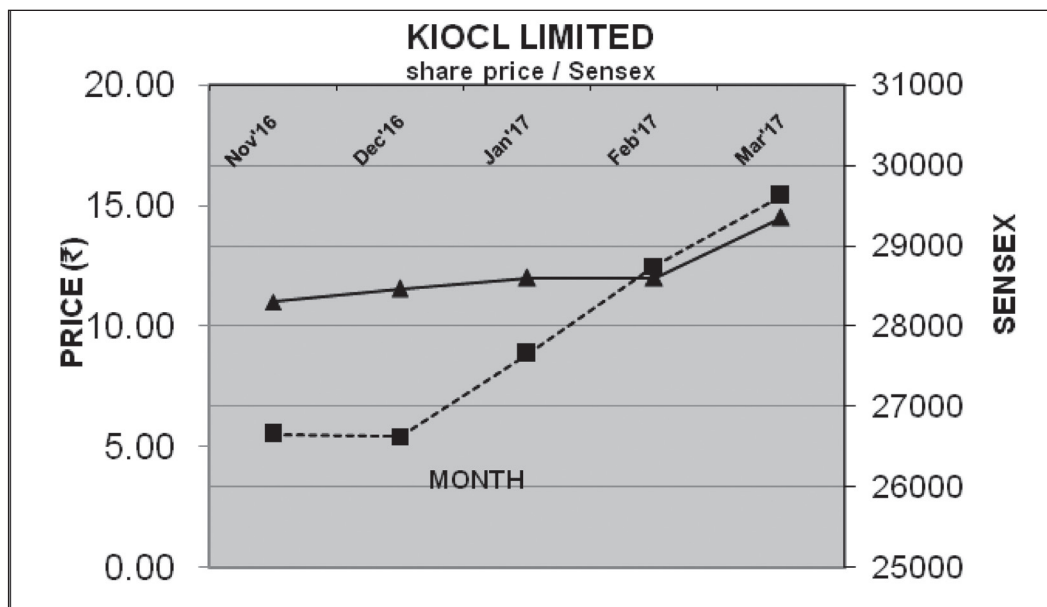
Your Company had paid custodial fees for the Financial Year 2016-17 to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

Market Price Data

Market price data for shares traded at National Stock Exchange of India Limited (NSE) is as under:

Month	NSE	
	Highest	Lowest
November'16	10.50	10.50
December'16	11.55	11.55
January'17	-	-
February'17	12.00	12.00
March'17	14.50	14.50

Performance in comparison to broad based indices such as BSE Sensex, CRISIL Index etc.



Registrars and Transfer Agents

M/s Integrated Registry Management Services Private Limited.

Regd. Office: 30, Ramana Residency,
4th Cross, Sampige Road, Malleswaram,
Bengaluru – 560003

Tel. No.: 080-23460815-81

Email id: irg@integratedindia.in

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 Registry Management Services Private 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.

Shareholders Pattern as on 31.03.2017

Category	Number of shares	Shares in dematerialized mode	Shares in Physical mode	%age of Shareholding
Central Govt./State Govt.(s)	628144130	628144130	-	99.00
Mutual Funds/UTI	2270100	1936667	333433	0.36
Financial Institutions/Banks	800000	800000	-	0.13
Insurance Companies	2778300	2778300	-	0.44
Bodies Corporate	152321	152021	300	0.02
Resident Indians & others	368949	261523	107426	0.05
Total	634513800	634072641	441159	100.00

Dematerialization of Shares and Liquidity

The Shares of the Company continue to be an eligible security in dematerialized form by CDSL and NSDL with ISIN No. INE880L01014. As on March 31, 2017, 99.93% of the Company's total paid up Capital representing 634,072,641 Shares is in dematerialized form.

Outstanding GDRs/ADRs/Warrants

There are no outstanding GDRs/ADRs/warrants or any convertible instruments.

Plant Locations

Pellet Plant Unit and Blast Furnace unit of the Company are located in Dakshina Kannada District of Karnataka.

Address for 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, Bengaluru - 560034
 Telefax: 080-25531525 E-mail: cs@kioclltd.com



Investor Education & Protection Fund (IEPF)

Pursuant to the applicable provisions of the Companies Act, 2013, read with the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('the Rules'), all unpaid or unclaimed Dividend are required to be transferred by the Company to the IEPF established by the Central Government, after the completion of seven years. Further, according to the Rules, the Shares in respect of Dividend, which has not been paid or claimed by the Shareholders for seven consecutive years or more shall also be transferred to the demat account created by IEPF Authority. Accordingly, the Company has transferred the unclaimed and unpaid Dividends. Further, the corresponding Shares will also be transferred the unclaimed and unpaid Dividends. Further, the corresponding shares will be transferred as per the requirements of the IEPF rules, details of which are provided in our website, at http://www.kiocltd.in/shareholders_communication.shtml.

Details of Resolution passed through Postal Ballot

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

Remote e-voting at the AGM

To allow the shareholders to vote on the resolutions proposed at the AGM, the Company has arranged for a remote e-voting facility. The Company has engaged CDSL to provide e-voting facility to all the members. Members whose names appear on the register of members as on 24.08.2017 shall be eligible to participate in the e-voting.

The facility for voting through ballot will also be made available at the AGM, and the members who cannot cast their vote by remote e-voting can exercise their vote at the AGM.

Financial Calendar for 2017-18 (Tentative)

Financial Report for the Quarter ending June 30, 2017	Within 45 days of the end of each quarter.
Financial Report for the Quarter ending September 30, 2017	Within 45 days of the end of each quarter.
Financial Report for the Quarter ending December 31, 2017	Within 45 days of the end of each quarter.
Financial Report for the Quarter ending March 31, 2018	Within 60 days of the end of the Financial Year.
Annual General Meeting for the year 2017-18	Last week of September, 2018

Book Closure

The Register of Members and Share Transfer Books of the Company shall remain closed from 25.08.2017 to 31.08.2017 (Both days inclusive).

Compliance Certificate

As required under regulation 34(3) and Para E of the Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, the certificate from a practicing Company Secretary pertaining to compliance of conditions of Corporate Governance is annexed with the Directors Report. The quarterly report on compliance with the Corporate Governance requirements prescribed by DPE is also sent to Administrative Ministry regularly.

Registered Office

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

Other Disclosures

Besides the mandatory requirements as mentioned above, the other disclosures as specified in Schedule V(C)(10) of SEBI (Listing Obligations and Disclosure Requirements) is reproduced below:

A.	Disclosures on materially significant related party transactions that may have potential conflict with the interests of listed entity at large;	No related transactions entered into with Related Parties as defined under the Companies Act, 2013 and Regulation 53(f) and Para A of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 during the Financial Year 2016-17 which attract the provisions of Section 188 of the Companies Act, 2013, as such annexure AOC is not furnished.
B.	Details of non-compliance by the listed entity, penalties, strictures imposed on the listed entity by stock exchange(s) or the board or any statutory authority, on any matter related to capital markets, during the last three years;	Not Applicable
C.	Details of establishment of vigil mechanism, whistle blower policy, and affirmation that no personnel has been denied access to the audit committee;	Whistle Blower Policy duly approved by the Board of Directors is hosted on Company website and no personnel have been denied access to the Audit Committee.
D.	Details of compliance with mandatory requirements and adoption of the non-mandatory requirements;	Complied
E.	Web link where policy for determining 'material' subsidiaries is disclosed;	Not Applicable
F.	Web link where policy on dealing with related party transactions;	https://www.kioclltd.in/user/cms/90
G.	Disclosure of commodity price risks and commodity hedging activities.	Not Applicable



Non-Compliance

In pursuance to schedule V (C) (11) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, we report non-compliance to regulation 17(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 regarding composition of Board of Directors as two Independent Director post is lying vacant.

The extent to which the discretionary requirements specified in Part E of Schedule II have been adopted

A. The Board A non-executive chairperson may be entitled to maintain a Chairperson's Office at the listed entity's expense and also allowed reimbursement of expenses incurred in performance of his duties.	Currently, Chairman is an Executive Chairman.
B. Shareholder Rights A half-yearly declaration of financial performance including summary of the significant events in last six-months, may be sent to each household of shareholders	Results are placed on the Company website and published in leading newspapers.
C. Modified opinion(s) in Audit Report The listed entity may move towards a regime of financial statements with unmodified audit opinion.	Statutory Auditors have given unmodified opinion in Form-A on the financial results ended on 31 st March 2017.
D. Separate Posts of Chairperson & CEO The listed entity may appoint separate persons to the post of Chairperson and Managing Director or Chief Executive Officer.	Ministry of Steel has appointed Chairman-cum-Managing Director and there are no separate persons to the post of Chairperson and Managing Director or Chief Executive Officer.
E. Reporting of Internal Auditor The internal auditor may report directly to the Audit Committee.	Internal Auditors Reports to Audit Committee.

COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS

Except those compliances as observed in the Corporate Governance Certificate and in Secretarial Audit Report, the Company has complied with Corporate Governance Requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015.



MANAGEMENT DISCUSSION AND ANALYSIS

A. INDUSTRY STRUCTURE AND DEVELOPMENT

World Steel production increased by 0.8% from 1498.2 Million Tons in 2015 to 1,628.5 Million Tons in 2016. The upward momentum in global production was supported by a 1.2% increase in China to 808.4 Million Tons, as well as rapid growth of 7% in the Middle East. State support in the form of subsidies and tax breaks enabled Chinese Steel producers to maintain elevated levels of Steel production in 2016 inspite of subdued market conditions. Elevated levels of Chinese Steel production propped up the global demand for Iron Ore. Iron Ore prices witnessed a revival over the course of 2016, breaking the trend of the continuous decline over the preceding two years. Iron ore spot prices ended the year at levels of \$80 per dry metric ton, which are comparable to levels seen at the start of 2015.

The year 2017 has started on a strong note in terms of production, with crude Steel output worldwide rising 7% in January in year-on-year terms. Steel demand growth returned to positive territory during 2016, and for many economies only late in the year.

Demand growth is nevertheless expected to remain modest as Chinese Steel demand, which accounts for 45% of the World total, is anticipated to decrease again in 2017. As unfair trade practices by Chinese traders increased, trade remedy measures continued to increase throughout 2016. A number of trade restrictive measures implemented during 2016 are likely to be affecting Steel trade. These include minimum import prices, safe guard duties, quotas, use of lists of criterion values and local content requirements. Such trade related regulatory action is expected to limit the export market for Chinese Steels going forward. Amid slowing economic growth and a shrinking export market, China's Steel industry could be compelled to lower production levels in 2017. A decline in Steel output may negatively impact Chinese demand for iron ore as well.

On the domestic front, India became the 3rd largest producer of Steel in 2015 and is now well on track to emerge as the 2nd largest producer after China. Consumption of steel grew by just 3.2% to 73.75 Million Tons during April-December 2016. Crude Steel production in India rose by 8.8% to 72.35 Million Tons during April-December 2016 where as crude Steel output in China, Japan and Russia grew by mere 0.5-3%, output in USA remained flat and that in Korea Republic (South) declined by 1.3% during the same period.

There is significant potential for growth given the low per capita Steel consumption of 61 Kg in India, as compared to World average of 208 Kg. Indian economy is rapidly growing with enormous focus on infrastructure and construction sector. The Finance Minister in his budget speech announced a record allocation of INR 3.96 trillion to infrastructure sector. Several initiatives mainly, affordable housing, expansion of railway networks, development of domestic shipbuilding industry, opening up of defence sector for private participation, and the anticipated growth in the automobile sector, are expected to create significant demand for Steel in the Country. Further, while the main focus of the industry is on the domestic market, being in vicinity of the developed west and developing east, provides it a strategic location that augurs well for the industry seeking opportunities for exports of finished goods and imports of some scarcely available raw materials.



During 2016-17, your Company dispatched 1.387 Million Tons of Pellets out of which 0.898 Million Tons of Pellets were exported.

Though the Company exhibited astounding improvement in its performance during 2016-17 vis-à-vis 2015-16, it still had unutilized spare capacity. The Company is vigorously perusing the idea of entering into Contracts with back to back arrangements where customers will supply iron ore and buy equivalent quantity of Pellets produced in its Plant, thereby ensuring assured market for its Pellets.

To sum up, in 2016, Steel demand recovery was stronger than expected with the upside mostly coming from China. Cyclical upturn in Steel demand with a continuing recovery in the developed economies and an accelerating growth momentum in the emerging and developing economies may be witnessed in 2017. However, US policy, uncertainties, Brexit, the rising populist wave in current European elections and the potential retreat from Globalization and free trade under the pressure of rising nationalism adds a new dimension of uncertainty in investment environments.

B. SWOT ANALYSIS

In the ever changing business environment, your 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
- Allotment of 470.40 ha of Iron and Manganese ore mine in Devadari Range in favour of KIOCL by Govt. of Karnataka.
- 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
- Professionally dedicated Management team
- Diversified Board having vast professional expertise

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
 - Elaborate tendering process meeting CVC Guidelines 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.
- 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.
- Expected Early Resolution of mining licensing issues, and 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 manufactured from Karnataka Ore.
 - 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 or lumps in place of Pellets.

C. PRODUCT-WISE PERFORMANCE

The production target vis-a-vis actual achievement with capacity utilization during last five years including current year is depicted as under:-

(Qty. In Million Tons)

Year	MoU Target	Actual Production	Utilization of installed Capacity in %
2016-17	1.300	1.460	42
2015-16	1.800	0.100	3
2014-15	1.800	0.785	22
2013-14	1.700	1.710	49
2012-13	2.500	1.265	36

(Installed capacity of Pellet Plant is 3.500 Million Tons / Annum).

D. FUTURE OUTLOOK

Being a zero debt Company with large Equity base and highly technical manpower, Your Company is exploring various possibilities of diversifying into new areas of business such as acquisition of 51% stake in M/s Industrial Development Corporation of Odisha Limited (IDCOL), acquiring new mining leases, setting up of Beneficiation cum Pellet Plants under JVs, O&M contracts, Built Own & Operate (BOO) with new Pellet Plants, Project Management Consultancy etc.

The Company proposes to set up a Permanent Railway Siding facilities along with Bulk Material Handling System at about 3 kms from Pellet Plant Unit of KIOCL, Panambur, Mangaluru. The estimated cost is Rs.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 from other private parties. In the original alignment of the railway track, there was a diamond crossing. From the safety point of view, Southern Railways are not allowing any diamond crossing for the railway tracks. Meanwhile, Southern Railway informed that they are in the process of establishing a full-fledged station at Jokatte which is very close to the Company's siding take off point. As such, only one entry take off is sufficient from Kankanady side and thus avoiding the diamond crossing issue. Your Company has approached M/s Konkan Railway Corporation Ltd to update the DPR and subsequently take up the construction works. M/s KRCL has agreed to do so.

In long term perspective, Company has taken strategic initiative to set up forward and backward integration at BFU. Company has plans to set up Billet Caster, Rolling Mills (TMT bar) as forward integration and Sinter plant, Coke Oven plant as backward integration, apart from introducing various capacity enhancement methods in BFU.

On recommendation of Govt of Karnataka, Ministry of Mines, GoI dated 05.12.2016 granted approval under section 17(A) 2 of MMDR Act 1957 for reserving area of 470.40 ha in Devadari Range, Sandur Taluk, Bellary Dist in favour of your Company. Subsequently, GoK issued Gazette notification on 23.01.2017 for reservation of said area for mining lease of iron and manganese. Company has been working for obtaining statutory clearances such as Mining plan, Environmental plan and Forest clearance for execution of mining lease deed with GoK. Company proposes to set up 4 Mtpa Beneficiation Plant for enhancement of ore quality and 2 Mtpa Pelletisation Plant at mine site.

A tripartite MoU among your Company, M/s APMDC and M/s RINL was signed on 22.06.2013 for exploration and exploitation of Nemkallu Iron Ore deposit in Ananthapuram Dist. of Andhra Pradesh. Govt. of Andhra Pradesh issued notification dated 30 November 2015 reserving an area over an extent of 1327 hectares for iron ore in Comp. Nos.692, 693, 694 in Minchery R.F. of Kalyandurg Range in favour of M/s Andhra Pradesh Mineral Development Corporation Limited (APMDC) under Section 17A (2) of the Mines and Minerals (D&R) Act, 1957. On receiving forest clearance for exploratory drilling, the same will be undertaken by APMDC and the Company jointly. Based on the feasibility, Joint Venture Company will be formed between APMDC and the Company for development of mine. For value addition, your Company will set up suitable capacity Beneficiation and Pelletization Plant.

Company has been participating in mineral auctions being conducted by various State Governments for prospecting license/mining of various minerals to add on mineral assets base in the Company.

Your Company has entered into MoU for Joint Venture with M/s West Bengal Mineral Development & Trading Corporation Ltd (WBMDTCL) on 08.01.2016 for exploration and development of iron ore mine in the State of West Bengal. Consultant has been appointed for preparation of Joint Venture Agreement (JVA), Share Holders Agreement (SHA) and incorporation of the JV Company.

Company has been offered with 16% stake by NMDC in the proposed JVC for setting up of 13 Mtpa slurry pipeline from Nagarnar to Vizag and 8mtpa Filter plant and 6 mtpa Pellet plant at Visakhapatnam.

Company has plan for expansion and diversification in to other business sectors by joining hands for investment in the equity stake for setting up of mega Integrated Steel Plant with M/s NMDC in the State of Karnataka.

Company has been offered two blocks, one for Iron Ore in the State of Tamil Nadu and another for Gold in the State of Karnataka by Ministry of Mines, GoI for G4 level exploration with the fund allocated through NMET.

Karnataka Industrial Areas Development Board (KIADB), GoK has allotted 4.32 Acres of land in the industrial corridor at Obdenahalli Village, Doddabalapur in favour of Company. Company has plans to set up R&D Centre with State of the art facilities for carrying out research, specifically in the field of Mining, Mineral Beneficiation & Pelletisation, Steel sectors along with training centre for imparting training in the Mineral Industry. Company is in the process of engaging Consultant to draw up detailed project report to put in to use this land asset for an economic activity.



O & M vertical 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. Company has been operating another O&M for beneficiation of chrome ore at OMC's Plant at Kaliapani.

National Steel Policy 2017 aspires to achieve 300 MT of Steel-making capacity by 2030. The new Steel Policy seeks to increase per capita Steel consumption to the level of 160 Kgs by 2030 from existing level of around 60 Kgs and to increase the per capita consumption of Steel to global levels. Steel making by using Pellets instead of Sinter improves productivity, reduces emission, facilitates utilization of low grade fines which are piled up at various mines through Beneficiation.

India, the World's third largest Steel consumer has budgeted a record \$59 billion for 2017-18 for Steel-intensive infrastructure projects such as ports, roads, railways and power. There is a proposal that India may soon mandate the use of local Steel in Government infrastructure projects. This would boost domestic Steel Industry.

Your Company will aggressively make efforts to further improve its performance in domestic market both by way of direct supplies to Steel mills and also entering into back to back contracts with Steel mills.

Further, as an Exported Oriented Unit, your Company will continue to focus on exports. In order to sustain market turbulence and improve Capacity utilization of the Pellet Plant, your Company will renew its focus on entering into back to back arrangement with pellet customers where the agency would supply iron ore fines to us and buy equivalent quantity of pellets. In this process we will not only sustain market fluctuations but also contribute towards achieving 'Make in India' programme which encourages export of value added product and earn foreign exchange.

Iran is the largest crude Steel producer in the Middle East and World's second largest DRI producer. Iran produces DRI using the abundantly available low cost natural gas. However, it does not have high grade lump ore/pellets, 66% Fe Min, required for production. As our Plant is strategically located on the west coast of India to supply Pellets with captive berth and mechanical loading facilities, has established business relations with Iran, which can reach Iran in a span of about one week.

IMIDRO and other agencies have expressed keen interest to sell concentrate to us and receive equivalent quantity of Iron Ore Pellets to fill the demand and supply gap in Iran. Your Company is also exploring the possibility of entering into long term agreements with Brazilian miners who are capable of supplying Iron Ore with Fe 67% and above, for producing DR grade Pellets and achieve higher realisation.

E. RISKS & CONCERNS

The main risks and the areas of concern for the Company are (a) non-availability of Captive mines and (b) increasing merchant and Captive Pellet Plant capacities in the Country (c) continuous import of DR Grade Pellets and Lump Ore at competitive prices by Integrated Steel Plants put pressure on Indian Pellet prices alongwith (d) high logistic cost for raw materials (e) due to un-economical price of Pig Iron, Blast Furnace Unit was shut down w.e.f. 05.08.2009.

F. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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 2016-17. 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 Auditor is placed before the Audit & Risk Management Committee on quarterly basis.

G. FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The Financial performance of the Company for the year 2016-17 in brief is furnished below:-

(₹ in Crores)

Particulars	2016-17	2015-16
Sales	929.36	205.57
Profit /(Loss) Before Tax for the year	31.22	(89.67)
Profit /(Loss) After Tax	47.93	(80.15)

Note: Figures for the Financial Year 2015-16 are re-arranged as per Ind AS.

b) Cash Flow information: - An abstract of Cash Flow statement for the year ended on 31st March, 2017 is as under:-

(₹ in Crores)

A)	Opening Cash and Cash Equivalents as at 01.04.2016	459.96
B)	Net Cash from Operating Activities	(261.27)
C)	Net Cash from Investing Activities	302.34
D)	Net Cash used in Financing Activities	(8.44)
E)	Cash and Cash Equivalent as at 31.03.2017	492.59

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

The Company aims at providing motivation and growth opportunities for its employees. It also encourages them and creates an environment for best utilization of their skills in achieving the Company's objectives. During the year under report, 3960 mandays training for both Executives and Non-executives were provided. Industrial Relations situation remained peaceful throughout the year. As on March 31, 2017, the Company had 922 employees on its rolls comprising of 303 Executives including Non-Unionized Supervisors (33%) and 619 Non Executive Employees (67%).

I. DISCLOSURE OF ACCOUNTING TREATMENT {(Schedule V(B)(2)}

With the mandatory implementation of Indian Accounting Standard (Ind AS) w.e.f. 01.04.2016, the existing Accounting Policies has been modified to bring it in line with Ind AS.



J. CAUTIONARY STATEMENT

Certain statements in this report regarding our business operations may constitute forward-looking statements. These include all statements other than statements of historical fact, including those regarding the financial position, business strategy, management plans and objectives for future operations. Forward-looking statements can be identified by words such as 'believes', 'estimates', 'anticipates', 'expects', 'intends', 'may', 'will', 'plans', 'outlook' and other words of similar meaning in connection with a discussion of future operating or financial performance. Forward-looking statements are necessarily dependent on assumptions, data or methods that may be incorrect or imprecise and that may be incapable of being realised, and as such, are not intended to be a guarantee of future results, but constitute our current expectations based on reasonable assumptions. Actual results could differ materially from those projected in any forward-looking statements due to various events, risks, uncertainties and other factors. We neither intend to nor assume any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

ANNEXURE TO BOARD'S REPORT

COMPLIANCE WITH CODE OF CONDUCT

In pursuance to the provisions of Companies Act, 2013 ("the Act"), Regulation 17 (5) & 26 (3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and as per 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 Personnel 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 2016-17.

