

# KIOCL Limited

(A Government of India Enterprise)  
CIN:L13100KA1976GOI002974



## 43<sup>RD</sup> ANNUAL REPORT 2018-19

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*Strengthening Nation  
Through Iron Foundation*





*Sri Dharmendra Pradhan, Hon'ble Minister of Petroleum and Natural Gas and Minister of Steel was felicitated by Sri MV Subba Rao, CMD on 11/06/2019.*



*Shri Faggan Singh Kulaste, Hon'ble Minister of State for Steel was felicitated by Sri MV Subba Rao, CMD on 11/06/2019.*



*The then Minister of Steel, Sri Chaudhary Birender Singh pressed button to energise the Solar Panels and Dedicated 1.3 MW Solar Power Plant to the Nation at Mangaluru on 30/01/2019.*

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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.



- 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.



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

## OUR CORE VALUES

**KIOCL is committed to the following Core Values :-**

CUSTOMER FOCUSED CULTURE	INTEGRITY	TEAM WORK	RESPECT	EXCELLENCE	OWNERSHIP MINDSET
We continuously strive to provide security & achieve customer satisfaction.	We are sincere, kind, fair and just in all our dealings with everyone.	We achieve mutual growth by respecting one another's individuality & by sharing knowledge & ideas.	We treat people how we would wish to be treated ourselves.	We continue to make effort for improvement of performance standards & capability building for sustained long term success.	We take ownership create understanding & develop solutions by communicating with data & transparency.

## BOARD OF DIRECTORS



**Sri M V Subba Rao**  
Chairman-cum-Managing Director



**Sri N Vidyananda**  
Director (Production & Projects)



**Sri S K Gorai**  
Director (Finance)



**Sri T Saminathan**  
Director (Commercial)  
(w.e.f 09.01.2019)



**Sri Saraswati Prasad**  
Special Secretary &  
Financial Adviser,  
Ministry of Steel,  
Govt. of India



**Sri T Srinivas**  
Joint Secretary,  
Ministry of Steel,  
Govt. of India



**Sri Madhav Lal**  
Independent Director



**Dr. Deepika Sharma**  
Independent Director



**Sri Jagdish P. Joshi**  
Independent Director  
(w.e.f. 14/12/2018)

## Board Sub Committee

### AUDIT COMMITTEE:

Sri Jagdish P. Joshi - Chairman  
Sri Madhav Lal- Member  
Dr. Deepika Sharma- Member  
Sri N Vidyananda - Member  
Sri T. Saminathan- Member  
Sri S. K. Gorai- Permanent Invitee

### STAKEHOLDERS RELATIONSHIP COMMITTEE:

Dr. Deepika Sharma - Chairperson  
Sri Madhav Lal- Member  
Sri Jagdish P. Joshi- Member  
Sri N Vidyananda - Member  
Sri S. K. Gorai- Member  
Sri T. Saminathan- Member

### INVESTMENT, PROJECT APPRAISAL & MONITORING COMMITTEE: -

Sri Madhav Lal- Chairman  
Dr. Deepika Sharma- Member  
Sri Jagdish P. Joshi- Member  
Sri N Vidyananda- Member  
Sri S. K. Gorai- Member  
Sri T. Saminathan- Member

### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

Dr. Deepika Sharma- Chairperson  
Sri Madhav Lal- Member  
Sri Jagdish P. Joshi- Member  
Sri N Vidyananda- Member  
Sri S. K. Gorai- Member

### NOMINATION & REMUNERATION COMMITTEE:

Sri Jagdish P. Joshi- Chairman  
Sri Madhav Lal- Member  
Dr. Deepika Sharma- Member  
Sri MV Subba Rao- Member

### RISK MANAGEMENT COMMITTEE:

Sri Madhav Lal- Chairman  
Sri N Vidyananda- Member  
Sri S. K. Gorai- Member  
Sri T. Saminathan- Member  
Sri Ram Gopal.G, Risk Officer - Ex-Officio Invitee

## CORPORATE INFORMATIONS

### COMPANY SECRETARY

Sri P. K. Mishra

### LISTED AT

#### National Stock Exchange of India Ltd.

Exchange Plaza,  
C-1, Block G,  
BKC, Bandra (E)  
Mumbai – 400 051  
**Stock Code : KIOCL**

#### BSE Ltd.

25<sup>th</sup> Floor, P.J. Towers,  
Dalal Street,  
Fort,  
Mumbai – 400 001  
**Script Code: 540 680**

#### Metropolitan Stock Exchange of India Ltd.

Vibgyor Towers, 4<sup>th</sup> Floor,  
Plot No.C 62, G-Block,  
BKC, Bandra (E),  
Mumbai – 400 098  
**Stock Code: KIOCL**

### DEPOSITORIES

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

### REGISTRAR & TRANSFER AGENT

**M/s Integrated Registry Management Services Pvt. Ltd.**  
# 30, Ramana Residency  
4<sup>th</sup> Cross, Sampige Road,  
Malleswaram, Bengaluru - 560 003  
Tel No. : 080 2346 0815 - 818  
Fax No. : 080 2346 0819  
Email : irg@integratedindia.in

### OUR BANKERS

IDBI Bank Ltd.  
IndusInd Bank  
Yes Bank Ltd.  
Kotak Mahindra Bank

### OUR CREDIT RATING AGENCY

CARE Ratings Limited  
4<sup>th</sup> Floor, Godrej Coliseum  
Somaiya Hospital Road  
Off Eastern Express Highway  
Sion (East) Mumbai - 400 002

### OUR 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  
M G Road  
Mangaluru - 575 003

#### COST AUDITOR

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

#### SECRETARIAL AUDITOR

**Sri S. Viswanathan,**  
Company Secretary in Practice,  
Flat 'B', Susheel Chandra  
Apartments,  
17<sup>th</sup> 'A' Cross, 10<sup>th</sup> 'A' Main,  
Malleshwaram,  
Bengaluru – 560 055

### REGISTERED OFFICE

#### KIOCL LIMITED

II Block, Koramanagala, Bengaluru - 560 034,  
Karnataka, India.  
Tel No.: 080 2553 1461- 466 Fax: 080 2553 2153 - 5941  
Website : www.kioclltd.in  
CIN No.: L13100KA1976GOI002974

## 10 YEARS AT A GLANCE

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

Particulars	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10
<b>Production (Quantity)</b>										
a) Pellets	2238	2327	1460	100	785	1710	1265	1710	2124	1273
b) Pig Iron			-	-	-	-	-	-	-	62
<b>Capacity Utilisation (%)</b>										
a) Pellets	64	66	42	3	22	49	36	49	61	36
b) Pig Iron			-	-	-	-	-	-	-	29
<b>Sales (Quantity)</b>										
a) Pellets	2206	2301	1387	409	680	1615	1236	1716	2090	1456
b) Pig Iron	2	3		-	1	2	4	10	20	95
Total Sales (US \$ Million) *	261.06	241.07	128.68	29.82	102.57	-	-	315.59	385.03	170.197
Export Sales (US \$ Million)*	178.45	148.93	75.95	10.74	12.14	-	-	93.16	164.73	51.69
DTA Sales (US \$ Million) *	82.61	92.14	52.73	19.08	90.43	-	-	222.43	220.31	118.51
Total Sales (in ₹. Lakhs) **	182877	157015	86753	19980	62884	153237	115912	152108	180346	99272
Export Sales (in ₹. Lakhs)	124698	99959	51751	7217	7391	-	-	41818	74727	23938
DTA & Indigenous Sales (in ₹. Lakhs)**	58179	57056	35002	12763	55493	153237	115912	110290	105619	75334
Gross Margin from operation	8610	(3483)	(9133)	(22358)	(11535)	(5037)	(6847)	3252	7026	(20783)
Income earned from Deposits/Mutual Funds etc.	11692	12503	14393	15618	17508	15663	14439	13511	9230	7312
Profit on sale of assets	37	1454	64	24	63	4	7	4	5	7
Cash Profit	20339	10474	5324	(6716)	6036	10630	7599	16767	16261	(13464)
Depreciation & DRE	1927	1865	2202	2251	3209	4232	4322	4090	3707	4949
Profit before Prior period adjustment/extraordinary items	18412	8609	3122	(8967)	2827	6398	3277	12677	12554	(18413)
Prior period adjustment/extraordinary items	-	-	-	-	299	(258)	(43)	(1138)	(2559)	(1082)
Profit Before Tax (PBT)	18412	8609	3122	(8967)	3126	6140	3234	11539	9995	(19495)
Profit After Tax (PAT)	11186	8148	4793	(8015)	3082	3994	3105	9430	7627	(17727)
Dividend -to Government ***	8194	6659	2324	-	628	816	628	1884	1570	-
- to others ***	78	67	24	-	6	8	6	19	16	-
- Dividend Tax	1700	1369	481	-	127	140	108	316	263	-
- % of Share Capital	13.30%	10.60%	3.70%	-	1.00%	1.30%	1.00%	3.00%	2.50%	-
Transfer to General Reserve	-	-	1964	(8015)	2321	3029	2362	7210	5778	(17727)
Paid-up Capital	62193	63451	63451	63451	63451	63451	63451	63451	63451	63451
No of shipments	42	44	26	7	15	42	24	38	44	32
Value added	37314	28403	18552	3431	23095	29987	23530	33171	43848	5670
No. of employees	841	888	922	938	947	957	1251	1319	1347	1362
Value added per employee	44.37	31.99	20.12	3.66	24.39	31.33	18.81	25.15	32.55	4.16
Value added per Rupee payment to employee	2.22	1.46	1.24	0.29	1.75	1.98	1.52	2.33	3.43	0.46

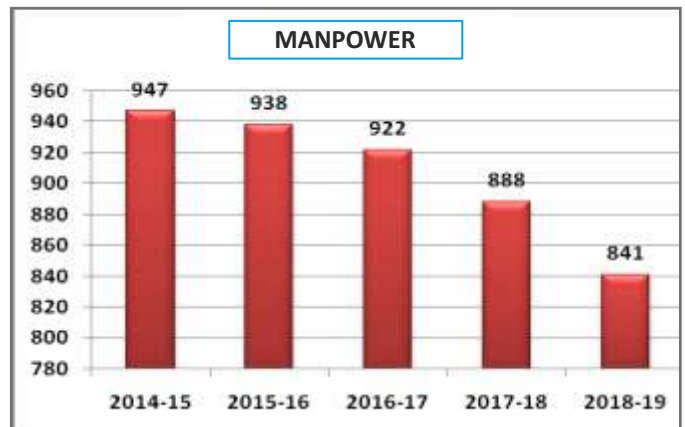
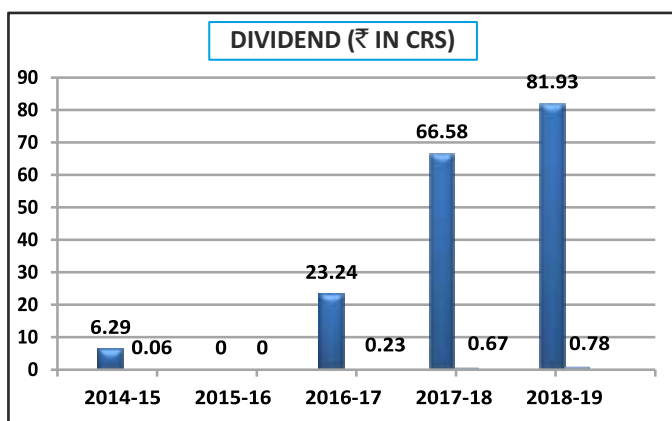
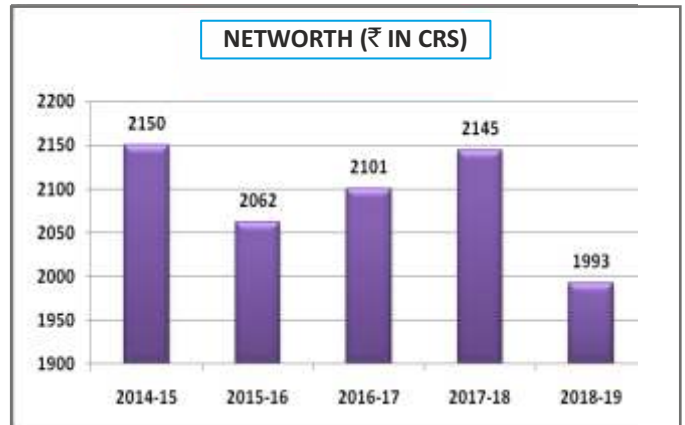
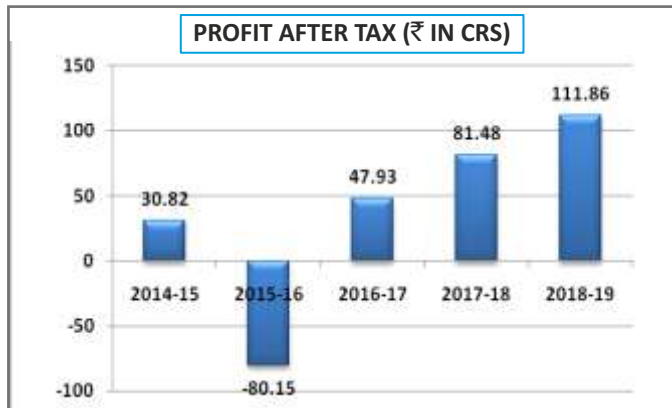
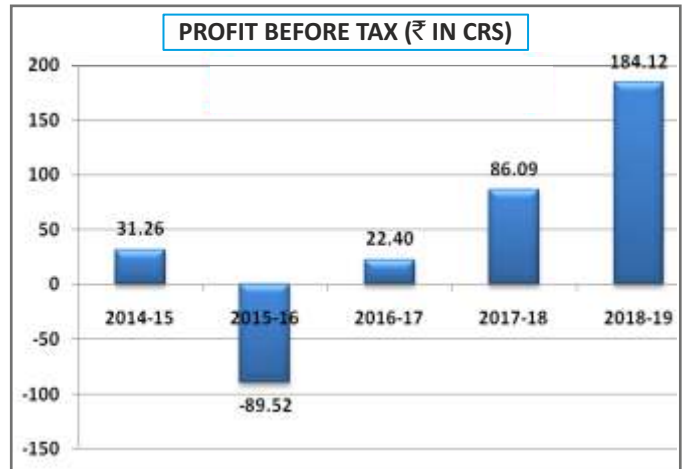
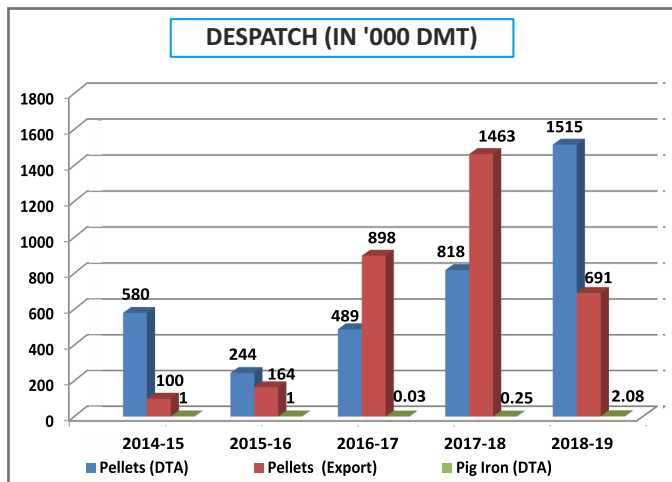
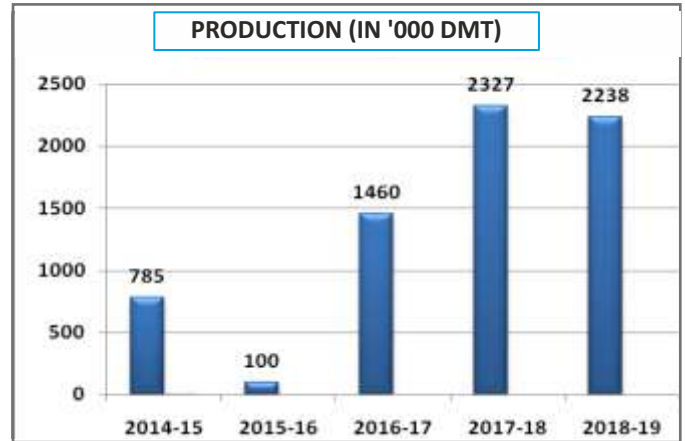
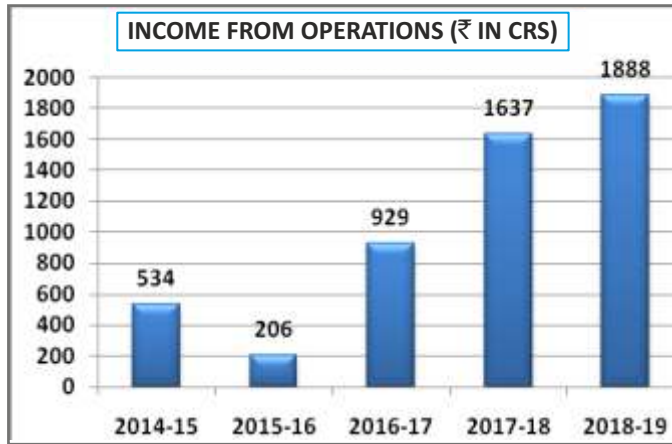
Pellets include Pellet Fines/Pig Iron includes Auxiliary material

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

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

\*\*\* Includes proposed final dividend.

## 5 YEARS AT A GLANCE





## MESSAGE FROM THE CHAIRMAN-CUM-MANAGING DIRECTOR



### Dear Shareholders,

I am delighted and privileged to apprise you about the encouraging performance of your Company during the Financial Year 2018-19. Amidst continued challenging business environment, initiatives taken have resulted in enhancing profitability, reinforcing our leadership in Pellet making industry.

I, on behalf of the Board of Directors as well as dedicated employees of KIOCL, present to you the Company's Annual Report for the Financial Year 2018-19.

### Key Performance Highlights

Let me share the key performance highlights for the FY 2018-19. Your Company has:-

- Surpassed "Excellent" Target in Production and Dispatches by producing 2.24 Million Tons and dispatching 2.21 Million Tons of Pellet respectively.
- Achieved Export Sales of 1.52 Million Tons of Pellets, highest after closure of Captive Mines at Kudremukh.
- Achieved Revenue from Operations ₹ 1887.71 crores, shot up by 15%, highest since inception.
- Achieved record Turnover of ₹ 2013 crores, which is highest since inception as against ₹ 1784 crores in the Financial Year 2017-18, registering growth of 13%.
- Earned an Operating Profit of ₹ 67.20 crores during the year after a gap of six years since the Financial Years 2011-12.
- Earned a Profit Before Tax of ₹ 184.12 crores compared to ₹ 86.09 crores in the year before, registering an increase of 114%. Net Profit (PAT)

stood at ₹ 111.86 crores compared to ₹ 81.48 crores in Financial Year 2017-18 up by 37%.

- Concluded Buy-back of 1,25,88,235 equity shares, representing 1.98% of the Paid-up Equity Share Capital with total outgo of ₹ 214 crores.
- Proposed to pay a total dividend of ₹ 99 crores for the year 2018-19, which is 13.33% on the paid up share capital, post buy-back of equity shares, which would be the highest dividend paid since Financial Year 2005-06, subject to the approval of shareholders.
- Your Company is spreading its footprint globally by successfully supplying pellets to steel mills in South Korea, Japan, Europe, Middle East etc.

The Company had also entered into UK market to realize one of the five challenges posed by Hon'ble Prime Minister of India at CPSE conclave.

### Economy & Steel Sector Scenario

India has emerged as the fastest growing major economy in the world and is expected to be one of the top three economic powers of the World over the next 10-15 years. India's GDP is estimated to have increased 7 per cent in 2018-19. Finished steel consumption in India grew at a CAGR of 5.69 per cent during FY08-FY18 to reach 90.68 Mt. Wide range of continuing infrastructure projects is likely to support growth in steel demand above 7% in both 2019 and 2020. India is the world's second-largest steel producer with production standing at 106.5 Mt in 2018. The National Steel Policy, 2017, has envisaged 300 million tonnes of production capacity by 2030-31. India's apparent steel usage per capita for finished steel products stood at 66.2 kg, way below the world's average of 212.3 kg in 2017, which suggests that India has a huge unrealized potential for steel demand growth. Global steel demand in 2018 was increased by 2.1% and Worldsteel forecasts that the same will reach 1,735 Mt in 2019, an increase of 1.3% over 2018. In 2019, demand growth is expected in a less favorable economic environment. China's deceleration, a slowing global economy, uncertainty surrounding trade policies and the political situation in many regions suggest a possible moderation in business confidence and investment.

In 2018, steel consumption of the country is expected to grow 5.7 per cent year-on-year to 92.1 Mt. and steel demand is increasing every consecutive year

and it is being forecasted by Worldsteel that it will overtake the United States in steel demand in 2019. The demand will be supported by improving investment and infrastructure programmes.

India's iron ore output is expected to have touched around 204 Mt in FY19 against 201 Mt in previous fiscal. Iron ore supplies from some of the mines from Minas Gerais State in Brazil is expected to be affected following breach of a tailing dam belonging to major miner Vale and subsequent mining restrictions and environmental concerns. This may also affect pellet production by Vale. The expected supply shortage is likely to support global iron ore and pellet market in 2019.

Your Company's exports have been predominantly to China as China consumes nearly 50% of iron ore produced in the World. Volatility in Chinese Iron and steel markets affects its performance. The Company has been making consistent efforts to expand its market base to reduce the risk of overdependence on single market.

As a result of these efforts, your Company exported pellets to Steel Mills in UK, Japan, South Korea, Oman etc. About 48% of exports made during FY 2018-19 were to markets other than China. UK alone contributing for 17% of total exports

### Creating KIOCL of Tomorrow

Your Company is moving to the next level of sustained performance by converting the emerging opportunities into potential success stories. Your Company is a debt free Company with surplus funds that can be invested for its growth. Therefore, your Company has embarked on a transformational journey by large size capital investments to the tune of Rs. 3500 crores.

In this regard, the Company has identified following road map and vision:-

- Setting up of 1.79 LTPA Coke Oven Plant and 2.0 LTPA Ductile Iron Spun Pipe Plant along with Modernization of Blast Furnace Unit.
- Develop Devadari Iron Ore Block, in Bellary district, Karnataka with all infrastructure by end of 2022.
- Setting up of 5 MW Solar Power Plant in Karnataka.
- Setting up of 2.0 MTPA Pellet Plant with M/s RINL at Vizag under Joint Venture.
- Modernization of Pellet Plant Unit, Mangaluru.
- Mineral Exploration activities along with exploratory drilling on allocation of areas by Ministry of Mines, Govt. of India and Govt of Karnataka.

Apart from the above, your Company has entered in to a MoU with M/s SAIL for exploring the Techno-

Economic Feasibility for consideration of setting up of a Pellet Plant of suitable capacity at the premises of SAIL's Bokaro Steel Plant (BSP) or at any other suitable location across SAIL's Integrated Steel Plant.

### Awards & Recognitions

During FY'19 your Company has received following Awards & Recognitions:

1. "Best PSU Award in Value Growth Category" by "Governance Now".
2. First prize for the year 2017-18 "Rajbhasha Excellence Award".
3. "Outstanding Export Performance Award" for the year 2018-19 from "Mangaluru Customs Commissionerate".

### CSR Initiatives

Beyond business, our CSR Initiatives have also helped the organization in making a positive impact in people's lives. At the same time, it also sensitizes us to our role as an important stakeholder of the society and environment. In FY'19, your Company spent ₹. 32.51 lakhs for its various CSR programs with target areas spanning from Education, Promotion of Sports, Clean Drinking Water, Health Care, Contribution to Chief Minister's Relief Fund and Development of Aspirational District.

### Partners on the Journey

Aspirations in our journey cannot be achieved without acknowledging dedicated and committed efforts of each & every member of KIOCL family. I take this opportunity to once again thank the Board Members and particularly distinguished Govt. Nominee Directors and Independent Directors for providing leadership support to your Company and its employees. I also thank employees of your Company for contributing immensely. I would also like to thank and acknowledge the continued co-operation, trust and support of various Government / Regulatory authorities, Company's valued customers, suppliers, vendors, investors, bankers and shareholders.

Notwithstanding the shifts and turns in the market, Shareholders belief in our growth story and enduring association with us is what keeps us motivated to emerge stronger with every passing year. At the successful closure of yet another financial year, I express my gratitude to the Shareholders of the Company and look forward to continuing this journey for achieving greater heights together.

Dhanyawaad!!

Sd/-

**M V Subba Rao**

Chairman-cum-Managing Director

## BOARD'S REPORT - 2019

Dear Members,

The Board of Directors hereby submits the report of the business and operations of your Company ("the Company") for the Financial Year ended March 31, 2019, together with the Auditors' Report on the Annual Financial Statements and Comments on the same by the Comptroller & Auditor General (C&AG) of India.

During the just concluded Financial Year 2018-19, your Company achieved a record turnover of ₹ 2013 crores, which is highest since inception as against ₹ 1784 crores in the Financial Year 2017-18, registering growth of 12.84%.

Your Company maintained its steady financial performance during the year 2019 despite wide fluctuations in Pellet Price coupled with increase in iron ore price and Plant shutdown for about two months on account of capital repair of furnace and disruption of Iron Ore Fine supply. During the year, your Company could achieve Pellet production of 2.238 million tons exceeding the 'Excellent' MOU target of 2.170 million tons, resulting into capacity utilization of 63.94% as compared to production of 2.327 million tons a year before and has achieved Pellet dispatch of 2.206 million tons as compared to 2.301 million tons during the previous year.

### Financial Results and State of Company's Affairs

(₹ in crores Except EPS)

Particulars	FY 2019	FY 2018
Total Revenue	<b>2012.68</b>	1784.44
Revenue from Operations	<b>1887.71</b>	1637.18
Other Income	<b>124.97</b>	147.26
Earning Before Interest and Tax (EBIT)	<b>184.92</b>	86.59
Profit Before Tax (PBT)	<b>184.12</b>	86.09
Tax Expense (including deferred taxes)	<b>72.26</b>	4.61
Profit After Tax (PAT)	<b>111.86</b>	81.48
Add : Other Comprehensive Income (Net of Tax)	<b>10.90</b>	3.07
Total Comprehensive Income	<b>122.76</b>	84.55
EPS (Basic & Diluted)	<b>1.78</b>	1.28
Average Networth	<b>2069.80</b>	2123.60
Average Capital Employed	<b>2204.94</b>	2298.93
Book Value per Share	<b>32.06</b>	33.82
Return on Average Capital Employed (%)	<b>5.07</b>	3.54
Return on Average Net Worth (%)	<b>5.40</b>	3.84
Capital expenditure	<b>17.93</b>	0.80

## Revenues

During the year, your Company achieved an operating income of ₹ 1887.71 crores as compared to ₹ 1637.18 crores in the previous year, a growth of 15.30%. Revenue from export sales increased by 30% to ₹ 1246.98 crores from ₹ 959.58 crores and domestic sales decreased from ₹ 610.56 crores to ₹ 581.78 crores in comparison to Previous Financial Year.

Your Company achieved export sales of 1.52 Million Tons of Pellets, highest after closure of Captive Mines at Kudremukh. During the year about 48% of the total exports made were to markets other than China, to Steel Mills in UK, Japan, South Korea, Oman etc. UK alone contributed for 17% of total exports. Your Company achieved 67% of total revenue from operations through export, surpassing 'Excellent' target of MoU.

Income from Sale of Services (O&M Operations and Mineral Exploration Services) during the year was ₹ 43.49 crores against ₹ 35.26 crores of previous year. Other Income comprising of Income from Treasury Operation and other Miscellaneous Income has decreased to ₹ 116.92 crores from ₹ 125.03 crores. The Interest Income has come down mainly due to cash outflow of ₹ 214 crores on account of buy back of shares and ₹ 61 crores of dividend.

## Profits

Your Company's Profit Before Tax has substantially increased to ₹ 184.12 crores from ₹ 86.09 crores in the previous year, an increase of 113.86%. The increase is primarily due to higher realisation both in domestic as well as in export market. Your Company has also achieved a 37.26% higher Profit After Tax at ₹ 111.86 crores during the current year as compared to ₹ 81.48 crores during previous year.

## Dividend

Your Directors are pleased to recommend a final dividend of ₹ 1.33/- per equity share on face value of ₹ 10/- each for the year ended March 31, 2019 subject to the approval of Members at the Annual General Meeting (AGM) to be held

on 03/09/2019, the final dividend will be paid on or before 03/10/2019, to the Members whose names appear in the Register of Members, as on the Book Closure date, i.e. 27/08/2019 to 03/09/2019 (both days inclusive). The total dividend for the financial year will absorb ₹ 99.7 crores, including dividend distribution tax of ₹ 17 crores, out of the Profit After Tax of ₹ 111.86 crores.

The Register of Members and Share Transfer Books will remain closed from 27/08/2019 to 03/09/2019 (both days inclusive) for the purpose of payment of the dividend for the Financial Year ended March 31, 2019 and the AGM.

## Liquidity

Your Company continue to maintain prudent cash flow for its smooth operation. As on March 31, 2019 there was a net cash surplus of ₹ 1569.18 crores (₹ 1863.39 crores as on 31/03/2018). During the year, your Company continued to maintain a zero debt status thereby retaining its full capability for gearing the Balance Sheet, as and when need arises.

## Credit Rating

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

Facilities	Amount (₹ in crores)	Rating
Long-term Bank Facilities	1	CARE AA : Stable (Double A; Outlook : Stable)
Long term/ Short term Bank Facilities	684 (enhanced from 369)	CARE AA; Stable/ CARE A1+ (Double A; Outlook: Stable/A One Plus)
<b>Total facilities</b>	<b>685</b>	

The above rating indicates that your Company enjoys highest short term credit rating and a notch below the highest 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.

### Market Capitalization - Top 500 Companies

Based on Market Capitalization as on March 31 2019 your Company has been included amongst the top 500 listed Companies at 250<sup>th</sup> number.

### Entry into the Indices – NSE NIFTY 500 & BSE S&P 500

For the first time your Company has become the Index constituent of NSE Nifty 500 Index and BSE S&P 500 Index. As per the list released by the respective Indices, your Company stands at 267<sup>th</sup> in NSE Nifty 500 Index and 274<sup>th</sup> in BSE S&P 500 Index.

### MoU Performance

Performance of your Company, in terms of the Memorandum of Understanding (MoU) signed with the Ministry of Steel, Government of India, was rated as “Good” for the Financial Year 2017-18. The MoU evaluation for Financial Year 2018-19 is under finalization and expected to achieve “Very Good” rating.

### Particulars of Loans, Guarantees or Investments

During the year 2018-19 there was no loan, guarantee or investment made by your Company under Section 186 of the Companies Act, 2013.

### 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) Regulations, 2015, which attract the provisions of Section 188 of the Companies Act, 2013, as such annexure AOC-2 is not furnished.

There were no materially significant transactions with related parties which were in conflict with the interest of the Company. The Board had approved a Policy on Materiality of Related Party transactions and dealing with Related

Party transactions, which is available on the Company's website.

### Material Changes and Commitments, if any, affecting Financial Position

There was no material change / commitment occurred affecting the financial position of the Company subsequent to the financial year ended March 31, 2019 till the date of this report. Also, there was no change in the nature of business of the Company during the year.

### Buyback of Shares

In line with the Department of Investment & Public Asset Management (DIPAM), Ministry of Finance guidelines dated 27<sup>th</sup> May 2016 on Capital Restructuring of Central Public Sector Enterprises (CPSEs), the Board in its Meeting held on 18/09/2018, approved the buy back of fully paid-up equity shares of ₹ 10/- each not exceeding 1,25,88,235 equity shares (representing 1.98% of the total number of equity shares in the paid-up share capital of the Company) at a price of ₹ 170/- per equity share payable in cash for an aggregate consideration not exceeding ₹ 214 crores being 9.99% of the aggregate of the fully paid-up equity share capital and free reserves as per the audited financial statements of the Company for the financial year ended March 31, 2018. This was within the statutory limits of 10% of the aggregate of the fully paid-up equity share capital and free reserves under the Board of Directors approval route as per the provisions of the Companies Act from the equity shareholders of the Company, as on the record date, on a proportionate basis, through the Tender Offer route as prescribed under the Buyback Regulations.

Your Company had completed buyback in accordance with provisions contained in Companies Act, 2013 and SEBI (Buyback of Securities) Regulations 2018. The President of India acting through Ministry of Steel, Govt. of India being the Promoter of the Company had tendered Buy Back offer through Stock Exchange Mechanism and 1,20,92,926 Equity Shares were accepted in the Buy-back and

4,95,309 Equity Shares were accepted from other non-promoter shareholders.

The Company concluded buy-back procedure on 15/11/2018 and 1,25,88,235 Equity Shares were extinguished. The Company had utilized its general reserve for the buy-back of its shares. In accordance with Section 69 of the Companies Act, 2013, the Company had created a Capital Redemption Reserve of ₹ 12.5882 Crore equal to the nominal value of shares bought back as an appropriation from the general reserve.

### Management Discussion and Analysis Report

The Management's discussion and analysis report is set out in this Annual Report in terms of the provisions of Regulation 34(2)(e) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015,

### Business Responsibility Report

During the year your Company continued to be top 500 listed companies in term of market capitalization. In compliance to Regulation 34(2)(f) of SEBI (LODR) Regulations, 2015, BRR disclosures have been integrated in the Annual Report.

## 2. BUSINESS AND OPERATIONAL REVIEW

Your Company produced 2.238 million tons of Pellets during the year 2018-19 in comparison to 2.327 million tons produced in the previous year. The quantity produced surpassed the "Excellent" Target of 2.170 million tons as set in the MoU. Your Company had sold 2.206 million tons of Pellets as against 2.301 million tons in the previous year. Out of the total quantity sold, exported quantity was 1.520 million tons which is about 69% of the total sales and balance 0.686 million tons was sold to domestic customers.

**Table 2: Sales Performance**

Year	Pellets		Pig Iron		Total	
	Qty	Value	Qty	Value	Qty	Value
<b>2018-19</b>	<b>2.206</b>	<b>1,825.97</b>	<b>0.002</b>	<b>2.78</b>	<b>2.208</b>	<b>1,828.75</b>
2017-18	2.300	1,553.09	0.000	0.40	2.300	1,553.49
2016-17	1.387	868.72	0.000	0.07	1.387	868.79
2015-16	0.409	198.45	0.001	1.35	0.410	199.80
2014-15	0.680	626.87	0.001	1.97	0.681	628.84

(Note: Pig Iron includes Auxiliary)

The Blast Furnace Unit (BFU) remained under suspension in view of unviable operation. The Company intended to restart BFU operation, but due to uneconomic price of Pig Iron and high Coke Price, the unit could not be restarted. Steps have been taken to make the unit viable on standalone basis through setting up of backward & forward integration projects. The Board of Directors in its 255<sup>th</sup> Meeting held on 13/11/2018 approved the DPR for setting up of Coke Oven Plant under backward integration and DISP Plant under forward integration projects by the Company and carrying out the necessary modifications to the BFU to make the unit economically viable at a total estimated capital cost of ₹ 836.90 crores. The financial appraisal of the DPR was carried out by M/s IFCI Limited. Your Company received the Terms of Reference from MoEF on 21/12/2018. Environmental Impact Assessment (EIA) / Environment Mitigation Plan (EMP) studies are under way for submission to get Environmental Clearance. M/s MECON, the Consultant for the project have started the collection of baseline data for the EIA/EMP reports.

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: Capital Utilisation**

(Qty. In Million Tons)

Year	MOU Target	Actual Production	Utilization of installed capacity in %
<b>2018-19</b>	<b>2.170</b>	<b>2.238</b>	<b>64</b>
2017-18	1.925	2.327	66
2016-17	1.300	1.460	42
2015-16	1.800	0.100	3
2014-15	1.800	0.785	22

(Installed capacity of Pellet Plant is 3.500 million tons / annum).

