

36th

ANNUAL REPORT 2011-12



KIOCL LIMITED

OUR MISSION, VISION, OBJECTIVES AND CORE VALUES

OUR MISSION

To convert all the units of the Company as profit centres on stand -alone basis.

OUR VISION

- In a reasonable period, undertake the projects which will give certainty for continuance of Company's operations, from raw material sourcing to the sale of finished products including the products manufactured from diversified activities.
- Create an atmosphere congenial to all stakeholders.

OUR OBJECTIVES

- Achieve the rated capacity of the plants and Installations through R & D/ modernizations.
- Enhance the prevailing brand value advantage by producing and supplying quality products.
- To strive for zero accident rate through implementation of advanced safety practices.
- Adoption and implementation of Social Accountability Standards (SA 8000: 2008).
- Sustaining and enhancing the surrounding environmental standards will be the drivers to achieve the above mentioned objectives.
- To turn Corporate Social Responsibility into Corporate Social Investment, so that the benefits of the scheme implemented through the Company's exchequer is derived by the Society over an extended span of time.

OUR CORE VALUES

- Zeal to excel and Zest for change
- Integrity and fairness in all matters
- Respect for dignity and potential of individuals
- Strict adherence to commitments
- Ensure speed of response
- Foster learning, creativity and team- work
- Loyalty and pride in the Company



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BOARD OF DIRECTORS

Shri K Ranganath

Chairman-cum-Managing Director

Shri S Machendra Nathan

Shri Upendra Prasad Singh

(From 09-05-2011)

Maj Gen. (Retd.) Dr. OP Soni

Director (Commercial)

Shri K Subba Rao

Director (Production & Projects)

(From 09-06-2011)

Shri K Laxminarayana

Director (Finance)

(From 01-09-2011)

Shri NR Mohanty

Dr. Chiranjib Sen

Shri B Ramesh Kumar

Prof. VR Sastry

Shri K Narasimha Murthy

(From 02-08-2011)

Shri VK Agarwal

(From 02-08-2011)

Shri MB Padiyar

Director (Production & Projects)

(upto 31-05-2011)

Shri TMGK Bhat

Director (Finance)

(upto 31-08-2011)

Shri. SK Padhi

Company Secretary

Main Bankers

State Bank of India
Bangalore Commercial Branch
Hudson Circle
Bangalore - 560 001

Auditors

SRRK Sharma Associates
Chartered Accountants
Dheeyash, No. 41/1, III Cross
Kumara Park West
Bangalore - 560020



NOTICE

Notice is hereby given that the **Thirty Sixth Annual General Meeting** of the members of KIOCL Limited will be held on Thursday, 21st June 2012 at 12.00 Noon, at the Company's Community Hall (an Annexe to the Registered Office of the Company) at II Block, Koramangala, Bangalore – 560 034, to transact the following business: -

Ordinary Business

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2012, Profit & Loss Account for the year ended 31st March, 2012 together with the Reports of the Directors and the Auditors thereon and Comments of the Comptroller and Auditor General of India in terms of Section 619 of the Companies Act, 1956.
2. To declare dividend for the financial year 2011-12.
3. To appoint a Director in place of Prof. VR Sastry, who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

“RESOLVED THAT the Audit Fee payable to the Statutory Auditors of the Company for the year 2011-12 be and is hereby enhanced from ₹ 4,50,000/- to ₹ 6,00,000/- and for Tax Audit fee from ₹ 1,00,000/- to ₹ 1,25,000/- per annum in addition to reimbursement of actual reasonable out of pocket expenses (excluding transportation cost) limited to ₹ 1,00,000/-.

RESOLVED FURTHER THAT the enhanced Audit Fee payable to the Statutory Auditors shall remain valid for next two financial years effective from the financial year 2011-12.”

Special Business

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

“RESOLVED THAT Shri K. Narasimha Murthy, Director, who was appointed as Additional Director under Section 260 of the Companies Act, 1956, effective from 02.08.2011 and holds office up to the 36th Annual General Meeting in respect of whom, the Company has received a notice in writing, under Section 257 of the Companies Act, 1956, from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

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

“RESOLVED THAT Shri Vinai Kumar Agarwal, Director, who was appointed as Additional Director under Section 260 of the Companies Act, 1956, effective from 02.08.2011 and holds office up to the 36th Annual General Meeting in respect of whom, the Company has received a notice in writing, under Section 257 of the Companies Act, 1956, from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

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

“RESOLVED THAT Shri Laxminarayana, Director (Finance), who was appointed as Additional Director under Section 260 of the Companies Act, 1956, effective from 01.09.2011 and holds office up to the 36th Annual General Meeting in respect of whom, the Company has received a notice in writing, under Section 257 of the Companies Act, 1956, from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, not liable to retire by rotation.”

By order of the Board of Directors,
KIOCL Limited,



(S. K. Padhi)
Company Secretary

Place : Bangalore
Dated : 26.05.2012

NOTE:

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER. THE INSTRUMENT APPOINTING A PROXY IN ORDER TO BE VALID MUST BE DULY FILLED IN ALL RESPECTS AND SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. Relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the Special Businesses, set out at Item No.5, 6 & 7 of the Notice is annexed hereto.
3. Brief resume of the Directors seeking re-appointment/appointment as mandated under clause 49 of the Listing Agreement with the Stock Exchanges is annexed hereto and form part of the Notice.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 18th June 2012 to 21st June 2012 (both days inclusive) for determining the names of members eligible for dividend of Equity Shares, if declared at the Meeting.
5. The Board had recommended a dividend of Re.0.30 per share at its meeting held on 16.04.2012. The dividend, if approved, by the Members at the said Annual General Meeting, will be paid before 20th July 2012 to the members whose names appear on the Register of Members of the Company after giving effect to all valid share transfers in physical form lodged with the Company on or before 18th June 2012 and the respective Beneficial Owners as at the close of business hours on 18th June 2012 as per details thereof to be furnished by the depositories.
6. Share Transfer documents and all correspondence relating thereto, should be addressed to the Registrar and Transfer Agent of the Company – M/s Integrated Enterprise (India) Limited, 30, Ramana Residency, 4th cross, Sampige Road, Malleswaram, Bangalore – 560003, Phone No. 080-23460815-818, or by email: alfint@vsnl.com. Integrated is also the depository interface of the Company with both NSDL and CDSL. However, keeping in view the convenience of the shareholders, documents relating to shares will also be accepted at the Registered Office of the Company at II Block, Koramangala, Bangalore -560034, Phone No.080-25531525; E-mail:bsecretary@kudreore.com.
7. The Company has designated an exclusive e-mail ID i.e. bsecretary@kudreore.com for redressal of shareholders/investors complaints/grievances. In case you have any queries/complaints or grievances, then please write to us at the above mentioned e-mail address.



8. Members holding shares in electronic form may please note that the bank account details and 9-digit MICR Code of their Bankers, as noted in the records of their depository, shall be used for the purpose of remittance of dividend through Electronic Clearing Services (ECS) or for printing on dividend warrants wherever applicable. Members are therefore requested to update their bank account particulars, change of address and other details with their respective Depository Participants for shares held in demat mode and to the Registrar and Share Transfer Agent for shares held in physical form.
9. Reserve Bank of India is providing ECS facility for payment of dividend in selected cities. Members holding shares in physical form are advised to submit particulars of their bank account, viz., name and address of the branch of the bank, 9 digit MICR Code of the branch, type of account and account number latest by 14th June 2012, to M/s Integrated Enterprise (India) Limited.
10. Pursuant to the provisions of Section 205A(5) and 205C of the Companies Act, 1956, the Company has transferred the unpaid or unclaimed dividends for the financial year 2003-04, to the Investor Education & Protection Fund (the IEPPF) established by the Central Government.
11. The Securities & Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/ Registrar and Transfer Agents.
12. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificate to M/s Integrated Enterprise (India) Limited for consolidation into a single folio.
13. In terms of Section 109A of the Companies Act, 1956, nomination facility is available to individual shareholders. Members holding shares in physical form may nominate a person in respect of all the shares held by them whether singly or jointly. Members who hold shares in individual name are advised to avail of the nomination facility by filing Form No.2B in their own interest. Blank form can be obtained from M/s Integrated Enterprise (India) Limited on request. Members holding shares in dematerialized form may contact their respective DP's for registration or nomination.
14. Company's shares are available in dematerialized form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The ISIN number allotted to the Company's share is - ISIN-INE880L01014. Members are advised to get in touch with the Depository participant (DP)/Registrar and Transfer Agent for further details.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**Item No. 5**

Shri K. Narasimha Murthy, B.Sc., F.C.A., F.I.C.W.A., is a reputed Cost Accountant in India. His areas of expertise include Cost Audit, Cost Reduction Programs, Management Information & Control Systems Development, Critical Analysis of Performance, SWOT Analysis, Management Audit, Business Valuations, Corporate Planning, Strategic Planning, Organization Analysis and Structure, Mergers & Acquisitions, Internal Audit, Concurrent Audit, Pre-Audit, Manpower Planning and Development, Designing Production Incentive Schemes, Revival of Sick Units and other Management Support Services.

In pursuance to the order issued by the Govt. of India, Shri K. Narasimha Murthy was appointed as an Additional Director on the Board of KIOCL effective from 02.08.2011 to hold the office up to the period of three years i.e. up to 01.08.2014 or until further orders, whichever is earlier. Having been so appointed Shri K. Narasimha Murthy holds office till the date of ensuing Annual General Meeting by virtue of section 260 of the Companies Act, 1956 and Articles of Association of the Company and is eligible for re-appointment.

The Company has received a notice in writing from a member pursuant to the provisions of Section 257 of the Companies Act, 1956, signifying intension to propose Shri K. Narasimha Murthy as candidate for the office of Director. Shri K. Narasimha Murthy, if appointed, will be liable to retire by rotation in pursuance to Article 94 of the Articles of Association of the Company. A brief profile of Shri K. Narasimha Murthy is annexed hereto in accordance to clause 49 of the Listing Agreement of the Stock Exchanges.

None of the Directors, except Shri K. Narasimha Murthy is interested or concerned in the resolution.

The Board of Directors considers that in view of the background and experience of Shri K. Narasimha Murthy, it would be in the interest of the Company to appoint him as a Director of the Company. The Board recommends the resolution for your approval.

Item No. 6

Shri Vinai Kumar Agarwal, B Sc, BE (Civil) from IIT, Roorkee, retired as Managing Director of RITES Limited, a 'Schedule -A' Mini-ratna status Company of Ministry of Railways. His area of specialization is in Consultancy and Project Management in all sectors of Infrastructure. Constructing and maintenance of rail network, Building and Bridges in India & Africa Countries.

In pursuance to the order issued by Govt. of India, Shri Vinai Kumar Agarwal was appointed as an Additional Director on the Board of KIOCL effective from 02.08.2011 to hold the office up to the period of three years i.e. up to 01.08.2014 or until further orders which ever is earlier. Having been so appointed Shri Vinai Kumar Agarwal holds office till the date of ensuing Annual General Meeting by virtue of section 260 of the Companies Act, 1956 and Articles of Association of the Company and is eligible for re-appointment.

The Company has received a notice in writing from a member pursuant to the provisions of Section 257 of the Companies Act, 1956, signifying intension to propose Shri V. K. Agarwal as candidate for the office of Director. Shri Vinai Kumar Agarwal, if appointed, will be liable to retire by rotation in pursuance to Article 94 of the Articles of Association of the Company. A brief profile of Shri Vinai Kumar Agarwal is annexed hereto in accordance to clause 49 of the Listing Agreement of the Stock Exchanges.



None of the Directors, except Shri Vinai Kumar Agarwal is interested or concerned in the resolution.

The Board of Directors considers that in view of the background and experience of Shri Vinai Kumar Agarwal, it would be in the interest of the Company to appoint him as a Director of the Company. The Board recommends the resolution for your approval.

Item No. 7

Shri Laxminarayana, B Com, ACA, Post Graduation in Management Accountancy (MAC-I) from Institute of Chartered Accountants of India, was appointed as an Additional Director designated as Director (Finance) on the Board of KIOCL effective from 01.09.2011. His area of specialization is in Accounts and Financial Management and having more than 30 years of experience. In terms of Section 260 of the Companies Act, 1956 he holds office up to the 36th Annual General Meeting of the Company. The Company has received a notice in writing from a member pursuant to the provisions of Section 257 of the Companies Act, 1956, signifying intension to propose Shri Laxminarayana as candidate for the office of Director. Shri Laxminarayana, if appointed, will not be liable to retire by rotation in pursuance to Article 94 of the Articles of Association of the Company. A brief profile of Shri Laxminarayana is annexed hereto in accordance to clause 49 of the Listing Agreement of the Stock Exchanges.

None of the Directors, except Shri Laxminarayana is interested or concerned in the resolution.

The Board of Directors considers that in view of the background and experience of Shri Laxminarayana, it would be in the interest of the Company to appoint him as a Director of the Company. The Board recommends the resolution for your approval.

By order of the Board of Directors,
KIOCL Limited,

(S. K. Padhi)

Company Secretary

Place : Bangalore
Dated : 26-05-2012

Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by Companies and issued a Circular stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiatives of the Government in full measure, members who have not registered their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants may register their e-mail ID with the Depository. Members who hold shares in physical form are requested to register their e-mail ID with the Company or Registrar and Transfer Agents M/s Integrated Enterprise (India) Limited.

**BRIEF RESUME AND OTHER INFORMATION IN RESPECT OF DIRECTORS
SEEKING ELECTION/RE-ELECTION AT THE 36TH AGM**

Name	Prof. VR Sastry	Shri K. Narasimha Murthy	Shri Vinai Kumar Agarwal	Shri Laxminarayana
Date of Birth	16.02.1959	11.07.1957	30.10.1950	02.05.1956
Date of appointment	05.08.2009	02.08.2011	02.08.2011	01.09.2011
Qualifications	BE, M. Tech, P. hd.	B Sc, FCA, FICWA	BSc, BE (Civil), IIT Roorkee	B. Com, ACA
Nature of expertise	Professor – NITK, Surathkal, Mine Planning, Rock Mechanics, Rock Blasting, Slope Stability, Environment Management	Practicing Cost & Management Consultants. His area of expertise include Cost Audit, Cost Reduction Programs, Management Information & Control Systems Development, Critical Analysis of Performance, SWOT Analysis, Management Audit, Business Valuations, Corporate Planning, Strategic Planning, Organization Analysis and Structure, Mergers & Acquisitions, Internal Audit, Concurrent Audit, Pre-Audit, Manpower Planning and Development, Designing Production Incentive Schemes, Revival of Sick Units and other Management Support Services.	Consultancy and Project Management in all sectors of Infrastructure. Constructing and maintenance of rail network, Building and Bridges in India & Africa Countries. He retired as Managing Director, RITES Limited, Schedule – A, Mini Ratna Company under Ministry of Railways.	Finance & Accounts
Directorships held in other Companies	Central Mine Planning & Design Institute Limited, Ranchi	i. LIC Housing Finance Ltd., ii. Max Healthcare Institute Ltd., iii. Max India Ltd., iv. A.P State Financial Corporation v. Srikan Management Consultants Pvt. Ltd., vi. NABARD,	Dredging Corporation India Ltd.	Nil
Memberships / Chairmanships of committee of other Public Companies	Nil	Nil	Nil	Nil

10 YEARS AT A GLANCE

Quantity in '000 Dry Metric Tonnes/ ₹ in lakhs

Particulars	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
Production (quantity)										
a) Concentrate	-	-	-	-	-	-	2922	4350	5090	5532
b) Pellets	1710	2124	1273	1316	1927	630	2834	3795	3671	3450
c) Pig Iron	-	-	62	118	157	-	-	-	-	-
Capacity Utilisation (%)										
a) Concentrate	-	-	-	-	-	-	58	65	76	83
b) Pellets	49	61	36	38	55	18	81	95	92	86
c) Pig Iron	-	-	29	55	73	-	-	-	-	-
Sales (quantity)										
a) Concentrate	-	-	-	-	-	-	482	707	1522	2302
b) Pellets	1716	2090	1456	1131	1907	629	2859	3799	3628	3540
c) Pig Iron	10	20	95	74	170	-	-	-	-	-
Total Sales (US \$ Million)*	315.592	385.032	170.197	229.766	294.680	60.274	278.341	415.133	226.461	150.812
Export Sales (US \$ Million)*	93.162	164.725	51.690	166.143	197.825	10.340	194.244	321.993	188.924	131.994
DTA Sales (US \$ Million) **	222.430	220.307	118.507	63.623	96.855	49.934	84.097	93.140	37.537	18.818
Total Sales (in ₹ Lakhs) **	152108	180346	99272	122898	153011	26744	123228	185377	102938	72714
Export Sales (in ₹ Lakhs)	41818	74727	23938	71961	78732	4459	85876	143929	85787	63603
DTA & Indigenous Sales (in ₹ Lakhs)**	110290	105619	75334	50937	74279	22285	37352	41448	17151	9111
Gross Margin from operation	3252	7026	(20783)	(5692)	10375	(6839)	59468	115667	43802	15118
Income earned from Deposits etc.	13511	9230	7312	11910	11145	10065	10905	5436	2269	1558
Profit on sale of assets	4	5	7	7	26	-	8	30	8	5
Interest paid	-	-	-	2	611	15	9	15	9	18
Cash Profit	16767	16261	(13464)	6223	20935	3211	70372	121118	46070	16663
Depreciation & DRE	4090	3707	4949	4347	4912	3172	16083	9657	5296	5687
Profit before Prior period adjustment/ extraordinary items	12677	12554	(18413)	1876	16023	39	54289	111461	40774	10976
Prior period adjustment/ extraordinary items	(1138)	(2559)	(1082)	542	(372)	1955	522	(270)	(134)	622
Profit before Tax (PBT)	11539	9995	(19495)	2418	15651	1994	54811	111191	40640	11598
Profit after Tax (PAT)	9430	7627	(17727)	2201	10816	1377	35630	64984	30070	8753
Dividend -to Government	1884	1570	-	629	2142	-	12563	12877	4396	2198
- to others	19	16	-	6	21	-	127	130	44	22
- Dividend Tax	316	263	-	108	368	-	1780	1794	569	278
- % of Share Capital	3.00%	2.50%	-	1.00%	3.409%	-	20.00%	20.50%	7.00%	3.50%
Transfer to General Reserve	7210	5778	(17727)	1459	8285	1377	21160	50183	25059	6255
Paid-up Capital	63451	63451	63451	63451	63451	63451	63451	63451	63451	63451
No of shipments	38	44	32	25	43	17	71	96	106	120
Value added	33171	43848	5670	29368	43567	8591	83726	141951	63164	29488
No. of employees	1319	1347	1362	1617	1642	1582	1889	1942	2152	2181
Value added per employee	25.15	32.55	4.16	18.16	26.53	5.43	44.32	73.10	29.35	13.52
Value added per ₹ payment to employee	2.33	3.43	0.46	2.27	4.28	1.62	11.19	16.07	8.85	3.86

Pellets includes Pellet Fines Pig Iron includes Auxiliary material

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

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

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

DIRECTORS' REPORT

Dear Shareholders,

On behalf of the Directors of your Company, I have great pleasure in presenting:-

- A. 36th Annual Report of your Company
- B. Audited accounts for the year ending 31.03.2012
- C. Statutory Auditor's Report and
- D. Review of the Accounts by the Comptroller and Auditor General of India.

2.0 YEAR'S HIGHLIGHTS AT A GLANCE

- ❖ Company achieved a Pellet production of 2.93 lakh tons during the month of October 2011, which is the record production for any month after switching over to use of Hematite Ore since January 2006;
- ❖ Company also achieved a record Pellet despatch of 3.27 lakh tons which is also a record during the month of July 2011.
- ❖ The Company could record a growth of 15% in profit before tax during 2011-12 despite dip in production and despatches.
- ❖ Apart from investing ₹ 51.52 crores in Capital project, the Fixed deposit of the Company with various banks stood at ₹ 1454.42 crores as on 31.03.2012 representing an increase by ₹ 19.81 crores over the same date in the previous year.
- ❖ KIOCL remains a debt free Company.
- ❖ In provisional MOU rating for 2011-12, the Company has achieved 'Very Good' rating.
- ❖ Three numbers of Horizontal Pressure Filters alongwith auxiliaries have been successfully commissioned on schedule at the Pellet Plant.
- ❖ MOU was signed between KIOCL Limited and Kerala State Industrial Development Corporation Limited for Iron Ore mining, setting up of beneficiation and Pelletisation plant in Kasargod/Kozhikode District in the State of Kerala on 22.09.2011. The MOU was signed in presence of the Hon'ble Minister of Steel, Govt. of India and Hon'ble Chief Minister of Kerala.
- ❖ There is a need to focus on enlarging ore supply basket around the world for augmenting raw material source through a process of acquiring mineral assets abroad. With this objective in mind, an MOU was signed on 05.03.2012 with M/s CURVE Capital Ventures, a London based Proprietary Investment Company and Prospecting License holder in Islamic Republic of Mauritania, Africa for exploration, development & mining in Akjoujt Iron Ore project.
- ❖ It is imperative to explore alternative source of water supply to our Mangalore plants in view of pending IA-1458 before Hon'ble Supreme Court. Matter was taken up with Mangalore City Corporation (MCC). It has resolved to supply water to KIOCL units at Panambur as per the bye laws adopted by the Corporation. Further action is in progress.

- ❖ To ensure uninterrupted movement of Iron Ore Fines from Bacheli and Kirandul, a second Port at Kakinada has been identified apart from Vizag, Movement of Ore through this Port has commenced, on end-to-end logistic solution basis.

3.0 PHYSICAL AND FINANCIAL HIGHLIGHTS

During the year 2011-12, the important physical and financial highlights are as under :

3.1 Physical Highlights

(Qty. in million tonnes)

Particulars	2011-12		2010-11		Percentage Change (Actual)
	MOU Target (Good)	Actual Achievement	MOU Target (Good)	Actual Achievement	
Production					
Pellets including Pellet Fines	3.000	1.710	2.780	2.124	(-)19%
Pig Iron and Auxiliary Materials	-	-	0.100	-	-
Sales					
Pellets including Pellet Fines	3.000	1.716	2.780	2.090	(-)18%
Pig Iron and Auxiliary Materials	-	0.010	0.100	0.020	(-)50%

3.2 Financial Highlights

(₹ in Crores)

Particulars	2011-12	2010-11
Turnover	1521.08	1803.46
Profit /(Loss) Before Tax	115.39	99.95
Profit /(Loss) After Tax	94.30	76.27

4.0 SEGMENT-WISE PERFORMANCE

4.1 Pellets

MOU target was 3 million tonnes of Pellet production under 'Good' category. Against this actual production during 2011-12 was 1.710 million tonnes which is 57% of the target.

Hon'ble Supreme Court of India on the advice of Central Empowered Committee:

- a. Banned the mining activities of Iron Ore in Karnataka with few exception in mining done by Companies like NMDC.
- b. Suspended the operation of long term agreement for sale of Iron Fines and directed that the Ore should be sold only through e-auction.
- c. Banned trading of Iron Ore Fines.

This resulted in NMDC and other private supplier invoking "Force Majeure" clause, to suspend Ore supply thereby adversely affecting its availability. This led to low capacity utilization at the Pellet plant.

4.2 Pig Iron and Auxiliary

Owing to generation of 'Negative Contribution', operation of Blast Furnace Unit (BFU) is suspended since 05-08-2009. The situation remains the same in 2011-12. Accordingly no target was set for Pig Iron production.

To make the unit viable, KIOCL Board has approved:-

- Setting up of 3 lakh ton capacity Coke Oven Battery along with 25 Mw capacity Captive Power Plant as backward integration and
- Identification of joint venture partner for setting up of Ductile Spun Pipe Plant as forward integration.

The Company has initiated action for the same.

