



*Achieving  
Operational  
Excellence*

**42<sup>nd</sup> ANNUAL REPORT**  
2017-2018



Shri Chaudhary Birendra Singh,  
Hon'ble Steel Minister  
laid the foundation stone for setting  
up of 1MW Solar Power Plant  
at Mangluru on 06.01.2018



Shri MV Subba Rao, CMD,  
addressing on the occasion of National  
Unity Day on 31.10.2017  
in this August presence of  
Shri Chaudhary Birendra Singh,  
Hon'ble Steel Minister and Jt. Secretary,  
Ministry of Steel, Govt. of India



Shri MV Subba Rao, CMD and  
Directors rang the ceremonial bell  
at BSE Ltd. to mark the listing of  
KIOCL Shares on 22.08.2017.

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View our Annual Report 2017-18 online we provide our annual report online, which allows us to reduce the amount of paper we print and distribute.

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## VISION

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

## MISSION

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

## OBJECTIVES

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

## OUR CORE VALUES

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

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

## BOARD OF DIRECTORS



**Sri M V Subba Rao**  
Chairman-cum-Managing Director  
& Director (Commercial)  
(Addl. Charge)



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



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



**Sri Saraswati Prasad**  
Non Executive Director



**Sri T Srinivas**  
Non Executive Director



**Sri Madhav Lal**  
Non Executive  
Independent Director



**Dr Deepika Sharma**  
Non Executive  
Independent Director

## Board Sub Committee

### Audit & Risk Management Committee :

Sri Madhav Lal – Chariman  
Dr. Deepika Sharma – Member  
Sri N. Vidyananda – Member  
Sri S.K. Gorai – Permanent Invitee

### Stakeholders Relationship Committee :

Dr. Deepika Sharma – Chairperson  
Sri Madhav Lal – Member  
Sri N. Vidyananda – Member  
Sri S.K. Gorai – Member

### Investment, Project Appraisal & Monitoring Committee :

Sri Madhav Lal – Chariman  
Dr. Deepika Sharma – Member  
Sri M.V. Subba Rao – Member  
Sri N. Vidyananda – Member  
Sri S.K. Gorai – Permanent Invitee

### Corporate Social Responsibility Committee :

Sri Madhav Lal – Chariman  
Dr. Deepika Sharma – Member  
Sri N. Vidyananda – Member  
Sri S.K. Gorai – Member

### Nomination & Remuneration Committee :

Sri Madhav Lal – Chariman  
Dr. Deepika Sharma – Member  
Sri T. Srinivas – Member  
Sri M.V. Subba Rao – Member

## CORPORATE INFORMATION

### COMPANY SECRETARY

**Sri SK Padhi**

### LISTED AT

#### National Stock Exchange of India Ltd.

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

**Stock Code : KIOCL**

#### BSE Ltd.

25<sup>th</sup> Floor, P.J. Towers,  
Dalal Street,  
Fort,  
Mumbai – 400 001

**Scrip Code: 540 680**

#### Metropolitan Stock Exchange of India Ltd.

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

**Stock Code: KIOCL**

### DEPOSITORIES

National Security Depositories Ltd.  
Central Depositories Services India Ltd.

### REGISTRAR & TRANSFER AGENT

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

### OUR BANKERS

State Bank of India	Andhra Bank	Central Bank of India	Punjab National Bank	Bank of India
Union Bank of India	Bank of Baroda	Indian Overseas Bank	State Bank of Mysore	UCO Bank
IDBI Bank	Corporation Bank	Karnataka Vikas Bank	Syndicate Bank	
Allahabad Bank	Canara Bank	Oriental Bank of Commerce	Vijaya Bank	

### OUR AUDITORS

#### STATUTORY AUDITOR

M/s. Anand & Ponnappan  
Flat C, I Floor,  
Rophini Manor Apts, II Main I Cross,  
No. 187, SGS Palya,  
Main Road, CV Raman Nagar,  
Bangalore – 560 093

#### INTERNAL AUDITOR

M/s.NBS & Co.,  
Chartered Accountants,  
No. 6 & 7,  
Divya Enclave,  
MG Road,  
Mangalore – 575003

#### COST AUDITOR

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

#### SECRETARIAL AUDITOR

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

### REGISTERED OFFICE

#### KIOCL LIMITED

IInd Block, Koramanagala, Bangalore - 560 034,  
Karnataka, India.  
Tel No.: 080 2553 1461- 470 Fax: 080 2553 2153 - 5941  
Website : www.kiocltd.in  
CIN No.: L13100KA1976GOI002974

## 10 YEARS AT A GLANCE

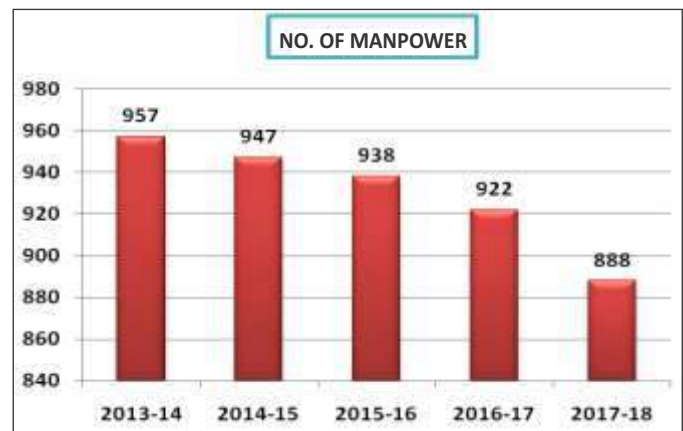
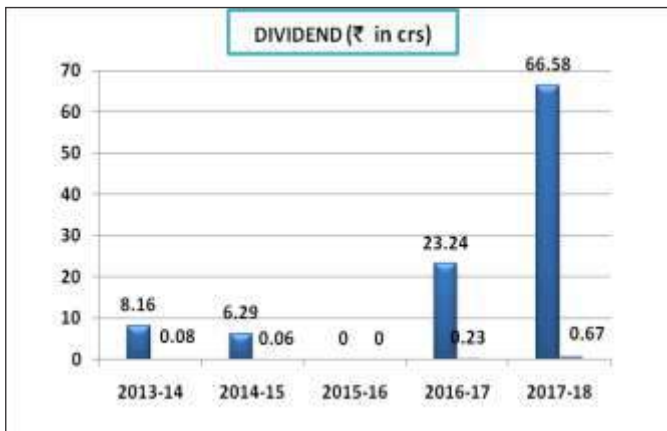
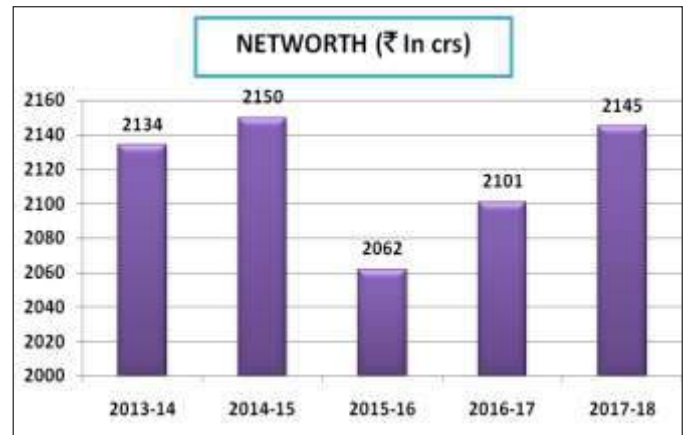
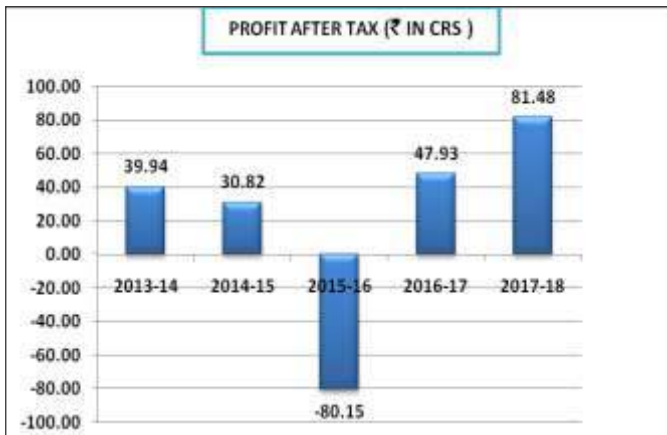
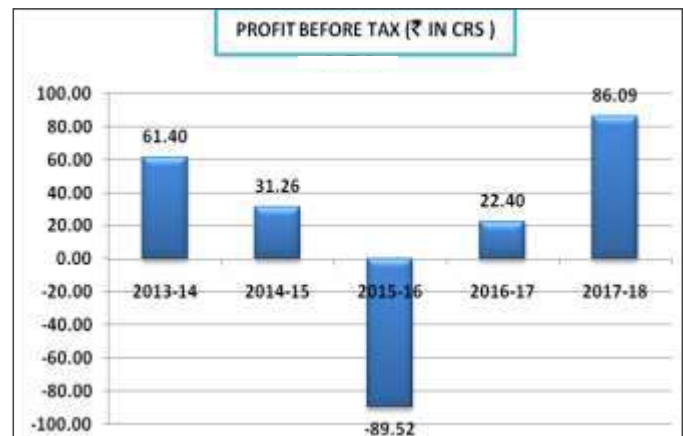
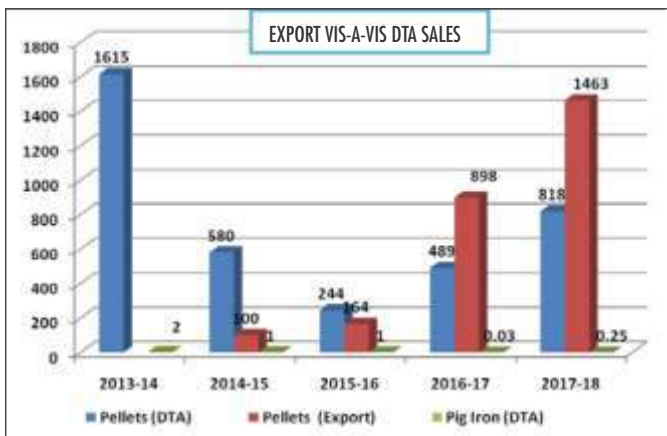
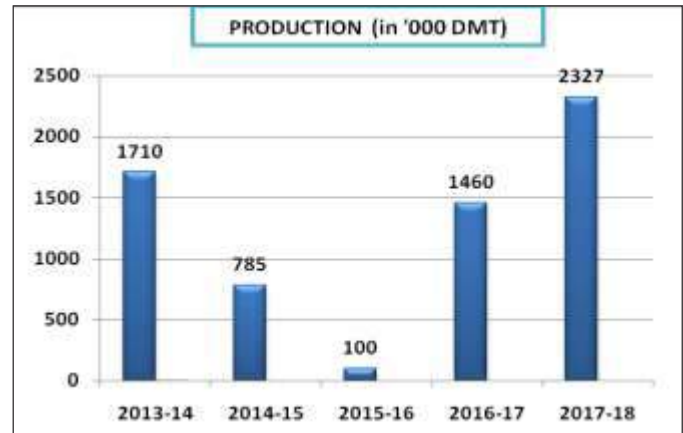
Quantity in ' 000 Dry Metric Tonnes/ Rupees in lakhs