(Qty : in Million Tons, Value: ₹ In Lakhs)

### Mineral Exploration Contracts

Ministry of Mines (MoM), Govt. of India has notified your Company under second proviso of sub section (1) of section 4 of the Mines and Minerals (Development and Regulation) Act 1957 as Exploration Entity. National Mineral Exploration Trust (NMET), Ministry of Mines, Govt. of India has allotted two blocks of NMET approved Mineral Exploration works with a total value of ₹ 726.15 Lakhs plus GST in favour of your Company for carrying out G4 level exploration works:

- i. **UDBUR GOLD BLOCK** (extent - 202sqkm) in Mysore Dist., Karnataka;
- ii. **TIRUMARANKARADU IRON ORE BLOCK** (extent - 100sqkm) in Tirupur, Tamil Nadu.

As per Work Plan approved by Technical cum Cost Committee (TCC) - NMET, MoM, your Company is carrying out site works of the allotted blocks in three stages:

Stage 1 – Large Scale Geological Mapping;  
Stage 2 – Detailed Geological Mapping; and  
Stage 3 – Scout Drilling

#### Status of work at Tirumankaradu Iron Ore Block:

Completed Stage 1 works and Interim Report of Stage 1 approved by NMET. However, due to agitation by local villagers against the Mineral Exploration works being carried out, Stage 2 site works of TIOB is temporarily suspended w.e.f June 19, 2018. Noting the same, NMET approved additional period of 6 months w.e.f the date of receipt of consent from State Govt for carrying out balance approved works. Your Company is in liaison with Department of Geology and Mining, Govt of Tamil Nadu for re-initiating Stage 2 works.

**Status of work at Udbur Gold Block:** Completed Stage 1 and 2 works and Interim Reports of Stage 1 & 2 (part) submitted by your Company are approved by NMET. ₹ 1,76,09,852/- inclusive of GST had been reimbursed to your Company by NMET, Ministry of Mines, Govt. of India towards expenses incurred on Stage 1 and Stage 2 (part) of Mineral Exploration.

As on the last day of the years, the following additional ME Works under NMET funding are in pipeline:

### Neerbudhihal Limestone & Dolomite Block(s) (NLDB):

- a. Government of Karnataka, vide letter dtd. March 15, 2019 have accorded permission to your Company for carrying out G4 level ME works in two blocks of NLDB (E&W) in Bagalkote (Dist) of Karnataka.
- b. Technical cum Cost Committee (TCC- NMET) accorded technical consent for the work on April 4<sup>th</sup>/ 5<sup>th</sup>, 2019.
- c. Your Company is pursuing with TCC-NMET for Financial approvals.

Your Company is also pursuing with Department of Mines and Geology, Karnataka for ME Works in Iron Ore sector.

### Poomedu Iron Ore Block (PIOB)

- a. NMET, MoM approved G4 level (Stage 1- Large Scale Geological Mapping) of ME works for Iron ore in PIOB (extent – 87 sqkm.), in Tirupur and Karur (Dists) of Tamil Nadu with a total value of ₹ 52.61 Lakhs plus GST.
- b. NMET has accorded 6 months w.e.f. the date of receipt of consent from State Govt for carrying out Stage 1 works.
- c. Your Company is in liaison with Department of Geology and Mining, Govt of Tamil Nadu for initiating the site works.

### Operation and Maintenance Portal

The Operation and Maintenance Portal was created with primary objective of providing expertise of your Company to other organizations to improve their efficiency level and in the process, optimizing the resource utilization of the Company. The services are structured on a fee based interlinking with the number of engineers and support staff deployed to the concerned organizations.

**M/s NMDC, Donimalai:** Your Company has taken up the Operation & Maintenance of NMDC's 1.89 mtpa Beneficiation plant and 1.2 mtpa Pellet Plant at Donimalai, Karnataka. Your Company's technical manpower was involved in pre-commissioning activities, trial runs of the equipments, etc and the plant has been successfully commissioned and is operating.

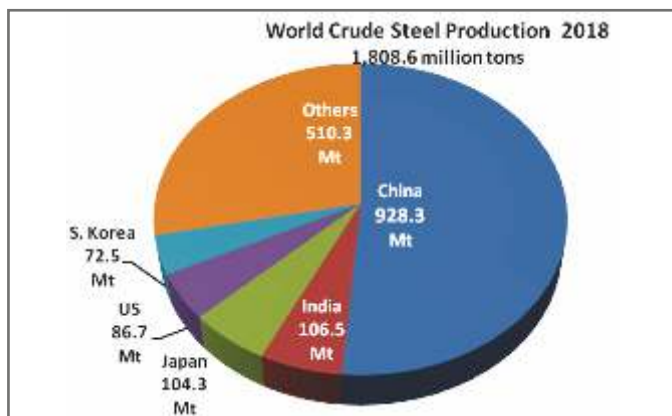
Modification jobs were also carried out by O&M team during the commissioning stage and continuous Pellet production commenced from September 30, 2016. The present O & M contract is valid till July 2019.

**M/s OMC, South Kaliapani Mines:** - M/s. OMC have awarded the work to your Company for taking up and completing the balance works and to get the plant commissioned. Total awarded contract price for the balance work is ₹ 28.60 crores plus GST.

**MARKET SCENARIO**

During 2018, the World steel market remained positive, world crude steel production reached 1,808.6 million tons, up by 4.6% compared to 2017. Crude steel production increased in most of the regions in 2018. Annual production of crude steel in Asia stood at 1,271.1 million tons in 2018, an increase of 5.6% compared to 2017. China's crude steel production in 2018 reached 928.3 Mt, up by 6.6% on 2017. China's share of global crude steel production increased from 50.3% in 2017 to 51.3% in 2018. India's crude steel production in 2018 was 106.5 Mt, up by 4.9% on 2017. India has replaced Japan as the world's second largest steel producing country. Japan produced 104.3 Mt in 2018, down 0.3% compared to 2017.

Worldsteel forecasts that global steel demand will reach 1,735 Mt in 2019, an increase of 1.3% over 2018. In 2018, global steel demand increased by 2.1%. In 2019, growth is still expected, but in a less favorable economic environment. China's deceleration, a slowing global economy, uncertainty surrounding trade policies and the political situation in many regions suggest a possible moderation in business confidence and investment.

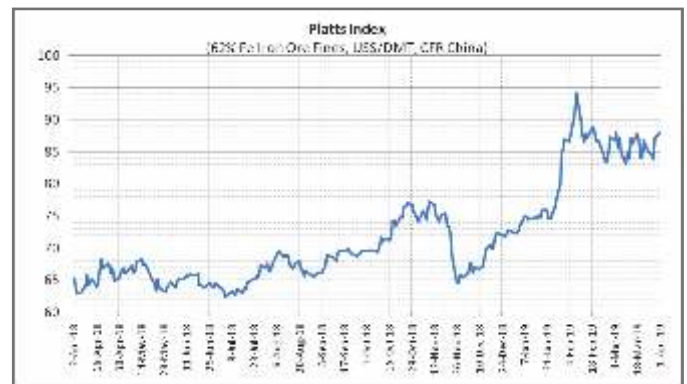


Chinese steel demand is expected to remain robust owing to government stimuli. In 2019, the government is likely to heighten the level of stimulus, which is expected to boost steel demand.

Having overcome the demonetisation and the Goods & Services Tax (GST) implementation issues, the Indian economy is now expected to achieve faster growth starting in the second half of 2019. While the fiscal deficit might weigh on public investment to an extent with the new stable Govt., the wide range of continuing infrastructure projects is likely to support growth in steel demand above 7% in both 2019 and 2020.

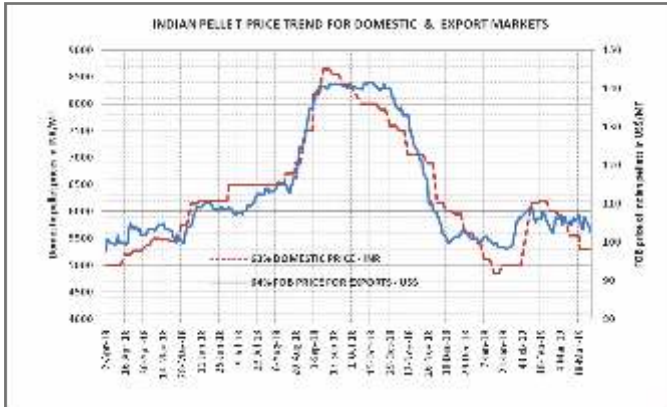
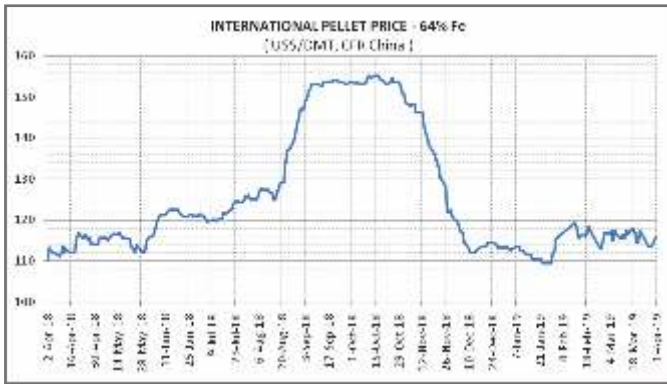
Steel demand in the developed economies grew by 1.8% in 2018 following a resilient 3.1% growth in 2017. Worldsteel expects the demand to further decelerate to 0.3% in 2019, reflecting a deteriorating trade environment.

Seaborne iron ore market performed better during 2018-2019 in comparison with previous year. Average iron ore prices witnessed a jump of about 4.4%. Pellet market also witnessed considerable upward movement. Prices of pellets witnessed a robust growth between July'18 and 1<sup>st</sup> week of October 18 due to robust demand in Chinese market in view of implementation of strong environmental pollution control measures on steel mills and firm steel margins.



Domestic iron ore pellet market also moved in tandem with international pellet prices as pellet producers preferred to sell in overseas market whenever the market was buoyant. Domestic pellet market also witnessed significant jump during the year. The total export of pellets from India is projected to be above 9 million tons during the year.





KIOCL Pellet sale prices also witnessed an increase over the previous year. The sales realisation per ton of pellets increased by 22.62% during 2018-19 in comparison to the previous year.

## CAPEX AND GROWTH PLAN

For long term sustainability / viability of your Company in the competitive market environment and forwards consistent steady growth, your Board made the, following efforts during the year.

### Commencement and Development of Devadari Iron Ore Mine

Govt. of Karnataka vide Gazette Notification dated 23/01/2017 reserved an area of 470.40 ha in Devadari Range, Sandur Taluk, Bellary District for mining lease of Iron and Manganese ore for captive utilization at Pellet Plant and Blast Furnace Unit at Mangaluru. Company had initiated actions for obtaining statutory clearances from authorities for execution of mining lease deed. Mining Plan was approved on 08/03/2018 for production of 2 mtpa iron ore and setting up of 2 mtpa crushing, conveying & beneficiation plant. MoEF & CC, Govt. of India

had issued Terms of Reference on 16/05/2018 for conducting base line study. For Environment clearance draft EIA/EMP along with Executive Summary had been submitted to Karnataka State Pollution Control Board (KSPCB) and Regional Environment Office, Bellary for conducting public hearing and the same has been fixed on June 25, 2019.

On completion of Public Hearing, Final EIA/EMP report including Public Hearing Proceedings will be submitted to MoEF & CC, GoI for Environment Clearance. Company submitted Forest Clearance application in Form "A" on 16/03/2018 through online portal of MoEF&CC, GoI for forest clearance. On acceptance of FC application by Nodal Officer, GoK, Company has submitted hard copy of forest clearance application on 28/08/2018 to DCF, Bellary for processing further. Tree enumeration and DGPS survey work has been completed and soon DCF, Bellary will forward the proposal to Nodal Officer, GoK.

Company will undertake development of iron ore mines, commissioning of beneficiation plant along with infrastructure development viz railway siding, water pipeline, power transmission line, conveyor corridor with capital investment of around ₹ 1500 - 2000 crores. The iron ore produced from this mine will be utilized in the existing pellet and pig iron ore plants at Mangaluru. Setting up of pellet plant at site is envisaged at later stage.

### Backward and Forward Integration Projects at BFU

In order to make the Blast Furnace Unit viable on standalone basis, your Company has envisaged projects for setting up of 1.8 Lakh TPA capacity Non-Recovery Coke Oven Plant with 10 MW Cogeneration power plant as Backward Integration and a 2 Lakh TPA capacity Ductile Iron Spun Pipe (DISP) plant as forward Integration along with Pulverized Coal Injection System at the existing Blast Furnace Unit (BFU). The Board of your Company in its 255<sup>th</sup> Meeting held on 13/11/2018 has approved the Detailed Project Report (DPR) for setting up these Forward Integration and Backward Integration projects

and also for carrying out the necessary modifications to the Blast Furnace Unit at an estimated total capital cost of ₹836.90 crores.

Your Company had submitted applications to MoEF for obtaining Terms of Reference (ToR) and the same had been received on 21/12/2018. M/s MECON Ltd., engaged as the Technical Consultant for obtaining the Environmental Clearance from MoEF and Consent for Establishment from KSPCB for the project, have commenced the collection of the baseline data for preparation of EIA/EMP report in line with the ToR. The report is expected to be ready by end of May 2019 and thereafter the same would be submitted to KSPCB, for conducting the public hearing.

#### **Setting up a 1 MWac Solar Plant at BFU premises Mangaluru**

In order to support the Govt. of India's National Solar Mission, your Company has committed to the Government of India to develop Renewable Energy Projects during the five year period of 2015-19. It has since set up a 1.3MWp capacity Solar power plant at the BFU premises, Mangaluru which has been completed and the plant was inaugurated on January 30, 2019 by Hon'ble Steel Minister in the presence of Senior Officials from Ministry of Steel.

M/s Infrastructure Development Corporation (Karnataka) Limited (M/s iDECK) have provided the Technical Consultancy for implementation of the project. M/s Enerparc Energy Pvt. Ltd, the EPC contractor have carried out the Design, Engineering, Procurement, Supply, Erection, Testing, Installation and Commissioning of a 1 MWac Solar PV Power Plant in the premises of Blast Furnace Unit, Mangaluru. Power generation from the project started from February 2019.

#### **Setting up of a 5 MWac (6.5 MWp) Solar Power Plant in Karnataka State.**

A consortium led by M/s. Aishwaryagiri Constructions Pvt. Ltd., Bengaluru have been

engaged as EPC Contractor for carrying out the "Design, Engineering, Manufacture, Inspection at supplier's works, Supply, Transport, Procurement of land, Storage of supply items, Erection, Testing, Commissioning, External transmission lines and right of way, Bay Extensions, Power Evacuation System", for the development of 5MWac (6.5mw p) Captive Solar Power Plant in Karnataka. The EPC contractor has identified a land and has forwarded the land documents which are being scrutinized from the legal perspective. As a parallel action, Application has been submitted for obtaining the necessary Govt., approvals / orders for the project.

#### **JOINT VENTURE / MOU**

#### **Setting up 2 MTPA Pellet Plant on JV basis between KIOCL & RINL**

Your Company had signed a MoU with M/s RINL Visakhapatnam for setting up a 2 MTPA capacity Pellet Plant at RINL premises, Visakhapatnam on Joint Venture. The Board of your Company at its 254<sup>th</sup> Meeting held on 05/10/2018 had approved the Detailed Project Report (DPR) prepared by M/s MECON for setting up of a 2 mtpa capacity Pellet Plant at the RINL premises, Visakhapatnam at a total capital cost of ₹ 1032.8 crores. The financial appraisal of the DPR was carried out by M/s IFCI Limited. The draft Share Holder's Agreement has been approved by Boards of both the Companies. As a parallel action, your Company have submitted the necessary application to MoEF for obtaining Terms of Reference. M/s MECON have been engaged as the Technical Consultant for obtaining the Environmental Clearance from MoEF and Consent for Establishment from Andhra Pradesh State Pollution Control Board. For the aforesaid project, M/s RINL have earmarked an area measuring 112 acres and have engaged M/s UTI Infrastructure Tech and Services Ltd., Mumbai for carrying out the Valuation of the land which would form a part of their equity for the project.

## MoU with M/s SAIL

M/s KIOCL and M/s SAIL have entered into an agreement on 30/01/2019 to cooperate with each other for exploring the Techno-economic feasibility for consideration of setting up of a pellet plant of suitable capacity under a Joint Venture. Both the parties intend to undertake joint TEFR for consideration of setting up of a pellet plant of suitable capacity at the premises of SAIL's Bokaro Steel Plant (BSP) or at any other suitable location at SAIL's Integrated Steel Plants. A Task Force Team (TFT) has been constituted by KIOCL and SAIL's Management to finalize the way forward. Task Force Team members have deliberated for engaging a consultant for preparation of TEFR.

## MODERNIZATION OF PELLET PLANT UNIT

### Installation of a Barrel Type Blender Reclaimer of 1000 tph capacity

Your Company has placed an order for ₹ 17.60 crores exclusive of GST for Design, Engineering, Manufacture, Supply, Transportation, Unloading, Handling at Site, Storage, Erection, Testing, Integrating with the existing system, Commissioning & carrying out the Performance Guarantee Test of Barrel type blender Reclaimer of 1000 tph capacity including associated systems & facilities and Civil & Structural Works complete to be accommodated at the existing shed no. 2 of the Pellet Plant Unit to integrate with the existing system like the conveyor CB-86, using the same rails for long travel etc. The adjacent equipment and plant will be in operation during the installation of this equipment except during the integration period with the existing system.

### Installation of pressure filters at Filter Plant

The existing Vacuum disc filters are not suitable to filter the iron ore sourced from Odisha which has a high Alumina content, high Blaine and is slimy in nature. The filtration rate drops to as low as 20 tons per hour per filter as against the designed capacity of 120 tons per hour. With this rate, the total output of filter plant drops below the requirement of input to Pellet Plant i.e. 400

to 500 T/Hr., and the moisture level in the concentrate goes beyond 12 % as against the requirement of 9% to 10 %, which adversely affects the pelletisation process in terms of physical quality of the Pellet and results in reduced productivity with higher specific consumption of burnt lime, bentonite, furnace oil and electric energy.

The Board of your Company in its 257<sup>th</sup> Meeting held on 26/03/2019 accepted the Techno-Economic Feasibility Report (TEFR) prepared by M/s MECON and accorded its in-principle approval for floating tender for procurement and installation of Pressure Filters at a total Capital Investment of ₹ 158.6 crores.

The filtration through the Vertical Pressure Filters gives the desired moisture level in the filter cake and improvement in the Pellet quality. Further the Company would be able to increase the percentage of Odisha ore for Pellet making thereby reducing the OPEX, coupled with the flexibility of operating the Plant with ore sourced from any part of the country at lower cost, providing the Company operational flexibility and reduction of specific energy consumption for filtration by around 50%. The Company would be in a position to achieve the rated level of production capacity by processing the iron ore fines sourced from various locations and various clients including off-shore customers.

Your Company is taking needful action for procurement of the Vertical Pressure Filters and also for finalizing a technical consultant for providing the necessary detail engineering services.

## 3. DIGITAL INDIA - SINGLE INTEGRATED INFORMATION SYSTEM / ERP

To fulfil the "Digital India" initiative of Govt. of India and to leverage latest Information and Communication Technology to build Company's competitive edge in the market, your Company is in the way of having a Single Integrated Information System / ERP approach along with the up-gradation of existing IT infrastructure. The process of selection of Project Management Consultants is currently in progress.

#### 4. HUMAN RESOURCE MANAGEMENT & INDUSTRIAL RELATIONS

##### Human Assets

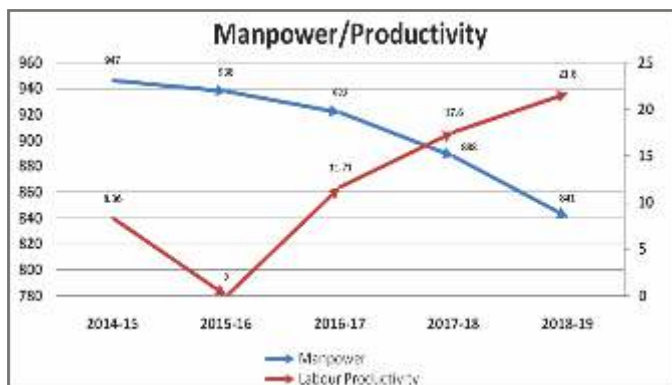
Your Company believes in building positive employee-employer relationship by nurturing initiatives, innovations and aspirations of the employees as an integrated approach of Human Resource Management, focusing on people to manage change and strive for continued excellence. Hence, the human resource policies and practices of your Company are designed to be always sensitive to employees' needs. As on March 31, 2019, the Company had 841 employees on its rolls comprising of 261 Executives including Non-unionized Supervisors (31%) and 580 Non-Executive Employees (69%).

**Table: 3 Show the breakup of employees under different categories on rolls of the Company as on March 31, 2019.**

Group	Total	SC	ST	Ex-service -men	PwD	No. of Women Employees
A	225	43	12	--	5	11
B	36	2	2	--	-	5
C	543	83	30	--	5	9
D	37	6	6	--	3	1
<b>Total</b>	<b>841</b>	<b>134</b>	<b>50</b>	<b>--</b>	<b>13</b>	<b>26</b>

##### Enhanced Productivity and Rationalized Manpower

Your Company had achieved the Labour Productivity (LP) of 21.80 MT/MD during 2018-19. The enhanced productivity and rationalized manpower could be achieved as a result of judicious recruitments, building competencies and infusing a sense of commitment and



passion among employees. Trend of enhanced productivity and manpower rationalization since 2016-17 onwards.

##### 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.

##### Prevention of Sexual Harassment of Women at Workplace

Your Company is committed towards prevention of sexual harassment of women at workplace and takes prompt action in the event of reporting of any such incidents. Your Company's Sexual Harassment prevention procedures are in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. It has duly constituted an Internal Complaint Committees (ICC) to redress Sexual Harassment Complaints. All employees (permanent, contractual, temporary, trainees) are covered under this policy. The details of number of cases filed and disposed off during the year as required under the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013 are as follows:

- (i) number of complaints filed during the financial year: NIL
- (ii) number of complaints disposed off during the financial year: NIL
- (iii) number of complaints pending as at the end of the financial year: NIL

##### Empowerment of Women

Your Company is a Corporate life member of the Forum of Women in Public Sector (WIPS), a professional body functioning under the aegis of Standing Conference of Public Enterprises (SCOPE). All women employees are life members of the said Forum. Co-ordinators are being nominated on rotation basis from the Company to liaison with WIPS Apex Body and Southern Region. The Company nominates

women employees to attend Annual Meet & Regional Meet of FORUM of WIPS every year. International women's day was celebrated on 8<sup>th</sup> March 2019 in a befitting manner.

### **Industrial Relations and Employees Welfare**

Your Company continued to maintain harmonious industrial relations, co-operation between the elected representative bodies of employees and management ensuring no loss of mandays. Human Resource policies and welfare schemes were continuously aligned with the Company's goals and objectives and suitable amendments were carried out as per the requirement, changed business conditions etc.

### **Recruitment & VRS**

During the year Company had recruited 5 executives in different levels and 4 employees were separated under Voluntary Retirement Scheme.

### **Human Resource Development**

Your Company believes in continuous updation of knowledge and skills of its Human Resource. Various Training Programmes including in-house training programmes, nominations for external seminars, conferences, participation in training programs organized by DPE etc. were carried out towards this objectives. Performance Appraisal System for Executives & Supervisors was made online from the year 2018. HR Department has undertaken the current state assessment to benchmark its people related practices to the People Capability Maturity Model (PCMM) based on the MoU target for the year 2018-19. This study was carried out through external agency QAI India Limited. As part of MoU target for the year 2018-19, Human Resource Information System (HRMIS) is also implemented within stipulated time, thus action has been initiated to make complete employee related data available online.

### **Particulars of Employees**

Ministry of Corporate Affairs vide its notification dated June 5, 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 2018-19.

### **Welfare of Retired Employees**

During the year, your Company has implemented Retired Employees Pension Scheme and Retired Employees Medical Schemes for the benefit of retired employees. Around 3000 retired employees (including spouse) have already availed this scheme.

### **Public/Staff Grievance Redressal**

Since inception, Your Company has framed a well defined grievance procedure, evolved under the 'Code of Discipline', Staff Grievances received are redressed to the satisfaction of the aggrieved. With respect to public grievance, as and when any complaints are received, necessary remedial action is taken promptly. 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 1, 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 strictly followed. A Public Service Delivery (SEVOTTAM) portal has been created by Govt. of India 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 on the Company's website.

## Trademark & Logo Registration **KUDREMU KH**

In pursuance to Section 23 (2) of the Trade Marks Act, 1999 read with Rule 56 (1) of the Trade Mark Rules, 2002, the trademark 'KUDREMU KH' and 'KUDREMU KH WITH HORSE FACED LOGO' had been registered by the Trade Marks Registry in the name of your Company under Class 16 of the Trade Marks Act, 1999, vide its certificate dated 11/07/2018 and 05/09/2018 respectively. Registration is valid for 10 years from the date of application i.e. 07/05/2013 and may then be renewed for a period of 10 years and also at the expiration of each period of 10 years.



## 5. CORPORATE GOVERNANCE

Pursuant to Regulation 34(3) of SEBI (LODR) 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 nine members, four of whom are executive or whole-time Directors, two are non-executive Directors, representing Ministry of Steel and three are Independent Directors. Remuneration and other details of the KMP's are mentioned in the extract of the Annual Return.

### Declaration of Independence by Independent 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 (LODR) Regulations, 2015. The Board of Directors at its 258<sup>th</sup> Meeting held on 21/05/2019, noted the declaration, as made by the Independent Directors.

## Woman Director

In terms of the provisions of Section 149 of the Companies Act, 2013 and Regulation 17(1)(a) of SEBI (LODR) Regulation, 2015, for the year ended March 31, 2019, your Company has one Independent Woman Director on its Board.

## Changes in the Composition of the Board of Directors

### Inductions

In terms of Article 91 of the Articles of Association of the Company, the President of India is vested with the power to appoint the Directors of the Company from time to time and also shall determine the term of office of such Directors. Accordingly, the following appointments on the Board of your Company were effected as per the directives of the President of India: -

Sri T. Saminathan, was appointed as an Additional Director designated as Director (Commercial) with effect from 09/01/2019. Having so appointed, Sri T. Saminathan 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.

Sri Jagdish P. Joshi, was appointed as an Additional Director designated as an Independent Director of KIOCL with effect from 14/12/2018. Having so appointed, Sri Jagdish P. Joshi 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.

### Appointments / Resignations of the Key Managerial Personnel

The Board accepted the resignation tendered by Sri S K Padhi, Company Secretary and was relieved from services of the Company w.e.f. 26/11/2018. Further, Sri P K Mishra had been appointed as Company Secretary and Compliance Officer by the Board of Directors w.e.f. 08/02/2019 and 27/11/2018 respectively.

### Directors Retiring by Rotation

In terms of Section 152 (6) of the Companies Act, 2013, Sri M.V. Subba Rao and Sri Saraswati Prasad being longest in 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 7 times during the year under review, the details of which are given in the Corporate Governance Report. The maximum interval between any two meetings did not exceed 120 days. 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-1) issued by The Institute of Company Secretaries of India (ICSI).

### Directors Responsibility Statement

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statement in terms of Section 134 (5) of the Companies Act 2013 that:

- a) In the preparation of the Annual Accounts for the Financial Year ended March 31, 2019, the applicable Accounting Standards had been followed alongwith proper explanation relating to material departure.
- b) The Company has selected such Accounting Policies and applied them consistently and made judgments & 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.

### 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 Committee, has appointed M/s. PKR & Associates LLP, Cost Accountants to audit the cost accounts of the Company for the Financial Year 2019-20.

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

The Cost Audit Report for the Financial Year 2017-18 was filed with the Ministry of Corporate Affairs on 13/08/2018. The Cost Audit Report for Financial Year 2018-19 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 Sri S. Viswanathan, Practicing Company Secretary for conducting the Secretarial Audit of the Company for the Financial Year 2018-19 to 2020-21. The Secretarial Auditor Report for the Financial Year 2018-19 forms part of the Directors Report.

### **C&AG Audit**

The report of Comptroller & Auditor General of India (C&AG) under section 143(6)(b) of the Companies Act 2013 along with reply of the Company is annexed to this report.

### **6. CORPORATE SOCIAL RESPONSIBILITY**

In compliance with Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules 2014, the Company has established Corporate Social Responsibility (CSR) Committee. 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/344>. The statutory disclosures with respect to the CSR Committee and an Annual Report on CSR activities form a part of this Report as an Annexure.

### **7. AWARDS & RECOGNITIONS**

During Financial Year 2018-19, the Company had received following Awards & Recognitions:

1. "Best PSU Award in Value Growth Category" by "Governance Now".
2. First prize for the year 2017-18 "Rajbhasha Excellence Award".
3. "Outstanding Export Performance Award" for the year 2018-19 from "Mangaluru Customs Commissionerate".

### **8. KEY INITIATIVES**

#### **Environmental Management and Pollution Control Measures**

Your Company is committed to preservation of ecology and prevention of pollution in its manufacturing activity. Company's Environmental Management System is certified to 14001:2015 Standards. Some of the initiatives taken at plant level during the year are as under:

- Environmental friendly and pollution free Roof Top Solar Power Plants one at Pellet Plant unit with a capacity of 83 Kwp and other at Blast Furnace Unit with a capacity of 294 Kwp are operational since year 2018. Additionally, erection of solar panels with a generation capacity of 1 MW in Blast Furnace Unit is commissioned in Nov 2018 and is in operation since then.
- The formation of concrete pavement for a length of 200 Metres adjacent Shed No.2 is in Progress. The concrete haul road will reduce the fugitive dust emissions due to continuous movement of trucks transporting raw material from NMPT berth area.
- Under Swachhata Abhiyan and to create awareness on clean environment, various classes, talks, discourses are being conducted by inside and outside faculties /experts on up-keeping clean and hygienic environment for employees, their dependents, students; public and related activities are being taken up in this regard on regular basis during the current year. The topics considered are "No Plastic Zone", "Waste Segregation and Disposal", "General Hygiene", "Best out of waste" etc. This is besides taking up cleaning activities in and around plant as well as at township and planting tree saplings in and around plant premises and public areas for creating green belt.
- The existing consent issued by KSPCB for air and water and hazardous waste is valid till June 2021 and June 2020 respectively. The Environment Cell is meeting regularly to deal with the issues concerning environmental, pollution control EMPs, KSPCB suggestions etc.
- Additional number of Mist type water sprinklers for dust suppression along the approach road adjacent to MSDS has been commissioned. It is proposed to install water sprinkling systems along the road in OBL area.
- The standard norms as prescribed by KSPCB in respect of air, water quality is being monitored and adhered to in all the areas of work. The Company has complied with requirement of Battery Management, Hazardous Waste



Management, Bio-medical Waste Management, Water Act, Air Act and EP Acts.

- The Composting facility has been created for disposal of canteen waste to prevent the pollution in the premises and the same is being maintained and small gardens have been created at the Township by planting flower and decorative plants.
- Several varieties of plant saplings totaling to 30 Nos were planted on the occasion of World Environment Day at the plant premises. Well known environmentalist Sri. Sammilan Shetty apprised the employees of KIOCL on "Role of Butterflies in The Environment" by conducting a awareness programme at the Resource Centre.

### Safety

The Onsite emergency plan approved by Directorate of Factories is in existence for both Pellet Plant and Blast Furnace Unit. The Company has formed area wise safety committees and workers participation in these Safety Committees are ensured. The Safety Committee Meetings were conducted and Safety Inspections were carried out at regular intervals. The observations during inspection were reported to concerned departmental heads for compliance. Suitable Personal Protective Equipments (PPE) issued to all employees including Contract labors to protect them against work place hazards. Various training programmes were conducted to inculcate safety consciousness and to develop the human resources. The onsite emergency mock drills are conducted once in 6 months in Pellet Plant and Blast Furnace Unit, to check the emergency preparedness for any major accident. In addition to the National Safety Week, the Company had also conducted Steel Safety Day on March 28, 2019 as per the instruction of Ministry of Steel.

### ISO Certification

Your Company is certified with Environmental Management System - ISO 14001: 2015, Quality Management System - ISO 9001: 2015 and Occupational Health & Safety Management System OHSAS - 18001: 2007. All certifications are valid up to 12/03/2021.

### Implementation of Official Language Policy

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. During the Year, 4 Hindi Workshops were conducted to impart training to the employees for doing their official work in Hindi.

In addition to the above, 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. 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. Official Language Implementation Committee Meetings take place at all the locations regularly and the progress during the previous quarters is reviewed in such Meetings. Hindi Fortnight was celebrated at all locations of the Company during September 2018. Hindi Programmes and several Hindi Competitions were held and prizes distributed to the winners. A valedictory function was organized on 18/12/2018.

### Vigilance

The Company is having 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 generated to sensitize officials at all levels about the ill effects of corruption and malpractices. Regular Structured Meeting of Vigilance with the management is being conducted and issues related to e-governance, Leveraging Technology, Tender Management, Award of Works, Recruitment Policy have been discussed. The department is certified for compliance to

ISO certification 9001:2015 standards to ensure continuous improvement in Quality Management System. The certificate is valid upto 29/01/2022. 'Vigilance Awareness Week' was observed from 29/10/2018 to 03/11/2018 at all the locations / offices of the Company and workshops & seminars were conducted during the week. Procurement by tendering-cum-e-reverse auction is in vogue from September 2010. The threshold value for this is fixed at ₹. 5 Lakhs and above. During 2018-19, 99.27% of cases by value are covered under this. All payments are being made through electronic mode.

During the year, 130 work/purchase/sale orders have been issued incorporating Integrity Pact clause, covering 98.84% of contracts by value. No complaints were received under IP. 62 scrutiny/examinations, 46 checks/inspections were carried out during the year and corrective actions, if any were suggested. Necessary

action is taken with regard to the complaints received during the year. Vigilance Department conducted 6 training programmes at three different locations, covering 720 man hours. Topics such as Good governance- Vigilance & other developments, Vigilance Awareness & Preventive Vigilance, Public Procurement etc. were covered.

**Compliance of recommendations made by the Committee on Papers Laid on the Table (Rajya Sabha) in its 150<sup>th</sup> Report**

**Details of cases initiated / disposed off during 2018-19: -**

1. No. of cases pending as on 31/03/2018: 1\*
2. No. of cases initiated during 2018-19: NIL
3. No. of cases pending: NIL

\* Difference of opinion exist between Disciplinary Authority & CVO. Matter referred to Administrative Ministry.

**Pending Audit Paras :**

Sl. No.	Ref. to Para No./ Audit Report/title	Audit Observation	Status
1	Para no.3.7.2.2 of Report no.2 of 2009-10. Inventory holding - Stores & Spares.	KIOCL has not fixed the level for all the items of stores and spares. Further, it was having ₹ 55 crores as Non-moving stores and spares as on 31/03/2009.	Inventory holding norms were fixed for Raw materials and major stores and spares in April 2014 and the same was intimated to MoS on April 21, 2014. The non-moving stores & spares stood at ₹ 4.59 crores including surplus stores of ₹ 1.48 crores as on 31/03/2019.
2	Para no.19.1.1 of Audit Report No.9 of 2009-10. Extra expenditure due to payment of higher tariff & congestion surcharge on transportation of iron ore.	Failure of the Company to get its railway siding declared as "other than stations/ sidings serving port" immediately on starting the operations resulted in payment of higher tariff of ₹ 6.05 crore and surcharge of ₹ 73.15 crore on transportation of iron ore.	The Company has made claims for refund before Railway Claims Tribunal (RCT) at Bengaluru and Bhubaneshwar. As the claim lodged with RCT, Bhubaneshwar was dismissed, the Company has filed a case in the High Court, Bhubaneshwar during January 2018.  The Tribunal at Bengaluru allowed the application filed by the Company by its order dated 07/12/2018 and directed SWR to compute the amount and pay with interest @ 6 % p.a. and in case SWR fails to comply with the order interest @ 9 % p.a is payable w.e.f 01/04/2019.