- 4.3 The following table summarises the production performance during the last three years:-

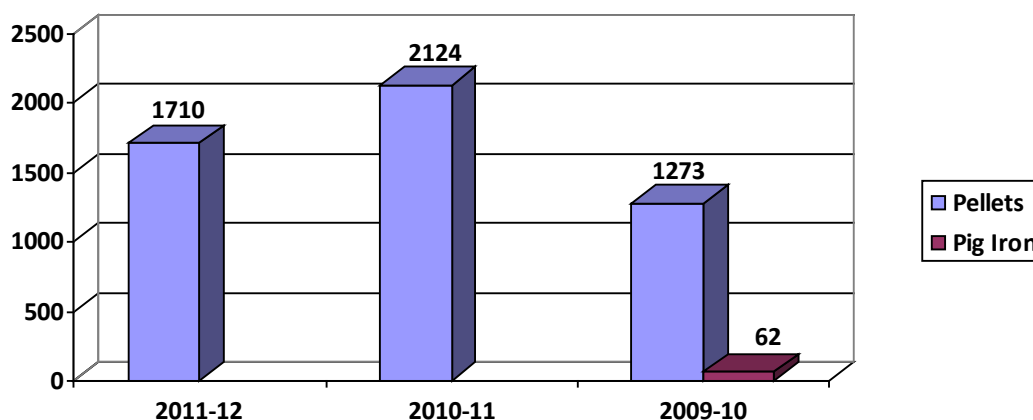
PP : Pellet plant, PI : Pig Iron

(Qty. In million tonnes)

Year	MOU target		Actual production		Capacity utilisation of installed capacity in %	
	PP	PI	PP	PI	PP	PI
2011-12	3.000	-	1.710	-	49	-
2010-11	2.780	0.100	2.124	-	61	-
2009-10	2.650	0.170	1.273	0.062	36	29

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

- 4.4 The production performance in respect of Pellets and Pig Iron (in thousand dry metric tonnes) for the last three years is reproduced below in a graphic form:-



5.0 MARKETING AND EXPORTS:

During the year, Pellets were sold to overseas and domestic buyers. From the existing stock, Pig Iron & Auxiliary were sold in the Domestic market.

Sale of pellets in the DTA represented 69% and 72% of the total sale in quantitative and monetary terms respectively.

5.1 Country-wise details of shipments made during the year are as under:-

(In Dry Metric Tonnes)

	Pellets
Export sales	
China	536618
DTA sales	
JSW Ispat Industries Ltd	413616
Essar Steel Ltd	388292
Welspun Power & Steel Limited	138871
Bhushan Power & Steel Ltd	70402
Steel Authority of India Ltd	153163
Nova Iron & Steel Ltd	14901
Total	1715863

9,763 tonnes of Pig Iron Auxiliary was sold in the domestic market during the year.

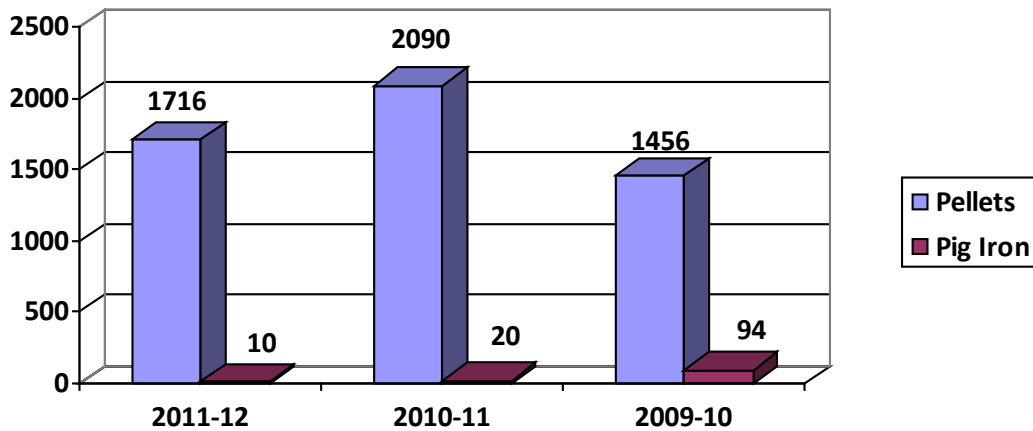
5.2 Sales performance during the past three years is summarised below:-

Qty: in Million Tonnes, Value: ₹ In Lakhs

Year	Pellets		Pig Iron		Total	
	Qty	Value	Qty	Value	Qty	Value
2011-12	1.716	150364	0.010	1744	1.726	152108
2010-11	2.090	174931	0.020	5415	2.110	180346
2009-10	1.456	79226	0.094	20046	1.550	99272

(Note: Pellets includes Pellet Fines, Pig Iron includes Auxiliary.)

5.3 Despatches in terms of quantity (in thousand dry metric tonnes) during the last three years are represented in graphic form below:



5.4 During the year, 38 shipments of Pellets were sold through New Mangalore Port as compared to 44 during 2010-11.

5.5 Market Scenario:

During the year 2011, World Iron Ore market witnessed high degree of volatility. Iron Ore prices experienced volatility. In spite of this, the World crude Steel production reached a level of 1,490.06 million tonnes which is about 5.4% higher year on year. China contributed for about 49% of the total World Steel production and India's share in World production is about 4.9% and occupied 4th position.

World Steel consumption is expected to grow by 4% - 6% during 2012 mainly due to expected increase in demand for creating infrastructural facilities in the emerging markets. Even though the growth projections are low, it is expected to increase demand stimulating additional production of Iron Ore.

Uncertainties associated with raw material supply in the World market are likely to continue in 2012. Existing supply sources face export restrictions in major exporting Countries. Abnormal weather conditions in countries like Australia are also likely to hamper Iron Ore supplies. New project realisation could be seriously limited due to difficulties in acquiring environmental clearances. In spite of uncertainties, Iron Ore prices are likely to remain stable during 2012.

The domestic Steel consumption is expected to grow by about 8%. However, the prices are likely to fluctuate due to delay in obtaining mining lease renewals & ban on Iron Ore mining in Karnataka. Pellet market is expected to witness over-supplies due to additional capacities that are being created both inside and outside the Country.

Distance based charges: The Company is a Port based manufacturing unit having its Pelletisation Complex at Mangalore. It enjoys 100% Export Oriented Unit status thereby clearly indicating that the Company's operations are export oriented for its product- Pellets. With the suspension of mining operations at Kudremukh mine site, the Company is procuring Iron Ore fines from NMDC Mines & transporting

the same to its plants at Mangalore by Rail or Rail cum Sea route. Railways have raised an issue regarding applicability of Distance based charges over and above normal freight on Iron Ore transported through Railway network for manufacture of Pellets meant for export. This has turned Pellets uneconomical for sourcing by overseas market. However, the Iron Ore so moved and utilised in the Steel plants for manufacture of steel and subsequent export does not attract Distance based charges. This benefit is not available for Pellets though it is a manufactured and a value added product, technically & commercially, like Steel but distinct from Iron Ore fines and Lumps. It is a clear violation of Article XIV of Constitution of India.

Accordingly, the issue of Distance Based Charge raised by Railways is challenged before the Hon'ble High Court of Karnataka through a writ petition. The Writ Petition is duly admitted and is pending before the Hon'ble Court.

6.0 PROFIT AND DIVIDEND

During the year under review, your Company has earned profit before tax of ₹ 115.39 crores on a turnover of ₹ 1521.08 crores in comparison to previous year's achievement of ₹ 99.95 crores and ₹ 1803.46 crores respectively. Subject to shareholder's approval, the Board has recommended payment of dividend @ 20.19% of Profit after Tax (Re 0.30 per share). The total financial implication will be ₹ 19.04 crores excluding Dividend Tax.

7.0 MEMORANDUM OF UNDERSTANDING WITH GOVERNMENT OF INDIA

Your Company has been signing the Memorandum of Understanding every year with its Administrative Ministry, i.e., Ministry of Steel. MoU for the year 2012-13 was signed on 13.03.2012, with a production target of 2.5 million tonnes of Pellets for achieving the "Good" rating along with thrust on holistic growth encompassing customer satisfaction, HRD, R&D, Sustainable Development and CSR initiatives.

The performance evaluation of the Company for the year 2010-11 vis-a-vis MoU targets is rated as 'Very Good'.

Performance Evaluation of the Company for the year 2011-12 vis-à-vis MoU targets on provisional basis results in KIOCL achieving "Very Good" rating again.

8.0 PROJECT EXPANSION AND BUSINESS DIVERSIFICATION

8.1 Ductile Iron Spun Pipe Project

8.1.1 The Company has proposed to set up Ductile Iron Spun Pipe Project (DISP) Plant, under forward Integration in Blast Furnace Unit complex. M/s ICRA Management Consulting Services Limited has updated the Market Assessment study report of the Ductile Pipes in India. M/s. Ernst & Young has studied and submitted the Financial Analysis (Business Plan) for the setting up of a DISP Plant. Both the reports have been reviewed by KIOCL.

8.1.2 As decided by KIOCL Board, work order was placed on M/s. MECON for the preparation of Detailed Project Report (DPR) for DISP project as forward integration to Blast Furnace Unit. M/s. MECON has submitted the final DPR. During the 206th meeting of the Board, the DPR has been approved

and advised KIOCL to identify a partner for setting up of 1,00,000 TPA DISP plant at an estimated cost of ₹ 308.612 Crores at BFU Mangalore. On identifying the partner, a Special Purpose Vehicle (SPV) has to be created for implementation of DISP project. Action has been initiated for fixing up a consultant for identification of a partner through an open tender enquiry for setting up of 1,00,000 TPA capacity DISP Plant.

8.2 Procurement and installation of Horizontal Pressure Filters

8.2.1 Three Numbers of Pressure Filters along with Auxiliary equipments were received and Pressure Filters are commissioned on 28-09-2011. The Pressure Filters are in operation.

8.2.2 With the installation of above filters, the Filter plant capacity is adequate to produce 3.5 million tonnes of Pellets per annum. Hence, the requirement of further installation of Horizontal Pressure Filters is not considered at this stage.

8.3 Bulk Material Handling and Railway Siding Facilities:

8.3.1 The Company has purchased a total of 56.05 acres of land from M/s. Karnataka Industrial Area Development Board (KIADB) and Private land owner. M/s MECON Limited have furnished the Detailed Project Report for the Bulk Material Handling Project with the revised estimate costing ₹ 173 Crores.

8.3.2 M/s. Konkan Railway Corporation Limited has submitted the revised track alignment route avoiding the Diamond Crossing for safety reasons. The revised alignments necessitated swapping of a small area of land from KIADB and also purchase of a few acres of land from the private land owners. Matter has been taken up with KIADB and private land owners based on the requirement of additional land. 3.19 acres of land has already been purchased and efforts are on to purchase the balance quantity of 2.04 acres also.

8.4 Construction of Storage Silos with handling facilities

As approved by the Board, the augmentation of the Iron Ore feeding system for uninterrupted supply of Ore for the existing ball mills by providing 8000 MT capacity RCC Silo and its associated material handling system along with screens in the grinding circuit is at the final stage of completion at Pellet Plant, Mangalore.

8.5 Non-Recovery Coke Oven Plant with 25 MW CPP at Mangalore:

8.5.1 In order to make the Blast Furnace Unit (BFU) economically viable on standalone basis, it is proposed to set-up a Coke Oven Battery with Captive Power plant as backward integration project. The total investment for this project is estimated at ₹ 452.22 crores for setting up of 3 lakh tonnes per annum non recovery type Coke Oven Plant with 25 MW Captive Power plant by utilizing the hot flue gases from the Coke ovens. The total area earmarked for the project is 48 acres available, within the Blast Furnace unit.

8.5.2 The Board of Directors at their 201st meeting held on 25-03-2011 has approved the proposal with a debt equity ratio of 1:2.

8.5.3 Your Company has submitted the necessary forms & feasibility report to Ministry of Environment and Forest (MoEF), New Delhi and obtained the Terms of Reference (TOR). The Final EIA/EMP report for the project was submitted to MoEF, New Delhi and made a presentation on 30th March 2012 for issue of Environment Clearance (EC). Further, MoEF had sought KIOCL to submit details on Coal Linkage & other project related information. Company is in the process of submitting the same to MoEF.

8.5.4 The Company has already finalized an agency for the detailed engineering services (consultancy part) for the project. Subsequent to finalization of tender terms, proposal has been put up for approval to float the tender for Coke Oven batteries along with Coal and Coke handling system.

8.6 Eco-Tourism at Kudremukh

8.6.1 While exploring alternate measures to utilize its assets and infrastructural facilities available at Kudremukh, KIOCL approached Govt. of Karnataka with a plan of developing eco-tourism and sought for renewal of revenue land lease (1220 ha). Govt. of Karnataka agreed in principle to accord permission for change of purpose from mining to eco tourism and advised KIOCL to prepare Detailed Project Report (DPR) and also to work jointly with Jungle Lodges & Resorts Limited (JLR) (A Govt. of Karnataka Undertaking) for the project.

8.6.2 DPR has been prepared for the project. KIOCL also submitted the draft MoU to JLR for their consent and participation in the project. KIOCL also provided Executive Summary of master plan and business plan to JLR for reference. However, vide their letter no: JLR: 2012-13/96 dated 20 Apr 2012, JLR have informed that they are not interested in proposed Creation of Eco-Tourism facilities at Kudremukh. In view of the above, with necessary approvals from the concerned, KIOCL shall pursue the eco-tourism project on stand-alone basis.

8.7 Removal of Secondary Weathered Ore in already broken up area at Kudremukh Iron Ore Mine, Kudremukh

8.7.1 Govt. of India, Ministry of Steel filed IA No. 3087, before the Hon'ble Supreme Court on 16.12.2010, seeking directions to remove the secondary weathered ore lying in the already broken up area at Kudremukh.

8.8 Under Ground Mining Technology for Mining in western ghat area

8.8.1 Indian Council for Forestry Research and Education (ICFRE) while submitting a report w.r.t. illegal mining activities in the State of Karnataka to Central Empowered Committee (CEC) as per the directive of Hon'ble Supreme Court, suggested for exploring the possibility of adopting Underground Mining Technology for mining in Western Ghat area.

8.9 Removal of Lakya Dam Tailings

A Detailed Project Report on desilting of Lakya Dam for safety and environmental reasons and commercial utilization of the tailings has already been prepared by KIOCL and submitted to Ministry of Steel. Company has requested Govt. of Karnataka to accord permission for removal of tailings deposited in the Lakya Dam.

8.10 MOU with Government of Kerala

8.10.1 A MoU was signed between KIOCL Limited (KIOCL) and Kerala State Industrial Development Corporation Limited (KSIDC) for Iron Ore mining, setting up of beneficiation and Pelletisation Plant in the Kasaragod / Kozhikode Dist. in the state of Kerala on 22 September 2011 at Udyog Bhavan, New Delhi in the presence of Hon'ble Minister of Steel, Govt. of India and Hon'ble Chief Minister of Kerala.

8.10.2 The first joint meeting of Steering Committee was held at Thiruvananthapuram. In the said meeting it was concluded that KSIDC shall approach Director, Mines and Geology, Govt. of Kerala to identify the free hold Iron Ore deposits in the District of Kozhikode for grant of PL/Mining Lease and thereafter to take up jointly the exploration and development of Iron Ore deposit for mining and setting up of beneficiation, Pelletisation plant. However, KSIDC confirmed that the land at Alampara falls under forest and the free lands containing Iron Ore is not available in Kozhikode dist. In view of this KSIDC would search alternate Iron Ore deposit in Kasargod dist for the project.

8.11 Strategic Partnership with CURVE CAPITAL VENTURES LIMITED (CURVE CAP) for Iron Ore mining in Mauritania, West Africa

KIOCL is consistently putting efforts to explore the opportunities of acquiring the Iron Ore and other mineral assets overseas. One such opportunity came across was the bid floated by CURVE CAP in the month of August 2011 for a strategic partner to further explore, develop and mining of Iron Ore in Prospecting License area under PL no. 1178 granted to CURVE CAP by Islamic Republic of Mauritania, Africa covering an area of 983 sq km located near Akjoujt town. In response to the bid, KIOCL submitted its bid on 31 Aug 2011. KIOCL was selected as the preferred bidder and further as strategic partner for the development and operation of Akjoujt Iron Ore project. KIOCL officers also visited Akjoujt Iron Ore Project, Mauritania to have initial assessment and opined that Akjoujt Iron Ore Deposit has potential to pursue further.

In accordance with the approval of the KIOCL Board, MoU was signed between KIOCL and CURVE CAP on 5th March 2012, to take the proposal forward.

Further as directed by the Board, action has been initiated to carry out the due diligence on Technical, Financial and Legal aspect of the proposed mining site and of CURVE CAP. The same shall have the coverage of 360° and shall be completed before entering into any formal agreement with financial commitments.

9. MINING LEASES FOR IRON ORE DEPOSIT

9.1 CHIKKANAYAKANAHALLI IRON ORE MINING LEASE, RAMANDURGA IRON ORE DEPOSIT AND OTHER APPLIED MINING LEASES IN THE STATE OF KARNATAKA

The above ML applications are at different stages of processing by State Government.

Subsequent to banning of Mining Activities in the districts of Bellary, Chitradurga and Tumkur covering the above stated deposits and further recommendation of CEC to Hon'ble Supreme Court which inter-alia states that no new mining leases, including for which notifications have already been issued will be granted without obtaining the permission of the court, issue of ML to KIOCL are further expected to get delayed.

9.2 Khandadhar Iron ore Deposit

KIOCL has contested the rejection of its application for grant of ML for Iron and Manganese ore by Govt. of Odisha at various Courts including Hon'ble Supreme Court. Pending the judgment no further activities are undertaken towards this proposal.

9.3 Iron ore mining in the State of Andhra Pradesh

In an effort to get mining leases for Iron Ore deposit in the State of Andhra Pradesh a meeting was held on 10.02.2012 and 20.04.2012 with Hon'ble Chief Minister of Andhra Pradesh wherein Hon'ble Revenue, Relief and Rehabilitation, Govt. of Andhra Pradesh was also present. The Company has requested for allocation of Iron Ore mining leases for its proposed Integrated Steel project to be set up in the State of Andhra Pradesh. Hon'ble Chief Minister has directed concerned officials to convene a high level meeting at the earliest to examine KIOCL's proposal.

In this direction the Company has submitted the following applications on 26-03-2012 at the office of Assistant Director (Mines & Geology), Ananthapur District in the State of Andhra Pradesh viz.,

- a. Prospecting licence (PL) application for a prospecting area of 1200 ha. in the Nemakallu & Hiradahalu villages, Bommanhal & D. Hirehal Mandal, Ananthapur District; and
- b. Mining Lease (ML) application for an area of 1600 ha. in Oblapuram, Siddapuram & Malpanagudi villages of D. Hirehal Mandal of Ananthapur District.

10. ENVIRONMENTAL MANAGEMENT

- 10.1 Your Company has been accredited with ISO 14001-2004 EMS by M/s DNV. The EMS Certification is valid up to 09-11-2012.

10.2 Over the years, your Company is committed to preserve the Ecology and prevention of pollution in its mining/manufacturing activities. In this direction, some of the major initiatives taken by the Company which include the following:

- 150 water sprinklers are installed and are in operation for suppression of dust in the plant premises
- Stacks installed in the Pellet Plant and Captive Power Plant at Mangalore for discharge of emissions have been provided with Air pollution control equipments such as Wet scrubbers, Bag filters, Multiclones and Fuel Gas Desulphurisation. The discharges from the wet scrubbers are recycled in the process and the dust collected in the Multiclones /Bag filters are recycled. The cost towards operation and maintenance of Air pollution control equipments is ₹ 1 Crore.
- A pit with pumping arrangement has been provided in the Ball Mill area for recirculation of the floor washings and spillages.
- The upgradation of the existing STP adopting MBR technology and laying of a new sewerage network to divert the sewage to the centralized STP is in progress. The cost of the up gradation is ₹ 95.20 lakhs.
- Your Company has decided to switch over to Low sulphur furnace oil (S < 2.0 %) at the Captive Power Plant from existing Sulphur content of 3.20 %. The change over in the fuel helps to meet the stipulated emission norms and also forego the existing Flue Gas Desulphurisation units which generated 50 KLD of effluent.
- Asphaltting of 450 metres of internal road is being done within the plant area. The asphaltting will prevent the dust emissions generated during the movement of Iron Ore laden dumpers and heavy earth moving equipments. The cost of the project is ₹ 46 lakhs.
- A coke shed for storage of additional quantity of 1000 tonnes is being constructed adjacent to the existing Coke shed. The cost of the project is ₹ 50 lakhs. The construction of the shed prevents dust emissions during handling of Coke fines and also prevents the wash off during monsoon.
- Storm Water Drain for a length of 280 metres is being upgraded in Pellet plant area. The cost of the project is ₹ 15 lakhs.
- Cement concrete platforms are proposed to be constructed at 10 locations to prevent oil seepage from air compressor area and other maintenance sheds. The cost of the project is ₹ 10 lakhs.
- KIOCL has provided a financial assistance of ₹ 19.70 lakhs to Karnataka Forest Dept for planting 2600 saplings and maintaining them for 3 years continuously.
- The ambient air, stack monitoring and waste water monitoring is being carried out as per the requirements stipulated in the KSPCB consent. The monitoring is being carried out by engaging KSPCB empanelled agencies. An expenditure of ₹ 12 lakhs is being spent on environmental monitoring.



- The Bio medical wastes generated at the health centres are being disposed scientifically through KSPCB and MOEF approved agencies.
- KIOCL strictly adheres to the norms and guidelines of the CPCB and the KSPCB and has achieved good compliance status.

11. SAFETY

- 11.1 Although the mining activities at Kudremukh has been stopped with effect from 01-01-2006 as per the Hon'ble Supreme Court's verdict, regular safety inspections are being carried out to ensure safety and occupational health of employees engaged in upkeep and maintenance of Mining Equipments, essential services like water pumping, watch and ward etc. Safety awareness training is being imparted to the new contract labourers who are coming for dismantling the structures and other related works at Kudremukh.
- 11.2 Workers participation in Safety Management System is one of the important criteria adopted by the Company. Area wise Safety Committees are formed. Workers participation in these Safety Committees is ensured. The Committee meetings are conducted at regular intervals.
- 11.3 Safety inspections are carried out regularly by the safety Officer along with Safety Committee members. Safety points are discussed in the Safety meetings held once in three months. Suitable action is taken for implementation of the shortfalls if any for improvement.
- 11.4 Various training programmes are being conducted to inculcate safety consciousness and to develop human resources. Refresher training covering their area of working, First Aid Training, Fire Fighting, Awareness programme on Quality, Environment, Health & Safety Management System are conducted on need base regularly and covered 3317 mandays of training for workmen, 1269 mandays for executives and 150 mandays for contract employees. First Aid training has been conducted for a batch of 30 non-executive employees.
- 11.5 As the Mangalore unit is under the aegis of the Factories Act from January 2006, the National Safety Day & Safety week is celebrated from 4th to 10th March every year. National Safety Flag hoisting, Safety Essays, Safety Slogan competition in Hindi, English & Kannada languages and Drawing competitions are conducted.

12. QUALITY CONTROL - ISO 9001: 2008

The Company's Quality Management System is certified under ISO 9001:2008 International Standard. This Certificate is valid upto 09-11-2012.

13. OCCUPATIONAL HEALTH & SAFETY MANAGEMENT SYSTEM – OHSAS 18001:2007

The Company's Occupational Health and Safety Management System is certified as per International Standard OHSAS – 18001:2007. This Certificate is valid upto 09-11-2012.

14. PUBLIC/STAFF GRIEVANCE REDRESSAL

- 14.1 Your Company has framed a well defined grievance procedure evolved under the Code of Discipline from the very inception of the Company. Since its introduction, the Scheme has been working satisfactorily without any complaint from any corner, either from the recognised Union or Officers Association of the Company. Grievances received have been redressed to the satisfaction of the aggrieved employees. As regards public grievance, as and when any complaints are received from the public, necessary remedial action, if any, is taken by the Company immediately.
- 14.2 Complaints/grievances other than the staff grievance are categorised into customer/ consumer complaints/grievances from the Contractors, NGOs/ General Public etc. The respective project heads are empowered to dispose off the grievances concerning their areas and the general public. Linkage has been provided to Centralized Public Grievances Redressal & Monitoring System (CPGRAMS) with effect from 01.05.2011.
- 14.3 As regards women employees, the guidelines laid down by the Hon'ble Supreme Court in the matter relating to sexual harassment of women in work place are strictly followed.
- 14.4 The grievances received and disposed off by the Company are reported to the Administrative Ministry on a monthly basis. The guidelines laid down by the Government of India in this regard are being followed. The Government also reviews the subject matter periodically.
- 14.5 The Second Administration Reforms Commission in its 12th report "Citizens Centric Administration" – the Heart of Governance recommended for making organisation transparent, accountable and citizens friendly through making citizen charter more effective and mandatory. It also makes all Responsibility Centre to have Citizen Charter. Based on above recommendation, a Public Service Delivery (Sevottam) created for assessing and improving the quality of services delivery for the citizens. The system also involves the identification of the services delivered to the citizens, quality service, its objective, improvement of quality, by using innovative methods for developing business process and more informative with the help of information technology. The same is also available in Company's website.