Particulars	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
<b>Production (quantity)</b>											
a) Pellets	2327	1460	100	785	1710	1265	1710	2124	1273	1316	1927
b) Pig Iron		-	-	-	-	-	-	-	62	118	157
<b>Capacity Utilisation (%)</b>											
a) Pellets	66	42	3	22	49	36	49	61	36	38	55
b) Pig Iron		-	-	-	-	-	-	-	29	55	73
<b>Sales (quantity)</b>											
a) Pellets	2301	1387	409	680	1615	1236	1716	2090	1456	1131	1907
b) Pig Iron	3		-	1	2	4	10	20	95	74	170
<b>Total Sales (US \$ Million) *</b>	241.07	128.68	29.82	102.57	-	-	315.592	385.032	170.197	229.766	294.680
Export Sales (US \$ Million)*	148.93	75.95	10.74	12.14	-	-	93.162	164.725	51.690	166.143	197.825
DTA Sales (US \$ Million) *	92.14	52.73	19.08	90.43	-	-	222.430	220.307	118.507	63.623	96.855
<b>Total Sales (in Rs. Lakhs) **</b>	157015	86753	19980	62884	153237	115912	152108	180346	99272	122898	153011
Export Sales (in Rs. Lakhs)	99959	51751	7217	7391	-	-	41818	74727	23938	71961	78732
DTA & Indigenous Sales (in Rs. Lakhs)**	57056	35002	12763	55493	153237	115912	110290	105619	75334	50937	74279
Gross Margin from operation	(3483)	(9133)	(22358)	-11535	(5037)	(6847)	3252	7026	(20783)	(5692)	10375
<b>Income earned from</b>											
Deposits/Mutual Funds etc.	12503	14393	15618	17508	15663	14439	13511	9230	7312	11910	11145
Profit on sale of assets	1454	64	24	63	4	7	4	5	7	7	26
Interest paid	-	-	-	-	-	-	-	-	-	2	611
Cash Profit	10474	5324	(6716)	6036	10630	7599	16767	16261	(13464)	6223	20935
Depreciation & DRE	1865	2202	2251	3209	4232	4322	4090	3707	4949	4347	4912
Profit before Prior period adjustment/extraordinary items	8609	3122	(8967)	2827	6398	3277	12677	12554	(18413)	1876	16023
Prior period adjustment/extraordinary items	-	-	-	299	(258)	(43)	(1138)	(2559)	(1082)	542	(372)
Profit before Tax (PBT)	8609	3122	(8967)	3126	6140	3234	11539	9995	(19495)	2418	15651
Profit after Tax (PAT)	8148	4793	(8015)	3082	3994	3105	9430	7627	(17727)	2201	10816
Dividend -to Government ***	6659	2324	-	628	816	628	1884	1570	-	629	2142
- to others ***	67	24	-	6	8	6	19	16	-	6	21
- Dividend Tax	1369	481	-	127	140	108	316	263	-	108	368
- % of Share Capital	10.60%	3.70%	-	1.00%	1.30%	1.00%	3.00%	2.50%	-	1.00%	3.409%
Transfer to General Reserve	-	1964	(8015)	2321	3029	2362	7210	5778	(17727)	1459	8285
Paid-up Capital	63451	63451	63451	63451	63451	63451	63451	63451	63451	63451	63451
No of shipments	44	26	7	15	42	24	38	44	32	25	43
Value added	28403	18552	3431	23095	29987	23530	33171	43848	5670	29368	43567
No. of employees	888	922	938	947	957	1251	1319	1347	1362	1617	1642
Value added per employee	31.99	20.12	3.66	24.39	31.33	18.81	25.15	32.55	4.16	18.16	26.53
Value added per Rupee payment to employee	1.46	1.24	0.29	1.75	1.98	1.52	2.33	3.43	0.46	2.27	4.28

Pellets includes Pellet Fines Pig Iron includes Auxiliary material

\* Value in Foreign Exchange relates to Pellet plant (Export Oriented Unit) \*\* Value in Rs lakhs include sale of Pig Iron in Indigenous market.

\*\*\* Includes proposed final dividend.





## MESSAGE FROM THE

# CHAIRMAN-CUM-MANAGING DIRECTOR



Dear Shareholders,

I am delighted to write to you at the end of one the most satisfying and exciting year at KIOCL. 2018 is a year of solid growth for KIOCL in which we progressed in our business momentum and strategic initiatives. We set a new benchmark in our pellet plant operations with production and dispatches touching an all-time high figure of 2.327 million tons and 2.301 million tons, after the closure of captive mine in 2006. In comparison to last year, the volume grew by 59% and 66% respectively and also surpassed the "Excellent" Targets as set out for 2017-18. Revenue from Operations traversed Rs.1,605.41 crores – surpassed "Excellent" Target of FY 2017-18 and achieved a growth rate of 73% on Y-O-Y basis. PBT & PAT for FY'18 was Rs.86.09 crores & Rs 81.48 crore from Rs.31.22 crores & Rs.47.93 crores in FY' 17, up by 176% & 70% respectively.

As reported in the last year's Annual Report our approach responding to change in our business environment to counter the subdued demand in steel capacity worldwide. In FY'18, we continued our strategy and approach more vigorously to maximize the capacity utilization and successfully used blend of different grades of iron ore for making Pellets for Domestic and International Customers. During the year we have entered into new markets other than

Chinese market viz.: South Korea, Vietnam, Japan, Malaysia and Oman. Out of these markets, we are now focusing on South Korea, Japan and European Market to improve market share.

We recognize that the factors that affected our performance at some point last year will continue to weigh on our margins in the current year. However, we are confident we will improve our profitability during the year and we know what to do in order to make progress.

As you all know, KIOCL had re-listed its equity shares with National Level Stock Exchanges in 2015. During the year, we have listed our Equity Share in Bombay Stock Exchange on 22.08.2017. I am delighted to inform you that based on the present stock price quoted on 31.03.2018 in the exchange, we are amongst the top 500 listed Companies in the country based on market capitalization and currently standing at 182<sup>nd</sup> top listed Company as per the National Stock Exchange (NSE) latest report. As mandated under SEBI (LODR) Regulations, 2015, we are publishing a Business Responsibility Report (BRR) in our Annual Report for the first time describing the initiatives taken from an environmental, social and governance perspective.

### **Economy & Steel Sector Scenario**

The Indian economy turned in resilient performance in 2017-18. Although real GDP growth moderated to 6.6 per cent from 7.1 per cent a year ago, there was a strong rebound in the second half of the year on the back of a turnaround in investment demand, supported by an acceleration in manufacturing, rising sales growth, a pick-up in capacity utilization, strong activity in the services sector and a record agricultural harvest.

Several factors are expected to accelerate the pace of growth in 2018-19. There are now clearer signs that the revival in investment activity will be sustained. Global demand has been improving,

which should encourage exports and boost fresh investments. On the whole, real GDP growth is expected to expand at 7.4 per cent in 2018-19, with risks evenly balanced.

Meanwhile, India has continued with structural reforms over a wide area ranging from a flexible inflation targeting framework for monetary policy; liberalization of FDI flows; a unique identification (Aadhaar) – backed direct benefit transfers; an insolvency and bankruptcy code; the GST; realty reforms; and a swathe of measures for improvement in the ease of doing business more generally. These factors have improved India's global ranking in the World Bank's Ease of Doing Business.

As regards Steel Sector per se, the world steel market looked positive during 2017. World crude steel production reached 1,691.2 million tonnes (Mt) for the year 2017, up by 5.3% compared to 2016. Crude steel production increased in most of the regions in 2017. Annual production for Asia was 1,162.5 Mt of crude steel in 2017, an increase of 5.4% compared to 2016. World's largest steel producer China accounted for 49.2% of the total steel produces. China's crude steel production reached 831.7 Mt, up by 5.7% on 2016. Japan produced 104.7 Mt in 2017, down by -0.1% compared to 2016. India became the third largest steel producer with a production of 101.4 Mt, up by 6.2% on 2016.

The Government has taken several steps to curb imports, push local demand with initiatives like "Make in India", Infrastructure projects, to encourage the domestic markets. The Steel Ministry is working proactively to lay down the road map to achieve 300 million tons by 2030. In addition, the quick resolution of various big ticket steel mills under IBC and NCLT is expected to further hasten the process of achieving higher capacity utilization.

### **Sharing of Profits**

We conduct and grow our business in a sustainable way so that our stakeholders all benefit. An important component of delivering value to our shareholders and earning their trust over the long term is returning capital in a consistent and transparent way.

The Board, in its meeting held on March 19, 2018 declared an interim dividend of Re.0.27/- per equity share (i.e.2.70%) of the face value of Rs.10/- each aggregating to Rs.20.62 crores inclusive of dividend tax. Based on the Company's performance, the Directors are pleased to recommend for approval of the members a final dividend of Re.0.79/- per equity share (i.e. 7.90%) of the face value of Rs.10/- each. The final dividend on equity shares, if approved by the members would involve a cash outflow of Rs.50.15 crores plus a dividend tax of Rs.10.18 crores. The total dividend for the financial year ended March 31, 2018, including the proposed final dividend would aggregate to Rs.81.05 crores together with Corporate Tax on Dividend.

In terms of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Regulations"), the Company has formulated and adopted the Dividend Distribution Policy with the objective of providing clarity to its stakeholders on the profit distribution strategies of the Company. The said policy has been hosted on the website of the Company.