Sl. No.	Ref. to Para No./ Audit Report/title	Audit Observation	Status
3	Para no. 15.2 of Audit Report No. 8 of 2012-13.  Irregularities in procurement & inventory management of Lam Coke.	The decision of not procuring a third shipment of LAM Coke at the lower rates offered during the Empowered Joint Committee (EJC) Meeting held in February 2008 resulted in extra expenditure of ₹ 54.85 crore. Writing off of stock shortage of 9,144.153 MT Coke valued at ₹ 32.41 crore was for reasons not justifiable.	The Company procured two shipments with different lay cans to avoid overlapping and logistic issues. Also, the decision to procure two shipments only was based on market report 'STEELGURU' dated 27/01/2008 which indicated that there was a possibility of reduction in the price of Coke beyond March 2008.  Difference of 9,144.153 MT of LAM Coke had arisen as a cumulative effect since the inception of the Company while handling 10,08,308 MT of LAM Coke receipt and the this difference is 0.906% of quantity received. The shortage was attributable to (a) Moisture adjustment (b) Difference due to transit loss (c) Difference due to handling loss and difference due to less accountal of fines generated. The transit loss was 0.356% of total receipts and handling loss was 0.173% of total quantity handled. The total shortage of 9,144 MT constitutes 0.906% of total receipts since inception which is also much below the norm of 3% followed by RINL, other PSU of Ministry of Steel.
4	Para no. 17.1 of Audit Report No. 13 of 2014.  Injudicious expenditure on Pig Casting Machine in Blast Furnace Unit.	Despite knowing that Blast Furnace Unit (BFU) was not viable on standalone basis and having closed its operations, KIOCL ordered for setting up a third Pig Casting Machine (PCM) which has been idle for the past 26 months and would remain idle for a minimum of another 24 months from the issue of Letter of Intent, which has also not been issued so far (September 2013). This has resulted in idling of funds and injudicious expenditure of ₹ 4.20 crore.	In order to improve the productivity of BFU, M/s. MECON have suggested several modifications. Installation of 3 <sup>rd</sup> PCM and introduction of pulverizing coal injection system were two prominent proposals. As the system of injection of coal requires high investment, only installation of 3 <sup>rd</sup> PCM was undertaken in the 1 <sup>st</sup> Phase modification. However, by the time the installation was completed, the same could not be put to use due to suspension of operations of BFU because of commercial non-viability. The machine will be put to use as and when the plant starts its operation. The benefits/improvements are:  (a) Safe working environment for maintenance personnel

Sl. No.	Ref. to Para No./ Audit Report/title	Audit Observation	Status
			(b) Shorter waiting period for Hot Metal collected in ladles. This avoids solidification of top layer of metal in the ladle (reduced skull formation) (c) Better surface finish of Pig Iron Cubes/Blocks (enhances marketability) and (d) Reduced interruption in tapping of metal from Blast Furnace. Higher productivity under constant blast volume and smoother furnace operation.  The BFU is shut down due to economical non-viability from August 2009. The cost of raw materials, in particular LAM Coke has increased abnormally and making negative contribution for producing Pig Iron. KIOCL constantly monitoring the price movement of all the raw materials especially LAM Coke for positive contribution. As and when the BFU operations resume, the PCM3 will be put to use.

### Implementation of Public Procurement Policy for MSEs

In line with the Govt. of India guidelines as per MSMED Act 2006 and 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 posted on the Company's website at [www.kiocltd.in](http://www.kiocltd.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 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.
- During 2018-19, your Company placed orders for Goods & Services to the extent of

₹ 10.29 crores from MSE's which constituted 27.19% of the total procurement value of ₹ 37.85 crores.

### Government e- Market (GeM)

During the Financial Year 2018-19 your Company had placed 34 orders on Government e-Market (GeM) amounting to ₹ 52,59,262.50/-

### Right to Information

Your Company has implemented Right to Information Act, 2005 in order to provide information to citizens and to maintain accountability and transparency. The Company has hosted RTI manual on its website for providing access to all citizens of India and has designated Central Public Information Officers (CPIOs), Assistant Public Information Officers (APIOs) and Appellate Authorities to provide informations to the applicants. During the year your Company received 52 applications and all applications were disposed off as per the provisions of the Act.

### 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.

### Dividend Distribution Policy

In terms of the Regulation 43A of SEBI (LODR) Regulations, 2015, the Board of Directors of your Company have adopted Dividend Distribution Policy. The Policy is available on the website of the Company under link <https://www.kioclltd.in/user/cms/344>.

### Green Initiatives

The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by Companies through electronic mode. The Company has already embarked on this initiative. Members are requested to opt for receipt of notices / documents through electronic mode by registering their e-mail ID with their respective Depository Participant or with the Company's Registrar and Transfer Agent i.e. M/s. Integrated Registry Management Services Private Limited. Please note that these documents will also be available on the Company's website [www.kioclltd.in](http://www.kioclltd.in).

### Appreciations and Acknowledgement

Your 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, Tamil Nadu and all other departments / agencies of Central and State Government in all the endeavors of the Company.

Your Directors acknowledge the support extended by the valued and esteemed customers, shareholders, stakeholders, bankers and suppliers for their support and co-operation.

The performance is reflective of the hard work and perseverance of 841 dedicated employees working relentlessly for your Company's success. 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

Sd/-  
**(MV Subba Rao)**  
 Chairman-cum-Managing Director

Date : 02/07/2019  
 Place: New Delhi

## REPORT ON CORPORATE SOCIAL RESPONSIBILITY

Your Company is contributing significantly towards community development in and around its project sites to ensure that people living in the vicinity of the projects are benefitted since inception as it firmly believe that communities located in the vicinity of its projects are important partners / stakeholders and the Company strives hard for development of community through various socio-economic development programmes. The major beneficiaries under CSR program are poor and economically weaker section of the society. During the year 2018-19, your Company had implemented various socio-economic development activities for the betterment of the society under Corporate Social Responsibility primarily in the area of education, clean drinking water, sport etc. The details are given hereunder:

### Education

To support education of children belonging to economically weaker section of the society, your Company has taken various initiatives under CSR. It has provided financial assistance of ₹ 15 Lakhs for introduction of Solar based smart classes in 32 Govt. Schools in Raichur District of Karnataka. The District has been identified as one of the aspirational districts by Govt. of India. This project has been executed through Deputy Commissioner of Raichur District and more than 2000 students of rural areas are benefitted with this project.

### Promotion of Sports

Towards promotion of sports and development of sports infrastructure, your Company has contributed ₹5 Lakhs to National Sports Development Fund (NSDF) and provided financial assistance of ₹2 Lakhs to Alva's Educational Foundation towards 79<sup>th</sup> All India Inter University Athletic Meet, which witnessed participation of around 4000 athletes from different parts of the country .

### Clean Drinking Water

Recognizing the urgent need for supply of clean and safe drinking water especially in schools in rural areas, your Company had provided Aquaguard to Govt. High School, Mullakadu, Mangaluru at ₹ 47,000/-. Around 250 children from rural background were benefitted through this project.

### Health Care

To promote health care in rural areas, your Company has conducted free medical camps every month and necessary medicines were distributed free of cost in Samse and Jamble Villages, Kudremukh. More than 2000 villagers were benefitted with the project.

### Contribution To Chief Minister's Relief Fund

To extend necessary support to flood affected areas and to take up rehabilitation work, Company has contributed ₹ 2.94 Lakhs to Chief Minister's Relief Fund, Karnataka and ₹ 5.90 Lakhs to Event Xpress Management Pvt. Ltd for taking up rehabilitation work in flood affected areas of Kerala.

## REPORT ON CORPORATE GOVERNANCE

In accordance with the Corporate Governance provisions 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 presented as detailed below :

### 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 rests with these four pillars enables 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 its progress on its growth path, the Company believes in adopting the 'best practices' that strengthen the Corporate Governance objectives of delivering sustainable value to 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 being a Government Company within the meaning of Section 2(45) of the Companies Act, 2013, the appointments / nominations of all Directors are done by 'The 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 nine Directors, including four Functional Directors, two Directors nominated by Ministry of Steel and three Independent Directors.

In compliance to Section 149 of the Companies Act, 2013 read with Rule 3 of the Companies (Appointment & Qualification of Directors) Rules, 2014 and Regulation 17(1)(a) of the SEBI (LODR) Regulations, 2015 the Company has an Independent Woman Director on its Board. In pursuance to Regulation 17 of the SEBI (LODR) Regulations, 2015 and DPE guidelines on Corporate Governance for CPSE's 3 (three) more Independent Directors are required to be appointed. The Company has requested Govt. of India through its administrative Ministry to fill up the vacant posts. The Board of Directors comprises of professionals of eminence drawn from diverse fields of expertise. They collectively bring to the fore a wide range of skills and experience to the Board, which elevates the quality of the Board's decision making process.

#### Attendance at Board Meeting, Last AGM and Directorships held

As mandated by Para 'C' of Schedule V of SEBI (LODR) Regulations, 2015, none of the Directors are members of more than ten Board level Committees, nor are they Chairmen of more than five Committees across all the Companies, in which they are Directors. The composition of Board of Directors and their attendance to various meeting during 2018-19 is given in Table 1.

**Table 1: Composition & Attendance Record of the Board Meetings**

Name of Director (S/Shri/Smt)	Category	Attendance at Board Meeting / Total Meetings after appt. as Director	Whether attended last AGM (Yes/No)	No. of Directorships **	Number of Committees#	
					Member	Chairman
M.V. Subba Rao (DIN 06495576)	Executive	7/7	Yes	-	-	-
N. Vidyananda (DIN 06729244)	Executive	7/7	Yes	-	2	-
S.K. Gorai (DIN 07223221)	Executive	7/7	Yes	-	1	-
T.Saminathan\$ (DIN 08291153)	Executive	2/2	N.A.	-	1	-
Saraswati Prasad * (DIN 07729788)	Non-Executive	5/7	No	4	-	-
T. Srinivas * (DIN 07238361)	Non-Executive	7/7	No	1	-	-
Madhav Lal (DIN 06547581)	Independent	7/7	Yes	-	2	-
Dr. Deepika Sharma (DIN 07734495)	Independent	7/7	Yes	-	1	1
Jagdish P.Joshi@+ (DIN 03385677)	Independent	2/2	N.A.	1	-	1

**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

\$ Appointed on 09.01.2019

+ Appointed on 14.12.2018

**Number of meetings of the Board held along with the dates are given at Table 2 below:**

**Table 2: Meetings of The Board of Directors**

Sl. No.	Meeting No.	Date of Meeting	Intervening Gap
1.	251 <sup>st</sup>	22/05/2018	-
2.	252 <sup>nd</sup>	31/07/2018	69
3.	253 <sup>rd</sup>	18/09/2018	48
4.	254 <sup>th</sup>	05/10/2018	16
5.	255 <sup>th</sup>	13/11/2018	38
6.	256 <sup>th</sup>	08/02/2019	86
7.	257 <sup>th</sup>	26/03/2019	45

The intervening gap between the meetings was within the prescribed limit under the Companies Act, 2013.

**Disclosure of Relationships between Directors inter-se**

As per declarations received from them, there is no inter-se relationship between Directors of the Company.

**Familiarization Programme to Independent Directors**

The Directors of the Company are nominated for suitable training / programmes / seminars / plant visit from time to time. During the year under review, Independent Directors were nominated to various training programmes conducted by Department of Public Enterprises, Ministry of Heavy Industries & Public Enterprises. The details of the familiarization programme is available on weblink <https://www.kioclltd.in/user/cms/360>



### **Chart or Matrix setting out the Skills/ expertise/ competence of the Board of Directors**

Being a Government Company, under the administrative control of the Ministry of Steel, the power to appoint Directors vests with the Government of India. The Functional Directors having specified skills / expertise / competencies in the context of Company's business and sector to function effectively from a mix of eminent personalities are appointed by Ministry of Steel, Govt. of India. Independent Directors are also appointed by Ministry of Steel, Govt. of India, from a mix of eminent personalities having requisite expertise and experience in diverse fields. In view thereof, the Board of Directors have not identified the list of core skills / expertise / competencies required by a Director in the context of company's business, as required under SEBI (LODR) Regulations, 2015.

### **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 Meetings 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 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 meaningful discussion at the Meeting and informed decision taking. All relevant information as specified in Regulation 17(7) read with Part A of Schedule II of SEBI (LODR) Regulations, 2015 and Annexure - IV of the Guidelines on Corporate Governance for

CPSE's issued by DPE, was placed before the Board. The Agenda Notes are circulated to the Directors in advance of each meeting of the Board of Directors. Wherever 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 compliance with Regulation 26(3) of SEBI (LODR) Regulations 2015 and DPE guidelines, the Company has framed and adopted a Code of Conduct applicable to Board level and below Board level i.e. one grade below Board level up to General Manager Cadre of the Company. The same is also available on the website of the Company. 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 Members of Board and senior Managerial Personnel have affirmed compliance to the Code. A declaration to this effect, signed by the Chairman-cum-Managing Director forms part of this Report.

### **Whistle Blower Mechanism**

The Company has formulated and adopted a "Whistle-Blower Policy" to provide Employees including Directors an avenue to lodge complaints, in line with the commitment of Company to the highest possible standards of ethical, moral and legal business conduct and its commitment to open communication and to provide necessary safeguards for protection of Directors and Employees from reprisals or victimization, for whistle-blowing in good faith.

## Prohibition of Insider Trading

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 the Company (Code)" in compliance with the Regulations No 8 and 9 of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015. The same is placed on Company's website. Further, Board at its 257<sup>th</sup> Meeting held on March 26, 2019 amended the existing 'Code' to align with the Amended Insider Trading Regulations which become effective from April 1, 2019.

## Director Shareholding

None of your Director is having shareholding in the Company as on March 31, 2019.

## Committees of the Board

The Board has constituted various Committees of Directors to take informed decisions in the best interest of the Company. These Committees monitor the activities falling within their terms of reference. Some of the Committees of the Board were reconstituted, renamed and terms of reference were revised to align with the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Currently, the Board has following six Committees:

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

During the year ended March, 2019, the Board of the Company at its Meeting held on March 26, 2019 re-constituted separate Audit Committee and Risk Management Committee as two different Committees in compliance to Regulation 18 and 21 of SEBI (LODR) Regulations, 2015 respectively.

As on March 31, 2019, the Board has five Statutory Committees as required to be constituted under Companies Act, 2013 & SEBI (LODR) Regulations, 2015.

## Audit Committee

### Brief Description of Term's of Reference

The Company has constituted an Audit 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, Regulations 18 and Part C of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 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 Committee consists of three Independent Directors and two Functional Directors. The Chairman of the Committee is an Independent Director. The majority of the Committee members have accounting and financial management expertise. Director (Finance), Chief of Internal Audit is the permanent invitee to the Meeting. In addition, other Functional Directors except CMD, Auditors and senior managerial personnel are invited to the Committee Meetings as and when required. Company Secretary acts as a Secretary to the Committee.

### Meetings and Attendance during the Year

The total number of meetings along with the date of meetings which were held during the Financial year 2018-19 are given at Table 3.

**Table 3 : Meeting of Audit & Risk Management Committee**

Sl. No.	Meeting No.	Date of Meeting	Intervening Gap
1	93 <sup>d</sup>	22/05/2018	-
2	94 <sup>th</sup>	31/07/2018	69
3	95 <sup>th</sup>	13/11/2018	104
4	96 <sup>th</sup>	08/02/2019	86
5	97 <sup>th</sup>	26/03/2019	45

The Composition of the Committee as on March 31, 2019 and the attendance of the members at the Meetings are given at Table 4.

**Table 4: Composition and Attendance Record of Audit & Risk Management Committee Meetings**

Name of Director (S/Shri/Smt.)	Category	Attendance
Jagdish P.Joshi <sup>1</sup> , Chairman	Independent Director	1/1
Madhav Lal, Member <sup>2</sup>	Independent Director	5/5
Dr. Deepika Sharma, Member	Independent Director	5/5
N. Vidyananda, Member	Director (P&P)	5/5

1. W.e.f. 08/02/2019. 2. Till 07/02/2019

### Nomination & Remuneration Committee

#### Brief Description of Terms of Reference

The Board has constituted a Nomination & Remuneration Committee, 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 Regulations 19 and Part D of Schedule II of SEBI (LODR) Regulations, 2015.

#### Composition of the Committee

The Committee consists of two Independent Directors, one non-official part time Govt. Director and Chairman-cum-Managing 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 total number of meetings along with the date of meetings held during year are given at Table 5.

**Table 5: Nomination & Remuneration Committee Meetings**

Sl. No.	Meeting No.	Date of Meeting	Intervening Gap
1	23 <sup>rd</sup>	21/05/2018	-
2	24 <sup>th</sup>	30/07/2018	69
3	25 <sup>th</sup>	05/10/2018	66
4	26 <sup>th</sup>	13/11/2018	38
5	27 <sup>th</sup>	26/03/2019	132

The attendance of the members at the Meetings is given at **Table 6**.

**Table 6: Composition & Attendance Record of Nomination & Remuneration Committee Meetings**

Name of Director (S/Shri/Smt)	Category	Attendance
Madhav Lal, Chairman	Independent Director	5/5
Dr. Deepika Sharma, Member	Independent Director	5/5
T. Srinivas, Member	Govt. Nominee Director	4/5
M.V.Subba Rao, Member	Chairman-cum-Managing Director	5/5

### 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 (CSR) Committee.

The role of the CSR Committee inter-alia includes the following: -

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

The total number of meetings along with the date of meetings which were held during the Financial year 2018-19 are given at Table .7

**Table 7: Corporate Social Responsibility Committee Meeting**

Sl. No.	Meeting No.	Date of Meeting	Intervening Gap
1	14 <sup>th</sup>	30/07/2018	-
2	15 <sup>th</sup>	12/11/2018	104
3	16 <sup>th</sup>	08/02/2019	87

The composition of the CSR Committee and the attendance of the members at the Meeting are given at Table 8.

**Table 8: Composition and Attendance Record of CSR Committee Meetings**

Name of Director (S/Shri/Smt)	Category	Attendance
Madhav Lal, Chairman	Independent Director	3/3
Dr. Deepika Sharma, Member	Independent Director	3/3
N. Vidyananda, Member	Director (P&P)	3/3
S.K.Gorai, Member	Director (Finance)	3/3

### 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 (LODR) Regulations, 2015, a Stakeholders Relationship (SR) Committee has been constituted by the Board and has been functioning in the Company w.e.f. May 16, 2014. The role of SR Committee inter-alia includes the following:

1. Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
2. Review of measures taken for effective exercise of voting rights by shareholders.

3. Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
4. Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.

The constitution and attendance of the members at the SR Committee Meeting is given at Table 9.

**Table 9: Composition and Attendance Record of Stakeholders Relationship Committee Meetings**

Name of Director (S/Shri/Smt)	Category	Attendance
Deepika Sharma, Chairperson	Independent Director	1/1
Madhav Lal, Member	Independent Director	1/1
N. Vidyananda, Member	Director (P&P)	1/1
S K Gorai, Member	Director (Finance)	1/1

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.

The total number of meetings along with the date of meetings which were held during the Financial year 2018-19 are given at Table 10.

**Table 10: Stakeholders Relationship Committee Meetings**

Sl. No.	Meeting No.	Date of Meeting	Intervening Gap
1	1 <sup>st</sup>	31/08/2018	-

### Risk Management Committee

In pursuance to Regulation 21 of the SEBI (LODR) Regulations, 2015 a Risk Management Committee has been constituted by the Board and has been functioning in the Company w.e.f. March 26, 2019. The role of Risk

Management Committee inter-alia includes the following:

1. Review and monitoring the Risk Management Policy, Risk Management Plan and Risk Management Process of the Company from time to time.
2. Approve and inform the Board about Risk Identification, Assessment, Control and Mitigation Procedure.
3. Review and monitor Cyber Security Risks.
4. Review of Project Risk Management Plan.
5. Review reports periodically on Risk Management Compliance certification and status of implementation.

The constitution of the members at the Risk Management Committee is given at Table 11.

**Table 11: Composition of Risk Management Committee**

Name of Director (S/Shri/Smt)	Category
Madhav Lal, Chairman	Independent Director
N. Vidyananda, Member	Director (P&P)
S K Gorai, Member	Director (Finance)
T. Saminathan, Member	Director (Commercial)
Risk Officer	Ex-Officio Invitee

### Investment, Project Appraisal & Monitoring (IPAM) 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 (IPAM) 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 ₹ 5 crores and 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 perusing 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 and 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 composition of the IPAM Committee as on 31/03/2019 and the attendance of the members at the Meeting are given at Table 12.

**Table 12: Composition & Attendance Record of Investment, Project Appraisal & Monitoring Committee Meetings**

Name of Director (S/Shri/Smt.)	Category	Attendance
Madhav Lal, Chairman	Independent Director	6/6
Dr. Deepika Sharma, Member	Independent Director	6/6
MV Subba Rao, Member <sup>1</sup>	Director (Commercial) - Addl. Charge	4/4
N Vidyananda, Member	Director (P&P)	6/6
S.K Gorai, Member	Director (Finance)	6/6
T Saminathan <sup>2</sup>	Director (Commercial)	2/2

1. Ceased to be a Member w.e.f. 13/11/2018. 2. Appointed as member w.e.f. 08/02/2019.

The total number of meetings along with the date of meetings which were held during the Financial Year 2018-19 are given at Table 13.

**Table 13: Investment, Project Appraisal & Monitoring Committee Meetings**

Sl.No.	Meeting No.	Date of Meeting	Intervening Gap
1	11 <sup>th</sup>	21/05/2018	-
2	12 <sup>th</sup>	30/07/2018	69
3	13 <sup>th</sup>	05/10/2018	66
4	14 <sup>th</sup>	13/11/2018	38
5	15 <sup>th</sup>	08/02/2019	86
6	16 <sup>th</sup>	26/03/2019	45

### Independent Directors Meeting

In pursuance to Regulation 25(3) of the SEBI (LODR) Regulations, 2015, the Independent Directors met once during the year on 28/03/2019 to discuss issues as defined in the Para VII of Schedule IV of Companies Act, 2013 and DPE Guidelines. Leave of absence was granted to Sri Madhav Lal, who could not attend the Meeting.

### Performance Evaluation Criteria for Independent Directors

Govt. of India, Ministry of Corporate Affairs vide notification dated 5<sup>th</sup> June 2015 exempted Govt. Companies from the applicability of Section 134(3)(p) of the Companies Act, 2013, 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.

### 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.

Government of India, Ministry of Corporate Affairs vide its notification dated 5<sup>th</sup> 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.

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 Government of India. The Government order indicate the detailed terms & conditions of the appointment of Directors, including the period of appointment. 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 Years 2018-19 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 had 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 Regulations 17(6) of the SEBI (LODR) Regulations, 2015. Details of sitting fees paid to the Independent Directors during Financial Year 2018-19 is 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 the report.

#### Explanations or Comments by the Board on every qualification, reservation or adverse remark or disclaimer made by Auditor

Explanations or comments by the Board on every qualification, reservation or adverse

remark or disclaimer made by Auditor in his report are annexed to this Report.

### **Adequacy of Internal Financial Controls with reference to the Financial Statements (Rule 8(5) (VIII) of the Companies Accounts (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 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 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) Regulations, 2015, the CEO and CFO certification is appended as an Annexure to this Report.

### **Review of Compliance of Laws**

In terms of Regulation 17(3) of the Listing Regulations, Para 3.3.3 of the DPE Guidelines and applicable provisions of the Companies Act, 2013, the Board reviewed the Compliance reports relating to various laws applicable to the Company for the Financial Year 2018-19.

### **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 Board level Risk Management Committee w.e.f. 26/03/2019. 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 and plan to mitigate 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 Exchange(s).

### **General Body Meetings**

#### **Locations and Time of last three AGMs & details of special resolution passed**

Date	AGM	Location	Time	Special Resolution Passed
31/08/18	42 <sup>nd</sup>	Registered Office at Bengaluru	12 Noon	No Special Resolution Passed
31/08/17	41 <sup>st</sup>			
24/09/16	40 <sup>th</sup>			

The AGM was conducted in compliance with Secretarial Standard on General Meeting (SS-2) 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 43<sup>rd</sup> AGM.

### Extraordinary General Meeting

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

### Means of Communication

Quarterly results have been published in prominent daily newspapers as per the requirement on the following dates:

Quarter Ending	30/06/2018	30/09/2018	31/12/2018	31/03/2019
Date of Publication	01/08/2018	15/11/2018	09/02/2019	22/05/2019
Name of News Papers				
English	Business Line Business Standard	Business Line Business Standard	Business Line Business Standard	Business Line Business Standard
Kannada	Prajavani	Prajavani	Prajavani	Prajavani
Hindi	-	-	-	Business Standard (Hindi)

The Quarterly/Annual results are also made available at the website of the Company-[www.kiocltd.in](http://www.kiocltd.in). Date of Board Meetings to adopt financial results and Date of Annual General Meeting etc., are also published in widely circulated National Newspapers.

### Dividend Payment Date

- (a) Dividends were paid within 30 days of declaration as per the provisions of the Companies Act, 2013.
- (b) Final Dividend ₹ 1.33 per share was recommended for the approval of shareholders by the Board in its Meeting held on 21/05/2019.

### Distribution of Shareholding as on March 31, 2019

No. of shares held	No. of holders	% to holders	No. of Shares	% to equity
1	376	3.69	376	0.00
2-10	1,364	13.40	9,412	0.00
11-50	2,830	27.81	92,925	0.01
51-100	2,108	20.72	1,90,803	0.03
101-200	1,433	14.08	2,43,030	0.04
201-500	1,140	11.20	3,95,796	0.06
501-1000	472	4.64	3,65,090	0.06
1001-5000	407	4.00	8,22,661	0.13
5001-10000	21	0.21	1,46,771	0.02
10001 and above	25	0.25	619,658,701	99.64
<b>Total</b>	<b>10,176</b>	<b>100.00</b>	<b>621,925,565</b>	<b>100.00</b>



## General Shareholders Information

### Annual General Meeting for the Financial Year 2018-19

<b>Day and Date</b>	<b>Tuesday, 03/09/2019</b>
Time	12.00 NOON
Venue	Conference Hall No.1, Golden Jubilee Block, St. John's Medical College, Sarjapur Main Road, Bengaluru - 560 034 Karnataka.

### Financial Year

The Company's Financial Year is from 1<sup>st</sup> April to 31<sup>st</sup> March.

### Company's Equity Shares are listed on the following stock exchanges with Stock/Scrip Code

Sl. No.	Name of the Stock Exchange where Company's equity shares are listed	Security Code / Symbol
1.	National Stock Exchange of India Limited	KIOCL
2.	BSE Limited	540680/KIOCL
3.	Metropolitan Stock Exchange of India Limited	KIOCL

Listing fees for the Financial Year 2019-20 has been paid.

### Custodial Fees to Depositories

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

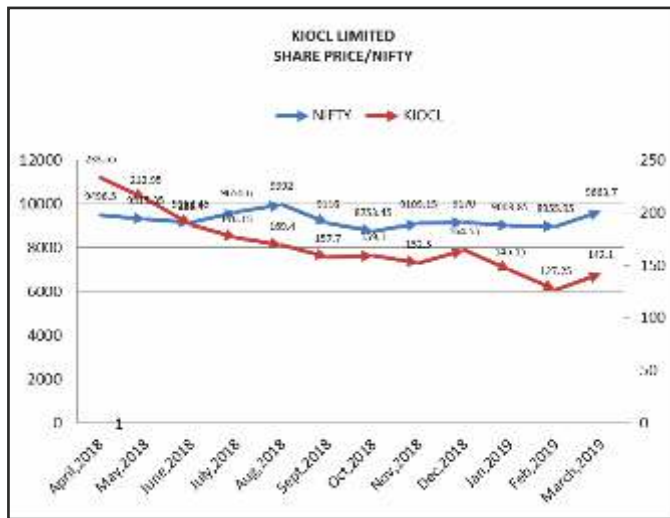
### Monthly High & Low prices at BSE & NSE

(In ₹.)

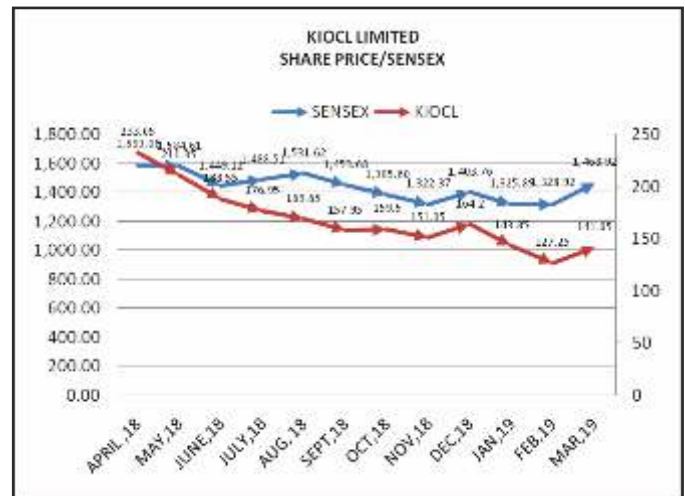
Month	NSE			BSE		
	High	Low	Closing	High	Low	Closing
April 18	316.70	210.00	233.55	317.35	211.30	233.05
May 18	260.00	204.00	212.95	258.60	205.05	211.35
June 18	234.90	171.50	188.40	242.15	173.80	188.55
July 18	199.80	158.45	176.15	199.00	158.55	176.95
August 18	193.85	160.00	169.40	192.95	151.10	169.65
September 18	250.90	155.15	157.70	258.70	155.55	157.95
October 18	169.80	147.05	159.10	168.95	136.00	159.50
November 18	188.00	149.15	152.50	188.75	150.05	151.05
December 18	171.50	128.00	164.55	172.10	120.00	164.20
January 19	169.00	130.65	145.15	169.25	118.00	143.85
February 19	150.00	120.85	127.25	152.50	116.90	127.25
March 19	162.00	125.70	142.10	172.65	128.45	141.65

## The Company's share performance

### Compared to NSE NIFTY 500



### Compared to BSE CPSE SENSEX



### 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.

### Shareholding Pattern as on March 31, 2019

Category	No. of shares	Demat Shares	Physical Shares	% of Shareholding
Central Govt.	616,051,204	616,051,204	0	99.06
Mutual Funds/UTI	7,98,443	7,98,343	100	0.13
Financial Institutions/Banks	17,678	17,678	0	0
Foreign Portfolio Investors	0	0	0	0
Insurance Companies	23,51,253	23,51,253	0	0.38
Bodies Corporate	2,79,619	2,79,319	300	0.04
Resident Indians & others	24,27,368	23,70,222	57,146	0.39
<b>Total</b>	<b>621,925,565</b>	<b>621,868,019</b>	<b>57,546</b>	<b>100</b>

### 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, 2019, 99.99% of the Company's total paid up capital representing 621,868,019 shares are in dematerialized form.

### Transfer of Securities held in Physical mode - Clarification

SEBI vide its Press Release PR No.: 12/2019 dated Mar 27, 2019 Clarified regarding Transfer of securities held in physical mode. SEBI, on March 28, 2018, decided that except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in dematerialized form with a depository. This measure shall come into effect from April 1, 2019. However, as clarified by SEBI: -

1. Investor's have the option of holding shares in physical form even after April 1, 2019.
2. Any investor desirous of transferring shares (which are held in physical form) after April 1, 2019 can do so only after the shares are dematerialized.
3. The transfer deed(s) once lodged prior to deadline and returned due to deficiency in the document may be re-lodged for transfer even after the deadline of April 1, 2019.

### Outstanding GDRs/ADRs/Warrants

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

### Commodity Price Risk or Foreign Exchange Risk and Hedging Activities:

Not Applicable, since the Company had no exposure to commodities.

### Plant Locations

Pellet Plant Unit and Blast Furnace Unit of the Company are located at Mangaluru 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:

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 dividends are required to be transferred by the Company to the IEPF established by the Govt. of India, after completion of seven years. Further, according to the Rules, the Shares on which dividend has not been paid or claimed by the shareholders for seven consecutive years or more shall also be transferred to the demat account of the IEPF Authority. Accordingly, the Company has transferred the unclaimed and unpaid Dividends amount up to the Financial Year 2010-11 (Final) and the corresponding Shares to the IEPF Authority. The details of shares transferred to the IEPF Authority along with the list of unclaimed / unpaid Dividend is available on Company website. Shareholders are advised to visit the website and claim the unclaimed dividend, if any.

### Unclaimed Dividend

Section 124 of the Companies Act, 2013, read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules 2016, mandates that companies transfer dividend that has remained unclaimed for a period of seven years from the unpaid dividend account to the Investor Education and Protection Fund (IEPF). Further, the Rules mandate that the shares on which dividend has not been paid or claimed for seven consecutive years or more be transferred to the IEPF.

The following table provides a list of years for which unclaimed dividends as on 31/03/2019 and their corresponding shares would become eligible to be transferred to the IEPF on the dates mentioned below: -

Dividend for the year	Type of Dividend	Account No.	Dividend per Share (₹)	Date of Declaration	Due date for transfer to IEPF	Unclaimed amount (in ₹)
2011-12	Final	0693103000000073	0.30	28/06/2012	29/07/2019	1,02,963.00
2012-13	Final	0693103000000091	0.10	11/09/2013	12/10/2020	34,995.00
2013-14	Final	0693103000000107	0.13	15/09/2014	16/10/2021	5,845.32
2014-15	Final	0693103000000116	0.10	09/09/2015	10/10/2022	4,248.00
2016-17	Interim	0693103000000125	0.11	10/02/2017	11/03/2024	4,235.77
2016-17	Final	0693103000000134	0.26	15/09/2017	16/10/2024	13,415.74
2017-18	Interim	0693103000000143	0.27	31/03/2018	01/04/2025	16,024.77
2017-18	Final	201002713091	0.79	14/09/2018	15/10/2025	45,285.96

The Company sends periodic intimation and gives notices in news papers to the Shareholders concerned, advising them to lodge their claims with respect to unclaimed dividend. Shareholders may note that both the unclaimed dividend and corresponding shares transferred

to IEPF can be claimed back from IEPF by making application to the authority by filing Form IEPF-5 online available on website [www.iepf.gov.in](http://www.iepf.gov.in) along with fee. The detail procedure to claim refund is available on link <http://www.iepf.gov.in/IEPFA/refund.html>.

#### Dividend remitted to IEPF during last three years

Year	Type of Dividend	Dividend declared on	Date of transfer to IEPF	Amount transferred to IEPF (₹)
2010-11	Final	06/08/2011	03/10/2018	6,405.00
2010-11	Interim	14/01/2011	09/01/2018	855.00
2008-09	Final	22/08/2009	27/08/2016	4,832.00

#### Shares Transferred to IEPF

During the year, the Company transferred 11,200 shares on 15/10/2018 to IEPF Authority. The shares transferred were on account of dividends unclaimed for seven consecutive years.

#### Nodal Officer to Co-ordinate with IEPF Authority

Sri P K Mishra, Company Secretary has been designated as Nodal Officer of the Company for the purpose of coordination with IEPF Authority. Contact details of Nodal officer are as follows: Telefax: 080-25531525 Email Id: [cs@kioclltd.com](mailto:cs@kioclltd.com)

#### Details of Resolution passed through Postal Ballot

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

#### Financial Calendar for 2019-20 (Tentative)

1 <sup>st</sup> Quarter ending June 30, 2019	on or before 14/08/2019
2 <sup>nd</sup> Quarter ending September 30, 2019	on or before 14/11/2019
3 <sup>rd</sup> Quarter ending December 31, 2019	on or before 14/02/2020
4 <sup>th</sup> Quarter ending March 31, 2020	on or before 30/05/2020
AGM for the year 2019-20	on or before 30/09/2020

#### Shareholders Voting

Shareholders are requested to cast their votes on the resolutions mentioned in Notice of the 43<sup>rd</sup> Annual General Meeting of the Company by using any of the following options: -

- **Voting in advance of the Meeting**

- ◆ **Remote e-voting at <https://www.evotingindia.com>**

The Company has engaged CDSL to provide e-voting facility to all the members whose names appear on the register of members as on 26/08/2019

- ◆ **Voting through proxy**

Sign, date and return the proxy form on or before 01/09/2019, 12.00 noon.