15. CORPORATE SOCIAL RESPONSIBILITY (CSR)

Company's Corporate Social Responsibility (CSR) Policy has identified the following broad areas for providing benefit to the stakeholders:

- Education
- Community Development
- Promotion of Art, Culture & Sports
- Health Care

During the year 2011-12 the Company has spent ₹ 119 lakhs as against budget allocation of ₹ 230 lakhs on various activities. Some of the schemes undertaken during the year 2011-12 and amount spent against them are as under:-

Sl. No.	Name of the project	Purpose for which sponsored	Amount spent in ₹ lakhs
1	Infrastructural facilities to educational Institutions -	Shoes, Shocks, ties & Belts to SC School, Lab equipments to Horanadu School, construction of class rooms for Deaf & Dumb School to Tumkur Red Cross Society, Construction of Class rooms to Baikampady Mogaveera Mahasabha and Bharathi Colege, Construction of Dormitory for Visually impaired, Computers to Snehadeepa Trust for Visually challenged, School bus to Sheva Bharathi Chetana Spastic Society, Brailee Computer printer for Bhima Bhoi School for Blind, Odisha etc.	35.62
2	Community Development a) Drinking water facility b) Roads, Electricity & Traffic signaling, Bus shelter etc.,	Water supply to Kalasa, Bore well to Saraswathi Vidyaniketan, Drinking water facility at Suratkal, Kulur & Mulki Bus Stands. Bus shelter at Madivala and Generator set for Ava Maria Palliative center, Mangalore	13.80 7.42
3	Promotion of Art, Culture, Sports	Taluk level sports meet, sports activities in Chikkanayakanahalli, Little Sisters of the Poor –old age home, Badminton Association of India for challenged, Pilikula Nisarga Dhama for adoption of Leopard, sponsorship of Air Ticket to participate in Mr. Universe championship, National youth festival, Volly ball tournament by Mangala Sports and shifting of Nagabana	18.12
4	Medical/ Health care a) Provision of infrastructural facilities-	Hospital equipments to Kalasa Hospital, construction of ICU etc for Old age Home-Little Sisters of the Poor, Provision of Tele-Rehabilitation centre to Spastic Society, Medical equipments to Govt. TB Hospital, Ambulance Van to Old Age Home, Mandur, Investigation Room to Govt. Primary Health Centre Katipala, Construction of Health Centre at Kenkanagondaa, Medical equipment to Govt. Goschen Hospital.	26.90

	b) Provision of Medical facility for BPL families/Citizen	Medical camp at Meenakaliya & Jyothinagar, medical facility to outsiders at Kudremukh Hospital, Medical aid to Mr. Ranjit, Master Manjunath, Baby Ramya & Rekha and Smt. Heeramma	1.85
5	Recurring items & others	School fees to students of KVES Chikkaballapur, School fees to KV Students of Kudremukh, Dining table & chairs to disabled-M/s Asaniketan, School fee for outside children at KV, Kudremukh and School Bus facility to outsiders from Kudremukh to Kalasa,	15.29
		TOTAL	119.00

16. PARLIAMENTARY COMMITTEE

During the year, your Company was honoured by the visit of Standing Committee on Coal & Steel on 6th June 2011.

17. IMPLEMENTATION OF OFFICIAL LANGUAGE POLICY

17.1 The Company follows the directives issued from time to time by the Department of Official Language, Ministry of Home Affairs and Ministry of Steel, Govt of India for progressive use of Official Language Hindi.

17.2 Hindi training is given to the employees. Cash awards and increments are given as per 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. Cash awards are given to such of those employees who do the official work in Hindi.

17.3 All the stationery, Name plates and Name boards of the Company are in bilingual form. Annual Report, MoU, House Magazine, Employees' Pension Scheme etc., are printed in Hindi also. Hindi Software is provided in Computers in all Departments. Unicode is being activated in all the Computers and being used in all the locations of the Company.

17.4 Official Language implementation committee meetings take place regularly and the progress during the previous quarter is reviewed in such meetings. Hindi Fortnight was celebrated at all locations of the Company. Hindi programmes and several Hindi competitions are held and prizes distributed to the winners. A presentation on "Chandrayan" and also an orientation programme were arranged for the senior executives of the Company on 14.09.2011. During this occasion Hindi website of the Company was also launched by Director (Commercial) on 24.09.2011.

17.5 During the year, 04 workshops one each in each quarter were conducted to impart practical training to employees for doing their official work in Hindi.



- 17.6 Your Company was conferred with Rajbhasha Shield by Town Official Language Implementation Committee (Undertaking), Bangalore on 04.07.2011 for its Official Language Implementation. The award was received by Director (Commercial) and other Sr. Executives of the Company.
- 17.7 Shri Ashok Kumar, Joint Director, Ministry of Steel, New Delhi visited our New Delhi and Bhubaneswar Offices on 09-03-2011 & 29-07-2011 and inspected the official Language Implementation in the Office. Joint Director appreciated the efforts of the Company for implementation of Official Language Policy.
- 17.8 Your Company is Convenor of Bangalore Town Official Language Implementation Committee (Undertakings) and conducts regular meetings and Joint Hindi Fortnight programmes for all Central PSUs in Bangalore. The meetings were conducted on 4th July, 2011 and 5th December, 2011 and presided by Shri. K. Ranganath, Chairman-cum-Managing Director. During these meetings Ms. B.S. Shantha Bai, General Secretary, Karnataka Mahila Hindi Seva Samiti, Bangalore and Shri. Rajendra Singh Narooka, Chief Editor, Rajasthan Patrika were honoured for their services in the field of propagation of Hindi.
- 17.9 The Company organised a Joint Hindi Fortnight for Town Official Language Implementation Committee (Undertakings) members and 16 Competitions were conducted. Most of the PSU Offices in Bangalore have participated in these competitions. Prize distribution function was organized in December. Offices of Official Language Department, Ministry of Home were also invited to address the members.
- 17.10 The Company has published 6th and 7th issues of half yearly Hindi Magazine "Deepika" under TOLIC banner which covered Official Language Implementation activities of Bangalore PSUs and other articles on Hindi promotion.
- 17.11 The Company has arranged "Hindi Kavya Sandhya" under TOLIC Banner on 13.02.2012. Shri. K. Ranganath, Chairman-cum-Managing Director presided the Function and Dr. Chiranjeev Singh, IAS graced the occasion and he commended the Company and TOLIC for having conducted the Kavya Sandhya. 25 Poets from the Member Offices and PSU's have participated and recited their poems.
- 17.12 The Company has arranged an Orientation Programme for Official Language Staff of PSUs on 27.03.2012 under TOLIC Banner. 73 Participants from different PSUs have participated in the Programme. Faculties were arranged for the programme from Mumbai and Bangalore.

18. PERSONNEL

- 18.1 Total number of employees on the rolls of the Company as on 31.3.2012 was 1319 consisting of 854 workmen, 421 Executives and 44 Supervisors as against 1347 on 31.3.2011.
- 18.2 Recruitment: 2 candidates in Group 'A' (Executives) were appointed during the financial year 2011-12. Out of 2 candidates, 1 SC candidate was recruited and 1 SC candidate was reappointed as per the Court Order. There was no recruitment in Group 'B', 'C' 'D' & 'D(S)'.

18.3 SCs/STs and women employees

The following table shows the number of SCs, STs, women employees, Ex-servicemen and Persons with Disabilities as against the total number of employees in different Groups on rolls of the Company as on 31.3.2012:

Group	Total No.of employees on rolls	SC	ST	No.of women employees	Ex-servicemen	Persons with Disabilities
A	421	52	14	23	01	08
B	44	05	01	06	02	-
C	785	114	35	17	07	08
D	62	14	08	03	-	03
D(Sweepers)	07	06	-	02	-	-
Total	1319	191	58	51	10	19

18.4 Voluntary Retirement Scheme:

During the year 2011-12 (April 2011 to March 2012), Company has introduced VR Scheme during January 2012 & February 2012. 27 employees of the Company have opted for VR. Out of them, one has been released during the year and the remaining 26 employees will be released during the year 2012-13 on their specific request.

18.5 Compliance under Persons with Disabilities Act, 1995

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

19. INDUSTRIAL RELATIONS AND EMPLOYEES WELFARE :

- 19.1 The Industrial Relations situation remained peaceful throughout the year in all the establishments of the Company. Issues relating to productivity, safety, welfare, etc., are mutually discussed with employee representatives.
- 19.2 Right from inception, the Company has provided various amenities to its employees, such as well planned Township, Hospitals, Schools, Recreation, Cable TV Net work, Parks, Temples, Church, Mosque, etc., besides Grant of Scholarships, Reimbursement of School Fees, Uniforms, Children's Out-station Education Allowance, Entertainment, Internet, Magazine and Technical journal allowance etc.
- 19.3 10% of type 'A' and 'B' quarters and 5% of 'C' and 'D' type quarters are reserved for SC/ST employees.
- 19.4 As in the previous years, Dr. Ambedkar Jayanthi was celebrated at all locations on 14th April 2011.

20. HUMAN RESOURCE DEVELOPMENT

20.1 Human Resource Development is a continuous process. Training and Development at all levels of employees is given priority by the Company to improve their skills and contribute productively to the Company. During the year, the achievement in the area was 1197 Executive trained mandays, 2660 Non-Executive trained mandays and 1005 trained mandays on Sustainable Development inclusive of safety training.

20.2 In- house training Programmes:

During the year 2011-12, the following in-house training programmes were organized for Executives and Non-executives to enhance their skills and knowledge like Inter-personal Communication Skills, Stress Management, Managerial Effectiveness, Women Empowerment, Healthy Life and Happy Living, Midlife in Women – Crisis or Opportunities, Finance for Non-Finance, First Aid training, Awareness Programmes on Vigilance, IMS, SA: 8000, Fire fighting Instruments, HIV/AIDS, Productivity.

20.3 Nomination to External Trainings/ Seminars/ Workshops:

Company has also nominated employees for various seminars and conferences conducted at different locations on subjects like Earthing for Power Systems, Export/ Import Documentation and Procedures, Understanding Revised Schedule VI – Presentation and Disclosures, Mines, Safety and Legislation, Man Management, Discipline & Domestic Enquiry, Excellence in Execution of CSR Projects, Quest for Excellence, Imperatives for Indian PSU's, Implementation of Reservation Policy on SC's, ST's, OBC's & Persons With Disabilities in PSE's , Mining Exploration Convention & Trade Show, Photogrammetry and Remote sensing, Maintenance of Switchgear & Instrument Transformers, Mineral Process Technology, HR Practices for Organizational Excellence, Cost Accounting Records Rules 2011 and Cost Audit Report Rules 2011, 22nd National WIPS Meet, High Performance Leadership (HPL) in India, Contractual Risk, Insurance and Indemnities, Recent Development's in Mining Equipments & Machineries, Processing of Iron Ore Fines and Slimes, 7th Asia Gas Partnership Summit, Competition Law & Public Procurement etc

20.4 Training on Management Systems:

- Apart from the above, during the year about 40 executives were trained as Internal Auditor under the Integrated Management System (IMS) ISO: 9001, ISO: 14001 and OHSAS: 18001.
- About 15 Executives were trained as Internal Auditor under SA: 8000 Standards.

20.5 Training for Directors:

- Company has sponsored Shri V K Agarwal – Independent Director, to attend the Programme on “Corporate Governance” organized by SCOPE on 14 – 15 December 2011 at New Delhi.
- Company has nominated Shri Laxminarayana – Director (Finance), to the programme on “Master class for Directors” organized by Institute of Directors on 24-26 February 2012 at Bangalore.

21. AWARD AND RECOGNITION

Company was conferred with Rajbhasha Shield by Town Official Language Implementation Committee (Undertaking), Bangalore on 04.07.2011 for its Official Language Implementation. The award was received by Director (Commercial) and other Sr. Executives of the Company.

22. VIGILANCE

- 22.1 ISO 9001-2008: Vigilance Department of KIOCL obtained ISO-9001:2008 Certificate on 07.11.2006 with a validity of 3 years. On Completion of 3 years, certifying agency revalidated the certificate up to 8th December, 2012.
- 22.2. Integrity Pact Programme: Integrity Pact Programme was introduced in KIOCL from 01.01.2008. At present, IEMs are Sri. Abhijit Sengupta, IAS (Retd) and Sri. Lukose Vallatharai, IAS (Retd.) and their term is valid till 31.12.2013. During the last one year, 114 tenders have been issued incorporating IP clause. Till date, no complaints have been received under Integrity Pact.
- 22.3 Inspections: CTE type inspections are being carried out regularly to ensure strict adherence to norms and eliminate deviations. During this period, total 7 CTE inspections, 29 surprise checks, 31 general inspections and 44 scrutiny of files were carried out during the period under review. i.e. from April 2011 to March 2012.
- 22.4 Submission of Annual Property Returns: Submission of Annual Property Returns has been made online. There are 481 officers in the organization. As per the CVC guidelines 20% of above is to be scrutinized every year. Accordingly scrutiny of Annual Property Returns of 96 officers commenced in the month of April and completed by October, 2011.
- 22.5 Structured Meetings of Vigilance: As per the instructions of CVC and Ministry of Steel, Structured Meeting of Vigilance with the management is being conducted regularly. During the current year, two such meetings have been conducted. Issues related to e-governance, Leveraging Technology, Integrity Pact, Tender management, Award of works, Recruitment policy have been discussed.
- 22.6 Leveraging Technology: With reference to Commission's circular, emphasizing the effective use of website and leveraging technology in discharge of regulatory, enforcement activities and dealing with complaints. KIOCL has been using website in various areas from 2001. The main areas concerning KIOCL are Contracts & Procurements, Applications for Registration of Contractors/ suppliers/ consultants / vendors etc. and status of bill payments to contractors / suppliers. All Tender documents, Notices and other proformas are posted on the websites. In order to encourage flow of genuine complaints, the procedure for making complaints is outlined in the website. Status of individual applications on website is updated every month. A summary of works/contracts/ purchases awarded above a predetermined threshold value is posted on website, every month.
- 22.7 E-governance: Disposal of scrap/ surplus items is being done by e-auction, since September 2004. Regularly, e-auctions are being held at Mangalore and Kudremukh. E-sales are in practice since two years. E-procurement auction by tendering-cum-

reverse auction has been commenced from September 2010. The threshold value for e-procurement is fixed at ₹ 5 lakhs and above. All payments above the threshold value of ₹ 1 lakh and above are being made through electronic mode.

- 22.8 Vigilance Awareness Week : Vigilance Awareness Week was observed from 31st October to 5th November 2011 in KIOCL Limited. On this occasion a programme was arranged on 3rd November 2011 at Corporate office Community Hall, Bangalore. Sri. Arvind Shrivatsava, IAS, Managing Director, Karnataka Urban Development Infrastructure Finance Corporation, Govt. of Karnataka was the Chief Guest. On this occasion, the Company honoured three officers for very high integrity who have scored excellent grading in respect of four traits such as fairness, transparency, discipline & ethical behaviour in their annual appraisals for three continuous years with an "Integrity Recognition Certificate". For easy reference, a Hand Book containing compilation of CVC circulars item wise was released at Bangalore.

At Mangalore Plant, on 5th November, interactive session was organized. Shri. Dharmiah, DCP (Crime) and Sri. Muthuraya, DCP (Law & Order), Mangalore were the Chief Guests. Workshops and seminars were conducted from 31st October to 5th Nov-2011 for the employees of Mangalore location. About 211 employees and 57 Students from Professional Colleges from Mangalore have attended the workshop. Focus was given on "Vigilance Administration in Public Sector", "Preventive Vigilance", "White Collar Crimes in Cities.

- 22.9 Training Programmes: During the period from 01.04.2011 to 31.03.2012, Vigilance Department conducted 7 training programmes at three different locations. 708 employees have participated in these programmes. Important topics such as Integrity Pact, leveraging technology, Handling of tenders & contracts, preventive vigilance, etc., were covered. All efforts are made to educate all the concerned to understand procedures/rules/instructions/etc., by organizing classes and interactive sessions.

- 22.10 Updation of Manuals: Various manuals such as Purchase Manual, Works Manual, Personnel Manual, Vigilance Manual, Stores Manual, Contracts Manual, Projects Manual, Commercial Manual, etc, have been prepared and put in practice since August 2009. As per the instructions of the CVC and the Ministry, Manuals are posted on the Company's website. Updation of manuals has been taken up recently and the same is completed.

- 22.11 Fraud Prevention Policy: As per the guidelines by the Department of Public Enterprise on Corporate Governance, Company adopted Fraud Prevention Policy on 12.08.2011. It provides a system for prevention/ detection/ reporting of any fraud that is detected or suspected and fair dealing of matters on the subject. Chief Vigilance Officer is the Nodal Officer.

23. RISK ASSESSMENT AND MINIMISATION POLICY

The Company has well laid down systems, procedures, guidelines, manuals in various areas providing for management of risks.

The Company has identified potential risk area and built checks have been put in place to mitigate risks, including the following:

- Public Procurement
- Market Security for sale of Pellets
- Security of Iron Ore Supplies
- Competitiveness of the product
- Non-Allotment of mining lease
- Environmental Issue
- Change in Technology
- Govt duties and taxes, interest volatility and shift in Govt. policies
- Diversification
- Production Risk
- Excess manpower
- Industrial relations
- Process water supply
- Corruption, fraud and white collar crimes
- Succession Plan
- Non Availability of qualified technical personnel to handle new projects.
- Manpower attritions

24. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed that –

- i. In the preparation of the Annual Accounts for the financial year 2011-12, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- ii. The Directors have selected such Accounting Policies and applied consistently, that made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31.03.2012 and of the Profit/(Loss) of the Company for the said period;
- iii. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv. The Directors have prepared the Accounts for the financial year ended 31.03.2012 on a going concern basis.

25. BOARD OF DIRECTORS

During the year under review, the following were appointed as Directors of the Company pursuant to orders of Ministry of Steel, Government of India:

Name of the Director	w.e.f.
i) Shri Upendra Prasad Singh	09.05.2011
ii) Shri K Subba Rao	09.06.2011
iii) Shri K Narasimha Murthy	02.08.2011
iv) Shri Vinai Kumar Agarwal	02.08.2011
v) Shri Laxminarayana	01.09.2011

The following Directors ceased to be Directors on the Board of the Company for the year under review:

Name of the Director	w.e.f.
i) Shri MB Padiyar	31.05.2011
ii) Shri TMGK Bhat	31.08.2011

The Board of Directors places on record its deep appreciation of the valuable services rendered by Shri MB Padiyar and Shri TMGK Bhat during their tenure on the Board of the Company.

In accordance with the provisions of the Articles of Association of the Company, Prof VR Sastry, Director would retire by rotation, at the ensuing Annual General Meeting, being eligible, offer himself for reappointment.

In accordance with the provisions of the Companies Act, 1956, Shri Laxminarayana, Shri K Narasimha Murthy and Shri Vinai Kumar Agarwal who were appointed as Additional Directors after the date of last Directors Report, shall vacate their offices at the ensuing Annual General Meeting. Necessary notices have been received from the Members of the Company under Section 257 of the Companies Act, 1956, proposing their candidature for appointment. The Board recommends their appointment.

Brief resume of the Directors seeking appointment/reappointment together with the nature of their expertise in specific functional areas, name of companies in which they hold directorships and the membership of Committees of the Board and shareholding of Non-Executive Directors as stipulate under clause 49 of the Listing Agreement are given in the Corporate Governance Report.

26. LISTING REQUIREMENTS

I. The Company's shares are listed on the following Stock exchanges:

Bangalore Stock Exchange Limited,
"Stock Exchange Towers",
No.51, 1st Cross, J.C.Road,
Bangalore – 560 027.

Madras Stock Exchange Limited,
Exchange Building,
P.O.Box No.183, 11 Second Line Beach,
Chennai – 600 001.

- II. The Company has paid the Annual listing fee to each of these Stock Exchanges for the year 2011-12.
- III. A report on the Corporate Governance is at Annexure-II.
- IV. A declaration by the Chairman-cum-Managing Director regarding the Code of Conduct for the Board Members and the Senior Management of the Company is at Appendix-I to Annexure-II.
- V. A Certificate from the Chairman-cum-Managing Director and the Director (Finance) regarding the Financial and Cash Flow statements is at Appendix-II to Annexure-II.
- VI. A certificate from a Company Secretary in Practice regarding compliance of conditions of Corporate Governance is at Annexure-III.
- VII. There is no pecuniary relationship or any transactions by any of the non-executive Directors vis-à-vis the Company.

27. STATUTORY AUDITORS

Pursuant to Section 619(2) of the Companies Act, 1956 the Comptroller and Auditor General of India has appointed M/s SRRK Sharma & Associates, Chartered Accountants as Statutory Auditors of the Company for the year 2011-12.

28. STATUTORY AUDITORS REPORT, COMMENTS OF C&AG AND MANAGEMENT REPLY

The Statutory Auditors observations in their report and management replies thereto and the comments of C&AG under Section 619(4) of the Companies Act, 1956 on the accounts of the Company for the year ended 31st March 2012 are annexed to the report.

29. IMPLEMENTATION OF RIGHT TO INFORMATION ACT, 2005

The information required to be provided to citizens under Section 4(1) (b) of the RTI Act 2005 has been posted and updated on the website of the Company, www.kioclltd.com. The information posted on the website contains general information about the Company, powers and duties of the employees, information about decision making, rules, regulations, manuals and record held by KIOCL, directory of the Company's officers, pay scales, procedure for requesting additional information about the Company by citizens and associated request formats. During the year 2011-12 the Company received and attended to 35 requests for information under RTIA.

30. ENERGY CONSERVATION

The electricity consumption per tonne of Pellet production in kwh was lower during the year as compared to the previous year. Energy conservation day was celebrated on 14-12-2011 at Mangalore by the energy conservation cells of both Pellet plant unit and Blast Furnace unit. Prizes for various competitions like Quiz, Slogan writing in Kannada, Hindi and English languages were distributed during the celebration. A training programme about Energy Conservation was also conducted for sensitizing employees about the importance of Energy Conservation. Electricity consumption during 2011-12 as compared to 2010-11 was as under:-

	2011-12	2010-11
Consumption per tonne of Pellets production in kWh (including grinding)	70.62	71.02



Various Energy Conservation measures like introduction of Electronic Lighting Energy saver, replacement of incandescent indication lamps with LED indication lamps, replacement of Sodium vapour street light fittings with LED street light fittings and introduction of timers for automatic switching ON & Off of out door area lighting were undertaken in BFU Unit during the financial year 2011-12. Similarly at Pellet plant unit, installation of fanless cooling towers, induction lamps, LED lamps, solar powered street lights, LED street light fittings, downsizing of certain motors as per recommendations of Energy Auditor, introduction of VFDs for pumps at PF plant etc., have been undertaken during the financial year 2011-12. Energy Conservation Cells both at Pellet plant and Blast Furnace Unit with members drawn from different departments regularly meet and monitor the energy conservation pattern in the plant. Various energy conservation measures are deliberated in all cell meetings before implementation.

31. ENERGY AUDIT

The Company's operations are highly energy intensive. Keeping in view the importance of energy conservation, Energy Audit was carried out in the plants during 2009 through a BEE (Bureau of Energy Efficiency) accredited Energy Auditor – M/s Petroleum Conservation & Research Association (PCRA). After a detailed audit, they have suggested various conservation measures. The suggestions are under consideration and are being taken up for implementation based on techno-economic feasibility.