(M.V. Subba Rao)

Chairman-cum-Managing Director (Addl. Charge)
and Director (Commercial) &
Chief Executive Officer

Place : Bengaluru
Date : 25.07.2017

ANNEXURE TO BOARD'S REPORT

CEO / CFO CERTIFICATION

The Board of Directors
KIOCL Limited,
II Block, Koramangala,
Bengaluru-560034

Sub: Chief Executive Officer / Chief Financial Officer 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 2017 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.



(M.V. Subba Rao)

Chairman-cum-Managing Director (Addl. Charge)
and Director (Commercial) & Chief Executive Officer



(S.K. Gorai)

Director (Finance) &
Chief Financial Officer

Place : Bengaluru

Date : 25/07/2017



ANNEXURE TO BOARD'S REPORT

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2017

[Pursuant to section 204(1) of the Companies Act, 2013 and rule

No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Shareholders,
KIOCL Limited

I 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 31.03.2017 complied with the statutory provisions listed here under 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 herein after:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31.03.2017 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) Payment of Gratuity Act, 1972.
 - l) Industrial Employment (standing orders) 1946
 - m) Employees Provident Fund And Misc. Provisions Act, 1952
 - n) Employers State Insurance Act,1948
 - o) The Payment of Bonus Act, 1965
 - p) Electricity Act, 2003
 - q) Indian Stamp Act,1999
 - r) Income Tax Act, 1961 and Indirect Tax Laws
 - s) Negotiable Instrument Act, 1881
 - t) 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
- (ii) The Listing Agreements entered into by the Company with Metropolitan Stock Exchange & National 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. *In the financial year Company's independent director's strength is less than 50% as per the provisions of LODR. However, as explained to us, the Company has taken up the matter of appointment of four Independent Directors with Govt. of India and same is under the consideration of Govt. of India.*
2. *Company has not maintained minimum level of public shareholding; as stipulated in Regulation 38 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 read with Rule 19(2) and Rule 19A of the Securities Contracts (Regulation) Rules, 1957, however with the amendment to Rule 19A, the Company has time upto 21.08.2017 to bring down its holding to 75% to comply with the relevant regulations. However, as explained to us, the Company has taken up the matter for dilution of 25% of the Govt. of India holding with Ministry of Steel.*
3. *In view of the negative average net profit the company was not required to make any allocation to CSR funds but company has unspent carry forwards amount of Rs.43.50 lakhs, for the same company has made the discloser in the directors report as per the compliance requirements. Further out of the carry forwarded amount company has spent Rs.38.19 lakhs. As explained to us, the there is still unspent amount of Rs.5.31 lakhs carried to next year.*
4. *The Chairman of the Audit Committee and Nomination & Remuneration Committee were not present in the AGM held on 24.09.2016.*

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors strength was less than 50%. 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 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.

DATE : 29.05.2017
PLACE : BANGALORE

Sd/-
NAMAN GURUMURTHI JOSHI
PRACTICING COMPANY SECRETARY
CP :9579 MNO.F8389

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 responsibility of the Management of the Company. My responsibility is to express an opinion on these secretarial records based on audit.
2. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records, financial statement and Books of Account of the Company. For the accounting and financial compliance we have relied on the report of internal auditor and statutory auditor.
4. Where ever required, I have obtained the Management Representation about the compliances of laws, rules and regulations as per there representation report has been finalised.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management; my examination was limited to 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.

DATE : 29.05.2017
PLACE : BANGALORE

Sd/-
NAMAN GURUMURTHI JOSHI
PRACTICING COMPANY SECRETARY
CP :9579 MNO.F8389



COMMENTS/OBSERVATIONS OF THE SECRETARIAL AUDITOR AND REPLY BY THE COMPANY

Auditors Report Para No.	Comments / Observations	Reply by the Company
1.	<i>In the financial year Company's independent director's strength is less than 50% as per the provisions of LODR. However, as explained to us, the Company has taken up the matter of appointment of four Independent Directors with Govt. of India and same is under the consideration of Govt. of India.</i>	<i>The observation is self-explanatory</i>
2.	<i>Company has not maintained minimum level of public shareholding; as stipulated in Regulation 38 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 read with Rule 19(2) and Rule 19A of the Securities Contracts (Regulation) Rules, 1957, however with the amendment to Rule 19A, the Company has time upto 21.08.2017 to bring down its holding to 75% to comply with the relevant regulations. However, as explained to us, the Company has taken up the matter for dilution of 25% of the Govt. of India holding with Ministry of Steel.</i>	<i>The observation is self-explanatory</i>
3.	<i>In view of the negative average net profit the company was not required to make any allocation to CSR funds but company has unspent carry forwards amount of Rs. 43.50 lakhs, for the same company has made the disclosure in the directors report as per the compliance requirements. Further out of the carry forwarded amount company has spent Rs.38.19 lakhs. As explained to us, there is still unspent amount of Rs.5.31 lakhs carried to next year.</i>	<i>The observation is self-explanatory.</i>
4.	<i>The Chairman of the Audit Committee and Nomination & Remuneration Committee were not present in the AGM held on 24.09.2016</i>	<i>This is a factual position.</i>



ANNEXURE TO BOARD'S REPORT

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To,
The Board of Directors
KIOCL Limited
Bangalore

We have examined all relevant records of KIOCL Limited, for the purpose of certifying compliance of the conditions of Corporate Governance pursuant with SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 for the financial year ending March 31, 2017.

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 Regulation.

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 SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 as on March 31, 2017 except the following: -

- i. *As per the Regulation 17(1)(a) of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, the Company does not have an optimum combination of executive and non-executive directors for the Quarter ending 31st December, 2016.*
- ii. *Four Independent Directors Post remains vacant which is not in conformity with DPE guidelines on Corporate Governance and regulation 17(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.*
- iii. *The Chairman of the Audit Committee and Nomination & Remuneration Committee were not present in the AGM held on 24.09.2016.*

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.

Sd/-

Name: **V.Mahesh**

Practicing Company Secretary

C. P. No. : 2473

FCS No.: 4162

Place: Bangalore/Chennai

Date : 22/05/2017



COMMENTS/OBSERVATIONS ON THE CORPORATE GOVERNANCE CERTIFICATE AND REPLY BY THE COMPANY

Auditors Report Para No	Comments / Observations	Reply by the Company
i.	<i>As per the Regulation 17(1)(a) of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, the Company does not have an optimum combination of executive and non-executive directors for the Quarter ending 31st December, 2016.</i>	<i>This is a factual position. However, the Company has taken up the matter for dilution of 25% of the Govt. of India holding with Ministry of Steel.</i>
ii.	<i>Four Independent Directors Post remains vacant which is not in conformity with DPE guidelines on Corporate Governance and regulation 17(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.</i>	<i>This is a factual position. However, the Company has taken up the matter of appointment of four Independent Directors with Govt. of India and same is under the consideration of Govt. of India.</i>
iii.	<i>The Chairman of the Audit Committee and Nomination & Remuneration Committee were not present in the AGM held on 24.09.2016.</i>	<i>This is a factual position.</i>

ANNEXURE TO BOARD'S REPORT
DETAILS OF AMOUNT SPENT ON CSR ACTIVITIES DURING THE FINANCIAL YEAR 2016-17
1 A brief outline of the Company's CSR policy, including overview of projects or programmes undertaken and a reference to the web-link to the CSR policy and projects or programmes.

CSR Policy <https://www.kioclltd.in/user/cms/95>

2 Composition of the CSR Committee:

Sri Madhav Lal, Independent Director, Chairman
 Dr. Deepika Sharma, Independent Director, Member
 Sri N. Vidyananda, Director (P&P), Member
 Sri SK Gorai, Director (Finance), Member

3 Average Net profit of the Company for last three financial years:

Average Net profit: ₹ (2.3) Crores

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

Not applicable in view of the Sl.No. 3 above. Unspent amount of ₹ 43.50 lakhs from FY 2015-16 brought forward to FY 2016-17.

5 Details of CSR spend for the financial year:

- Total amount spent for the Financial Year: ₹ 38.19 lakhs
- Amount unspent, if any: ₹ 5.31 lakhs.

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

(₹ in Lakhs)

Sl. 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)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Installation of Reverse Osmosis (RO) Plant in Kumbawada Village & Ulvi Vilage for supply of pure drinking water at Uttara Kannada District, Karnataka	Safe Drinking Water	Kumbawada & Ulvi, Karwar, Karnataka	9.90	9.90	9.90	9.90
2	Educational Assistance to Economically Backward Children in and around Bengaluru by providing Teaching Aid	Promotion of Education	Bengaluru Karnataka	2.10	2.05	2.05	2.05



KUDREMUKH

Building, Shaping, Rejuvenating

3	Scholarship to meritorious students belonging to poor / BPL families in and around Bengaluru identified in Govt. High Schools	Promotion of Education	Bengaluru Karnataka	0.50	0.50	0.50	0.50
4	Maintenance of Toilets in Madiwala PU College, Bengaluru constructed under Swachh Bharath-Swachh Vidyalaya Abhiyan during 2014-15 for the period of three years	Swachh Vidyalaya Abhiyan	Bengaluru Karnataka	0.25	0.12	0.12	0.12
5	Conversion of terrace roofing into assembly hall cum class room & upgradation of College Building at Govt. PU College, Kavour, Mangaluru	Promotion of Education	Mangaluru Karnataka	4.00	6.34	6.34	6.34
6	Upgradation of toilet block for girl students and providing new access path way for boys toilets from inside of school building at Govt. Higher Primary School, Panjimogaru, Mangaluru	Swachh Vidyalaya Abhiyan	Mangaluru Karnataka	4.00	3.86	3.86	3.86
7	Extension, upgradation and facelift for the existing building by providing additional facilities like extension of roof, grills, doors etc. at Keshava Shishu Mandira, Vidya Nagara, Kulai-Mangaluru	Promotion of Education and child care	Mangaluru Karnataka	1.25	1.22	1.22	1.22
8	Scholarship to meritorious students belonging to poor/ BPL families in and around Mangaluru identified in Govt. PU College, Govt. Polytechnic (Support for 10 meritorious students belonging poor families-Rs.5000 Per child)	Promotion of Education	Mangaluru Karnataka	0.50	0.50	0.50	0.50
9	Construction of one toilet block at Sri Chandrakantha Aided Higher Primary School, Nooralbettu Village, Karkala Taluk	Swachh Vidyalaya Abhiyan	Karkala Taluk, Udupi District, Karnataka	2.25	2.25	2.25	2.25
10	Maintenance of Toilets in 6 Schools at Mangaluru & Kudremukh constructed under Swachh Bharath-Swachh Vidyalaya Abhiyan during 2014-15 for the period of three years	Swachh Vidyalaya Abhiyan	Mangaluru, Chickmagaluru Karnataka	1.50	0.48	0.48	0.48
11	Providing stainless steel drinking water storage cum dispensing units with purification system for Kulur Higher Primary School & High School, Mangaluru	Safe Drinking water	Mangaluru Karnataka	1.00	0.69	0.69	0.69
12	Medical Assistance to Poor & Economically weaker section of the Society at Kudremukh and Mangaluru	Health Care	Mangaluru, Chickmagaluru Karnataka	1.25	1.25	1.25	1.25

13	Providing Pure Drinking Water facility with Reverse Osmosis in PURI Jagannath Temple, Odisha	Safe Drinking Water	Puri-Odisha	7.5	* 7.45	* 7.45	*7.45
14	Construction of public toilets in Kaliapani	Swachh Bharath Abhiyan	Kaliapani Odisha	5.90	-	-	-
15	Distribution of medical equipments such as Tricycles, Wheel chair and Hearing aid to differently abled persons in Kaliapani	Health Care	Kaliapani Odisha	1.00	1.00	1.00	1.00
16	Educational Assistance to Panda Niyoga Sanskrit Vidyalaya, Sree Mandir, Puri, Odisha	Promotion of Education	Puri-Odisha	0.60	0.58	0.58	0.58
				43.50	38.19	38.19	38.19

Note: ₹ 7.45 Lakhs is including maintenance of RO Plant for a period of 3 years.

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

In view of SL.No. 3 above, the same is not applicable. The unspent amount of Rs. 5.31 Lakhs will be carried forward and utilized during Financial Year 2017-18.

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.



(Sri Malay Chatterjee)

Chairman-cum Managing Director



(Sri Madhav Lal)

Chairman CSR Committee

Date : 29.05.2017

Place : New Delhi



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]

At KIOCL, Energy Conservation is ongoing process and efforts to conserve energy in all possible areas are continued uninterruptedly and sustainability is an integral part of the Company's business philosophy.

A. CONSERVATION OF ENERGY

a. Steps for utilizing alternate sources of energy.

I. Grid connected Roof Top Solar plants have been set up in the Captive Power Plant (CPP) area of Pellet Plant Unit. The total capacity of the plant is 83.2 KWP. The panels have been set up on top of the cooling water plant and the CPP office buildings. Works on two units have been completed but yet to be connected to the Grid.

A similar grid connected plant has also been set up in the BF Unit with a total capacity of 293 KWP. Four units have been set up on top of the Stores (140 KWP), Welfare Building (51 KWP), Administration Building (64 KWP) and MSDS building (38 KWP). Two of the units are already operational in BFU and two units are in the final stages of commissioning.

II. As part of our effort towards cutting down the cost of energy consumed we have purchased almost 70% of our total energy utilized in PP Unit from IEX and saved Rs.11,27,67,833/- in the year 2016-17.

Another cost saving measure was by reducing the Contract Demand (CD) from 30 MVA to 20 MVA thus reducing Rs.18,00,000/- from the monthly electricity bills.

d. Steps taken towards Energy conservation

LED fittings have been replaced in place of conventional Mid bay and high bay fittings in various locations in PP Unit. Energy efficient motors are being replaced whenever motor replacement is taken up.

Introduction of Fan less Cooling Towers by removing 5 nos. of 30 KW motors in BFU during the recent refurbishing of BFU is another energy saving measure. This is likely to reduce energy cost by Rs. 56 lakhs per year during plant operation.

Energy Management and conservation measures at Pellet Plant Unit for last two years.

During 2015-16 KIOCL invested Rs.4.00 lakhs towards procurement of LED fittings in PP unit.

- a) Heat consumption is '000 K calories
2015-16 – 239.40
2016-17 - 246.31
(Maximum Demand – 21.36
MVA recorded in September 2016)

- b) Energy consumption per ton in last two years
 2015-16 – 71.68 Kwh/T
(for 21 production days from 27-10-2015 to 24-12-2015)
 2016-17 - 63.11 Kwh/T
- c) Energy consumption in PP unit
 2015-16 – 11.4 Gwh
 2016-17 - 92.14 Gwh

B TECHNOLOGY ABSORPTION

Research & Development (R & D)

- ✓ Areas where R&D carried out by the Company
- Study on effect of addition of Mill scales on physical properties of pellets;
 - Modifications and improvements;
 - Conveyor commissioned to feed iron ore concentrate.
- ✓ Benefits derived as result of above R & D
- We had incorporated “Study on effect of addition of Mill scales on physical properties of pellets” under MoU as an R&D initiative. Study on this subject has been carried out successfully at Lab level. This would be further pursued at plant level in due course depending on the production requirements.
 - Further, internally we have been doing modifications for improving the productivity and reduce cost of production. To quote, following action was initiated departmentally and with internal resources.
 - A new conveyor CB-100 has been commissioned to feed iron ore concentrate from Shed No.2 to Pellet Plant (Earlier Shed No.2 was earmarked only for ball mill feed). The new conveyor facilitated us to store iron ore concentrate received from outside agencies and feed the same to Pellet Plant for pellet making. This helped us to avoid double handling of material.
- ✓ Expenditure on R & D

(₹ in lakhs)

		2015-16	2016-17
a)	Capital	NIL	NIL
b)	Revenue	17.00	NIL
c)	Total	17.00	NIL
d)	As % of total turnover	0.09	NIL

C. FOREIGN EXCHANGE EARNINGS & OUTGO

(₹ in lakhs)

	2015-16	2016-17
Foreign exchange earned	7,222.38	51,675.58
Foreign exchange used	3,478.71	13,881.40



ANNEXURE TO BOARD'S REPORT

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED 31.03.2017

[PURSUANT TO SECTION 92(3) OF THE COMPANIES ACT, 2013, AND RULE 12(1) OF THE COMPANIES (MANAGEMENT AND ADMINISTRATION) RULES, 2014]

FORM NO. MGT - 9

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 / Government Company u/s 2(45) of the Companies Act, 2013
Address of the Registered Office and contact details	II Block, Koramangala, Bengaluru – 560034, Karnataka
Whether listed company	Listed at: - a) National Stock Exchange of India Ltd. b) Metropolitan Stock Exchange of India Ltd.
Name, address and contact details of Registrar and Transfer Agent, if any	M/s Integrated Registry Management Services (P) Ltd. Regd. Office: 30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bengaluru – 560003 Tel. No.: 080-23460815-81 Email id: irg@integratedindia.in

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	99.99
Pig Iron	72011000	0.01

III. Particulars of Holding, Subsidiary and Associate 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)	412394	108876	521270	0.08	413544	107726	521270	0.08	-
TOTAL	634071491	442309	634513800	100.00	634072641	441159	634513800	100.00	-

ii) Shareholding of Promoters

Share holders Name	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% change in share holding 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	NIL	628144130	99.00	NIL	-

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	628144130	99.00	628144130	99.00
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	628144130	99.00	628144130	99.00



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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	IN30378610004683 – PNB REDEEMED SCHEMES – UNCLAIMED ACCOUNT	-	-	1166667	0.26
3	IN30081210001728 – THE NEW INDIA ASSURANCE COMPANY LIMITED	730300	0.12	730300	0.12
4	IN30012611213062 – CANARA ROBECO MUTUAL FUND A/C CANARA ROBECO EQUITY DIVERSIFIED	595000	0.09	595000	0.09
5	IN30134820002990 – ICICI BANK LTD	500000	0.08	500000	0.08
6	0001013 - PUNJAB NATIONAL BANK PRINCIPAL	333333	0.05	333333	0.05
7	IN30081210501028 – PUNJAB NATIONAL BANK	300000	0.05	300000	0.05
8	IN30081210000543 – UNITED INDIA INSURANCE COMPANY LIMITED	240000	0.04	240000	0.04
9	IN3037861002163 – MAGNUM BOND FUND 1994	175000	0.03	175000	0.03
10	IN30081210000560 – THE ORIENTAL INSURANCE COMPANY LIMITED	160000	0.03	160000	0.03

v) Shareholding of Directors and Key Managerial Personnel				
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
Sri Laxminarayana, Director (Finance)				
At the beginning of the year	100	Negligible	100	Negligible
Date wise Increase/Decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	Not Applicable		No Change	
At the end of the year	100	Negligible	100	Negligible

Note: - Except Sri Laxminarayana, Director (Finance), none of the Directors or KMP was holding any shares in the Company

vi) Indebtness				
Indebtedness of the Company including interest outstanding/accrued but not due for payment				
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
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)	-	-	-	-



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vii. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Sri Malay Chatterjee, Chairman-cum-Managing Director	Sri MV Subba Rao, Director (Commercial)	Sri N. Vidyananda, Director (P&P)	Sri SK Gorai Director (Finance)	Sri Laxminarayana Director (Finance)	Total Amount
1	Gross Salary						
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	2817797	2769931	2554945	733875	2504310	11380858
	b) Value of perquisites under Section 17(2) Income Tax Act, 1961	491179	385555	379420	109432	100286	1465872
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-	-	-	-
2	Stock Options	-	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-	-
4	Commission	-	-	-	-	-	-
	- as % of profit	-	-	-	-	-	-
	- others, specify	-	-	-	-	-	-
5	Others, please specify i. Deferred bonus (pertaining to the current Financial year payable in 2018) ii. Retirals	-	-	-	-	-	-
	Total (A)	3308976	3155486	2934365	843307	2604596	12846730

B. Remuneration to other Directors:

1. Independent Directors (S/Sri)

Particulars of Remuneration	S. Manoharan	PK Bajaj	S. Raghunath	BK Sahoo	Madhav Lal	Dr. Deepika Sharma	Total Amount
Fee for attending Board/ Committee Meetings	115000	85000	85000	250000	330000	50000	915000
-Commission	-	-	-	-	-	-	-
- Others, please specify	-	-	-	-	-	-	-
Total (B)(1)	115000	85000	85000	250000	330000	50000	915000

2. Other Non-Executive Directors							
Total (B)(2)	-	-	-	-	-	-	-
Total (B)= (B)(1)+ (B)(2)	115000	85000	85000	250000	330000	50000	915000

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD		
Sl. 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	1667968
	(b) Value of perquisites under Section 17(2) Income Tax Act, 1961	-
	c) Profit in lieu of salary under Section 17(3) Income Tax Act, 1961	-
2	Stock Options	-
3	Sweat Equity	-
4	Commission	-
	- as % of profit	-
	- others, specify	-
5	Others, please specify – Retirals	-
	please specify - Retirals	-
	Total (C)	1667968

VII. 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					



STANDALONE FINANCIAL STATEMENTS

- ❖ Independent Auditor's Report on Financial Statement
- ❖ Comments of C&AG u/s 143 (6)(b) of the Companies Act -2013
- ❖ Balance Sheet
- ❖ Statement of Profit & Loss
- ❖ Statement of Changes in Equity
- ❖ Cash Flow Statement
- ❖ Notes to the Financial Statements



INDEPENDENT AUDITOR'S REPORT

To the Members of KIOCL Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of KIOCL Limited ('the Company'), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "standalone Ind AS financial statements").

Management's Responsibility for the Standalone 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 standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued there under.

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 judgments 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 standalone Ind AS 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 standalone Ind AS financial statements based on our audit. We have considered 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 standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the



auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS 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 including the Ind AS, of the financial position of the Company as at 31 March, 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the **Annexure A**, a statement on the matters specified in the paragraph 3 and 4 of the order.
2. As required by section 143(5), we have included in the **Annexure-B**, a statement on the matters specified in the 'Directions' and in our opinion, no action is required to be taken thereon and there is no impact on the accounts and financial statements of the company.
3. 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 purposes 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, the statement of cash flows and the statement of changes in equity dealt with by this Report agree with the books of account;
 - (d) in our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rule issued thereunder;

- (e) On the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in “**Annexure C**”; and
- (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 as per the explanations given to us:
 - i) the Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 24.2 other notes forming part of the standalone Ind AS financial statements;
 - ii) the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
 - iii) there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company; and
 - iv) the Company has provided requisite disclosures in its standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 24.17 other notes forming part of the standalone Ind AS financial statements.