### **New Business Opportunities/ Initiatives**

The Company is in midst of large size capital investment which was approved by Board of Directors recently. This apart, statutory clearance for development of Devadari Iron Ore Block are progressing at Govt. of Karnataka level, hence, I consider next 2 to 3 years would be very critical for timely execution of these projects. With dedicated team in place and resources available, I am confident to transform the company and take to next level in the minerals & metal segments. A brief highlight of major projects are as follows:

- A Memorandum of Understanding with Rashtriya Ispat Nigam Limited (RINL) was signed on 06.01.2018 for setting up of 2 MTPA Pellet Plant inside RINL premises over an estimated area of 85 acre land and also providing Railway Siding with Wagon Tippler Unit. Joint Working Group has been constituted for take the project forward. Techno-Economic Feasibility Report (TEFR) prepared by Consultant envisaged estimated investment of Rs.996 crores.

- On the development of Devadari Iron Ore Mine, Indian Bureau of Mines approved the Mining Plan including Progressive Mine Closure Plan for production of 2 MTPA iron ore and setting up of 2 MTPA crushing, conveying & beneficiation plant. MoEF & CC, Gol after the presentation made before it on 24.04.2018 issued the Terms of Reference for conducting Base line study and preparation of EIA/EMP report for the project. The work is already commenced and target date for submission of final EIA/EMP report for obtaining Environmental clearance from MoEF&CC, Gol is 30.11.2018. We have also submitted application for stage I forest clearance for diversion of forest land for the purpose of the mining and allied activities. Application is under scrutiny in the office of Nodal Officer, Forest Department, Government of Karnataka.
- To make Blast Furnace Unit sustainable we have envisaged promoting forward and backward integration projects. Accordingly, the Board of Directors approved to engage M/s MECON to prepare TEFR report. M/s MECON submitted the report which includes DISP project under forward and Coke Oven Plant under backward integration with 10 MW Cogen Power Plant at an estimated CAPEX of Rs.843.90 crores. The Board accepted the TEFR and requested the said consultant to prepare DPR.
- We have commenced G4 level Mineral Investigation works of two blocks allotted by Ministry of Mines at Tirumankaradu Iron Ore Block (TIOB), Tirupur, Tamil Nadu and Udbur Gold Block (UGB), Mysore, Karnataka. Stage I field works of Mysore for gold reserve and Salem for magnetite ore were completed. The large scale geological mapping works are completed. The representative samples collected have been sent for analysis/test and the result is awaited.
- On the developments in Renewable Energy Project during the five year plan period of

2015-19. Based on approval received from Board of Directors, we have placed work order for carrying out the design, engineering, procurement, supply Erection, Testing, Installation and Commissioning of 1 MWac Solar PV Power Plant at Blast Furnace Unit on the receipt of Board approval. The project is expected to be commissioned during 1st half of FY 2018-19. We are also in the process of setting up of another 5 MW Solar Power Plant in the state of Karnataka.

### Awards & Recognitions

During FY'18 the Company has received following Awards & Recognitions:

- Received "Governance Now PSU Award" during the 5th Edition of Governance now for its contribution towards Turnaround in Business.
- Received "Substantial Growth in Exports" from Custom Commissionerate, Mangalore for achieving highest exports & best business performance for FY 2017-18.
- Received First prize in recognition of its outstanding performance in implementation of Official Language for Mangalore Region.
- Bagged the "Recognitions of WIPs Activities Award" for the year 2017 during 28th National Convention of Forum of Women in Public Sector [WIPS].

### Acknowledgement

Conclusion, I want to thank all KIOCL Employees for their dedication and passion in delivering value to our company. We finished fiscal 2018 with strong momentum, positioning us well for the new fiscal year. With our highly discerned capabilities and focused investments plan, I am confident we will continue to drive sustainable, profitable growth.

Warm Regards,



**M V Subba Rao**

Chairman-cum-Managing Director

## BOARD'S REPORT - 2018

### Dear Members,

The Board of Directors of your Company ("the Company") is pleased to submit the reports of the business and operations of your Company for the Financial Year ended March 31, 2018, together with the Auditors' Report on the Annual Financial Statements and Comments on the same by the Comptroller & Auditor General (C&AG) of India. Your Directors are happy to inform you that the Company had a very successful year in 2017-18.

Your Company could achieve Pellet production of 2.327 million tons exceeding the excellent MOU target of 1.925 million tons, resulting into capacity utilization of 66% as compared to production of 1.460 million tons a year before. During the year, your Company has achieved Pellet dispatch of 2.300 million tons as compared to 1.387 million tons during the previous year. This is the highest volume of pellets produced and dispatched in any single year since the closure of its captive mines.

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

(₹ in Crores)

Particulars	FY 2018	FY 2017
Revenue from Operations	1605.41	929.36
Other Income	179.03	156.37
Profit before Exceptional Item and Tax	86.09	32.95
Less : Exceptional Items - Expenses	-	1.73
Profit before Tax	86.09	31.22
Tax Expense (including deferred taxes)	4.61	(16.71)
Profit after Tax	81.48	47.93
Less : Other Comprehensive Income (Net of Tax)	3.07	(0.33)
Total Comprehensive Income	84.55	47.59
EPS (Basic & Diluted)	1.28	0.76
Networth	2145.63	2101.56
Capital Employed	2320.05	2277.81
Book Value per Share	33.82	33.12
Return on Capital Employed	0.04	0.01
Return on Net Worth	0.04	0.02
Capital expenditure	0.80	4.15

### Revenues

Your Company's increased volume of production and dispatch resulted into significant increase in operating income at Rs. 1605.41 Crores as compared to Rs. 929.36 Crores in the previous year, achieving a growth of 73 %. During the year, Revenue from export sales increased by 85 % to Rs. 959.58 Crores from Rs. 517.51 Crores and domestic sales increased from Rs. 351.28 Crores to Rs. 610.56 Crores, an increase of 74%. The share of Exports and DTA in operating revenue stood at 60% and 40% respectively. Income from Sale of Services (O&M Operations) during the year was Rs. 35.26 Crores against Rs.32.98 Crores of previous year. Other Income comprising of Income from Treasury Operation and other miscellaneous Income has decreased to Rs. 125.03 Crores from Rs.149.93 Crores, due to lower yields on fixed deposits.

### Profits

Your Company's Profit before Tax has increased to Rs. 86.09 Crores from Rs. 31.22 Crores in the previous year, an increase of 176%. Your Company has also achieved a 70% higher Profit after Tax at Rs. 81.48 Crores during the current year as compared to Rs. 47.93 crores during previous year.

### Dividend

Your Directors are pleased to recommend a final dividend of Re.0.79/- per equity share on face value of Rs.10/- each for the year ended 31st March, 2018. Subject to the approval of Members at the Annual General Meeting 31.08.2018, the final dividend will be paid on or before 29.09.2018 to the Members whose names appear in the Register of Members, as on the Book Closure dates, i.e. 25.08.2018 to 31.08.2018 (both days inclusive). The total dividend for the financial year, including the interim dividend of Re.0.27 per share already paid works to Rs.1.06/- per equity share and will absorb Rs.81.05 crores, including dividend distribution tax of Rs.13.77 crores.

The Register of Members and Share Transfer Books will remain closed from 25.08.2018 to 31.08.2018 (both days inclusive) for the purpose of payment of the dividend for the Financial Year ended March 31, 2018 and the AGM.

### Liquidity

Your Company manages cash and cash flow processes involving all parts of the business operation quite assiduously. As on 31st March, 2018, there was a net cash surplus of Rs.1863.39 crores (Rs.1845.01 crores as on 31.03.2017). During the year, your Company maintained a zero debt status thereby retaining its full capability for gearing the Balance Sheet, as and when need arises.

### Listing on BSE

To enhance further visibility in the secondary market, equity shares of your Company got listed on the Bombay Stock Exchange (BSE) and was admitted to dealings w.e.f. 22.08.2017 under the Scrip Code '540680', Scrip ID on BOLT Plus System 'KIOCL'.

### Market Capitalization - Top 500 Companies

Your Board of Directors is very pleased to inform you that based on market price traded in the stock exchanges, as on March 31, 2018 your Company has been included amongst the top five hundred listed Companies on Market Capitalization. As per list released by NSE, your Company is standing at 182<sup>nd</sup> number in top 500 list on that date.

### MoU Performance

Performance of your Company, in terms of the Memorandum of Understanding (MoU) signed with the Ministry of Steel, Government of India, was rated as "Good" for the Financial Year 2016-17. The MoU evaluation for 2017-18 is under finalization.

### Particulars of Loans, Guarantees or Investments

During the year 2017-18, there was no loan, guarantee or investment made by your Company under Section 186 of the Companies Act, 2013.

### Particulars of Contracts or Arrangements made with Related Parties

During the financial year, no transactions were entered into with Related Parties as defined under the Companies Act, 2013 and Regulation 53(f) and Para A of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which attract the provisions of Section 188 of the Companies Act, 2013, as such annexure AOC is not furnished. There were no materially significant transactions with related parties which were in conflict with the interest of the Company. The Board has approved a Policy on Materiality of Related Party transactions and dealing with Related Party transactions, which is available on the Company website.

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

- 1) The Board, at its meeting held on May 22, 2018 approved the Techno Economic Feasibility Report for forward and backward integration projects at Blast Furnace Unit Mangalore at an estimated project cost of Rs.843.90 crores. The Detailed Project Report is under preparation and the same is subject to necessary approval of Central Government.
- 2) The Board, at its meeting held on May 22, 2018 approved the Techno Economic Feasibility Report for setting up of 2 MTPA pellet plant on Joint Venture basis with M/s Rashtriya Ispat Nigam Limited at their premises at Vishakhapatnam. The project involved capital investment of Rs.996 crores and is subject to necessary approval of Central Government.

### Management Discussion and Analysis

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

## Business Responsibility Report

Regulation 34 (2)(f) of SEBI (Listing Obligations & Disclosure Requirements); Regulations, 2015 specified that top five hundred listed entities based on market capitalization as on March 31 of every financial year) is required to publish Business Responsibility Report describing the initiatives taken from an environmental, social and governance perspective. Your Company is amongst the top 500 listed companies in the country based on market capitalization, have therefore integrated BRR disclosures in the Annual Report.

## 2. BUSINESS AND OPERATIONAL REVIEW

During the year under review, your Company produced 2.327 million tons of Pellets in comparison to 1.460 million tons produced in the previous year, thereby recorded a quantum jump of 59% on Y-o-Y basis. The quantity produced also surpassed the "Excellent" Target of 1.925 million tons as set in the MoU signed with Govt. of India for the year 2017-18. The Company had also utilized its expertise of handling different types of ore to produce pellets because of its locational advantage by entering into back to back contracts to the tune of about 0.6 million tons.