However, as the previous audit was done during 2009 under lower production rate by M/s PCRA, a fresh energy audit proposal has been floated for tendering to fix up the agency to carry out energy audit in 2012.

32. R&D, TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

The information relating to Technology Absorption, Adaptation and Innovation, R&D and foreign exchange earning & outgo to be disclosed in Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 is given and forms part of this report.

33. PARTICULARS OF EMPLOYEE OF SECTION 217 (2A) OF THE COMPANY READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) AMENDMENT RULES, 2011

During the year none of the employee was covered under the purview of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Amendment Rules, 2011.

34. ACKNOWLEDGEMENT

34.1 Your Directors gratefully acknowledge the support, cooperation and guidance received from the Hon'ble Minister for Steel, the Secretary, Ministry of Steel and other officials of the Department of Steel as well as other Ministries of the Government of India, Government of Karnataka, Govt. of Andhra Pradesh and all other departments/agencies concerned in all the endeavours of the Company.

34.2 Your Directors also acknowledge the timely advice and assistance rendered by the Indian Embassies abroad during the year in the Company's marketing efforts.

- 34.3 Your Directors sincerely thank all the customers and suppliers for their support and co-operation.
- 34.4 The Directors also appreciate the continued and dedicated efforts put in by all the employees to overcome many challenges faced during the year.
- 34.5 Last but not the least, your Directors express their gratitude to the Shareholders' for the confidence reposed by them in the management of the Company.

For and on behalf of the Board of Directors



(K.Ranganath)

Chairman-cum-Managing Director

Place: Bangalore

Dated: 26-05-2012

2. FORM - B
**DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION,
ADAPTATION AND INNOVATION AND R & D ACTIVITIES**
RESEARCH AND DEVELOPMENT ACTIVITIES
FORM B

Sl. No.	Research & Development	Particulars
1.	Specific areas in which R & D carried out by the Company	Desilting of Lakya Dam for safety and environmental reasons and commercial utilization of the tailings.
2.	Benefit derived as a result of the R & D	<p>Methodology to desilt the tailings deposited in Lakya Dam for a period of 25 years for safety of Lakya Dam.</p> <p>Controlling environmental aspects like water and air pollution.</p> <p>Utilization of tailings in partial replacement to sand up to 40% in the construction industries as well as making bricks out of tailings.</p>
3.	Future plan of action	The report prepared for this purpose will be submitted to Govt. of Karnataka and also to statutory authorities for according the permissions to take up the desilting of Lakya Dam.
4.	Expenditure on R & D, Feasibility Study and Consultancy (2011-12) a) Capital b) Revenue c) Total Expenditure d) Total R & D expenditure as a percentage of total turnover	NIL ₹ 160 Lakhs ₹ 160 Lakhs 0.11 %

Sl. No.	Research & Development	Particulars
Technology absorption, adaption & innovation		
1.	Efforts in brief made towards technology absorption, adaption and innovation	-
2.	Benefit derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc	-

C. FOREIGN EXCHANGE EARNINGS & OUT GO

During the year, your Company earned foreign exchange of US \$ 110.72 million (on receipt basis). Total outgo in Foreign Exchange on account of imports, payment towards technical services, etc., amounted to about US \$ 46.739 million only. KIOCL Limited thus continues to be a net Foreign Exchange earner for the Country.

CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY :

The Corporate Governance Policy of KIOCL rests upon the four pillars of Transparency, Full disclosures, Independent monitoring and fairness to all.

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

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

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

Compliance with Corporate Governance Guidelines

1. BOARD OF DIRECTORS

a. Composition of the Board

KIOCL being a Government Company, appointment/nomination of all Directors is done by the President of India, through the Ministry of Steel. Articles of Association of the Company stipulate that the number of directors shall not be less than five and not more than thirteen. As on 31.3.2012, there are twelve Directors on the Board comprising of four whole time Directors including Chairman-cum-Managing Director, two Non-Official Part Time Directors who are Government Nominees and six Independent Directors. The members of the Board are from diversified backgrounds and have varied expertise and considerable experience in the respective fields.

As on the date of the Report, the composition of the Board of KIOCL is in conformity with Clause 49 of the Listing Agreement and DPE guidelines on Corporate Governance.

b. Board Meetings and Procedure

The Board of Directors plays the primary role in ensuring good governance and functioning of the Company. The meetings are governed by a structured agenda. All the agenda items are backed by comprehensive agenda notes, containing all the vital information, so as to enable the Directors to have focused discussion at the meeting and to take decision. All the relevant information as enumerated in Annexure IA to clause 49 of the Listing agreement and guidelines on Corporate Governance for CPSE's issued by DPE is placed before the Board. The agenda and

agenda notes are circulated to all the Directors in advance of each meeting of the Board of Directors. Where it is not practical to send the relevant information as a part of the agenda papers, the same is tabled in the meeting. The presentation covering the Company's performance, operations and business strategy are also made to the Board.

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

During the financial year 2011-12, 10 (Ten) meetings of the Board were held on 06.05.2011, 10.06.2011, 12.08.2011, 19.09.2011, 22.10.2011, 18.11.2011, 12.12.2011, 24.12.2011, 10.02.2012 and 26.03.2012. The time gap between two Board Meetings is not more than four months.

The details of the Directors with regard to their category, Directorship in the other Companies, Membership/Chairmanship in Committee of the Board of other Companies and their attendance at the Board Meeting and AGM are listed below:

Sl. No.	Name of Directors (S/Shri)	Category	Meeting held during respective tenure	No. Of Board meeting attended	Attendance at the last AGM held on 12.07.2011	No. of Directorships	Number of Committees ¹	
							Member	Chairman
1.	K Ranganath	Chairman-cum-Managing Director	10	10	Y	Nil	Nil	Nil
2.	MB Padiyar ²	Director (Production & Projects)	01	01	N	Nil	Nil	Nil
3.	Maj. Gen. (Retd.) Dr. O P Soni, VSM	Director (Commercial)	10	10	Y	Nil	Nil	Nil
4.	K. Subba Rao ²	Director (Production & Projects)	09	08	N	Nil	Nil	Nil
5.	TMGK Bhat ³	Director (Finance)	03	03	Y	Nil	Nil	Nil
6.	Laxminarayana ³	Director (Finance)	07	07	N	Nil	Nil	Nil
7.	S Machendranathan	Govt. Nominee	10	09	N	8	Nil	Nil
8.	Upendra Prasad Singh ⁴	Govt. Nominee	09	07	N	1	Nil	Nil
9.	N R Mohanty	Independent	10	09	N	1	Nil	Nil
10.	Dr. Chiranjib Sen	Independent	10	10	N	Nil	Nil	Nil
11.	B Ramesh Kumar	Independent	10	09	N	2	Nil	Nil
12.	V R Sastry	Independent	10	06	N	1	1	Nil
13.	K. Narasimha Murthy ⁵	Independent	08	07	N	5	1	3
14.	V. K. Agarwal ⁵	Independent	07	07	N	1	1	Nil

1. Represents Membership/Chairmanship of two Committees viz.: Audit and Shareholders' /Investors' Grievance Committee.
2. Shri M. B. Padiyar has relinquished the post of Director (Production & Projects) consequent upon attaining the age of superannuation w.e.f. 31.05.2011 and Shri K. Subba Rao, has assumed the charge of the post of Director (Production & Projects), w.e.f. 09.06.2011

3. Shri TMGK Bhat had relinquished the post of Director (Finance) w.e.f. 31.08.2011 on attaining the age of superannuation and Shri Laxminarayana has assumed charge of the post of Director (Finance) of the Company with effect from 01.9.2011.
4. Shri Upendra Prasad Singh, Joint Secretary to Govt. of India, Ministry of Steel appointed as a Director w.e.f. 09.05.2011.
5. In pursuance to Ministry of Steel order No 5 (11)/2007-KDH dated 1st / 2nd August 2011, Shri K. Narasimha Murthy & Shri V. K. Agarwal are appointed as Non-Official Part Time Directors on the Board of the Company for a period of 3 years w.e.f. the date of notification of the appointment or until further orders, whichever is earlier.

c. Code of Conduct

In pursuance to SEBI and DPE guidelines, Code of Conduct as applicable to Board level and below Board level i.e. one grade below Board level up to General Manager Cadre is in existence. The same is also available on the website of the Company i.e. www.kioclltd.com. The Code of Conduct is in alignment with Company's mission and objectives and aims at enhancing ethical and transparent process in managing the affairs of the Company.

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

3. COMMITTEES OF THE BOARD OF DIRECTORS

To enable better and focus more attention on the affairs of the Corporation, the Board delegated particular matters to Committee of the Board set up for the purpose. These committees prepare the groundwork for decision making and report at the subsequent Board Meeting. The Board of Directors at their 206th meeting held on 22.10.2011 streamlined the various Committees constituted earlier and enhanced their scope. The following Committees are functioning as on date:

- A. Audit Committee;
- B. HR, Remuneration & Sustainable Development Committee;
- C. Empowered Board Sub-Committee;
- D. Committee of Directors with enhanced powers to approve procurement proposals;
- E. Share Transfer Committee.

3.1 AUDIT COMMITTEE

- (a) Composition, Meetings and Attendance of the Audit Committee

The Company has an Audit Committee at the Board level functioning since 2000 with the powers and role that are in accordance with Section 292A of the Companies Act, 1956, Clause 49 of the Listing Agreement and DPE guidelines. The Committee acts as a link between the management, the Statutory Auditors, Internal Auditors and the Board of Directors to oversee the financial reporting process. The Audit Committee consists of four members comprising of three Independent Directors and

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

The Audit Committee observes and controls the financial reporting process of the Company with a view to provide accurate and proper disclosures. The Committee reviews the Internal Audit reports periodically as well as action taken report. The Committee also gives directions to the management in areas that needs to be strengthened. The recommendation of the Audit Committee is binding on the Board.

During the financial year 2011-12, eight meetings of the Audit Committee were held on 30.4.2011, 04.06.2011, 25.07.2011, 10.10.2011, 12.12.2011, 04.02.2012, 17.03.2012 and 26.03.2012. The time gap between two Audit Committee meetings is not more than four months.

The Composition of the Audit Committee as on 31.3.2012 and the attendance of the members at the meetings are as under:

Name of Director (S/Shri)	No. of Meetings held during respective tenure	No. of meetings attended
N. R. Mohanty	8	8
B. Ramesh Kumar ¹	4	3
Dr. Chiranjib Sen ¹	4	4
K. Narasimha Murthy ²	4	3
Prof. V. R. Sastry	8	5
Upendra Prasad Singh ³	2	-

1. Shri B. Ramesh Kumar & Dr. Chiranjib Sen ceased to be members of Audit Committee w.e.f. 22.10.2011.
2. Shri K. Narasimha Murthy is inducted as a member of the Audit Committee w.e.f. 22.10.2011.
3. Shri Upendra Prasad Singh is inducted as a member of the Audit Committee w.e.f. 10.02.2012.

(b) Powers :

The Audit Committee shall have full powers commensurate with its role include the following :

- 1) To investigate any activity within the Terms of Reference;
- 2) To seek information from any employee;

- 3) To obtain outside legal or other professional advice
 - 4) To secure attendance of outsiders with relevant expertise, if considered necessary;
 - 5) To protect whistle blowers.
- (c) Scope of the Audit Committee :
1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
 2. Recommending to the Board the fixation of audit fees.
 3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
 4. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
 - b) Changes, if any, in accounting policies and practices and reasons for the same.
 - c) Major accounting entries involving estimates based on the exercise of judgement by management.
 - d) Significant adjustments made in the financial statements arising out of audit findings.
 - e) Compliance with listing and other legal requirements relating to financial statements.
 - f) Disclosure of any related party transactions.
 - g) Qualifications in the draft audit report.
 5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
 6. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
 7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
 8. Discussion with internal auditors any significant findings and follow up there on.
 9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control system of a material nature and reporting the matter to the Board.

10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
12. To review the functioning of the Whistle Blower Mechanism.
13. The Audit Committee shall mandatorily review the following information:
 - a) Management discussion and analysis of financial condition and results of operations.
 - b) Statement of significant related party transactions (as defined by the audit committee), submitted by management.
 - c) Management letters/letters of internal control weaknesses issued by the statutory auditors.
 - d) Internal audit reports relating to internal control weaknesses; and
 - e) The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.
 - f) Certification/declaration of financial statements by the Chief Executive/Chief Finance Officer.

Explanation: The terms "related party transactions" shall have the same meaning as contained in the Accounting Standard 18, Related Party Transactions, issued by The Institute of Chartered Accountants of India.

14. To review the follow up action of the audit observations of the C&AG audit.
15. To review the follow up action taken on the recommendations of Committee on Public Undertakings (COPU) of the Parliament.
16. Provide an open avenue of communication between the independent auditor, internal auditor and the Board of Directors.
17. Review and pre-approve all related party transactions in the company. For this purpose, the Audit Committee may designate a member who shall be responsible for pre-approving related party transactions.
18. Review with the independent auditor the co-ordination of audit efforts to assure completeness of coverage, reduction of redundant efforts, and the effective use of all audit resources.
19. Consider and review the following with the independent auditor and the management:
 - ❖ The adequacy of internal controls including computerized information system controls and security, and
 - ❖ Related findings and recommendations of the independent auditor and internal auditor, together with the management responses.

20. Consider and review the following with the management, internal auditor and the independent auditor:

- ❖ Significant findings during the year, including the status of previous audit recommendations
- ❖ Any difficulties encountered during audit work including any restrictions on the scope of activities or access to required information.

Other Matters:

1. The annual report of the company shall disclose the composition of the Audit committee.
2. The amendments made from time to time in the provisions of the Listing Agreement / Companies Act / DPE's Guidelines relating to the Audit Committee would also be applicable to the terms of reference of audit Committee.

3.2 HR, REMUNERATION & SUSTAINABLE DEVELOPMENT COMMITTEE

In accordance to Corporate Governance guidelines for CPSEs issued by Department of Public Enterprises, the Remuneration Committee of the Company has been constituted. The Committee presently comprises of three Directors as its members. All of them are Independent Directors.

The term of reference of the Committee is to decide annual bonus / variable pay pool and policy for its distribution across the Executives and Non-Unionized Supervisors, within the prescribed limit. In addition to the same, any other matter, specifically referred by the Board of Directors for its recommendation.

In addition to HR & Remuneration matters, the Committee also discharges all functions under Sustainable Development guidelines issued by DPE. During the financial year 2011-12, five meetings of the Remuneration Committee were conducted on 09.04.2011, 04.06.2011, 25.07.2011, 10.11.2011 and 12.12.2011.

The Composition of the HR, Remuneration & Sustainable Development Committee as on 31.3.2012 and the attendance of the members at the meetings are as under:

Name of Director	No. of Meetings held during respective tenure	No. of meetings attended
B. Ramesh Kumar	5	5
Dr. Chiranjib Sen	5	5
Prof. VR Sastry ¹	3	3
Shri V. K. Agarwal ¹	2	2

Note: Shri N R Mohanty attended two meetings as invitee.

1. Shri V K Agarwal inducted as a member of the Company in place of Prof. VR Sastry w.e.f. 22.10.2011.

3.3 EMPOWERED BOARD SUB-COMMITTEE

In order to give additional comfort level to take a decision on any major capital investment which exceeds CMD's delegated power and requires Board's approval, to examine major proposal on Investment, Procurement, Contract and advise suitability to the Board to take decision by the Board and to approve the Un-audited/audited financial results (quarterly/year to date/annual) in the absence of Board meeting, as per clause 41 of the listing agreement an Empowered Board Sub-Committee has been constituted.

The committee shall review and submit the recommendations on the proposal. During the year eight meetings were held on 10.06.2011, 16.9.2011, 10.10.2011, 10.11.2011, 10.12.2011, 24.12.2011, 10.02.2012 and 17.03.2012.

The composition of Empowered Board Sub-Committee as on 31.3.2012 and the attendance of the members at the meeting are as under:

Name of Director (S/Shri)	Meetings held during respective tenure	No. of meetings attended
K. Ranganath ¹	5	5
Maj. Gen. (Retd.) Dr. O P Soni, vsm	8	6
Laxminarayana ¹	5	5
NR Mohanty	8	6
B. Ramesh Kumar*	5	5
Dr. Chiranjib Sen	8	8
Prof. VR Sastry ¹ *	4	3

1. Shri K. Ranganath and Shri Laxminarayana became members of the Empowered Board Sub-Committee w.e.f. 22.10.2011 & Prof. VR Sastry ceased to be a member of the Committee w.e.f. 22.10.2011.

*Attended one meeting as Special Invitee.

3.4 COMMITTEE OF DIRECTORS WITH ENHANCED POWERS TO APPROVE PROCUREMENT PROPOSALS

The Board of Directors in its 206th meeting held on 22.10.2011 merged the above Committee with Empowered Board Sub-Committee and all the powers entrusted to the erstwhile Committee of Directors has been transferred to the Empowered Board Sub-Committee. During 2011-12, three meetings were held on 30-04-2011, 29-08-2011 and 19-9-2011.

3.5 SHARE TRANSFER & INVESTOR GRIEVANCE COMMITTEE

A Share Transfer Committee consisting of Senior Manager (F&A) and Company Secretary is functioning to look into all the transfers, transmissions, splitting and Issue of Duplicate Share Certificates & grievance matters etc. The action taken by the Committee is subsequently placed before the Board for ratification. There was no grievance from any of the shareholder during the year.

4. REMUNERATION TO DIRECTORS AND POLICY

Being a Central Government Public Sector Enterprise, the appointment, tenure and remuneration of Directors are decided by the Government of India. The Government letter appointing the Chairman & Managing Director and other Functional Directors indicate the detailed terms & conditions of their appointment, including the period of appointment basic pay, scale of pay, dearness allowance, entitlement to accommodation etc., and it also indicates that in respect of other terms & conditions not covered in the letter, the relevant rules of the Company shall apply.

Details of remuneration paid to Whole Time Directors during the year 2011-12 are given below:

(₹ in Lakhs)

Name of Director (S/Shri)	Salary	Benefits	Company Contribution to PF & Gratuity	Total for the year 2011-12
K Ranganath	15.60	7.20	2.66	25.46
MB Padiyar*	3.62	0.55	0.43	4.60
TMGK Bhat*	6.99	1.26	0.84	9.09
Maj. Gen (Retd) (Dr.) O P Soni	11.24	2.73	1.71	15.68
K. Subba Rao*	10.16	3.18	1.90	15.24
Laxminarayana*	6.87	2.12	1.50	10.49

*Part of the year

Non Official Part Time Government Nominee Directors are not paid any remuneration. They are also not paid sitting fees for attending Board Meetings. Independent Directors are paid sitting fee of ₹ 20,000/- per meeting of the Board and ₹ 15,000/- per meeting of the Committee of the Board attended. Details of sitting fees paid to the Independent Directors during year 2011-12 are given below: -

(in ₹)

Name of Director (S/Shri)	Sitting Fees		Total
	Board Meetings	Committee Meetings	
N. R. Mohanty	1,70,000/-	2,55,000/-	4,25,000/-
B. Ramesh Kumar	1,60,000/-	2,25,000/-	3,85,000/-
Dr. Chiranjib Sen	1,80,000/-	2,30,000/-	4,10,000/-
Prof. V. R. Sastry	1,10,000/-	1,70,000/-	2,80,000/-
K. Narasimha Murthy	1,40,000/-	60,000/-	2,00,000/-
V.K. Agarwal	1,40,000/-	45,000/-	1,85,000/-

*Committee includes Audit Committee, Empowered Board Sub-Committee, HR, Remuneration & Sustainable Development Committee & Committee of Directors.

None of the non-executive Directors had any pecuniary relationship or transactions with the Company during the year. The part time Government Directors are ex-officio appointees and their terms is co-terminus with the term of respective position held by them in Government at the time of appointment on the Company's Board. The non-executive Independent Directors are appointed for a period of three years.

5. DIRECTORS SHAREHOLDING

The following Directors holding the equity shares in the Company as on 31.03.2012

Name of Director	Number of shares held
Shri K. Subba Rao, Director (P&P)	100
Shri Laxminarayana, Director (Finance)	100

6. DISCLOSURES

- a) There was no material transaction with the Directors or the Management or their relatives that may have potential conflict with the interest of the Company at large.
- b) The Company has adopted all suggested items to be included in the Report on Corporate Governance as required under the listing agreement as well as Code of Corporate Governance issued by DPE.
- c) None of the Directors on the Board is a member of more than 10 Committees and the Chairman of more than 5 Committees, across all the companies (Public Limited) in which he is a Director.
- d) There is no inter-se relationship between Directors of the Company, as per declarations received.
- e) There has been no instance of the non-compliance by the Company and no penalty or stricture is imposed on the Company by stock exchange(s) or SEBI or any statutory authority, on any matters related to capital markets during last three years.

7. RISK MANAGEMENT

As a part of implementation of the guidelines on Corporate Governance issued by DPE, a Risk Assessment and Minimization Policy & Fraud Prevention Policy for drawing of appropriate risk assessment, management and minimization framework as also internal risk assessment framework, integrated and aligned with Corporate and operational objectives is already put in place in the Company. Same is being reviewed at periodical interval.

8. GENERAL SHAREHOLDERS INFORMATION

(i) 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 the Annual Report.

(ii) Communications to Shareholders

The Company's quarterly financial results, official news releases and other general information about the Company are uploaded on the Company's website (www.kioclltd.com). The quarterly financial results of the Company generally published in the Financial Express (all editions) & Samyuktha Karnataka (a regional daily publication from Karnataka).

(iii) Reconciliation of Share Capital Audit

The Company obtains a Reconciliation of Share Capital Audit Report from a Practicing Company Secretary every quarter to reconcile the total admitted capital with National Security Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) and the total issued and listed capital. This Audit Report confirms that the total issued/paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL. This Audit Report is forwarded to all the Stock Exchanges where the Company's shares are listed.

The Company also obtains a Certificate of Compliance from a Practicing Company Secretary at half yearly intervals certifying that transfer requests complete in all respects have been processed and share certificates with transfer endorsements have been issued by the Company within one month from the date of lodgement thereof. This certificate of compliance is forwarded to all the Stock Exchanges where the Company's shares are listed.

(iv) Details of Annual General Meeting(s)

Year	Location	Date	Time
2010-11	Registered Office, Bangalore	12-07-2011	11.45 AM
2009-10	Registered Office, Bangalore	21-07-2010	11.30 AM
2008-09	Registered Office, Bangalore	28-07-2009	12.00 hrs

All the resolutions set out in the respective notices of last three Annual General Meetings were passed by the shareholders. No Special Resolution was passed at the Annual General Meeting.

(v) Financial Calendar

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

(vi) Transfer of unpaid/unclaimed dividend amounts to Investor Education & Protection Fund

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

Members who have so far not en-cashed their dividend warrants are requested to write to the Company/Registrar to claim the same, to avoid transfer to IEPF. List of unpaid dividend year wise is available at the Company's website. Shareholders

are requested to visit the site to know the status. Members are advised that no claim shall lie against the said Fund or the Company for the amounts of dividend so transferred to the said Fund.

The Company has transferred unclaimed Dividend amount up to the year 2003-2004 to Investor Education & Protection Fund as set up by Government of India.

(vii) CEO / CFO Certification

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

(viii) Annual General Meeting for the year 2011-12

Day and Date	Thursday, the 21st June, 2012
Time	12.00 Noon
Venue	KIOCL Limited, II Block, Koramangala, Bangalore – 560034

(ix) Financial Calendar for 2012-13 (Tentative)

Financial Report for the Quarter ending June 30, 2012	Within 45 days of the end of each quarter.
Financial Report for the Quarter ending September 30, 2012	Within 45 days of the end of each quarter.
Financial Report for the Quarter ending December 31, 2012	Within 45 days of the end of each quarter.
Financial Report for the Quarter ending March 31, 2013	Within 45 days of the end of each quarter.
Annual General Meeting for the year 2012-13	Last week of September, 2013

(x) Book Closure

The Register of Members and Share Transfer Books of the Company shall remain closed from 18.06.2012 to 21.06.2012 (Both days inclusive).

(xi) Dividend Payment Date

Dividend will be paid within 30 days of declaration.