- **Vote in person at the Meeting**

Please refer to the Notes section in the Notice for details on admission requirements to attend the Annual General Meeting.

### Book Closure

The Register of Members and Share Transfer Books of the Company shall remain closed from 27/08/2019 to 03/09/2019 (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) Regulations, 2015, the certificate from a Practicing Company Secretary pertaining to compliance of conditions of Corporate Governance is annexed with the Directors' Report.

### Other Disclosures

Besides the mandatory requirements as mentioned above, the other disclosures as specified in Schedule V(C)(10) of SEBI (LODR) Regulations, 2015 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 transactions entered into with Related Parties as defined under the Companies Act, 2013 and Para A of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the Financial Year 2018-19 which attract the provisions of Section 188 of the Companies Act, 2013, as such annexure AOC-2 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	<p>Stock Exchange(s) have imposed penalty for non-compliance of Regulation 17(1) of SEBI (LODR) Regulations, 2015 with regard to composition of the Board w.e.f. 30<sup>th</sup> September 2018 to 31<sup>st</sup> March 2019 in compliance with SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2018/77 dated 03/05/2018.</p> <p>The Board had noted the non-compliance and fine levied by Exchange(s) and advised the Company to refer to Ministry of Steel, Government of India for filling the vacant post of Independent Directors and seek exemption from Stock Exchange(s) from payment of fine levied, since the appointment of Independent Directors on the Board of KIOCL is done by the Government of India.</p> <p>The Company has taken up with Ministry of Steel for filling the vacant post of Independent Directors and with SEBI, seeking exemption from payment of fine levied by Stock Exchange(s).</p>
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.

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: 080-25531461-466  
 Fax: 080-25532153-5941  
 Website: www.kioclltd.in

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	<a href="https://www.kioclltd.in/user/cms/90">https://www.kioclltd.in/user/cms/90</a>
G.	Disclosure of commodity price risks and commodity hedging activities.	Not Applicable
H.	Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A).	Not Applicable
I.	A certificate from a Company Secretary in Practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board / Ministry of Corporate Affairs or any such statutory authority.	Certificate from a Company Secretary in Practice is annexed to the Board's Report.
J.	Where the board had not accepted any recommendation of any committee of the board which is mandatorily required, in the relevant financial year, the same to be disclosed along with reasons thereof: Provided that the clause shall only apply where recommendation of / submission by the committee is required for the approval of the Board of Directors and shall not apply where prior approval of the relevant committee is required for undertaking any transaction under these Regulations.	Not Applicable
K.	Total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part.	Total fees paid for all services to the statutory auditors amounts to ₹ 10.15 lakhs including reimbursement, audit, taxation and other services fees.
L.	Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013	Disclosures forms part of the Board's Report.

### Non-Compliance

In pursuance to Schedule V (C) (11) of the SEBI (LODR) Regulations, 2015, we report non-compliance to Regulation 17(1) of SEBI (LODR) Regulations, 2015 regarding composition of Board of Directors as three Independent Director post is lying vacant.

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

A.	<p>The Board</p> <p>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.</p>	<p>Currently, Chairman is an Executive Chairman.</p>
B.	<p>Shareholder Rights</p> <p>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.</p>	<p>Results are placed on the Company website and published in leading newspapers.</p>
C.	<p>Modified opinion(s) in Audit Report</p> <p>The listed entity may move towards a regime of financial statements with unmodified audit opinion.</p>	<p>Statutory Auditors have given unmodified opinion on the financial results for the period ended on 31<sup>st</sup> March, 2019 and a declaration to that effect to the Stock Exchange(s) was given while publishing the annual audited financial results as per regulation 33(3)(d) of the SEBI Regulations.</p>
D.	<p>Separate Posts of Chairperson &amp; CEO</p> <p>The listed entity may appoint separate persons to the post of Chairperson and Managing Director or Chief Executive Officer.</p>	<p>Ministry of Steel has appointed Chairman-cum-Managing Director and there is no separate post of Chairperson and Managing Director or Chief Executive Officer.</p>
E.	<p>Reporting of Internal Auditor</p> <p>The Internal Auditor may report directly to the Audit Committee.</p>	<p>Internal Auditor reports to the Audit Committee.</p>

### COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS

Except those Non-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 Regulations 46 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

# MANAGEMENT DISCUSSION AND ANALYSIS REPORT

## A. BUSINESS OVERVIEW

India has emerged as the fastest growing major economy in the world and is expected to be one of the top three economic powers of the World over the next 10-15 years. India's GDP is estimated to have increased 7 per cent in 2018-19. Finished steel consumption in India grew at a CAGR of 5.69 per cent during FY08-FY18 to reach 90.68 Mt. Wide range of continuing infrastructure projects is likely to support growth in steel demand above 7% in both 2019 and 2020. India is the world's second-largest steel producer with production standing at 106.5 Mt in 2018. India also become largest producer of Sponge Iron ,third largest consumer of steel in the world. India's iron ore output is expected to have touched around 204 Mt in FY19 against 201 Mt in previous fiscal. During the Financial Year 2018-19, total production of pellets in India was about 63.60 million tons .

Global steel demand in 2018 was increased by 2.1% and Worldsteel forecasts that the same will reach 1,735 Mt in 2019, an increase of 1.3% over 2018. In 2019 demand growth is expected in a less favourable economic environment. China's deceleration, a slowing global economy, uncertainty surrounding trade policies and the political situation in many regions suggest a possible moderation in business confidence and investment. In 2018, steel consumption of the country is expected to grow 5.7 per cent year-on-year to 92.1 Mt. and steel demand is increasing every consecutive year and it is being forecasted by world steel that it will overtake the United States in steel demand in 2019.

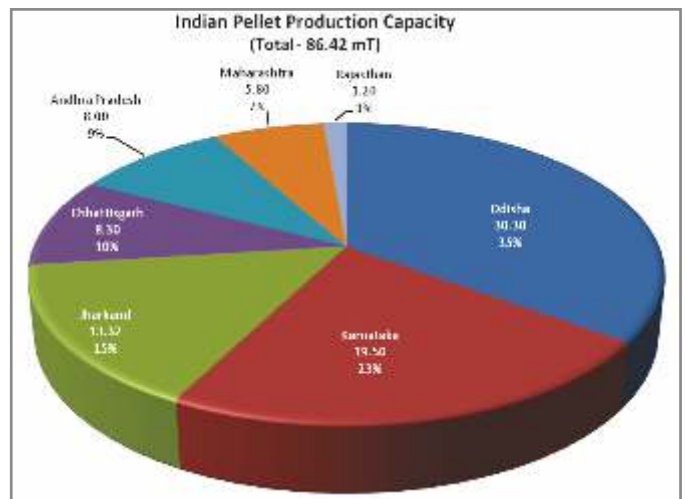
Your Company's exports have been predominantly to China as China consumes nearly 50% of iron ore produced in the World. Volatility in Chinese Iron and steel markets affects its performance. The Company has been making consistent efforts to expand its market base to reduce the risk of over dependence on single market.

As a result of these efforts, your Company exported pellets to Steel Mills in UK, Japan, South Korea, Oman etc. About 48 % of exports made

during FY 2018-19 were to markets other than China. UK alone contributing for 17 % of total exports

Your Company has been operating in spot market only since 2006 subsequent to closure of its captive mines at Kudremukh. No long term contracts were concluded due to uncertainties associated with the quality and quantity of incoming iron ore sourced from open market. Now that the Company having gained sufficient experience to handle iron ore received from different sources is exploring the possibilities to entering into contracts for supply of high grade pellets produced out of imported high grade pellet feed to steel mills in Middle East , Japan,UK etc

## B. PELLET SCENARIO

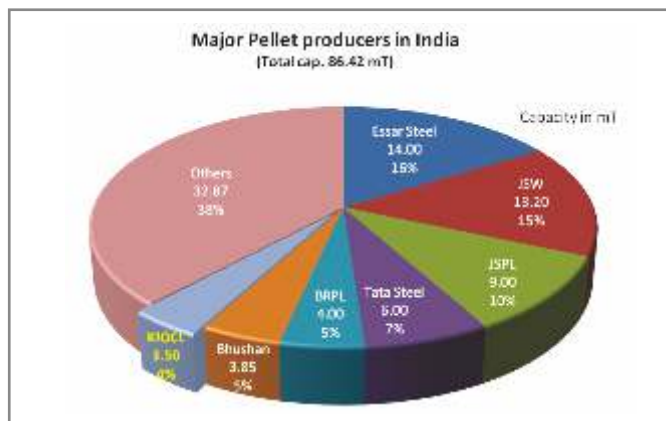
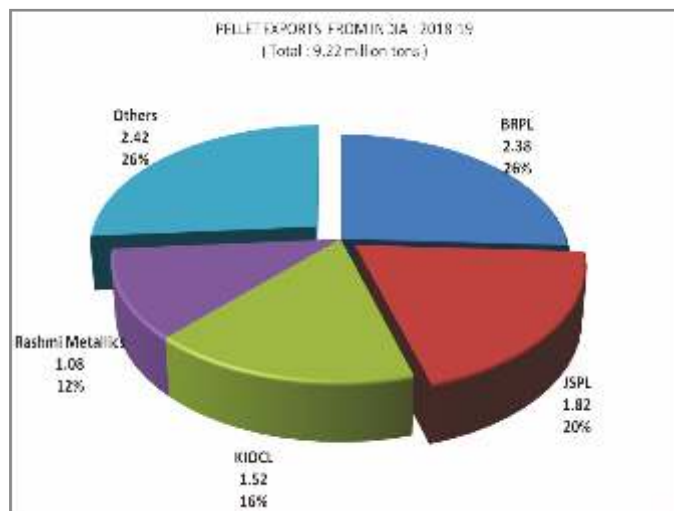


The pellet production capacity in India presently stands at about 86 million tons. Odisha tops the production capacity with 35% of the total capacity at 30.35 million tons and Karnataka stands second at 23% with a capacity of 19.50 million tons. Around 50% of pellet capacity is by integrated steel mills which use pellets for captive consumption and the rest is from merchant pellet manufacturers.

During the Financial Year 2018-19, total production of pellets in India was about 63.60 million tons and KIOCL produced 2.24 million tons of pellets.



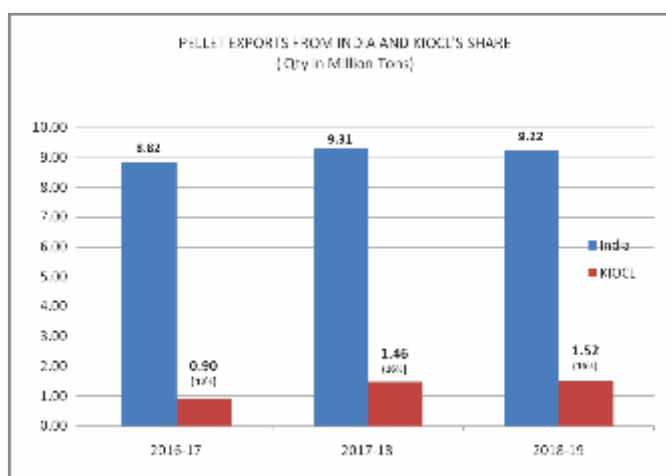
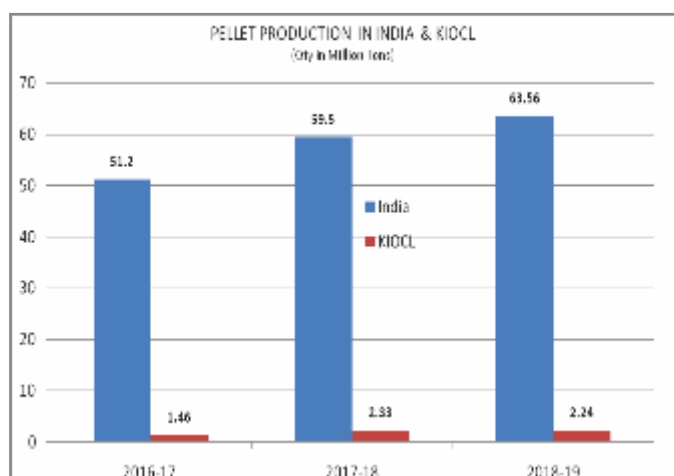
Pellet exports from India stood at 9.22 million tons during 2018-19 and KIOCL with export volume of 1.52 million tons stood 3<sup>rd</sup> after BRPL and JSPL whose export volumes were at 2.38 and 1.82 million tons respectively.



Your Company is spreading its footprint globally. The Company had successfully supplied pellets to steel mills in South Korea, Japan, Europe, Middle East etc. The Company had also entered into UK market

The Company is pursuing with the steel mills of Japan and Middle East to enter into long term contracts for supply of Pellets.

### C. DOMESTIC PELLET PRODUCTION & EXPORT VIS-À-VIS KIOCL'S SHARE



[Source: - PMAI & Steel mint]

### D. FINANCIAL PERFORMANCE IN RELATION TO OPERATIONAL PERFORMANCE

a) The Financial performance of the Company for the year 2018-19 in brief is furnished below:

(₹ in crores)

Particulars	2018-19	2017-18
Sales	1887.71	1637.18
Profit /(Loss) Before Tax for the year	184.12	86.09
Profit /(Loss) After Tax	111.86	81.48

**b) Cash Flow information:** - An abstract of Cash Flow statement for the year ended on 31<sup>st</sup> March 2019 is as under:

(₹ in crores)

A)	Cash and Cash Equivalents as at 01/04/2018	339.64
B)	Net Cash from Operating Activities	(126.27)
C)	Net Cash from Investing Activities	618.56
D)	Net Cash used in Financing Activities	(274.43)
E)	Cash and Cash Equivalent as at 31/03/2019	557.50

## E. 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 %
2018-19	2.170	2.238	64
2017-18	1.925	2.327	66
2016-17	1.300	1.460	42
2015-16	1.800	0.100	3
2014-15	1.800	0.785	22

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

## F. SWOT ANALYSIS

In the ever changing business environment, your Company has identified the following Strengths, Weakness, Opportunities and Threats:

### Strengths

- Good financial and credit worthiness
  - ◆ Debt free company with surplus 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 by Govt. of Karnataka.

- Niche Expertise
  - ◆ Expertise in handling iron ore from different sources (Magnetite/ Hematite) with different ore characteristics in pellet making.
- Strong expertise in Mining, Beneficiation, Pelletization, Exploration
- Material Handling advantage
  - ◆ Proximity to National Highway, Railway line & Port.
  - ◆ Shore based Pellet Plant with dedicated berth and mechanical ship loading facility.
  - ◆ Qualified, skilled and experienced manpower in both executives and non-executives cadres that are suitable for other upcoming projects
  - ◆ Well defined HR policies.
- Authorized Economic Operator Export Oriented Unit
- Strong environmental and social commitment
- Committed Management team with high professional acumen
- Diversified Board having vast professional expertise

### Weakness

- Raw Material Sourcing
  - ◆ Lack of a Captive Mine since 2006
  - ◆ Uneconomical to procure IOF from Karnataka through e-auction due to high basic price and stiff competition
  - ◆ Restriction on Export of Pellets produced out of iron ore sourced from Karnataka
  - ◆ Pellet Plant located away from mine head as well as domestic consumer locations.
  - ◆ High logistics cost for transportation of Iron Ore Fines.
  - ◆ Restricted to produce only BF Grade Pellets due to non availability of high grade ore indigenously and absence of beneficiation facilities.
  - ◆ Single product portfolio since BFU operation is suspended

- ◆ Lack of forward or backward integration for its Blast Furnace Unit.
- Non availability of deep draft berths/ facilities to handle cape size vessels.

### Opportunities

- Strong growth anticipated in the Indian Steel Industry driven by the Govt. focus on manufacturing and infrastructure.
- Sustained Demand for value added production like Pellets Ductile Iron Spun Pipe etc.
- Expected Early Resolution of mining licensing issues, and initiation of steps for revival
- Availability of assets and manpower for new deployment or services contracts
- Opportunity to secure new Captive mining leases or JV projects with other SMDCs or PSUs
- Potential 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 located for serving Steel plants in Middle East, China under Make in India.

### Threats

- Fluctuations in IOF price due to monthly pricing under long term contract with NMDC
- Constrained development due to continuation of policy, regulatory and environmental limitations
- Severe competition in the Pellet Industry from both domestic and international markets
  - ◆ Commissioning of captive pellet plants by all integrated steel plants.
  - ◆ 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.

### G. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Risk Based Internal Audit (RBIA) is in place in the Company since 2011. RBIA 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. It was conducted in all the departments, unit wise during the year 2018-19. The report of Internal Auditor is placed before the Audit Committee on quarterly basis.

### 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, 2218 man-days training were provided. Industrial Relations situation remained peaceful throughout the year. As on March 31, 2019, the Company had 841 employees on its rolls comprising of Executives including Non-Unionized Supervisors and Non Executive Employees.

### I. KEY FINANCIAL RATIOS

Particulars	2018-19	2017-18
Current Ratio	9.06	9.78
Operating profit as a % of Revenue from Operations	3.56	(2.38)
Net Profit Margin (%)	5.93	4.98
PAT/Average Net Worth (%)	5.40	3.84
Return on Assets (%)	4.82	3.19
Return on Average Net Worth (%)	5.40	3.84
Return on Average Capital Employed (%)	5.07	3.54
Market to Book Ratio	4.43	6.52

**J. DETAILS OF ANY CHANGE IN RETURN ON NET WORTH AS COMPARED TO THE IMMEDIATELY PREVIOUS FINANCIAL YEAR ALONG WITH A DETAILED EXPLANATION THEREOF.**

Return on Average Networth has been increased by 1.56% as compared to the previous Financial Year. The increase is on account of buy-back of shares amounting to ₹ 214 crores during the Financial Year 2018-19 and payment of final Dividend of ₹ 60.43 crores for the Financial Year 2017-18 paid during the the Financial Year 2018-19 and increase in profit.

**K. FUTURE OUTLOOK**

The opportunity in India for steel has huge potential. The National Steel Policy, 2017, has envisaged 300 million tonnes of production capacity by 2030-31. India's apparent steel usage per capita for finished steel products stood at 66.2 kg, way below the world average of 212.3 kg in 2017, which suggests that India has a huge unrealised potential for steel demand growth. Key focus areas for the Indian Government are Roads, Railways, Metro, Airports, Ports and inland waterways with significant investment of up to ₹ 30 trillion in the coming next years. The capital investment in the infrastructure sector has been proposed about ₹ 100 trillion.

Being a zero debt Company with satisfactory equity base and pool of technical manpower, your Company is exploring various possibilities of expansion / diversifications to meet the demand as per Government initiatives as mentioned above, the following projects has been planned:

**Setting up of 1.79 LTPA Coke Oven Plant and 2.0 LTPA DISP Plant with Modernization of BFU.**

Brief of Project	Setting up of 2.0 LTPA DISP Plant under forward & 1.79 LTPA Coke Oven Plant under backward integration projects by KIOCL Limited and carrying out the necessary modifications to the Blast Furnace Unit of KIOCL to make the unit economically viable.
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Time Schedule	24 months from the date of placement of order on the Main technological package supplier.
CAPEX	₹ 836.90 crores

**Development of Devadari Iron Ore Block**

Brief of Project	<ul style="list-style-type: none"> <li>◆ Develop Iron ore Mine of capacity 2.0 MTPA</li> <li>◆ Set up 2.0 MTPA capacity Beneficiation Plant.</li> <li>◆ Set up 2.0 MTPA capacity Pellet Plant</li> </ul>
Time Schedule	24 months from the date of placement of order on the Main technological package supplier for Beneficiation Plant.
CAPEX	₹ 1500 - 2000 crores
Status	<ul style="list-style-type: none"> <li>◆ Mine plan approved by IBM.</li> <li>◆ Process for obtaining Environment &amp; Forest clearance are under progress.</li> </ul>

**Setting up of 2.0 MTPA Pellet Plant with M/s RINL at Vizag under Joint Venture.**

Brief of Project	Setting up of 2.0 MTPA capacity Pellet Plant - High fluxed BF grade pellets will be produced in the plant keeping in line with the requirement in Blast Furnaces of RINL.
Time Schedule	24 months from the date of placement of order on the Main technological package supplier.
CAPEX	₹ 1032.80 crores

**Setting up of 5 MW Solar Power Plant in Karnataka**

Brief of Project	Setting up of 5.0 MWac Captive Solar Power Plant - To support Gol's National Solar Mission, KIOCL intends to set up a 5 MWac (6.5 MWp) solar power plant in the State of Karnataka.
Time Schedule	6 months from the date of placement of order.
CAPEX	₹ 24.17 crores

### Modernization of Pellet Plant Unit, Mangaluru.

Brief of Project	<ul style="list-style-type: none"> <li>✦ Installation of Barrel Type Blender Reclaimer</li> <li>✦ Installation of 4 Nos. of Vertical Pressure Filters</li> </ul>
Time Schedule	<ul style="list-style-type: none"> <li>✦ 9 months for Reclaimer</li> <li>✦ 18 months for Vertical Pressure Filters</li> </ul>
CAPEX	<ul style="list-style-type: none"> <li>✦ ₹ 17.60 crores for Reclaimer</li> <li>✦ ₹ 158.60 crores for Vertical Pressure Filters</li> </ul>

With the above initiatives, your Company is poised for a sustainable future overcoming its inherent challenges of single product and plant location away from mine head and consumer locations.

#### L. 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.

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**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. 5,11,241 kWh units of solar power generated from roof top solar power plant.
- II. Installation and Commissioning of 1.3 MWp (1 MWAC) ground mounted Solar power plant with estimated annual power generation of 19 lakh kWh units. The total solar power generated till March 31, 2019 is 5,80,050 kWh units.
- III. As part of our effort towards cutting down the cost of energy consumed we have purchased almost 36 % of our total energy utilized in PP Unit from IEX and 0.5 % from solar resulting in a savings of ₹ 45,591,734/- in the year 2018-19.
- IV Another cost saving measure is proposed to increase the Contract Demand (CD) from 20 MVA to 23 MVA thus reducing number of DG operation and maximize the bidding from IEX which is cheaper than MESCOM energy, thereby reducing the monthly electricity bills.

**b) Steps taken towards Energy conservation**

- i) Automation system is provided with Package type Air conditioners equipped with Energy efficient Scroll compressors by replacing old conventional air conditioners with reciprocating compressors. The energy savings potential with this new system is about 15%.

- ii) Installation of energy efficient LED Street lights in 1 MW Solar power plant.
- iii) LED fittings additional 100 nos have been replaced in place of conventional mid bay and high bay fittings in various locations in PP Unit.
- iv) Energy efficient motor 160 kw replaced for one gland water pump and proposed for balance 5 nos in a phased manner.
- v) This is likely to reduce energy cost by ₹ 50 Lakhs per year during plant operation.

**c) Investment towards Energy Conservation/ impact of measures implemented.**

Invested

- ♦ ₹ 5,00,000/- for procuriong Energy conservation equipments.
- ♦ ₹ 24000 /- towards procurement of LED fittings in PP Unit.
- ♦ ₹ 536000/- towards the procurement of energy efficient motor.

**d) Energy Management**

- a) Heat consumption is '000 K calories  
2017-18 - 249.57  
2018-19 - 229.73
- b) Energy consumption per ton of pellets in last two years  
2017-18 - 66.83 Kwh/T  
2018-19 - 67.85 Kwh/T
- c) Energy consumption in PP unit  
2017-18 - 155.5 Gwh  
2018-19 - 151.85 Gwh  
(Maximum Demand - 20.74 MVA recorded in August 2018)

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

✓ Areas where R&D carried out by the Company.

- a) Usage of Low Chrome Grinding Balls
- b) Reduction in Bentonite consumption

✓ Benefits derived as a result of above R&D

- a) Low chrome Grinding Balls of chrome content 15-18% has been used in place of high chrome steel balls which has resulted in a savings of ₹ 1.3 crores.

b) Bentonite consumption reduced during 2018-19 by consuming highly slimy material (ultra fines). The Bentonite consumption during 2018-19 has come down to 7.97% from 9.36% during 2017-18.

✓ Expenditure on R & D (₹ in Lakhs)

	2017-18	2018-19
a) Capital	NIL	<b>NIL</b>
b) Revenue	30.52	<b>12.00</b>
c) Total	30.52	<b>12.00</b>
d) As % of total turnover	0.019	<b>0.005</b>

**C: FOREIGN EXCHANGE EARNINGS & OUTGO**

(₹ Lakhs)

	2017-18	2018-19
Foreign exchange earned	959,58.60	<b>124,697.88</b>
Foreign exchange used	261,71.99	<b>348,29.04</b>

**ANNEXURE TO BOARD'S REPORT**
**EXTRACT OF ANNUAL RETURN  
AS ON THE FINANCIAL YEAR ENDED 31/03/2019**

[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**

<b>I. Registration and other details</b>	
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) BSE Ltd. c) 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:**

<b>Name and Description of main Products / Services</b>	<b>NIC Code of the Product / Service</b>	<b>% to total turnover of the Company</b>
Iron Oxide Pellets	17100	99.98
Pig Iron	24101	0.02

**III. Particulars of Holding, Subsidiary and Associates Companies**

<b>Sl. No.</b>	<b>CIN/GLN</b>	<b>Holding/Subsidiary/Associate</b>	<b>% of shares held</b>	<b>Applicable Section</b>
----- 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	616051204	-	616051204	99.06	0.06
Public Shareholding (Institutions)	4319782	100	4319882	0.68	3167274	100	3167374	0.51	-0.17
Public Shareholding (Non-Institutions)	1964512	85276	2049788	0.32	2649541	57446	2706987	0.44	0.12
<b>TOTAL</b>	<b>634428424</b>	<b>85376</b>	<b>634513800</b>	<b>100.00</b>	<b>621868019</b>	<b>57546</b>	<b>621925565</b>	<b>100.00</b>	<b>-</b>

**ii) Shareholding of Promoters**

Shareholders Name	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% change in shareholding during the year
	No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	
<b>President of India</b>	628144130	99.00	NIL	616051204	99.06	NIL	0.06

**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	616051204	99.06
Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc):	Shareholding decreased on 15/11/2018 due to buyback of shares			
At the end of the year	616051204		99.06	

**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	1603162	0.25	1460953	0.23
2	IN30378610004683 - PNB REDEEMED SCHEMES - UNCLAIMED ACCOUNT	1101105	0.17	745209	0.12
3	IN30081210001728 - THE NEW INDIA ASSURANCE COMPANY LIMITED	730300	0.12	730300	0.12
4	IN30134820002990 - ICICI BANK LTD	325502	0.05	9225	0.00
5	IN30081210000543 - UNITED INDIA INSURANCE COMPANY LIMITED	240000	0.04	0	0.00
6	IN3037861002163 - MAGNUM BOND FUND 1994	175000	0.03	52504	0.01
7	IN30081210000560 -THE ORIENTAL INSURANCE COMPANY LIMITED	160000	0.03	160000	0.03
8	IN30300110049381 - GFC SECURITIES AND FINANCE LIMITED	70200	0.01	70200	0.01
9	IN30211310008286 - ANIL KUMAR BAJAJ	46834	0.01	46834	0.01
10	IN30113526464749 - MSPL LIMITED	34201	0.01	50371	0.01

**v) Shareholding of Directors and Key Managerial Personnel**

For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
At the beginning of the year	Nil			
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	Nil			

<b>V) Indebtness</b>				
<b>Indebtedness of the Company including interest outstanding/accrued but not due for payment</b>				
	<b>Secured Loans excluding deposits</b>	<b>Unsecured Loans</b>	<b>Deposits</b>	<b>Total Indebtedness</b>
Indebtedness at the beginning of the Financial Year				
I) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	-	-	-	-
Change in Indebtedness during the Financial Year				
Addition	-	-	-	-
Reduction	-	-	-	-
<b>Net Change</b>	-	-	-	-
Indebtedness at the end of the Financial Year				
I) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	-	-	-	-

## **VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

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

<b>Sl. No.</b>	<b>Particulars of Remuneration (S/Sri)</b>	<b>MV Subba Rao CMD</b>	<b>N. Vidyananda Director (P&amp;P)</b>	<b>SK Gorai Director (Finance)</b>	<b>T. Saminathan Director (Commercial) w.e.f 09/01/2019</b>	<b>Total Amount (In ₹)</b>
1	Gross Salary					
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	3,115,287	3,363,966	2,607,118	414,150	9,500,521
	b) Value of perquisites under Section 17(2) Income Tax Act, 1961	462,886	500,773	387,096	-	1,350,755
	(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 Contribution towards Defined Contribution Pension Scheme	998,533	1,069,317	101,015	-	2,168,865
	<b>Total (A)</b>	<b>4,576,706</b>	<b>4,934,056</b>	<b>3,095,229</b>	<b>414,150</b>	<b>13,020,141</b>

<b>B. Remuneration to other Directors:</b>				
<b>1. Independent Directors (S/Sri)</b>				
<b>Particulars of Remuneration</b>	<b>Madhav Lal</b>	<b>Dr. Deepika Sharma</b>	<b>Jagdish P. Joshi (w.e.f 14/12/2018)</b>	<b>Total Amount (In ₹)</b>
Fee for attending Board/Committee Meetings	440,000	455,000	70,000	965,000
-Commission	-	-	-	-
- Others, please Specify	-	-	-	-
<b>Total (B)(1)</b>	<b>440,000</b>	<b>455,000</b>	<b>70,000</b>	<b>965,000</b>
<b>2. Other Non-Executive Directors</b>				
Total (B)(2)	-	-	-	-
<b>Total (B)= (B)(1)+ (B)(2)</b>	<b>440,000</b>	<b>455,000</b>	<b>70,000</b>	<b>965,000</b>

(In ₹)

<b>C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD (S/Sri)</b>			
<b>Sl. No.</b>	<b>Particulars of Remuneration</b>	<b>Key Managerial Personnel</b>	
		<b>S.K. Padhi Company Secretary (Upto 26/11/2018)</b>	<b>P.K. Mishra Company Secretary (w.e.f 08/02/2019)</b>
1	Gross Salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	13,14,843	173,616
	(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	-	-
	<b>Total (C)</b>	<b>13,14,843</b>	<b>173,616</b>

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)
<b>A. COMPANY</b>					
Penalty			None		
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty			None		
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty			None		
Punishment					
Compounding					

**ANNEXURE TO BOARD'S REPORT**
**ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES**

- 1 **A brief outline of the Company's CSR policy, including overview of projects or programmes undertaken and a reference to the web-link to the CSR policy and projects or programmes.**  
The CSR policy is available on Company website under link <https://www.kioclltd.in/user/cms/344>
- 2 **Composition of the CSR Committee**  
To guide the CSR activities of the Company, we have in place a CSR Committee of the Board that constitutes Dr. Deepika Sharma, Sri Madhav Lal, Sri Jagdish P. Joshi, Sri N. Vidyandanda, and Sri SK Gorai.
- 3 **Average Net profit of the Company for last three Financial Years:**  
Average Net profit: ₹ 929.90 Lakhs
- 4 **Prescribed CSR Expenditure (two percent of the amount as in item 3 above):**  
₹ 18.60 Lakhs  
Unspent amount carried forward from previous years - Nil  
Total amount allocated for financial year: ₹ 39.64 Lakhs
- 5 **Details of CSR spend for the Financial Year:**
  - a. Total amount spent: ₹ 32.51 Lakhs
  - b. Amount unspent, if any: ₹ 7.13 Lakhs

(a) **The Manner in which the amount spent on CSR activities undertaken 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 up to reporting period	Amount spent: Direct
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Solar based smart classes in 30 Govt. Schools in Raichur District, Karnataka which is identified as aspirational districts by NITI Aayog	Promotion of Education	Raichur Karnataka	15.00	15.00	15.00	15.00
2	Contribution to National Sports Development Fund(NSDF) for promotion and development of sports	Promotion of Sports	--	5.00	5.00	5.00	5.00
3	Providing Barricade Median of Road connecting Madiwala Police station to Krupanidhi College, Koramangala near Corporate office	Community Development	Bangalore Karnataka	8.00	-	-	-
4	Provision of Aquaguard facility to Govt. High School, Mullakadu, Mangaluru for supply of clean drinking water	Drinking water	Mangalore Karnataka	0.50	0.47	0.47	0.47
5	Support for Health Care by conducting health camps at Samse & Jamble Village	Promotion of Health	Samse & Jamble Village Kudremukh Karnataka	1.20	1.20	1.20	1.20

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
6	Financial Assistance to Alva's Educational Foundation towards 79 <sup>th</sup> All India Inter University Athletic Meet	Promotion of Sports	Mangaluru Karnataka	2.00	2.00	2.00	2.00
7	Contribution to CM Relief Fund towards rehabilitation activities at Kodagu District due to natural calamity	Contribution to CM Relief Fund	Kodagu Karnataka	2.94	2.94	2.94	2.94
8	Contribution to Event Xpress Management Pvt. Ltd for taking up rehabilitation work in flood effected areas of Kerala	Rehabilitation work in flood affected areas/ Community Development	Kerala	5	5.90	5.90	5.90
			<b>TOTAL</b>	<b>39.64</b>	<b>32.51</b>	<b>32.51</b>	<b>32.51</b>

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

The unspent amount during the year 2018-19 is ₹ 7.13 Lakhs. For Project No.3, ₹ 8 Lakhs was earmarked for providing Barricade Median of Road connecting Madiwala Police station to Krupanidhi College, Koramangala near Corporate Office, Bengaluru. Since approval was obtained only during 256<sup>th</sup> Meeting of Board of Directors held on 08/02/2019, the project is still under execution stage/clearance from local authorities.

For project no.4, actual budget allocated was ₹ 0.50 Lakhs; however, total project cost incurred was ₹ 0.47 Lakhs.

For project no.8, the budgeted amount was ₹ 5 Lakhs; however actual payment made was ₹ 5.90 Lakhs which includes ₹ 0.90 Lakhs as GST. Due to this, total unspent amount works out to ₹ 7.13 Lakhs for the year. The unspent amount will be carried forward and utilized during the year 2019-20.

**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.

Sd/-  
**(Sri MV Subba Rao)**  
Chairman-cum Managing Director

Sd/-  
**(Dr. Deepika Sharma)**  
Chairperson, CSR Committee

Date : 02/07/2019  
Place : New Delhi

## BUSINESS RESPONSIBILITY REPORT 2018-19

[As per Regulation 34 (2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

### 1. INTRODUCTION

As per the Securities and Exchange Board of India (SEBI) mandate, the top 500 listed entities, based on market capitalisation, should include a Business Responsibility Report (BRR) as part of their Annual Report. KIOCL is presenting its BRR for the Financial Year 2018-19 as per the framework suggested by SEBI. The Report covers the key initiatives in line with the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' (NVGs), released by the Ministry of Corporate Affairs in July 2011.

The Business Responsibility Report of FY 2018-19 describes KIOCL initiatives towards economic, social and environmental fronts in India.

### SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1	Corporate Identity Number (CIN) of the Company	L13100KA1976GOI002974						
2	Name of the Company	KIOCL LTD						
3	Registered address	II Block, Koramangala, Bengaluru - 560034						
4	Website	www.kioclltd.in						
5	E-mail id	cs@kioclltd.com						
6	Financial Year reported	April 1, 2018 - March 31, 2019						
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	<table border="1"> <tr> <td>Product</td> <td>Iron Ore Pellets</td> <td>17100</td> </tr> <tr> <td>NIC Code</td> <td>Pig Iron</td> <td>24101</td> </tr> </table>	Product	Iron Ore Pellets	17100	NIC Code	Pig Iron	24101
Product	Iron Ore Pellets	17100						
NIC Code	Pig Iron	24101						
8	List three key products/services that the Company manufactures/provides (as in balance sheet)	a) Iron Oxide Pellets b) Pig Iron c) Operation & Maintenance d) Mineral Exploration						
9	Total number of locations where business activity is undertaken by the Company							
	i. Number of International Locations (Provide details of major)	None						
	ii. Number of National Locations	Manufacturing Units: 2 Corporate Office: 1 Site / Liasoning: 6						
10	Markets served by the Company - Local/State/National/International	KIOCL serves the national market and also the International market by exporting Iron Ore Pellets across the Globe.						