For Anand & Ponnappan

Chartered Accountants

Firm’s registration number: 000111S

Place : New Delhi

Date : 29.05.2017

Sd/-

R Ponnappan

Partner

Membership number: 021695



Annexure - A to the Independent Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone Ind AS financial statements for the year ended 31 March 2017, we report that:

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) According to the information and explanations given to us and based on our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) Physical verification of inventory has been conducted at reasonable intervals by the management and material discrepancies were not noticed;
- (iii) The Company has not granted loans to bodies corporate 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, the Company has not entered into any transaction attracting the provisions of section 185 and 186 of the Act.
- (v) The Company has not accepted any deposits from the public.
- (vi) Maintenance of cost records has been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 and such accounts and records have been so made and maintained.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of employees' state insurance and duty of excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues were in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of duty of customs which have not been deposited with the appropriate authorities on account of any dispute. However, according to information and explanations given to us, the following dues of income tax, sales tax, duty of excise, service tax and value added tax have not been deposited by the Company on account of disputes:

(₹ In Lakhs)

Name of the statute	Nature of dues	Amount	Period to which the amount relates	Forum where dispute is pending
Central Excise	Non-Payment of SAD on DTA clearance of pellets	1454.11	2010-11	CESTAT
Central Excise	Non-Payment of SAD on DTA clearance of pellets	1248.99	2011-12	CESTAT
Central Excise	Non-Payment of SAD on DTA clearance of pellets	3145.21	2011-12	CESTAT
Service tax	Service tax	23.14	2014-15	CESTAT
Service tax	Service tax	21.00	2016-17	CESTAT
Income Tax	Regular Assessment	159.97	2010-11	ITAT (Bengaluru)
Income Tax	Regular Assessment	298.01	2011-12	CIT (Appeals)
Income Tax	Regular Assessment	11.45	2012-13	CIT (Appeals)
Sales Tax	For sale of Kudremukh Assets	945.80	2013-14	Karnataka Appellate Tribunal

- (viii) The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.



- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone Ind AS financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For Anand & Ponnappan

Chartered Accountants

Firm's registration number: 000111S

Place : New Delhi

Date : 29.05.2017

Sd/-

R Ponnappan

Partner

Membership number: 021695



Annexure B to the Independent Auditors Report

On the statement of the matters specified in the directions of Comptroller and Auditor General of India

1. Whether the company has, clear title/lease deeds for freehold and leasehold land respectively? If not, please state the area of freehold and leasehold land for which title/lease deed are not available

According to the information and explanations given to us, all leasehold and freehold land reflected in the books of accounts are registered in the name of the company.

2. Whether there are any cases of waiver/write off of debts/loans/interest etc., if yes, the reasons there for and the amount involved

According to the information and explanations given to us, during the year under audit, there are no cases of waiver/ write off of debts/loans/interest.

3. Whether proper records are maintained for inventories lying with third parties & assets received as gifts/ grants from Government or other authorities

According to the information and explanations given to us no assets have been received as gift/ grant from Government or other authorities.

For Anand & Ponnappan

Chartered Accountants

Firm's registration number: 000111S

Place : New Delhi

Date : 29.05.2017

Sd/-

R Ponnappan

Partner

Membership number: 021695



Annexure - C to the Independent Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of KIOCL Limited (“the Company”) as of 31 March 2017, in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (‘ICAI’). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Anand & Ponnappan

Chartered Accountants

Firm's registration number: 000111S

Place : New Delhi

Date : 29.05.2017

Sd/-

R Ponnappan

Partner

Membership number: 021695



COMMENTS OF THE COMPTROLLER AND AUDITORS GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE ACCOUNTS OF KIOCL LIMITED, BENGALURU FOR THE YEAR ENDED 31 MARCH 2017.

The preparation of financial statements of **KIOCL Limited, Bengaluru**, for the year ended **31 March 2017** in accordance with the financial reporting framework prescribed under the Companies Act, 2013(Act) is the responsibility of the management of the company. The statutory auditor/ auditors appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act bases on 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 **29 May 2017**.

I, on 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, Bengaluru** for the year ended **31 March 2017**. This supplementary audit has been carried out independently without access to the working papers of the statutory audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors 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 to any comment upon or supplement to statutory auditors' report.

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

Sd/-

(L. Tochhawng)

Director General of Commercial Audit &
Ex-Officio Member, Audit Board,
Hyderabad

Place: Hyderabad

Dated : 06 June 2017



KUDREMUKH

Building, Shaping, Rejuvenating

Balance Sheet as at 31st March, 2017

₹ in Lakhs

Particulars	Note No.	Figures as at the end of current reporting period 31-03-2017		Figures as at the end of Previous Reporting Period 31-03-2016		Figures as at the end of Previous Reporting Period 01-04-2015	
ASSETS							
Non-Current Assets							
Property, Plant and Equipment	3	22,104.97		23,823.08		25,354.18	
Capital Work-in-progress	4	72.25		1.65		1.65	
Financial Assets							
i) Loans	5.1.a	118.80		158.72		186.35	
ii) Other Financial Assets	5.2.a	1,082.18		1,082.58		1,068.25	
Other Non-Current Assets	9.a						
Deferred Tax Assets (net)	6	3,346.29		1,055.30		725.26	
Total Non-Current Assets			26,724.49		26,121.33		27,335.69
Current Assets							
Inventories	7	16,316.93		6,346.90		33,141.92	
Financial Assets							
i) Trade Receivables	5.3	14,438.84		1,604.59		1,330.98	
ii) Cash and Cash equivalents	5.4.a	49,258.86		45,995.66		46,532.60	
iii) Bank Balances other than (ii) above	5.4.b	1,35,241.67		1,49,678.74		1,38,784.75	
iv) Loans	5.1.b	64.88		64.99		77.21	
v) Other Financial Assets	5.2.b	482.07		536.29		499.39	
Current Income Tax Assets (net)	8	5,491.59		3,528.19		1,299.79	
Other Current Assets	9.b	6,109.92		4,652.67		4,646.36	
Total Current Assets			2,27,404.76		2,12,408.03		2,26,313.00
TOTAL ASSETS			2,54,129.25		2,38,529.36		2,53,648.69
EQUITY AND LIABILITIES							
Equity							
Share Capital	10	63,451.38		63,451.38		63,451.38	
Other Equity	11	1,46,704.81		1,42,789.53		1,51,514.61	
Total Equity			2,10,156.19		2,06,240.91		2,14,965.99
Liabilities							
Non-Current Liabilities							
Financial Liabilities	12.1.a	83.81		79.54		74.59	
Employee Benefit Obligation	13.1.a	17,540.91		14,466.93		13,724.67	
Total Non-Current Liabilities			17,624.72		14,546.47		13,799.26
Current Liabilities							
Financial Liabilities							
i) Trade Payables	12.2	15,799.65		8,293.37		8,694.26	
ii) Other Financial Liabilities	12.1.b	6,154.97		5,814.72		8,977.33	
Employee Benefit Obligation	13.1.b	906.58		611.83		702.45	
Other Current Liabilities	14	3,487.14		3,022.06		6,509.40	
Total Current Liabilities			26,348.34		17,741.98		24,883.44
Total Equity and Liabilities			2,54,129.25		2,38,529.36		2,53,648.69
Significant Accounting Policies, First time adoption of Ind AS and other Notes forming part of Financial Statements.	1,23 and 24						

For and on behalf of Board of Directors

Malay Chatterjee
Chairman-cum-Managing Director

S K Gorai
Director (Finance)

as per our report of even date
for **M/s Anand & Ponnappan**
Chartered Accountants
(Firm Registration No:000111S)

Place : New Delhi
Date : 29th May, 2017

S K Padhi
Company Secretary

(R Ponnappan)
Partner
Membership No:021695



KUDREMU KH

Building, Shaping, Rejuvenating

Statement of Profit and Loss for the period ended 31st March'2017

₹ in Lakhs

	Particulars	Note No.	Figures as at the end of current reporting period 31-03-2017		Figures as at the end of Previous Reporting Period 31-03-2016	
I.	Revenue					
	Revenue from Operations	15		92,935.82		20,557.41
	Other Income	16		15,637.11		21,381.92
	Total Revenue			1,08,572.93		41,939.33
II.	Expenditure					
	Cost of Materials Consumed			63,793.09		6,072.74
	Changes in Inventories -Pellet feed	17		1,073.35		(12.95)
	Changes in Inventories -Finished product	17		(5,405.15)		21,103.55
	Power and Fuel			11,452.43		1,748.67
	Employee Benefits Expense	18		15,010.72		11,802.58
	Excise Duty on Sale of Finished goods			5,952.17		2,154.80
	Depreciation and Amortization Expense	3		2,201.63		2,251.01
	Other Expenses	19		11,167.65		5,784.96
	Finance Costs			32.45		0.56
	Total Expenses			1,05,278.34		50,905.92
III.	Profit for the Year			3,294.59		(8,966.59)
	Before Exceptional items and Tax (I-II)					
IV.	Exceptional Items - Expenses	24(3)		(172.85)		-
V.	Profit Before Tax (III-IV)			3,121.74		(8,966.59)
VI.	Current Tax	20	1,195.43		-	
	MAT Credit Entitlement	20	(1,209.88)		-	
	Earlier years (Net)	20	-		(597.43)	
	Deferred Tax	20	(1,656.33)		(354.51)	
	Tax Expenses (Income)			(1,670.78)		(951.94)
VII.	Profit/(Loss) for the Year (V-VI)			4,792.52		(8,014.65)
VIII.	Other Comprehensive Income (Net of Tax)					
	Items that will not be reclassified to Profit or Loss:					
	Re-measurements of post employment benefits obligations	21	(49.63)		75.45	
	Tax (expenses)/benefit on the above	21	16.41	(33.22)	(24.48)	50.97
IX.	Total Comprehensive Income (VII+VIII)			4,759.30		(7,963.68)
X.	Earnings per Equity Share:					
	Equity Shares of par value Rs.10/- each					
	Basic and Diluted			0.76		(1.26)
	Number of Shares used in computing earnings per share			63,45,13,800		63,45,13,800
	Significant Accounting Policies, First time adoption of Ind AS and other Notes forming part of Financial Statements.	"1,23 and 24"				

For and on behalf of Board of Directors

Malay Chatterjee

Chairman-cum-Managing Director

S K Gorai

Director (Finance)

as per our report of even date

for M/s Anand & Ponnappan

Chartered Accountants

(Firm Registration No:000111S)

Place : New Delhi

Date : 29th May, 2017

S K Padhi

Company Secretary

(R Ponnappan)

Partner

Membership No:021695

Cash Flow Statement

For The Year Ended 31st March 2017

₹ in Lakhs

Particulars	Figures as at the end of Current Reporting Period 31-03-2017	Figures as at the end of Previous Reporting Period 31-03-2016
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Tax from Continuing Operations	3,121.74	(8,966.59)
Add/(Less) Adjustment for :		
Depreciation - Current year	2,201.63	2,251.01
Interest Income	(14,392.98)	(15,617.58)
Non-Cash Expenses	-	67.63
(Profit)/Loss on sale of Fixed assets	(63.90)	(23.85)
Operating Cash Flow before Working Capital Changes	(9,133.51)	(22,289.38)
Adjustment for :		
(Increase)/Decrease in Inventories	(9,970.03)	26,795.01
(Increase)/Decrease in Trade and Other Receivables	(18,476.60)	(2,798.01)
Increase/(Decrease) in Trade and Other Payables	11,530.22	(6,019.40)
Sale/deletion/transfer of Fixed Assets	(76.53)	(38.19)
Cash Generated from Operations	(26,126.45)	(4,349.97)
Direct Tax paid (Net of refunds)	-	
Net Cash from Operating Activities	(26,126.45)	(4,349.97)
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(414.96)	(671.46)
(Increase)/Decrease in Capital Work in Progress	(70.60)	
(Increase)/Decrease in Investment in Term Deposits with more than three months	14,437.07	(10,893.99)
Interest Received	16,091.06	15,938.14
Tax on Interest Received	119.22	180.34
Proceeds from sale of Fixed Assets	71.88	21.40
Net Cash from Investing Activities	30,233.67	4,574.43
C CASH FLOW FROM FINANCING ACTIVITIES		
Payment of Dividends and Dividend tax	(844.02)	(761.40)
Net Cash used in Financing Activities	(844.02)	(761.40)



Cash Flow Statement

continuation.....

₹ in Lakhs

Particulars	Figures as at the end of Current Reporting Period 31-03-2017	Figures as at the end of Previous Reporting Period 31-03-2016
ABSTRACT		
(A) Net Cash from Operating Activities	(26,126.45)	(4,349.97)
(B) Net Cash from Investing Activities	30,233.67	4,574.43
(C) Net Cash used in Financing Activities	(844.02)	(761.40)
Net Increase/(Decrease) in Cash and Cash Equivalents	3,263.20	(536.94)
Net Increase/(Decrease) in Cash and Cash Equivalents :		
Cash and Cash Equivalents as at 01.04.2016 (O.B)	45,995.66	46,532.60
Cash and Cash Equivalents as at 31.03.2017 (C.B)	49,258.86	45,995.66
Net Increase /(Decrease) in Cash and Cash Equivalents	3,263.20	(536.94)

Notes:

- 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.
- Additions to Fixed Assets and Capital Work-in-progress between the beginning and end of the period are treated as investing activities.
- Figures in brackets indicate cash outflows.

For and on behalf of Board of Directors

S.K.Padhi
Company Secretary

S K Gorai
Director(Finance)

Malay Chatterjee
Chairman-cum-Managing Director

Place : New Delhi
Date : 29th May, 2017

AUDITOR'S REPORT

We have examined the Cash Flow Statement of KIOCL LIMITED, for the year ended 31st March 2017. 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 and Loss Account and Balance sheet of the Company covered by our report dated 29th May, 2017 to the members of the Company.

for **M/s Anand & Ponnappan**
Chartered Accountants
(Firm Registration No:000111S)

Place : New Delhi
Date : 29th May, 2017

Sd/-
(R Ponnappan)
Partner
Membership No:021695



Statement of Changes in Equity

₹ in Lakhs

Particulars	Share Capital	General Reserves	Total Equity
Balance as at 01/04/2015	63,451.38	1,51,514.61	2,14,965.99
Restated Total Equity at the beginning of the Financial Year	63,451.38	1,51,514.61	2,14,965.99
Profit for the Year (2015-16)		(8,014.65)	(8,014.65)
Other Comprehensive Income (Net of tax)		50.97	50.97
Total Comprehensive Income for the period (2015-16)		(7,963.68)	(7,963.68)
Transactions with Owners in their capacity as Owners			
Dividend paid during the year (2015-16)		(634.51)	(634.51)
Dividend Distribution Tax paid		(126.89)	(126.89)
		(761.40)	(761.40)
Balance as at March 31, 2016	63,451.38	1,42,789.53	2,06,240.91
Balance as at 01/04/2016	63,451.38	1,42,789.53	2,06,240.91
Restated Total Equity at the beginning of the Financial Year (2016-17)	63,451.38	1,42,789.53	2,06,240.91
Profit for the Year (2016-17)		4,792.52	4,792.52
Other Comprehensive Income (Net of tax)		(33.22)	(33.22)
Total Comprehensive Income for the year ended 31.03.2017		4,759.30	4,759.30
Transactions with Owners in their capacity as Owners			
Dividend paid during the year (2016-17)		(697.97)	(697.97)
Dividend Distribution Tax paid		(146.05)	(146.05)
Balance as at March 31st 2017	63,451.38	1,46,704.81	2,10,156.19

For and on behalf of Board of Directors

S K Padhi
Company Secretary

S K Gorai
Director (Finance)

Malay Chatterjee
Chairman-cum-Managing Director

for M/s Anand & Ponnappan
Chartered Accountants
(Firm Registration No:000111S)

Place : New Delhi
Date : 29th May, 2017

(R Ponnappan)
Partner
Membership No:021695



Notes to Financial Statements

Background

KIOCL Limited (the “Company”) is a Schedule “A” Miniratna Government of India Enterprise, having its Head Office in Bengaluru; it has Pelletisation and Pig Iron Plant Units in Mangaluru. The Company was established as 100% Export Oriented Unit and is primarily engaged in the business of Iron Ore Mining, Beneficiation and Production of high quality Pellets. Recently the Company has diversified into Provision of Operating and Maintenance Services pertaining to its various core areas of expertise.

1. Significant Accounting Policies

1.1. Basis of Preparation

The Financial Statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The Financial Statements up to the year ended 31 March 2016 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act.

These Financial Statements are the first Financial Statements of the Company under Ind AS. Refer Note 23-“First time adoption of Ind AS” for an explanation of how the transition from previous GAAP to Ind AS has affected the Company’s financial position, financial performance and cash flows.

1.2. Historical Cost Convention

The Financial Statements have been prepared on a historical cost basis, except for the following:

- (i) Certain financial assets and financial liabilities that are measured at fair value; and
- (ii) Defined Benefit Plans - Plan assets are measured at fair value

1.3. Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The Chairman cum Managing Director (CMD) assesses the financial performance and position of the Company and makes strategic decisions. Accordingly, the Chairman cum Managing Director has been identified as the Chief Operating Decision Maker of the Company.

1.4. Foreign Currency Translation

- a) Functional and Presentation Currency :** Items included in the financial statement of the Company are measured using currency of the primary economic environment in which the entity operates (‘the functional currency’). India being the primary economic environment of the Company, the Financial Statements are presented in Indian Rupee (INR), which is Company’s functional and presentation currency.
- b) Transactions and Balances :** Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognized in Profit or Loss.
- c) The Company enters into certain forward contracts to hedge foreign exchange risks which are not designated as hedges. Such contracts are accounted for at fair value through Profit or Loss and are included in other gains/ (losses).

1.5. Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of Excise Duty and net of returns, Trade Allowances, Volume and other rebates, Value Added Taxes, Service Tax, Sales Tax and amounts collected on behalf of third parties.

The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that the future economic benefits will flow to the entity and specific criteria have been met for each of the Company’s activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue from sale of goods is recognized, when all the following conditions are met :

- the entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.



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.

Service charges on Operation & Maintenance services rendered are recognized on accrual basis.

Interest is recognized on accrual basis subject to certainty of realization.

Sale of Scrap is accounted for upon lifting of Scrap by the buyers.

Refunds of statutory duties and taxes, other than Service Tax, Export Duty and cess, are accounted for upon determination by the appropriate authority of the department concerned provided reasonable certainty exist for its ultimate realization.

Insurance and Railway claims are accounted for on receipt.

Export incentives are recognized as and when recovery of the amount is certain.

1.6. Government Grants

Grants from the Government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the Profit or Loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

Government grants relating to the purchase of Property, Plant and Equipment are included in non-current liabilities as deferred income and are credited to Profit or Loss on a Straight-Line basis over the expected lives of the related assets and presented within other income.

1.7. Income Tax

The Income Tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable Income Tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current Income Tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred Income Tax is provided in full using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred Income Tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred Income Tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or deferred income tax liability is settled.

Deferred Tax Assets are recognized for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in Profit or Loss, except to the extent that it relates to items recognized in Other Comprehensive Income or directly in Equity. In this case, the tax is also recognized in Other Comprehensive Income or directly in Equity, respectively.

1.8. Leases

As a Lessee : Leases of Property, Plant and Equipment where the Company, as lessee, has substantially all the risks and rewards of ownership, are classified as finance leases at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Profit or Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the Lessor) are charged to Profit or Loss on a Straight Line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.



As a Lessor : Lease income from operating leases where the Company is a Lessor is recognized in income on a Straight Line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the Balance Sheet based on their nature.

1.9. Impairment of Assets

Tangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

1.10. Cash and Cash Equivalents

For the purpose of presentation in the Statement of Cash Flows, Cash and Cash Equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

1.11. Trade Receivables

Trade Receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

1.12. Inventories

Stock of finished goods namely, Pellets and Pig Iron (including stock with the Consignment Agents) and semi finished goods are valued at lower of cost and 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.

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.

By-products are valued at estimated net realizable value.

Stores, Spares and Consumables with value less than Rs.1,000.00 each at the end of the year, are charged to consumption.

In respect of non-moving stores full provision is made if not moved for five or more consecutive completed financial years.

1.13. Non-Current Assets (or disposal groups) Held for Sale and Discontinued Operations

Non-current assets (or disposal groups) are classified as Held for Sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and contractual rights under insurance contracts, which are specifically exempt from this requirement.

Non-current assets classified as Held for Sale and the assets of a disposal group classified as Held for Sale are presented separately from the other assets in the Balance Sheet. The liabilities of a disposal group classified as Held for Sale are presented separately from other liabilities in the Balance Sheet.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortized while they are classified as Held for Sale. Interest and the other expenses attributable to the liabilities of a disposal group classified as Held for Sale continue to be recognized. An impairment loss is recognized for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognized for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognized. A gain or loss not previously recognized by the date of the sale of the non-current asset (or disposal group) is recognized at the date of de-recognition.

A discontinued operation is a component of the entity that has been disposed of or is classified as Held for Sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinate plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of Profit and Loss.

1.14. Financial Assets

The Company classifies its financial assets in the following measurement categories:-

- (i) those to be measured subsequently at fair value (either through Other Comprehensive Income, or through Profit or Loss), and
- (ii) those measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.



For assets measured at fair value, gains and losses are recorded either in Profit or Loss or Other Comprehensive Income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this depends on whether the Company has made an irrecoverable election at the time of initial recognition to account for the equity investment at fair value through Other Comprehensive Income.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through Profit or Loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through Profit or Loss are expensed in Profit or Loss.

Debt Instrument

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories when an instrument is classified as debt instrument:

- (i) **Amortized Cost** : Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in Profit or Loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
- (ii) **Fair Value through Other Comprehensive Income (FVOCI)** : Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at Fair Value through Other Comprehensive Income (FVOCI). Movements in the carrying amount are taken through OCI except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in Profit and Loss. When the financial asset is de-recognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to Profit or Loss and recognized in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.
- (iii) **Fair Value through Profit or Loss** : Assets that do not meet the criteria for amortized cost or FVOCI are measured at Fair Value through Profit or Loss. A gain or loss on a debt investment that is subsequently measured at Fair Value through Profit or Loss and is not part of a hedging relationship is recognized in Profit or Loss and presented net in the Statement of Profit and Loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.



Changes in the fair value of financial assets at Fair Value through Profit or Loss are recognized in other gain/ (losses) in the Statement of Profit and Loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment of Financial Assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which required expected lifetime losses to be recognized from initial recognition of the receivables.

De-recognition of Financial Assets

A financial asset is derecognized only when

- (i) The Company has transferred the rights to receive cash flows from the financial asset or
- (ii) Retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the financial asset.

Income Recognition

Interest income from financial instruments is recognized using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

Off-setting Financial Instruments

Financial assets and liabilities are offset and the net amount is reported in the Balance Sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.



1.15. Property, Plant and Equipment

Freehold land is carried at historical cost. All other items of Property, Plant and Equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in Profit or Loss within other gains/(losses).

Subsequent costs are included in the assets carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is de-recognized when replaced. All other repairs and maintenance are charged to Profit or Loss during the reporting period in which they are incurred.

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

Transition to Ind AS : On transition to Ind AS, the company has elected to continue with the carrying value of all of its Property, Plant and Equipment recognized as at 1 April 2015, measured as per the previous GAAP and use that carrying value as the deemed cost of the Property, Plant and Equipment.

Depreciation Methods, Estimated Useful Lives and Residual Value : Depreciation is calculated using the Straight Line Method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of certain leased fittings and equipment, the shorter lease term.

The useful lives have been determined based on technical evaluation done by the management's expert which are higher than those specified by Schedule II to the Companies Act, 2013, in order to reflect the actual usage of the assets. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Assets Useful Life (in Years)

Plant & Machinery	Useful Life (in Years)
Port Facilities- Continuous Process	10
Port Facilities- Non- Continuous Process	10
Pellet Plant - Continuous Process	8
Pellet Plant - Non- Continuous Process	8
Captive Power Plant	15
Blast Furnace Unit	8



Depreciation in respect of Assets whose actual cost does not exceed Rs.5,000 each and Temporary Structures has been provided in full retaining a nominal value of Rs.1 per item.