(xii) Listing on Stock Exchanges

The Equity Shares of the Company are listed on

Sl No.	Name & address of the Stock Exchange	Scrip Code
1	Bangalore Stock Exchange Ltd. 51, 1st Cross, JC Road, Bangalore – 560 027	KIO
2	Madras Stock Exchange Limited. Exchange Building, 11, Second Line Beach, Chennai – 600 001	KIO

Listing fees for the year 2011 – 12 has been paid.

(xiii) Dematerialization of Shares and Liquidity

The shares of the Company are dematerialized with National Securities Depository Limited and Central Depository Services (India) Ltd. The addresses of the Depositories are as under :-

Sl No.	Name & address of the Stock Exchanges	ISIN Number
1.	National Securities Depository Limited, Trade World, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400013	INE880L01014
2.	Central Depository Services (India) Ltd. 17th Floor, P J Towers, Dalal Street, Fort, Mumbai - 400023	INE880L01014

(xiv) Market price Date

There was no trading reported at Bangalore and Madras Stock Exchange during 2011-12.

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

Since the Company's shares are not traded on a large scale frequently, its performance cannot be compared to broad based indices such as BSE Sensex, CRISIL Index etc. in the absence of price date.

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

(xvii) Share Transfer System

The shares of the Company which are in compulsory dematerialised (demat) list are transferable through the depository system. Shares in physical form are processed by the Registrars and Share Transfer Agents, Integrated Enterprises (India) Limited and approved by the Share Transfer Committee. The share transfers are generally processed within a period of 15 days from the date of receipt of the transfer documents by the Company or its R&T Agent.

(xviii) Investor Correspondence

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

Shri S. K. Padhi,
Company Secretary
KIOCL Limited
II Block, Koramangala, Bangalore - 560034
Telfax 080-25531525
e-mail : bsecretary@kudreore.com

(xix) Shareholders Pattern as on 31.03.2012

Category	Number of shares	Shares in dematerialized mode	Shares in Physical mode	%age of shareholding
Central Govt./State Govt.(s)	628,144,130	628,144,130	0	98.9961
Mutual Funds/UTI	1,985,000	175,000	1,810,000	0.3128
Financial Institutions/Banks	800,000	300,000	500,000	0.1260
Insurance Companies	2,778,300	2,778,300	0	0.4379
Bodies Corporate	19,277	13,677	5,600	0.0031
Resident Indians & others	787,093	77,133	709,960	0.1241
Total	63,45,13,800	63,14,88,240	30,25,560	100.00

(xx) Outstanding GDRs/ADRs/Warrants

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

(xxi) Registered Office: KIOCL Limited
 II Block, Koramangala,
 Bangalore – 560034, Karnataka
 Phone: 080-25531461-470
 Fax: 080-25532153-5941
 Website: www.kioclltd.com

(xxii) Plant Locations

The Company's plants are located at Kudremukh in Chickmagalur District and Mangalore in Dakshina Kannada District in the State of Karnataka.

(xxiii) Compliance Certificate

As required under clause 49 of the listing agreement, the certificate from a Practising company Secretary pertaining to compliance of conditions of Corporate Governance is being annexed with the Directors Report.

This report duly complies with the requirements of Guidelines on Corporate Governance for CPSEs and covers all the suggested items mentioned in Annexure-VII of the Guidelines. The quarterly report on compliance with the Corporate Governance requirements prescribed by DPE is also sent to Administrative Ministry regularly.

NON-MANDATORY REQUIREMENTS

Besides the mandatory requirements as mentioned above, the status of compliance with non-mandatory requirements of clause 49 of the Listing Agreement is produced below:

1. The Board

The Company is headed by an Executive Chairman. No Independent Director has been appointed for the period exceeding, in the aggregate, a period of nine years, on the Board of the Company.

2. Remuneration Committee

Explained in Para 3.2 of Corporate Governance Report.



3. Shareholders Rights

The quarterly, half yearly and yearly financial results are published in the newspapers. These results are also uploaded on the website of the Company. Half yearly results are not sent to the shareholder of the Company separately.

4. Audit qualifications

There is no audit qualification.

5. Training of Board Members

Board of Directors in their 212th Meeting held on 16.04.2012 at New Delhi has approved a training Policy for imparting training to Board Members. Directors are being nominated for the training programme on Corporate Governance organized by DPE, SCOPE etc.

6. Mechanism for evaluating non-executive Board Members

Not adopted.

7. Whistle Blower Policy

Whistle Blower Policy is not a mandatory requirement. Company is yet to frame a policy in this regard. However, Guidelines/Instructions by Govt. of India and CVC are being followed.

MANAGEMENT DISCUSSION AND ANALYSIS

i) INDUSTRY STRUCTURE AND DEVELOPMENT

The Company operates in the international Iron Ore market which is highly competitive and volatile. The demand for Iron Ore is a derived demand linked to the fortunes of the steel industry, which in turn, depends on the steel consumption pattern. Continued emphasis given by Govt. towards development of various infrastructure projects is boosting the demand for Iron and Steel consumption.

The Global recession which has a severe impact on the performance of the Company during the year 2009-10 has improved during 2010-11. The price of Pellets has shown signs of improvement from January 2010 onwards and has prompted the Company to increase production during 2010-11. The issue raised by Railways regarding applicability of Levy of Distance based charges over and above normal freight on Iron Ore transported through Railway net work for manufacture of Pellets and subsequent export has made the sale of Pellets in International market unviable. Export of Pellets has been stopped from September 2011. This has affected Production of Pellets during 2011-12. The plant has to be intermittently closed due to shed full condition. Production and sale of Pellets during the financial year 2011-12 was 1.710 Million Tonnes and 1.716 Million Tonnes respectively.

ii) SWOT Analysis

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

Strength

- Strong brand image for KIOCL Pellets.
- EOU status / Zero debt Company.

- Production of Pellets from locally available Hematite ore / or Magnetite ore.
- In-house R&D initiatives with production at rated capacity.
- Logistics -
 - Shore based Pellet plant with dedicated berth and automatic ship loading facility.
 - Private Railway Siding / Proximity to NH 66.
 - Proven adaptability to establish newer Ore supply routes in short span of time.
- Captive Power plant
- Skilled Manpower.

Weakness

- No Captive mine w.e.f 01-01-2006.
- Production units are generally located at mine head or consumption head. The loss of Kudremukh mines has denied this.
- Dependence on Iron Ore Fines procured from open market.
- Even under LTA, Iron Ore Fines prices are revised every quarter thereby LTA acquiring the characteristics of Spot Contract.
- Reduced margins due to fall in Pellet prices.
- BFU with no forward & backward integration.
- Holding mining and beneficiation assets at closed Kudremukh unit.

Opportunities

- Assets and skilled manpower readily available.
- Chikkanayakanahalli mines already allotted, Boundary dispute is being settled.
- Govt. of Karnataka has made informal assurance for allotment of Ramanadurga mines.
- Exploration of Long term arrangement for procurement of Iron Ore Fines and sale of Pellets.
- Exploring new avenues in acquisition of mineral assets.

Threats

- Water availability to our plants from Lakhya Dam, Kudremukh is in danger as written permission is not coming from Forest Dept. Govt. Of Karnataka.
- Low priority for availability of Rakes for Ore movement.
- Disputes/Delays in getting new mining leases.
- Migration of trained manpower.
- Installation of New / Expansion of Pellet production capacity in Private & Public Sector.
- Inflow of Pellet from Overseas at cheaper rates.
- Ban on export of Pellets produced from Ore procured from Karnataka which may get extended to other parts of India,
- Safety / Security & cost of holding idle assets at Kudremukh.

**iii) PRODUCT-WISE PERFORMANCE**

The following table summarises the production performance during the past three years:-

PP: Pellet Plant PI: Pig Iron Plant (Qty. in million tonnes)

Year	MOU target		Actual production		Capacity utilisation of installed capacity in %	
	PP	PI	PP	PI	PP	PI
2011-12	3.000	-	1.710	-	49	-
2010-11	2.780	0.100	2.124	-	61	-
2009-10	2.650	0.170	1.273	0.062	36	29

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

iv) OUTLOOK

The Company has a large Equity base with no long term Debt to service. This is a source of strength to the Company. In order to fruitfully deploy its financial and technical strength for the future growth of the Company, your Company is exploring the possibilities of entering into new areas of business, acquiring new mining leases and formulation of diversification schemes for implementation.

The Company has proposed to set up DISP Plant, Coke Oven Battery, Power Plant and Oxygen Plant etc., under forward and backward Integration in Blast Furnace Unit. M/s ICRA Management Consulting Services Limited has updated the Market Assessment study report of the Ductile Pipes in India. M/s. Ernst & Young has studied and submitted the Financial Analysis (Business Plan) for the setting up of a DISP Plant. Both the reports have been reviewed by KIOCL.

As decided by KIOCL Board, work order was placed on M/s. MECON for the preparation of DPR for DISP project as forward integration to BFU. M/s. MECON has submitted the final DPR. During the 206th meeting of the Board, the DPR has been approved and advised KIOCL to identify a partner for setting up of 1,00,000 TPA DISP plant at an estimated cost of ₹ 308.612 Crores at BFU Mangalore. On identifying the partner, a Special Purpose Vehicle (SPV) has to be created for implementation of DISP project. Action has been initiated for fixing up a consultant for identification of a partner through an open tender enquiry for setting up of 1,00,000 TPA capacity DISP Plant.

In order to make the Blast Furnace unit economically viable on stand alone basis the Company proposes to take up implementation of a 0.3 million tonne per annum Coke Oven Battery with Captive Power plant as backward integration project. The total investment for this project is estimated at ₹ 452.22 crores for setting up of 3 lakh tonnes per annum non recovery type Coke Oven plant and a 25 MW capacity Power plant by utilizing the hot flue gases from the Coke Ovens.

Government of Karnataka had granted mining lease over an area of 116.55 ha in Hombalghatta and Hosahalli villages in favour of KIOCL. The Company has submitted many applications for grant of Mining lease in Ramanadurga and other areas in the

districts of Bellary, Tumkur and Chitradurga. Subsequent to banning of Mining Activities in the districts of Bellary, Chitradurga and Tumkur covering the above stated deposits and further recommendation of CEC to Hon'ble Supreme Court which inter-alia states that no new mining leases, including for which notifications have already been issued will be granted without obtaining the permission of the court, issue of ML to KIOCL are further expected to get delayed.

v) RISKS & CONCERNS

The main risks and the area of concern for the Company is non-availability of long-term mining lease. The Company is examining various options like JV in Steel sector, Contract Mining, Coal Mining etc which are yet to materialise. Constant pressure is brought from local authorities to stop drawl of water from Lakya Dam. Stoppage of water will lead to complete closure of both the plants at Mangalore.

Due to un-economical price of Pig Iron, BF unit was shut down from 05-08-2009 and there was no production during 2011-12.

vi) INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Internal Audit Department within the Company is strengthened with induction of Officers at senior level. The Internal Audit system is commensurate with the growing size and nature of the business of the Company. The reports of the Internal Auditor are regularly placed before the Audit Committee for its review and further guidance.

vii) FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

- a) The Financial performance of the Company for the year 2011-12 in brief is furnished below:

(₹ in crores)

Particulars	2011-12	2010-11
Sales	1521.08	1803.46
Profit /(Loss) Before Tax for the year	115.39	99.95
Profit /(Loss) After Tax	94.30	76.27

b) Cash Flow information

An abstract of Cash Flow statement for the year ended on 31st March, 2012 is as under:

₹ in lakhs

A) Opening cash and cash equivalents as at 1-4-2011	144382.99
B) Net cash from operating activities	(2275.25)
C) Net cash from investing activities	5603.58
D) Net cash used in Financing Activities	(1257.13)
E) Cash and Cash equivalent as at 31-03-2012	146454.19

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

The Company aims at providing motivation and growth opportunities for employees. It also encourages them and creates an environment for best utilisation of their skills in achieving the Company's objectives. Training and Development is the key word of HRD. The achievement during the year under report was 1197 Executive, 2660 Non-executive and 1005 trained man days on Sustainable Development.

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

The following table shows the total number of employees in different Groups on rolls of the Company as on 31st March 2012:-

Group	Total No. of employees on rolls	SC	ST	No. of women employees	Ex-servicemen	Physically Handicapped
A	421	52	14	23	01	08
B	44	05	01	06	02	-
C	785	114	35	17	07	08
D	62	14	08	03	-	03
D (Sweepers)	07	06	-	02	-	-
Total	1319	191	58	51	10	19

Poaching of trained manpower at Kudremukh is a source of concern for the Company.

IX. CODE OF CONDUCT - CLAUSE 49 I (D)

In compliance with Clause 49 I (D) of the Listing Agreement, the Board of Directors has laid down the code of Business Conduct and Ethics for the Board members and senior Management of the Company. The Copy of Code is displayed on the website of the Company [http:// www.kioclltd.com](http://www.kioclltd.com). All Board members and key officials of the Company have affirmed their compliance with the code. A declaration by the Chairman-cum-Managing Director in this regard is at Appendix-I.

X. FINANCIAL AND CASH FLOW STATEMENTS – CLAUSE 49 V

A Certificate signed by the Chairman-cum-Managing Director and the Director (Finance) to the effect that the Financial and Cash Flow statements do not contain any materially untrue statement and that they present a true and fair view of the Company's affairs and are in compliance with existing standards, applicable laws and regulations is at Appendix-II.

KIOCL Limited

(Formerly Kudremukh Iron Ore Company Limited)
(A Government of India Enterprise)

Registered Office :

II Block, Koramangala, Bangalore - 560 034

Telephone: 080 - 25531461 / 70

Fax : 080 - 25532153 / 25535941

Website : www.kioclltd.com



ISO 9001, 14001
and OHSAS 18001 Company

Appendix - I to Annexure II

The Shareholders,
KIOCL Limited
II Block, Koramangala,
Bangalore - 560 034.

Sub: Code of Conduct.

In compliance with Clause 49 I (D) (ii) of the Listing Agreement and Clause 3.4 and the guidelines on Corporate Governance for Central Public Sector Enterprises issued by Department of Public Enterprises, the Board of Directors has laid down a Code of Conduct for all Board Members and Senior Management of the Company. I hereby declare that the Board Members and the Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct during the year 2011-12.

(K RANGANATH)

Chairman-cum-Managing Director

Place : Bangalore

Date : 19-05-2012



KIOCL Limited

(Formerly Kudremukh Iron Ore Company Limited)
(A Government of India Enterprise)

Registered Office :

II Block, Koramangala, Bangalore - 560 034

Telephone: 080 - 25531461 / 70

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Appendix - II to Annexure II

The Board of Directors,

KIOCL Limited,
II Block, Koramangala,
Bangalore-560 034.

Sub : Financial and Cash Flow statements.

Dear Sir,

- a) We hereby certify that we have reviewed the Financial statements and Cash Flow Statements for the year 2011-12, and to the best of our knowledge and belief:
- these statements do not contain any materially untrue statement or omit any material fact or certain statements that might be misleading;
 - 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 2011-12 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 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-
- significant changes in internal control over financial reporting during the year;
 - significant changes in Accounting Policies during the year 2011-12 and that the same have been disclosed in the Notes to the financial statements; and
 - 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.

This certificate is issued in compliance with Clause 49 (V) of the Listing Agreement with the Stock Exchanges.

(K RANGANATH)

Chairman-cum-Managing Director

(LAXMINARAYANA)

Director (Finance)

Place : Bangalore

Date : 19-05-2012

ANNEXURE-III

S.N. Mishra

SNM & Associates,
Company Secretaries,
No. 486, 8th Cross, 10th Main
HAL 3rd Stage
Bangalore - 560 075.

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

CIN - L13100KA1976PLC002974
Nominal Capital - ₹ 6,345,138,000/-

To the Members
KIOCL Limited
Bangalore

We have examined all relevant records of M/s. KIOCL Limited, for the purpose of certifying compliance of the conditions of Corporate Governance under Clause 49 of the Listing Agreement(s) entered into with Indian Stock Exchanges for the financial year ending March 31 2012,

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

On the basis of our examination of the records produced and explanations and information furnished to us, we certify that the Company has complied with all the mandatory conditions of corporate governance as stipulated in the clause 49 of the Listing Agreement as on March 31, 2012 except clause 49 I (A) (ii) for the first quarter of 2011-12 in respect of required number of non-executive/independent directors and clause 49 II (A) (iv) with respect to attendance of Chairman of Audit Committee at the AGM held on 12/07/2011.

Place : Bangalore
Date : 19th May, 2012

sd/-
Name : S.N. MISHRA
Company Secretary

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



INDEPENDENT AUDITOR'S REPORT

To

**The Members of
KIOCL Limited, Bangalore**

We have audited the attached Balance Sheet of **M/s. KIOCL Limited** as at 31st March, 2012, and also the Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these Financial Statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. These standards require to plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

- A.** As required by the Companies (Auditor's Report) Order, 2003 as amended by Companies (Auditor's Report) Amendment Order, 2004, issued by the Central Government of India, in terms of Section 227(4A) of the Companies Act, 1956, and on the basis of such checks of books and records of the Company, as we considered appropriate and according to the information and explanations given to us, we enclose in the annexure a statement on the matters specified in Paragraphs 4 and 5 of the said Order.
- B.** Further to our comments in the Annexure referred to above, we report that:
1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of the audit.
 2. In our opinion, proper books of account as required by law, have been kept by the Company so far as appears from our examination of those books.
 3. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 4. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement referred to in this report comply with the Accounting Standards referred to Sec.211 (3C) of the Companies Act, 1956 to the extent applicable.
 5. Being a Government Company provision of clause (g) of sub section (1) of Sec 274 of the Companies Act, 1956, is not applicable as per notification No.GSR 829(E) dated October 21, 2003, issued by the Department of Company Affairs.
- C.**
- a. Confirmation of balances of trade receivables, trade payable, deposits, loans & advances have been obtained in certain cases only. (Refer item 21 of Note 14, other notes forming part of Accounts).**
 - b. The Company has neither paid nor provided for Cess Payable u/s 441A of the Companies Act 1956, since no notification has been issued as specified in Sub Section (1) of that Section.**

c. Attention is invited to item 3 of Note 14 (other notes forming part of Accounts) regarding claims by railways for difference in freight charges an account of distance based charges and normal freight on Iron ore transportation.

D In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with accounting policies and notes thereon, give the information required by the Act, in the manner so required and **subject to our comments in paragraph C above, the Impact of which is not ascertainable**, give a true and fair view in conformity with the accounting principles generally accepted in India:

a. In the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March 2012;

b. In the case of the Profit and Loss Account, of the Profit for the year ended on that date;

and

c. In the case of Cash Flow Statement, of cash flows for the year ended on that date.

For **SRRK SHARMA ASSOCIATES**
CHARTERED ACCOUNTANTS
(ICAI Regn. No. 003790S)

(**CA. SRRK SHARMA**)
Partner (M.No. 018088)

Place : New Delhi
Date: 16th April 2012

ANNEXURE REFERRED TO IN PARA 'A' OF OUR REPORT OF EVEN DATE

1.
 - a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b. On the basis of the information and explanation given to us fixed assets are being physically verified by the management at reasonable intervals. No material discrepancies were noticed on such verification.
 - c. The Company has not disposed off any substantial part of its fixed assets. Hence going concern status not affected.
2.
 - a. we are informed that the Inventories of stores and spares are physically verified by the management on a continuous basis as per programme of perpetual inventory except raw materials and additives at different stages of production as per the Company's accounting policy followed consistently. Inventories of other items have been physically verified at the year end.
 - b. The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c. The Company is maintaining proper records for inventory and as informed to us, the discrepancies noticed on physical verification by the management, which reported to be not material, same have been properly dealt within the books of account of the Company.
3. The Company has neither granted nor taken any loans, Secured or Unsecured to/from Companies, firms or other parties covered in the register maintained u/s 301 of the Act. Accordingly sub clause (b), (c), (d), (f) & (g) are not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of Inventory and Fixed Assets and with regards to Sale of Goods and Services. Further, on the basis of our examination of the books and records of the Company carried out in accordance with the Auditing Standards generally accepted in India and according to the information and explanations given to us, we state that we have neither come across nor have been informed of any continuing failure to correct major weakness in the aforesaid internal control system.
5.
 - a. In our opinion and according to the information and explanations given to us, there are no particulars of contracts that need to be entered into the register maintained in pursuance of Section 301 of the Act.
 - b. Hence, the relative reporting requirements are not applicable.
6. The Company has not accepted any deposits from the public during the year and hence the directives issued by the Reserve Bank of India and the provisions of Sec 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under are not applicable.

7. The Company has an Internal Audit System, the scope and coverage of which is commensurate with its size and nature of its business.
8. The Company is required by the Central Government to maintain cost records u/s 209(1) (d) of the Act. Cost audit report in respect of applicable units of the Company is yet to be obtained for the year. However we are not required to, and have not carried out any detailed examination of such records.
9. a) According to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Cess, Excise Duty, Service Tax and any other Statutory dues with the appropriate authorities. As explained to us, the scheme of Employees State Insurance is not applicable to the Company. There were no undisputed liabilities of above nature as at the last date of the Balance Sheet outstanding for a period of more than 6 months.
- b) According to the information & explanations given to us, there are no dues payable in respect of Sales Tax, Income Tax, Excise Duty, Wealth Tax, Custom Duty, Service Tax and Cess which were disputed except the following:

Statute	Nature of dues	Total amount (in lakhs)	Paid and or provided	Balance amount outstanding (In lakhs)	Financial year which amt relates	Forum to which it relates
Central Excise duty	Levy of Education cess	371.28	371.28	0	2006-10	CESTAT, B'lore
Special Addl duty	Non paymt of SAD on DTA Sales	2553.10	0	2553.10	2010-12	Comnr. of Central Excise, M'lore
Income tax	Regular Assts.	4557.52	0	4557.52	2007-08	ITAT, B'lore
VAT	Regular Assts.	65.08	0	65.08	2007-08	JCCT- Appeal, B'lore
Service Tax	S.T. commn. on sales.	355.41	0	355.41	2004-07	CESTAT, B'lore
Service Tax	S.T. on Despatch money.	50.57	0	50.57	2004-12	CESTAT, Mangalore

10. There are no accumulated losses as at the end of the financial year. The Company has not incurred cash losses during the financial year and in the immediately preceding financial year.
11. According to the information and explanations given to us, the Company has not defaulted in repayments to banks or financial institutions. The Company has not issued any Debentures.
12. The Company has not granted any advance or loan on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a Chit Fund/Nidhi/Mutual Benefit Fund/Society. Therefore the relative reporting requirements are not applicable.



14. The Company is not dealing or Trading in Shares, Securities, Debentures or other investments, therefore the relative reporting requirements are not applicable.
15. According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from Banks or financial Institutions. Hence, the relative reporting requirements are not applicable.
16. According to the information and explanation given to us, the Company has not availed any fresh term loans during the year.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, the Company has not raised any funds on short term basis during the year.
18. During the year, the Company has not made any preferential allotment of shares. Hence, the relative reporting requirements are not applicable.
19. The Company has not issued any debentures during the year. Hence, the relative reporting requirements are not applicable.
20. The Company has not raised money from the public issues during the year, hence the relative reporting requirements are not applicable.
21. In our opinion and according to the information and explanation given to us, during the period under audit, no cases of fraud on or by the Company were noticed or reported.

For **SRRK SHARMA ASSOCIATES**
CHARTERED ACCOUNTANTS
(ICAI Regn. No. 003790S)

(**CA. SRRK SHARMA**)
Partner (M.No. 018088)

Place : New Delhi
Date: 16th April 2012

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

Auditors' Report Para No.	Comments / Observations	Reply by the Company
C. a.	Confirmation of Balances of trade receivables, trade payables, deposits, loans and advances have been obtained in certain cases only. (Refer item 21 in Note 14 "Notes on Accounts")	The position has been clearly explained in Sl. No. 21 of Note 14 - Other Notes forming part of accounts.
b.	The Company has neither paid nor provided for Cess Payable u/s 441A of the Act 1956, since no notification has been issued as specified in Sub Section (1) of that Section.	The observation is self explanatory.
c.	Attention is invited to item 3 of Note 14 (other notes forming part of accounts) regarding claims by railways for difference in freight charges on account of distance based charges and normal freight on Iron Ore transportation.	The position has been clearly explained in Sl.No. 3 of Note 14 - Other Notes forming part of accounts.
	ANNEXURE REFERRED TO IN PARA 'A' OF AUDITORS REPORT OF EVEN DATE	
8	The Company is required by the Central Government to maintain cost records u/s 209(1)(d) of the Act. Cost Audit Report in respect of applicable Units of the Company is yet to be obtained for the year. However, we are not required to and have not carried out any detailed examination of such records.	Cost records are maintained by the Company in respect of Pellet Plant and Blast Furnace Units. Cost Audit is applicable for Blast Furnace Unit from the year 2011-12. The Cost Auditor is appointed and the audit is in progress.



COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF KIOCL LIMITED, BANGALORE FOR THE YEAR ENDED 31 MARCH 2012

The preparation of financial statements of KIOCL LIMITED, Bangalore for the year ended 31 March 2012 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 16 April 2012.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3)(b) of the Companies Act, 1956 of the financial statements of KIOCL LIMITED, Bangalore for the year ended 31 March 2012. 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 auditors and Company personnel and a selective examination of some of the accounting records. On the basis of my audit, nothing significant has come to my knowledge, which would give rise to any comment upon or supplement to Statutory Auditors' Report under Section 619(4) of the Companies Act, 1956.

For and on the behalf of the
Comptroller & Auditor General of India
Sd/-
Y.N. Thakare
Principal Director of Commercial Audit
& Ex-Officio Member, Audit Board,
Hyderabad

Place: Hyderabad
Date: 17th May 2012

SIGNIFICANT ACCOUNTING POLICIES

1. ACCOUNTING:

1.1 Basis of preparation:

The financial statements are prepared in accordance with Generally Accepted Accounting Principles in India ('I-GAAP') under the Historical Cost Convention on an accrual basis and are in conformity with mandatory Accounting Standards, as prescribed by the Companies (Accounting Standards) Rules, 2006, and the provisions of the Companies Act, 1956.

1.2 Use of estimates:

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

2. FIXED ASSETS:

- 2.1 Fixed Assets are stated at historical cost less accumulated depreciation. Cost includes all expenditure involved in bringing them to usable condition.
- 2.2 Cost of Land is capitalised on taking possession, pending execution of formal deeds of lease, title or transfer.
- 2.3 Works completed have been capitalised on provisional basis, in respect of those works for which final bills are yet to be received.
- 2.4 Process Development Expenditure is recognised as an Internally Generated Intangible Asset.
- 2.5 Capital work in progress consists of costs incurred on projects and other capital works under feasibility/commissioning stage. Cost includes related incidental expenses.

3. DEPRECIATION:

- 3.1 Depreciation on Fixed Assets is provided on Straight Line Method as stipulated in Schedule XIV of the Companies Act, 1956, at respective rates prevailing at the time they are put to use, except in the case of following assets for which higher rates are charged based on their estimated useful life:

Sl No	Particulars	Rate of Depreciation	
		Charged	As per Sch-XIV
1	Steel cord Conveyor Belts	25.00%	5.28%
2	Vehicles	16.67%	9.50%
3	Furniture & Fittings	16.67%	6.33%
4	Re-lining in Blast Furnace	12.50%	15.28%

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

- 3.3 Cost of Leasehold Land is amortised over the period of lease.
- 3.4 Depreciable assets under Mines and Plant at Kudremukh are depreciated in full on stoppage of mining operation, retaining a nominal value of Re.1/- against each asset except for Vehicles, Furniture & Fittings, Lakya Dam (with associated spillway and tunnel). Normal rates of depreciation have been adopted for other depreciable assets.
- 3.5 Plant, Machinery and other assets damaged or suspected to be damaged during transit, erection or commissioning are shown at cost and related insurance claims are accounted separately on realisation.
- 3.6 Part replacement of Steel Cord Conveyor Belt is charged to consumption.
- 3.7 Process Development Expenditure is amortised equally over a period of three years from the year of incurring.

4. INVENTORIES :

- 4.1 Stock of finished goods namely, Pellets and Pig Iron (including stock with the Consignment Agents) is valued at lower of cost or net realisable value. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to its location and includes wherever applicable, appropriate overheads based on normal level of activity. However, when the actual production is abnormally lower as compared to normal level, the expenditure of fixed nature is reduced in proportion to the shortfall.
- 4.2 Raw Materials, Stores & Spares, Consumables and Additives are valued at Cost computed on a Weighted Average Basis. Materials in Transit are valued at Cost. In respect of Materials held for use in production of Inventories, where there is a decline in the prices, and it is estimated that the cost of the finished products will exceed net realisable value, such materials are written down to their net realisable value computed on the basis of their Replacement Cost.
- 4.3 Stock of residue products is valued at estimated net realisable value.
- 4.4 (a) Non-moving items of Stores, Spares and Consumables with value less than ₹ 1000 each at the end of the year are charged to consumption.
- 4.4 (b) In respect of other non-moving stores including Insurance spares full provision is made if not moved for five or more consecutive completed financial years.
- 4.5 Loose tools with individual value below ₹ 1,000 are charged to consumption. Loose tools with individual value of ₹ 1,000 each and above are accounted on issue at cost and charged to consumption over a period of three years. However, if the written down value of each tool is below ₹ 1,000 at the end of the year, the remaining balance is charged to consumption.
- 4.6 No value is assigned to semi finished goods at different stages of production.

5. REVENUE RECOGNITION:

- 5.1 Sales include Excise Duty and Freight on Consignment Sales wherever applicable and is net of Sales Tax/Value Added Tax. Sales are recognised on despatch of goods to the customers. In respect of sea shipments, issue of Bill of Lading is considered as despatch.

- 5.2 Interest is recognised on accrual basis subject to certainty of realisation.
- 5.3 Sale of scrap is accounted on lifting of scrap by the buyers.
- 5.4 Government Grants, if any, are accounted on actual receipt.
- 5.5 Refunds of statutory duties and taxes, other than service tax, export duty and cess, are accounted on receipt.
- 5.6 Insurance and Railway claims are accounted on receipt.

6. TAX ON INCOME:

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

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

7. RETIREMENT BENEFITS :

- 7.1 Liability with regard to Gratuity benefits payable in future is determined by actuarial valuation at each Balance Sheet date using the Projected Unit Credit Method. Liability on this account is covered under Group Gratuity Life Assurance Scheme of LIC of India. Premium paid on this Scheme is charged to expense as contribution to gratuity. Settlement, if any, in excess of the amount received under the scheme, is also recognised as an expense as and when incurred.
- 7.2 Provision for Leave Encashment Benefits and Leave Travel Concessions is made based on actuarial valuation as on the Balance Sheet date.
- 7.3 Provident Fund contributions are made to a Trust administered by the trustees nominated by the Company and charged as expenses during the year.

8. FOREIGN CURRENCY TRANSLATIONS :

- 8.1 Amount recoverable and payable as at the close of the year in foreign currency is accounted for at the current rate of exchange prevailing on the Balance Sheet date.
- 8.2 Exchange variations arising out of translation of current assets and current liabilities at the end of the year are taken to Profit and Loss Account.
- 8.3 Exchange variations on account of fixed assets are being adjusted to respective assets.

K. Ranganath
Chairman-cum-Managing Director

Laxminarayana
Director (Finance)

As per our report of even date
for **M/s SRRK SHARMA ASSOCIATES**
Chartered Accountants
(ICA Regn No. 003790S)

Place : New Delhi
Date : 16th April, 2012

S.K. Padhi
Company Secretary

CA. SRRK SHARMA
Partner (M No. 018088)

**BALANCE SHEET AS AT 31ST MARCH, 2012**

₹ in Lakhs

Particulars	Note No.	Figures as at the end of current reporting period	Figures as at the end of the previous reporting period
1	2	3	4
I EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	1	63451.38	63451.38
(b) Reserves and surplus	2	143610.73	136400.29
(c) Money received against share warrants		-	-
(2) Share application money pending allotment			
		-	-
(3) Non-current liabilities			
(a) Long-term borrowings	3	-	-
(b) Deferred tax liabilities(Net)		-	-
(c) Other Long term liabilities		73.68	71.18
(d) Long-term provisions		11775.96	10949.43
(4) Current liabilities			
(a) Short-term borrowings	4	-	-
(b) Trade payables		12713.63	15302.34
(c) Other current liabilities		1668.40	1162.96
(d) Short-term provisions		3091.19	1990.68
TOTAL		<u>236384.97</u>	<u>229328.26</u>
II ASSETS			
(1) Non - current assets			
(a) Fixed assets			
(i) Tangible assets	5	35848.13	30836.52
(ii) Intangible assets	5	-	641.66
(iii) Capital work-in-progress	6	2402.40	6102.87
(iv) Intangible assets under development		-	-
(b) Non-current investments		-	-
(c) Deferred tax assets(net)	6	1632.23	1451.28
(d) Long-term loans and advances		-	-
(e) Other non-current assets	6	1011.44	837.48
(2) Current assets			
(a) Current investments	7	-	-
(b) Inventories		22045.19	23585.32
(c) Trade receivables		8521.35	7923.66
(d) Cash and cash equivalents		146454.19	144382.99
(e) Short-term loans and advances		13225.93	7517.55
(f) Other current assets		5244.11	6048.93
TOTAL		<u>236384.97</u>	<u>229328.26</u>

Significant Accounting Policies and Notes 1 to 14 form part of Accounts.

K. Ranganath
Chairman-cum-Managing Director

Laxminarayana
Director (Finance)

As per our report of even date
for **M/s SRRK SHARMA ASSOCIATES**
Chartered Accountants
(ICA Regn No. 003790S)

Place : New Delhi
Date : 16th April, 2012

S.K. Padhi
Company Secretary

CA. SRRK SHARMA
Partner (M No. 018088)

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

₹ in Lakhs

Particulars	Note No.	Figures for the current reporting period	Figures for the previous reporting period
I. Revenue from operations	8	138929.08	167655.79
II. Other income	9	17133.12	11778.63
III. Total Revenue (I+II)		156062.20	179434.42
IV. Expenses:			
(a) Cost of materials consumed		92775.34	106052.63
(b) Purchases of Stock- in-Trade		-	-
(c) Changes in inventories of finished goods, work-in-progress and stock-in-Trade	10	215.22	949.64
(d) Employee benefits expense	11	14245.72	12765.03
(e) Finance costs		-	-
(f) Depreciation & Amortisation expense		4090.16	3706.61
(g) Other expenses	12	33196.34	45965.41
Total expenses		144522.78	169439.32
V. Profit before exceptional and extraordinary items and tax (III-IV)		11539.42	9995.10
VI. Exceptional items		-	-
VII. Profit before extraordinary items and tax (V-VI)		11539.42	9995.10
VIII. Extraordinary Items		-	-
IX. Profit before tax (VII-VIII)		11539.42	9995.10
X. Tax expense:			
(1) Current tax		2290.24	2315.10
(2) Deferred tax		(180.95)	52.78
		2109.29	2367.88
XI. Profit (Loss) for the period from continuing operations (IX-X-XIV)		9430.13	7627.22
XII. Profit/(loss) from discontinuing operations		-	-
XIII. Tax expense of discontinuing operations		-	-
XIV. Profit/(loss) from Discontinuing operations(after tax) (XII-XIII)		-	-
XV. Profit (Loss) for the period (XI+XIV)		9430.13	7627.22
XVI. Earnings per equity share:			
(1) Basic		1.49	1.20
(2) Diluted		-	-

Significant Accounting Policies and Notes 1 to 14 form part of Accounts.

K. Ranganath
Chairman-cum-Managing Director

Laxminarayana
Director (Finance)

As per our report of even date
for **M/s SRRK SHARMA ASSOCIATES**
Chartered Accountants
(ICA Regn No. 003790S)

Place : New Delhi
Date : 16th April, 2012

S.K. Padhi
Company Secretary

CA. SRRK SHARMA
Partner (M No. 018088)

**Note-1****SHARE CAPITAL**

₹ in Lakhs

Particulars	Figures as at the end of current reporting period	Figures as at the end of the previous reporting period
Authorised Capital		
67,50,00,000 Equity shares of ₹ 10/- each	67500.00	67500.00
Issued, Subscribed and paid-up Capital*	63451.38	63451.38
(i) Govt.of India- 628144030 Equity shares of ₹ 10/- each	62814.40	62814.39
(ii) Others - 6369770 Equity shares of ₹ 10/- each	636.98	636.99
TOTAL	63451.38	63451.38

* Govt.of India disinvested about 1% of the shares to Mutual funds,Insurance companies & others.

Note-2**RESERVES AND SURPLUS**

₹ in Lakhs

Particulars	Figures as at the end of current reporting period	Figures as at the end of the previous reporting period
Capital Reserve	9.08	9.08
General Reserve		
As per last Balance sheet	136391.22	130613.74
Add: Transfer from the Profit & loss account	9430.13	7627.22
	145821.35	138240.96
Less: Dividend and distribution Tax	2219.70	1849.75
TOTAL	143601.65	136391.21
	143610.73	136400.29

Note-3**NON-CURRENT LIABILITIES**

₹ in Lakhs

Particulars	Figures as at the end of current reporting period	Figures as at the end of the previous reporting period
A. Non Current Liabilities:		
(a) Long term borrowings	-	-
(b) Deferred Tax liabilities(net)	-	-
(c) Other Long term liabilities		
(i) Trade payables	-	-
(ii) Others	73.68	71.18
(d) Long term provisions		
(i) Provision for employee benefits:		
Gratuity	4670.87	4505.18
Other Superannuation Benefits	4080.68	3209.35
Long term compensated absence-EL	1842.88	1519.08
Long term compensated absence-HPL	801.52	598.59
Retirement settlement benefits	340.90	340.90
Provident Fund interest Guarantee	39.11	776.33
Obligation	11775.96	10949.43
(ii) Others	-	-
TOTAL	11849.64	11020.61

Note-4**CURRENT LIABILITIES**

₹ in Lakhs

Particulars	Figures as at the end of current reporting period		Figures as at the end of the previous reporting period	
(a) Short term borrowings	-	-	-	-
(b) Trade payables:				
-Goods	2200.85		6330.39	
-Works	281.89		433.14	
-Others	10230.89		8538.81	
		12713.63		15302.34
(c) Other current liabilities				
-Deposits	906.58		576.26	
-Others	761.82		586.70	
		1668.40		1162.96
(d) Short term provisions				
(i) Provision for employee benefits:				
Gratuity	500.00		200.00	
Short term compensated absence-EL	204.25		146.76	
Leave travel concession	79.67		336.07	
Short term compensated absence-HPL	87.57		50.71	
		871.49		733.54
(ii) Others:				
Proposed Dividend	1903.54		1078.68	
Tax on Proposed Dividend	316.16		178.46	
		2219.70		1257.14
		17473.22		18455.98

1) The Name(s) of the Small scale Industrial undertaking(s) to whom the Company owes and which is outstanding for more than 30 days Nil Nil

* There is no amount due and outstanding as at Balance sheet date to be transferred to the Investor education and protection fund. The Company has amounts due to suppliers under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at 31-03-2012.

The disclosure pursuant to the said Act is as under:

Particulars	₹ in Lakhs
Principal amount due to suppliers under MSMED Act,2006	Nil
Interest accrued and due to suppliers under MSMED Act,on the above amount	Nil
Payment made to suppliers (other than interest) beyond the appointed day, during the year	Nil
Interest paid to suppliers under MSMED Act, (Other than Section 16)	Nil
Interest paid to suppliers under MSMED Act, (Section 16)	Nil
Interest due and payable to suppliers under MSMED Act, for payments already made	Nil
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act.	Nil

Note : The information has been given in respect of such vendors to the extent they could be identified as "Micro and Small" enterprises on the basis of information available with the Company.



Note-5

NON-CURRENT ASSETS- FIXED ASSETS

₹ in Lakhs

Sl. No.	Description of Assets	GROSS BLOCK (At Cost)				DEPRECIATION			NET BLOCK		
		Cost as at 01-04-2011	Additions during the year	Sales/ Adjustments	Cost as at 31-03-2012	Provided upto 1-04-2011	For the year	Sales/ Adjustments	Provided upto 31-03-2012	As at 31-03-2012	As at 31-03-2011
(a) (i) TANGIBLE ASSETS											
<u>MINES & PLANT:</u>											
1.	Land* - Freehold	669.98	53.01	-	722.99	-	-	-	-	722.99	669.98
	-Leasehold	2178.40	-	1.02	2179.42	86.58	32.32	0.19	119.09	2060.33	2091.82
2	Buildings	21817.29	730.33	0.77	22548.39	16197.74	325.93	-	16523.67	6024.72	5619.55
3	Plant & Equipment	96178.91	7512.10	-68.78	103622.23	77415.88	2795.96	244.07	80455.91	23166.32	18763.03
4	Furniture & Fixtures	350.98	3.58	0.26	354.82	339.09	0.63	10.56	350.28	4.54	11.89
5	Vehicles	654.17	38.06	-16.15	676.08	613.35	11.60	-16.15	608.80	67.28	40.82
6	Office equipment	1033.95	37.76	-18.52	1053.19	905.46	35.59	-5.69	935.36	117.83	128.49
7	Others :										
	Roads, Bridges & Culverts	1512.76	-	-	1512.76	1353.36	4.07	-	1357.43	155.33	159.40
	Dams, Embankments etc.,	12984.83	-	-	12984.83	12545.88	10.32	-	12556.20	428.63	438.95
	Temporary Structures	86.46	-	-	86.46	86.46	-	-	86.46	-	-
	Railway Siding	971.81	-	-	971.81	240.54	46.16	-	286.70	685.11	731.27
	Water supply, Sewerage & Fire prevention system	2050.09	0.03	-	2050.12	1900.89	17.12	-	1918.01	132.11	149.20
	Electrical Installation	8150.34	409.10	-	8559.44	7264.51	116.18	-	7380.69	1178.75	885.83
	SUB TOTAL	148639.97	8783.97	-101.40	157322.54	118949.74	3395.88	232.98	122578.60	34743.94	29690.23
<u>TOWNSHIP :</u>											
1	Land* - Freehold	32.81	-	-	32.81	-	-	-	-	32.81	32.81
	- Leasehold	34.14	-	-	34.14	34.14	-	-	34.14	-	-
2	Buildings	2205.13	-	-	2205.13	1195.22	36.13	-	1231.35	973.78	1009.91
3	Furniture & Fixtures	44.02	-	-0.25	43.77	43.57	0.06	-0.25	43.38	0.39	0.45
4	Vehicles	59.93	-	-	59.93	59.93	-	-	59.93	-	-
5	Office equipment	88.21	0.30	-0.15	88.36	86.96	0.31	-0.15	87.12	1.24	1.25
6	Others:										
	Roads, Bridges & Culverts	250.83	-	-	250.83	161.69	3.89	-	165.58	85.25	89.14
	Temporary Structures	38.33	10.22	-	48.55	38.33	10.22	-	48.55	-	-
	Electrical Installations	200.24	-	-0.28	199.96	195.85	0.56	-0.28	196.13	3.83	4.39
	Water supply, Sewerage & Fire prevention system	291.81	-	-	291.81	283.47	1.45	-	284.92	6.89	8.34
	SUB TOTAL	3245.45	10.52	-0.68	3255.29	2099.16	52.62	-0.68	2151.10	1104.19	1146.29
(a) (ii) INTANGIBLE ASSETS											
1	Process development Expenditure	1924.98	-	-	1924.98	1283.32	641.66	-	1924.98	-	641.66
	SUB TOTAL	1924.98	-	-	1924.98	1283.32	641.66	-	1924.98	-	641.66
	GRAND TOTAL	153810.40	8794.49	-102.08	162502.81	122332.22	4090.16	232.30	126654.68	35848.13	31478.18
	Previous year	150312.43	1621.38	1876.59	153810.40	118087.75	3706.61	537.86	122332.22	31478.18	

1. *Includes

- Development Costs
- Amortisation in respect of Leasehold Land
- 9.06 acres of land at Kudremukh & 4.481 acres at BFU are leased to other agencies.
- Freehold land 324.048 acres and leasehold land including lease cum sale 11426.296 acres.

Note-6**NON-CURRENT ASSETS**

₹ in Lakhs

Particulars	Figures as at the end of current reporting period	Figures as at the end of the previous reporting period
(a) Fixed assets		
(iii) Capital work-in-progress		
Machinery under erection	-	65.59
Plant and machinery/construction stores in stock	295.32	323.16
[Includes Materials lying in Contractors custody valuing ₹ 126.82 Lakhs (Previous year ₹ 118.18 lakhs)]		
Machinery in Transit	-	3988.03
Advances to Contractors	-	26.74
Work in progress:		
Material handling facilities and Railway siding from Thokkur	753.61	753.61
Ductile Iron spun pipe plant	66.42	62.42
Horizontal pressure filter	-	258.92
Others	1455.82	793.17
Total:	2275.85	1868.12
Less : Provision	168.77	168.77
Total:	2107.08	1699.35
Total:	2402.40	6102.87
(iv) Intangible assets under development		
Total:	-	-
(b) Non-current Investments		
Total:	-	-
(c) Deferred Tax Assets(Net)		
Timing differences on account of depreciation claimed	(4961.29)	(4926.08)
Timing differences on account of disallowances under Income Tax Act	6593.52	6377.36
Net Deferred Tax Assets/(Liability)	1632.23	1451.28
(d) Long term loans & advances:		
Un-secured and considered doubtful	1800.00	1800.00
Less:Provision for doubtful debts	1800.00	1800.00
Total:	-	-
(e) Other non-current assets:		
Deposits - MESCOM	553.36	386.93
- Others	121.44	121.65
	674.80	508.58
Advances -Employees	336.64	328.90
Total:	1011.44	837.48

**Note-7****CURRENT ASSETS**

₹ in Lakhs

Particulars	Figures as at the end of current reporting period	Figures as at the end of the previous reporting period
(a) Current Investments	-	-
Total "a"	-	-
(b) Inventories		
Raw materials	6940.10	13024.89
Less : Provision- Slime	-	905.50
: Provision - AS2	1790.65	1790.65
	5149.45	10328.74
Add : Raw materials in transit	4803.46	1895.25
	9952.91	12223.99
Iron ore fines & coke fines	-	50.31
Stores and spares	10698.21	9614.91
[Includes ₹ 476.39 lakhs declared surplus (Previous year ₹ 255.92 Lakhs)]		
Less : Provision towards Non-moving and Surplus Stores	5411.43	5461.33
	5286.78	4153.58
Add: Stores in transit at cost	33.18	182.99
[Includes ₹ 18.23 lakhs (Previous year ₹ 29.30 lakhs)]		
Damaged and under review and in Bonded Warehouse ₹ 3.22 lakhs (previous year ₹ 97.26 lakhs)		
Consumables and Additives	492.82	428.42
Loose tools at cost (Less written off)	3.88	3.75
Residue products	-	0.70
Stock of finished goods at lower of cost or net realisable value		
Pellets	6275.62	5991.52
Auxilliary	-	550.06
	6275.62	6541.58
Total "b"	22045.19	23585.32

Note-7**CURRENT ASSETS (Continuation)**

₹ in Lakhs

Particulars	Figures as at the end of current reporting period	Figures as at the end of the previous reporting period	
(c) Trade receivables			
(i) Outstanding for more than six months	-	-	
Secured, considered good			
Un-Secured, considered good	-	1.36	
Doubtful	-	-	
(ii) Others	-	-	1.36
Secured, considered good	-	-	
Un-Secured, considered good	8521.35	7922.30	
Doubtful	-	-	
	8521.35	-	7922.30
Total "c"	8521.35	-	7923.66
(d) Cash and cash equivalents:			
(i) Balances with banks			
In Current Account	1009.52	919.22	
(Includes ₹ 0.31 Lakhs earmarked for unpaid dividend (Previous year ₹ 0.32 lakhs))			
In Flexi deposit	42.40	1703.90	
In Term deposit	145400.00	141757.82	
	146451.92	-	144380.94
(ii) Cheques, drafts on hand	-	-	-
(iii) Cash on hand	2.11	-	2.01
(iv) Others-[Stamps in hand (Unfranked balance)]	0.16	-	0.04
Total "d"	146454.19	-	144382.99
(e) Short-term loans and advances			
Claims: Railways & Customs	12.58	12.57	
: Service tax	61.01	94.61	
: Modavat	2.95	25.63	
	76.54	-	132.81
Deposits : Port	28.34	31.91	
: Customs & Excise	4.33	4.33	
: Others	37.64	26.39	
	70.31	-	62.63
Advances -Suppliers	3901.40	2696.91	
-Employees	181.15	156.90	
-Others	8996.53	4468.30	
	13079.08	-	7322.11
Total "e"	13225.93	-	7517.55
(f) Other current assets			
(i) Other receivables	785.87	-	1570.94
(ii) Advance Income tax	10046.06	7841.62	
Less : Provision	5587.82	3363.63	
	4458.24	-	4477.99
Total "f"	5244.11	-	6048.93
Grand Total("a" + "b" + "c" + "d" + "e" + "f")	195490.77	-	189458.45