*Hon'ble Steel Minister reviewed the performance of KIOCL at Mangaluru on 06.01.2018 in presence of Secretary, Ministry of Steel*

Similarly, Your Company had sold 2.30 million tons of Pellets in FY 2017-18 as against 1.387 million tons in the previous year, a jump of 66% on Y-o-Y basis. Out of the total quantity sold, exported quantity was 1.460 million tons which is almost 63% and balance 0.840 million tons was sold to domestic customers.

As regards Blast Furnace Unit, the Company intended to restart BFU operation, but due to uneconomic price

of Pig Iron and high Coke Price, the unit could not be operated. Steps have been taken to make the unit viable on standalone basis through setting up backward & forward integration projects. The Company appointed consultant to carry out assessment of the plant and to submit Techno-Economic Feasibility Report. The Board of Directors in their 251<sup>st</sup> Meeting held on 22.05.2018, accepted the TEFR outlining CAPEX of Rs.843.90 crores. Detailed Project Report is under preparation.

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

**Table: 1**

(Qty. In Million Tons)

Year	MOU Target	Actual Production	Utilization of installed capacity in %
2017-18	1.925	2.327	66
2016-17	1.300	1.460	42
2015-16	1.800	0.100	3
2014-15	1.800	0.785	22
2013-14	1.700	1.710	49

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

**Table: 2**

Qty : in Million Tons, Value: Rs. In Lakhs

Year	Pellets		Pig Iron		Total	
	Qty	Value	Qty	Value	Qty	Value
2017-18	2.300	1553.09	0.000	40	2.300	1,553,49
2016-17	1.387	868,72	0.000	7	1.387	868,79
2015-16	0.409	198,45	0.001	135	0.410	199,80
2014-15	0.680	626,87	0.001	197	0.681	628,84
2013-14	1.615	1530,07	0.002	230	1.617	1,532,37

(Note: Pig Iron includes Auxiliary)

## Mineral Exploration Contracts

On 16<sup>th</sup> February 2015, Ministry of Mines, Govt of India notified your Company as Mineral Exploration entity under second proviso of sub section (1) of Section 4 of the Mines and Minerals (Development and Regulation) Act, 1957. This has qualified the Company to take up prospecting and exploration

works of various minerals across the Country as “Notified Exploration Agency”. Ministry of Mines allotted following two blocks for G4 level mineral exploration works to the Company: -

- Tirumankaradu Iron Ore Block (TIOB) (SR-TN-04) situated in Tirupur (Dist) of Tamil Nadu - Investigation of Iron ore over an extent of 100 Sq. kms.
- Udbur Gold Block (UGB)(SR-KAR-07) situated in Mysore (Dist) of Karnataka - Investigation of Gold and Associated elements over an extent of 202 Sq. kms.

As per work Plan approved by National Mineral Exploration Trust (NMET), Ministry of Mines, your Company is presently carrying out site works of the allotted blocks in three stages i.e. Stage 01– Large scale geological mapping, Stage 02 – Detailed geological mapping and Stage 03 - Scout drilling.

**Status of work at Tirumankaradu Iron Ore Block:** Stage 01 field works of TIOB were initiated on 06<sup>th</sup> December 2017 and completed on 08<sup>th</sup> February 2018. The large scale (1:12500) geological mapping works are completed to an extent of on field traversing, geological mapping of 100 Sq. kms. and collection of Bedrock samples. Additionally, reconnaissance works in the adjacent blocks were undertaken with on field traverse, geological mapping and collection of representative surface samples for ascertaining the extension of mineral bands beyond the exploration block or otherwise. The Company prepared the Stage 01 Report and submitted to Technical Cum Cost Committee (TCC) of NMET, Ministry of Mines for necessary consideration of works executed and consent for Stage 02 works.

**Status of work at Udbur Gold Block:** Stage 01 field works of UGB were initiated on 14<sup>th</sup> December 2017 and completed on 16<sup>th</sup> February 2018. The large scale (1:12500) geological mapping works are completed to an extent of on field traversing, geological mapping of 202 Sq. kms., collection of 300 nos of bedrock samples and 150 nos of stream sediment samples.

**Status of proposed acquisition of Equity Stake in M/s IDCOL, Odisha**

The Company had submitted a conditional Financial Bid for acquisition of 51% stake with management

control in IDCOL. The bid was extended twice and was valid up to 24.08.2017. Subsequently, IDCOL had requested your Company to extend the bid validity by another 6 months. The Board of Directors of your Company reviewed status and in view of the slow progress of the conditions as stipulated in the financial bid, the Board decided not to accede to the request for further extension of financial bid validity. The same was communicated to IDCOL on 24.08.2017.

**Operation and Maintenance Portal**

In order to gainfully utilize its expertise in mining and mineral processing, the company has entered into Operation and Maintenance contracts with other CPSUs/ State Govt. PSUs. Performance of the portals are given below.

- M/s NMDC, Donimalai: - The Company entered into Contract Agreement on 7<sup>th</sup> January 2015 for Operation and Maintenance of their 1.89 MTPA capacity Beneficiation Plant and Pellet Plant of 1.2 MTPA at Donimalai for a period of three years till 31.07.2018 and extendable by additional 2 years with mutual consent. The Company deployed around 170 of its skilled manpower at Donimalai, who are working to make the venture successful right from the day of handing over the plant. The Company has successively commissioned the plant, conducted performance guarantee test and stabilized the operations of the plant. Your Company is recovering the salary of its manpower deployed at the NMDC with average revenue of Rs. 30 crores per annum.



*KIOCL signed agreement with OMC Limited on 26.07.2018 for commissioning of Chrome Ore Beneficiation Plant – in picture Shri MV Subbarao, CMD and Shri N Vidyandana, Director (P&P), KIOCL and Shri Sanjeev Chopra, Chairman and Shri Ramnath Praharaaj, Director (P&P), OMC Limited*

- M/s OMC, South Kaliapani Mines: - The Company entered into O&M contract with M/s Odisha Mining Corporation Limited, a PSU of Govt. of Odisha, for Operation and Maintenance of their Chrome Ore Beneficiation Plant (COBP) at South Kaliapani Mines, Odisha. Company has signed a Contract with M/s OMC on 01.04.2015 for 2 years period with an option for extension for further one year. Your Company has successfully completed the 2 years contract on 31.03.2017. However, due to environmental issues connected to tailing disposal, the COBP was shutdown till the tailing pond was made ready. Accordingly, the contract with your Company was terminated by M/s OMC on 31.03.2017.
- EPC Portal: M/s. OMC has offered the Company to take up and complete the balance works of their second Chrome Ore Beneficiation plant at Kaliapani (the plant was under construction and jobs were abandoned midway by the contractor and pending for completion for more than 5 years) and also to take over Operation and Maintenance of the same plant after commissioning. Your Company has since accepted this offer with an estimated contract value of Rs.27.21 crores. On completion of this project, the company looks forward to gain expertise of constructing Mineral Processing Plant.

### MARKET SCENARIO

During 2017, the World steel market looked positive. World crude steel production reached 1,691.2 million tons for the year 2017, up by 5.3% compared to 2016. Crude steel production increased in most of the regions in 2017.

Annual production of crude steel in Asia was 1,162.5 million tons in 2017, an increase of 5.4% compared to 2016. World's largest steel producer China accounted for 49.2% of the total steel produces. China's crude steel production reached 831.7 million tons, up by 5.7% on 2016. Japan produced 104.7 million tons in 2017, down by -

0.1% compared to 2016. India became the third largest steel producer with a production of 101.4 million tons, up by 6.2% on 2016.

During 2017, in order to deal with this long standing issues of overcapacity, tepid demand and also phase out low-efficient steel plants and crack down illegal production Chinese Government succeeded reduction in capacity by more than 50 million tons. To control pollution, sintering plant operations were halted and encouraged merger of steel companies to upgrade technologies to achieve higher productivity. These measures improved demand for pellets during 2017.

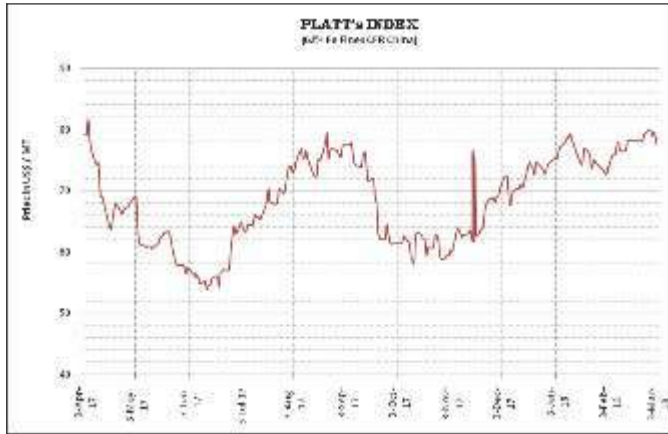


Government of India initiated measures to encourage domestic steel manufacturers to increase domestic steel production and consumption through National Steel Policy 2017- DMI & SP to encourage use of domestic steel products. Government also imposed anti dumping duty on some of the products. All these measures buttressed Indian steel industry. As a result, while steel exports was doubled, imports decreased by 1%.

The IMF has predicted that the momentum seen in 2017 may prop up global economy in 2018. Steel industry is also expected to benefit from such momentum. However, as China accounts for about 50% of global steel production, performance of Chinese Steel industry is extremely important. It is reported that due to moderate domestic demand from infrastructure and industrial sector coupled with



closure of illegal steel mills, growth in China's crude steel output in 2018 is expected to be very much low.



While positive impulses to steel demand is seen coming from developed and developing economies, the reality is that steel demand in China is close to peaking. The above development enables your companies to be guardedly optimistic about 2018.