Cost of Leasehold Land is amortized over the period of lease. Assets on leasehold land are depreciated over the useful life of the assets.

1.16. Intangible Assets

Process Development Expenditure is recognized as an Internally Generated Intangible Asset. Intangible Assets are recognized when the following criteria are met:

- (i) it is technically feasible to complete the software so that it will be available for use
- (ii) management intends to complete the software and use or sell it
- (iii) there is an ability to use or sell the software
- (iv) it can be demonstrated how the software will generate probable future economic benefits
- (v) adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- (vi) the expenditure attributable to the software during its development can be reliably measured

Process Development Expenditure is amortized equally over a period of three years from the year of incurring.

Transition to Ind AS : On transition to Ind AS, the company has elected to continue with the carrying value of all the intangible assets recognized as at 1 April 2015, measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

1.17. Investment Properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as Investment Property. Investment Property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

When part of an Investment Property is replaced, the carrying amount of the replaced part is derecognized.

Investment Properties are depreciated using Straight Line Method over their estimated useful lives. The useful life is determined based on technical evaluation performed by the management's expert.



1.18. Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 60 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

1.19. Provisions

Provisions for legal claims, service warranties, volume discounts and returns are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

1.20. Employee Benefits

Short term Obligations : Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees service up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Other long term Employee Benefit Obligations : The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognized in Profit or Loss.



The obligations are presented as current liabilities in the Balance Sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

Defined Benefit Plan

Gratuity : The liability or asset recognized in the Balance Sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

Provident Fund : The Company's provident funds are administered by Trust set up by the Company where the Company's obligation is to provide the agreed benefit to the employees and the actuarial risk and investment risk if any fall in substance on the Company is treated as a defined benefit plan. Liability with regard to such provident fund plans are accrued based on actuarial valuation, based on Projected Unit Credit Method, carried out by an independent actuary at the Balance Sheet date.

The present value of the defined benefit obligation denominated in Indian Rupees is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of Profit and Loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the Statement of Changes in Equity and in the Balance Sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in Profit or Loss as past service cost.

Defined Contribution Plans

These are plans in which the Company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. These comprise of contributions to the Employees' Provident Fund with the Government, superannuation fund and certain state plans like Employees' State Insurance and Employees' Pension Scheme. The Company's payments to the defined contribution plans are recognized as expenses during the period in which the employees perform the services that the payment covers.



1.21. Contributed Equity

Equity shares are classified as Equity. Incremental costs directly attributable to the issue of new shares or options are shown in Equity as a deduction, net of tax, from the proceeds.

Dividends : Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

Basic Earnings per Share : Basic earnings per share are calculated by dividing:

- (i) the profit attributable to owners of the Company
- (ii) by the weighted average number of Equity Shares outstanding during the Financial Year, adjusted for bonus elements in Equity Shares issued during the year and excluding treasury shares.

Diluted Earnings per Share : Diluted earnings per Share adjusts the figures used in the determination of basic Earnings per Share to take into account :

- (i) The after income tax effect of interest and other financing costs associated with dilutive potential Equity Shares, and
- (ii) The weighted average number of additional Equity Shares that would have been outstanding assuming the conversion of all dilutive potential Equity Shares.

1.22. Mining Activity and Assets

Accounting policy for mining activities and assets is covered in the Indian Accounting Standard (Ind AS) 106 “Exploration for and evaluation of mineral resources”.

The Company is not in possession of any mining asset at present. Therefore, no policy has been formulated in current year. However, Policy will be in place before mining activities commences in Devadari Mines.

1.23 Exceptional Items

Exceptional items are disclosed separately in the Financial Statements where it is necessary to do so to provide further understanding of the financial performance of the company. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

2. Significant Estimates

The application of Accounting Standards and Policies requires the Company to make estimates and assumptions about future events that directly affect its reported financial condition and operating performance. The accounting estimates and assumptions discussed are those that the Company considers to be most critical to its Financial Statements. An accounting estimate is considered critical if both (a) the nature of estimates or assumptions is material due to the



level of subjectivity and judgement involved, and (b) the impact within a reasonable range of outcomes of the estimates and assumptions is material to the Company's financial condition or operating performance.

Gratuity Assumptions

The measurement of the Company's defined benefit obligation to its employees and net periodic defined benefit cost/income requires the use of certain assumptions, including, among others, estimates of discount rates and expected return on plan assets. Changes in these assumptions may affect the future funding requirements of the plans and actuarial gain/loss recognized in the statement of comprehensive income.

Net Realizable Value and Client demand : The Company reviews the net realizable value of and demand for its inventory on a quarterly basis to ensure recorded inventory is stated at the lower of cost or net realizable value and that obsolete inventory is written off.

For and on behalf of Board of Directors

Malay Chatterjee

Chairman-cum-Managing Director

S K Gorai

Director (Finance)

as per our report of even date
for M/s Anand & Ponnappan
Chartered Accountants
(Firm Registration No:000111S)

Place : New Delhi

Date : 29th May, 2017

S K Padhi

Company Secretary

(R Ponnappan)

Partner

Membership No:021695

NOTE-3
PROPERTY, PLANT AND EQUIPMENT

₹ in Lakhs

Sl. No.	Description of Assets	Gross Carrying Amount				Depreciation				Net Carrying Amount	
		Carrying amount as at 01.04.2016	Additions during the year	Sales/ Adjustments (net)	Gross carrying amount as at 31.03.2017	Accumulated Depreciation as at 01.04.2016	For the Year	Sales/ Adjustments	Accumulated Depreciation as at 31.03.2017	As at 31.03.2017	As at 31.03.2016
	PROPERTY, PLANT AND EQUIPMENT MINES & PLANT :										
1.	Land* - Freehold	723.93	-	1,422.93	2,146.86	-	-	-	-	2,146.86	723.93
	- Leasehold	2,595.98	-	(1,346.81)	1,249.17	0.63	-	0.63	0.63	1,248.54	2,595.35
2.	Buildings	4,953.44	-	-	4,953.44	493.02	449.07	-	942.09	4,011.35	4,460.42
3.	Plant & Machinery	16,469.28	383.83	(7.32)	16,845.79	1,948.23	1,587.73	-	3,535.96	13,309.83	14,521.05
4.	Furniture & Fittings	5.67	-	-	5.67	0.82	0.82	-	1.64	4.03	4.85
5.	Vehicles	47.54	-	-	47.54	8.01	9.14	-	17.15	30.39	39.53
6.	Office Equipments	136.78	29.04	(0.27)	165.55	25.41	32.65	-	58.06	107.49	111.37
7.	Others										
	Roads, Bridges & Culverts	92.77	-	-	92.77	12.05	12.05	-	24.10	68.67	80.72
	Temporary Structures		1.43	-	1.43	-	1.43	-	1.43	-	-
	Railway Siding	48.59	-	-	48.59	-	-	-	-	48.59	48.59
	Water supply, Sewerage & Fire Prevention system	172.85	0.23	-	173.08	18.35	15.70	-	34.05	139.03	154.50
	Electrical Installation	953.12	-	-	953.12	140.67	85.81	-	226.48	726.64	812.45
	Sub-Total	26,199.95	414.53	68.53	26,683.01	2,647.19	2,194.40	-	4,841.59	21,841.42	23,552.76

PROPERTY, PLANT AND EQUIPMENT (continued)

₹ in Lakhs

Sl. No.	Description of Assets	Gross Carrying Amount			Depreciation			Net Carrying Amount			
		Carrying amount as at 01.04.2016	Additions during the year	Sales/ Adjustments (net)	Gross carrying amount as at 31.03.2017	Accumulated Depreciation as at 01.04.2016	For the Year	Sales/ Adjustments	Accumulated Depreciation as at 31.03.2017	As at 31.03.2017	As at 31.03.2016
TOWNSHIP:											
1.	Land* - Freehold Leasehold	32.81	-	-	32.81	-	-	-	-	32.81	32.81
2.	Buildings	233.69	-	-	233.69	6.00	-	12.00	-	221.69	227.69
3.	Furniture & Fittings	3.17	-	-	3.17	3.01	-	3.04	-	0.13	0.16
4.	Vehicles	4.04	-	-	4.04	0.51	-	1.02	-	3.02	3.53
5.	Office Equipments	1.57	0.14	-	1.71	0.77	-	1.20	-	0.51	0.80
6.	Others										
7.	Roads, Bridges & Culverts	2.87	-	-	2.87	0.00	-	-	-	2.87	2.87
	Temporary Structures										
	Electrical Installations	2.50	-	-	2.50	0.21	-	0.42	-	2.08	2.29
	Water supply, Sewerage & Fire Prevention System	0.17	0.31	-	0.48	-	-	0.04	-	0.44	0.17
	Sub-Total	280.82	0.45	-	281.27	10.50	7.22	17.72	-	263.55	270.32
	Grand Total	26,480.77	414.98	68.53	26,964.28	2,657.69	2,201.63	4,859.31	-	22,104.97	23,823.08
	Previous Year	25,354.18	671.46	455.13	26,480.77	2,251.01	406.68	2,657.69	406.68	23,823.08	25,354.18

*1. The total Freehold Land of 478.573 acres includes 153.875 acres pertaining to BFU which has been registered in favour of the Company during the financial year 2016-17.

2. PPE includes (Plant Property & Equipment) land measuring 114.31 Hectares. The Mining operations at Kudremukh stopped w.e.f. 01.01.2006 on the order of Hon'ble Supreme Court. As per Ind AS, this land does not qualify for Investment Property (Ind AS 40) as the land is not being held for capital appreciation and neither qualifies for Asset Held for Sale (Ind AS 105) as Non-current Assets. The decision on land is pending with Central Empowered Committee (CEC)

PROPERTY, PLANT AND EQUIPMENT (Continued)

₹ in Lakhs

Sl. No.	Description of Assets	Gross Carrying Amount					Net Carrying Amount					
		Deemed Cost as on 01.04.2015	Ind AS Adjustments 01.04.2015	Additions during the year	Sales/ Adjustments (net)	Cost as at 31.03.2016	For the Year	Sales/ Adjustments	Accumulated Depreciation as at 31.03.2016	As at 31.03.2016	As at 01.04.2015 (After Ind AS Adj)	
	MINES & PLANT :											
1.	Land* - Freehold	723.93	-	-	-	723.93	-	-	-	723.93	-	723.93
	- Leasehold	2,008.65	(3.97)	591.28	0.02	2,598.98	0.63	-	0.63	2,595.35	-	2,004.68
2.	Buildings	4,953.44	-	-	-	4,953.44	493.02	-	493.02	4,460.42	-	4,953.44
3.	Plant & Machinery	15,628.38	428.32	16.63	395.95	16,469.28	1,589.65	358.58	1,948.23	14,521.05	-	16,056.70
4.	Furniture & Fittings	5.67	-	-	-	5.67	0.82	-	0.82	4.85	-	5.67
5.	Vehicles	34.06	-	13.48	-	47.54	8.01	-	8.01	39.53	-	34.06
6.	Office Equipments	89.08	-	46.03	1.67	136.78	25.41	-	25.41	111.37	-	89.08
7.	Others											
	Roads, Bridges & Culverts	92.77	-	-	-	92.77	12.05	-	12.05	80.72	-	92.77
	Dams, Embankments etc.,	-	-	-	-	-	-	-	-	-	-	-
	Temporary Structures	-	-	-	-	-	-	-	-	-	-	-
	Railway Siding	48.59	-	-	-	48.59	-	-	-	48.59	-	48.59
	Water supply, Sewerage & Fire Prevention system	172.85	-	-	-	172.85	18.35	-	18.35	154.50	-	172.85
	Electrical Installation	895.63	-	-	57.49	953.12	92.57	48.10	140.67	812.45	-	895.63
	Sub-Total	24,653.05	424.35	667.42	455.13	26,199.95	2,240.51	406.68	2,647.19	23,552.76	-	25,077.40

PROPERTY, PLANT AND EQUIPMENT (Continued)

₹ in Lakhs

Sl. No.	Description of Assets	Gross Carrying Amount					Net Carrying Amount				
		Deemed Cost as on 01.04.2015	Ind AS Adjustments 01.04.2015	Additions during the year	Sales/ Adjustments (net)	Cost as at 31.03.2016	For the Year	Sales/ Adjustments	Accumulated Depreciation as at 31.03.2016	As at 31.03.2016	As at 01.04.2015 (After Ind AS Adj)
TOWNSHIP :											
1.	Land* - Freehold - Leasehold	32.81	-	-	-	32.81	-	-	-	32.81	32.81
2.	Buildings	233.69	-	-	-	233.69	6.00	-	6.00	227.69	233.69
3.	Furniture & Fittings	0.20	-	2.97	-	3.17	3.01	-	3.01	0.16	0.20
4.	Vehicles	4.04	-	-	-	4.04	0.51	-	0.51	3.53	4.04
5.	Office Equipments	0.50	-	1.07	-	1.57	0.77	-	0.77	0.80	0.50
6.	Others										
	Roads, Bridges & Culverts	2.87	-	-	-	2.87	-	-	-	2.87	2.87
	Temporary Structures										
	Electrical Installation	2.50	-	-	-	2.50	0.21	-	0.21	2.29	2.50
	Water supply, Sewerage & Fire Prevention system	0.17	-	-	-	0.17	-	-	-	0.17	0.17
	Sub-Total	276.78	4.04	4.04	455.13	280.82	10.50	406.68	10.50	270.32	276.78
	Grand-Total	24,929.83	424.35	671.46	455.13	26,480.77	2,251.01	406.68	2,657.69	23,823.08	25,354.18



Notes to the Financial Statements

Note-4 : Capital Work-in-progress

₹ in Lakhs

Particulars	Figures as at the end of Current Reporting Period 31-03-2017	Figures as at the end of Previous Reporting Period 31-03-2016	Figures as at the end of Previous Reporting Period 01-04-2015
Machinery under Installation	-	1.65	1.65
Plant and Machinery/ Construction stores in stock			
Work in Progress			
Material handling facilities and Railway siding from Thokkur	376.63	376.63	376.63
Ductile Iron spun pipe plant	65.43	65.43	65.43
Others	325.74	311.84	301.94
Total	767.80	753.90	753.90
Less : Provision for impairment	753.90	753.90	753.90
Total	72.25	1.65	1.65

Note-5.1.a : Loans (Non-current)

₹ in Lakhs

Particulars	Figures as at the end of Current Reporting Period 31-03-2017	Figures as at the end of Previous Reporting Period 31-03-2016	Figures as at the end of Previous Reporting Period 01-04-2015
Unsecured and considered doubtful			
Inter Corporate Loans	1,800.00	1,800.00	1,800.00
Less:Provision towards Impairment	1,800.00	1,800.00	1,800.00
Advances to Employees	118.80	158.72	186.35
Total	118.80	158.72	186.35

Note-5.1.b : Loans (Current)

₹ in Lakhs

Particulars	Figures as at the end of Current Reporting Period 31-03-2017	Figures as at the end of Previous Reporting Period 31-03-2016	Figures as at the end of Previous Reporting Period 01-04-2015
Unsecured and considered Good			
Advances to Employees	64.88	64.99	77.21
Total	64.88	64.99	77.21

Notes to the Financial Statements

Note-5.2.a : Other Financial Assets (Non-current)

₹ in Lakhs

Particulars	Figures as at the end of Current Reporting Period 31-03-2017	Figures as at the end of Previous Reporting Period 31-03-2016	Figures as at the end of Previous Reporting Period 01-04-2015
Deposits			
MESCOM	939.97	939.97	939.91
Others	142.21	142.61	128.34
	1,082.18	1,082.58	1,068.25
Total	1,082.18	1,082.58	1,068.25

Note-5.2.b : Other Financial Assets (Current)

₹ in Lakhs

Particulars	Figures as at the end of Current Reporting Period 31-03-2017	Figures as at the end of Previous Reporting Period 31-03-2016	Figures as at the end of Previous Reporting Period 01-04-2015
Deposits-Others	439.22	468.04	340.06
Accounts Recoverable	42.85	68.25	159.33
Total	482.07	536.29	499.39

Note-5.3 : Trade Receivables (Current)

₹ in Lakhs

Particulars	Figures as at the end of Current Reporting Period 31-03-2017	Figures as at the end of Previous Reporting Period 31-03-2016	Figures as at the end of Previous Reporting Period 01-04-2015
(i) Outstanding for more than six months from the due date of payment	1,030.98	1,330.98	1,330.98
Un-Secured, considered good	1,030.98	1,330.98	1,330.98
(ii) Others	13,407.86	273.61	
Secured, considered good (Secured by Letter of Credit)	13,407.86	273.61	
Total	14,438.84	1,604.59	1,330.98



Notes to the Financial Statements

Note-5.4.a : Cash and Cash Equivalents

₹ in Lakhs

Particulars	Figures as at the end of Current Reporting Period 31-03-2017	Figures as at the end of Previous Reporting Period 31-03-2016	Figures as at the end of Previous Reporting Period 01-04-2015
Balances with Banks	46,581.17	42,915.96	43,446.14
In Current Account	549.15	457.90	309.01
In Deposit Account (Maturity < 3 months)	46,020.00	42,445.00	43,124.60
	46,569.15	42,902.90	43,433.61
Cash on hand	0.02	0.97	1.34
Stamps in hand (Unfranked balance)	0.28	0.17	0.05
Others including Unpaid Dividend account	11.72	11.92	11.14
Accrued Interest on Deposits with Banks	2,677.69	3,079.70	3,086.46
Total	49,258.86	45,995.66	46,532.60

Note-5.4.b : Bank Balances other than Cash and Cash Equivalents

₹ in Lakhs

Particulars	Figures as at the end of Current Reporting Period 31-03-2017	Figures as at the end of Previous Reporting Period 31-03-2016	Figures as at the end of Previous Reporting Period 01-04-2015
(i) Other Bank Balances			
In Term deposits (3 months > Maturity < 1 year)	1,31,160.00	1,44,301.00	1,33,003.00
Accrued Interest on Deposits with Banks	4,081.67	5,377.74	5,781.75
Total	1,35,241.67	1,49,678.74	1,38,784.75

Notes to the Financial Statements

Note-6 : Deferred Tax Assets (Net)

₹ in Lakhs

Particulars	Figures as at the end of Current Reporting Period 31-03-2017	Figures as at the end of Previous Reporting Period 31-03-2016	Figures as at the end of Previous Reporting Period 01-04-2015
A. Deferred Tax Assets			
Timing differences on account of disallow. under I T Act	8,799.80	7,233.84	7,901.29
B. Deferred Tax Liability			
Timing differences on account of depreciation	6,071.77	6,178.54	7,176.03
Total (A-B)	2,728.03	1,055.30	725.26
C. MAT Credit Entitlement	618.26	-	-
D. Net Deferred Tax Assets(A-B + C)	3,346.29	1,055.30	725.26

Movement in Deferred Tax Assets

₹ in Lakhs

Particulars	Depreciation	Expenses Temporarily Disallowed	Employee Benefits	Total
At April 01, 2015	(7,176.03)	2738.52	5162.77	725.26
(Charged)/credited to Profit or Loss	997.49	(954.78)	311.81	354.52
Other Comprehensive Income	-	-	(24.48)	(24.48)
At March 31, 2016	(6,178.54)	1783.74	5450.10	1055.30
(Charged)/credited to Profit or Loss	106.77	(474.25)	2023.80	1656.32
Other Comprehensive Income	-	-	16.41	16.41
At March 31, 2017	(6,071.77)	1309.49	7490.31	2728.03

Movement in MAT credit entitlement

₹ in Lakhs

Particulars	31-03-2017	31-03-2016	01-04-2015
Opening Balance	-	-	-
Add: MAT Credit Entitlement	1,209.88	-	-
Less: Availed during the year	591.62	-	-
Closing balance	618.26	-	-



Notes to the Financial Statements

Note-7 : Inventories

(As valued and certified by the Management)

₹ in Lakhs

Particulars	Figures as at the end of Current Reporting Period 31-03-2017	Figures as at the end of Previous Reporting Period 31-03-2016	Figures as at the end of Previous Reporting Period 01-04-2015
(i) For Operations	6,620.21	202.37	2,879.81
(a) Raw materials	2,081.51	81.46	663.01
Less : Provision	2,081.51	81.46	663.01
Add : Raw materials in transit	4,538.70	120.91	2,216.80
(b) Work in progress	1,009.47	2,082.81	2,069.87
(c) Finished goods at lower of cost or NRV -Pellets #	5,654.04	299.66	24,309.58
(d) Stores and Spares	5,087.25	5,578.49	6,348.48
Less:Provision towards Non-moving	2,416.04	2,604.75	3,101.66
	2,671.21	2,973.74	3,246.82
Add: Stores in transit at cost	8.34		3.04
	2,679.55	2,973.74	3,249.86
(e) Consumables and Additives	353.66	788.32	632.80
Total	16,316.93	6,346.90	33,141.92

Finished Goods stock include 55000 MT of Pellet order from M/s Glencore International AG for which 90% payment has already been received but despatch of the same was delayed as per request from the client.