## SECTION B: FINANCIAL DETAILS OF THE COMPANY

1	Paid up Capital (INR)	₹ 621.93 Crs
2	Total Turnover (INR)	₹ 2012.68 Crs
3	Total Profit Before Taxes (INR)	₹ 184.12 Crs
4	Total Profit After Taxes (INR)	₹ 111.86 Crs
5	Total Spending on Corporate Social Responsibility (CSR) as percentage of net profit after tax (%)	2% of average PBT of three preceding years
6	List of CSR activities in which expenditure has been incurred: a. Education b. Promotion of Sports c. Clean drinking water d. Health Care e. Contribution to Chief Minister's Relief Fund f. Development of Aspirational District	

## SECTION C: OTHER DETAILS

- Does the Company have any Subsidiary Company/ Companies?**  
KIOCL has its corporate office located at Bengaluru. Pellet Plant Unit and Blast Furnace Unit are located at Mangaluru. The Company does not have any subsidiary.
- Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)**  
Presently Not Applicable
- Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with; participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? {Less than 30%, 30-60%, More than 60%}**  
The company is not aware of any BR initiatives of any of its vendors.

## SECTION D: BUSINESS RESPONSIBILITY INFORMATION

### 1. Details of Director/Directors responsible for BR

a) Details of the Director/Directors responsible for implementation of the BR policy/policies

1	DIN Number	06729244
2	Name	Sri N. Vidyananda
3	Designation	Director (Production & Projects)
4	Telephone number	080-25531150
5	e-mail id	dpp@kioclltd.com

b) Details of the BR head

1.	DIN Number (If applicable)	NA
2.	Name	Sri P. K. Mishra
3.	Designation	Company Secretary
4.	Telephone Number	080-25531525
5.	Email Id	cs@kioclltd.com

## 2. NVG PRINCIPLES

The Nine Principles to be followed in areas Economic / Social / Environment for conducting in Business in a Responsible way :

<b>P1</b>	Ethics, Transparency and Accountability
<b>P2</b>	Product Life Cycle
<b>P3</b>	Wellbeing of all employees
<b>P4</b>	Stake Holder Engagement
<b>P5</b>	Human Rights
<b>P6</b>	Environment
<b>P7</b>	Public and Regulatory policy
<b>P8</b>	Inclusive growth / CSR
<b>P9</b>	Engage with and provide value to customers and consumers

### 2 (a) Details of compliance (Reply in Y/N)

S.No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/policies for	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Yes, the policies are formulated in consultation with stakeholders & Government Guidelines, as the Company is a CPSE under Ministry of Steel								
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	The Sustainable Development (SD) Policy addresses the essence of the nine NVG principles issued by Ministry of Corporate Affairs, Government of India.								
4	Has the policy been approved by the Board? If yes, has it been signed by MD/ Owner/CEO/ appropriate Board of Director?	The policies are approved at appropriate levels by the Competent Authority including the Board, whenever required.								
5	Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?	All policies can be viewed online at Company website at <a href="https://www.kiocltd.in">https://www.kiocltd.in</a> .								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	"Y", the communication with internal and external stakeholders on such matters is a continuous process.								
8	Does the company have in-house structure to implement the policy/policies.	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the company carried out independent audit evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

**2 (b) If answer to S.No. 1 against any principle, is 'No', please explain why:  
(Tick up to 2 options)**

Sl. No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The Company has not understood the Principles	Not Applicable, as the company has formulated policies based on all nine principles								
2	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3	The company does not have financial or manpower resources for the task									
4	It is planned to be done within next 6 months									
5	It is planned to be done within the next 1 year									
6	Any other reason (please specify)									

### 3. GOVERNANCE RELATED TO BR

**1 Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assesses the BR performance of the Company.**

The Board of Directors will review the BRR periodically

**2 Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

The BR Statement is part of KIOCL's Annual Report. The hyperlink for viewing the Annual Report for the Financial Year 2018-19 is <https://www.kiocltd.in/user/cms/39>

## SECTION E: PRINCIPLE-WISE PERFORMANCE

### Principle 1: Ethics, Transparency and Accountability

The Company acknowledges the vitality of image and reputation in adding value to the organisation. It believes that conducting business on the pillars of ethics and transparency, full disclosure and independent monitoring fosters trust of stakeholders as well as improves the reputation of the Company.

It has a Code of Conduct which provides an ethical road map to its Directors and senior management in order to facilitate the management to steer the Company in the right path. The Code of Conduct for all other employees is included in Company's service rules.

**1 Coverage of policy relating to ethics, bribery and corruption (e.g. Joint Ventures, Suppliers, Contractors, NGOs etc.)**

The Company's policy on bribery and anti-corruption covers all individuals working at all levels and grades. This mechanism includes directors, senior executives, officers, employees (whether permanent, fixed-term or temporary) and third parties including consultants, contractors or any other person associated with it. The well-defined policy lists tenets on ethical business conduct, definitions and the framework for reporting concerns.

## 2 Number of Stakeholder complaints received in the past financial year and percentage of complaints satisfactorily resolved by the management in the FY 2018-19

There are constant effort to enhance stakeholders' satisfaction level. As part of the business responsibility; a process is in place for Redressal of Stakeholders' Grievance. All the stakeholders are free to share their concerns and grievances with the Company through this structured mechanism. Details of Stakeholder complaints are as given below:

Stakeholder	Complaints Received	Complaints Resolved
Employees	0	0
Vendor	0	0
Company	0	0
Investor	0	0
Society	0	0
Total	0	0
During the Financial Year 2018-19, No complaints were received from Stakeholders.		

### Principle 2: Product Produced should be safe and contribute to sustainability throughout their life cycle

#### 1 List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

The Company is currently producing **Pellets**, made from **Iron Ore Fines**, generated during mining which otherwise would add to the environmental pollution.

It converts these Iron Ore Fines into Pellets through value addition using Pelletisation Technology. It thus produces a product (Pellets) which not only protects environment but also conserves mineral resources.

It also addresses the adverse impact on environment due to huge dump of Iron ore fines generated during mining over a period by producing Pellets using these iron ore fines.

#### 2 For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

The Company believes in optimum consumption of its electricity, furnace oil, water and other additives. It sets targets for specific consumption of major parameters. In order to achieve the target it conducts energy audit at project site. The energy audit also helps to identify and prioritise energy efficient technological measures and saving opportunities.

The parameters in respect of major inputs like energy, water, furnace oil, coke, raw material for previous year and current year as per production rate is furnished below. The reduction during sourcing/production/ distribution as achieved throughout the value chain is detailed below:

### Target Vs. Achieved

Description	Target	Achieved for 2017-18	Target	Achieved for 2018-19
Energy Kwh/MT for Pelletisation including grinding and filtration.	64	66.83	64	67.85
Coke consumption Kg/MT	17	16.48	17	14.87
Bentonite consumption Kg/MT	7	9.36	7	7.97
Furnace oil Ltr/MT	17	16.65	17	15.29
*Water consumption M3/ MT	<1	0.38 M3	<1	0.54 M3
Lime stone Kg/MT	29	24.59	29	24.36
IOF to pellets	1:1	1:1	1:1	1:1

- ii. Reduction during usage by consumers (energy, water) has been achieved since the previous year?

**Please refer to the table above. As shown above, reduction has been achieved in the consumption of coke, bentonite, furnace oil and lime stone.**

### 3 Does the Company have procedures in place for sustainable sourcing (including transportation)?

The only raw material used in **Pellet making is Iron Ore Fines** and Company has a sustainable plan as under:

**Short term plan:** The Company has tied up with NMDC, a sister CPSE under Ministry of Steel for supply of upto 3 million tons of iron ore fines per year from NMDC Bailadila mines through Long Term Agreement.

**Long Term Plan:** The Company's mine at Kudremukh has been closed since January, 2006. The Government of Karnataka has notified for the mining lease of Devadari Iron Ore Mine in Bellary District, Karnataka in January, 2017 for captive consumption of Iron Ore and Manganese Ore. The action plan is in position to get various statutory clearances in order to start mining operation within the next two years' time.

Company will undertake development of iron ore mines, Construction and commissioning of beneficiation plant along with infrastructure development viz Railway siding, water pipeline, power transmission line, conveyor corridor with capital investment of around ₹ 1500-2000 Crores. The iron ore produced from this mine will be transferred through road, railways and utilized in the existing pellet plant and pig iron plant at Mangaluru. Setting up of pellet plant at Devadari site is envisaged at later stage.

### 4 Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

Being a CPSE, KIOCL follows Public Procurement Policy for Micro and Small Enterprises (MSEs) in pursuance to the Micro, Small and Medium Enterprises Development (MSMED), Act, 2006 from the year 2015- 16.

As a part of the procurement policy, the Company identifies items and **exclusively reserves them for purchase** from Micro and Small Enterprises & has procured 27.19% **from only MSE** (including MSEs owned by SC/ST and women entrepreneurs) out of total procurement in the FY2018-19 .

**5 Does the company have a mechanism to recycle products and waste? If yes what is the % of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

The waste generated from the manufacturing of pellets is recycled and reused. A process is in place to recycle wastes generated during the manufacturing cycle. Apart from the production waste, other general wastes produced are also recycled and the details are as follows:

**1. Waste Generated During Manufacturing**

- a) The Pellet manufacturing process generates waste of 3%(5mm size) approximately of pellet fines. Hence the waste generated is reused again for pellet making through re-cycling process.
- b) IOF processing, slime generated is flown out through thickener overflow to dump pond which is again recycled during dry season.
- c) Pellet fines collected through de-dusting and wet scrubbing is reused for pellet making through re-cycling.

**2. Other Wastes**

- a) **Canteen Waste and Garden waste-** The canteen waste, which includes food waste, vegetable waste as well as the garden waste which constitutes dead and dry leaves and flowers are used for making compost in the plant premises itself so as to avoid the use of pesticide and fertilisers.
- b) **Sewage Waste** is recycled in the sewage treatment plant and the water is used for gardening.
- c) **Grey Water** is also recycled and is used for gardening purposes.
- d) **The Medical waste** is disposed of through authorised KSPCB agencies.

**Principle 3: Wellbeing of all employees**

KIOCL believes that its people are its most valuable asset for progressive growth of Company. Their knowledge, experience and passion to perform are fundamental to the progress of the organisation and its upward growth. KIOCL provides its employees with opportunities that encourage them to excel and ensures a work environment that promotes well-being. KIOCL neither discriminates among present employees nor during the recruitment process, on the grounds of religion, race, colour, gender and disability. Providing equal opportunities to all is an integral aspect of the Company's responsibility towards its employees.

KIOCL's Management believes in the freedom of association and hence the Company has three recognized workers' unions. The Company's management is accessible at all points of time to redress any employee / worker concerns and complaints as per well-defined procedures.

KIOCL endeavours to keep its employees abreast with the latest technical knowledge. Skill refresher courses are regularly conducted at KIOCL and necessary training sessions are held for its workforce as and when required.

**Key employment related data as of the end of the reporting year 2018-19 is provided in the table below:**

1	Total Number Employees	841
2	Total number of employees hired on temporary/contract/ casual basis	498
3	Total number of permanent women employees	26
4	Total number of permanent employees with disabilities	13
5	Do you have an employee association that is recognized by the management?	Yes
6.	What percentage of your permanent employees or members of this recognized employee association? Employee's & Officer's Union	Employees - 95% Officers - 86%

**7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

As on the end of the Financial Year 2018-19, there is no complaint relating to child labour, forced labour, involuntary labour, sexual harassment, discriminatory employment. For protection against sexual harassment of women at work place, KIOCL has constituted an internal complaints committee in lines with the requirement of the sexual harassment of women at the work place (Prevention, Prohibition and Redressal) Act, 2013 to redress sexual harassment complaints.

**8 What percentage of under mentioned employees were given safety and skill up-gradation training in the last year?**

a.	Permanent employees	62%
b.	Permanent women employees	80%
c.	Casual/temporary/contractual employees	85%
d.	Employees with disabilities	54%

**Principle 4: Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized**

**1 Has the company mapped its internal and external stakeholders?**

Yes, KIOCL has mapped its internal and external stakeholders which includes:

- ◆ Government and regulatory authorities
- ◆ Employees
- ◆ Customers
- ◆ Local community
- ◆ Investors and shareholders
- ◆ Suppliers
- ◆ Trade unions

**2 Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?**

At KIOCL, engagement with the stake holder is an on-going process. The Company follow a system of timely feedback and response through formal and informal channels of communication to ensure that the stakeholder information remains current.

### **3 Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders?**

The Company engages with the marginalised section as and when required in terms of help in the field of medical assistance as in provision of an ambulance, holding medical camps in villages, educational institutions where children from the underprivileged communities are provided scholarship. These special initiatives are taken on merit basis.

#### **Principle 5: Respecting and Promoting Human Rights**

KIOCL strongly believes in respecting and upholding the human rights of all its internal and external stakeholders. In pursuance to this policy, KIOCL follows International Labour Organization guidelines and the Indian Factories Act, 1948 which provides the framework for the organization to comply with all applicable laws of the land pertaining to human rights.

##### **1 Does the policy of the company on human rights cover only the Company or extend to the Group / Joint Ventures/ Suppliers/ Contractors/ NGO's / Others?**

KIOCL believes that a sustainable organisation rests on a foundation of ethics and respect for human rights. KIOCL's policy 'Human Rights' demonstrates its commitment towards the preservation of human rights across the value chain.

KIOCL promotes awareness of the importance of respecting human rights within its value chain and discourages instances of abuse.

##### **2. How many stakeholder complaints have been received and in the past financial year and what percentage was satisfactorily resolved by the management?**

During FY 2018-19, the Company has not received any Stakeholder complaint. The Company has well defined process in place including Public Portal for receiving complaints from stakeholders.

#### **Principle 6: Environment Management**

Business should respect, protect, and make efforts to restore the environment

The Company has a Quality, Occupational Health, Safety and Environmental Policy in place and steps are being taken to extend it to the major contractors and sub-contractors. KIOCL Production unit has subscribed to the ISO 9001, ISO 14001, (Environmental Management System) and OHSAS 18001 Occupational Health and Safety Standard. The Company continually identifies and assesses potential environmental risks associated with its operations and complies with applicable environmental regulations.

##### **1 Does the policy related to Principle 6 cover only the Company or it extends to the Group/ Joint Ventures/ Supplier/Contractors/ NGOs/others**

KIOCL's Health, Safety and Environmental policy is a comprehensive document which identifies environmental preservation and pollution prevention as their responsibility. KIOCL's policy is not extended to the others. However, the suppliers / contractors may have their own policies.

##### **2 Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc.**



KIOCL, as a responsible company has taken initiatives to address the cause of Global environmental issues and as a part of the initiatives, following has been carried out :

- 1) KIOCL Mangaluru Plant has increased the green cover by planting a number of trees in their Mangaluru plant premises & other areas.
- 2) KIOCL has reduced emission of Green House Gases by adopting various energy conservation measures.

**3 Does the company identify and assess potential environmental risks? Y/N**

Yes, the Corporate environment policy guides the Company's efforts on environmental management. Company attempts to resolve the environmental issues and mitigates the problem whenever observed at plant level through its environmental cell. The Company is certified for environmental management standard hence as part of compliance to this, aspect-impact registers are in place which identifies potential environmental risks along with appropriate mitigation plans. Further, environment risks are identified in the risk matrix and discussed in the internal audit review meeting.

**4 Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

As a responsible company, KIOCL has been a part of clean development mechanism contributing to reduce emissions, achieving sustainable development leading related benefits. Some of the initiatives taken are:

1. Funded the development of Tree Park for the conservation of endangered plant species of Western Ghats at Pilikula Nisargadhama, Mangaluru.
2. Funded to increase the green cover in and around Mangaluru.
3. Saplings are planted inside the compound of Pellet Plant Unit and Blast Furnace Unit of KIOCL.

**5 Has the Company undertaken any other initiatives on clean technology, energy efficiency, renewable energy, etc? Y/N. If yes, please give hyperlink for web page etc.**

As a part clean development mechanism, the following initiatives were taken as a commitment to reduce emissions, energy efficient lighting, improvement of air quality, reduction of costs too.

1. Roof top solar plants with a capacity of 83.2 KW and 293 KW have been installed at Pellet Plant and Blast Furnace Unit. The panels have been set up on the roof of the cooling water plant and the CPP office buildings of the Pellet Plant. At the BFU, 4 units have been set up above the Stores, Welfare building, Administration building and MSDS building.
2. Action has been taken to install additional solar power plant with capacity of 1 MW at Blast Furnace Unit, which has been commissioned in the month of November 2018.
3. Various energy conservation measures like modification of pipe line for supply of drinking water at Kudremukh Township, and from Kudremukh to Mangaluru Pellet Plant, introduction of VFD for controlled operations, downsizing of motors, replacement of old motors by energy efficient motors and replacement of Conventional Lighting systems with CFL/LED.
4. Recycling of waste water and tapping of rain water for use in gardening as well as toilet as a part of conservation of water.

5. The company has taken requisite steps for the proper disposal of biomedical waste, hazardous waste through authorised agencies as well as proper battery management.
  6. As an extra measure to reduce the environmental hazard, mist type water sprinklers have been commissioned to suppress the dust along the approach road adjacent to MSDS
- 6 Is the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

KIOCL is in compliance with the prescribed permissible limits as per Pollution Control Board norms for air emissions, effluent quality and discharge, hazardous waste generation and disposal. As per the PCB regulation, reports are submitted to the appropriate authorities, as applicable.

As a part of the environmental management, the Air Pollution Control as well as emissions monitoring systems is in place to monitor, prevent and mitigate pollution Emissions from stacks and ambient air quality including noise levels are also monitored.

3<sup>rd</sup> party Monitoring is also carried on monthly basis and reports are submitted to the respective PCBs. Wastewater treatment plants are in place to treat the effluent generated before it is discharged.

- 7 Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on the end of Financial Year**

The company has not received any Show Cause Notice in the FY 2018-19

**Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner**

- 1 Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

- a. Standing Conference of Public Enterprises, New Delhi (SCOPE)
- b. Federation of Indian Mineral Industries, New Delhi (FIMI)
- c. Pellet Manufacturer Association of India, New Delhi (PMAI)
- d. Institute of Directors, New Delhi (IOD)
- e. Federation of Karnataka Chamber of Commerce & Industry, Bangalore (FKCCI)
- f. Federation of Indian Exporters Organisation, New Delhi (FIEO)
- g. Indian Institute of Metal Management (IIMM)

- 2 Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas ( drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

KIOCL has not lobbied / advocated through any association for advancement or improvement of public good so far.

**Principle 8: Businesses should support inclusive growth and equitable development**

The CSR activities are guided by KIOCL's vision and philosophy of ethical, value-based and transparent functioning.

The Company implements various CSR initiatives through Company's own internal team, based on inputs received from Local Authorities, Business Associations, Social and Philanthropic Organisations of repute and Civil Society, wherever deemed necessary.

The Company believes that its success is interlinked with the well-being of all sections of the society and equal opportunity for all sections. The Company continues to ensure no discrimination of any type to socially disadvantaged sections at the work place. The key contributions of 'inclusive growth and equitable development', is a part of KIOCL's CSR Report which is a part of 2018-19 Annual Report.

**1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.**

Yes, KIOCL believes in creating opportunities for the people around its operations to enable a sustainable future and ensure inclusive growth.

KIOCL's community development activities focus on areas of health, sanitation, education and infrastructure.

KIOCL's CSR initiatives are aligned to aspects such as education, healthcare, skill enhancement, infrastructure development, promoting sportsmanship, women empowerment among others.

The various initiatives undertaken during FY 2018-19 are a part of CSR Report as published along with 2018-19 Annual Report.

**2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?**

The Company has an **in house CSR team** at the Corporate & Plant level and at each level. Dedicated CSR teams are in place to plan, implement, monitor and review various community development initiatives/programs.

Company believes in a participatory approach towards implementing CSR initiatives and collaborates directly with end beneficiaries to deliver the programs and projects.

**3. Have you done any impact assessment of your initiative?**

The CSR Policy is formulated to commit for enhanced value-creation for the Society, shareholders, other stakeholders and the communities by taking-up activities and initiatives for sustainable growth for the Society, with environmental concern. The programmes / projects are generally chosen in the local areas of the Company's manufacturing units. These programmes / projects are implemented by the teams of the Company. However, considering the nature of the projects undertaken no impact assessment has been carried out by the Company so far.

**4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?**

In the FY- 2018-19 a sum of ₹ 32.51 Lakhs has been spent on various Community Development Projects. Project Details are part of our CSR Report published in 2018-19 Annual Report.

**5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

Our CSR initiatives are implemented based on a collaborative and participatory approach. Community development is an on-going process & is carried out on a regular basis.

Project selection is based requests received from local representatives and selected after studying and understanding the need, geographic location and available funds. Implementation plans are prepared for project execution with the help of various local representatives for community development projects. The CSR team interacts with the beneficiaries at various stages of the project implementation to ascertain the efficacy of the project

**Principle 9 : Businesses should engage with and provide value to their customers and consumers in a responsible manner.**

Customers & Customer service is a part of KIOCL focus, hence customer focused metrics are of crucial importance. KIOCL has a structured customer complaint redressal system to address any sort of customer concern or grievance.

Any customer complaint lodged is directed to the respective department for action. A process is in place at the Company to address the customer complaint. All complaints received from the customers are acknowledged, investigated and responded to as per the Standard Operating Procedures.

**1 What percentage of customer complaints/consumer cases are pending as on the end of financial year.**

No Complaints are pending for the FY 2018-19

**2 Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks(additional information)**

The Company is in the business of manufacturing pellets from Iron Ore Fines. The shipment of the product happens in bulk and no specific product label over and above what is mandated as per the local law is displayed.

**3 Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.**

During last five years there are no cases filed with regard to unfair trade practices, irresponsible advertising and/or anti-competitive behaviour.

**4. Did your company carry out any consumer survey/ consumer satisfaction trends?**

KIOCL has a well structured and defined process in place to carry out customer satisfaction survey. The survey is carried out twice a year and trend is prepared based on the survey. As per survey conducted for FY 2018-19, KIOCL has achieved "**very much satisfied**" ratings from its Customers.

**ANNEXURE TO BOARD'S REPORT****DECLARATION AS REQUIRED UNDER REGULATION 26(3) READ WITH PART-D OF SCHEDULE-V OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015****(COMPLIANCE WITH CODE OF CONDUCT)**

In Compliance to Regulation 17 (5) & 26 (3) read with Part-D of Schedule-V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, all the Members of the Board and senior management personnel have affirmed compliance with the Code of Conduct for the year ended 31<sup>st</sup> March 2019.

Sd/-

**(MV Subba Rao)**

Chairman-cum-Managing Director

Place : Bengaluru

Date : 23/05/2019

## ANNEXURE TO BOARD'S REPORT

### CEO / CFO CERTIFICATION

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

- a) We have reviewed the Financial statements and Cash Flow Statements for the year ended 31<sup>st</sup> March 2019 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.

Sd/-  
**(MV Subba Rao)**  
 Chairman-cum-Managing Director &  
 Chief Executive Officer

Sd/-  
**(S.K. Gorai)**  
 Director (Finance) &  
 Chief Financial Officer

Place : New Delhi  
 Date : 21/05/2019

## ANNEXURE TO BOARD'S REPORT

### FORM MR-3

### SECRETARIAL AUDIT REPORT

### FOR THE FINANCIAL YEAR ENDED ON 31<sup>st</sup> MARCH, 2019

*[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 Members,  
**KIOCL Limited**  
II Block, Koramangala,  
Bengaluru - 560034,  
Karnataka

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **KIOCL LIMITED (CIN NO:L13100KA1976GOI002974)** having its Registered Office at II Block, Koramangala, Bengaluru 560034, Karnataka (**hereinafter called the Company**).

Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's 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 during the conduct of secretarial audit and **subject to our separate letter attached hereto as the Annexure**, I hereby report that, in my opinion, the Company has, during the audit period covering the financial year ended 31<sup>st</sup> March, 2019, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended, 31<sup>st</sup> March, 2019 according to the applicable provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made thereunder;
- (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 thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

I have also examined compliance with the applicable Clauses/Regulations of the following:

- a) Secretarial Standards issued by The Institute of Company Secretaries of India and which are mandatory in nature.
- b) The Listing Agreement entered into by the Company with National Stock Exchange of India Limited (NSE), BSE Limited (BSE) and Metropolitan Stock Exchange of India Limited (MSEI) ;
- c) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
- d) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
- e) The Securities and Exchange Board of India (Prohibition of Insider Trading ) Regulations, 2015
- f) The Securities and Exchange Board of India (Depositories & Participants) Regulations, 2018.
- g) The Securities and Exchange Board of India (Buyback of Securities) Regulations 2018.

During the period under review, Company had completed buyback in accordance with provisions contained in Companies Act, 2013 and SEBI (Buyback of Securities) Regulations 2018. The President of India acting through Ministry of Steel, Govt. of India being the Promoter of the Company had tendered in Buy Back offer 1,25,88,235 Equity Shares through Stock Exchange Mechanism and 1,20,92,926 Equity Shares were accepted in the BuyBack and 4,95,309 Equity Shares were accepted from Public.

The Company concluded buy-back procedure on 15.11.2018 and 1,25,88,235 Equity Shares were extinguished.

I have also reviewed the **systems and mechanisms** established by the Company for ensuring compliance under other applicable Acts, Laws, Rules, Regulations, Guidelines applicable to the Company and categorized under the following major heads/groups:

- a) The Water( Prevention& Control of Pollution) Act, 1974, read with Water (Prevention & Control of Pollution) Rules, 1975
- b) Environment (Protection Act) , 1986
- c) The Air (Prevention & Control of Pollution) Act, 1981 , read with the Air (Prevention& Control of Pollution) Rules, 1982
- d) Factories Act, 1948
- e) Contract Labour( Regulation and Abolition ) Act, 1970
- f) Payment of Wages Act, 1936.
- g) The Minimum Wages Act, 1948
- h) Payment of Gratuity Act, 1972
- i) Industrial Employment ( Standing Orders) 1946
- j) Employers Provident Fund and Misc. Provisions Act, 1952
- k) Employers State Insurance Act, 1948
- l) The Payment of Bonus Act, 1965
- m) The Negotiable Instrument Act, 1881
- n) Karnataka Shops and Commercial Establishment Act, 1961
- o) The Karnataka Tax on Professions, Trades, Callings And Employment Act, 1976
- p) Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
- q) Maternity Benefits Act, 1961
- r) Indian Contract Act, 1872
- s) Trade Marks Act, 1999

Regarding "Other laws", there are proper systems and mechanisms in place for Compliance with the Provisions of Other laws,

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 observations not amounting to qualification or reservation or Adverse Remarks.

1. The Composition of the Board of Director as on 31/03/2019 was as follows:

A.	Functional/ Whole Time Directors including Chairman cum Managing Director	4
B.	Nominee Directors of Government of India	2
C.	Independent Directors	3
	<b>Total</b>	<b>9</b>

As per Regulation 17 of SEBI LODR Regulations 2015 Where the Chairman of the Board is an executive director, at least half of the Board should comprise of Independent Directors.

To comply with the requirement of having 50% of the Board as Independent Directors, the Company is required to appoint 3 more Independent Directors.

It was observed that Stock Exchanges had issued Notices to the Company and levied penalty for non-compliance with the above condition.

However, being a Government Company appointment of the Directors is neither under the purview of the Board of KIOCL nor the Company / its Board is empowered to appoint any Director. Hence, the appointment of the Board members is beyond its control.

Accordingly, the Company has taken up matter with Ministry of Steel for filling the vacant post of Independent Directors and as advised by Ministry of Steel, Government of India, the Company had taken up matter with SEBI, seeking exemption from payment of fine levied by Stock Exchanges.

2. The Public Shareholding in the Company is 0.94% at present. As per the SEBI regulations, the Company is required to have a minimum of 25% as public shareholding. As intimated to us by the Company, the matter had been taken up with the Administrative Ministry for achieving minimum public shareholding. Further, Ministry of Finance, Department of Economic Affairs vide notification dated 3<sup>rd</sup> August, 2018, extended the time limit for increasing the minimum public shareholding to August 2020.

I have not examined compliance by the Company with applicable financial laws, like direct and indirect tax laws, since the same are subject to review by statutory financial audit and other designated professionals.

#### **I further report that**

The Board of Directors of the Company and its Sub- Committees are duly constituted. The Changes in the composition of the Board of Directors and Sub Committees that took place during the period under review were carried out in compliance with the provisions of the Act.

The Company has constituted the following Committees:

- 1) Audit and Risk Management Committee
- 2) Nomination and Remuneration Committee
- 3) Corporate Social Responsibility Committee.
- 4) Stakeholders Relationship Committee.
- 5) Investment, Project appraisal and Monitoring Committee

Further during the period under review, the Board reconstituted separate Audit Committee and Risk Management Committees as required u/r 18 and 21 of the SEBI (LODR) Regulations, 2015 respectively. As on 31<sup>st</sup> March 2019, the Board has total Six Committees.

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

The Minutes of Meetings of the Board and its Sub Committees are maintained properly.

**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 other applicable laws, rules, regulations and guidelines. Certificates of Compliance of other applicable laws are obtained from concerned departmental Heads.

I/we further report that during the audit period, the Company has:-

- (i) Not Issued and allotted Rights equity shares
- (ii) Not Redeemed Preference shares.
- (iii) Concluded buy-back procedure on 15.11.2018 and 1,25,88,235 Equity Shares were extinguished.
- (iv) Complied with provisions Section 180 of the Companies Act, 2013
- (v) Merger / amalgamation / reconstruction, etc. – Not Applicable
- (vi) Foreign technical collaborations – Not Applicable

In general, it was observed that the Company, being a Government Company and subject to CAG Audit, is maintaining all the required records properly and have established systems and procedures for complying with provisions of various applicable laws.

Sd/-

**S.Viswanathan**

Practicing Company Secretary

ACS No: 5284

CP No: 5284

Place: Bengaluru

Date: 23/05/2019



## Annexure A

To  
The Members  
**KIOCL Limited**

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

- 1) Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
- 2) I have followed the audit practices and process as are 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 process and practices, I followed provide a reasonable basis for my opinion.
- 3) I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
- 4) Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events, etc.
- 5) The compliance of the Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedure on test basis.
- 6) The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Sd/-  
**S Viswanathan**  
Practicing Company Secretary  
ACS No: 5284  
CP No: 5284

Place : Bengaluru  
Date : 23/05/2019

## CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To,  
The Board of Directors  
**KIOCL Limited**  
Bengaluru

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) Regulations, 2015 for the financial year ending March 31, 2019.

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) Regulations, 2015 as on March 31, 2019 except the following: -

- i. *Three Independent Directors Post remained 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) Regulations, 2015. However, as informed by the Company, the appointment of Directors on the Board is made by Ministry of Steel, Government of India. Further, the Company had been writing to Ministry of Steel, time to time to this effect; however appointment of requisite number of Independent Directors is yet to be made.*

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

Place : Bengaluru/Chennai	Sd/-
Date : 01/05/2019	Name : <b>V. Mahesh</b>
	Practicing Company Secretary
	C. P. No. : 2473
	FCS No. : 4162

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C Clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,  
The Members of  
**KIOCL Limited,**  
II Block, Koramangala,  
Bengaluru- 560034

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of KIOCL Limited having CIN L13100KA1976GOI002974 and having registered office at II Block, Koramangala, Bengaluru- 560034 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of my / our information and according to the verifications (including Directors Identification Number (DIN) status at the portal ([www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its officers, I / We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority: -

Sl. No.	Name of Director	DIN	Date of appointment in Company
1	Subbarao Venkata Munnangi	06495576	30/08/2013
2	Saraswati Prasad	07729788	08/02/2017
3	Srinivas Tatipamala	07238361	07/09/2015
4	Vidyananda Naregundy	06729244	01/11/2013
5	Swapan Kumar Gorai	07223221	11/11/2016
6	Saminathan Thimmalagundhi	08291153	09/01/2019
7	Madhav Lal	06547581	27/11/2015
8	Deepika Sharma	07734495	10/02/2017
9	Jagdish Purushottam Joshi	03385677	14/12/2018

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place : Chennai  
Date : 22/05/2019

For **V Mahesh and Associates**

Signature : Sd/-

Name : **V. Mahesh**

Membership No: 4162

CP No: 2473

## Independent Auditors' Report

### To The Members of the KIOCL LIMITED

#### Report on the standalone Ind AS Financial Statements

#### Opinion

We have audited the accompanying Standalone IND AS financial statements of **KIOCL Limited** (Referred to as the **Company**) which comprises the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flows and Statement of changes in Equity for the year then ended, and notes to the Financial statements, including a summary of significant accounting policies and other explanatory information

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information, in the manner so required, and give a true and fair view in conformity with the Indian Accounting Standard prescribed under Section 133 of the Companies Act 2013 and accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the profit including other comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report

#### 1. Impairment of property, plant and equipment: -

The operation of **Blast Furnace Unit** has been suspended since 2009 due to the commercial non-viability of manufacturing of pig iron. The company has done the impairment test as stated under 12(b) of Ind AS 36 from an approved valuer and accordingly the fair values of the machinery determined are more than the carrying cost.

Similarly, **the Kudremukh Unit** from where iron ore was extracted by KIOCL Limited, is abandoned long time back and all the assets located therein are either disposed off or transferred to Pellet Plant. Owing to disputes relating to land and pending issues on surrender of mines, the buildings in the township are reduced to 'nil' value but value of the land continues to be shown in the books of accounts. The company is of the view that Lakya Dam therein is the main water source for the pellet plant, the land value is shown under PPE.

#### 2. Valuation of inventory: -

As the company is in existence for more than 42 years and continue manufacturing of 'Pellet' has piled up significant inventory of non-moving spare parts, presently re-classified under capital spares and valued at cost.

The management is of the view that these capital spares have a definite use, but owing to the nature of industry their replacement value could not be ascertained and therefore retained at cost.

### 3. Estimates:

The Accounting Standards and Accounting Policies require the Company to make estimates and assumptions about future events that directly affect its reported financial condition and operating performance. The following accounting estimates and assumptions considered at the end of the reporting year may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial years.

- ◆ Useful lives of property, plant and equipment: The Company reviews the estimated useful lives of property, plant and equipment at the end of each reporting year. The financial effect of this reassessment, assuming the assets are held until the end of their estimated useful lives, is an increase/decrease the depreciation expense in the current financial year and future years.
- ◆ Estimation of defined benefit obligation: The cost of defined benefits plan including other post-employment benefits and the present value of such obligations are determined using actuarial valuations. The Company has adopted the valuation and figures as submitted by its corporate office. The actuarial assumptions on retirement benefits are subject to various assumptions like mortality rate, inflation on salary and attrition rate. Any changes will significantly influence the assumptions. We have relied upon valuation of 'actuary' in accordance with SA 620 issued by ICAI.

### 4. GST:

Company is availing input credit on the eligible inputs under the GST act and the rules made there under. The company is also claiming refunds on the zero-rated supply namely Export of Goods. The input credits are grouped under Loans and Advances in Current Asset. However, the company not reconciled the input credit with the Electronic Credit Ledger available under the GST portal. It was explained to us that the

entries in the Electronic Credit Ledger are pending reconciliation and the effect of the reconciliation in the opinion of the management is not material considering the turnover and the profit of the company.

### 5. Disputed Liability

The company has disclosed in their notes to Financial Accounts disputes with Railways across the country which are pending before various courts and not resolved for many years.

### Responsibility of Management 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 financial statements that give a true and fair view of the financial position, financial performance, (changes in equity) and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of 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 financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so those Board of

Directors are also responsible for overseeing the company's financial reporting process.

### **Auditor's Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is included in **Appendix** of this Auditors' Report, forms part of our Auditors' report.

### **Other Matter - None**

### **Report on Other Legal and Regulatory Requirements**

1. As required under the directions and sub-directions issued by the Comptroller and Auditor General of India in terms of Sub-section (5) of Section 143 of the Companies Act 2013, we are enclosing our report in **Annexure A**.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable our report thereon is enclosed as **Annexure B**
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. Accordingly, we have relied upon the expenditure statement as certified by the management.

- b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
- c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement 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 Rule 7 of the Companies (Accounts) Rules, 2014.
- e. 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**".
- f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 23.2(B) to the financial statements;
  - ii. The company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Unit of the Company.