### 3. CAPEX AND GROWTH PLAN

The Company is in the process of strategic expansion and diversification aiming at higher growth level for long term sustainability/viability in the competitive market environment. Consequent upon the closure of mining activities at Kudremukh, the Company has been exploring options for mining at different locations within Karnataka and also in other States. Following efforts have been made to get iron ore mining lease, setting up of value added plants, etc., for diversification :-

#### Development of Devadari Iron Ore Block

Govt. of Karnataka issued Gazette Notification on 23.01.2017 reserving an area of 470.40 ha in Devadari Range, Sandur Taluk, Bellary District for mining lease of iron and Manganese ore. DMG, Govt. of Karnataka directed the Company to submit Mine Plan, Forest Clearance and Environment Clearance for execution of Mining Lease deed. The Company has initiated action for obtaining statutory clearances from authorities for execution of mining lease deed. Regional Controller of Mines,

Bangalore, Indian Bureau of Mines has approved the Mining Plan on 08.03.2018 for production of 2 mtpa iron ore and setting up of 2 mtpa crushing, conveying & beneficiation plant. The Company has submitted Form-I through online portal of MoEF&CC, GoI on 18.01.2018 to obtain Terms of Reference (ToR) for conducting base line study and EIA/EMP for Environmental Clearance. The Company made project presentation before Expert Appraisal Committee on 24.04.2018 for issue of TOR for EC. Company has submitted Forest Diversion Proposal (Stage 1 forest clearance) through online portal of MoEF&CC, GoI on 16.03.2018. Forest Diversion Proposal is being examined in the office of Nodal Officer, Forest Dept., GoK.

It is expected that, Company will obtain necessary statutory clearances by end of 2019 to execute the mining lease deed with Govt. of Karnataka. Company will undertake development of iron ore mines, setting up of Beneficiation and Pellet Plant with capital investment of around Rs. 1500-2000 Crores.

#### Backward and Forward Integration Projects at BFU

In order to make Blast Furnace Unit viable on standalone basis, the Company has envisaged setting up of Coke Oven Plant as Backward integration project, Ductile Iron Spun Pipe project as forward integration project along with 10MW Cogen Power Plant and Pulverized Coal Injection system and modification to the existing Blast Furnace Unit. To take these projects forward, KIOCL has appointed M/s MECON as Technical Consultant for preparing Techno-Economic Feasibility Report (TEFR) for the project.

At its 251<sup>st</sup> Meeting held on 22.05.2018, the Board approved the TEFR for setting up of the identified forward and backward integration projects i.e. DISP plant in the forward and Coke Oven Plant with Cogen Power Plant of 10MW in the backward integration and carrying out the necessary modifications to the Blast Furnace Unit such as introduction of a PCI system new Stave Coolers & Recirculating Water Cooling

System to make the unit economically viable at a total estimated capital cost of Rs. 843.90 crores.

### Setting up a 1 MWac Solar Plant at BFU premises Mangalore

The Company has committed to the Government of India to develop Renewable Energy Projects during the five year period of 2015-19. Towards this purpose, the Company has engaged an EPC contractor for setting up of 1MW solar power plant in its existing land available at Blast Furnace Unit, Mangaluru with capital cost of Rs. 6.10 Crores. This project also supports Govt. of India's National Solar Mission. The Company appointed M/s Infrastructure Development Corporation (Karnataka) Limited (M/s iDECK) as Technical Consultant for implementation of the project. M/s Enerparc Energy Pvt. Ltd has been identified as EPC contractor for carrying out the Design, Engineering, Procurement, Supply, Erection, Testing, Installation and Commissioning of a 1 MWac Solar PV Power Plant with fixed tilt in the premises of Blast Furnace Unit, Mangaluru and to undertake comprehensive maintenance services for next five years. The work is progressing and is expected to be commissioned by the 1st half of 2018-19.

### JOINT VENTURE / MOU

#### MoU with M/s RINL for setting up 2 MTPA Pellet Plant at Vishakhapatnam

Keeping in view of the expansion of the operations of the company through investment, the Board of your Company at its 251<sup>st</sup> Meeting held on 22.05.2018 has approved the Techno-Economic Feasibility Report for setting up of 2 MTPA capacity Pellet Plant on JV basis with RINL at Vishakhapatnam at a total estimated capital cost of Rs. 996 crores.

#### MoU with MECON

Your Company signed a MoU with MECON on 08.01.2018, a sister CPSU under Ministry of Steel to co-operate with each other on non-exclusive basis in order to participate in tenders, bids and Contracts related to Engineering / EPC / Turnkey /BOO/BOT/BOOT basis for new installation or upgrading / revamping, repair of Beneficiation and

Pelletisation Plants & coal washery plants in India. This MoU shall initially remain valid for a period of 03 years from the date of signing and shall thereafter be extended on mutual consent of both the parties.



KIOCL signed an MoU with MECON for joint participation of tender for setting up of Beneficiation & Pelletisation Plant in India on 8.1.2018 at Mangaluru

#### Development of Nemakal Iron Ore Deposit in Ananthapuram Dist., Andhra Pradesh

A MoU was signed among KIOCL, APMDC and RINL on 22 June 2013 at Hyderabad for exploration and exploitation of Nemkal iron ore deposit in Ananthapur Dist., of Andhra Pradesh. Govt. of Andhra Pradesh issued notification dated 30 Nov 2015 reserving area over an extent of 1327 hectares for iron ore in Comp. Nos.692, 693, 694 in Minchery R.F. of Kalyandurg Range Ananthapur District in favour of M/s A.P.Mineral Development Corporation Limited (APMDC) under Section 17A(2) of the Mines and Minerals (D&R) Act, 1957. APMDC submitted proposal for forest clearance on 14.12.2017 through online in the Forest Clearance Portal of MoEF&CC, GoI to undertake exploratory drilling at Minchery Reserve Forest, Nemakal Project. On receiving the forest clearance for exploratory drilling, work will be undertaken jointly by KIOCL and APMDC. TEFr for the setting up of beneficiation plant and pellet plant will be prepared based on the outcome of the exploratory drilling.

### 4. DIGITAL INDIA

Towards fulfillment of the "Digital India" initiative of the Government of India and digital transformation of your Company by leveraging with latest Information and Communication Technology (ICT) towards

building a competitive edge in the market place, your Company has embarked on the path of having Single Integrated Information System/ERP along with up gradation of ICT infrastructure to position the company as efficient and competitive in the field of Pellet and Beneficiation segment of Steel Industry

Currently, certain application developed in-house by Systems department and also a few applications outsourced for online accessibility in departmental level, are running in standalone mode and these systems are not integrated with other applications, thereby having a scope for optimization through integration.

Towards this objective, your Company has engaged M/s. Ernst & Young, LLP as an IT consultant to assess the existing IT infrastructure including hardware, software, organizational structure etc., and recommend a futuristic IT infrastructure with state of the art technology to take care of the needs of the organization.

M/s. Ernst & Young have made a detailed study by conducting series of workshops at Mangalore and Bangalore locations involving all the departments and assessed the existing IT infrastructure including hardware, software, organizational structure etc., and submitted the draft report recommending a futuristic IT infrastructure with state of the art technology to take care of the needs of the organization including costing for proposed modules. The Implementation of ERP will be taken through a system integrator once it is approved by Board.

## 5. HUMAN RESOURCE MANAGEMENT & INDUSTRIAL RELATIONS

### Manpower Profile

As on March 31, 2018, the Company had 888 employees on its rolls comprising of 283 Executives including Non-unionized Supervisors (32%) and 605 Non Executive Employees (68%).

Table: 3 show the breakup of employees under different categories on rolls of the Company as on March 31, 2018.

**Table: 3**

Group	Total No. of employees on rolls	SC	ST	Women employees	Ex-servicemen	PwD
A	244	45	12	11	--	05
B	39	02	02	06	--	--
C	567	84	30	09	--	05
D	38	07	06	01	--	03
Total	888	138	50	27	--	13

### Compliance under the Persons with Disabilities Act, 1995

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

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

Your Company is following Sexual Harassment prevention procedures in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Your Company has constituted Internal Complaint Committees in two major locations i.e. Corporate Office, Bangalore and Plant level at Mangalore to redress sexual harassment complaints. All employees (permanent, contractual, temporary, trainees) are covered under this policy. During the year, no complaint was reported. To build awareness in this area, your Company has been conducting counselling session/ induction / refresher programmes in the organization on a continuous basis.

### Empowerment of Women

A Women's Forum – KIOCL is a Corporate Life Member for Forum of Women In Public Sector [WIPS] under the aegis of SCOPE. All women employees are Life Members of the said Forum. Co-ordinators are being nominated on rotation basis from KIOCL to liaison with WIPS Apex Body & Southern Region. Every year, the Company nominates women employees to attend Annual meet & Regional meet of Forum of WIPS. International Women's Day was celebrated on 8th March 2018 in a befitting manner.



KIOCL bagged Recognition of WIPS Activities Award for the year 2017. Hon'ble Chief Minister of Assam, Shri Sarbananda Sonowal, presented the award on 12th Feb 2018 at Guwahati, Assam.

During the year 2017-18, apart from participating in Swachh Bharat Abhiyan, WIPS Cell has actively undertaken various activities such as organizing Medical Camps, distribution of Education kits to girl students from financially backward family for pursuing higher studies, awareness classes on health & hygiene, extended domestic support to orphanages, self defense workshop for women employees and other CSR activities.

KIOCL has bagged "Recognition for WIPS Activities Award" for the year 2017 during 28th National Convention of Forum of Women in Public Sector [WIPS] held on 12th & 13th February 2018 at Srimanta Sankaradev Kalakshetra, Guwahati, Assam. The award was presented by Shri Sarbananda Sonowal, Hon'ble Chief Minister of Assam. The winning streak continues with the third award in succession.

### Industrial Relations and Employees Welfare

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

The Company has implemented wage revision for Unionized Workers w.e.f. 01.01.2012 in line with DPE OM NO.2 (110)/11-DPE (WC)-GL-XVI/13

DATED 13.06.2013 through Tri-partite Agreement in the presence of Dy.Chief Labour Commissioner (C) on 27.02.2017.

### Human Resource Development

A series of initiatives were taken towards human resource development by your Company which includes in-house training programmes to enhance skills, nomination to various seminars and conferences. During the year, 6341 man-days of training were imparted to its employees.

### Public/Staff Grievance Redressal

Your Company has framed a well defined grievance procedure, evolved under the Code of Discipline since its inception. Grievances received are being redressed to the satisfaction of the aggrieved employees. With respect to public grievance, as and when any complaints are received, necessary remedial action, if any, is taken promptly. Complaints/grievances other than the staff grievance are categorized into customer/consumer complaints/grievances from the Contractors, NGOs/General Public etc. The respective project heads are empowered to dispose off the grievances concerning their areas. Linkage has been provided to Centralized Public Grievances Redressal & Monitoring System (CPGRAMS) with effect from May 01, 2011.