Note-8 : Current Tax Assets (Net)

₹ in Lakhs

Particulars	Figures as at the end of Current Reporting Period 31-03-2017	Figures as at the end of Previous Reporting Period 31-03-2016	Figures as at the end of Previous Reporting Period 01-04-2015
Current Tax	5,491.59	3,528.19	1,299.79
Total	5,491.59	3,528.19	1,299.79

Notes to the Financial Statements

Movement in Current Tax

₹ in Lakhs

Particulars	31-03-2017	31-03-2016	01-04-2015
Opening Balance	3,528.19	1,299.79	1,299.79
Add: Advance Tax and Tax deducted at Source (net of refunds received)	1,721.41	1,630.96	-
Less: Current Tax payable for the year	(241.99)	(597.44)	-
Total Current Tax Assets	5,491.59	3,528.19	1,299.79

Note-9.a : Other Non-Current Assets

₹ in Lakhs

Particulars	Figures as at the end of Current Reporting Period 31-03-2017	Figures as at the end of Previous Reporting Period 31-03-2016	Figures as at the end of Previous Reporting Period 01-04-2015
Surplus Stores	613.80	613.95	326.18
Less: Provision	<u>613.80</u> -	<u>613.95</u> -	<u>326.18</u> -
Total	-	-	-

Note-9.b : Other Current Assets

₹ in Lakhs

Particulars	Figures as at the end of Current Reporting Period 31-03-2017	Figures as at the end of Previous Reporting Period 31-03-2016	Figures as at the end of Previous Reporting Period 01-04-2015
Claims from Statutory Authorities			
Railways & Customs			1.32
Cenvat Credit Service Tax	241.97	25.05	182.05
VAT Input Credit	316.73	28.31	53.50
CST Reimbursement	<u>690.18</u> 1,248.88	<u>53.36</u>	<u>236.87</u>
Deposits with Customs & Excise	4.31	4.32	4.31
Advances			
Suppliers	1,650.99	1,566.60	1,027.50
Others	<u>2,621.25</u> 4,272.24	<u>2,642.39</u> 4,208.99	<u>2,980.15</u> 4,007.65
Others	167.65	15.07	44.27
Prepaid Expenses	<u>416.84</u>	<u>370.93</u>	<u>353.26</u>
Total	6,109.92	4,652.67	4,646.36



Notes to the Financial Statements

Note-10 : Share Capital

₹ in Lakhs

Particulars	Figures as at the end of Current Reporting Period 31-03-2017	Figures as at the end of Previous Reporting Period 31-03-2016	Figures as at the end of Previous Reporting Period 01-04-2015
Authorised : 67,50,00,000 Equity Shares of Rs.10/- each (Previous year 67,50,00,000 Equity Shares of Rs.10/- each)	67,500.00	67,500.00	67,500.00
Issued,Subscribed and Fully paid-up : 63,45,13,800 Equity Shares of Rs.10/- each (Previous Year 63,45,13,800 Shares of Rs.10/- each)	63,451.38	63,451.38	63,451.38
Total	63,451.38	63,451.38	63,451.38

- a) Terms and rights attached to Equity Shares - The Company has only one class of equity shares having a par value of Rs. 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholder in ensuing Annual General Meeting except in case of interim dividend. In the event of liquidation of the Company, the shareholders will be eligible to receive remaining assets of the Company, after distribution of all preferential amounts, in proportion to their shareholding.
- b) During the year, the Company has not issued/bought back any Shares
- c) Details of Shareholders holding more than 5% Shares in the Company:

Particulars	31-03-2017		31-03-2016		01-04-2015	
	No of Shares	% holding	No of Shares	% holding	No of Shares	% holding
Hon'ble President of India	62,81,44,130	99.00%	62,81,44,130	99.00%	62,81,44,130	99.00%

Notes to the Financial Statements

Note-11 : Other Equity

₹ in Lakhs

Particulars	Figures as at the end of Current Reporting Period 31-03-2017	Figures as at the end of Previous Reporting Period 31-03-2016	Figures as at the end of Previous Reporting Period 01-04-2015
General Reserve	1,46,687.06	1,42,738.56	1,51,514.61
As per last Balance Sheet	1,42,738.56	1,51,514.61	1,48,889.02
Add: Tax effect of Deferred Tax Asset of Previous Year	-	-	(456.14)
Less: Dividend and Dividend Tax paid out of Reserves	(844.02)	-	-
Add: Transfer from surplus in the Statement of Profit & Loss	4,792.52	(8,776.05)	3,081.73
Retained Earning			
Profit/ (Loss) for the year	4,792.52	(8,014.65)	3,081.73
Appropriations		634.51	-
Dividend paid	-	126.89	-
Tax on Dividend	-	(8,776.05)	3,081.73
Transfer to General Reserve	4,792.52		
Items of Other Comprehensive Income recognized directly in Retained Earning			
As per last Balance Sheet	50.97	-	-
Add/(Less): Remeasurements of post employment benefits obligations (Net of Tax)	(33.22) 17.75	50.97 50.97	- -
Total	1,46,704.81	1,42,789.53	1,51,514.61



Notes to the Financial Statements

Note-12.1.a : Financial Liabilities (Non-current)

₹ in Lakhs

Particulars	Figures as at the end of Current Reporting Period 31-03-2017	Figures as at the end of Previous Reporting Period 31-03-2016	Figures as at the end of Previous Reporting Period 01-04-2015
Deposits from Suppliers, Contractors and Others	83.81	79.54	74.59
Total	83.81	79.54	74.59

Note-12.1.b : Other Financial Liabilities (Current)

₹ in Lakhs

Particulars	Figures as at the end of Current Reporting Period 31-03-2017	Figures as at the end of Previous Reporting Period 31-03-2016	Figures as at the end of Previous Reporting Period 01-04-2015
Security Deposits from Suppliers, Contractors and Others	790.35	406.37	461.88
Accrued salaries and Employee Benefits claims	4,069.89	3,393.94	6,043.00
Liability for Expenses	1,284.84	1,901.72	2,454.96
Others	9.89	112.69	17.49
Total	6,154.97	5,814.72	8,977.33

Note-12.2 : Trade Payables

₹ in Lakhs

Particulars	Figures as at the end of Current Reporting Period 31-03-2017	Figures as at the end of Previous Reporting Period 31-03-2016	Figures as at the end of Previous Reporting Period 01-04-2015
(a) For Goods	14,966.48	8,104.44	8,459.62
(b) For Works	339.62	127.37	155.49
(c) For Services	493.55	61.56	79.15
Total	15,799.65	8,293.37	8,694.26

Notes to the Financial Statements

Note-13.1.a : Employee Benefit Obligation (Non-current)

₹ in Lakhs

Particulars	Figures as at the end of Current Reporting Period 31-03-2017	Figures as at the end of Previous Reporting Period 31-03-2016	Figures as at the end of Previous Reporting Period 01-04-2015
Provisions towards Employee Benefits : Non-current			
Gratuity	1,874.23	1,755.16	2,038.02
Other Superannuation Benefits	9,008.12	7,746.03	6,869.02
Long term Compensated absence - EL	3,602.49	2,720.29	2,711.83
Long term Compensated absence - HPL	3,056.07	2,245.45	2,105.80
	17,540.91	14,466.93	13,724.67
Total	17,540.91	14,466.93	13,724.67

Note-13.1.b : Employee Benefit Obligation (Current)

₹ in Lakhs

Particulars	Figures as at the end of Current Reporting Period 31-03-2017	Figures as at the end of Previous Reporting Period 31-03-2016	Figures as at the end of Previous Reporting Period 01-04-2015
Provision towards Employee Benefits: Current			
Gratuity	246.86	128.56	100.00
Short term Compensated absence - EL	380.44	267.91	232.49
Leave Travel Concession	-	-	202.47
Short term Compensated absence - HPL	279.28	215.36	167.49
	906.58	611.83	702.45
Total	906.58	611.83	702.45



Notes to the Financial Statements

Note-14 : Other Current Liabilities

₹ in Lakhs

Particulars	Figures as at the end of Current Reporting Period 31-03-2017	Figures as at the end of Previous Reporting Period 31-03-2016	Figures as at the end of Previous Reporting Period 01-04-2015
Advances Received	460.33	241.46	889.88
Liability for Expenses	2,711.40	2,711.40	2,711.40
Unclaimed dividend pending encashment of warrants	1.56	1.80	1.74
Others	6.87	16.63	-
Excise Duty on Closing stock	306.98	50.77	2,906.38
Total	3,487.14	3,022.06	6,509.40

Note-15 : Revenue from Operations (Net)

₹ in Lakhs

Particulars	Figures as at the end of Current Reporting Period 31-03-2017	Figures as at the end of Previous Reporting Period 31-03-2016
(a) Sale of Products (Including excise duty)		
Gross Sales		
Pellets	86,871.68	19,845.31
Pig Iron	3.44	-
Auxilliary	3.17	134.68
Slag	0.04	-
	86,878.33	19,979.99
Less :Quantity discount	125.61	
Net Sales	86,752.72	19,979.99
(b) Sale of Services	3,298.33	577.42
(c) Other Operating Income	2,884.77	-
Total	92,935.82	20,557.41

Notes to the Financial Statements

Note-16 : Other Income

₹ in Lakhs

Particulars	Figures as at the end of Current Reporting Period 31-03-2017	Figures as at the end of Previous Reporting Period 31-03-2016
Interest income		
On Deposits with Banks valued at Amortised Cost	14,392.98	15,617.58
Others valued at Amortised Cost	152.87	89.52
Other Non-operating income		
Profit on sale of Assets (Net)	63.90	23.85
Hire charges	0.57	3.25
Rent Income	110.04	151.70
Sale of Scrap	414.22	951.92
Despatch Money	32.16	6.36
Exchange Variation	32.42	5.85
Provision no longer required	264.61	2,702.43
Surplus Stores, DDRs and others (Net)	188.85	209.26
Others	75.76	2,493.17
Miscellaneous	173.34	1,829.45
Others	173.34	1,829.45
Total	15,637.11	21,381.92



Notes to the Financial Statements

Note-17 : Changes in Inventories (Increase)/Decrease

₹ in Lakhs

Particulars	Figures as at the end of Current Reporting Period 31-03-2017	Figures as at the end of Previous Reporting Period 31-03-2016
Finished Stock-Pellet	(5,405.15)	21,103.55
Balance as at the beginning of the year	248.89	21,403.21
Less: Balance as at the close of the year	5,347.06	248.89
	(5,098.17)	21,154.32
Less: Excise Duty on Closing Stock	306.98	50.77
Finished Stock-Pellet feed	1,073.35	(12.95)
Balance as at the beginning of the year	2,082.82	2,069.87
Less: Balance as at the close of the year	1,009.47	2,082.82
Total	(4,331.80)	21,090.60

Note-18 : Employee Benefits Expense

₹ in Lakhs

Particulars	Figures as at the end of Current Reporting Period 31-03-2017	Figures as at the end of Previous Reporting Period 31-03-2016
Salaries and Wages	11,883.96	9,189.40
Contribution to Provident Fund	896.41	815.26
Contribution to Gratuity Fund	227.72	199.80
Contribution towards other Superannuation Benefits	1,262.08	877.02
Staff Welfare Expenses	740.55	721.10
Total	15,010.72	11,802.58



Notes to the Financial Statements

Note-19 : Other Expenses

₹ in Lakhs

Particulars	Figures as at the end of Current Reporting Period 31-03-2017	Figures as at the end of Previous Reporting Period 31-03-2016
Cost of Stores & Spares consumed	2,020.53	890.94
Cost of Consumables & additives consumed	3,707.97	206.80
Rent	1,080.75	988.62
Rates and Taxes		
Excise duty on Closing Stock of Finished Goods	306.98	50.77
Others	70.14	68.93
Insurance charges	57.13	45.28
Travelling Expenses	200.56	187.32
Repairs and Maintenance	914.56	516.28
Building	227.65	252.27
Machinery	418.96	184.16
Others	267.95	79.85
Postage and Telephone charges	45.72	42.21
Advertisement and Publicity	64.80	71.78
Expenses on Security	906.55	714.66
Payment to Auditors	9.85	9.85
for Audit	6.60	6.60
for Taxation matters	1.25	1.25
for Other services	1.00	1.00
for Reimbursement of expenses	1.00	1.00
Cost Audit Fee and Reimbursement expenses	0.50	1.00
Demurrage on Exports	1.51	-
Port charges, Sampling Survey and cess	833.68	987.62
Bank charges including discounting of bills	71.43	35.93
Entertainment	20.09	13.69
Forest, Ecology & Pollution control expenses	56.29	60.28
Directors Sitting fees	9.15	11.00
Corporate Social Responsibility (Refer s.no 21 of note 28)	-	96.50
Provision for Surplus Stores, DDRs and Others	0.03	-
Provision for Inventory- materials & other supplies	-	38.21
Provision - Others	-	9.90
Exchange variation	-	1.07
Transportation & Manpower expenses - O&M Contract	302.26	219.57
Miscellaneous expenses	487.17	516.75
Total	11,167.65	5,784.96



Notes to the Financial Statements

Note-20 : Tax Expense

₹ in Lakhs

Particulars	Figures as at the end of Current Reporting Period 31-03-2017	Figures as at the end of Previous Reporting Period 31-03-2016
Current Tax	1,195.43	-
MAT Credit Entitlement	(1,209.88)	-
Earlier years (Net)	-	(597.43)
Deferred Tax	(1,656.33)	(354.51)
Total	(1,670.78)	(951.94)

Note-21 : Other Comprehensive Income

₹ in Lakhs

Particulars	Figures as at the end of Current Reporting Period 31-03-2017	Figures as at the end of Previous Reporting Period 31-03-2016
Items that will not be Re-classified to Profit and Loss		
Remeasurement of Defined Benefit plan	(49.63)	75.45
Less: Tax (expenses)/benefit on the above	16.41 (33.22)	24.48 50.97
Total	(33.22)	50.97

Note 22 - Information regarding Value of Production, Stocks, Consumption, Value of Imports, Expenditure and Earnings in Foreign Exchange

	"Figures as at the end of Current Reporting Period"		
	"Iron Ore Concentrate"	"Iron Ore Pellets"	Pig Iron
	(₹ In lakhs)	(₹ in lakhs)	(₹ in lakhs)
Actual Production	Nil (Nil)	91,969.85 (1,309.01)	- -
Opening Stock	Nil (Nil)	248.89 (21,403.21)	- -
Closing Stock	Nil (Nil)	5,347.06 (248.89)	- -
Sales (Gross)	Nil (Nil)	86,871.68 (19,845.31)	6.65 (134.68)

Note:

- Pig Iron includes Auxilliary.
- Previous year's figures indicated in bracket.
- Closing Stock includes an order of 55,000 Tons of Pellets from M/s Glencore International AG amounting to Rs.3842.50Lakh for which 90% payment has been received but despatch delayed at the request of the Client.

Particulars	"Figures as at the end of Current Reporting Period 31-03-2017"			"Figures as at the end of Previous Reporting Period 31-03-2016"		
	Qty (MT)	₹ in Lakhs	%	Qty (MT)	₹ in Lakhs	%
Consumption of Raw Materials						
Imported: Iron Ore	2,46,462	11,505.10	17.74%	66,281	3,113.29	51.38%
Indigenous: Iron Ore Fines/(WIP)	12,13,538	53,361.34	82.26%	33,719	2,946.50	48.62%
Total	14,60,000	64,866.44	100.00%	1,00,000	6,059.79	100.00%
Consumption of Stores, Spares and Fuel						
Imported		113.88	1.32%		21.07	1.53%
Indigenous		8,482.62	98.68%		1,352.13	98.47%
Total		8,596.50	100.00%		1,373.20	100.00%
Included under:						
Stores and Spares		1,546.83			890.69	
Power and Fuel		7,049.12			478.38	
Welfare Expenses		0.55			4.13	
Total		8,596.50			1,373.20	
Consumption of Consumables & Additives						
Imported :						
Lime stone	31,538	438.09	11.81%	1,863	42.32	20.46%
Coke fines	3,067	305.03	8.23%	-	-	
Total (a)		743.12			42.32	
Indigenous :						
Bentonite	14,186	576.06	79.96%	1,176	46.70	79.54%
Coke fines	23,083	2,299.48		1,346	117.78	
Burnt lime	1,187	70.03		-	-	
Lime stone	1,025	19.28		-	-	
Total (b)		2,964.85			164.48	
Total (a + b)		3,707.97	100.00%		206.80	100.00%
Expenditure incurred in Foreign Currency (On remittance basis)						
Travelling		0.73			11.30	
Other expenses		2,003.77			217.63	
Raw materials		11,593.19			2,886.21	
Components and spare parts		4.49			58.57	



Consumables and additives		279.22			305.00
Total Expenditure		13,881.40			3,478.71
Earnings in Foreign Exchange (on Receipt basis)					
Export of goods (FOB) (Rupees in Lakhs)		51,675.58			7,222.38
equivalent of above in (US \$ Million)		75.95			10.74
Total Earning (Rupees in Lakhs)		51,675.58			7,222.38
Net Foreign Exchange Earning (Rupees in Lakhs)		37,794.18			3,743.67

Note 23: First time Adoption of Ind AS

Transition to Ind AS

These are the Company's first Financial Statements prepared in accordance with Ind AS.

The Company has adopted Indian Accounting Standards (Ind AS) as notified by the Ministry of Corporate Affairs with effect from April 1, 2016, with a transition date of April 1, 2015. The Accounting policies set out in Note No. 1 have been applied in preparing the Financial Statements for the year ended March 31, 2017, the comparative information presented in these Financial Statements for the year ended March 31, 2016 and in the preparation of an opening Ind AS Balance Sheet at April 1, 2015 (the date of transition). In preparing its opening Ind AS Balance Sheet, the Company has adjusted the amounts reported previously in Financial Statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (Indian GAAP). An explanation of how the transition from IGAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

A. Exemptions and Exceptions Availed

The adoption of Ind AS has been carried out in accordance with Ind AS 101, First-time Adoption of Indian Accounting Standards. Ind AS 101 requires that all Ind AS standards and interpretations that are issued and effective for the first Ind AS financial statements be applied retrospectively and consistently for all financial years presented. Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from IGAAP to Ind AS. The resulting difference between the carrying values of the assets and liabilities in the Financial Statements as at the transition date under Ind AS and IGAAP have been recognised directly in equity (retained earnings or another appropriate category of equity). This note explains the adjustments made by the Company in restating its IGAAP financial statements, including the Balance Sheet as at April 1, 2015 and the Financial Statements as at and for the year ended March 31, 2016.

A.1 Ind AS Optional Exemptions

A. 1. 1. Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its Property, Plant and Equipment as recognised in the Financial Statements as at the date of transition to Ind AS, measured as per the IGAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets. Accordingly, the Company has elected to measure all of its Property, Plant and Equipment and intangible assets at their IGAAP carrying value.

A.2 Ind AS Mandatory Exceptions

The Company has applied the following exceptions from full retrospective application of Ind AS as mandatorily required under Ind AS 101:

A. 2.1 Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with IGAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at April 1, 2015 are consistent with the estimates as at the same date made in conformity with IGAAP. The Company made estimate for 'Impairment of financial assets based on expected credit loss model' in accordance with Ind AS at the date of transition as these were not required under IGAAP.

A. 2.2 De-recognition of Financial Assets and Liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognized as a result of past transactions was obtained at the time of initially accounting for those transactions. The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

A. 2.3 Classification and Measurement of Financial Assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

B. Reconciliations between IGAAP and Ind AS

The following tables represent the reconciliations of equity, total comprehensive income and cash flows for prior periods from IGAAP to Ind AS as per Ind AS 101:



Reconciliation of Equity as at date of transition (April 1, 2015)

₹ in Lakhs

Particulars	Notes to First time Adoption	IGAAP	Adjustments*	Ind AS
ASSETS				
Non-current Assets				
Property, plant and equipment	1,2	24,929.83	424.35	25,354.18
Capital work-in-progress		1.65	-	1.65
Other intangible assets		-	-	-
Financial assets		-	-	-
i. Loans	3	-	186.35	186.35
ii. Other financial assets	3	-	1,068.25	1,068.25
Deferred tax assets (net)	4	-	725.26	725.26
Other Non-current assets	3	1,254.60	(1,254.60)	-
Total Non-current Assets		26,186.08	1,149.61	27,335.69
Current Assets				
Inventories	1	33,976.92	(835.00)	33,141.92
Financial assets				
i. Trade receivables		1,330.98	-	1,330.98
ii. Cash and cash equivalents	3	1,76,449.13	(1,29,916.53)	46,532.60
iii. Bank balances other than (ii) above	3	-	1,38,784.75	1,38,784.75
iv. Loans	3	-	77.21	77.21
v. Other financial assets	3	-	499.39	499.39
Current tax assets (net)		-	1,299.79	1,299.79
Short term loans and advances	3	6,940.26	(6,940.26)	-
Other current assets	3	9,343.04	(4,696.68)	4,646.36
Total Current Assets		2,28,040.32	(1,727.33)	2,26,313.00
Total Assets		2,54,226.41	(577.72)	2,53,648.69
EQUITY AND LIABILITIES				
Equity				
Equity share capital		63,451.38	-	63,451.38
Reserve and Surplus	5,6,9	1,50,396.48	1,118.13	1,51,514.61
Total Equity		2,13,847.86	1,118.13	2,14,965.99

Non-current Liabilities				
Financial liabilities				
i. Other financial liabilities	3	-	74.59	74.59
Provisions		14,065.57	(340.90)	13,724.67
Deferred tax liabilities	4	42.12	(42.12)	-
Other long term liabilities	3	74.59	(74.59)	-
Total Non-current Liabilities		14,182.28	(383.02)	13,799.26
Current Liabilities				
Financial liabilities				
i. Trade payables		8,694.27	-	8,694.27
ii. Other financial liabilities	3	-	8,977.33	8,977.33
Provisions		4,370.23	(3,667.78)	702.45
Other current liabilities	3	13,131.77	(6,622.37)	6,509.40
Total Current Liabilities		26,196.27	(1,312.82)	24,883.44
Total Liabilities		40,378.56	(1,695.84)	38,682.70
Total Equity & Liabilities		2,54,226.41	(577.72)	2,53,648.69

*Includes re-classification/re-grouping wherever necessary as per Schedule-III of Companies Act, 2013.

Reconciliation of Equity as at March 31 2016

₹ in Lakhs

Particulars	Notes to First time Adoption	IGAAP	Adjustments*	Ind AS
ASSETS				
Non-current Assets				
Property, plant and equipment	1	24,184.35	(361.27)	23,823.08
Capital work-in-progress		1.65	-	1.65
Other intangible assets		-	-	-
Financial assets				
i. Loans	3	-	158.72	158.72
ii. Other financial assets	3	-	1,082.58	1,082.58
Deferred tax assets (net)	4	1,004.88	50.42	1,055.30
Other Non-current assets	3	1,241.30	(1,241.30)	-
Total Non-current Assets		26,432.18	(310.85)	26,121.33
Current Assets				



Inventories		6,346.91	-	6,346.90
Financial assets		-	-	-
i. Trade receivables		1,604.59	-	1,604.59
ii. Cash and cash equivalents	3	1,87,216.96	(1,41,221.30)	45,995.66
iii. Bank balances other than (ii) above	3	-	1,49,678.74	1,49,678.74
iv. Loans	3	-	64.99	64.99
v. Other financial assets	3	-	536.29	536.29
Current tax assets (net)		-	3,528.19	3,528.19
Short term loans and advances	3	8,865.93	(8,865.93)	-
Other current assets	3	9,223.73	(4,571.06)	4,652.67
Total Current Assets		2,13,258.12	(850.08)	2,12,408.03
Total Assets		2,39,690.29	(1,160.93)	2,38,529.36
EQUITY AND LIABILITIES				
Equity				
Equity share capital		63,451.38	-	63,451.38
Reserve and Surplus	5, 6, 9	1,43,100.38	(310.85)	1,42,789.53
Total Equity		2,06,551.76	(310.85)	2,06,240.91
Non-current Liabilities				
Financial liabilities				
i. Other financial liabilities	3	79.54	-	79.54
Provisions		14,466.93	-	14,466.93
Deferred tax liabilities	4	-	-	-
Other long term liabilities	3	-	-	-
Total Non-current Liabilities		14,546.48	-	14,546.47
Current Liabilities				
Financial liabilities				
i. Trade payables		8,293.38	-	8,293.38
ii. Other financial liabilities	3	-	5,814.72	5,814.72
Provisions		662.61	(50.78)	611.83
Other current liabilities	3	9,636.07	(6,614.01)	3,022.06
Total Current Liabilities		18,592.05	(850.07)	17,741.98
Total Liabilities		33,138.53	(850.07)	32,288.45
Total Equity & Liabilities		2,39,690.29	(1,160.92)	2,38,529.36

*Includes re-classification/re-grouping wherever necessary as per Schedule-III of Companies Act, 2013.