For **Anand & Ponnappan**  
Chartered Accountants  
FRN 000111S

Sd/-  
**(R Ponnappan)**  
Partner  
MRN 021695

Place : New Delhi  
Date : 21/05/2019

## APPENDIX

### Auditor's Responsibility for the Audit of the Financial Statements

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- a. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Implementation Guide on Reporting Standards 87 company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to

the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- e. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## ANNEXURE A

### To The Independent Auditors' Report Of Even Date On The Standalone Ind AS Financial Statements Of KIOCL Limited

#### Report on Directions issued by the Comptroller and Auditor General of India (under section 143(5) of the Companies Act, 2013)

1. The unit of the company has a system in place to process all the accounting transactions through IT system. Transactions relating to Inventory are recorded in a separate "Software" called Price Stores Ledger (PSL) which is not integrated with Financial Accounting System. Similarly production details are not linked to Financial Accounting System. However, there are no implications (whether financial or otherwise) of processing of accounting transactions through IT system on the integrity of the accounts.
2. According to the information & explanations given to us, there is no restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender. As such, there is no financial implication involved.
3. According to the information & explanations given to us, the company has received funds of Rs.11.20 lakhs from Government of India –Ministry of Steel which is disbursed to Dayananda Sagar College of Engineering, Bengaluru for carrying out research and Development on Synthesis of Kudremukh Iron Ore Mine Tailings based Geopolymer Aggregate using Ash as Precursor in Construction Industry.

For **Anand & Ponnappan**  
Chartered Accountants  
FRN 000111S

Sd/-  
**(R Ponnappan)**  
Partner  
MRN 021695

Place : New Delhi  
Date : 21/05/2019

## Annexure - B to the 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 March 31, 2019.

We report that:

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

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 by the management 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.

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.

2. Physical verification of inventory has been conducted at reasonable intervals by the management and no material discrepancies were noticed;
3. The Company has not granted loans to bodies corporate covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act').
4. In our opinion and according to the information and explanations given to us, the Company has not entered in to any transaction attracting the provisions of section 185 and 186 of the Act.

5. The Company has not accepted any deposits from the public.
6. 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.
7. 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, Goods and 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, Goods and service tax, cess and other material statutory dues were in arrears as at 31 March 2019 for a period of more than six months from the date they became payable.

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:

Statute	Nature of Dues	Amount in Lakhs	Period to which relates	Forum where dispute pending
Excise	Non-payment of SAD on DTA clearance of Pellets	1454.11	2010-11	CESTAT
Excise	Non-payment of SAD on DTA clearance of Pellets	1248.99	2011-12	CESTAT
Excise	Non-payment of SAD on DTA clearance of Pellets	3145.21	2011-12	CESTAT
Service Tax	Service Tax	111.33	2012-13 to 2016-17	CESTAT



8. 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.
9. 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.
10. 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 year.
11. As per notification No. GSR 463(E) dated 5th June 2015 issued by the Ministry of Corporate Affairs, Government of India, Section 197 of the Companies Act, 2013 is not applicable to the Government Companies. Accordingly, paragraph 3(xi) of the Order is not applicable to the Company.
12. 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.
13. 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.
14. 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.
15. 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.
16. 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: 0001115

Sd/-  
**R Ponnappan**  
Partner  
MRN 021695

Place : New Delhi  
Date : 21/05/2019

## ANNEXURE C

### To The Independent Auditor's Report of Even Date on the Stand Alone Ind-AS Financial Statements of KIOCL Limited

#### 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 financials controls over financial reporting KIOCL Limited as of and for the year ended March 31, 2019, in conjunction with our audit of the Standalone Ind AS financial statements of the Unit.

#### Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the of the Holding company, its subsidiary companies, its associate companies and jointly controlled companies, which are companies incorporated in India, are 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 the respective 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.

#### Auditor's 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") issued by the ICAI 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 issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that I/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 financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, 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 authorizations 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 Unit 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 March 31, 2019, 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

Sd/-  
**R Ponnappan**  
Partner  
MRN 021695

Place : New Delhi  
Date : 21/05/2019

## COMMENTS OF C&AG

### MANAGEMENT'S REPLIES TO THE COMMENTS OF THE COMPTROLLER & AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE ACCOUNTS OF KIOCL LIMITED, BENGALURU FOR THE YEAR ENDING 31<sup>ST</sup> MARCH 2019

Comments	Management's Reply
<p>The Preparation of financial statements of KIOCL Limited for the Year ended on 31<sup>st</sup> March,2019 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 appointed by the Comptroller and Auditor General of India under Section 139(5) of Act is responsible for expressing opinion on these financial statements under Section 143 of the Act based on the independent audit in accordance with the Standards on Auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit report dated 21 May, 2019.</p> <p>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 for the year ended on 31<sup>st</sup> March,2019. This supplementary 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 Auditor and company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under Section 143(6)(b) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report:</p>	
<p><b>Comments on Financial Position:</b></p> <p><b>1. Balance Sheet</b></p> <p><b>Assets</b></p> <p><b>Current Assets</b></p> <p><b>Financial Assets</b></p> <p><b>(ii) Cash and Cash Equivalents</b> <b>(Note no. 5.4a) ₹ 55,750.33 Lakh</b></p> <p>The above is overstated by ₹ 4230.89 Lakh due to incorrect classification of amount invested in Mutual Funds under Cash and Cash Equivalents instead of classifying the same under Current /Non-current Investments as required under the provisions of Schedule III of the Companies Act, 2013. This has also resulted in understatement of Investments and in non-compliance to the provisions of Sch.III of the Companies Act, 2013.</p>	<p>Investment made in liquid mutual funds qualifies under cash equivalent as per Ind AS 7 being the investment are readily convertible to a known amount of cash and <i>be subject to an insignificant risk of changes in value.</i></p> <p>During the year an amount of ₹ 4230.89 Lakh invested in Liquid Mutual Fund (Previous Year ₹ 500.69 Lakhs) classified under Cash and Cash Equivalent.</p> <p>However, the company will seek an expert opinion during the year 2019-20 and re-classification as per the opinion (if any) shall be made during the Financial Year 2019-20.</p>

Comments	Management's Reply
<p><b>2. Balance Sheet</b>  <b>Assets</b>  <b>Current Assets</b></p> <p><b>Inventories (Note 7.a) ₹ 30,886.63 Lakhs</b></p> <p>The above is overstated by ₹1093.00 Lakh due to incorrect classification of Capital Spares under inventories instead of classifying the same under Property, Plant and Equipment (Note 3.1) as per the provisions under para 7 and 8 of Ind AS 16 Property, Plant and Equipment. This has also resulted in understatement of Property, Plant and Equipment (Note 3.1) by ₹ 1093.00 Lakh and non-compliance to the provisions of Ind AS 16. The impact on account of depreciation could not be quantified due to non-availability of data. Further, the Accounting Policy no.1.12 on the inventories stating that "Capital Spares are valued at cost" is also not in line with the provision of Ind AS16.</p>	<p>During the year Capital Spares amounting to ₹ 1,093.00 Lakh (Previous Year ₹ 1,331.43 Lakhs) are classified as Capital Spares and shown in the Balance Sheet as inventories. As per Ind AS 16 <i>Property, plant and equipment</i> are tangible items that:</p> <p>(a) are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and</p> <p>(b) are expected to be used during more than one period.</p> <p>These Spares to be used for maintenance of assets, standby equipment and life of spares cannot be ascertained. Accordingly, Capital Spares/Stand by Equipment is not Property, Plant and Equipment.</p> <p>As per para 8 of Ind AS 16 "Items such as spare parts, stand-by equipment and servicing equipment are recognized in accordance with this Ind AS when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory".</p> <p>As Capital Spares are not Property, Plant and Equipment, meant for use as servicing Equipment and charged to revenue in the year of use, classified under Inventory.</p> <p>However, the company will seek an expert opinion on the same and upon technical assessment necessary accounting entries shall be passed in the books in the Financial Year 2019-20. Further, based on the expert opinion, the accounting policy would also be reviewed.</p>
<p>For and on behalf of the          Comptroller and Auditor General of India</p> <p>Sd/-  <b>(M.S. Subramanyam)</b>          Director General of Commercial Audit &amp;          Ex-Officio Member, Audit Board,          Hyderabad</p> <p>Place: Hyderabad          Date : 19/07/2019</p>	<p>For and on behalf of Board of Directors</p> <p>Sd/-  <b>(M V Subba Rao)</b>          Chairman and Managing Director</p> <p>Place: Bengaluru          Date : 25/07/2019</p>

**BALANCE SHEET** as at 31st March 2019

₹ in Lakhs

Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	3.1	20,042.47	20,174.88
Capital Work-in-progress	4	356.58	176.42
Intangible Assets	3.2	6.48	
Intangible Assets Under Development	3.3	63.81	46.70
<b>Financial Assets</b>			
i) Loans	5.1.a	101.89	100.30
ii) Other Financial Assets	5.2.a	95.81	73.88
Other Non-Current Assets	9.a	542.47	8.61
Deferred Tax Assets (net)	6	-	2,478.69
<b>Total Non-Current Assets</b>		<b>21,209.51</b>	<b>23,059.48</b>
<b>Current Assets</b>			
Inventories	7.a	30,886.63	23,276.15
<b>Financial Assets</b>			
i) Trade Receivables	5.3	6,377.89	5,404.06
ii) Cash and Cash equivalents	5.4.a	55,750.33	33,964.56
iii) Bank Balances other than (ii) above	5.4.b	101,167.36	152,374.36
iv) Loans	5.1.b	67.44	66.55
v) Other Financial Assets	5.2.b	1,149.66	1,394.44
Current Income Tax Assets (net)	8	3,592.40	4,937.98
Other Current Assets	9.b	12,077.37	11,315.26
<b>Total Current Assets</b>		<b>211,069.08</b>	<b>232,733.36</b>
<b>TOTAL ASSETS</b>		<b>232,278.59</b>	<b>255,792.84</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share Capital	10	62,192.56	63,451.38
Other Equity	11	137,203.28	151,112.02
<b>Total Equity</b>		<b>199,395.84</b>	<b>214,563.40</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Financial Liabilities	12.1.a	71.71	62.92
Employee Benefit Obligation	13.1.a	8,540.11	17,378.60
Deferred Tax Liability (net)	6	975.03	
<b>Total Non-current Liabilities</b>		<b>9,586.85</b>	<b>17,441.52</b>
<b>Current Liabilities</b>			
<b>Financial Liabilities</b>			
i) Trade Payables	12.2	10,764.37	12,921.02
ii) Other Financial Liabilities	12.1.b	8,638.67	5,679.08
Employee Benefit Obligation	13.1.b	604.12	1,911.89
Other Current Liabilities	14	3,288.74	3,275.93
<b>Total Current Liabilities</b>		<b>23,295.90</b>	<b>23,787.92</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>232,278.59</b>	<b>255,792.84</b>
Significant Accounting Policies and other Notes forming part of Financial Statements.	1 and 23		

For and on behalf of Board of Directors

**M V Subba Rao**

Chairman and 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 : 21/05/2019**P K Mishra**  
Company Secretary**(R Ponnappan)**  
Partner  
Membership No:021695

**STATEMENT OF PROFIT AND LOSS** for the period ended 31<sup>st</sup> March 2019

₹ in Lakhs

Particulars	Note No.	Year Ended March 31, 2019	Year Ended March 31, 2018
<b>REVENUE</b>			
Revenue from Operations	15	188,770.97	163,717.54
Other Income	16	12,496.85	14,726.03
<b>Total Revenue</b>		<b><u>201,267.82</u></b>	<b><u>178,443.58</u></b>
<b>EXPENDITURE</b>			
Cost of Materials Consumed		128,685.35	111,802.29
Purchases of Stock-in-Trade			1,613.89
Changes in Inventories -Pellet feed	17	(225.06)	(1,238.14)
Changes in Inventories -Finished product	17	(3,805.79)	(1,598.49)
Power and Fuel		23,793.61	19,918.91
Employee Benefits Expense	18	16,821.26	19,515.00
Excise Duty on Sale of Finished goods			3,482.24
Depreciation and Amortization Expense	3.1	1,926.82	1,865.31
Other Expenses	19	15,579.19	14,423.95
Finance Costs		80.26	50.13
<b>Total Expenses</b>		<b><u>182,855.64</u></b>	<b><u>169,835.09</u></b>
<b>Profit for the Year</b>		<b>18,412.18</b>	<b>8,608.49</b>
Before Exceptional items and Tax			
Exceptional Items - Expenses			
<b>Profit before extraordinary items and tax</b>		<b><u>18,412.18</u></b>	<b><u>8,608.49</u></b>
Extraordinary Items		-	-
<b>PROFIT BEFORE TAX</b>		<b><u>18,412.18</u></b>	<b><u>8,608.49</u></b>
Current Tax	20	4,357.88	2,183.03
MAT Credit Entitlement	20		(320.50)
Earlier years (Net)	20	-	(1,488.59)
Deferred Tax	20	2,868.44	86.84
Tax Expenses /(Income)		7,226.32	460.78
<b>Profit/(Loss) for the Year</b>		<b><u>11,185.87</u></b>	<b><u>8,147.71</u></b>
Other Comprehensive Income (Net of Tax)			
Items that will not be reclassified to Profit or Loss:			
Un-realised gain on Liquid Mutual Fund	21		
Re-measurements of post employment benefits obligations	21	1,674.92	469.55
Less: Tax (expenses)/benefit on the above	21	(585.28)	(162.50)
<b>Total Other Comprehensive Income</b>		<b><u>1,089.64</u></b>	<b><u>307.05</u></b>
<b>Total Comprehensive Income</b>		<b><u>12,275.50</u></b>	<b><u>8,454.76</u></b>
<b>Earnings per Equity Share( EPS):</b>			
Equity Shares of par value Rs.10/- each			
Basic and Diluted		1.78	1.28
Number of Shares used in computing earning per share		<b><u>629857877</u></b>	<b><u>634513800</u></b>
Significant Accounting Policies and other Notes forming part of Financial Statements.	1 and 23		

For and on behalf of Board of Directors

**M V Subba Rao**

Chairman and 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 : 21/05/2019

**P K Mishra**  
Company Secretary

**(R Ponnappan)**  
Partner  
Membership No:021695

**CASH FLOW STATEMENT** for the year ended 31<sup>st</sup> March 2019

₹ in Lakhs

Particulars	Figures as at the end of Current Reporting Period 31-03-2019	Figures as at the end of Previous Reporting Period 31-03-2018
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before Tax from Continuing Operations	18,412.18	8,608.49
Add/(Less) Adjustment for :		
Depreciation - Current year	1,926.82	1,865.31
Interest Income	(11,164.67)	(11,282.74)
Short Term Capital Gain- Liquid Mutual Funds	(527.30)	(1,220.07)
(Profit)/Loss on sale of Fixed assets	(37.24)	(1,454.47)
<b>Operating Cash Flow before Working Capital Changes</b>	<b><u>8,609.79</u></b>	<b><u>(3,483.48)</u></b>
Adjustment for :		
(Increase)/Decrease in Inventories	(7,610.48)	(6,959.23)
(Increase)/Decrease in Trade and Other Receivables	(1,394.53)	2,814.45
Increase/(Decrease) in Trade and Other Payables	(12,223.07)	(2,339.39)
Sale/deletion/transfer of Fixed Assets	(8.60)	9.91
<b>Net Cash from Operating Activities</b>	<b><u>(12,626.89)</u></b>	<b><u>(9,957.74)</u></b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(1,818.00)	(126.42)
(Increase)/Decrease in Capital Work in Progress	(180.16)	(104.17)
(Increase)/Decrease in Investment in Term Deposits with more than three months	51,207.00	(17,131.18)
Interest Received	11,816.37	12,955.48
Short Term Capital Gain- Liquid Mutual Funds	527.30	1,220.07
Tax on Interest Received	257.36	309.66
Proceeds from sale of Fixed Assets	45.85	1,589.06
<b>Net Cash from Investing Activities</b>	<b><u>61,855.72</u></b>	<b><u>(1,287.50)</u></b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Payment of Dividend and Dividend Tax	(6,043.06)	(4,047.55)
Buy back of Equity Shares	(21,400.00)	
<b>Net Cash used in Financing Activities</b>	<b><u>(27,443.06)</u></b>	<b><u>(4,047.55)</u></b>
<b>ABSTRACT</b>		
(A) Net Cash from Operating Activities	(12,626.89)	(9,957.74)
(B) Net Cash from Investing Activities	61,855.72	(1,287.50)
(C) Net Cash used in Financing Activities	(27,443.06)	(4,047.55)

₹ in Lakhs

Particulars	Figures as at the end of Current Reporting Period 31-03-2019	Figures as at the end of Previous Reporting Period 31-03-2018
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b><u>21,785.77</u></b>	<b><u>(15,292.79)</u></b>
Net Increase/(Decrease) in Cash and Cash Equivalents :		
Cash and Cash Equivalents as at 01.04.2018 (O.B)	33,964.56	49,257.35
Cash and Cash Equivalents as at 31.03.2019 (C.B)	55,750.33	33,964.56
<b>Net Increase /(Decrease) in Cash and Cash Equivalents</b>	<b><u>21,785.77</u></b>	<b><u>(15,292.79)</u></b>

**Notes:**

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

For and on behalf of Board of Directors

Sd/-  
**M V Subba Rao**  
Chairman and Managing Director

Sd/-  
**S K Gorai**  
Director (Finance)

Sd/-  
**P K Mishra**  
Company Secretary

Place : New Delhi  
Date : 21/05/2019

## AUDITOR'S REPORT

We have examined the Cash Flow Statement of KIOCL LIMITED, for the year ended 31st March 2019. 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 21st May, 2019 to the members of the Company.

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

Place : New Delhi  
Date : 21/05/2019

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



## STATEMENT OF CHANGES IN EQUITY

₹ in Lakhs

Particulars	Share Capital	Other Comprehensive Income	Capital Redemption Reserve Account	General Reserves	Surplus in Profit and Loss Account	Total Equity
Balance as at 01/04/2017	63,451.38	17.75		146,687.06		213,511.38
<b>Restated Total Equity at the beginning of the Financial Year</b>	<b>63,451.38</b>	<b>17.75</b>		<b>146,687.06</b>		<b>213,511.38</b>
<b>Transactions with Owners in their capacity as Owners</b>						
Final Dividend for 2016-17 paid during the year				(1,649.74)		(1,649.74)
Dividend Distribution Tax paid				(335.85)		(335.85)
<b>Restated Total Equity at the beginning of the Financial Year (2017-18)</b>				<b>144,701.47</b>		<b>211,525.79</b>
Profit for the Year (2017-18)					8,147.71	8,147.71
Other Comprehensive Income (Net of tax)		307.05				307.05
<b>Total Comprehensive Income for the year ended 31.03.2017</b>		<b>307.05</b>				<b>8,454.76</b>
<b>Transactions with Owners in their capacity as Owners</b>						
Interim Dividend for 2017-18 paid during the year					(1,713.19)	(1,713.19)
Dividend Distribution Tax paid					(348.77)	(348.77)
Surplus in Profit and loss Account as on 31.03.2018		307.05			6,085.75	6,392.80
<b>Balance as at March 31, 2018</b>	<b>63,451.38</b>	<b>324.80</b>		<b>144,701.47</b>	<b>6,085.75</b>	<b>217,918.59</b>
Balance as at 01/04/2018	63,451.38	324.80		144,701.47	6,085.75	214,563.40
	63,451.38	324.80		144,701.47	6,085.75	214,563.40
<b>Transactions with Owners in their capacity as Owners</b>						
Final Dividend for 2017-18 paid during the year					(5,012.66)	(5,012.66)
Dividend Distribution Tax paid					(1,030.40)	(1,030.40)
<b>Restated Total Equity at the beginning of the Financial Year (2018-19)</b>	<b>63,451.38</b>	<b>324.80</b>		<b>144,701.47</b>	<b>42.69</b>	<b>208,520.34</b>
Buy Back of 1,25,88,235 Equity Shares @Rs.170 each Face Value @Rs.10 each	(1,258.82)		1,258.82	(21,400.00)		(21,400.00)
Profit for the Year (2018-19)					11,185.87	11,185.87
Other Comprehensive Income (Net of tax)		1,089.64				1,089.64
<b>Total Comprehensive Income for the year ended 31.03.2019</b>		<b>1,414.44</b>	<b>1,258.82</b>	<b>123,301.47</b>	<b>11,228.56</b>	<b>12,275.51</b>
<b>Balance as at March 31, 2019</b>	<b>62,192.56</b>	<b>1,414.44</b>	<b>1,258.82</b>	<b>123,301.47</b>	<b>11,228.56</b>	<b>199,395.85</b>

For and on behalf of Board of Directors

**M V Subba Rao**

Chairman and 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 : 21/05/2019

**P K Mishra**

Company Secretary

**(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, 2016] and other relevant provisions of the Act.

#### 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.

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. Revenue is recorded at aggregate value of all taxable supplies, exempt supplies, export of goods and/or services and inter-state supplies excluding taxes, if any charged under CGST/SGST/IGST Act and net of Returns, Trade Allowances, Volume and other Rebates.

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 Export Duty and Freight on Consignment Sales wherever applicable and are net of GST. Sales are recognized on dispatch of goods to the customers. In respect of sea shipments, issue of Bill of Lading is considered as dispatch.

The Company recognizes revenue from contracts when it satisfies a performance obligation by transferring a promised service to a customer, over time. The company's performance enhances an asset that the customer controls and the company has an enforceable right to payment for performance completed to date.

The revenue is measured on the basis of direct measurements of the value to the customer of the goods or services transferred to date relative to the remaining goods or services promised under the contract. Any expected loss is reviewed at the end of the reporting period and provided for.

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, 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.

### 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 set off 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.

### 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 including Materials in transit, 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.

Capital spares are valued at cost.

By-products are valued at estimated net realizable value.

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

### 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 counter party.

### 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.

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) from 01.04.2016

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	10

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

Cost of Leasehold Land is amortized over the period of lease. Assets on leasehold land are depreciated over the useful life of the assets and the same shall be reviewed at the time of renewal.

### 1.16. Intangible Assets

Intangible assets are stated at cost less accumulated amortization over the useful life of the assets estimated on straight line basis. Cost incurred in respect of Software Products are recognized as intangible assets when the following criteria are met:

- It is technically feasible to complete the software so that it will be available for use
- Management intends to complete the software and use or sell it
- There is an ability to use or sell the software
- It can be demonstrated how the software will generate probable future economic benefits
- 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

### 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 Rights

Mining Rights are treated as Intangible Assets and all related costs thereof are amortized on the basis of annual production to the total estimated mineable reserves. In case the mining rights are not renewed /crystallized, the balance related costs are charged to revenue in the year of decision of non-renewal/non-crystallization.

All expenditure associated with the acquisition of mining rights including related professional fee, payment towards statutory forest clearance before execution of Mining Lease

Deed are treated as "Mining rights under Acquisition" and are disclosed under the head "Intangible Assets".

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in the Statement of Profit and Loss.

### 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

**M V Subba Rao**

Chairman and 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 : 21/05/2019

**P. K. Mishra**

Company Secretary

**(R Ponnappan)**

Partner  
Membership No:021695

₹ in Lakhs

### NOTE-3.1 PROPERTY, PLANT AND EQUIPMENT

Sl. No.	Description of Assets	GROSS CARRYING AMOUNT				DEPRECIATION				NET CARRYING AMOUNT		
		Carrying amount as at 01.04.2018	Additions during the year	Sales/ Adjustments	Gross carrying amount as at 31.03.2019	Accumulated Depreciation as at 01.04.2018	For the year	Adj against Retained earnings	Sales/ Adjustments	Accumulated Depreciation as at 31.03.2019	As at 31.03.2019	As at 31.03.2018
<b>PROPERTY, PLANT AND EQUIPMENT</b>												
<b>MINES &amp; PLANT:</b>												
1.	Land - Freehold	2,146.86	-	-	2,146.86	-	-	-	-	-	2,146.86	2,146.86
	- Leasehold	1,249.17	-	(0.64)	1,248.54	0.63	-	(0.64)	-	(0.01)	1,248.54	1,248.54
2	Buildings	4,945.88	-	(0.00)	4,945.88	1,391.16	449.07	-	-	1,840.23	3,105.65	3,554.72
3	Plant & Machinery	16,760.38	1,495.82	565.25	18,821.45	4,772.66	1,294.58	-	565.26	6,632.50	12,188.95	11,987.72
4	Furniture & Fittings	5.91	13.71	13.69	33.31	2.55	1.22	-	13.69	17.46	15.85	3.36
5	Vehicles	47.54	18.34	54.02	119.90	26.29	8.73	-	54.02	89.04	30.85	21.25
6	Office Equipments	219.03	56.50	6.33	281.86	103.32	46.50	-	6.33	156.15	125.71	115.71
7	Others Roads, Bridges & Culverts	92.77	-	-	92.77	36.15	6.64	-	-	42.79	49.98	56.62
8	Temporary Structures	1.43	-	-	1.43	1.43	-	-	-	1.43	-	-
9	Railway Siding	(923.22)	-	-	-	(923.22)	-	-	-	-	-	0.00
10	Water supply, Sewerage & Fire Prevention system	192.88	-	3.33	196.21	50.72	16.96	-	3.33	71.02	125.19	142.16
11	Electrical Installation	952.64	204.80	24.43	1,181.87	312.29	93.15	-	24.43	429.87	752.00	640.35
	<b>SUB TOTAL</b>	<b>25,691.27</b>	<b>1,789.17</b>	<b>666.42</b>	<b>29,070.07</b>	<b>5,773.98</b>	<b>1,916.87</b>	<b>-</b>	<b>666.43</b>	<b>9,280.50</b>	<b>19,789.57</b>	<b>19,917.28</b>
<b>TOWNSHIP:</b>												
1.	Land - Freehold	32.81	-	-	32.81	-	-	-	-	-	32.81	32.81
	- Leasehold	-	-	-	-	-	-	-	-	-	-	-
2	Buildings	236.30	2.91	(0.36)	238.85	20.61	7.50	-	(0.36)	27.75	211.10	215.69
3	Furniture & Fittings	3.30	-	4.26	7.56	3.09	0.06	-	4.26	7.41	0.15	0.21
4	Vehicles	(25.25)	-	33.34	8.09	(27.76)	0.51	-	33.34	6.09	2.00	2.51
5	Office Equipments	2.71	1.07	3.67	7.45	1.44	0.35	-	3.67	5.46	1.99	1.27
6	Others- Roads, Bridges & Culverts	2.87	-	0.01	2.88	-	-	-	0.01	0.01	2.87	2.87
7	Electrical Installations	2.50	-	0.76	3.26	0.63	0.21	-	0.76	1.60	1.66	1.87
8	Water supply, Sewerage & Fire Prevention System	0.48	-	-	0.48	0.10	0.06	-	-	0.16	0.32	0.38
	<b>SUB TOTAL</b>	<b>255.72</b>	<b>3.98</b>	<b>41.68</b>	<b>301.38</b>	<b>(1.89)</b>	<b>8.69</b>	<b>-</b>	<b>41.68</b>	<b>48.48</b>	<b>252.90</b>	<b>257.60</b>
	<b>GRAND TOTAL</b>	<b>25,946.99</b>	<b>1,793.15</b>	<b>708.10</b>	<b>29,371.45</b>	<b>5,772.09</b>	<b>1,925.55</b>	<b>-</b>	<b>708.11</b>	<b>9,328.98</b>	<b>20,042.47</b>	<b>20,174.88</b>
	<b>Previous year</b>	<b>26,964.29</b>	<b>79.72</b>	<b>(1,097.01)</b>	<b>25,946.99</b>	<b>4,859.31</b>	<b>1,865.31</b>	<b>-</b>	<b>(952.51)</b>	<b>5,772.10</b>	<b>20,174.88</b>	<b>22,104.98</b>

**NOTES TO THE FINANCIAL STATEMENTS**

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
<b>3.2: Other Intangible assets</b>		
Other Intangible Assets-Computer Software	7.75	-
Less: Amortisation made during the year	1.27	-
<b>Total</b>	<b>6.48</b>	<b>-</b>
<b>3.3: Intangible assets under development</b>		
Mining Rights under Accusation	63.81	46.70
<b>Total</b>	<b>63.81</b>	<b>46.70</b>
<b>4 : Capital Work-in-progress</b>		
Machinery under Installation	231.02	172.88
Work in Progress		
Material handling facilities & Railway siding from Thokkur	376.63	376.63
Ductile Iron spun pipe plant	65.43	65.43
Others	437.40	315.38
<b>Total</b>	<b>879.46</b>	<b>757.44</b>
Less : Provision for impairment	753.90	753.90
	125.56	3.54
<b>Total</b>	<b>356.58</b>	<b>176.42</b>
<b>5.1. a: Loans (Non-current)</b>		
Unsecured and considered doubtful		
Inter Corporate Loans	1,800.00	1,800.00
Less: Provision towards Impairment	1,800.00	1,800.00
Advances to Employees	101.89	100.30
<b>Total</b>	<b>101.89</b>	<b>100.30</b>
<b>5.1.b: Loans (Current)</b>		
Unsecured and considered Good		
Advances to Employees	67.44	66.55
<b>Total</b>	<b>67.44</b>	<b>66.55</b>
<b>5.2.a: Other Financial Assets (Non-current)</b>		
Deposits - Others	95.81	73.88
<b>Total</b>	<b>95.81</b>	<b>73.88</b>
<b>5.2.b: Other Financial Assets (Current)</b>		
Deposits - KEB for Power	993.20	997.58
Deposits - Others	44.23	338.96
Accounts Recoverable	112.23	57.90
<b>Total</b>	<b>1149.66</b>	<b>1394.44</b>
<b>5.3: Trade Receivables (Current)</b>		
(i) Outstanding for > six months from the due date of payment		
Secured, considered good	-	-
Un-Secured, considered good	437.78	876.25
(ii) Others		
Secured, considered good (Secured by Letter of Credit)	5,940.11	4,527.81
<b>Total</b>	<b>6,377.89</b>	<b>5,404.06</b>
<b>5.4.a: Cash and Cash Equivalents</b>		
Balances with Banks		
In Current Account	10,128.42	324.36
In Deposit Account (Maturity < 3 months)	34,164.00	31,198.00
In Deposit Account Flexi (Maturity < 3 months)	5,020.00	
In Liquid Mutual Funds	4,230.89	500.69
<b>Total</b>	<b>53,543.31</b>	<b>32,023.05</b>

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Cash on hand	0.26	0.27
Stamps in hand (Unfranked balance)	0.05	0.15
Others	11.22	10.49
	<u>53,554.84</u>	<u>32,033.96</u>
Accrued Interest on Deposits with Banks	2,195.49	1,930.60
<b>Total</b>	<b>55,750.33</b>	<b>33,964.56</b>
<b>5.4.b: Bank Balances other than Cash and Cash Equivalents</b>		
(i) Other Bank Balances		
In Term deposits ( 3 months > Maturity < 1 year)	98,925.71	149,216.89
Accrued Interest on Bank Deposits	2,239.43	3,156.02
(ii) Un-paid Dividend	2.22	1.45
<b>Total</b>	<b>101,167.36</b>	<b>152,374.36</b>
<b>6: Deferred Tax Assets (Net)</b>		
DTA on account of disallow under IT Act	4,622.36	8,354.65
DTL on account of depreciation	5,597.39	5,875.96
<b>Net Deferred Tax Assets</b>	<b>(975.03)</b>	<b>2,478.69</b>
<b>7.a: Inventories</b>		
(As valued and certified by the Management)		
For Operations		
(a) Raw materials	3,957.41	3,777.04
Add : Raw materials in transit	6,983.24	5,498.61
	<u>10,940.65</u>	<u>9,275.65</u>
(b) Work in progress	2,472.67	2,247.61
(c) Finished goods at lower of cost or NRV-Pellets	10,751.34	6,945.55
(d) Stores and Spares	2,947.06	2,952.11
Add: Stores in transit at cost	168.67	6.33
	<u>3,115.73</u>	<u>2,958.44</u>
(e) Consumables and Additives	2,513.24	517.47
(f) Capital Spares	1,093.00	1,331.43
<b>Total</b>	<b>30,886.63</b>	<b>23,276.15</b>
<b>8. Current Tax Assets (Net)</b>		
Tax Deducted at Source	12,056.26	9,043.96
Less : Provision	8,463.86	4,105.98
<b>Total</b>	<b>3,592.40</b>	<b>4,937.98</b>
<b>9.a: Other Non-Current Assets</b>		
Non-Moving Stores - for 5 years or more	1332.67	1435.68
Surplus Stores	197.1	199.96
Less: Provision for Impairment	1529.77	1635.64
	<u>1529.77</u>	<u>1635.44</u>
Planned Assets(LIC Managed Gratuity Fund)-Net	542.47	
<b>Asset Held for Sale</b>		
Over Land Conveyor - BFU		8.61
Vehicles- Jeeps		
<b>Total</b>	<b>542.47</b>	<b>8.61</b>
<b>9.b: Other Current Assets</b>		
Claims from Statutory Authorities		
GST Input Credit including Transitional Credit	2,553.93	2,841.35
GST Refund Claim	2,506.48	2,480.69
VAT Refund Claim/ Input Credit	38.06	38.06
CST Reimbursement	81.22	625.22
	<u>5,179.69</u>	<u>5,985.32</u>

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Advances		
Suppliers	2,379.36	1,441.01
Others	2,649.26	2,617.68
	<u>5,028.62</u>	<u>4,058.69</u>
Others	1,409.31	848.94
Contract work in progress		23.56
Prepaid Expenses	459.75	398.75
<b>Total</b>	<b><u>12,077.37</u></b>	<b><u>11,315.26</u></b>
<b>10 : Share Capital</b>		
Authorised :	67,500.00	67,500.00
67,50,00,000 Equity Shares of ₹ 10/- each (Previous year 67,50,00,000 Equity Shares of ₹ 10/- each)		
Issued, Subscribed and Fully paid-up :	62,192.56	63,451.38
62,19,25,565 Equity Shares of ₹ 10/- each (Previous Year 63,45,13,800 Shares of ₹ 10/- each)		
During the year buy back of 1,25,88,235 Equity Shares @ ₹ 10 each made		
<b>Total</b>	<b><u>62,192.56</u></b>	<b><u>63,451.38</u></b>

- a) Terms and rights attached to Equity Shares - The Company has only one class of equity shares having a par value of ₹ 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 bought back 1,25,88,235 Equity Shares and has not issued any shares.
- c) Details of Shareholders holding more than 5% Shares in the Company:

Particulars	No of Shares (%)	No of Shares (%)
Hon'ble President of India	61,60,51,204 (99%)	62,81,44,130 (99%) (₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>11 Other Equity</b>		
<b>Capital Reserve</b>		
Capital Redemption Reserve in terms of Section 69 of Companies Act' 2013	1,258.82	
<b>General Reserve</b>		
As per last Balance Sheet	144,701.47	146,687.06
Less:-Final Dividend paid for the year 2016-17 including DDT		(1,985.59)
Less:-Buy Back of 1,25,88,235 Equity Shares @ ₹ 170 each	(21,400.00)	
	<u>123,301.47</u>	<u>144,701.47</u>
<b>Retained Earning</b>		
<b>Opening Balance as on 01.04.2018</b>	6,085.75	
Profit/ (Loss) for the year	11,185.87	8,147.71
Appropriations		
Less: Interim Dividend paid for FY 2017-18 including DDT	-	(2,061.96)
Less : Final Dividend for the year 2017-18 including DDT	(6,043.06)	
	<u>11,228.56</u>	<u>6,085.75</u>
Other Comprehensive Income recognized directly in Retained Earning		
As per last Balance Sheet	324.80	17.75
Add/(Less) : Re-measurements of post employment benefits obligations (Net of Tax)	1,089.64	307.05
	<u>1,414.44</u>	<u>324.80</u>
<b>Total</b>	<b><u>137,203.28</u></b>	<b><u>151,112.02</u></b>