The grievances received and disposed off by the Company are reported to the administrative Ministry on monthly and quarterly basis. The guidelines laid down by the Government of India in this regard are being strictly followed. A Public Service Delivery (SEVOTTAM) portal has been created for assessing and improving the quality of services delivered to the citizens. The system also involves the identification of the services delivered, quality of service, its objective, improvement of quality, using innovative methods for developing business processes and being more informative with the help of advanced information technology. The same is also available in the Company's website.

During the year, 9 (Nine) grievances from public / ex-employees were received directly/ CPGRAM portal and all of them were disposed off.

## Particulars of Employees

Ministry of Corporate Affairs vide its notification dated June 05, 2015 has exempted Government Company with the applicability of section 197 of the Companies Act, 2013. However, the remuneration received by the employees of the Company, has not exceeded the limit prescribed under section 197 read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 during the Financial Year 2017-18.

## 6. CORPORATE GOVERNANCE

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

### Directors and Key Managerial Personnel

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

### Independent and Non-Independent Non-Executive Directors

Your Company has received necessary declaration under section 149(7) of the Companies Act, 2013 from each Independent Director that he/she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Board of Directors at its 251<sup>st</sup> Meeting held on 22.05.2018, has noted the declaration, as made by the Independent Directors.

### Woman Director

In terms of the provisions of Section 149 of the Companies Act, 2013 and Regulation 17(1)(a) of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, for the year ended

March 31, 2018, your Company has one Women Independent Director on its Board.

### Changes in the Composition of the Board of Directors

#### Inductions

The President of India appointed Sri M V Subba Rao, Director (Commercial) as the Chairman-cum-Managing Director of KIOCL who assumed the charge on 30.01.2018.

#### Retirement/Cessation

During the year under review consequent upon completion of his 5 years term Sri Malay Chatterjee, Chairman-cum-Managing Director ceased to be the member of the Board w.e.f. 30.06.2017. The Board places on record its deep appreciation for the valuable contribution made by Shri Chatterjee.

### Appointments/Resignations of the Key Managerial Personnel

Sri M V Subba Rao, Director (Commercial) was appointed as Chairman-cum-Managing Director and Chief Executive Officer during the year under review.

### Directors Retiring by Rotation

In terms of Section 152 (6) of the Companies Act, 2013, Sri. T. Srinivas and Sri S.K. Gorai being longest in the office shall retire by rotation at the ensuing AGM and being eligible for re-appointment, offers themselves for re-appointment. The Board recommends their re-appointment.

### Number of Meetings of the Board

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

### Directors' Responsibility Statement

The Financial Statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on accrual basis except for

certain instruments, which are measured at fair values. The Ind AS is prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. Effective April 1, 2016 the Company has adopted all the Ind AS standards and adoption was carried out in accordance with applicable transition guidance. Accounting Policies have been consistently applied except where a newly issued Accounting Standard is initially adopted or a revision to an existing Accounting Standard requires a change in the Accounting Policy hitherto in use.

Your Directors confirm that:

- a) In the preparation of the Annual Accounts for the Financial Year ended March 31, 2018, the applicable Accounting Standards had been followed.
- b) The Company has selected such Accounting Policies and applied them consistently and made judgments & estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the Profit & Loss of the Company for that period.
- c) The Company has taken proper and sufficient care towards the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) The Company have prepared the Annual Accounts on a going concern basis.
- e) The Company has laid down Internal Financial Controls, which are adequate and are operating effectively.
- f) The Company has devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **Extract of Annual Return**

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

## **7. AUDITORS**

### **Statutory Auditors**

Pursuant to Section 139 of the Companies Act, 2013, the Comptroller and Auditor General of India shall appoint the Statutory Auditors of the Company for the year 2018-19. The Statutory Auditors Report on the Accounts of the Company for the Financial Year ended March 31, 2018 is annexed.

The Notes on financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation, adverse remark or disclaimer.

### **Cost Auditors**

Pursuant to Section 148 of the Companies Act, 2013 read with The Companies (Cost Records and Audit) Amendment Rules, 2014, the Cost Audit records of the Pellet Plant Unit of the Company is required to be audited. The Board on the recommendations of the Audit and Risk Management Committee, has appointed M/s PKR & Associates, LLP, Cost Accountants, Hyderabad to audit the cost accounts of the Company for the Financial Year 2018-19 at a remuneration of Rs.50,00/- plus applicable taxes.

As required under the Companies Act, 2013, the remuneration payable to the Cost Auditor is required to be placed before the Members in an Annual General Meeting for their ratification. Accordingly, a Resolution seeking Member's ratification for the remuneration payable to M/s PKR & Associates, LLP, Cost Auditors is included at Item No.6 of the Notice convening the Annual General Meeting.

The Cost Audit Report for the Financial Year 2016-17 was filed with the Ministry of Corporate Affairs on 19.09.2017. The Cost Audit Report for Financial Year 2017-18 is under finalization and will be submitted to the Ministry of Corporate Affairs within the prescribed period.

### **Secretarial Auditors**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial

Personnel) Rules, 2014, the Company has appointed, Sri S. Viswanathan, Practising Company Secretary to undertake the Secretarial Audit of the Company for the Financial Year 2017-18.

The Secretarial Auditor had observed that the company is not having adequate number of independent directors. The remarks of the directors on the same are that the independent directors in the company are appointed by President of India, through Ministry of Steel, Government of India. The Company has requested Ministry of Steel, Government of India for appointment of requisite number of independent directors on its Board.

The Secretarial Auditors also pointed out that present public shareholding is 1.0039% against the minimum public shareholding of 25% to be achieved on or before 21.08.2018. The Board remarks that this being a policy issue of Government of India, has requested Ministry of Steel to take up with DIPAM for dilution of Government holding to achieve the same within the stipulated period.

### C&AG Audit

The Comptroller & Auditor General of India (C&AG) vide its letter dated 11.06.2018 has conveyed "NIL" comments on the accounts of the Company for the year ended March 31, 2018. Copy of the same is annexed to this Report.

## 8. CORPORATE SOCIAL RESPONSIBILITY

In compliance with Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules 2014, the Company has established Corporate Social Responsibility (CSR) Committee. A Board approved Corporate Social Responsibility Policy is in existence in the Company which is available under the link <https://www.kiocltd.in/user/cms/344>. The statutory disclosures with respect to the CSR Committee and an Annual Report on CSR activities form a part of this Report as Annexure.

## 9. Awards & Recognitions

During FY'18 the Company has received following Awards & Recognitions:

- Received "Governance Now PSU Award" during the 5th Edition of Governance for its contribution towards turnaround in business.



*KIOCL bagged first prize in recognition of its outstanding performance in implementation of the Official Language on 17.05.2017*

- Received "Substantial Growth in Exports" from Custom Commissionerate, Mangalore for achieving highest exports & best business performance for FY 2017-18.
- Received First prize in recognition of its outstanding performance in implementation of Official Language for Mangalore Region.
- Received "Recognition for WIPS Activities Award" for the year 2017 at 28<sup>th</sup> International Convention of Forum of WIPSS held at Guwhati.

## 10. Key Initiatives

### Environmental Management and Pollution Control Measures

Your Company is committed towards preservation of ecology and prevention of pollution in its production activity. Company's Environmental Management System is certified with ISO 14001:2004 Standards. Some of the initiatives taken at plant level during the year 2017-18 are as under:

- Additional number of Mist type water sprinklers for dust suppression along the approach road adjacent to MSDS has been installed.
- The Composting facility has been created for disposal of canteen waste to prevent pollution in the premises and the same is used as manure.
- The standard norms as prescribed by KSPCB in respect of air, noise and water quality is being monitored and adhered to in all the areas of work.

- The Company has complied with requirement of Battery management, Hazardous waste management, Bio-medical waste management, water act, air act and EP Acts.
- Environmental friendly and pollution free Roof Top Solar Power Plants at Pellet Plant unit and Blast Furnace unit were installed and commissioned during this year.
- World Environment Day was celebrated the greener way on 05.06.2017 and several rare varieties of plant saplings totaling to 20 Nos were planted in the factory premises.

### Safety

All the Departments have Standard Operating Procedures and the same is made available in their departmental Integrated Management System (IMS) Manuals for adherence. The Onsite emergency plan approved by the Director of Factories is in existence for both Pellet plant and Blast furnace unit. The Onsite Emergency Mock drills are being conducted once in 6 months to check the efficacy of preparedness for handling any Major accidents. Safety Inspections are carried out regularly by the Safety officer along with concerned Department Engineers and Safety Committee members.

National Safety Week was observed from 4<sup>th</sup> March 2018 to 10<sup>th</sup> March 2018. Suitable Personal Protective equipments such as Safety helmets, Shoes, Gloves, Safety Goggles, Face shields, Aprons, Ear plugs/muffs have been issued to all employees including contract labours to protect them against work place hazards. Various training programmes are being conducted to inculcate Safety consciousness among employees and labourers.

### ISO Certification

Your Company is certified with Environment Management System - ISO 14001: 2004, Quality Management System - ISO 9001: 2008 and Occupational Health & Safety Management System OHSAS - 18001: 2007. All certifications are valid up to 08-11-2018.

### Implementation of Official Language Policy

Your Company follows and implements the directives issued from time to time by the Department of Official Language, Ministry of Home Affairs and Ministry of Steel, Government of India for the progressive use of Official Language Hindi. Employees of the Company are encouraged to work in Hindi with regular training, cash awards and increments as per the Government directives. Hindi Workshops, Orientation programmes are conducted regularly to create awareness, impart knowledge and encourage the employees to do their Official work in Hindi. Official Language Implementation Committee Meetings take place at all the locations regularly and the progress during the previous quarters is reviewed in such Meetings. Hindi Fortnight was celebrated at all locations of the Company during September 2017.



*KIOCL Limited, has been awarded 'Rajbhasha Excellence Award' - First prize for the year 2017-18*

Hindi Programmes and several Hindi Competitions were held and prizes distributed to the winners. A valedictory function was organized on October 27, 2017.

Your Company is the Convener of Bangalore Town Official Language Implementation Committee (Undertakings) (TOLIC) and conducts regular meetings and Joint Hindi Month programmes for all Central PSUs in Bangalore. During the Year, 04 Hindi Workshops were conducted to impart training to the employees for doing their official work in Hindi.

### Vigilance

The Company is having an independent Vigilance Department headed by the Chief Vigilance Officer.