**Note-8****REVENUE FROM OPERATIONS**

₹ in Lakhs

Particulars	Figures for the current reporting period	Figures for the previous reporting period
Gross Sales - Pellets	150364.06	174931.14
- Pig Iron	-	4802.06
- Auxilliary	1743.26	597.97
- Slag	0.28	15.18
	152107.60	180346.35
Less : Excise Duty	13178.52	12659.80
	138929.08	167686.55
Less : Freight on Consignment Sales	-	30.76
Net sales	138929.08	167655.79
Total	138929.08	167655.79

Note-9**OTHER INCOME**

₹ in Lakhs

Particulars	Figures for the current reporting period	Figures for the previous reporting period
Interest on deposits (Tax deducted at source ₹ 1,344.77 lakhs (Previous year ₹ 936.17 lakhs)	13511.23	9230.46
Interest-Others	39.12	328.13
Profit on sale of Assets	4.39	5.04
Hire charges	0.71	0.54
Rent (Tax deducted at source ₹ 2.70 lakhs (Previous year ₹ 3.05 lakhs)	38.96	37.45
Sale of scrap	159.54	366.30
Despatch money	35.81	34.38
Exchange variation	36.54	0.47
Provision no longer required:		
Slime	905.51	721.16
Others	1014.98	289.84
	1920.49	1011.00
Miscellaneous	1386.33	764.86
Total	17133.12	11778.63

Note-10**CHANGES IN INVENTORIES OF FINISHED GOODS**

₹ in Lakhs

	Figures as at the end of current reporting period						Figures as at the end of the previous reporting period				
	Opening Stock	Closing Stock	Accretion/ Depletion	Transfer/ Adjustment	Excise duty on accretion/ decretion	Net Accretion/ depletion	Opening Stock	Closing Stock	Accretion/ Depletion	Excise duty on accretion / depletion	Net Accretion/ depletion
FINISHED GOODS											
Pellets	5991.52	6275.62	284.10	-	-	284.10	2864.11	5991.52	3127.41	-	3127.41
Pig Iron	-	-	-	-	-	-	3661.25	-	-3661.25	-345.93	-3315.32
Auxullary	550.06	-	-550.06	-	-51.37	-498.69	1384.25	550.06	-834.19	-77.90	-756.29
Total..... "A"	6541.58	6275.62	-265.96	-	-51.37	-214.59	7909.61	6541.58	-1368.03	-423.83	-944.20
OTHERS											
Granulated Slag	0.70	-	-0.70	-	-0.07	-0.63	6.69	0.70	-5.99	-0.55	-5.44
Coke Fines-BFU	50.31	-	-	50.31	-	-	50.31	50.31	-	-	-
Total..... "B"	51.01	-	-0.70	50.31	-0.07	-0.63	57.00	51.01	-5.99	-0.55	-5.44
GRAND TOTAL.. "A" + "B"	6592.59	6275.62	-266.66	50.31	-51.44	-215.22	7966.61	6592.59	-1374.02	-424.38	-949.64

Note-11**EMPLOYEES BENEFIT EXPENSES**

₹ in Lakhs

Particulars	Figures for the current reporting period	Figures for the previous reporting period
Salaries and wages	10985.57	8427.50
Company's contribution to Provident Fund	800.76	881.62
Contribution to Gratuity Fund	665.69	877.49
Provident Fund Interest guarantee obligation	-	776.33
Contribution towards other Superannuation Benefits	871.33	818.50
Workmen & Staff welfare expenses	922.37	983.59
Total	14245.72	12765.03

Note-12

OTHER EXPENSES

₹ in Lakhs

Particulars	Figures for the current reporting period	Figures for the previous reporting period
Consumption of Stores and Spares	3169.17	2901.49
Consumption of Consumables & Additives	4558.03	4766.00
Power & fuel	18551.88	18399.70
Port charges, Sampling Survey and cess	1032.32	10397.59
Rent	856.13	1663.74
Rates and taxes, excluding taxes on income	35.19	34.81
Insurance charges	18.45	34.69
Travelling expenses	256.38	197.58
Repairs and maintenance:		
Building	270.66	283.76
Machinery	756.23	863.39
Others	87.23	73.62
	1114.12	1220.77
Postage and telephone charges	55.00	53.35
Advertisement and publicity	295.61	168.23
Expenses on security	1276.54	1029.84
Payment to auditor as:		
a. auditor	4.50	4.50
b. for taxation matters	1.00	1.00
c. for company law matters	-	-
d. for management services	-	-
e. for other services	1.00	0.60
f. for reimbursement of expenses	1.00	1.00
	7.50	7.10
Demurrage	-	3.64
Bank charges including discounting of bills	89.59	69.53
Entertainment	6.24	7.83
Commission/Incentive on sales	-	25.57
Provision for surplus stores, DDRs and others	60.37	1861.38
Forest, Ecology & pollution control expenses	61.74	33.99
Exchange variation	-	29.73
Directors' sitting fees	18.65	8.10
Prior period items	1138.25	2559.05
Miscellaneous expenses	595.18	491.70
Total	33196.34	45965.41

Note-13**INFORMATION REGARDING VALUE OF PRODUCTION, STOCKS, CONSUMPTION, VALUE OF IMPORTS, EXPENDITURE AND EARNINGS IN FOREIGN EXCHANGE****Figures as at the end of current reporting period**

	Iron ore Concentrate	Iron ore Pellets	Pig Iron
	Value (₹ in lakhs)	Value (₹ in lakhs)	Value (₹ in lakhs)
Actual Production	Nil (Nil)	150648.16 (178058.55)	- -
Opening Stock	Nil (Nil)	5991.52 (2864.11)	550.06 (5045.50)
Closing Stock	Nil (Nil)	6275.62 (5991.52)	- (550.06)
Sales (Gross)	Nil (Nil)	150364.06 (174931.14)	1743.54 (5415.21)

- Note: 1) Pellets include Pellet-fines also.
2) Pig Iron includes Auxilliary.
3) Previous year's figures indicated in bracket.

Figures as at the end of current reporting period**Figures as at the end of the previous reporting period**

	Quantity Metric Tonne	Value ₹ in Lakhs	Percentage	Quantity Metric Tonne	Value ₹ in Lakhs	Percentage
Consumption of raw materials						
Imported :						
	Coke	-			-	
	Total :	-			-	
Indigenous :						
	Iron ore fines	1710200	92775.34	100.00%	2118900	106052.63
	Lime Stone	-	-		-	-
	Dolomite	-	-		-	-
	Manganese Ore	-	-		-	-
	Quartzite	-	-		-	-
	Iron ore lumps	-	-		-	-
	Total :	92775.34	100.00%		106052.63	100.00%
Consumption of stores, spares and fuel:						
Imported		16368.71	90.48%		16216.86	91.81%
Indigenous		1721.33	9.52%		1657.83	8.19%
	Total :	18090.04	100.00%		17874.69	100.00%
Included under:						
	Stores and spares	3169.17			2855.92	
	Power and fuel	14878.86			14973.21	
	Welfare expenses	42.01			45.56	
	Total :	18090.04			17874.69	

Note-13 (Continuation)

	Figures as at the end of current reporting period			Figures as at the end of the previous reporting period			
	Quantity Metric Tonne	Value ₹ in Lakhs	Percentage	Quantity Metric Tonne	Value ₹ in Lakhs	Percentage	
Consumption of Consumables & additives							
Imported	- Lime stone	49008	611.13	13.41%	55653	661.39	13.88%
	- Coke fines	650	50.31	1.10%	-	-	
	Total :		661.44			661.39	
Indigenous:	1) Bentonite	14142	456.56	} 85.49%	15513	478.14	} 86.12%
	2) Coke fines	30341	3170.80		34705	3310.74	
	3) Burnt lime	3474	171.11		5344	247.28	
	4) Dolomite	-	-		1368	20.24	
	5) Lime stone	5375	98.12		3095	48.21	
	Total :		3896.59		4104.61		
	Total :		4558.03	100.00%		4766.00	100.00%
Expenditure incurred in foreign currency (On remittance basis):							
	(a) Engineering services		-		-		
	(b) Travelling		5.28		-		
	(c) Other expenses		960.68		2094.77		
	(d) Demurrage on exports		-		-		
Value of Imports on CIF Basis							
	(a) Raw materials		-		-		
	(b) Components and spare parts		2110.53		722.93		
	(c) Furnace oil		15578.79		14082.79		
	(d) Consumables and additives		900.33		765.72		
	(e) Capital goods		5461.74		372.00		
Earnings in Foreign Exchange							
	(on Receipt basis)						
	(a) Export of goods (FOB)						
	(₹ in Lakhs)		49615.28		69454.90		
	equivalent of above in						
	(US \$ Million)		110.72		152.79		
	(b) Other receipts (₹ in Lakhs)		7.43		39.36		

Note-14**OTHER NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2012**

₹ in Lakhs

	Figures as at the end of current reporting period	Figures as at the end of previous reporting period																																									
1																																											
<p>Pending execution of Lease Deed with New Mangalore Port Trust for certain tracts of land, provision has been made for the Registration charges and Stamp duty, which is estimated at ₹ 5.37 Lakhs (Previous year ₹ 4.35 Lakhs). The expenditure incurred is amortised over the period of lease. Lease Rentals are charged to Profit and Loss Account on accrual basis.</p> <p>The Company has registered following tracts of land taken on lease during the year. The period of lease and rental obligation for the remaining period of lease is as follows:</p> <table border="1"> <thead> <tr> <th>Track of land</th> <th>Period of lease</th> <th>Rental obligation Remaining (₹/Lakhs)</th> </tr> </thead> <tbody> <tr> <td colspan="3">Period not later than five years:</td> </tr> <tr> <td>Track 1</td> <td>21270 sqm</td> <td>21.7.92 to 20.7.2012</td> <td>10.79</td> </tr> <tr> <td>Track 2</td> <td>27008 sqm</td> <td>17.2.94 to 16.2.2014</td> <td>94.79</td> </tr> <tr> <td colspan="3">Period later than five years:</td> </tr> <tr> <td>Track 1</td> <td>213783 sqm</td> <td>20.7.97 to 19.7.2017</td> <td>2447.02</td> </tr> <tr> <td>Track 2</td> <td>113497 sqm</td> <td>20.4.99 to 19.4.2019</td> <td>4205.17</td> </tr> <tr> <td>Track 3</td> <td>300 sqm</td> <td>01.4.99 to 31.3.2029</td> <td>11.01</td> </tr> <tr> <td>Track 6</td> <td>1190 sqm</td> <td>01.8.99 to 31.7.2029</td> <td>46.78</td> </tr> <tr> <td>Track 7</td> <td>475 sqm</td> <td>01.5.98 to 30.4.2028</td> <td>16.83</td> </tr> <tr> <td>Track 8</td> <td>48 sqm</td> <td>01.7.98 to 30.6.2028</td> <td>1.70</td> </tr> </tbody> </table>			Track of land	Period of lease	Rental obligation Remaining (₹/Lakhs)	Period not later than five years:			Track 1	21270 sqm	21.7.92 to 20.7.2012	10.79	Track 2	27008 sqm	17.2.94 to 16.2.2014	94.79	Period later than five years:			Track 1	213783 sqm	20.7.97 to 19.7.2017	2447.02	Track 2	113497 sqm	20.4.99 to 19.4.2019	4205.17	Track 3	300 sqm	01.4.99 to 31.3.2029	11.01	Track 6	1190 sqm	01.8.99 to 31.7.2029	46.78	Track 7	475 sqm	01.5.98 to 30.4.2028	16.83	Track 8	48 sqm	01.7.98 to 30.6.2028	1.70
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(A)	Estimated amount of the contracts to be executed on capital account and not provided for (net of advances)	1,955.75	4,440.28																																								
(B)	Contingent Liabilities not provided for:																																										
(a)	In respect of - Letters of Credit and Bank Guarantees etc., outstanding																																										
(i)	On Revenue Account	6,545.14	2,979.83																																								
(ii)	On Capital Account	-	7,230.87																																								



	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
(b) Claims against the Company not acknowledged as debts		
(i) On Revenue Account *	11,237.22	11,051.97
(ii) On Capital Account	16,159.99	16,845.45
<p>(* includes ₹ 11057.62 Lakhs towards Forest Development Tax at the rate of 12% of basic price of iron ore. NMDC Limited has filed a writ petition in the Hon'ble High Court of Karnataka challenging the levy of the same. The case is pending for disposal. Meanwhile, as per the interim order of the Hon'ble Court, ₹ 2617.43 lakhs (25% of FDT) is collected in cash and Bank Guarantee for ₹ 2734.87 lakhs is also collected by NMDC Limited)</p>		
(c) Disputed Liabilities in Appeal		
(i) On Revenue Account		
VAT	65.08	65.08
Excise Duty	2,924.48	371.28
Income Tax	4,557.52	4,557.52
Service Tax	405.98	-

3 The Company is a 100% Export Oriented Unit. With the suspension of mining operations at Kudremukh mine site, the Company is procuring the Iron Ore fines from NMDC mines and transporting it to its plant at Mangalore by rail or rail cum sea route. The Railways are raising the RRs for transporting the Iron Ore through rakes which are promptly settled by the Company. As on date none of the RR is pending for payment or under dispute.

Railways vide letter No. H/C.474 Classification/11 dtd. 21.10.2011 raised an issue regarding the applicability of distance based charge 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 distance based charge if the same are exported. However, the Iron Ore so moved and utilized in the steel plants

₹ in Lakhs

	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
<p>for manufacture of finished product and exported thereafter do not attract distance based charge. This benefit is not available to Pellets though it is a manufactured, and value added, technically and commercially distinct product. This is a clear violation of Article No.14 of Constitution of India which guarantees equality before law. Accordingly, the issue raised by Railways is challenged before the Hon'ble High Court of Karnataka through a Writ Petition. The Writ Petition is duly admitted and is pending before the Hon'ble Court. Railways have not raised any quantified claim in this regard.</p>		
<p>4 The Company has applied for a prospective licence of Khandhadhar deposit in Jharsuguda district, Odisha. The area identified is having low grade Iron Ore deposit and as project utility could be established only after detailed study, the Company has carried out exploration work in that area and incurred an amount of ₹ 239.38 Lakhs. Govt of Odisha rejected the PL prospecting licence (PL) application and recommended for grant of PL in favour of POSCO India Private Limited. The Company has filed a writ petition in the Hon'ble High Court of Odisha challenging the same. The Hon'ble High Court of Odisha quashed the recommendation of the State Govt in another case filed by M/s Geomine Orissa. In the said order court did not give any relief to Geomine Orissa. Hence, that Company filed a SLP before the Hon'ble Supreme Court. KIOCL being an interested party got impleaded in the said SLP. The matter is before the Hon'ble Supreme Court. Hence above amount is shown under the head of account "Capital Work in Progress".</p>		
<p>5 Expenses incurred towards generation of power have been included under the primary heads of account.</p>		
<p>6 Mangalore Pellet Plant is the outcome of Kudremukh activity for Ore, for beneficiated Concentrate and also water. Consequent upon the judgement of Hon'ble Supreme Court, mining and beneficiation activities were seized w.e.f. 01.01.2006. However,</p>		



**Figures as at the end
of current
reporting period****Figures as at the end
of previous
reporting period**

Mangalore Pellet Plant and also Blast Furnace Unit draw the required water from Lakya Dam at Kudremukh. Dam maintenance activity from the safety point of view and maintenance of water drawal system which include electrical and pipeline maintenance (67 KMs long of which 14 KM passes through National Park area) are still continuing.

Stoppage of water will result in immediate closure of Pellet Plant. Accordingly, Kudremukh installation is maintained as a part of Mangalore Pellet Plant. Though, mining and beneficiation is not taking place, the Department continues to exist and is looking for alternative mining site for operation both in India and abroad. As such, Kudremukh installation is a working unit as on date, in view of the above brief. As such, the expenditure of Kudremukh installation is allocated to Pellet Plant. Note No 4 of Schedule 16 to the accounts for the year 2010-11 disclosed that Kudremukh area where mining operations were stopped by the Hon'ble Supreme Court as discontinuing operation. As per the amended Schedule VI to the Companies Act, 1956 the results of continuing operation and that of discontinuing operations are to be disclosed separately. In the light of the amended Schedule VI, a fresh review of the situation was made. After the review, it is felt that major portion of the activities like dam maintenance for safety and water supply to Mangalore units are continuing. Only mining operation is discontinued. As such, it is decided that the discontinuing of operations as per Accounting Standard (AS)-24 is not applicable and accounts are presented accordingly. There is no monetary effect due to this withdrawal of disclosure.

- 7 In pursuance of the directive of the Hon'ble Supreme Court, mining activities at Kudremukh were stopped with effect from 1st January 2006. The Company filed a Petition for Direction with prayers, inter-alia, to permit utilisation of 54.01 hectares of land required for the purpose of safety and slope stability of the mine, at the time of closure of the mine.

₹ in Lakhs

	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
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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 approved plan, is ₹ 2,79,04,500.

The Hon'ble Supreme Court, in its judgement (December 2006), directed IIT Delhi to issue global tender for, inter-alia, re-analysing the stability of slopes, drawing up of mine closure plan, implementation of the above plan and drawing up of detailed terms for the work to be done, consistent with basic paradigm of "no or minimal disturbance to unbroken area" The expenditure for this purpose was to be met out of ₹ 19 Crores deposited by the Company and which is presently lying with the Adhoc Compensatory Aforestation Fund Management and Planning Authority (Adhoc CAMPA). The Court has also directed that if any funds are required in excess of the aforesaid amount, the agency or the designated officer shall move the Court for necessary direction.

IIT New Delhi is yet to start the process as directed by the Hon'ble Supreme Court. Under the above circumstances, the Company is unable to take any independent action.

Since the amount of ₹ 19 Crores paid by the Company to Central Empowered Committee is already lying with the Adhoc-CAMPA which is much more than the expenditure for mine closure as envisaged in the IBM approved final mine closure plan i.e. ₹ 2,79,04,500, no further provision for expenditure for mine closure at Kudremukh in the Books of Account is felt necessary.

- 8 The 'mines & plant assets' in respect of Kudremukh establishment can be effectively utilised on relocation and/or disposed off. A substantial portion of such assets have been depreciated in full and the realisable value is estimated to be higher than the carrying value. Hence there is no impairment

	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
loss to be recognised during the year.		
9 Present value of Future Obligations as at the Balance Sheet date as per Actuarial Valuations are:		
(a) Gratuity	5,170.86	4,705.18
(b) Leave encashment (EL)	2,047.13	1,665.83
(c) Leave encashment (HPL)	889.09	649.29
(d) Leave Travel Concession	79.67	336.07

Disclosure required as per Accounting Standard (AS) – 15 (Revised) on 'Employee Benefits' are appended.

- 10** The Provident Fund of the employees is managed by the Kudremukh Iron Ore Company's Employees' Provident Fund Trust and is administered by the trustees nominated by the Company. The rate of interest payable on the contribution is determined by the Govt of India and is binding on the Trust. Based on the financial instruments held by the Trust and the yield there upon the Company anticipates a short fall in its earnings during the current and future years. The Present Value of the obligation on account of such Interest guarantee, as estimated on Actuarial basis, works out to ₹ **39.11** Lakhs (Previous year ₹ 776.33 Lakhs) as at the Balance Sheet date. Excess provision of ₹ **737.22** Lakhs has been withdrawn during the year as provision no longer required and included under "Other Income".
- 11** Pending revision of pay scales of non- executive employees with effect from 01.01.2012, a provision of ₹ 84.69 lakhs is made during the year. The same is included in 'Employees Benefit Expenses.
- 12** As per the guidelines of Department of Public Enterprises, Central Public Sector Enterprises are allowed to extend 30% of Basic Pay plus Dearness Pay as Superannuation Benefits including Contributory Provident Fund, Gratuity and other specified superannuation benefits. The Company

₹ in Lakhs

	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
<p>has revised the pay scales, with effect from 01.01.2007, in accordance therewith and provision towards superannuation benefits has been made accordingly. The Company is contributing around 16% of Basic Pay and Dearness Pay towards Contributory Provident Fund and Gratuity benefits. The balance 14%, amounting to ₹ 871.33 Lakhs (Previous year ₹ 3,209.35 Lakhs for the period from 01.01.2007 to 31.03.2011) has been provided during the year towards other Superannuation benefits.</p>		
<p>13 During the year 27 employees of the Company have opted for Voluntary Retirement. Out of them, one has been released during the year and the remaining 26 employees will be released during the year 2012-13 on their specific request. Total VRS compensation paid and payable amounting to ₹ 583.54 Lakhs has been charged off during the year shown under “Employees Benefits expense”.</p>		
<p>14 During the year 2009-10, the Company had undertaken R&D efforts to determine viability of Doni Ore filtration through the existing system without mixing ore from Bailadila region. The R&D efforts were successful and enabled the Company to have future economic benefit in cost saving. Accordingly, the expenditure on this amounting to ₹ 1,924.98 Lakhs was recognised as “Process Development Expenditure” to be amortised over three years including the year 2009-10 and treated as an Internally Generated Intangible Asset disclosed as “Process Development Expenditure” under Fixed Assets. The policy on Amortisation of such expenditure over a period of three years is being continued. Accordingly, an amount of ₹ 641.66 Lakhs (Previous year ₹ 641.66 Lakhs), has been amortised during the year.</p>		
<p>15 As per Accounting Standard (AS)-2 - “Valuation of Inventories”, the raw materials for production of Pig Iron (including Auxiliaries) are required to be written down to their “Net Replacement Costs”, since the cost of the finished product,</p>		



**Figures as at the end
of current
reporting period****Figures as at the end
of previous
reporting period**

Pig Iron, exceeds its Net Realisable Value (NRV). Accordingly, a provision was made during the year 2009-10

There has not been any substantial improvement in the "Net Realisable Value" of Pig Iron during the year. Therefore, an amount of ₹ 1,790.65 Lakhs, the provision made in earlier years is retained as at the Balance Sheet date.

- 16** Due to unviable price of Pig Iron, Blast Furnace Unit (BFU) is not operated during the year. The Company is proposing forward and backward integration by setting up of DISP Plant and Coke Oven Plant to make the operation of BFU economically viable. In principle approval for the same has been obtained from the Board.
- 17** During the year, the Company has used the entire stock of slime containing ultra fine Iron Ore of 24,751 MT (Previous year 19,712 MT) of slime in Pellet production by blending the same with virgin Iron Ore. Consequently, ₹ **905.51 Lakhs** (Previous year 721.15 Lakhs) has been withdrawn during the year from the provision made in earlier years.
- 18** The Company is having two reporting business segments i.e., 'Iron Oxide Pellet' and 'Pig Iron'.
- 19** Related party disclosure:

Key Management personnel:

K Ranganath	<i>Chairman-cum-Managing Director</i>
Maj Gen (Retd) Dr. OP Soni	<i>Director (Commercial)</i>
M B Padiyar	<i>Director (Production & Projects) till 31.05.2011.</i>
K Subba Rao	<i>Director (Production & Projects) w.e.f .09.06.2011</i>
T M Gopalakrishna Bhat	<i>Director (Finance) till 31.08.2011</i>
Laxminarayana	<i>Director (Finance) w.e.f. 01.09.2011</i>

Except salary, perquisites and other particulars shown under Note 11, there are no other transactions with the related parties which need disclosure.