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
<b>12.1.a : Financial Liabilities (Non-current)</b>		
Deposits from Suppliers,Contractors and Others		
(i) total outstanding dues of micro and small enterprises	0.06	0.06
(ii) total outstanding dues of other than micro and small enterprises	71.65	62.86
<b>Total</b>	<b>71.71</b>	<b>62.92</b>
<b>12.1.b : Other Financial Liabilities (Current)</b>		
Security Deposits from Suppliers,Contractors and Others		
(i) total outstanding dues of micro and small enterprises	96.08	49.37
(ii) total outstanding dues of other than micro and small enterprises	884.99	917.78
	981.07	967.15
Accrued Salaries and Employee Benefits claims	6,676.72	3,861.38
Liability for Expenses		
(i) total outstanding dues of micro and small enterprises	1.77	13.28
(ii) total outstanding dues of other than micro and small enterprises	974.40	833.49
	976.17	846.77
Others	4.71	3.78
<b>Total</b>	<b>8,638.67</b>	<b>5,679.08</b>
<b>12.2 : Trade Payables</b>		
Trade Payables		
(i) total outstanding dues of micro and small enterprises	72.24	17.43
(ii) total outstanding dues of creditors other than micro and small enterprises	10,692.13	12,903.59
<b>Total</b>	<b>10,764.37</b>	<b>12,921.02</b>
(a) For Goods	10,039.65	12,359.74
(b) For Works	600.81	274.67
(c) For Services	123.91	286.61
<b>Total</b>	<b>10,764.37</b>	<b>12,921.02</b>
<b>13.1.a Employee Benefit Obligation (Non-current)</b>		
<b>Provisions towards Employee Benefits : Non-current</b>		
Gratuity		4,256.71
Other Superannuation Benefits	3,118.54	8,172.09
Long term Compensated absence - EL	2,646.61	2,663.25
Long term Compensated absence - HPL	2,554.37	2,286.55
Provident Fund interest Guarantee Obligation	220.59	
<b>Total</b>	<b>8,540.11</b>	<b>17,378.60</b>
<b>13.1.b Employee Benefit Obligation (Current)</b>		
<b>Provision towards Employee Benefits: Current</b>		
Gratuity		1318.10
Short term Compensated absence - EL	420.39	348.34
Short term Compensated absence - HPL	183.73	245.45
<b>Total</b>	<b>604.12</b>	<b>1911.89</b>
<b>14 : Other Current Liabilities</b>		
Advances Received	449.26	344.36
Liability for Expenses	2,711.40	2,711.40
Unclaimed dividend pending encashment of warrants	2.23	2.07
Others	125.85	218.10
<b>Total</b>	<b>3,288.74</b>	<b>3,275.93</b>

₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
<b>15 : Revenue from Operations (Net)</b>		
Sale of Products (Net of GST)		
Pellets	182,597.20	155,309.33
Pig Iron	3.37	16.99
Auxiliary	276.15	23.11
Iron Ore Fines		1,665.16
Net Sales	182,876.72	157,014.59
Sale of Services	4,349.53	3,526.27
Other Operating Income		
Provision no longer required	1,162.50	2,849.69
Rent Income	148.42	145.35
Despatch Money	37.29	154.88
Exchange Variation	126.27	-
Others	70.24	26.76
	<u>1,544.72</u>	<u>3,176.68</u>
<b>Total</b>	<b><u>188,770.97</u></b>	<b><u>163,717.54</u></b>
<b>16 : Other Income</b>		
Interest income		
On Deposits with Banks valued at Amortised Cost	11,164.67	11,282.74
Others valued at Amortised Cost	331.77	444.38
Short Term Capital Gain- Liquid Mutual Funds	527.30	1,220.07
Other Non-operating income		
Profit on sale of Assets (Net)	37.24	1,454.47
Hire charges	0.14	0.50
Sale of Scrap	365.11	304.05
Others	70.62	19.83
<b>Total</b>	<b><u>12,496.85</u></b>	<b><u>14,726.03</u></b>
<b>17 : Changes in Inventories (Increase)/Decrease</b>		
<b>Finished Stock-Pellet</b>		
Balance as at the beginning of the year	6,945.55	5,347.06
Less: Balance as at the close of the year	10,751.34	6,945.55
	<u>(3,805.79)</u>	<u>(1,598.49)</u>
Finished Stock-Pellet feed		
Balance as at the beginning of the year	2,247.61	1,009.47
Less: Balance as at the close of the year	2,472.67	2,247.61
	<u>(225.06)</u>	<u>(1,238.14)</u>
<b>Total</b>	<b><u>(4030.85)</u></b>	<b><u>(2836.63)</u></b>
<b>18 : Employee Benefits Expense</b>		
Salaries and Wages	14,112.12	11,916.62
Contribution to Provident Fund	1,191.80	1,132.78
Contribution to Gratuity Fund	561.54	5,791.27
Staff Welfare Expenses	955.80	674.33
<b>Total</b>	<b><u>16,821.26</u></b>	<b><u>19,515.00</u></b>
<b>19 : Other Expenses</b>		
Cost of Stores & Spares consumed	3,921.26	3,113.07
Cost of Consumables & additives consumed	4,886.14	5,635.24
Rent	1,307.05	1,297.66
Rates and Taxes	254.68	96.47
Insurance charges	69.16	64.12
Travelling Expenses	184.45	120.39



₹ in Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Repairs and Maintenance		
Building	440.91	259.73
Machinery	1,187.82	896.25
Others	132.28	219.73
	1,761.01	1,375.71
Postage and Telephone charges	32.90	37.41
Advertisement and Publicity	86.96	79.24
Expenses on Security	932.11	977.72
Payment to Auditors		
for Audit	7.00	7.00
for Taxation matters	1.25	1.25
for Other services	0.90	0.85
for Reimbursement of expenses	1.00	1.00
	10.15	10.10
Cost Audit Fee and Reimbursement expenses	0.50	0.50
Demurrage on Exports	0.20	17.45
Port charges, Sampling Survey and cess	1,089.10	837.96
Bank charges including discounting of bills	30.17	40.03
Entertainment	6.13	10.79
Forest, Ecology & Pollution control expenses	90.56	61.29
Directors Sitting fees	9.65	6.75
Corporate Social Responsibility	32.51	1.00
Provision for Surplus Stores, DDRs and Others		2.26
Direct Expenses towards Other Service Contracts	192.94	0.99
Miscellaneous expenses	681.56	637.80
<b>Total</b>	<b>15,579.19</b>	<b>14,423.95</b>
<b>20 : Tax Expense</b>		
Current Tax	4,357.88	2,183.03
MAT Credit Entitlement	-	(320.50)
Earlier years (Net)	-	(1,488.59)
Deferred Tax	2,868.44	86.84
<b>Total</b>	<b>7,226.32</b>	<b>460.78</b>
<b>21 : Other Comprehensive Income</b>		
Items that will not be Re-classified to Profit and Loss		
Un-realised gain on Liquid Mutual Fund		
Remeasurement of Defined Benefit plan	1980.06	469.55
Less : Change in Asset Ceiling under para64(b) of IND AS 19	(305.14)	
Less : Tax (expenses)/benefit on the above	(585.28)	(162.50)
<b>Total</b>	<b>1089.64</b>	<b>307.05</b>

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

Particulars	Figures as at the end of Current Reporting Period 31-03-2017		
	Iron Ore Concentrate (Rs.in lakhs)	Iron Ore Pellets (Rs.in lakhs)	Pig Iron (Rs.in lakhs)
Actual Production	Nil (Nil)	186,603.61 (156,893.22)	- -
Opening Stock	Nil (Nil)	6,945.55 (5,347.06)	- -
Closing Stock	Nil (Nil)	10,751.34 (6,945.55)	- -
Sales (Gross)	Nil (Nil)	182,597.20 (155,309.33)	279.52 (40.10)

Note:

a) Pig Iron includes Auxilliary.

b) Previous year's figures indicated in bracket.

₹ in Lakhs

**Note-22 Contd...**

Particulars	Figures as at the end of Current Reporting Period 31-03-2019			Figures as at the end of Previous Reporting Period 31-03-2018"		
	Qty (MT)	₹ in Lakhs	%	Qty (MT)	₹ in Lakhs	%
Consumption of Raw Materials						
Imported : Iron Ore	146,250	10,205.38	7.93%	345,441	18,465.82	16.71%
Indigenous : Iron Ore Fines/(WIP)	2,091,750	118,568.40	92.07%	1,981,559	92,037.01	83.29%
<b>Total</b>	<b>2,238,000</b>	<b>128,773.78</b>	<b>100.00%</b>	<b>2,327,000</b>	<b>110,502.83</b>	<b>100.00%</b>
Consumption of Stores, Spares and Fuel						
Imported		12,704.85	65.24%		3,878.67	25.83%
Indigenous		6,769.89	34.76%		11,138.98	74.17%
<b>Total</b>		<b>19,474.74</b>	<b>100.00%</b>		<b>15,017.65</b>	<b>100.00%</b>
Included under :						
Stores and Spares		3,921.27			3,090.68	
Fuel		15,552.36			11,925.26	
Welfare Expenses		1.11			1.71	
<b>Total</b>		<b>19,474.74</b>			<b>15,017.65</b>	
Consumption of Consumables & Additives						
Imported :						
Lime stone	54,508	698.38	14.31%	57,093	672.84	11.96%
Coke fines	30,718	3,091.83	63.34%	16,499	1,603.00	28.49%
<b>Total (a)</b>		<b>3,790.21</b>			<b>2,275.84</b>	
Indigenous :						
Bentonite	17,937	604.42		20,918	770.60	
Coke fines	2,562	286.06	22.36%	21,741	2,436.99	59.55%
Burnt lime	3,594	200.79		2,416	143.29	
Dolomite		-	-			
<b>Total (b)</b>		<b>1,091.27</b>			<b>3,350.88</b>	
<b>Total (a + b)</b>		<b>4,881.48</b>	<b>100.00%</b>		<b>5,626.72</b>	<b>100.00%</b>
Expenditure incurred in Foreign Currency (On remittance basis)						
Travelling		11.42			1.09	
Other expenses		581.39			236.77	
Demurrage on Exports		3.81			17.45	
Value of Imports on CIF Basis						
Raw materials		15,199.11			18,299.44	
Components and spare parts		1,041.22			428.67	
Consumables and additives		17,992.09			7,188.57	
<b>Total Expenditure</b>		<b>34,829.04</b>			<b>26,171.99</b>	
Earnings in Foreign Exchange (on Receipt basis)						
Export of goods (FOB) (Rupees in Lakhs)		124,697.88			95,958.60	
equivalent of above in (US \$ Million)		178.45			148.93	
<b>Total Earning</b>		<b>124,697.88</b>			<b>95,958.60</b>	
<b>Net Foreign Exchange Earning</b>		<b>89,868.84</b>			<b>69,786.61</b>	

## NOTE 23: OTHER NOTES FORMING PART OF FINANCIAL STATEMENTS

1. The Company holds nine tracts of Land totaling 386,691 Sq Mtrs on long term lease from New Mangaluru Port Trust as detailed below:

Tract of Land	Area	Period of Lease
Tract 1	213,783 Sq Mtrs	20/07/1997 to 19/07/2047
Tract 2	113,497 Sq Mtrs	20/04/1999 to 19/04/2029
Tract 3	300 Sq Mtrs	01/04/1999 to 31/03/2029
Tract 4	1,190 Sq Mtrs	01/08/1999 to 31/07/2029
Tract 5	475 Sq Mtrs	01/05/1998 to 30/04/2028
Tract 6	48 Sq Mtrs	01/07/1998 to 30/06/2028
Tract 7	9,120 Sq Mtrs	02/01/1997 to 01/01/2027
Tract 8	27,008 Sq Mtrs	17/02/2014 to 19/07/2024
Tract 9	21,270 Sq Mtrs	21/07/2012 to 20/07/2022

Out of above for Tract 1, Letter of Intent from M/s NMPT received during the year confirming the renewal for 30 years. In respect of Tract 7, M/s NMPT has already agreed for 30 years lease during 1997. Lease of the following four tracts of land although expired and pending registration, are considered as "Lease continuing" in view of company's request for extension of lease with M/s. NMPT and the same being under their consideration and continuing in paying annual lease rent and the same is duly acknowledged and accepted by M/s NMPT:

- 213,783 Sq Mtrs of land taken for Port facilities
- 9,120 Sq Mtrs of land taken for storage of iron ore fines
- 27,008 Sq Mtrs of land taken for pellet storage yard and
- 21,270 Sq Mtrs of land taken for Captive Power Plant

Further, the rental obligation for all 9 tracts of Land for remaining lease period is ₹ 29,741.18 Lakhs considered deemed registration.

The lease rent demanded by NMPT for all seven tracts of land ₹ 28,222,934.86 towards 10 % additional surcharge on lease rent for the period from 20/02/17 to 19/07/2019. However as per TAMP Notification the additional surcharge is applicable for the lands inside the NMPT security wall. Since the Company has its own CISF security arrangement within its leased area, separate from the port area with the Company's own boundary wall, it has requested withdrawal of 10 % additional surcharge demand vide letter dated 01/04/2019. The claim of ₹ 28,222,934.86 as stated above has been included in the contingent liability under claims against the Company not acknowledged as debt as on 31/03/2019.

### 2. Capital Commitment and Contingent/Disputed Liability

Sl. No	Particulars	As on 31/03/19 (₹ Lakhs)	As on 31/03/18 (₹ Lakhs)
A.	Estimated amount of the Contracts to be executed on Capital Account and not provided for (Net of Advances)	4,355.14	53.90
B.	Contingent Liabilities not provided for:		
1.	In respect of - Letters of Credit and Bank Guarantees etc., outstanding		
	● On Revenue Account	6,782.46	1,578.44
	● On Capital Account	-	-
2.	Claims against the Company not acknowledged as debt.		
	● On Revenue Account*	51,046.12	50,736.95
	● On Capital Account	15,006.15	15,780.15

(\*includes ₹ 11,057.62 Lakhs 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 before the Hon'ble High Court of Karnataka challenging the levy of the same. The case was disposed of 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 ₹ 2,617.43 Lakhs (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 ₹ 2,734.87 Lakhs furnished to NMDC in this regard has not been included under the contingent liability.

3. Disputed Liabilities in Appeal on Revenue Account

● Excise Duty	₹ 5,848.31 Lakhs
● Service Tax	₹ 111.33 Lakhs

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	Amount Paid (₹ in Lakhs)	Balance as on 31.03.2019 (₹ in Lakhs)	Pending with (₹ in Lakhs)
2012-13	391.77	391.77	-	Commissioner of Income Tax (Appeals)
2013-14	456.22	456.22	-	
2014-15	192.94	192.94	-	
2015-16	186.44	186.44	-	

As per Company's assessment, there will not be additional financial implication over and above the provisions already made. For the assessment year 2015-16, the demand raised under section 220(2) for ₹ 2.20 Lakhs, which is being adjusted against the refund of assessment year 2011-12. Intimation has already been made to department to withdraw the demand. For the assessment year 2017-18 the demand raised under section 143(1)(a) for ₹ 192.81 Lakhs. The company has filed the application for the rectification of the demand.

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 ₹ 384.25 Lakhs and Assessment year 2012-13 amounting to ₹ 839.96 Lakhs including interest which are pending before the Assessing Authority.

3. 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.

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 High Court has granted interim order staying DBC, subject to the condition that 50% of the demand excluding penalty is to be deposited.

The earlier liability on this account with SWR was reconciled and agreed in November 2016 at ₹ 14,463.93 Lakhs against which an amount of ₹ 8,325.15 Lakhs paid and for the balance amount of ₹ 6,138.77 Lakhs provision has been made in the books.

Similarly, against the demand of ₹ 10,361.38 Lakhs from ECR without considering the freight already paid, the Company worked out liability of ₹ 6,740.94 Lakhs. Against the worked-out liability, the Company paid ₹ 5,188.86 Lakhs and the balance amount of ₹ 1,552.08 Lakhs provision has been made in the books.

Both the cases were not listed so far.

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 ₹ 6,877.86 Lakhs from SWR in respect of 573 rakes moved during the above mentioned period. SWR refunded ₹ 2,715.16 Lakhs till date which includes ₹ 206.70 Lakhs 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 ₹ 4,162.70 Lakhs with interest. The Tribunal

allowed the application filed by the Company by its order dated 07/12/2018 and directed SWR to compute and pay the amount together with interest at 6% per annum and in case SWR fails to comply with the order interest at 9% per annum is payable from 01/04/2019.

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

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 ₹ 254.45 Lakhs from SWR towards differential freight. However SWR has not refunded the amount. Hence, the Company approached RCT, Bengaluru and has claimed ₹ 254.45 Lakhs with interest. The Tribunal dismissed the claim and the Company filed appeal before Hon'ble High Court of Karnataka and the same is pending.

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 ₹ 436.83 Lakhs being 70% excess congestion surcharge collected in respect of 26 rakes. As ECR failed to refund the amount, the Company has filed a petition before the RCT, Bhubaneswar for refund of ₹ 436.83 Lakhs with interest. The Tribunal dismissed the claim and the Company filed appeal before Hon'ble High Court of Odisha and the same is pending.

5. In pursuance of the directive of the Hon'ble Supreme Court, mining activities at Kudremukh were stopped with effect from 1<sup>st</sup> January 2006. At the time of closure of the mine, the Company filed a petition with prayers for direction, 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 ₹ 279 Lakhs.

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 ₹ 1,900 Lakhs paid by the company and which is presently lying with the adhoc Compensatory Afforestation Fund Management and Planning Authority (CAMPA).

The Hon'ble Supreme Court has also directed that if any funds are required in excess of ₹ 1,900 Lakhs, the agency or the designated officer shall move to the Court for necessary direction.

Ministry of Mines Government of India, 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 of the environment and safety concerns, the residual task of mine closure is relatively minor as compared to what was originally envisaged. Hence, the amount of ₹ 1,900 Lakhs paid by the company to Central Empowered Committee (CEC) already lying with the CAMPA would be sufficient. In addition to above, the Company has also made provision to the extent of ₹ 600 Lakhs which 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 drawal system which include electrical and pipeline maintenance are still continuing. Therefore, Kudremukh unit 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 4,605.02 hectares at Kudremukh include an extent of 1,220.03 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 on 03/04/2014 for carrying out the mine closure activities in compliance with Hon'ble Supreme Court orders dated 15/12/2006. However, the infrastructure and

buildings located on Revenue land and other lands 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. Meanwhile 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 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 was dismissed on 20/11/2017.

Taking into consideration of taking over the entire mining lease area of 4,605.02 hectares comprising forest land, revenue land, Company's own land and other lands 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

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 method. 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 subject to a maximum of ₹ 20 Lakhs as per the Payment of Gratuity Act, 1972 as amended by board in 257<sup>th</sup> meeting held on 26<sup>th</sup> March 2019. 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. Net liability / (Asset) recognized in Balance Sheet is (₹ 542.47) Lakhs (Previous year ₹ 5,574.81 Lakhs).

b) Present Value of Future Obligations (as at the Balance Sheet date) as per Actuarial Valuations are:

- Long term compensated absence - Earned Leave ₹ 3,066.96 Lakhs (Previous year ₹ 3,011.59 Lakhs)
- Long term compensated absence - Half pay Leave ₹ 2,738.09 Lakhs (Previous year ₹ 2,532.00 Lakhs)
- Provident Fund Interest Guarantee Obligation - ₹ 220.59 Lakhs (Previous year Nil)

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.

The Accounting policy of the Company on valuation of Material in Transit was changed from Cost to lower of cost or net realizable value. Change of above policy has no impact on the profit of the Company.

During the year, as net replacement value Iron ore fines (including semi-finished) and additives is lesser than its weighted average cost, the difference of ₹ 288.04 Lakhs (Previous year ₹ 408.55 Lakhs) has been written down in the Statement of Profit and Loss for the year. Due to increase in net realizable value of in Manganese ore an amount of ₹ 21.31 Lakhs (Previous year nil) written up in the Statement of Profit and Loss for the year, consequent upon, the profit reduced by ₹ 266.73 Lakhs (₹ 288.04 Lakhs minus ₹ 21.31 Lakhs).

10. 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. However, the useful life of Blast Furnace Unit was technically assessed by the committee during the year 2016-17 at 10 years from 01/04/2016. 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	Depn. %	Life	Depn. %
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

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.

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).

The Company has adopted Indian Accounting Standard (Ind AS) as notified by the Ministry of Corporate Affairs with effect from April 1, 2016 with transition date of April 1, 2015. As per provision of Ind AS 101, the Company continues with the carrying value for all of its Property, Plant and Equipment's as recognized in the Financial Statements as on the date of transition to Ind AS, measured as per the IGAAP and use that as deemed cost as at the date of transition after making necessary adjustments for the commissioning liabilities.

11. The following additional information is provided with reference to Ind AS 16, Property Plant and Equipment.

Sl. No	Particulars	Amount (₹ in Lakhs)
1	Carrying amount of temporarily idle Property, Plant and Equipment	-
2	Gross carrying amount of any fully depreciated Property, Plant and Equipment that is still in use	99.64
3	Carrying amount of Property, Plant and Equipment retired from active use and not classified as held for sale in accordance with Ind AS 105	-
4	The fair value of Property, Plant and Equipment, when this is materially different from the carrying amount.	82,040.89

12. The Company is having two operating segments i.e., 'Pellet' and 'Pig Iron'. Expenses relating to Kudremukh unit and the Corporate Office have been fully allocated to Pellet segment. Segment Reporting as per Ind AS-108 is appended.
13. The Company had intended to restart BFU Operation during the year 2018-19, however due to un-economic price of Pig Iron, Blast Furnace Unit (BFU) could not be operated during the year. 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.

In order to utilize the Blast Furnace Unit, the company has made a project proposal for Backward and Forward Integration of the Unit involving capital expenditure of ₹ 836.90 Crore and the same has been approved by the Board in its 255<sup>th</sup> meeting held on 13<sup>th</sup> November 2018.

The Company has also installed a solar power plant with a capacity of 1MW for a total value of ₹ 583.86 Lakhs the Unit is augmenting the power supply for the Pellet plant.

During the year the Company has incurred ₹ 9.83 Lakhs towards Excavation and loading 2,241.45 MT of auxiliary material of Pig Iron at BFU. The said materials of 2,081.45 MT worth ₹ 279.52 Lakhs were sold during the year (Previous

year 240.34 MT worth ₹ 40.10 Lakhs). As at the end of the year, Company was holding a physical stock of 410 MT (Opening 250 MT plus excavated 2,241.45 MT less 2,081.45 MT sold) of the same (Previous year 250MT). 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 ₹ 44.11 Lakhs (Previous year ₹ 30.35 Lakhs) 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.

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

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

Revenue earned from these Operation and Maintenance contracts during the year ₹ 3,992.84 Lakhs, and ₹ 116.10 Lakhs respectively (previous year ₹ 3,416.97 Laksh, and ₹ 109.29 Lakhs respectively).

Expenditure incurred during the year including salaries and benefits of employees deployed on these contracts is ₹ 3,064.96 Lakhs (net) and ₹ Nil respectively (Previous year ₹ 3,548.74 Lakhs and ₹ Nil).

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

- b) The Company has entered into an agreement with M/s Odhisa Mining Corporation Ltd for supply & installation of balance work of plant for new chrome ore beneficiation plant at South Kaliapani. During the year the company has recognized revenue to the extent of completion of the contract amounting to ₹ 91.33 Lakhs exhibited as sale of services under the head Revenue from Operations.

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

16. As per the Pay revision Guidelines for executives 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 with effect from 01/01/2007. During the year, the company has implemented superannuation schemes (Defined Contribution Pension Scheme and Post Retirement Defined Contribution Medical Scheme). As per the approved defined contribution the Company has assessed the liability up to 31/03/2019 in respect of both the schemes. Excess provision to the extent of ₹ 1,061.99 Lakhs has been withdrawn (previous year ₹ 836.03 Lakhs) and depicted under the head Other operating Income.

17. The Company has spent ₹ 32.51 Lakhs (Pervious year ₹ 1.00 Lakhs) towards CSR during the year 2018-19, as against the minimum amount to be spent of ₹ 18.60 Lakhs.

18. Micro Small and Medium Enterprise

The amount payable to micro and small enterprises registered under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) for the year 2018-19 is ₹ 170.15 Lakhs (Previous year ₹ 80.14 Lakhs) and the same has been included in note 12.1 & 12.2.

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 of such parties that could be identified on the basis of the information available with the Company regarding the status of suppliers under the MSMED.

During the last year, the Company has opened Trade Receivable Discounting System (TReDS) Account with RXIL for facilitating trade receivables with MSME.

19. 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, 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
- 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 Lakhs)

Particulars	Notes No.	Carrying amount	< 12 months	> 12 months	Total
<b>As at 31st March 2019</b>					
Trade payables	12.2	10,764.37	10,764.37	-	10,764.37
Other financial liabilities	12.1.a,b	8,710.38	8,710.38	-	8,710.38
<b>As at 31st March 2018</b>					
Trade payables	12.2	12,921.02	12,921.02	-	12,921.02
Other financial liabilities	12.1.a,b	5,742.00	5,742.00	-	5,742.00

#### 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:

(₹ in Lakhs)

Particulars	As at 31st March 2019				
	USD	EUR	JPY	GBP	Total
<b>Financial Assets</b>					
Trade Receivables	5,405.26	-	-	-	5,405.26
<b>Financial Liabilities</b>					
Long Term Borrowings					
Trade Payables	174.21	11.74	-	-	185.95
Other Liabilities	29.05	-	-	-	29.05
<b>Total</b>	<b>203.26</b>	<b>11.74</b>	<b>-</b>	<b>-</b>	<b>215.00</b>
<b>Less: Currency forwards</b>	4,834.55	-	-	-	4,834.55
Net exposure to foreign currency risk	<b>367.45</b>	<b>11.74</b>	<b>-</b>	<b>-</b>	<b>379.19</b>
Increase /(decrease) to Profit before Tax for changes of 5% against INR					
Strengthened	18.37	0.59	-	-	18.96
Weakened	(18.37)	(0.59)	-	-	(18.96)

Particulars	As at 31st March 2018				
	USD	EUR	JPY	GBP	Total
<b>Financial Assets</b>					
Trade Receivables	3,850.78	-	-	-	3,850.78
<b>Financial Liabilities</b>					
Long Term Borrowings	-	-	-	-	-
Trade Payables	-	508.15	28.31	26.98	563.44
Other Liabilities	-	-	-	-	-
<b>Less: Currency forwards</b>	3,844.44	-	-	-	3,844.44
<b>Net exposure to foreign currency risk</b>	<b>6.34</b>	<b>508.15</b>	<b>28.31</b>	<b>26.98</b>	<b>569.78</b>

## 20. 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 manages 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.

## 21. Fair Value Measurements

### i) Financial instruments by category

(₹ in Lakhs)

	31.03.2019			31.03.2018		
	FVPL	FVOCI	Amortized Cost	FVPL	FVOCI	Amortized Cost
Financial Asset						
Loans	-	-	169.33	-	-	166.85
Trade Receivables	-	-	6,377.89	-	-	5,404.06
Cash and cash equivalents	-	-	55,750.33	-	-	33,964.56
Other Financial Assets	-	-	102,412.83	-	-	153,842.68
<b>Total Financial Assets</b>	-	-	<b>164,710.38</b>	-	-	<b>193,378.15</b>
Financial Liabilities						
Trade Payables			10,764.37	-	-	12,921.02
Other Financial Liabilities	-	-	8,710.38	-	-	5,742.00
<b>Total Financial Liabilities</b>	-	-	<b>19,474.75</b>	-	-	<b>18,663.02</b>

### 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 are approximate to 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 2019

Particulars	Level - 1	Level - 2	Level - 3	Total
<b>Financial Assets</b>				
Loans	-	-	169.33	169.33
<b>Total Financial Assets</b>	-	-	<b>169.33</b>	<b>169.33</b>

Assets and liabilities which are measured at amortized cost for which fair values are disclosed at 31st March 2018

Particulars	Level - 1	Level - 2	Level - 3	Total
Financial Assets				
Loans	-	-	166.85	166.85
<b>Total Financial Assets</b>	-	-	<b>166.85</b>	<b>166.85</b>

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 to 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 this level.
- **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 counter party 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.

As per Ind AS 7, investment made in Liquid Mutual Funds qualifies under Cash Equivalent as the investment is readily convertible to a known amount of Cash and be subject to an insignificant risk of changes in value.

22. There is no amount due and outstanding to be credited to the Investor Education and Protection Fund as at 31/03/2019 and 31/03/2018.
23. 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
24. Revenue from Operation are net of GST but for the previous year Excise Duty on finished products up to June 30 2017 amounting to ₹ 3,482.24 Lakhs included in the Revenue from Operations.
25. The Company has made the following arrangement with the Banks for availing both Fund based and Non-fund-based limits from time to time.

(₹ in Lakhs)

S.No	Name of the Bank	Fund based	Limit	Utilized
1	IDBI	-	100.00	-
S.No	Name of the Bank	Non Fund Based	Limit	Utilized
1	IDBI	LC/BG	3,400.00	Nil
2	IndusInd Bank	LC/BG/BC/MFC	20,000.00	18,331.61
3	Kotak Mahindra Bank	LC/BG	10,000.00	Nil
4	Yes Bank	LC/BG	20,000.00	Nil
	<b>Total</b>		<b>53,500.00</b>	<b>18,331.61</b>

The total ₹ 18,331.61 Lakhs consists of ₹ 6,137.00 Lakhs, ₹ 7,360.06 Lakhs and ₹ 4,834.55 Lakhs towards LC, BG and MFC respectively.

LC: Letter of Credit, BG: Bank Guarantee, BC: Buyers Credit, MFC: Matching Forward Cover

26. During the year the Company has made buy back of 12,588,235 Equity Shares @ ₹ 170/- each out of the General Reserve. Capital Redemption Reserve in terms of section 69 of the Companies Act 2013 for the face value of redemption amount amounting to ₹ 1,258.82 Lakhs made and disclosure of the same made in Note-11 Other Equity.

Consequent upon the buyback of 12,588,235 Equity Shares on 16<sup>th</sup> November 2018, the weighted average number of Ordinary shares outstanding during the period calculated as follows:

Particulars	No of Shares (A)	Days Outstanding (B)	Product C=(AxB)
Upto 16.11.18	634,513,800	230	145,938,174,000
From 17/11/18 to 31/3/19	621,925,565	135	83,959,951,275
<b>Total</b>		<b>365</b>	<b>229,898,125,275</b>
<b>Weighted Average</b>	<b>number of Shares</b>	<b>Total C/Total B</b>	<b>629,857,877</b>

27. During the current year, Company has declared final dividend at ₹ 0.79 per share for the Financial Year 2018-19 and paid an amount of ₹ 6,043.06 Lakhs including dividend distribution tax (DDT) of ₹ 1,030.40 Lakhs after adjustment of interim dividend of ₹ 2,061.96 Lakhs including DDT of ₹ 348.77 Lakhs, paid during the year 2017-18.
28. Ministry of Heavy Industries, Department of Public Enterprises (DPE) has issued office Memorandum dated 03/08/2017 towards pay revision w.e.f 01/01/2017. The Company has estimated the liability from 01/01/2017 to 31/03/2019 and made adequate provision during the year and the same is included under note no. 18 - "Employee Benefit Expense".

29. During the year Company has invested surplus working capital in Public Sector Mutual Fund, regulated by SEBI as per DPE Guidelines. In the current year, the Company has earned ₹ 527.30 Lakhs (Previous Year ₹ 1,220.07 Lakhs) as gains from such investment and the same has been depicted as Short-Term Capital Gains-Mutual Funds under the head Other Income (Note No.16). Out of total ₹ 527.30 Lakhs, ₹ 482.41 Lakhs has been realized during the year and the balance of unrealized gain of ₹ 44.89 Lakhs is arrived at by way of Fair Valuation in line with Ind AS 109.
30. The Company has been granted recognition as Mineral Exploration entity U/s 4(1) of MMDR Act 1957 to carry out Mineral Exploration activities. In November 2017 the Company was allotted to carry out Mineral Exploration at Tirumankaradu Iron Ore Block (TIO), Tirpur, Tamilnadu and Ubdur Area Block, Mysore District Karnataka by National Mineral Exploration Trust (NMET) with a total value of ₹ 726.15 Lakhs plus GST on reimbursement basis. During the year against the completion of stage I revenue earned ₹ 149.25 Lakhs (₹176.10 Lakhs including GST) which is accounted as Revenue from Operations under the head Sale of Services.
31. During the last year 15 assets were put for auction (e auction dated 28.03.2018) and out of which 3 items of asset pertaining to Kudremukh Unit, remain unsold in view of lower prices offered by the bidders. The value of the assets net of depreciation ₹ 3/- has been disclosed under the head "Asset held for sale - Other Non-Current Assets vide note no.9.a".

As per requirement of clause 41 of Ind AS 105 additional disclosure is made as follows:

S.No	Particulars	Remarks
1	Description of the non-current asset (or disposal group)	Motor Boat Tractor Motor cycle
2	Description of the facts and circumstances of the sale, or leading to the expected disposal, and the expected manner and timing of that disposal	As stated above
3	The gain recognised in accordance with paragraphs 20-22 not separately presented in the statement of profit and loss.	Nil

32. M/s NMPT has deducted an amount of ₹ 589.26 Lakhs towards lease rent, premium, valuation and other charges at the time proceeds towards sale of Marshalling Yard measuring 47,500 sq mt for a consideration of ₹ 1,400 Lakhs. The Company has disputed the deductions made by NMPT and had preferred for arbitration through Permanent Machinery of Arbitrator under Cabinet Secretariat, Govt. of India. The arbitration award was pronounced in the month of February 2018 by allowing claim of ₹ 388.66 Lakhs towards refund of Lease Rent for the period 11/12/2014 to 27.03.2017 and an amount of ₹ 2.73 Lakhs towards excess deduction. M/s NMPT has preferred further appeal with regard to amount of ₹ 388.66 Lakhs.

Out of total sales consideration of ₹ 1,400 Lakhs, an amount of ₹ 303.05 Lakhs still pending. The amount shown as amount recoverable under Other Current Assets notes no 9.b and the same amount has been recognized under contingent liability since the matter is still under adjudication.

33. Stores & Spares not moved for 5 years or more are classified as nonmoving/surplus stores (meant for sale) for which 100% provision made in the books of accounts. The movement of the provisions are as follows:

(₹ in Lakhs)

Particulars	Nonmoving	Surplus	Total
Opening as on 1.4.18 (A)	1,435.68	199.96	1,635.64
Provision withdrawn (B)	103.01	2.86	105.87
Closing Balance as on 31.3.19 C=A-B	1,332.67	197.10	1,529.77

34. Govt. of Karnataka issued a Gazette notification on 23/01/2017 for reserving an area of 470.40 ha in Devadari Range, Sandur Taluk, Bellary district in favour of KIOCL Limited for mining lease of iron and Manganese ore. Mining plan approval has been obtained from Regional Controller of Mines, Indian Bureau of Mines. Company is in the process of obtaining Environment Clearance and Forest Clearance from MoEF & CC, Gol for execution of mining lease deed with GoK for commencement of mining activities.

Company has engaged M/s Ecomen Laboratories Pvt. Ltd., Lucknow for obtaining Environment Clearance for Devadari Iron Ore Mines. Draft EIA/EMP report has been prepared and report will be submitted to KSPCB for public hearing. Till date Company incurred ₹ 5.85 Lakhs excluding GST for this work.

Company has engaged M/s Chaithanya Geo Lynx, Hospet for fixing up of mining lease boundary using DGPS and fixing of boundary pillars at DIOM. The work of fixing of all corner points & base stations at site by total station/DGPS has been completed. Forest Clearance (Stage I) is prerequisite to construct boundary pillar. Company is in the process of obtaining Forest Clearance. Till date Company incurred ₹ 7.38 Lakhs excluding GST for this work.

Company also engaged M/s Feedback Infra Private Limited, Guragaon for obtaining forest clearance (Stage I and Stage II) from MoEF&CC, GoI with fee of ₹ 90.00 Lakhs excluding GST. Tree enumeration work has been completed at site. Forest clearance application is under process at DCF, Ballari office.

Expenditure associated with the acquisition of mining rights including related professional fee, processing fee before execution of Mining Lease Deed of ₹ 63.81 Lakhs (Previous year ₹ 46.70 Lakhs) are treated as "Mining rights under Acquisition" and are classified under the head "Intangible Assets under Development" vide note no.3.3.