B. Reconciliation of Total Comprehensive Income for the year ended March 31, 2016

₹ in Lakhs

Particulars	Notes to First time Adoption	IGAAP	Adjustments*	Ind AS
Continuing Operations				
Revenue from operations	7	18,402.62	2,154.79	20,557.41
Other income		21,728.61	(346.69)	21,381.92
Total Income		40,131.22	1,808.10	41,939.33
Expenses				
Cost of materials consumed		6,072.74	-	6,072.74
Changes in inventories of finished goods, stock-in-trade and work-in progress		21,090.60	-	21,090.60
Power and Fuel		1,748.67	-	1,748.67
Excise Duty	7	-	2,154.80	2,154.80
Employee benefit expense	8	11,727.13	75.45	11,802.58
Finance costs		-	0.56	0.56
Depreciation & amortization expense	1	2,300.39	(49.38)	2,251.01
Other expenses		6,132.21	(347.25)	5,784.96
Total Expenses		49,071.74	1,834.18	50,905.92
Profit Before Exceptional Items and Tax		(8,940.51)	(26.08)	(8,966.59)
Exceptional items		-	-	-
Profit Before Tax from Continuing Operations		(8,940.51)	(26.08)	(8,966.59)
Income tax expense				
-Current tax		(597.44)		(597.44)
-Deferred tax	4	(577.25)	(222.75)	(354.50)
Total Tax Expense		(1,174.69)	(222.75)	(951.94)
Profit for the Year		(7,765.83)	(248.83)	(8,014.65)
Other Comprehensive Income	9	-	(50.97)	(50.97)
Total Comprehensive Income for the year		(7,765.83)	(299.80)	(7,963.68)



Particulars	Notes to First time Adoption	31.03.2016
Profit after tax as per IGAAP		(7,765.83)
Adjustments:		
Re-measurement of post-employment benefit obligation (actuarial gain/loss)	8	(75.45)
Effect on depreciation on spares capitalized	1	49.38
Net Deferred tax impact due on spares capitalization (effective from April 1, 2015)	4	(247.23)
Deferred tax effect of adjustments	8,9	24.48
Total Adjustments		(248.82)
Profit After tax as per Ind AS		(8,014.65)
Other Comprehensive Income		50.97
Total Comprehensive Income as per Ind AS		(7,963.68)

*Includes re-classification/re-grouping wherever necessary as per Schedule-III of Companies Act, 2013.

Reconciliation of Total Equity as at April 1, 2015 and March 31, 2016

₹ in Lakhs

Particulars	Notes to First time Adoption	31.03.2016	01.04.2015
Total Equity (Shareholder's Funds) as per IGAAP		1,43,100.38	1,50,396.48
Adjustments			
Reversal of proposed dividend and tax thereon	5	-	761.40
Depreciation (with retrospective impact) on spares capitalized as PP&E	1	(357.30)	(406.68)
Leasehold land payments adjusted against reverse on account of prior period error	2	(3.97)	(3.97)
Error in Deferred tax rectified	4	-	469.73
Deferred tax asset on temporary difference	4	170.70	153.48
Net Deferred tax impact on spares capitalization (effective from April 1, 2015)	4	(120.28)	144.17
Total Adjustments		(310.85)	1,118.13
Total Equity as per Ind AS		1,42,789.53	1,51,514.61

Cash Flow Statement

Impact of Ind AS adoption on the Statements of Cash Flows for the year ended 31 March 2016:-

	Notes to first-time adoption	IGAAP	Adjustments	Ind AS
Net Cash flow from Operating activities	1 & 2	(3,939.19)	(410.78)	(4,349.97)
Net Cash flow from Investing activities	10	4,170.42	404.01	4,574.43
Net Cash flow from Financing activities		(761.40)	-	(761.40)
Net increase/(decrease) in Cash and Cash equivalents		(530.17)	(6.77)	(536.94)
Cash and Cash Equivalents as at 1 April 2015		43,446.13	3,086.47	46,532.60
Effects of Exchange rate changes on Cash and Cash Equivalents		-	-	-
Cash and Cash Equivalents as at 31 March 2016		42,915.96	3,079.70	45,995.66
Net increase/(decrease) in Cash and Cash Equivalents		530.17	6.77	536.94

Analysis of changes in Cash and Cash Equivalents for the purposes of Statement of Cash Flows under Ind AS:-

	Notes to first-time adoption	31-Mar-16	1-Apr-15
Cash and Cash Equivalents as per IGAAP		42,915.96	43,446.13
Add: Interest accrued on deposit with			
< 3months maturity) regrouped	10	3,079.70	3,086.46
Cash and Cash Equivalents for the purpose of Statement of Cash Flows		45,995.66	46,532.60

C. Notes to First time Adoption of Ind AS

Note 1: Property Plant and Equipments

Under Ind AS 16, Stores and Spares that meet the definition of Property, Plant and Equipments (PP&E) are capitalized as fixed assets retrospectively. Accordingly, Inventory aggregating to Rs.835.00 Lakh has been identified and capitalized as at April 1, 2015 which was previously recorded in the year 2015-16. The cumulative depreciation upto March 31, 2015 aggregating to Rs.407.00 Lakh has been adjusted against reserves.



Note 2: Leases

Under Ind AS, upfront premium paid on operating leases which is in the nature of onetime payment be charged to Income Statement. Accordingly, Leasehold land (net) balance amounting to Rs 3.97 Lakh in PP&E, is adjusted against reserve.

Note 3: Financial Assets and Liabilities including Security Deposits and Loans

Under the previous GAAP, Financial Assets/ Liabilities including interest free lease security deposits (that are refundable in cash on completion of the lease term) and loans are recorded at their transaction value. Under Ind AS, all Financial Assets and Liabilities are required to be recognised at fair value. There is no material impact of the fair valuation of loans to employees hence transaction value considered for presentation. Also Interest accrued is reclassified to respective deposit/advance balances.

Note 4 : Deferred Tax

Under IGAAP, deferred tax accounting was done using the Income Statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS requires entities to account for deferred taxes using the Balance Sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the Balance Sheet and its tax base. The application of Ind AS 12 approach has resulted into recognition of deferred tax on new temporary differences which was not required under IGAAP.

Further as per Ind AS, the company is entitled to recognize deferred tax to the extent of indexation benefit available as per Income tax Act, 1961 on freehold land as at the Balance Sheet date. Accordingly, Deferred Tax Asset of Rs.153.00 Lakh is adjusted against reserve.

An error noted in deferred tax charge for the year ending March 31, 2015, but noted and rectified during 2015-16 has been adjusted in opening Balance Sheet.

Note 5 : Proposed Dividend

Under the previous GAAP, dividends proposed by the board of directors after the Balance Sheet date but before the approval of the Financial Statements were considered as adjusting events. Accordingly, provision for proposed dividend was recognised as a Liability. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the General Meeting. Accordingly, the liability for proposed dividend of Rs.761.00 Lakh (including dividend distribution tax of Rs.146.00 Lakh) as at April 1, 2015 included under provisions has been reversed with corresponding adjustment to retained earnings. Consequently, the total equity increased by an equivalent amount.

Note 6 : Retained Earnings

Retained earnings as at April 1, 2015 and March 31, 2016 have been adjusted consequent to the above Ind AS transition adjustments.

Note 7 : Excise Duty

Under the previous GAAP, revenue from sale of products was presented exclusive of Excise Duty. Under Ind AS, revenue from sale of goods is presented inclusive of Excise Duty. The Excise Duty paid is presented on the face of the Statement of Profit and Loss as part of expenses. This change has resulted into an increase in Total Revenue and Total Expenses for the year ended March 31, 2016 by Rs.2,155.00 Lakh. There is no impact on the Total Equity and Profit.

Note 8 : Remeasurements of Post-employment Benefit Obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net Defined Benefit Liability are recognised in Other Comprehensive Income instead of Profit or Loss. Under the IGAAP, these remeasurements were forming part of the Profit or Loss for the year. As a result of this change, the Profit for the year ended March 31, 2016 decreased by Rs.75.00 Lakh. There is no impact on the total equity as at March 31, 2016.

Note 9 : Other Comprehensive Income

Under Ind AS, all items of Income and expense recognised in a period should be included in Profit or Loss for the period, unless a standard requires or permits otherwise. Items of Income and expense that are not recognised in profit or loss but are shown in the statement of Profit and Loss as “Other Comprehensive Income” includes remeasurements of Defined Benefit Plans net of tax of Rs.25.00 Lakh for previous year. The concept of Other Comprehensive Income did not exist under previous GAAP.

Note 10 : Cash Flow Statement under Ind AS

The Interest accrued on deposits with bank are regrouped with respective balances with banks. As a result of this change, the Cash and Cash Equivalents as at the year ended March 31, 2015 and March 31, 2016 are increased by Rs. 30,86.46 Lakhs and Rs. 30,79.70 Lakhs respectively with corresponding reduction in Other Current Assets.

Note 11: Figures for the previous years have been regrouped where ever necessary.

Note 24: Other Notes forming part of Financial Statements

- The Company holds the following tracts of Land on long term lease from New Mangaluru Port Trust.

Tract of Land	Area	Period of Lease
Tract 1	213783 SqMtrs	20.07.1997 to 19.07.2017
Tract 2	113497 SqMtrs	20.04.1999 to 19.04.2029
Tract 3	300 SqMtrs	01.04.1999 to 31.03.2029
Tract 4	1190 SqMtrs	01.08.1999 to 31.07.2029
Tract 5	475 SqMtrs	01.05.1998 to 30.04.2028



Tract 6	48 SqMtrs	01.07.1998 to 30.06.2028
Tract 7	9120 SqMtrs	02.01.1997 to 01.01.2027
Tract 8	27008 SqMtrs	17.02.2014 to 19.07.2024
Tract 9	21270 SqMtrs	21.07.2012 to 20.07.2022

Lease of three tracts of land (a) 21270 SqMtrs of land taken for Captive Power Plant and (b) 27008 SqMtrs of land taken for pellet storage yard and (c) 9120 SqMtrs of land taken for storage of iron ore fines although expired and pending renewal, are considered as “Lease continuing” in view of written consent from NMPT for its continuation/renewal. Further, adequate provision has been made towards Registration charges and Stamp Duty on its renewal. The lease rent charged to expenses for the year towards three lands amounting to Rs.93.35 Lakh. Lease Rentals are charged to Statement of Profit and Loss on accrual basis. Further, the rental obligation for all 9 tracts of Land for remaining lease period is Rs.51,91.99 Lakh.

2. Capital Commitment and Contingent/Disputed Liability

Sl. No.	Particulars	As on 31.03.17 (₹ Lakh)	As on 31.03.16 (₹ Lakh)
A.	Estimated amount of the Contracts to be executed on Capital Account and not provided for (Net of Advances)	8.54	-
B.	Contingent Liabilities not provided for:		
1.	In respect of - Letters of Credit and Bank Guarantees etc., outstanding		
	• On Revenue Account	64,72.18	21,25.00
	• On Capital Account	-	-
2.	Claims against the Company not acknowledged as debt.		
	• On Revenue Account*	513,30.26	593,45.45
	• On Capital Account	157,56.15	162,77.18

(*includes Rs. 110,57.62 Lakh towards Forest Development Tax (FDT) at the rate of 12% of basic price of iron ore. The supplier NMDC Limited has filed a writ petition in the Hon’ble High Court of Karnataka challenging the levy of the same. The case was disposed off vide order dated 03.12.2015 directing the Govt. of Karnataka to refund the FDT within three months.

However, it has been informed that the Govt. of Karnataka has filed Special Leave Petition before the Hon’ble Supreme Court of India and the case is pending for disposal.

The amount of Rs.26,17.43 Lakh (equivalent to 25% of FDT) collected earlier by NMDC as per the interim order of Hon’ble Court is shown under “Other Current Assets” in Books of Accounts and the Bank Guarantee equivalent to Rs.27,34.87 Lakh furnished to NMDC in this regard has been included under the contingent liability.

3.	Disputed Liabilities in Appeal on Revenue Account				
	• Excise Duty			58,48.31	58,48.31
	• Service Tax			44.14	89.59
	• Sales Tax			9,45.80	9,45.80
C.	Demands made by the Income Tax Department, which are disputed by the Company and payments made against each demand under protest are as under				
	Asst. Year	Disputed Demand (Rs. in Lakh)	Amount Paid (₹ in Lakh)	Balance as on 31.03.2017 (₹ in Lakh)	Pending with
	2011-12	1089.34	929.37	159.97	Income Tax Appellate Tribunal, Bengaluru
	2012-13	391.77	93.76	298.01	Commissioner of Income Tax (Appeals)
	2013-14	456.22	444.77	11.45	
	2014-15	192.94	192.94	-	
	As per Company's assessment there will not be additional financial implication over and above the provisions already made.				
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 2013-14 amounting to Rs.384.25 Lakh and Assessment year 2012-13 amounting to Rs.839.96 Lakh including interest which are pending before the Assessing Authority.				

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 Mangaluru by rail or rail cum sea route.

The Railways are raising the Railway Receipts (RR) 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.

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.

Iron ore fines and lumps attract DBC 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 the DBC. The same is also not applicable to Pig iron and Sponge Iron Industry.



This benefit is not available to pellets even though it is a manufactured and value added, technically and commercially distinct product.

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.

The Company initially worked out the DBC liability as Rs.127,27.28 Lakh and paid Rs.63,63.64 Lakh to South Western Railway (SWR). Subsequently after reconciliation with South Western Railway in the meeting held on 15th November 2016, the liability of DBC was assessed at Rs.144,63.93 Lakh 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 and 2016-17. During the year 2014-15, an amount of Rs.14,61.51 Lakh was paid/adjusted to SWR which includes adjustment of congestion surcharge amounting to Rs.2,06.70 Lakh by SWR. During the year 2016-17, an additional amount of Rs.1,72.85 Lakh has been provided under exceptional item and an amount of Rs.5,00.00 Lakh has been paid. Hence the cumulative provision made amounting to Rs.144,63.93 Lakh out of which an amount of Rs.83,25.15 Lakh has been paid.

East Coast Railways (ECR) has raised a demand of Rs.414,46.00 Lakh towards DBC and penalty there on. The liability towards DBC excluding penalty worked out by company is Rs.6740.94 Lakh. However, ECR has demanded DBC for Rs.103,61.381 Lakh without reducing the freight already paid by the company. The Company has paid Rs.51,80.69 Lakh and the liability for remaining balance amount of Rs.15,60.25 Lakh has been created in the books of accounts of Financial Year 2013-14 as a prudent measure pending settlement of writ petition. The Company filed writ petition before Hon'ble High Court of Odisha which has granted interim order on the similar lines of Hon'ble High court of Karnataka. Both the cases are therefore subjudice.

4. The Company's private Railway Siding at Panambur, Mangaluru 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) continuously levied and collected congestion surcharge for the period from 01.04.2007 to 21.05.2008 for movement of rakes. The Company resisted this levy and collection. The Company also claimed refund of congestion surcharge amounting to Rs.68,77.86 Lakh from SWR in respect of 573 rakes moved during the above mentioned period. SWR refunded Rs.27,15.16 Lakh till date which includes Rs.2,06.70 Lakh adjusted by SWR towards DBC. The Company has approached Railway Claims Tribunal (RCT), Bengaluru and filed an application for refund of the balance amount of Rs.41,62.70 Lakh with interest. The case is pending for disposal.

The Konkan Railway offered concessional freight to the Company for movement of rakes through Konkan route instead of shorter route i.e., Hassan-Mangaluru, which has been accepted by the Company and 110 rakes were booked for the Konkan route. Subsequently, Konkan Railway allowed concessional freight for 92 rakes only and balance 18 rakes were moved through shorter routes i.e., Hassan-Mangaluru. Hence, the Company claimed refund of Rs.2,54.45 Lakh from SWR towards differential freight. However SWR has not refunded the amount. Hence, the Company approached RCT, Bengaluru and has claimed Rs.2,54.45 Lakh with interest. The case is pending for disposal.

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. The Company requested ECR for refunding Rs.4,36.83 Lakh 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 Rs.4,36.83 Lakh with interest. The case is pending for disposal.

The Company has not recognized the above as income in line with the Company's significant accounting policy no.1.5.

5. In pursuance of the directive of the Hon'ble Supreme Court, mining activities at Kudremukh were stopped with effect from 1st January 2006. At the time of closure of the mine 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. 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 Rs.2.79 Crore.

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 un-broken area"

The expenditure for this purpose was to be met out of Rs.19.00 Crores paid by the company and which is presently lying with the adhoc Compensatory afforestation fund management and planning authority (Adhoc CAMPA).

The Hon'ble Supreme Court has also directed that if any funds are required in excess of Rs.19.00 Crore, the agency or the designated officer shall move to the Court for necessary direction.

Ministry of Mines(GOI), vide letter dated 07.02.2014, nominated the Regional Controller of Mines, IBM Bengaluru 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 on 03.04.2014 to the Regional Controller of Mines, IBM Bengaluru.



Subsequently, officials of IBM Bengaluru and IIT, Delhi inspected the mine site on 20.05.2014, in which IIT Delhi opined that, keeping in view environment and safety concerns the residual task of mine closure is relatively minor as compared to what was originally envisaged. Hence, the amount of Rs.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.

6. The Mangaluru 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, Mangaluru Pellet Plant and also Blast Furnace Unit draw the required water from Lakya Dam at Kudremukh.

As an alternative arrangement, the company has obtained in principle approval in 2012 for supply of water for its plant operation from Mangaluru City Corporation at tariff applicable for industrial use. However, since there is no embargo for drawl of water still, the company continued to draw required water from Lakya Dam at Kudremukh for its Mangaluru plants during the year. Hence, dam maintenance activity from the safety point of view and maintenance of water drawl system which include electrical and pipeline maintenance are still continuing. Therefore, Kudremukh department is maintained as a part of Mangaluru Pellet Plant. Though, mining and beneficiation activities are not taking place, the department continues to exist. As such, Kudremukh installation is a working unit as on date.

7. 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 the Company'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 compliance of Hon'ble Supreme Court orders 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 the Company. 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 the Company 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.

Taking into 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's direction although their physical possession held with the Company, the Company depreciated all its township assets in full during the year 2014-15 as a prudent measure.

8. Employee benefits- Actuarial Valuation

Particulars		As on 31.03.17 (₹ in Lakh)	As on 31.03.16 (₹ in Lakh)
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.	21,21.08	18,83.72
	The Company operates a gratuity plan administered by LIC under Group Gratuity Life Assurance Scheme of LIC of India. Every employee is entitled to a benefit equivalent to fifteen days salary last drawn for each completed year of service upto 30 years and one month salary thereafter subject to a maximum of Rs.10.00 Lakh whichever is more beneficial than the Payment of Gratuity Act, 1972. The same is payable at the time of separation from the company or retirement, whichever is earlier. The benefits vest after five years of continuous service.		
b)	Present Value of Future Obligations (as at the Balance Sheet date) as per Actuarial Valuations are:		
	• Long term compensated absence - Earned Leave	39,82.93	29,88.20
	• Long term compensated absence - Half pay Leave	33,35.35	24,60.82

Disclosure required as per Indian Accounting Standard (Ind AS) - 19 on 'Employee Benefits' are appended.

9. As per Indian Accounting Standard (Ind 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.

During the year, as net replacement value of Furnace oil and Iron ore fines (including semi-finished) is lesser than its weighted average cost, the difference of Rs.16,25.60 Lakh (Previous year Rs.15,87.23 Lakh) including Rs.9,89.97 Lakh towards SIT has been written down in the Statement of Profit and Loss for the year. Consequent upon this the Profit for the year is reduced by Rs.16,25.60 Lakh.

10. The Company procures iron ore from Kirandul Complex of NMDC Limited for use as raw material in its pellet plant. Railway Siding at Malingar Valley of Kirandul from where iron ore is loaded into the Railway rakes does not have electronic weightometers. The ore loaded is



measured as per volume metric basis. The quantity of ore thus arrived at is invoiced by NMDC. The supplies are made on advance payment basis. Railway authorities weigh the ore en-route through electronic weigh bridges. Accordingly, RR was generated by Railways for collection of freight. The long term agreement entered into between the Company and NMDC contains a clause that in the absence of non- functioning of electronic weightometers at loading point of supplier, the weight measured in the Railway RR should be considered for the quantity to be paid. During the years 2009 to 2013 there was short supply of 109,789 MT of ore valuing Rs.35,27.00 Lakh being the difference between quantity as per NMDC invoice and quantity as per Railway RR. The Company lodged a claim on NMDC for refund of this amount. In a joint meeting held on 24.02.2016, NMDC confirmed the figures and assured to obtain a legal opinion regarding refund. During the year 2016-17, M/s NMDC has issued letter dated 11.05.2016 along with the credit note for Rs.29,42.47 Lakh including CST. The refund amount of Rs.28,84.77 Lakh excluding CST was reconciled and accepted by the management of both the companies in May 2016 and has been accounted for during the year as other operating income.

11. The Company was allotted a quantity of 20,000 MT of iron ore fines in the e-auction held during October 2013 for NMDC's 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 Rs.5,71.89 Lakh to the monitoring Committee (monitoring committee constituted by Central Empower Committee) and has submitted the required documents to Railways (SWR) for allotment of rakes. For the purpose of participating in the e-auction, the Company deposited Rs.25.00 Lakh with the monitoring committee which was treated as Security Deposit and the same would be forfeited as per terms and conditions of e-auction due to non-fulfillment of contractual obligation. During the current year, 19,317.10 MT Iron Ore Fines amounting to Rs.5,07.83 Lakh was lifted. The claim for refund for the balance amount of Rs. 43.22 Lakh shown under Accounts Recoverable.

Monitoring Committee has permitted the Company on 15.09.2015 to perform the contract even after the stipulated period. Therefore, the amount deposited with monitoring committee including EMD amount of Rs.25.00 Lakh is exhibited as Deposit to others under other financials assets- current in the Books of Accounts.

12. Depreciation on Fixed Assets has been provided on Straight Line Method except certain assets for which higher rates were considered based on their estimated useful life 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 by residual value over its remaining useful life as technically assessed. The residual values are reviewed periodically. As on 01.04.2014 the remaining useful life for assets including plant buildings which are its integral part, in Pellet Plant and Blast Furnace Unit was estimated at 8 years, Captive Power Plant 15 years and Port Facilities including grinding and balling unit 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 Companies Act, 2013.

The value of assets and the rate of depreciations adopted vis-a-vis the life and rate of depreciation as per Companies Act, 2013 are as follows:

Type of Asset	As per Companies Act, 2013 (from the date of commissioning)		As per KIOCL Committee proposal (from 01.04.2014)	
	Life	Deprn.%	Life	Deprn.%
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	10	9.50

*The life of the assets in BFU has been estimated at 10 years by expert committee constituted by the management during the year, except Overhead Conveyor (OLC) which has no balance useful life. An amount of Rs.3,55.74 Lakh has been charged off as depreciation for OLC after retaining 5% as residual value.

In respect of other assets i.e. Township Building, Roads-RCC and other than RCC, Furniture & Fittings - General, Furniture & Fittings - Canteen & Guest House, Motor Vehicles, Office Equipment's, Computers - Normal & Computers -Servers, the useful life as per Schedule II of the Companies Act, 2013 has been adopted.

Component Accounting of tangible fixed assets being mandatory, where cost of part of the asset significant to total cost of the asset and useful life of that part is different from useful life of principal asset, the useful life of that significant part determined separately for computation of Depreciation charge.