₹ in Lakhs

	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
20	Certain accounting policies have been re-worded during the year to improve clarity. Impact has been quantified, wherever necessary.	
21	Confirmation of balances from Creditors (Trade payables), Debtors (Trade receivables), advances, deposits and materials with sub-contractors in certain cases have not been received.	
22	Previous year's figures have been regrouped wherever necessary.	
23	Figures in the Balance Sheet, Profit and Loss Statement and the Notes thereon have been rounded off to ₹ Thousands and expressed in ₹ Lakhs.	
24	Ministry of Corporate Affairs, Govt. of India, issued the Revised Schedule VI to the Companies Act, 1956. The same is applicable with effect from 01.04.2011. The Company has presented the Financial Statements in Revised Schedule VI format.	

K. Ranganath
Chairman-cum-Managing Director

Laxminarayana
Director (Finance)

As per our report of even date
for **M/s SRRK SHARMA ASSOCIATES**
Chartered Accountants
(ICA Regn No. 003790S)

Place : New Delhi
Date : 16th April, 2012

S.K. Padhi
Company Secretary

CA. SRRK SHARMA
Partner (M No. 018088)



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

TYPE OF PLAN	GRATUITY	
PERIOD OF DISCLOSURE	01-04-2011 To 31-03-2012	
I. PRINCIPAL ACTUARIAL ASSUMPTIONS		
[Expressed as weighted averages]	31/03/2011	31/03/2012
Discount Rate	8.20%	8.40%
Salary escalation rate	5.00%	6.00%
Attrition rate	0.50%	0.50%
Expected rate of return on Plan Assets	8.00%	9.00%
In the following tables, all amounts are in ₹ in Lakhs, unless otherwise stated		
II. CHANGES IN THE PRESENT VALUE OF THE OBLIGATION (PVO) - RECONCILIATION OF OPENING AND CLOSING BALANCES:		
PVO as at the beginning of the period		4705.18
Interest Cost		379.32
Current service cost		111.35
Past service cost - (non vested benefits)		-
Past service cost - (vested benefits)		-
Benefits paid		(158.76)
Actuarial loss/(gain) on obligation (balancing figure)		185.37
PVO as at the end of the period		5222.45
III. CHANGES IN THE FAIR VALUE OF PLAN ASSETS - RECONCILIATION OF OPENING AND CLOSING BALANCES:		
Fair value of plan assets as at the beginning of the period		1.97
Expected return on plan assets		16.16
Contributions		200.00
Benefits paid		(158.76)
Actuarial gain/(loss) on plan assets [balancing figure]		(7.78)
Fair value of plan assets as at the end of the period		51.59
IV. ACTUAL RETURN ON PLAN ASSETS		
Expected return on plan assets		16.16
Actuarial gain (loss) on plan assets		(7.78)
Actual return on plan assets		8.38
V. ACTUARIAL GAIN / LOSS RECOGNISED		
Actuarial gain / (loss) for the period - Obligation		(185.37)
Actuarial gain / (loss) for the period- Plan Assets		(7.78)
Total (gain) / loss for the period		193.15
Actuarial (gain) / loss recognised in the period		193.15
Unrecognised actuarial (gain) / loss at the end of the year		-

TYPE OF PLAN	GRATUITY
PERIOD OF DISCLOSURE	01-04-2011 To 31-03-2012
VI. AMOUNTS RECOGNISED IN THE BALANCE SHEET AND RELATED ANALYSES	
Present value of the obligation	5222.45
Fair value of plan assets	51.59
Difference	5170.86
Unrecognised transitional liability	-
Unrecognised past service cost - non vested benefits	-
Liability recognised in the balance sheet	5170.86
VII. EXPENSES RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS:	
Current service cost	111.35
Interest Cost	379.32
Expected return on plan assets	(16.16)
Net actuarial (gain)/loss recognised in the year	193.15
Transitional Liability recognised in the year	-
Past service cost - non-vested benefits	-
Past service cost - vested benefits	-
Expenses recognised in the statement of profit and loss	667.66
VIII. MOVEMENTS IN THE LIABILITY RECOGNISED IN THE BALANCE SHEET	
Opening net liability	4703.21
Expense as above	667.66
Contribution paid	(200.00)
Closing net liability	5170.86
IX. AMOUNT FOR THE CURRENT PERIOD	
Present Value of obligation	5222.45
Plan Assets	51.59
Surplus (Deficit)	(5170.86)
Experience adjustments on plan liabilities -(loss)/gain	(89.55)
Experience adjustments on plan assets -(loss)/gain	(7.78)
X. MAJOR CATEGORIES OF PLAN ASSETS (AS PERCENTAGE OF TOTAL PLAN ASSETS)	
Government of India Securities	0.50
State Government Securities	0.50
High Quality Corporate Bonds	-
Equity shares of listed companies	-
Property	-
Special Deposit Scheme	-
Funds managed by Insurer	-
Others (to specify)	-
Total	1.00
XI. ENTERPRISE'S BEST ESTIMATE OF CONTRIBUTION DURING NEXT YEAR	500.00



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

TYPE OF PLAN	LONG TERM COMPENSATED ABSENCE - EARNED LEAVE	
PERIOD OF DISCLOSURE	01-04-2011 to 31-03-2012	
I. PRINCIPAL ACTUARIAL ASSUMPTIONS [Expressed as weighted averages]	31-Mar-11	31-Mar-12
Discount Rate	8.20%	8.40%
Salary escalation rate	5.00%	6.00%
Attrition rate	0.50%	0.50%
Expected rate of return on Plan Assets	0.00%	0.00%
In the following tables, all amounts are in ₹ in Lakhs, unless otherwise stated		
II. CHANGES IN THE PRESENT VALUE OF THE OBLIGATION (PVO) - RECONCILIATION OF OPENING AND CLOSING BALANCES:		
PVO as at the beginning of the period		1665.83
Interest Cost		124.46
Current service cost		73.01
Past service cost - (non vested benefits)		-
Past service cost - (vested benefits)		-
Benefits paid		(296.11)
Actuarial loss/(gain) on obligation (balancing figure)		479.94
PVO as at the end of the period		2047.13
III. CHANGES IN THE FAIR VALUE OF PLAN ASSETS - RECONCILIATION OF OPENING AND CLOSING BALANCES:		
Fair value of plan assets as at the beginning of the period		-
Expected return on plan assets		-
Contributions		296.11
Benefits paid		(296.11)
Actuarial gain/(loss) on plan assets [balancing figure]		-
Fair value of plan assets as at the end of the period		-
IV. ACTUAL RETURN ON PLAN ASSETS		
Expected return on plan assets		-
Actuarial gain (loss) on plan assets		-
Actual return on plan assets		-
V. ACTUARIAL GAIN / LOSS RECOGNIZED		
Actuarial gain / (loss) for the period - Obligation		(479.94)
Actuarial gain / (loss) for the period- Plan Assets		-
Total (gain) / loss for the period		479.94
Actuarial (gain) / loss recognised in the period		479.94
Unrecognised actuarial (gain) / loss at the end of the year		-

TYPE OF PLAN	LONG TERM COMPENSATED ABSENCE - EARNED LEAVE
PERIOD OF DISCLOSURE	01-04-2011 to 31-03-2012
VI. AMOUNTS RECOGNISED IN THE BALANCE SHEET AND RELATED ANALYSES	
Present value of the obligation	2047.13
Fair value of plan assets	-
Difference	2047.13
Unrecognised transitional liability	-
Unrecognised past service cost - non vested benefits	-
Liability recognised in the balance sheet	2047.13
VII. EXPENSES RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS:	
Current service cost	73.01
Interest Cost	124.46
Expected return on plan assets	-
Net actuarial (gain)/loss recognised in the year	479.94
Transitional Liability recognised in the year	-
Past service cost - non-vested benefits	-
Past service cost - vested benefits	-
Expenses recognised in the statement of profit and loss	677.41
VIII. MOVEMENTS IN THE LIABILITY RECOGNIZED IN THE BALANCE SHEET	
Opening net liability	1665.83
Expense as above	677.41
Contribution paid	(296.11)
Closing net liability	2047.13
IX. AMOUNT FOR THE CURRENT PERIOD	
Present Value of obligation	2047.13
Plan Assets	-
Surplus (Deficit)	(2047.13)
Experience adjustments on plan liabilities -(loss)/gain	(378.09)
Experience adjustments on plan assets -(loss)/gain	-
X. MAJOR CATEGORIES OF PLAN ASSETS (AS PERCENTAGE OF TOTAL PLAN ASSETS)	
Government of India Securities	-
State Government Securities	-
High Quality Corporate Bonds	-
Equity shares of listed companies	-
Property	-
Special Deposit Scheme	-
Funds managed by Insurer	-
Others (to specify)	-
Total	-
XI ENTERPRISE'S BEST ESTIMATE OF CONTRIBUTION DURING NEXT YEAR	-



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

TYPE OF PLAN	LONG TERM COMPENSATED ABSENCE - SICK LEAVE	
	PERIOD OF DISCLOSURE	
	01-04-2011 To	31-03-2012
I. PRINCIPAL ACTUARIAL ASSUMPTIONS [Expressed as weighted averages]	31-Mar-11	31-Mar-12
Discount Rate	8.20%	8.40%
Salary escalation rate	5.00%	6.00%
Attrition rate	0.50%	0.50%
Expected rate of return on Plan Assets	0.00%	0.00%

In the following tables, all amounts are in ₹ in Lakhs, unless otherwise stated

II. CHANGES IN THE PRESENT VALUE OF THE OBLIGATION (PVO) - RECONCILIATION OF OPENING AND CLOSING BALANCES:		
PVO as at the beginning of the period		649.29
Interest Cost		48.50
Current service cost		39.84
Past service cost - (non vested benefits)		-
Past service cost - (vested benefits)		-
Benefits paid		(115.68)
Actuarial loss/(gain) on obligation (balancing figure)		267.14
PVO as at the end of the period		889.09
III. CHANGES IN THE FAIR VALUE OF PLAN ASSETS - RECONCILIATION OF OPENING AND CLOSING BALANCES:		
Fair value of plan assets as at the beginning of the period		-
Expected return on plan assets		-
Contributions		115.68
Benefits paid		(115.68)
Actuarial gain/(loss) on plan assets [balancing figure]		-
Fair value of plan assets as at the end of the period		-
IV. ACTUAL RETURN ON PLAN ASSETS		
Expected return on plan assets		-
Actuarial gain (loss) on plan assets		-
Actual return on plan assets		-
V. ACTUARIAL GAIN / LOSS RECOGNIZED		
Actuarial gain / (loss) for the period - Obligation		(267.14)
Actuarial gain / (loss) for the period- Plan Assets		-
Total (gain) / loss for the period		267.14
Actuarial (gain) / loss recognized in the period		267.14
Unrecognized actuarial (gain) / loss at the end of the year		-

TYPE OF PLAN	LONG TERM COMPENSATED ABSENCE - SICK LEAVE
PERIOD OF DISCLOSURE	01-04-2011 To 31-03-2012
VI. AMOUNTS RECOGNISED IN THE BALANCE SHEET AND RELATED ANALYSES	
Present value of the obligation	889.09
Fair value of plan assets	-
Difference	889.09
Unrecognised transitional liability	-
Unrecognised past service cost - non vested benefits	-
Liability recognized in the balance sheet	889.09
VII. EXPENSES RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS:	
Current service cost	39.84
Interest Cost	48.50
Expected return on plan assets	-
Net actuarial (gain)/loss recognised in the year	267.14
Transitional Liability recognised in the year	-
Past service cost - non-vested benefits	-
Past service cost - vested benefits	-
Expenses recognized in the statement of profit and loss	355.48
VIII. MOVEMENTS IN THE LIABILITY RECOGNIZED IN THE BALANCE SHEET	
Opening net liability	649.29
Expense as above	355.48
Contribution paid	(115.68)
Closing net liability	889.09
IX. AMOUNT FOR THE CURRENT PERIOD	
Present Value of obligation	889.09
Plan Assets	-
Surplus (Deficit)	(889.09)
Experience adjustments on plan liabilities -(loss)/gain	(214.00)
Experience adjustments on plan assets -(loss)/gain	-
X. MAJOR CATEGORIES OF PLAN ASSETS (AS PERCENTAGE OF TOTAL PLAN ASSETS)	
Government of India Securities	-
State Government Securities	-
High Quality Corporate Bonds	-
Equity shares of listed companies	-
Property	-
Special Deposit Scheme	-
Funds managed by Insurer	-
Others (to specify)	-
Total	-
XI. ENTERPRISE'S BEST ESTIMATE OF CONTRIBUTION DURING NEXT YEAR	
	-

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012**

	Figures as at the end of current reporting period	Figures as at the end of the previous reporting period
		₹ in Thousands
A CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	1153942	999510
Add/(Less) Adjustment for:		
Depreciation - Current year	344850	306495
- Prior period	29651	-5771
Interest income	-1351123	-923046
Deferred Revenue expenses (Charged during the year)	64166	64166
Provision no longer required written back	-101499	-101100
(Profit)/Loss on sale of Fixed assets	-439	-504
Operating cash flow before working capital changes	139548	339750
Adjustment for:		
(Increase)/Decrease in Inventories	154013	-110029
(Increase)/Decrease in Trade and other receivables	143044	-631570
Increase/(Decrease) in Trade and other payables	-575517	692451
Sale/deletion/Transfer of Fixed assets	3787	229
Cash generated from operations	-135125	290831
Direct tax paid (Net of refunds)	-92400	76515
Net cash from Operating activities	<u>-227525</u>	<u>367346</u>
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed assets	-879450	-162138
(Increase)/Decrease in Capital work in progress	370047	-419429
Interest received	1110194	764682
Tax on interest received	-40872	11756
Proceeds from sale of Fixed assets	439	504
Net cash from investing activities	<u>560358</u>	<u>195375</u>
C CASH FLOW FROM FINANCING ACTIVITIES		
Payment of Dividends and dividend tax	-125713	-59261
Net cash used in Financing activities	<u>-125713</u>	<u>-59261</u>

	Figures as at the end of current reporting period	Figures as at the end of the previous reporting period
₹ in Thousands		
<u>ABSTRACT</u>		
(A) Net cash from operating activities	-227525	367346
(B) Net cash from investing activities	560358	195375
(C) Net cash used in financing activities	-125713	-59261
Net increase in cash and cash equivalents	207120	503460
Net increase in cash + cash equivalents:		
Cash and Cash equivalents As at 01-04-2011 (O.B)	14438299	13934839
Cash and Cash equivalents As at 31-03-2012 (C.B)	14645419	14438299
Net increase in Cash+ cash equivalents	207120	503460

Notes:

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

For and on behalf of Board of Directors

S.K.Padhi
Company Secretary

Laxminarayana
Director(Finance)

K.Ranganath
Chairman-cum-Managing Director

Place : New Delhi
Date : 16th April, 2012

AUDITORS' REPORT

We have examined the Cash flow statement of **KIOCL LIMITED**, for the year ended 31st March 2012. The statement has been prepared by the Company in accordance with the requirements of clause 32 of the listing agreement with the stock exchange and is based on and in agreement with the corresponding Profit & Loss account and Balance sheet of the Company covered by our report dated 16th April, 2012 to the Members of the Company.

for **M/s SRRK Sharma & Associates.,**
Chartered Accountants
(ICAI Regn No. 003790S)

CA. SRRK. Sharma
Partner

Place : New Delhi
Date: 16th, April, 2012

Membership No : 018088

**SEGMENT REPORTING FOR THE YEAR ENDED 31ST MARCH 2012**

Particulars	Pellets		Pig Iron		Elimination	Consolidated Total	
	Figures as at the end of current reporting period	Figures as at the end of the previous reporting period	Figures as at the end of current reporting period	Figures as at the end of the previous reporting period		Figures as at the end of current reporting period	Figures as at the end of the previous reporting period
₹ in Lakhs							
REVENUE :							
External Sales (Gross)	150364.06	174931.14	1743.54	5415.21	-	152107.60	180346.35
Less: Excise Duty & Freight on Consignment Sales	13009.70	12162.57	168.82	527.99	-	13178.52	12690.56
Net Sales	137354.36	162768.57	1574.72	4887.22	-	138929.08	167655.79
Inter-Segment Sales	-	-	-	-	-	-	-
Total Revenue	137354.36	162768.57	1574.72	4887.22	-	138929.08	167655.79
RESULT :							
Segment result (Operating profit)	1048.85	4153.82	-3020.66	-3687.69	-	-1971.81	466.13
Profit after Extraordinary Items	1048.85	4153.82	-3020.66	-3687.69	-	-1971.81	466.13
Unallocated Income less expenses							
Interest Income	-	-	-	-	-	13511.23	9528.98
Profit before tax						11539.42	9995.11
Less : Income Tax	-	-	-	-	-	2290.24	2315.10
Deferred Tax	-	-	-	-	-	-180.95	52.78
Net Profit After Tax	1048.85	4153.82	-3020.66	-3687.69		9430.13	7627.22
OTHER INFORMATION :							
Segment Assets	60450.98	54752.23	18653.04	21755.82	-	79104.02	76508.05
Unallocated Assets						157280.95	152820.21
Total Assets						236384.97	229328.26
Segment Liabilities	24461.05	25765.56	2642.11	2453.90	-	27103.16	28219.46
Unallocated Liabilities						2219.70	1257.13
Total liabilities						29322.86	29476.59
Capital Expenditure	8793.60	1159.82	0.91	461.56	-	8794.50	1621.38
Depreciation & Amortisation	2521.45	2122.52	1568.71	1584.10	-	4090.16	3706.62
Non-cash expenses other than Depreciation	784.43	7553.14	130.43	536.52	-	914.86	8089.66

Note: The expenses at Kudremukh is mainly for the purpose of maintaining of Lakya dam and pumping of water for use in Pellet plant, as such the expenses, Assets & Liabilities of Kudremukh establishment is allocated to Pellet plant segment.

K. Ranganath
Chairman-cum-Managing Director

Laxminarayana
Director (Finance)

As per our report of even date
for **M/s SRRK SHARMA ASSOCIATES**
Chartered Accountants
(ICA Regn No. 003790S)

Place : New Delhi
Date : 16th April, 2012

S.K. Padhi
Company Secretary

CA. SRRK SHARMA
Partner (M No. 018088)

REVENUE EXPENDITURE ON SOCIAL AMENITIES FOR THE YEAR ENDED 31-03-2012

Sl. Description No.	Township	Trans- portation	Education & School facility	Medical	Canteen	Social & Cultural facility	Total	Figures for the previous reporting period	
								₹ in Lakhs	
1	Payment to Employees	278.14	95.46	11.92	399.35	5.88	-	790.75	693.46
2	Material Consumed	25.86	4.42	-	0.83	-	-	31.11	61.35
3	Rates & Taxes	4.03	10.00	-	-	-	-	14.03	13.17
4	Others	177.23	173.02	243.07	298.40	194.67	123.06	1209.45	915.12
5	Depreciation	50.76	-	-	1.63	-	0.23	52.62	42.54
Total Expenditure		536.02	282.90	254.99	700.21	200.55	123.29	2097.96	1725.64
Less : Recoveries		12.21	0.51	-	-	-	-	12.72	11.71
Net Expenditure		523.81	282.39	254.99	700.21	200.55	123.29	2085.24	1713.93
Previous Year		510.02	193.77	169.21	602.28	186.84	51.81	1713.93	

**REGISTERED OFFICE****KIOCL Limited**

II Block, Koramangala,
Bangalore – 560 034
Telephone No-080-25531461 to 25531470
080-25535937 to 25535940
Fax No. 080-25532153, 25535941, 25630984
E-mail -bsecretary@kudreore.com
bcomml@kudreore.com
bgmm@kudreore.com
Website-http://www.kioclltd.com

MANGALORE OFFICE**KIOCL Limited**

New Mangalore Port, Panambur
Mangalore – 575 010, Karnataka.
Telephone No. 0824-2409681 to 2409689
0824-6531681 to 6531683
Fax No. 0824-2407422
E-mail- medo@kudreore.com

NEW DELHI OFFICE**KIOCL Limited**

Himalaya House, 9th Floor,
Kasturba Gandhi Marg,
New Delhi –110001
Telephone No. 011-23315665, 23315686
Fax No 011-23721696
E-mail-kioclnd@kudreore.com

BHUBANESWAR OFFICE**KIOCL Limited**

House No. HIG -15, First Floor,
BDA Colony, Pokhariput
Bhubaneswar -751020, ORISSA
Telephone No. 0674-2352011
Fax No. 0674-2352102
E-mail- kiocl_bbsr@bsnl.in

VISAKHAPATNAM OFFICE**KIOCL Limited**

No. 25-12-39 (Ground Floor)
Block No. 8, Godeyvari Street,
Opp. Old State Bank of India,
Visakhapatnam -530001, ANDRAPRADESH
Fax: 0891-2739530,
E-mail: kioclviz@gmail.com

KIRANDUL OFFICE**KIOCL Limited**

No. 17, 11-C Hostel, In BSNL Compound,
PO Kirandul, Kirandul – 494556,
Dist. Dantewada, CHATISGARH

KAKINADA OFFICE**KIOCL Limited**

Door No. 16-23-3/A, Road No. 3
Pallam Raju Nagar, Kakinada - 533003
Telephone/Fax No: 0884-2346070
E.mail: kioclknnd@kudreore.com

KUDREMUKH OFFICE**KIOCL Limited**

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

MANGALORE OFFICE (Blast Furnace Unit)**KIOCL Limited**

Plot No. 456 & 457, Baikampady Industrial Area,
Panambur, Mangalore –575010
Telephone No. 0824-2408916, 2408918
0824-2408955, 2409672
Fax No. 0824-2409366, 2408944
E-mail : bfugmp@kudreore.com

CHENNAI OFFICE**KIOCL Limited**

No. 11 (old 6), II Floor, Wallajah Road,
Chennai- 600002
Telephone No. 044-28586738,
Fax No. 044-28520450
E-mail-kioclmds@kudreore.com

CHIKKANAYAKANAHALLI OFFICE**KIOCL Limited**

Adjacent to JMFC Court Building,
Kanakagiri Extension, Ward No. 3,
Chikkanayakanahalli 572214, Tumkur District,
Telephone/FAX No- 08133-268331
E-mail: kudremuk_cnh_scdrid@bsnl.in

HOSPET OFFICE**KIOCL Limited**

Srisaila, No. 179/A,
Ward No. 3, 1st Main,
3rd Cross, College Road,
Basaveswara Badavane,
Hospet- 583201 Mobile No 9448454178

DONIMALAI OFFICE**KIOCL Limited**

Type-II, Quarter No. 120, South Block,
Donimalai Township, Donimalai -583118,
Bellary District

HUBLI OFFICE**KIOCL Limited**

Flat No. 102, Pacific Shelter,
Vivekananda Colony,
Keshavapur,
Hubli – 580026

FORM OF PROXY



KIOCL LIMITED

Regd. Folio No.....

DP id / Client id

No. of Shares held.....

I/We.....of.....

.....in the district..... being a member of KIOCL Limited hereby appoint.....

of.....or failing him/her.....

of.....in the district of.....as my/our proxy to attend and vote for me/us on my/our behalf at the Thirty-sixth Annual General Meeting to be held on Thursday, the 21st day of June 2012 at 12.00 Noon and at any adjournment thereof.

Signed this.....day of.....



Note : This form, in order to be effective, should be duly stamped, completed, signed and deposited at the Registered Office of the Company, not later than 48 hours before the commencement of the meeting



ATTENDANCE SLIP

Regd. Folio No.....

DP id / Client id.....

No. of Shares held.....

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company. I hereby record my presence at the Thirty-Sixth Annual General Meeting of the Company at the Company's Community Hall (an Annexe to the Registered Office of the Company) at II Block, Koramangala, Bangalore – 560 034 on Thursday, the 21st day of June 2012 at 12.00 Noon.

.....
Member's/Proxy's name in BLOCK letters

.....
Member's/Proxy's Signature

Note : Please fill up this attendance slip and hand it over at the entrance of the meeting hall. Members are requested to bring their copy of the Annual Report.