35. During the year certain items of income and expenditure pertaining to earlier years which do not have any materiality, has been considered as current year Income and expenditure and classified under respective head of accounts. The net impact of the earlier period transactions is amounting to ₹ 47.85 Lakhs, as a result the profit for the year has been increased.
36. Related Party Disclosure: Key Management Personnel are:
- |                    |  |
|--------------------|--|
| M.V. Subba Rao     | Chairman-cum-Managing Director                       |
| M. V. Subba Rao    | Addl. Charge as Director Commercial up to 08/01/2019 |
| N. Vidyananda      | Director (Production & Projects)                     |
| Swapan Kumar Gorai | Director (Finance)                                   |
| T. Saminathan      | Director (Commercial) w.e.f. 09/01/2019              |
| S. K. Padhi        | Company Secretary up to 26/11/2018                   |
| P. K. Mishra       | Company Secretary w.e.f. 08/02/2019                  |

As per the requirement of Ind AS 24 the total compensation paid to Key managerial personnel for the year 2018-19 are as follows:

(₹ in Lakhs)

Sl. No	Particulars (S/Sri)	M V Subba Rao	N Vidyananda	S K Gorai	T Saminathan	S K Padhi	P K Mishra
1	Short-term employee benefits	45.77	49.34	30.95	4.14	13.15	1.74
2	Post-employment benefits	-	-	-	-	-	-
3	Other long-term benefits	-	-	-	-	-	-
4	Termination benefits	-	-	-	-	-	-
5	Share-based payment	-	-	-	-	-	-
	<b>Total</b>	<b>45.77</b>	<b>49.34</b>	<b>30.95</b>	<b>4.14</b>	<b>13.15</b>	<b>1.74</b>

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

**Disclosures as required by Ind AS 19- Employee Benefits (Refer SI No. 8 (a) of Note 23)**

	LONG TERM GRATUITY	
	31-Mar-19	31-Mar-18
<b>DEFINED BENEFIT PLANS - GRATUITY</b>		
<b>I. PRINCIPAL ACTUARIAL ASSUMPTIONS Expressed as weighted averages]</b>		
Discount Rate	7.43%	7.60%
Salary escalation rate	12.00%	12.00%
Attrition rate	5.00%	5.00%
Expected rate of return on Plan Assets	7.43%	7.60%
Mortality rate during employment		Standard Indian Assured Lives (2006-08)
<b>II. CHANGES IN THE PRESENT VALUE OF THE OBLIGATION (PVO)</b>		
PVO as at the beginning of the period	11325.96	5643.90
Interest Cost	806.76	428.93
Current service cost	329.19	422.78
Past service cost	-	5207.29
Benefits paid	(935.60)	(300.26)
Actuarial loss/(gain) on obligation	(1976.16)	(76.68)
PVO as at the end of the period	9550.15	11325.96
<b>III. CHANGES IN THE FAIR VALUE OF PLAN ASSETS</b>		
Fair value of plan assets as at the beginning of the period	5751.16	3522.81
Expected return on plan assets	578.30	267.73
Contributions	5000.00	1868
Benefits paid	(935.60)	(300.26)
Actuarial gain/(loss) on plan assets	3.89	392.88
Fair value of plan assets as at the end of the period	10397.75	5751.16
<b>IV. ACTUAL RETURN ON PLAN ASSETS</b>		
Expected return on plan assets	578.30	267.73
Actuarial gain (loss) on plan assets	3.89	392.88
Actual return on plan assets	582.19	660.61
<b>V. AMOUNTS RECOGNISED IN THE BALANCE SHEET</b>		
Present value of the obligation	9550.15	11325.96
Fair value of plan assets	10397.75	5751.16
Net Defined Benefit Liability recognized in the balance sheet	(847.60)	5574.80
Non-Current	8223.82	4256.71
Current	1326.33	1318.09
<b>VI. AMOUNT RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS:</b>		
Current service cost	329.19	422.78
Past service cost	-	5207.28
Net Interest on Net Defined Benefit Obligations	228.46	161.20
Amount recognized in the statement of profit and loss	557.65	5791.26
<b>VII. AMOUNT RECOGNIZED IN THE OTHER COMPREHENSIVE INCOME [OCI]</b>		
Actuarial (gain)/loss on Plan Obligations	(1,976.16)	(76.68)
Actuarial gain/(loss) on plan assets	(3.89)	(392.87)
Amount recognized in OCI	(1,980.05)	(469.55)
<b>VIII. MAJOR CATEGORIES OF PLAN ASSETS (AS PERCENTAGE OF TOTAL PLAN ASSETS)</b>		
Funds managed by Insurer	100%	100%
<b>IX ENTERPRISE'S BEST ESTIMATE OF CONTRIBUTION DURING NEXT YEAR</b>	-	<b>1,000</b>

**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.

Particulars	31-Mar-19	31-Mar-18
A. Discount Rate + 50 BP Defined Benefit Obligation [PVO]	7.93% 9,324.18	8.10% 11,032.64
B. Discount Rate - 50 BP Defined Benefit Obligation [PVO]	6.93% 9,767.64	7.10% 11,629.96
C. Salary Escalation Rate +50 BP Defined Benefit Obligation [PVO]	12.50% 9,589.28	12.50% 11,600.73
D. Salary Escalation Rate -50 BP Defined Benefit Obligation [PVO]	11.50% 9,488.60	11.50% 11,269.74

The weighted average duration of the Defined Benefit Obligation is 8.74 years (2017-18 - 9.20 years). The expected maturity analysis of undiscounted pension, gratuity and post-employment medical benefits is as follows :

(₹ in Lakhs)

Particulars	<1Year	Between 1-2 years	Between 2-5 years	> 5 years	Total
<b>31 March 2019</b> Defined Benefit Obligation (Gratuity)	1,361.72	1,432.36	3,737.13	4,292.21	10,823.42
<b>Total</b>	<b>1,361.72</b>	<b>1,432.36</b>	<b>3,737.13</b>	<b>4,292.21</b>	<b>10,823.42</b>
<b>"31 March 2018</b> Defined Benefit Obligation (Gratuity)"	805.21	738.19	2,341.73	5,687.05	9,572.18
<b>Total</b>	<b>805.21</b>	<b>738.19</b>	<b>2,341.73</b>	<b>5,687.05</b>	<b>9,572.18</b>

**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 31<sup>ST</sup> MARCH 2019

₹ in Lakhs

Particulars	Pellets		Pig Iron		Consolidated Total	
	Figures as at the end of		Figures as at the end of		Figures as at the end of	
	Current Reporting Period 31/03/2019	Previous Reporting Period 31/03/2018	Current Reporting Period 31/03/2019	Previous Reporting Period 31/03/2018	Current Reporting Period 31/03/2019	Previous Reporting Period 31/03/2018
<b>REVENUE:</b>						
External Sales (Gross)	182,597.20	155,309.33	279.52	1,705.26	182,876.72	157,014.59
Less: Excise Duty & Freight on Consignment Sales	0.00	3,481.49	0.00	0.75	0.00	3,482.24
Net Sales	182,597.20	151,827.84	279.52	1,704.51	182,876.72	153,532.35
Other Operating Revenue	1,774.97	0.00	43.93	-	1,818.90	-
<b>Total Revenue</b>	<b>184,372.17</b>	<b>151,827.84</b>	<b>323.45</b>	<b>1,704.51</b>	<b>184,695.62</b>	<b>153,532.35</b>
<b>RESULT:</b>						
Segment result before exception	7,581.78	(1,200.26)	(1,789.45)	(2,562.30)	5,792.33	(3,762.56)
Unallocated Income less expenses						
(a) Interest Income					11,164.67	11,282.74
(b) Short Term capital Gain - Mutual Funds					527.30	1,220.07
(c) Service charge on O&M Services (Net of expenses) - O&M - NMDC					927.88	(131.76)
<b>Profit before tax</b>					<b>18,412.18</b>	<b>8,608.49</b>
Less: Income Tax					4,357.88	373.94
Deferred Tax					2,868.44	86.84
<b>Net Profit After Tax</b>					<b>11,185.87</b>	<b>8,147.71</b>
Other Comprehensive Income					0.00	307.05
<b>Total Comprehensive Income</b>					<b>11,185.87</b>	<b>8,454.76</b>
<b>OTHER INFORMATION:</b>						
Segment Assets	50,032.24	41,597.35	8,851.03	8,670.80	58,883.27	50,268.15
Unallocated Assets	-	-	-	-	173,395.32	205,524.69
<b>Total Assets</b>					<b>232,278.59</b>	<b>255,792.84</b>
Segment Liabilities	16,121.64	17,276.64	1,703.04	1,433.11	17,824.68	18,709.75
Unallocated Liabilities	-	-	-	-	15,058.07	22,519.69
<b>Total liabilities</b>					<b>32,882.75</b>	<b>41,229.44</b>
Capital Expenditure	1,188.72	79.05	604.42	0.67	1,793.14	79.72
Depreciation and Amortisation	1,276.31	1,220.70	650.52	644.62	1,926.82	1,865.31
Non-cash expenses other than Depreciation	288.04	(1,554.57)	80.56	(1,003.36)	368.60	(2,557.93)

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

Particulars	2018-19	2017-18
External Sales (Gross)		
Domestic	58,178.84	61,055.99
Overseas	124,697.88	95,958.60
<b>Total</b>	<b>182,876.72</b>	<b>157,014.59</b>

2. Revenue of approximately ₹ 126,508.17 Lakhs (Previous Year ₹ 126,602.27 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

**M V Subba Rao**  
Chairman and 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 : 21/05/2019

**P.K. Mishra**  
Company Secretary

**(R Ponnappan)**  
Partner  
Membership No:021695

## 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 IS HEREBY GIVEN THAT THE FORTY-THIRD ANNUAL GENERAL MEETING (“AGM”) OF THE MEMBERS OF KIOCL LIMITED** (CIN: L13100KA1976GOI002974) will be held on **Tuesday, the 03/09/2019, at 12.00 Noon** at the Conference Hall No.1, Golden Jubilee Block, St. John's Medical College, Sarjapur Main Road, Koramangala, Bengaluru- 560 034 to transact the following businesses(s):-

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2019 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 @ ₹ 1.33 per Equity Share for the year ended March 31, 2019.
3. To appoint a Director in place of Sri Saraswati Prasad (DIN: 07729788), who retires by rotation at this AGM and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Sri M V Subba Rao (DIN: 06495576), 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 Sections 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 2019-20.”

### SPECIAL BUSINESS

6. To consider and if thought fit, to pass, with or without modification, the following resolution, as an Ordinary Resolution:  
“**RESOLVED THAT** pursuant to terms and conditions as determined by the Government of India vide Order No. F.No.1/10/2015-BLA (Vol-III) (pt.) dated 19/11/2018 and pursuant to the provisions of Companies Act, 2013 read with Listing Regulations and other applicable laws, the consent of the members be and is hereby accorded for re-appointment of Sri Madhav Lal (DIN: 06547581) as an Independent Director of the Company, for a period of one year from 26/11/2018, the date of completion of his existing tenure or until further orders, whichever is earlier, not liable to retire by rotation.”
7. To consider and if thought fit, to pass, with or without modification, the following resolution, as an Ordinary Resolution:  
“**RESOLVED THAT** pursuant to terms and conditions as determined by the Government of India vide Order No. F.No. 1/10/2015-BLA (Vol-III) (Pt.) dated 14/12/2018 and pursuant to the provisions of Companies Act, 2013 read with Listing Regulations and other applicable laws, the consent of the members be and is hereby accorded for continuation of appointment Sri Jagdish P. Joshi (DIN: 03385677), as an Independent Director of the Company, for a period of three years from the date of his appointment or until further orders whichever is earlier, not liable to retire by rotation.”
8. To consider and if thought fit, to pass, with or without modification, the following resolution, as an Ordinary Resolution:  
“**RESOLVED THAT**, pursuant to terms and conditions as determined by the Government of India vide Order No. F.No. 5/1/2015-BLA dated 08/01/2019 and pursuant to the provisions of Companies Act, 2013 read with Listing Regulations and other applicable laws, the consent of the members be and is hereby accorded for appointment of Sri T. Saminathan (DIN: 08291153) as Director (Commercial) for a period of five years from 09/01/2019, the date of assumption of his charge of the post or until further orders, whichever is earlier, 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), 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 2019-20, the remuneration of ₹ 50,000/- (Rupees Fifty Thousand Only) plus taxes as applicable and reimbursement of Actual travel and other out of pocket expenses to be paid to the Cost Auditors of the Company for Financial Year 2019-20 as approved by the Board of Directors of the Company, be and is hereby ratified and confirmed.”

**RESOLVED FURTHER THAT** the Board of Directors and / or the Company Secretary, be and is settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds and things as may be necessary, proper or expedient to give effect to this resolution.”

By Order of the Board of Directors  
KIOCL Limited,

Sd/-  
**(P. K. Mishra)**  
Company Secretary

Place : New Delhi  
Dated : 02/07/2019

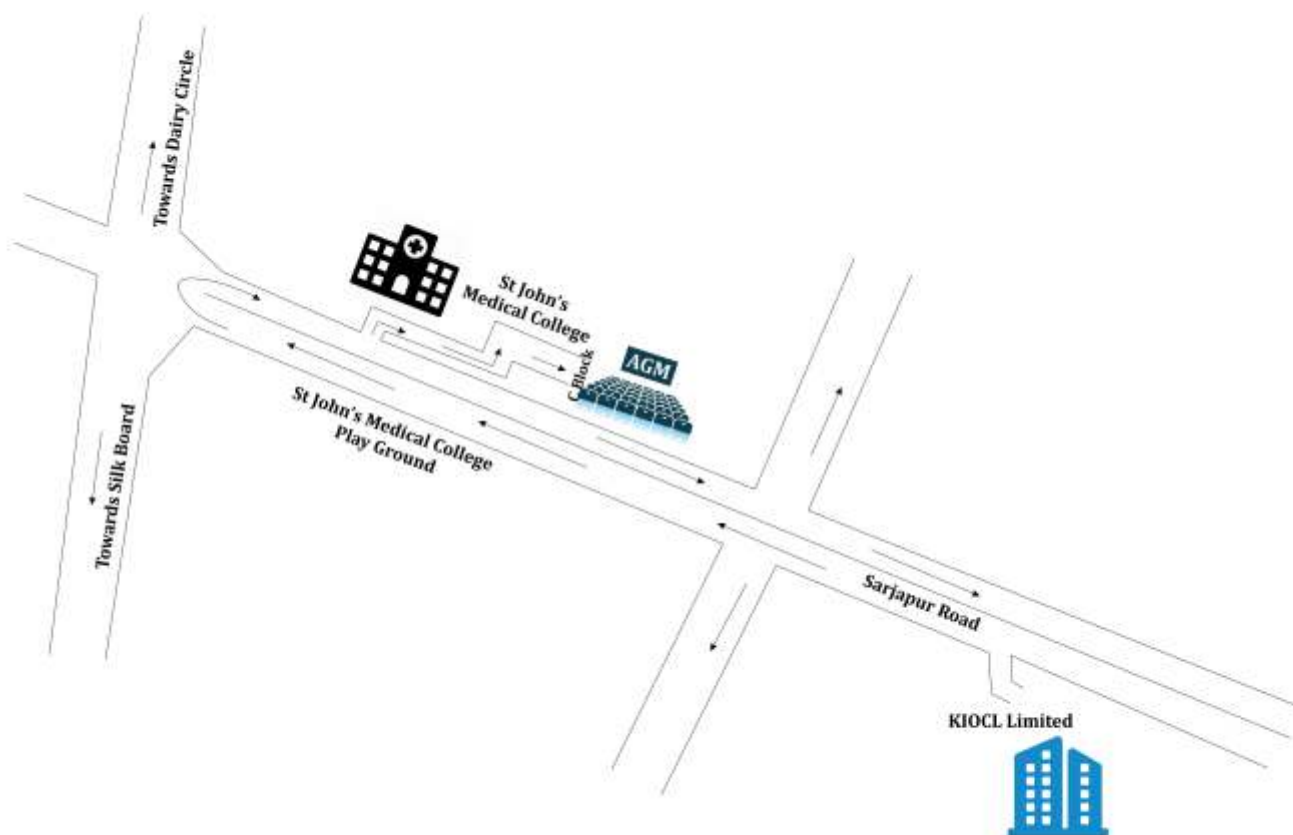
#### NOTES:

1. A member entitled to attend and vote at the AGM is entitled to appoint one or more proxies to attend and vote instead of himself / herself and such proxy need not be a member of the Company. A person can act as proxy on behalf of maximum of 50 members and holding in the aggregate not more than 10 % of the total share capital of the company.
2. Corporate members intending to send their authorized representatives to attend the Meeting are required to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf.
3. 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. on or before 12.00 Noon on 01/09/2019.
4. During the period beginning 24 hours before the time fixed for the commencement of AGM and until the conclusion of the meeting, a member would be entitled to inspect the proxies lodged during the business hours of the Company, provided that not less than three days of notice in writing is given to the Company.
5. Member / proxy / authorised representatives should bring the attendance slip enclosed herewith to attend the meeting.
6. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, and the Register of Contracts or Arrangements, in which the Directors are interested, maintained under Section 189 of the Act, will be available for inspection by the members at the Annual General Meeting.
7. Members may also note that Notice of 43<sup>rd</sup> AGM and Annual Report duly circulated to the members of the Company, will be available on the website of the Company i.e. [www.kioclltd.in](http://www.kioclltd.in).

8. The Register of Members and Share Transfer Book will remain closed from 27/08/2019 to 03/09/2019 (both days inclusive) for the purpose of the AGM. The voting rights of members shall be in proportion to their share of the paid-up share capital of the Company as on 26/08/2019 (Cut-off date).
9. The Annual Report 2018-19, the Notice of 43<sup>rd</sup> AGM alongwith instructions for e-voting, attendance slip and proxy form is being sent by electronic mode to members whose email id are registered with the Company / depository participants, unless a member has requested for a physical copy. For members who have not registered their email addresses, physical copy is being sent by permitted mode.
10. The Company has designated an exclusive e-mail Id i.e. cs@kioclltd.com for redressal of shareholders/ investors complaints/grievances. Members must quote their folio numbers / demat account no. and contact details in all correspondence with Company / Registrar and Share Transfer Agent.
11. SEBI has amended relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to disallow listed companies from accepting request for transfer of securities which are held in physical form, with effect from April 1, 2019. The shareholders, who continue to hold shares and other types of securities of listed companies in physical form even after this date, will not be able to lodge the shares with company / it's RTA for further transfer. They will need to convert them to demat form compulsorily if they wish to effect any transfer. Only the requests for transmission and transposition of securities in physical form will be accepted by the listed companies / their RTAs.
12. 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.
13. In pursuance to provisions of Section 152(6)(a) of the Companies Act, 2013 Sri Saraswati Prasad (DIN: 07729788), Official Part-time Director and Sri M.V. Subba Rao (DIN: 06495576), CMD retires by rotation and being eligible, offers themselves for re-appointment. Further brief resume pursuant to Regulation 36(3) of the Listing Regulations and as per provisions of Secretarial Standard - 2 in respect of Directors seeking re-appointment/ appointment at the AGM forms part of this Notice.
14. 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 2019-20 as may be deemed fit by the Board.
15. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) and bank accounts details by every participant in securities market. Members holding shares in electronic form are, therefore requested to submit the PAN and bank accounts to their Depository Participant with whom they are maintaining their demat accounts. Members holding shares in physical form requested to submit their PAN and bank account details to the Company's Registrar & Transfer Agent M/s. Integrated Registry Management Services Pvt. Ltd.
16. Members are requested to address all correspondence including dividend to the Company's Registrar and Share Transfer Agent M/s. Integrated Registry Management Services Private Limited, #30, Ramana Residency, Ground Floor, 4th Cross, Sampige Road, Malleswaram, Bengaluru - 560 003.
17. Pursuant to the provisions of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 and Amendment Rules 2017 notified by the Ministry of Corporate Affairs, the Company is required to transfer all shares in respect of which dividend has not been paid or claimed by the members for seven consecutive years or more in the name of Investor Education and Protection Fund Authority. Accordingly, the Company has transferred all such shares to the Demat Account opened by the IEPF Authority. The Company has also uploaded the details of such members whose shares have been transferred to IEPF Account on its website [www.kioclltd.in](http://www.kioclltd.in). The shares transferred to IEPF Account including all benefits accruing on such shares, if any, can be claimed by the concerned members from IEPF Authority on its website at [www.iepf.gov.in](http://www.iepf.gov.in), after following the procedure prescribed under the aforesaid Rules.

18. We urge members to support our commitment to environment protection by choosing to receive their shareholding communication through email. This can be done by updating your email addresses with depository participant /registrar & share transfer agent.
19. Members whose shareholding is in electronic mode are requested to direct change in address notifications and updates of bank account details to their respective depository participants. We request members to utilize the Electronic Clearing System (ECS) for receiving dividends.
20. Company's shares are available in dematerialized form with NSDL & 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.
21. The route map of the venue of 43<sup>rd</sup> AGM alongwith prominent landmarks is given under:

### Route Map-Venue of 43<sup>rd</sup> AGM



### 22. Voting through electronic means

Pursuant to Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, the Company is pleased to provide its members the facility of 'remote e-voting' (which means e-voting from a place other than venue of the General Meeting) to exercise their right to vote at the 43<sup>rd</sup> Annual General Meeting (AGM). The business may be transacted through e-voting services rendered by Central Depository Services (India) Limited (CDSL).

The facility for voting, either through electronic voting system or through ballot/polling paper shall also be made available at the venue of the 43<sup>rd</sup> AGM. The members attending the meeting, who have not already cast their vote through remote e-voting shall be able to exercise their voting rights at the meeting. The members who have already cast their vote through remote e-voting may attend the General Meeting but shall not be entitled to cast their vote again at the General Meeting.

The Company has appointed Mr. V Sundar of M/s. V. Mahesh and Associates, Practicing Company Secretaries as the Scrutinizer for conducting the remote e-voting and the voting process at the AGM in a fair and transparent manner.

## INSTRUCTIONS FOR E-VOTING

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on 31/08/2019 at 9.00 AM and ends on 02/09/2019 at 5.00 PM. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 26/08/2019 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](http://www.evotingindia.com).
- (iii) Click on Shareholders / Members
- (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](http://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:

<b>For Members holding shares in Demat Form and Physical Form</b>	
<b>PAN</b>	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>● 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.</li> <li>● 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.</li> </ul>
<b>Dividend Bank Details OR Date of Birth (DOB)</b>	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. <ul style="list-style-type: none"> <li>● 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).</li> </ul>

- (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 changed 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. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. 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](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto: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](mailto: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](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)

### DETAILS OF DIRECTORS SEEKING RE-APPOINTMENT AT THE AGM

(Pursuant to Regulation 36 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

#### Brief Resume of the Directors

Name	Sri Saraswati Prasad (DIN: 07729788)	Sri M V Subba Rao (DIN :06495576)
Date of Birth & Age	24/12/1960 & 58 years	06/06/1961 & 58 years
Date of Appointment	08/02/2017	30/01/2018
Qualifications	Post Graduate in Physics	B.Tech (Metallurgy), DIM, PGD & MBA in Marketing
Nature of expertise in specific functional areas	An IAS Officer from 1985 batch. A Post Graduate in Physics with brilliant academic record, wide range of experience of working for Central as well as State Governments.	Experience of more than three decades in Steel Industry with State, Central & MNC Companies.
Disclosure of relationships between Directors inter-se	There exists no relationship between Directors inter-se	There exists no relationship between Directors inter-se
Directorship held in other listed entities	a. SAIL Ltd b. NMDC Ltd	NIL
Membership/ Chairmanship of Committees of the Board	NIL	NIL
No. of Equity shares held in KIOCL Limited	NIL	NIL

## 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 No. 6,7,8 and 9 of the accompanying Notice:

### Item No.6:- Re-appointment of Sri Madhav Lal (DIN 06547581) as an Independent Director of the Company

Pursuant to the order issued by the Ministry of Steel, Government of India vide order F.No.1/10/2015-BLA (Vol-III) (pt.) dated 19<sup>th</sup> November, 2018, Sri Madhav Lal (DIN: 06547581) was appointed for a further period of one year from the date of completion of his existing tenure on 26/11/2018 or until further orders whichever is earlier. Having so appointed Sri Madhav Lal shall hold office till the date of ensuing AGM 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 160 read with Section 161 of the Companies Act, 2013, the Company has received a notice in writing from a Member proposing candidature of Sri Madhav Lal for the office of Director of the Company.

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 this resolution.

The Board of Directors recommends the Ordinary resolution for approval of the shareholders. A brief profile of Sri Madhav Lal in accordance with the Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is as given below:

Brief Resume of the Director	
<b>Name</b>	<b>Sri Madhav Lal (DIN: 06547581)</b>
Date of Birth & Age	04/06/1955 & 64 years
Date of Appointment	27/11/2015
Qualifications	Master's Degree in Physics from St. Stephen's College, Delhi, and a Masters Degree in Public Administration from the John F. Kennedy School of Government, Harvard University
Nature of expertise in specific functional areas	A civil servant joined the Indian Administrative Service in the year 1977. In his 38 years of career Sri Madhav Lal has held various senior assignments with the Government of India, the State Government of Jammu & Kashmir and with the United Nations.
Disclosure of relationships between Directors inter-se	There exists no relationship between Directors inter-se
Directorship held in other listed entities	NIL
Membership/ Chairmanship of Committees of the Board	Sri Madhav Lal is member of Audit Committee & Stakeholders Relationship Committee
No. of Equity shares held in KIOCL Limited	NIL

### Item No.7:- Appointment of Sri Jagdish P. Joshi (DIN 03385677) as an Independent Director of the Company

Sri Jagdish P. Joshi (DIN: 03385677) aged 48 years appointed as an Additional Director in the category of Independent Director of the Company w.e.f 14<sup>th</sup> December, 2018. Having so appointed Sri Jagdish P. Joshi 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. In terms of Section 160 read with Section 161 of the Companies Act, 2013, the Company has received a notice in writing from a Member proposing candidature of Sri Jagdish P. Joshi for the office of Director of the Company.



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 this resolution.

The Board of Directors recommends the Ordinary resolution for approval of the shareholders. A brief profile of Sri Jagdish P. Joshi in accordance with the Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is given below:

Brief Resume of the Director	
Name	<b>Sri Jagdish P. Joshi (DIN: 03385677)</b>
Date of Birth & Age	20/06/1971 & 48 years
Date of Appointment	14/12/2018
Qualifications	Fellow member of the Institute of Chartered Accountants of India (ICAI). Graduate of Institute of Cost Accountants of India (CMA)
Nature of expertise in specific functional areas	Practicing professional since 1997. Has vast experience in consultancy of direct taxes and handling corporate affairs in different areas
Disclosure of relationships between Directors inter-se	There exists no relationship between Directors inter-se
Directorship held in other listed entities	NIL
Membership/ Chairmanship of Committees of the Board	Sri Jagdish P. Joshi is Chairman of Audit Committee.
No. of Equity shares held in KIOCL Limited	NIL

**Item No. 8:- Appointment of Sri T. Saminathan (DIN 08291153) as a Director of the Company, liable to retire by rotation**

Sri T. Saminathan (DIN: 08291153) aged 55 years appointed as the Additional Director designated as Director (Commercial) of the Company w.e.f. January 9, 2019. Having so appointed Sri T. Saminathan 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. Pursuant to Section 160 of the Companies Act, 2013 the Nomination & Remuneration Committee of the Board has recommended the Candidature of Sri T. Saminathan as Director (Commercial) of the Company.

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 this resolution.

The Board of Directors recommends the Ordinary resolution for approval of the shareholders. A brief profile of Sri T. Saminathan in accordance with the Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is given below:

Brief Resume of the Directors	
Name	<b>Shri T. Saminathan (DIN: 08291153)</b>
Date of Birth & Age	10/05/1964 & 55 years
Date of Appointment	09/01/2019
Qualifications	Degree in Mechanical Engineering and Post Graduate Diploma in Business Management
Nature of expertise in specific functional areas	Sri T. Saminathan has more than 3 decades of experience in KIOCL Ltd in the Iron ore Mining, Beneficiation, Pelletization and Pig Iron making since joining in the year 1986 as Graduate Engineer

Disclosure of relationships between Directors inter-se	There exists no relationship between Directors inter-se
Directorship held in other listed entities	NIL
Membership/Chairmanship of Committees of the Board	Sri T. Saminathan is a member of Audit Committee.
No. of Equity shares held in KIOCL Limited	NIL

#### Item No. 9

The Board of Directors of the Company, on the recommendation of the Audit Committee, has approved the appointment of M/s. PKR & Associates LLP, Cost Accountants to conduct the audit of the cost records of the Pellet Plant Unit of Company for the financial year 2019-20, at a remuneration of ₹ 50,000/- (Rupees Fifty Thousand Only) plus taxes as applicable and reimbursement at actual travels and other out of pocket expenses.

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 as approved by Board of Directors is required to be subsequently ratified by the members 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 2019-20.

None of the Directors / Key Managerial Personnel of the Company is, in any way, concerned or interested, financially or otherwise, in this resolution.

The Board recommends the Ordinary Resolution for approval by the shareholders.

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

Sd/-  
**(P K Mishra)**  
Company Secretary

Place : New Delhi  
Dated : 02/07/2019

**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

**FORM NO. MGT 11****PROXY FORM**

[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: \_\_\_\_\_

Folio No/DP ID-Client ID: \_\_\_\_\_

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 43<sup>rd</sup> AGM of the Company, to be held at the Conference Hall, No.1, Golden Jubilee Block,St. John's Medical College, Sarjapur Main Road, Koramangala, Bengaluru- 560 034 on Tuesday 3<sup>rd</sup> September, 2019 at 12.00

Noon and at any adjournment thereof in respect of such resolutions as are indicated below:

Sl. No.	Resolution	Option	
		For	Against
<b>ORDINARY BUSINESS</b>			
1.	Adoption of Financial Statements for the year ended March 31, 2019 and the Reports of the Board of Directors and the Auditors thereon and Comments of the C&AG.		
2.	To declare Final Dividend @ ₹ 1.33 per Equity Share for the year ended March 31, 2019		
3.	Reappointment of Sri Saraswati Prasad (DIN: 07729788) as a Director who retires by rotation.		
4.	Reappointment of Sri M V Subba Rao (DIN: 06495576) as a Director who retires by rotation.		
5.	Fixing the remuneration of Statutory Auditors		
<b>SPECIAL BUSINESS</b>			
6.	Re-Appointment of Sri. Madhav Lal as an Independent Director		
7.	Appointment of Sri. Jagdish P. Joshi as an Independent Director		
8.	Appointment of Sri. T. Saminathan as a Director liable to retire by rotation.		
9.	Approval of the Remuneration of the Cost Auditor.		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2019

\_\_\_\_\_  
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 43<sup>rd</sup> 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.

## NATIONAL ELECTRONIC CLEARING SERVICES (NECS)

### MANDATE FORM

To Integrated Registry Management Services Private Limited Unit : KIOCL Limited #30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bengaluru - 560003 (In case of physical holding)	To The Depository Participant concerned (In case of electronic holding)
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Please fill in the information in CAPITAL LETTERS IN ENGLISH only.

Folio No/ Client ID No.\* 

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DP ID\* 

I	N						
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For Office Only	
ECS Ref. No.	

\* Applicable only in case of Electronic holding.

Name of Sole/First Holder																																									
Bank Name																																									
Branch Name																																									
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(9 Digits Code Number appearing on the MICR Band of the cheque supplied by the Bank). Please attach a photo copy or a blank cheque or a blank cheque of your bank duly cancelled for ensuring accuracy of the bank's name, branch name and code number).																																									

Account Type (Please Tick wherever applicable)	<input type="checkbox"/>	Savings	<input type="checkbox"/>	Current	<input type="checkbox"/>	Cash Credit	<input type="checkbox"/>
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A/c No. (as appearing in the cheque book)	<input type="checkbox"/>	<table border="1" style="display: inline-table; border-collapse: collapse; text-align: center;"> <tr> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> </tr> </table>																				

I hereby, declare that the particulars given above are correct and complete. If any, transaction delayed or not effected, at all for reasons of incompleteness or incorrectness of information supplied as above, I shall not hold the Company / Integrated Registry Management Services Private Limited, responsible. I agree to avail the NECS facility as implemented by KIOCL Limited.

I further undertake to inform Integrated Registry Management Services Private Limited/concerned Depository Participant of any change in the particulars given above to facilitate updation of records.

Place : \_\_\_\_\_

Date : \_\_\_\_\_

\_\_\_\_\_ (Signature of Sole/First holder)

Notes :

1. Whenever the shares in the given Folio are entirely dematerialised, then this NECS mandate form if given to the Company shall stand rescinded.
2. For shares held in dematerialised mode, NECS Mandate is required to be filed with concerned Depository Participant.

## E-COMMUNICATION REGISTRATION FORM

To

Integrated Registry Management Services Private Limited  
 Unit : KIOCL Limited  
 #30, Ramana Residency  
 4th Cross, Sampige Road,  
 Malleswaram,  
 Bengaluru - 560003

### GREEN INITIATIVE IN CORPORATE GOVERNANCE

I/We hereby exercise my/our option to receive all communications from the Company such as Notice of General Meeting, Explanatory Statement, Audited Financial Statements, Directors' Report, Auditor's Report etc. in Electronic mode pursuant to the 'Green Initiative in Corporate Governance' taken by Ministry of Corporate Affairs. Please register my e-mail ID as given below, in your records, for sending the communications:

Folio No./DP ID & Client ID No.:	<hr/>
Name of 1st Registered Holder :	<hr/>
Name of Joint Holder(s), if any :	<hr/>
Registered Address of the sole/ 1st Registered Holder :	<hr/> <hr/> <hr/> <hr/>
No. of Shares Held :	<hr/>
E-mail ID (to be registered) :	<hr/>
Date : _____	Signature : _____

Notes :

- 1) On registration, all communication will be sent to the e-mail ID registered.
- 2) The form is also available on the website of the company 'www.kioclltd.in' under the section of 'Shareholders' information.
- 3) Shareholders are requested to keep the Company's Registrar - Integrated Registry Management Services Private Limited as and when there is any change in the e-mail ID.

## 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

### BLAST FURNACE UNIT

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

### NEW DELHI OFFICE

KIOCL Limited  
Himalaya House, 9th Floor, No. 23  
Kasturba Gandhi Marg,  
New Delhii - 110 001  
Telephone No.: 011 23315665, 23315686  
Fax No.: 011 23721696  
E-mail: kioclnd@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  
Andra 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

### BACHELI OFFICE

KIOCL Limited  
Qtr. M. Type 111/FF/06  
Near NMDC Bacheli Guest House  
Bacheli - 494553  
Dantewada District, Chatisgarh

### DONIMALAI OFFICE

KIOCL Limited  
C/o NMDC, New-III-162, South Block,  
Donimalai Township, Donimalai-583118  
Sandur Taluk, Bellary District  
E-mail: oandmnmdc@kioclltd.com

### KALIAPANI OFFICE

KIOCL Limited  
D-24, OMC Township  
Sukinda, South Kaliapani  
J K Road, Jajpur Dt.  
Odisha - 755028  
E-mail: kioclcobplant@gmail.com

*Sri MV Subba Rao, CMD & Sri SK Gorai, Director (Finance) handed over a cheque of Rs. 15 Lakhs towards Chief Minister Relief Fund on 09/01/2019 to Hon'ble Chief Minister of Karnataka.*



*KIOCL has been awarded best PSU Award in Value Growth Category by Governance Now held on 17/01/2019 at New Delhi*

*Sri N. Vidyananda, Director (P&P) inked pact with M/s SAIL for setting up of Pellet Plants across India.*



# Shaping Lives for a Better Tomorrow



**KIOCL Limited**  
(A Government of India Enterprise)

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**The Happy Faces & Progress of our  
communities stand testimony...**

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📍 II Block, Koramangala, Bengaluru - 560034

☎ 25531461 to 25531466 (6 lines)

🌐 [kioclltd.in](http://kioclltd.in)