13. The Company is having two reporting operating segments i.e., 'Iron Oxide Pellet' and 'Pig Iron'. Expenses relating to Kudremukh Department and the corporate office have been fully allocated to Iron Oxide Pellet segment. Segment Reporting as per Ind AS-108 is appended.
14. Due to un-economic price of Pig Iron, Blast Furnace Unit (BFU) was 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.

The Company had intended to restart BFU Operation during the year 2016-17. However, due to high market price of LAM Coke, a major input, re-starting of BFU did not materialize during the year. To bring back the machineries and plant in place, an amount of Rs.10,66.00 Lakh incurred for refurbishment as against estimated cost of Rs.12,96.00Lakh. The company is in the process of procurement of required raw material for starting up the plant.



While excavating of pig iron stock yard certain auxiliary material of pig iron worth Rs.6.65 Lakh were retrieved and sold during the year (Previous year Rs.1,34.68 Lakh). As at the end of the year, Company is holding a physical stock of 60.77MT of Pig iron auxiliary material. As the cost of production of the same had been accounted for in earlier years, the same is valued at nil cost as at the end of the year, although the market value of the same beRs.13.23 Lakh as per last sale price of similar product. As a prudent accounting measure, no value has been assigned to the stock in the Books of Accounts.

15. Under Operation & Maintenance portal, the Company had undertaken the following contracts during the year:

- O&M of Pellet & Beneficiation plant of NMDC Donimalai
- O&M COB Plant of OMC Kaliapani
- Leasing and O&M of furnace oil tanks to IOCL.

Revenue earned from these Operation and Maintenance contracts during the year are Rs.27,74.59 Lakh Rs. 4,01.40 Lakh and Rs.1,23.51 Lakh respectively (previous year Rs.59.60 Lakh, Rs.282.02 Lakh and Nil respectively).

Revenue earned from Operation and Maintenance (O&M) contracts of NMDC Donimalai includes an amount of Rs.5,77.00 Lakh towards billing for the period Aug 2015 to Mar 2016 against deployment of manpower. As per the terms of the original contract plant has not been handed over to provide O&M services. However, as mutually agreed during the month of May 2016 it was confirmed that billing for deployment of manpower to be made till handing over the plant for O&M service. Accordingly, the Company has billed during the year for the manpower deployed for the period Aug 2015 to Mar 2016 and accounted for the same as income for the current year.

Expenditure incurred during the year including salaries and benefits of employees deployed on those contracts are Rs.27,59.15 Lakh Rs.3,97.44 Lakh and Nil respectively (Previous year Rs. 18,70.40 Lakh, Rs.2,88.00 Lakh and Nil respectively).

The revenue generated from of the above has been accounted for as 'Revenue from other operations' and the expenditure incurred including salaries and benefits has been accounted for under respective heads of account.

16. Expenses incurred towards generation of power being a significant cost of production have been included under the primary heads of account.

17. Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 are furnished below:

Particulars	SBN (₹)	Other denomination Notes (₹)	Total (₹)
Closing cash in hand as on 08.11.2016	83,000.00	77,654.50	160,654.50
Add : Permitted Receipts	-	703,957.50	703,957.50
Less : Permitted Payments	-	661,010.00	661,010.00
Less : Amount deposited in Banks	83,000.00	-	83,000.00
Closing cash in hand as on 30.12.2016	-	120,602.00	120,602.00

18. During the year a Memorandum of Settlement exercised with recognized employees union subject to clearance from Ministry of Steel. For this adequate provision exists in the books of accounts to meet the liability upto 31st March 2017. Hence no additional provision was required during the year.
19. As per the Guidelines issued by Department of Public Enterprises, Govt. of India, the Company is allowed to extend upto 30% of Basic Pay plus Dearness Pay as Superannuation Benefits including Contributory Provident Fund, Gratuity and other specified Superannuation Benefit plans. As the Company had revised the pay scales of Executives, with effect from 01.01.2007 in compliance with the said DPE Guidelines, provision towards Superannuation Benefit has been made in line with the said Guidelines accordingly.
- The Company has thus made provision towards pension and post retirement medical scheme for Rs.12,62.08 Lakh (Previous year Rs. 8,77.02 Lakh).
20. The Company has not spent any amount towards CSR during the year 2016-17, as the average profit for the last three years was negative.
21. Due to closure of Kudremukh mining, most of the assets have been written down and nominal value has been retained. The recoverable amount in each class of assets in Kudremukh is more than the carrying amount. Hence, there is no impairment loss to be recognized during the year.
22. Minimum Alternate Tax

In accordance with the provisions of Section 115JAA of the Income Tax Act, 1961, the Company is allowed to avail credit equal to the excess of Minimum Alternative Tax (MAT) over normal income tax for the assessment year for which MAT is paid. MAT credit so determined can be carried forward for setoff for ten succeeding assessment years for the year in which such credit becomes available. MAT credit can be set-off only in the year in which the Company is liable to pay tax as per the normal provisions of the Income Tax Act, 1961 and such tax is in excess of MAT for that year. The MAT credit asset is written down to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.



23. Micro Small and Medium Enterprise

- There were no amounts outstanding to be paid to micro and small enterprises registered under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED).
- No interest is paid/payable during the year to any micro or small enterprise registered under the MSMED.
- The said information has been determined to the extent such parties could be identified on the basis of the information available with the Company regarding the status of suppliers under the MSMED.

24. Financial Risk Management

The Company's business activities expose it to a variety of financial risks, namely liquidity risk, market risk, credit risk and currency risk. The Company's senior management has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has constituted a Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The key risks and mitigating actions are also placed before the Audit Committee of the Company. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Risk Management Committee of the Company is supported by the Finance team and experts of respective business divisions that provides assurance that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The activities are designed to:

- protect the Company's financial results and position from financial risks
- maintain market risks within acceptable parameters, while optimizing returns; and
- protect the Company's financial investments, while maximizing returns.

The investment committee is responsible for maximizing the return on Company's internally generated funds.

I. Management of Liquidity Risk

Liquidity risk is the risk that the Company faces in meeting its obligations associated with its financial liabilities. The Company's approach to managing liquidity is to ensure that it has sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions. A material and sustained shortfall in our cash flow could undermine the company's credit rating and impair investor confidence. The following table shows the maturity analysis of the company's financial liabilities based on contractually agreed undiscounted cash flows as at the balance sheet date:

(₹ in Lakh)

Particulars	Notes No.	Carrying amount	< 12 months	> 12 months	Total
As at 31st March 2017					
Trade payables	12.2	15799.65	15799.65	-	15799.65
Other financial liabilities	12.1.a,b	6238.78	6238.78	-	6238.78
As at 31st March 2016					
Trade payables	12.2	8293.37	8293.37	-	8293.37
Other financial liabilities	12.1.a,b	5814.26	5814.26	-	5814.26
As at 31st March 2015					
Trade payables	12.2	8694.26	8694.26	-	8694.26
Other financial liabilities	12.1.a,b	9051.92	9051.92	-	9051.92

II. Management of Market Risk

Market risks comprises of Price risk & Interest rate risk. The Company does not designate any fixed rate financial assets as fair value through Profit and Loss nor at fair value through OCI. Therefore Company is not exposed to any interest rate risks. Similarly the Company does not have any financial instrument which is exposed to change in price.

III. Management of Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counter-party fails to meet its contractual obligations. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers and other receivables. The Company applies prudent credit acceptance policies, performs ongoing credit portfolio monitoring as well as manages the collection of receivables in order to minimize the credit risk exposure.

The maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented in the notes to the financial statements. The Company's major classes of financial assets are cash and cash equivalents, term deposits and trade receivables. For banks and financial institutions, only high rated banks / institutions are accepted.

Trade Receivables

Concentrations of credit risk with respect to trade receivables are limited, due to the Company's sales are secured against Letter of Credit and/or Bank Guarantee. Accordingly Company has assessed that the impact of expected credit loss on receivable to be negligible.

IV. Foreign Currency Risk

The Company being an EOU is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar (USD), Euro (EUR), and Japanese Yen (JPY). Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Company's functional currency (INR). The currency risk of the said underlying asset is managed by entering into foreign currency forward contracts (only on need basis).

The Company's exposure to foreign currency risk as at the end of reporting period expressed in INR are as follows:

Particulars	As at 31st March 2016			
	USD	EUR	JPY	Total
Financial Assets				
Trade Receivables	-	-	-	-
Financial Liabilities				
Long Term Borrowings				
Trade Payables				
Other Liabilities	-	-	-	-
Less: Currency forwards	-	-	-	-
Net exposure to foreign currency risk	-	-	-	-

Particulars	As at 31st March 2017			
	USD	EUR	JPY	Total
Financial Assets				
Trade Receivables	35,82.91	-	-	35,82.91
Financial Liabilities				
Long Term Borrowings	-			-
Trade Payables	33,83.44			33,83.44
Other Liabilities	-	-	-	-
Less: Currency forwards	32,41.93	-	-	32,41.93
Net exposure to foreign currency risk	37,24.42	-	-	37,24.42

Increase / (decrease) to Profit before Tax for changes of 5% against INR

Strengthened	186.22	-	-	186.22
Weakened	(186.22)	-	-	(186.22)

25. Capital Management

The Company considers the following components of its Balance Sheet to be managed capital:

Total equity as shown in the Balance Sheet includes Retained Profit and Share Capital.

The Company aim to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimize returns to our shareholders. The capital structure of the Company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. The Company considers the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business. The Company takes appropriate steps in order to maintain, or if necessary adjust, its capital structure. Company is not subject to financial covenants in any of its significant financing agreements.

The management monitors the return on capital as well as the level of dividends to shareholders.

26. Fair Value Measurements

i) Financial instruments by category (Rs. in Lakh)

	31.03.2017			31.03.2016			01.04.2015		
	FV PL	FV OCI	Amortized Cost	FV PL	FV OCI	Amortized Cost	FV PL	FV OCI	Amortized Cost
Financial Asset									
Loans	-	-	1,83.68	-	-	2,23.71	-	-	2,63.56
Trade Receivables	-	-	144,38.84	-	-	16,04.59	-	-	13,30.98
Cash and cash equivalents	-	-	1845,00.53	-	-	1,956,74.40	-	-	1,853,17.35
Other Financial Assets	-	-	15,64.25	-	-	16,18.87	-	-	15,67.64
Total Financial Assets	-	-	20,06,87.30	-	-	19,91,21.57	-	-	18,84,79.53
Financial Liabilities									
Trade Payables			157,99.65			82,93.37			86,94.26
Other Financial Liabilities	-	-	62,38.78	-	-	58,94.26	-	-	90,51.92
Total Financial Liabilities	-	-	2,20,38.43	-	-	1,41,87.63	-	-	1,77,46.18



ii) Fair Value Hierarchy

Management considers that the carrying amount of those financial assets and financial liabilities that are not subsequently measured at fair value, in the financial statements approximate their fair values.

No financial instruments are recognised and measured at fair value for which fair values are determined using the judgments and estimates.

Assets and liabilities which are measured at amortized cost for which fair values are disclosed at 31st March 2017				
Particulars	Level - 1	Level - 2	Level - 3	Total
Financial Assets				
Loans	-	-	1,83.68	1,83.68
Total Financial Assets	-	-	1,83.68	1,83.68

Assets and liabilities which are measured at amortized cost for which fair values are disclosed at 31st March 2016				
Particulars	Level - 1	Level - 2	Level - 3	Total
Financial Assets				
Loans	-	-	2,23.71	2,23.71
Total Financial Assets	-	-	2,23.71	2,23.71

Assets and Liabilities which are measured at amortized cost for which fair values are disclosed at 01st April 2015				
Particulars	Level - 1	Level - 2	Level - 3	Total
Financial Assets				
Loans	-	-	2,63.56	2,63.56
Total Financial Assets	-	-	2,63.56	2,63.56

During the year there are no financial instruments which are measured at Level 1 and Level 2 category.

The fair value of financial instruments referred above has been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active market for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements). The categories used are as follows:

- Level 1: This hierarchy includes financial instruments measured using quoted prices.
- Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

- Level 3: Derived from valuation techniques that include inputs for the Asset or Liability that is not based on observable market data (unobservable inputs).

Valuation process: For level 3 financial instruments the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

The carrying amounts of trade receivables, trade payables, bank deposits with more than 12 months maturity, capital creditors and Cash and Cash Equivalents are considered to be the same as their fair values.

The fair values for loans, security deposits were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

27. There is no amount due and outstanding to be credited to the Investor Education and Protection Fund as at 31.03.2017 and 31.03.2016.

28. Related Party Disclosure: Key Management Personnel are
S / Shri.

Malay Chattarjee,	Chairman-cum-Managing Director
Laxminarayana,	Director (Finance) (Upto 31.05.2016)
M.V. Subba Rao,	Director (Commercial)
Vidyananda. N,	Director (Production & Projects)
Swapan Kumar Gorai,	Director (Finance) (From 11.11.2016)

Except salary, perquisites and other particulars shown under Note 18 'Employee benefits expense' there are no other transactions with the related parties which need disclosure.

29. The Company requested its debtors and creditors to confirm the balances at the year-end in respect of trade payables, trade receivables, advances and loans directly to the Statutory Auditors.

30. During the year, the Company has modified the Accounting Policies to implement Indian Accounting Standards and impact of which has been disclosed in Note No.23 (First time adoption of Indian Accounting Standards)

31. Previous Year's figures have been regrouped/reclassified/re-casted wherever necessary to confirm to current year's presentation.

32. Figures in the Balance Sheet, Statement of Profit and Loss, Cash Flow Statement, Statement of Changes in Equity and the Notes thereon have been rounded off to Rupees Thousands and expressed in Rupees in Lakh.



Disclosures as required by Ind AS 19- Employee Benefits (Refer Sl No. 8 (a) of Note 24)

DEFINED BENEFIT PLANS - GRATUITY	LONG TERM GRATUITY	
	31-Mar-17	31-Mar-16
I. PRINCIPAL ACTUARIAL ASSUMPTIONS [Expressed as weighted averages]		
Discount Rate	7.10%	7.80%
Salary escalation rate	17.00%	15.00%
Attrition rate	5.00%	5.00%
Expected rate of return on Plan Assets	7.10%	8.50%
Mortality rate during employment	Standard Indian Assured Lives (2006-08)	
II. CHANGES IN THE PRESENT VALUE OF THE OBLIGATION (PVO)		
PVO as at the beginning of the period	5270.02	5044.41
Interest Cost	405.46	389.63
Current service cost	40.79	46.85
Past service cost	-	-
Benefits paid	(143.64)	(98.29)
Actuarial loss/(gain) on obligation	71.27	(112.58)
PVO as at the end of the period	5643.90	5270.02
III. CHANGES IN THE FAIR VALUE OF PLAN ASSETS		
Fair value of plan assets as at the beginning of the period	3386.29	2906.39
Expected return on plan assets	258.53	265.32
Contributions	-	350.00
Benefits paid	(143.64)	(98.29)
Actuarial gain/(loss) on plan assets	21.63	(37.13)
Fair value of plan assets as at the end of the period	3522.81	3386.29
IV. ACTUAL RETURN ON PLAN ASSETS		
Expected return on plan assets	258.53	265.32
Actuarial gain (loss) on plan assets	21.63	(37.13)
Actual return on plan assets	280.16	228.19
V. AMOUNTS RECOGNISED IN THE BALANCE SHEET		
Present value of the obligation	5643.90	5270.02
Fair value of plan assets	3522.81	3386.29
Net Defined Benefit Liability recognized in the balance sheet	2121.08	1,883.72
Non-Current	1874.23	1,755.16
Current	246.85	128.56

VI. AMOUNT RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS:		
Current service cost	40.80	46.85
Net Interest on Net Defined Benefit Obligations	146.93	124.31
Amount recognized in the statement of profit and loss	187.73	171.16
VII. AMOUNT RECOGNIZED IN THE OTHER COMPREHENSIVE INCOME [OCI]		
Actuarial (gain)/loss on Plan Obligations	71.27	(112.58)
Actuarial gain/(loss) on plan assets	(21.63)	37.13
Amount recognized in OCI	49.63	(75.45)
VIII. MAJOR CATEGORIES OF PLAN ASSETS (AS PERCENTAGE OF TOTAL PLAN ASSETS)		
Funds managed by Insurer	100%	100%
IX. ENTERPRISE'S BEST ESTIMATE OF CONTRIBUTION DURING NEXT YEAR	1,000	1,000

Notes :

- i) Discount rate is based on the prevailing market yield of Indian Government securities as at the balance sheet date for the estimated term of the obligation.
- ii) The salary escalation rate is arrived taking into consideration the seniority in the promotion and other relevant factors, such as demand supply in employment market and expected pay revision with effect from 01.01.2017.



Type of Plan - Gratuity

Sensitivity Analysis Method

Sensitivity Analysis Method is determined based on the expected movement in liability if the assumptions were not proved to be true on different count.

	Perticulars	31-Mar-17	31-Mar-16
A.	Discount Rate + 50 BP	7.60%	8.30
	Defined Benefit Obligation [PVO]	5,495.72	5,125.18
	Current Service Cost	33.82	40.14
B.	Discount Rate + 50 BP	6.60%	7.30%
	Defined Benefit Obligation [PVO]	5,799.41	5,422.13
	Current Service Cost	34.79	41.47
C.	Discount Rate + 50 BP	17.50%	15.50%
	Defined Benefit Obligation [PVO]	5,650.51	5,279.45
	Current Service Cost	33.83	40.31
D.	Discount Rate + 50 BP	16.50%	14.50%
	Defined Benefit Obligation [PVO]	5,637.08	5,260.27
	Current Service Cost	34.74	41.19

The weighted average duration of the Defined Benefit Obligation is 7-3 years (2016-7.8 years). The expected maturity analysis of undiscounted pension, gratuity and post-employment medical benefits is as follows:

Perticulars	< 1 Year	Between 1-2 Years	Between 2-5 years	> 5 years	Total
31 March 2017					
Defined Benefit Obligation (Gratuity)	896.70	577.94	2,266.07	2,736.84	6,477.55
Total	896.70	577.94	2,266.07	2,736.84	6,477.55
31 March 2016					
Defined Benefit Obligation (Gratuity)	663.61	488.78	2,267.77	2,876.12	6,298.28
Total	663.61	488.78	2,269.77	2,876.12	6,298.28

Risk Exposure :

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

Inflation Risks : In the post retirement plans ie, gratuity, the payment is not linked to inflation, so this is a less material risk.

Life Expectancy : The post retirement plan obligations is to provide benefits for the life of the member, so regularly significant where inflationary increases result in higher sensitivity to changes in life expectancy.

Segment Reporting For The Year Ended 31st March 2017

₹ in Lakhs

Particulars	Pellets		Pig Iron		Consolidated Total	
	Figures as at the end of Current Reporting Period 31-03-2017	Figures as at the end of Previous Reporting Period 31-03-2016	Figures as at the end of Current Reporting Period 31-03-2017	Figures as at the end of Previous Reporting Period 31-03-2016	Figures as at the end of Current Reporting Period 31-03-2017	Figures as at the end of Previous Reporting Period 31-03-2016
REVENUE:						
External Sales (Gross)	86,871.68	19,845.31	6.65	134.68	86,878.33	19,979.99
Less: Excise Duty & Freight on Consignment Sales	5,951.43	2,139.83	0.74	14.96	5,952.17	2,154.79
Less: Quantity Discount	125.61	-	-	-	125.61	-
Net Sales	80,794.64	17,705.48	5.91	119.71	80,800.55	17,825.20
Other Operating Revenue	2,884.77	-	-	-	2,884.77	-
Total Revenue	83,679.41	17,705.48	5.91	119.71	83,685.32	17,825.20
RESULT:						
Segment result before exception	(7,145.97)	(21,360.77)	(3,971.93)	(1,384.70)	(11,117.90)	(22,745.47)
Exceptional Item	(172.85)	-	-	-	(172.85)	-
Unallocated Income less expenses						
(a) Interest Income	-	-	-	-	14,392.98	15,617.58
(b) Service charge on O&M Services (Net of expenses) - O&M - NMDC					19.51	(1,838.70)
Profit before tax					3,121.74	(8,966.59)
Less : Income Tax	-	-	-	-	603.81	(597.43)
Deferred Tax	-	-	-	-	(2,274.59)	(354.51)
Net Profit After Tax					4,792.52	(8,014.65)
Other Comprehensive Income					(33.22)	50.97
Total Comprehensive Income					4,759.30	(7,963.68)
OTHER INFORMATION:						
Segment Assets	35,626.39	24,721.76	9,471.99	9,770.81	45,098.38	34,492.57
Unallocated Assets	-	-	-	-	2,09,030.87	2,04,036.79
Total Assets					2,54,129.25	2,38,529.36
Segment Liabilities	30,165.18	22,523.25	2,573.66	1,376.49	32,738.84	23,899.74
Unallocated Liabilities	-	-	-	-	11,234.22	8,388.71
Total liabilities					43,973.06	32,288.45
Capital Expenditure	22.17	630.28	392.79	41.18	414.96	671.46
Depreciation and Amortisation	1,206.00	1,203.19	995.63	1,047.82	2,201.63	2,251.01
Non-cash expenses other than Depreciation	2,476.33	1,087.57	703.54	(190.37)	3,179.87	897.20



1. The Company is domiciled in India. Segment Revenue by Location of Customer is shown in the table below:-

Particulars	2016-17	2015-16
External Sales (Gross)		
Domestic	35,127.81	12,763.04
Overseas (Asia)	51,750.52	7,216.95
Total	86,878.33	19,979.99

2. Revenue of approximately ₹ 3,79,37.65 Lakhs (Previous Year ₹34,35.48 Lakhs) are derived from few external customers attributed to Pellet Segment who are individually contributing 10% of the Total Revenue."
3. Un-allocated Assets and Liabilities comprise of those Assets and Liabilities which cannot be allocated to the segment.