Preventive vigilance has been the thrust area of Vigilance Department all these years and the same has received focused attention during the year. A climate of preventive vigilance is generated to sensitize officials at all levels about the ill effects of corruption and malpractices. Regular Structured Meeting of Vigilance with the management is being conducted and issues related to e-governance, Leveraging Technology, Tender Management, Award of Works, Recruitment Policy have been discussed. Vigilance Awareness Week was observed from 30<sup>th</sup> October 2017 to 4<sup>th</sup> November 2017 at all the locations/offices of the Company and workshops & seminars were conducted during the week. Procurement by tendering-cum-e-reverse auction is in vogue from September 2010. The threshold value for this is fixed at Rs. 5 lakhs and above. During 2017, 98.80% of cases by value are covered under this. All payments are being made through electronic mode. During the year, 153 work/purchase/sale orders have been issued incorporating Integrity Pact clause, covering 98.75% of contracts by value. No complaints was received under IP. 58 scrutiny/examinations, 71 checks/inspections are carried out during the year and corrective actions, if any are suggested. Necessary action is taken with regard to the

complaints received during the year. Vigilance Department conducted 8 training programmes at three different locations, covering 1030 man hours. Topics such as Good governance- Vigilance & other developments, Vigilance Awareness & Preventive Vigilance, Public Procurement etc. were covered.

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

**Details of cases initiated/disposed off during:**

1.	No. of cases pending as on 31.03.2018	NIL
2.	No. of cases initiated during 2017-18	1
3.	No. of cases pending	1

The pending case is regarding wrong acceptance and release of payment towards supply of 6 numbers of 1.5 ton split air conditioners along with stabilizer.

Officers involved:- 2

Charge sheet issued on 21.10.2017.

Disciplinary proceedings started on 24.04.2018 and is yet to conclude.

**Pending Audit Paras: -**

Sl. No	Ref. to Para No./ Audit Report/title	Audit Observation	Status
1	Para no.3.7.2.2 of Report no.2 of 2009-10. Inventory holding - Stores & Spares.	KIOCL has not fixed the level for all the items of stores and spares. Further, it was having Rs.55 crores as Non-moving stores and spares as on 31.03.2009.	Inventory holding norms were fixed for Raw materials and major stores and spares in April 2014 and the same was intimated to MOS on 21st April 2014. The non-moving stores & spares stood at Rs.4.76 crores including surplus stores of Rs. 1.48 crores as on 31.03.2018.
2	Para no.19.1.1 of Audit Report No.9 of 2009-10. Extra expenditure due to payment of higher tariff & congestion surcharge on transportation of iron ore.	Failure of the Company to get its railway siding declared as "other than stations/ sidings serving port" immediately on starting the operations resulted in payment of higher tariff of Rs.6.05 crore and surcharge of Rs.73.15 crore on transportation of iron ore.	The Company has made claims for refund before Railway Claims Tribunal (RCT) at Bangalore and Bhubaneswar. As the claim lodged with RCT, Bhubaneswar was dismissed; the Company has filed a case in the High Court, Bhubaneswar during January 2018. The claim before RCT, Bangalore is pending.

3	<p>Para no. 15.2 of Audit Report No. 8 of 2012-13.</p>	<p>Irregularities in procurement &amp; inventory management of Lam Coke. The decision of not procuring a third shipment of LAM Coke at the lower rates offered during the Empowered Joint Committee (EJC) meeting held in February 2008 resulted in extra expenditure of Rs.54.85 crore. Writing off of stock shortage of 9,144.153 MT Coke valued at Rs.32.41 crore was for reasons not justifiable.</p>	<p>The Company procured two shipments with different lay cans to avoid overlapping and logistic issues. Also, the decision to procure two shipments only was based on market report 'STEELGURU' dated 27.01.2008 which indicated that there was a possibility of reduction in the price of Coke beyond March 2008.</p> <p>Difference of 9,144.153 MT of LAM Coke had arisen as a cumulative effect since the inception of the Company while handling 10,08,308 MT of LAM Coke receipt and the this difference is 0.906% of quantity received. The shortage was attributable to (a) Moisture adjustment (b) Difference due to transit loss (c) Difference due to handling loss and difference due to less accountal of fines generated. The transit loss was 0.356% of total receipts and handling loss was 0.173% of total quantity handled. The total shortage of 9,144 MT constitutes 0.906% of total receipts since inception which is also much below the norm of 3% followed by RINL, other PSY of Ministry of Steel.</p>
4	<p>Para no. 17.1 of Audit Report No. 13 of 2014.</p> <p>Injudicious expenditure on Pig Casting Machine in Blast Furnace Unit.</p>	<p>Despite knowing that Blast Furnace Unit (BFU) was not viable on standalone basis and having closed its operations, KIOCL ordered for setting up a third Pig Casting Machine (PCM) which has been idle for the past 26 months and would remain idle for a minimum of another 24 months from the issue of letter of intent, which has also not been issued so far (September 2013). This has resulted in idling of funds and injudicious expenditure of Rs. 4.20 crore.</p>	<p>In order to improve the productivity of BFU, M/s MECON have suggested several modifications. Installation of 3rd PCM and introduction of pulverizing coal injection system were two prominent proposals. As the system of injection of coal requires high investment, only installation of 3rd PCM was undertaken in the 1st Phase modification. However, by the time the installation was completed, the same could not be put to use due to suspension of operations of BFU because of commercial non-viability. The machine will be put to use as and when the plant starts its operation. The benefits/improvements are:</p> <p>(a) Safe working environment for maintenance personnel (b) Shorter waiting period for Hot Metal collected in ladles. This avoids solidification of top layer of metal in the ladle (reduced skull formation) (c) Better surface finish of Pig Iron Cubes/Blocks</p>

			<p>(enhances marketability) and (d) Reduced interruption in tapping of metal from Blast Furnace. Higher productivity under constant blast volume and smoother furnace operation.</p> <p>The BFU is shut down due to economical non-viability from August 2009. As and when the BFU operations resume, the PCM3 will be put to use.</p>
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### Implementation of new Public Procurement Policy for MSEs

The Company has adopted a Micro & Small Enterprises (MSEs) Policy for MSEs Sector, in line with the Govt. of India guidelines as per MSMED Act 2006 and keeping in view the effective implementation of Public Procurement Policy for Micro and Small Enterprises (MSEs) Order 2012, following steps have been taken:

- List of item components that could be sourced from MSEs are posted on the Company's web-site at [www.kiocltd.in](http://www.kiocltd.in). for the information of MSE vendors.
- Communication has been sent to all the registered vendors regarding the said policy with the objective of achieving an overall procurement of 20% from MSEs. Further, for enhancing the procurement from MSEs owned by SC/ST, all the vendors are approached for capturing necessary details and updated the data bank.
- During 2017-18, your Company placed orders for goods and services to the extent of Rs.6.97 Crores from MSEs which constituted 23.11% of the total procurement value of Rs.30.17 Crores.



Shri T Saminathan, GM (Materials) addressing on the occasion of State Conclave of MSME (SC/ST) on 14.12.2017

### Right to Information

Under the Right to Information Act, 2005, the Company has set up an exclusive Right to Information Act outfit to provide information and bring in transparency. As per the requirement of section 4(1) (b) of the Act, general information required to be provided to citizens are displayed on Company's website, The Company has nominated Public Information Officers and Appellate Authorities in all its 3 locations (Corporate Office & Pellet Plant / Project Site) to provide information to the applicants. All applications and queries received under RTI were disposed off as per the provisions of the Act.

During the year 2017-18, the Company received 25 RTI applications and one first appeal and the same were disposed off. Apart from above, the Company has received RTI applications and first appeals from web Portal RTI Online with URL <https://rtionline.gov.in> launched by DoP&T. This is a facility for the Indian citizens to file online application RTI applications and first appeals and also to make payment of RTI Fees. Your Company has provided the link of above portal on its website.

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

Details of Energy Conservation, R&D technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3) (m) of the Companies Act, 2013 read with Rule, 8 of The Companies (Accounts) Rules, 2014, is annexed to this report.

### **Dividend Distribution Policy**

In terms of the Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors of your Company has adopted Dividend Distribution Policy. The Policy is available on the website of the Company under link <https://www.kioclltd.in/user/cms/344>. The Dividend Distribution Policy forms a part of this Report.

### **Updation of PAN and Bank Particulars**

Shareholders are requested to update the bank particulars and PAN details with Registrar and Transfer Agent (RTA), if not already updated.

### **Green Initiatives**

Electronic copies of the Annual Report 2017-18 and the Notice of the 42<sup>nd</sup> Annual General Meeting are sent to all members whose email addresses are registered with the Company / depository participants(s). For members who have not registered their email addresses, physical copies are sent in the permitted mode.

### **Appreciations and Acknowledgment**

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

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

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

For and on behalf of the Board of Directors



**(MV Subba Rao)**

Chairman-cum-Managing Director

Date : New Delhi

Place: 31.07.2018

## REPORT ON CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) is company's sense of responsibility towards the community and environment (both ecological and social) in which it operates. KIOCL firmly believe that communities located in the vicinity of its projects are important partners/stakeholders and the Company strives hard for development of community through various socio-economic development programmes. Since its inception, your Company is contributing significantly towards community development in and around its project sites to ensure that people living in the vicinity of the projects are benefitted. The major beneficiaries under CSR program are poor and economically weaker section of the society. During the year 2017-18, your Company had implemented various socio-economic development activities for the betterment of the society under Corporate Social Responsibility. The details are as under:

### EDUCATION

#### Setting Up Physics Laboratory

Shree Bharathi group of Institutions was in the process of establishing minimum two well-equipped laboratories for science students. To support the above requirement, the Company has provided financial assistance to establish the Physics Laboratory in the Institution under Corporate Social Responsibility.



#### Furniture's to schools for infrastructure improvement

The authorities of Kulur High School, Kulur, D.K.Z.P.G.H.P. School Parapade Mangalore North

and Govt. Higher Primary school, Adyapadi had requested to provide benches and desks for the school children. To support nearby schools with better infrastructure facility, the Company has provided benches and desks to all the three schools under Corporate Social Responsibility.



*Desks and Benches provided to Schools under CSR at Mangalore*

### WILDLIFE

#### Adoption of Lion in Pilikula Biological Park Mangalore



*Smt. Prema Lata Singh, MLA handing over the cheque to the Director, Biological Park Pilikula for adopting a lion.*

Pilikula Biological Park is one of the well-known Zoos in the country to breed some of endangered species of mammals, reptiles and birds of Western Ghats region. Pilikula zoo houses nearly 1200 animals of 120 species including mammals, reptiles and birds. Day to day maintenance of the Zoo is carried out by the gate collection and generous donations received from the donors and sponsors. Zoo authorities had requested KIOCL to adopt the animals and donate the amount for maintenance of the same. To help the zoo authorities, one Lion has been adopted by the Company during the year 2017-18 under Corporate Social Responsibility.