For and on behalf of Board of Directors

Malay Chatterjee
Chairman-cum-Managing Director

S K Gorai
Director (Finance)

as per our report of even date
for M/s Anand & Ponnappan
Chartered Accountants
(Firm Registration No:000111S)

Place : New Delhi
Date : 29th May, 2017

S K Padhi
Company Secretary

(R Ponnappan)
Partner
Membership No:021695



KIOCL Offices

REGISTERED OFFICE

KIOCL Limited
II Block, Koramangala, Bengaluru – 560 034
Tel. No-080-25531461-70, 25535937-40
Fax No-080-25532153, 25535941, 25630984
E-mail: cs@kioclltd.com

MANGALURU OFFICE

KIOCL Limited
New Mangaluru Port, Panambur
Mangaluru – 575 010,
Karnataka.
Telephone No-0824-2403393/2408124
Fax No -0824-2407422
E-mail: mgmp@kioclltd.com

NEW DELHI OFFICE

KIOCL Limited
Himalaya House, 9th Floor, No 23
Kasturba Gandhi Marg,
New Delhi – 110001
Telephone No-011-23315665, 23315686
Fax No -011-23721696
E-mail: kiocln@kioclltd.com

VISAKHAPATNAM OFFICE

KIOCL Limited
Door No: 15-15-13/7, Flat No: S-2,
Satya Sai Nivas, Adjacent to Hotel Supreme,
Beach Road, Visakhapatnam-530 002,
Andhra Pradesh
Telephone/Fax No.: 0891-2739530,
E-mail: kioclviz@gmail.com

KUDREMU KH OFFICE

KIOCL Limited
Kudremukh – 577 142,
Chickmagalur District, Karnataka.
Telephone No-08263-254148
Fax No-08263-254117
E-mail: kagmk@kioclltd.com

BLAST FURNACE UNIT

KIOCL Limited
Plot No. 456 & 457, Baikampady Industrial Area,
Panambur, Mangaluru – 575010
Telephone No-0824- 2408911
Fax No's -0824-2409366, 2408944
E-mail: bfugmp@kioclltd.com

BHUBANESWAR OFFICE

KIOCL Limited
1st Floor, Plot No. 516/1677/2768,
Samparka Vihar, Lane-2, Patia,
Bhubaneswar -751016,
Odisha
Telephone No- 0674-2302811
Fax No -0674-2352102
E-mail: kioclbbsr@kioclltd.com

KIRANDUL OFFICE

KIOCL Limited
No. 17, 11-C Hostel, In BSNL Compound,
PO Kirandul, Kirandul – 494556,
South Baster District, Dantewada
Chatisgarh

DONIMALAI OFFICE

KIOCL Limited,
C/o NMDC, New-III-162, South Block,
Donimalai Township, Donimalai -583118,
Sandur Taluk, Bellary District

D HIREHAL OFFICE

KIOCL Limited,
Gavisiddeswar Street,
Opp. Road to BSNL Tower,
D Hirehal Rayadurg Taluk, Ananthapur,
Andhra Pradesh - 515872

KALIAPANI

KIOCL Limited,
OMC, COB Plant, South Kaliapani,
Sukinda, Jaipur District, Odisha – 755028



KIOCL LIMITED

(A Government of India Enterprise)

(CIN: L13100KA1976GOI002974)

Regd. Office: II Block, Koramangala, Bengaluru – 560034

Tele Fax-080-25531525, Website: www.kioclltd.in, e-mail: cs@kioclltd.com

NOTICE

NOTICE IS HEREBY GIVEN THAT THE FORTY-FIRST ANNUAL GENERAL MEETING (“AGM”) OF THE MEMBERS OF **KIOCL LIMITED** (CIN: L13100KA1976GOI002974) will be held on Thursday, 31st August 2017, at 12.00 Noon at the Pellet Auditorium (an Annexe to the Registered Office of the Company) at II Block, Koramangala, Bengaluru – 560 034, to transact the following businesses: -

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2017 and the Profit and Loss Account for the financial year ended on that date together with the Reports of the Board of Directors and the Auditors thereon and Comments of the Comptroller and Auditor General of India.
2. To declare Final Dividend @ Re 0.37 per Equity Share for the FY 2016-17 including the Interim Dividend @ Re 0.11 per Equity Shares already paid by the Company.
3. To appoint a Director in place of Sri MV Subba Rao (DIN: 06495576) who retires by rotation at this AGM and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Sri N. Vidyananda (DIN: 06729244) who retires by rotation at this AGM 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 2017-18.”

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 Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), regulation 25 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015,

Sri S.K. Gorai (DIN: 07223221), who was appointed as Additional Director designated as Director (Finance) pursuant to Article 114(xxxii) of the Articles of Association of the Company read with Section 161 (1) of the Companies Act, 2013 w.e.f. 11.11.2016 to hold office upto this Annual General Meeting and in respect of whom, the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a Member proposing his candidature for the office of Director, be and is hereby appointed as a 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 Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), regulation 25 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015, Sri Saraswati Prasad (DIN: 07729788), who was appointed as Additional Director designated as Govt. Nominee Director pursuant to Article 114(xxxii) of the Articles of Association of the Company read with Section 161 (1) of the Companies Act, 2013 w.e.f. 08.02.2017 to hold office upto this Annual General Meeting and in respect of whom, the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a Member proposing his candidature for the office of Director, be and is hereby appointed as a 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 Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), regulation 25 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015, Dr. Deepika Sharma (DIN: 07734495), who was appointed as Additional Director designated as Independent Director pursuant to Article 114(xxxii) of the Articles of Association of the Company read with Section 161 (1) of the Companies Act, 2013 w.e.f. 10.02.2017 to hold office upto this Annual General Meeting and in respect of whom, the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a Member proposing her candidature for the office of Director, be and is hereby appointed as a Director of the Company, not liable to retire by rotation.”

9. 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 and other applicable provisions, if any, 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), CMA Shivannarayana G, Partner, M/s PKR & Associates, LLP, Cost Accountants 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 2017-18, be paid a remuneration of ₹ 50,000/- (Rupees Fifty Thousand Only) plus applicable taxes, and 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: New Delhi
Dated: 01.08.2017

NOTES:

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 50 and holding in the aggregate not more than 10 % of the total share capital of the Company.
3. A Proxy shall not have the right to speak at the AGM.
4. The enclosed Proxy form (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 AGM i.e. 12.00 Noon on 29.08.2017.
5. The identity/signature of the Members holding shares in electronic/demat form is liable for verification with the specimen signatures furnished by NSDL/CDSL.
6. Member / proxy holder must bring the attendance slip to the AGM and hand it over at the registration counter as duly signed and executed.
7. 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.
8. Queries on accounts and operations of the Company, if any, may please be sent to the Company at least ten days in advance of the AGM so that the replies may be made available at the AGM.
9. Members may visit the website of the Company i.e. www.kioclltd.in to get the Annual Report.

10. Members are requested to address all correspondence in relation to share matters to the Company's Registrar and Transfer Agent at the following address: -

M/s Integrated Registry Management Services Private Limited

#30, Ramana Residency,

Ground Floor, 4th Cross,

Sampige Road, Malleswaram,

Bengaluru - 560 003

Ph. No. 080-2346 0815-818, Fax No. 080-2346 0819

E-mail: irg@integratedindia.in

Website: www.integratedindia.in

11. The Company has designated an exclusive e-mail id i.e. cs@kioclltd.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.
12. Members who are holding shares in more than one folios are requested to intimate the Registrar and Share Transfer Agents the details of all their folio numbers for consolidation into a single folio. Members must quote their folio numbers / demat account no. and contact details in all correspondence with Company / Registrar and Share Transfer Agent.
13. 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.
14. 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.
15. In pursuance to provisions of Section 152(6) (a) of the Companies Act, 2013, Sri M.V. Subba Rao (DIN: 06495576), Director (Commercial) and Sri N. Vidyananda (DIN: 06729244), Director (Production and 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, Sri MV Subba Rao and Sri N. Vidyananda shall hold office for a period of five years from the date of their assumption of charge or till the date of their superannuation or until further orders, whichever is the earliest.
16. In pursuance to Section 161 of the Companies Act, 2013 Sri S K Gorai, (DIN: 07223221), Sri Saraswati Prasad, (DIN: 07729788) and Dr. Deepika Sharma (DIN: 07734495) 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 order F.No.5/3/2015-BLA dated 08.11.2016, Sri S K Gorai shall hold office for a period of five years from the date of his assumption of charge or till the date of his superannuation or until further orders, whichever is the earliest. In pursuance to order No. 1/16/2015-BLA dated 08.02.2017 Sri Saraswati Prasad's appointment on Board of KIOCL is co-terminus with his post in Ministry of



Steel, Govt. of India and vide order F.No. 1(10)/2015-BLA (Vol-II) dated 31.01.2017, the tenure of Dr. Deepika Sharma on Board of KIOCL is for a period of three years from the date of appointment or till further orders whichever is earlier.

17. Brief resume of the Directors proposed for appointment and re-appointment as stipulated under Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 is annexed hereto and form part of the Notice.
18. Your Company paid an Interim Dividend @1.1% of the Paid up Share Capital amounting to Rs.6.97 Crores on 10.02.2017, out of its free reserve of previous year. In view of improved financial performance during the year, your Board of Directors recommended in its meeting held on May 29, 2017 a final dividend of 50% of Profit after Tax for the Financial Year ended March 31, 2017 for the consideration and approval of Shareholders, which works out to be Re 0.37 per Equity Share including the Interim Dividend @ Re. 0.11 per Equity Shares already paid.
19. The Voting rights of members shall be in proportion to their share of the paid up share capital of the company as on 24.08.2017 (Cut off date)
20. In terms of Regulation 42 of the Listing Regulations, the Register of Members and Share Transfer Book will remain closed from 25.08.2017 to 31.08.2017 (both days inclusive) for the purpose of the AGM.
21. The Company has transferred the unpaid or unclaimed dividends declared up to financial years 2008-09, from time to time, to the Investor Education and Protection Fund (IEPF) established by the Central Government. The Company has uploaded the details of unpaid and unclaimed dividend amounts lying with the Company as on September 24, 2016 (date of the previous Annual General Meeting) on the website of the Company and the same can be accessed through the link: <http://www.kioclltd.in/user/cms/108>. The said details have also been uploaded on the website of the Ministry of Corporate Affairs and the same can be accessed through the link: www.mca.gov.in.
22. Attention of the members is drawn to the provisions of Section 124(6) of the Act which require a company to transfer in the name of IEPE Authority all shares in respect of which dividend has not been paid or claimed for 7 (seven) consecutive years or more.

In accordance with the aforesaid provision of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, the Company has already initiated necessary action for transfer of all shares in respect of which dividend declared for the financial year 2008-09 or earlier financial years has not been paid or claimed by the members for 7 (seven) consecutive years or more. Members are advised to visit the web-link: <http://www.kioclltd.in/user/cms/108> to ascertain details of shares liable for transfer in the name of IEPF Authority.



23. 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 Participants.

24. Voting through electronic means

Pursuant to Regulation 44 of the Listing Regulations 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 Depository Services 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/its discretion, subject to compliance with the instructions prescribed below:

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on 28.08.2017 at 9.00 AM and ends on 30.08.2017 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 of 24.08.2017 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.
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> If both 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.

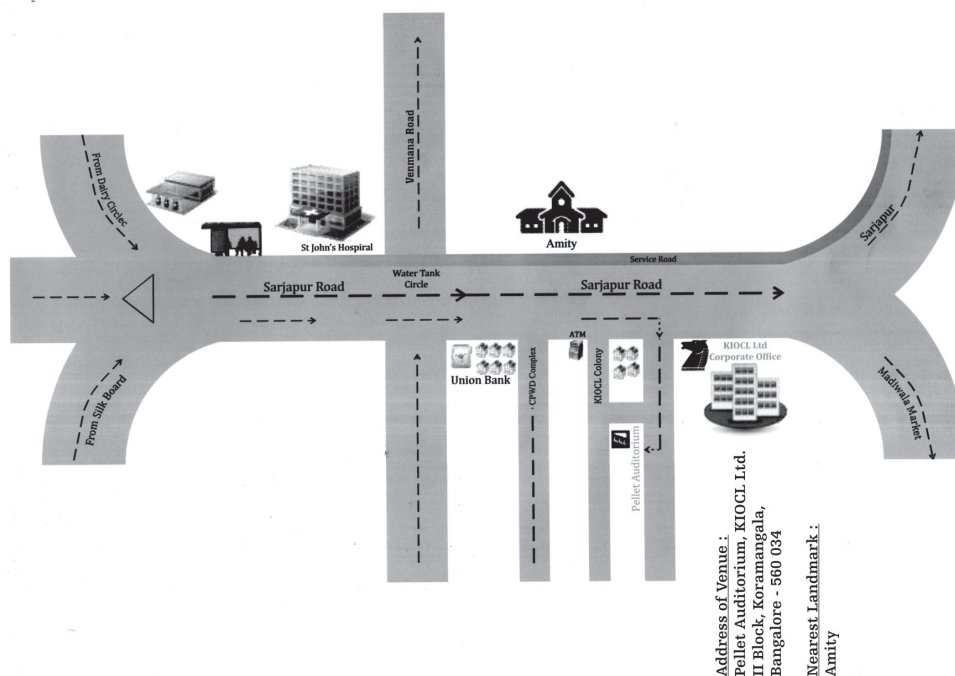
(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN for the relevant <Company Name> 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 a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xvii) If a demat account holder has forgotten the login 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) Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xix) 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 Corporate.
 - 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 linked in the login 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.
- (xx) 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

25. The results of the e-voting along with the scrutinizer's report shall be placed in the Company's website www.kioclltd.in and on the website of CDSL within two days of passing of the resolution at the AGM of the Company. The results will also be communicated to the stock exchanges where the shares of the Company are listed.
26. 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 (C&AG) of India 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 2017-18 as may be deemed fit by the Board.
27. Company's shares are available in dematerialized form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The ISIN number allotted to the Company's share is - ISIN-INE880L01014. Members are advised to get in touch with the Depository participant (DP)/Registrar and Transfer Agent for further details.
28. **Green Initiative:** As part of the Green Initiative, the Ministry of Corporate Affairs (MCA), Government of India, has permitted companies to send official documents to their shareholders electronically. The Company has already embarked on this initiative. In terms of the provisions of the Companies Act, 2013 and Listing Regulations, the Company provides an opportunity to shareholders to register their email address and changes, if any, from time to time, with the STA / DP. This would enable the Company to send notices and documents to the shareholders through e-mail.
29. The route map of the venue of 41st AGM alongwith prominent landmarks is given under:



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 9 of the accompanying Notice:

Item No. 6

Sri SK Gorai, (DIN: 07223221) aged 54 years appointed as an Additional Director designated as Director (Finance) of the Company w.e.f. 11.11.2016. Having so appointed Sri SK Gorai holds office till the date of ensuing Annual General Meeting by virtue of section 160 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 161 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 Sri SK Gorai for the office of Director (Finance) of the Company. A brief profile of Sri SK Gorai is annexed hereto in accordance to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. 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 these resolutions. The Board of Directors commends the resolution for approval of the shareholders.

Item No. 7

Sri Saraswati Prasad, (DIN: 07729788) aged 57 years appointed as an Additional Director designated as Govt. Nominee Director of the Company w.e.f. 08.02.2017. Having so appointed Sri Saraswati Prasad holds office till the date of ensuing Annual General Meeting by virtue of section 160 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 161 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 Sri Saraswati Prasad for the office of Director of the Company. A brief profile of Sri Saraswati Prasad is annexed hereto in accordance to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. 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 these resolutions. The Board of Directors commends the resolution for approval of the shareholders.

Item No. 8

Dr. Deepika Sharma, (DIN: 07734495) aged 47 years appointed as an Additional Director designated as an Independent Director of the Company w.e.f. 10.02.2017. Having so appointed Dr. Deepika Sharma holds office till the date of ensuing Annual General Meeting by virtue of section 160 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 161 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 Dr. Deepika Sharma for the office of Director of the Company. A brief profile of Dr. Deepika Sharma is annexed hereto in accordance to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. 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 these resolutions. The Board of Directors commends the resolution for approval of the shareholders.

Item No. 9

The Board, on the recommendation of the Audit and Risk Management Committee, has approved the appointment of CMA Shivannarayana G, Partner, M/s PKR & Associates, LLP, Cost Accountants 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 2017-18, at a remuneration of ₹ 50,000/- (Rupees Fifty Thousand Only) plus applicable taxes, and other out of pocket expenses to be reimbursed on production of bills.

In accordance with the provisions of Section 148 and other applicable provisions, if any, 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), 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. 9 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2018.

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. 9 of the Notice.

The Board commends the Ordinary Resolution set out at Item No. 9 of the Notice for approval by the shareholders.

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

(S. K. Padhi)
Company Secretary

Place : New Delhi
Dated : 01.08.2017

DETAILS OF DIRECTORS SEEKING APPOINTMENT /RE-APPOINTMENT AT THE AGM

(Pursuant to Regulation 36(3) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015



Building, Shaping, Rejuvenating

Name	Sri MV Subba Rao (DIN: 06495576)	Sri N. Vidymananda (DIN: 06729244)	Sri S.K. Gorai (DIN : 07223221)	Sri Saraswati Prasad (DIN : 07729788)	Dr. Deepika Sharma (DIN : 07734495)
Date of Birth	06.06.1961	28.02.1960	13.01.1963	24.12.1960	23.10.1970
Date of appointment	01.02.2013	01.11.2013	11.11.2016	08.02.2017	10.02.2017
Qualifications	B.Tech (Metallurgy), DIM, PGD & MBA in Marketing	B. Tech (Mechanical) from NITK Suratkal	Chartered Accountant, PGDBM (Finance & Strategy)	Post Graduate in Physics	MBBS
Nature of expertise	Over three decades of illustrious career in marketing and Commercial.	Over three decades of illustrious career in Operation of Pelletisation and Beneficiation Plant.	Experience of about three decades in a number of large private sector, MNC as well as CPSUs.	An IAS Officer of 1985 batch. A Post Graduate in Physics with a brilliant academic Record, wide range of experience of working for Central as well as State Governments.	A MBBS from Lady Hardinge Medical College, Gold Medalist and a Social Worker
Directorships held in other Companies	NIL	NIL	NIL	a) SAIL b) RINL c) NMDC d) MECON	NIL
Memberships/ Chairmanships of committee of other Public Companies	NIL	NIL	NIL	NIL	NIL



KIOCL LIMITED

(A Government of India Enterprise)

(CIN:L13100KA1976GOI002974)

Regd. Office: II Block, Koramangala, Bengaluru – 560034

Tele Fax-080-25531525, Website: www.kioclltd.in, e-mail: cs@kioclltd.com

PROXY FORM (FORM NO. MGT 11)

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

Name of the member(s):

Registered address:

Regd. E-mail:

FolioNo/DPID-ClientID:.....

I/We, being the member (s) of KIOCL Limited 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 41st AGM the of the Company, to be held at the Pellet Auditorium (an Annexe to the Registered Office of the Company) at II Block, Koramangala, Bengaluru – 560 034 on Thursday, 31st August, 2017 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 2017 and the Reports of the Board of Directors and the Auditors thereon and Comments of the C&AG.		
2.	To declare Final Dividend @ Re 0.37 per Equity Share for the FY 2016-17 including the Interim Dividend @ Re 0.11 per Equity Shares already paid by the Company.		
3.	Reappointment of Sri MV Subba Rao (DIN: 06495576) as a Director who retires by rotation.		
4.	Reappointment of Sri N. Vidyandanda (DIN: 06729244) as a Director who retires by rotation.		
5.	Fixing the remuneration of Statutory Auditors		



Sl. No.	Resolution	Optional	
		For	Against
SPECIAL BUSINESS			
6.	Appointment of Sri SK Gorai (DIN: 07223221) as a Director		
7.	Appointment of Sri Saraswati Prasad (DIN: 07729788) as a Director		
8.	Appointment of Dr. Deepika Sharma (DIN: 07734495) as a Director		
9.	Approval of the Remuneration of the Cost Auditor.		

Signed this day of 2017

.....
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 41st 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.



ATTENDANCE SLIP

(To be presented at the entrance)

Folio No. / DP ID Client ID No. of Shares

Name of Member

Name of Proxy Holder.....

Signature of shareholder

Signature of Proxy holder's

1. Only Member / Proxy Holder can attend the Meeting.



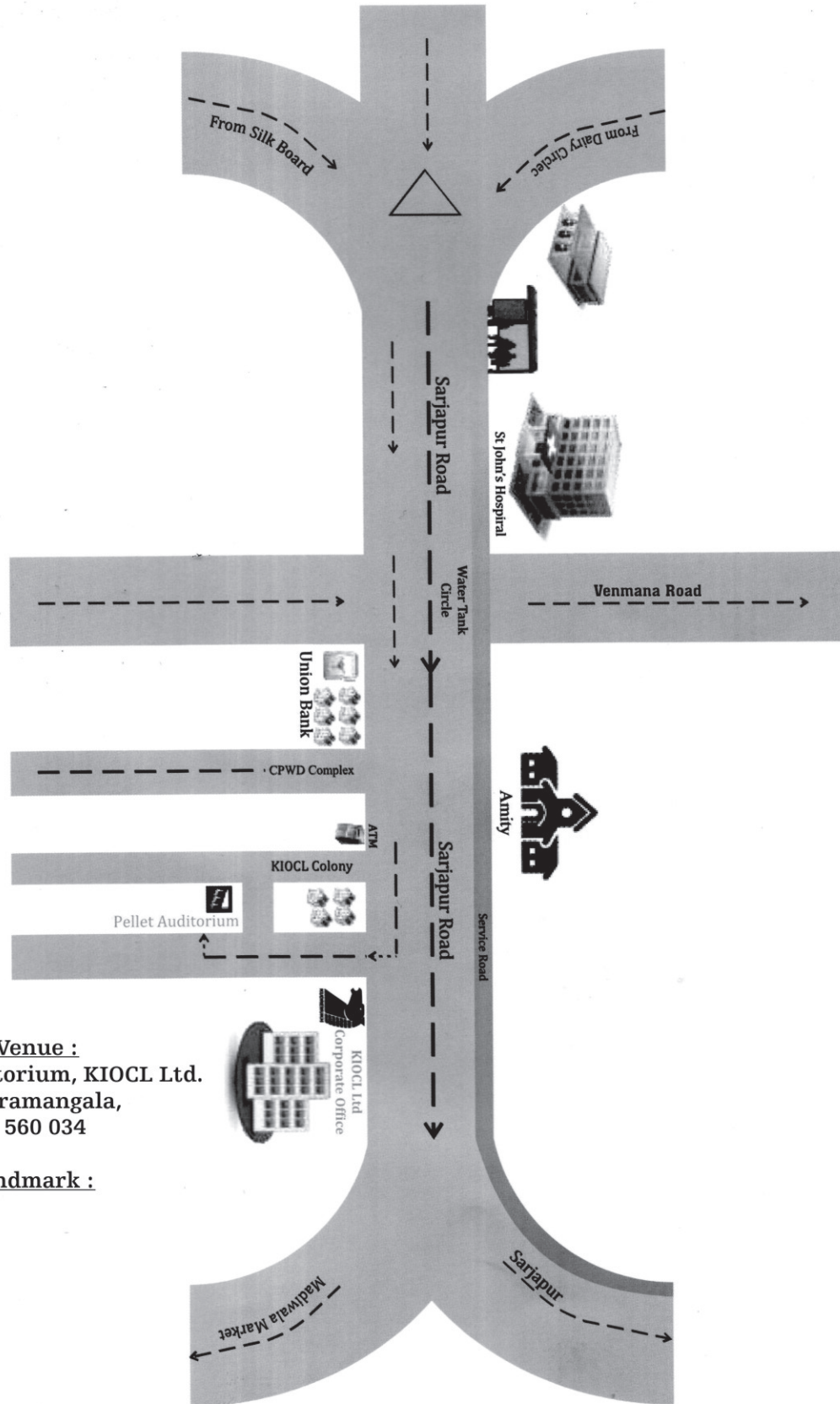
REGISTRATION OF E-MAIL ADDRESS FOR FUTURE COMMUNICATION

Name E-mail id:

Address:

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

DP ID: Signature:.....



Address of Venue :
Pellet Auditorium, KIOCL Ltd.
II Block, Koramangala,
Bangalore - 560 034

Nearest Landmark :
Amity

Pellet Makers to the Nation



KIOCL Limited

(A Govt. of India Enterprise)

CIN:L13100KA1976GOI002974

II Block, Koramangala, Bengaluru - 560034, Karnataka

Accredited with ISO 9001:2008, ISO:14001:2004, ISO 18001:2007

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