### HEALTH CARE

#### Medical Assistance to weaker section of the Society

To support “Girasth Bharat” initiative of the Govt. of India, your Company extended financial assistance to persons belonging to economically weaker section of the society to meet the medical expenditure incurred.



*Handing over of the Cheque to family members of patient in need of Medical Assistance*

#### Vivekananda Memorial Hospital at Saragur, Karnataka

Swami Vivekananda Youth Movement Saragur is a development organization, engaged in building a new civil society in India through its grassroots to policy level action in health. The facilities, equipments and instruments at Kudremukh Hospital have been out of use since few years. The unused medical equipment and instruments were handed over to the Vivekananda Memorial Hospital at Saragur.

### SWACHH BHARAT-SWACHH VIDYALAYA

The objective of SwachhBharath-Swachh Vidyalaya is to create functional toilets in every school. Swachh Vidyalaya is the national campaign driving 'Clean India Clean Schools'. A key feature of the campaign is to ensure that every school in India has a set of functioning and well maintained toilet, sanitation and hygiene facilities. To support this campaign, your Company has taken various initiatives by constructing / upgrading toilets in schools/colleges etc.

#### Promotion of Swachh Vidyalaya Abhiyan

Thadakoda Govt School is located at rural area of Dharwad. Children from poor and rural background are studying in this school. Toilets constructed in this school are very old and not functional where around 594 students (298 Girls & 296 Boys) are studying in this school. Under Swachh Vidyalaya Abhiyan, your Company has taken up the repair and refurbishment work of dysfunctional toilets in the school. The Company has repaired 4 Toilets and 9 Urinals for Boys and 1 toilet & 4 Urinals for Girls. It has also repaired 2 wash rooms in the school. In addition, it has also installed 2 Nos. water purifiers for supply of pure drinking water in the school.

#### Construction of Toilets

Under SwachhBharath Abhiyan, your Company has constructed toilets in Panambur near Pellet Plant Unit. One toilet block which includes 1 urinal, 1 toilet and 1 wash room for usage of general public.

#### Maintenance of Toilets Constructed

One of the prime objectives of Swachh Vidyalaya Abhiyan is not only to construct toilets but also maintain it for a longer period of time. With proper maintenance of toilets at Schools, mission of Swachh Bharath-Swachh Vidyalaya can be achieved. Considering this responsibility in mind, your Company has taken up maintenance of toilets constructed in 7 schools during the year 2014-15 at Bengaluru, Mangaluru and Chickmagaluru Districts for a period of three years.

## REPORT ON CORPORATE GOVERNANCE

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

### Company's Philosophy

The Corporate Governance Policy of your Company rests upon the four pillars of Transparency, Full Disclosures, Independent Monitoring and Fairness to all. The Company believes that conducting business in a manner that rests with these four pillars enables it to deliver long-term returns to the shareholders, favorable outcomes to the customers, attractive opportunities to the employees and making the suppliers as partners in progress resulting into enrichment of the Society. The Company has set itself the objectives of expanding its capacities and becoming competitive in its business. As its progress on its growth path, the Company believes in adopting the 'best practices' that strengthen the Corporate Governance objectives of deliveries sustainable value to all its stakeholders.

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

### Policies

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

## Board of Directors

### Composition of the Board

Your Company is a Government Company within the meaning of Section 2(45) of the Companies Act, 2013. The appointments /nominations of all Directors are done by The President of India, through Ministry of Steel. The existing Articles of Association of the Company stipulate that the number of directors shall not be less than five and not more than thirteen. The current Board of Directors of the Company comprises seven Directors, including three Functional Directors, two Directors nominated by Ministry of Steel and two Independent Directors.

In compliance to Section 149 of the Companies Act, 2013 read with Rule 3 of the Companies (Appointment & Qualification of Directors) Rules, 2014 and Regulation 17(1)(a) of the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 the Company has a Women Independent Director on its Board. At present, One Functional Director position is lying vacant. In pursuance to regulation 17 of the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 and DPE guidelines on Corporate Governance for CPSE's 4 (Four) Independent Directors Post are required to be filled up. The Company has requested Govt. of India through its Administrative Ministry to fill up the vacant posts.

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

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

As mandated by Para 'C' of Schedule V read with regulation 53(f) of SEBI (Listing Obligations and

Disclosure Requirements) Regulation, 2015, none of the Directors are members of more than ten Board level Committees, nor are they Chairmen of more

than five Committees, in which they are members. The composition of Board of Directors during 2017-18 is given in Table 1.

**Table 1: Composition of the Board of Directors**

Name of Director (S/Shri/Smt)	Category	Attendance at Board meeting/Total meetings after apppt. as Director	Whether attended last AGM (Yes/No)	No. of Directorships**	Number of Committees#	
					Member	Chairman
M.V. Subba Rao <sup>1</sup> (DIN 06495576)	Executive	6/6	Yes	–	–	–
Malay Chatterjee <sup>2</sup> (DIN 00380683)	Executive	1/1	NA	–	–	–
N. Vidyananda (DIN 06729244)	Executive	5/6	Yes	–	–	–
S.K. Gorai (DIN 07223221)	Executive	6/6	Yes	–	1	–
Saraswati Prasad* (DIN 07729788)	Non-Executive	5/6	No	4	–	–
T. Srinivas* (DIN 07238361)	Non-Executive	6/6	No	1	–	–
Madhav Lal@ (DIN 06547581)	Independent	6/6	No	–	–	2
Dr. Deepika Sharma (DIN 07734495)	Independent	6/6	Yes	–	2	–

**Notes:**

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

\* Nominees of Govt. of India

\*\* Other than KIOCL

@ Chairman Audit Committee

<sup>1</sup> Holding the additional charge of CMD from 01.07.2017 to 29.01.2018 and assumed the post of CMD w.e.f. 30.01.2018. Holding additional charge of Director (Commercial) w.e.f 31.01.2018 in pursuance to Ministry of Steel order No.5/2/2017-BLA(Pt.) dated 16.03.2018

<sup>2</sup> Ceased to be CMD w.e.f. 30.06.2017.

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

The Board met six times during the Financial Year on 29.05.2017, 01.08.2017, 09.10.2017, 13.11.2017, 30.01.2018 and 19.03.2018. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

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

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

**Familiarization Programme imparted to Independent Directors**

The Directors of the Company are nominated for suitable training / programmes / seminars / plant



visit from time to time. The Board of Directors has also approved a policy on training. During the year under review, Board Members were nominated to various training programmes conducted by Department of Public Enterprises, Ministry of Heavy Industries & Public Enterprises, Institute of Directors and other Professional bodies on various topics. Company is also providing a corporate kit to all Directors on their appointment which includes information's about Company and its products, Memorandum of Association and Articles of Association of the Company, roles, rights, and responsibilities of Independent Directors etc.

### **Resolution through Circulation**

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

### **Declaration of Independence**

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

### **Board Meetings and Procedure**

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

All the relevant information as specified in regulation 17(7) read with Part A of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and Annexure – IV of the guidelines on Corporate Governance for CPSE's issued by DPE, is placed before the Board.

The Agenda Notes are circulated to the Directors in advance of each meeting of the Board of Directors. Wherever it is not practical to send the relevant information as a part of the agenda papers, the same is tabled during the meeting. The presentation covering the Company's performance, operations and business strategy are also made to the Board. The Board also reviews periodically the compliance status of all the applicable laws. The members of the Board have complete freedom to express their opinion and have unfettered and complete access to information in the Company.

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

### **Code of Conduct**

In compliance with Regulation 26(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015 and DPE guidelines, the Company has framed and adopted a Code of Conduct applicable to Board level and below Board level i.e. one grade below Board level up to General Manager Cadre of the Company. The same is also available on the website of the Company. The Code of Conduct is incorporated with the duties of Independent Directors as laid down in the Companies Act, 2013 and aligned with Company's mission and objectives and aims at enhancing ethical and transparent process in managing the affairs of the Company.

All the Members of Board and senior Managerial Personnel have affirmed compliance to the Code. A declaration to this effect, signed by the Chairman-cum-Managing Director forms part of this Report.

### **Whistle Blower Mechanism**

The Company has established a mechanism and formulated and adopted a Whistle blower Policy to provide Directors and Employee an avenue to lodge complaints, in line with the commitment of Company to the highest possible standards of ethical, moral

and legal business conduct and its commitment to open communication and to provide necessary safeguards for protection of Directors and Employees from reprisals or victimization, for whistle-blowing in good faith.

### **Prohibition of Insider Trading**

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

### **Director Shareholding**

None of your Director is having shareholding in the Company as on March 31, 2018.

### **Committees of the Board**

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

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

### **Audit and Risk Management Committee Brief Description of Term's of Reference**

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

### **Composition of the Committee**

The Audit & Risk Management (ARM) Committee consists of two Independent Directors and one Functional Director. The Chairman of the Committee is an Independent Director. The majority of the ARM Committee members have accounting and financial management expertise. Director (Finance), Chief of Internal Audit are the permanent invitees to the Meetings. In addition, other functional Directors except CMD, Auditors and senior managerial personnel are invited to the Committee meetings to present reports on the respective items being discussed as and when required. Company Secretary acts as a Secretary to the Committee.

### **Meetings and Attendance during the Year**

The Committee met six times in the Financial Year under review on 01.04.2017, 29.05.2017, 01.08.2017, 31.08.2017, 13.11.2017, 30.01.2018 and 19.03.2018. The time gap between two ARM Committee meetings is not more than one hundred and twenty days. During the year under review, the ARM Committee met Statutory Auditors, Internal Auditors and Cost Auditors to get their inputs on significant matters relating to their areas of audit.

The Composition of the ARM Committee as on March 31, 2018 and the attendance of the members at the meetings are given at Table 2.

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

Name of Director (S/Shri/Smt.)	Category	Attendance
Madhav Lal, Chairman	Independent Director	6/7
Dr. Deepika Sharma, Member	Independent Director	7/7
N. Vidyananda, Member <sup>1</sup>	Director (Production & Projects)	1/1
MV Subba Rao, Member <sup>2</sup>	Director (Commercial)	6/6

<sup>1</sup> Appointed as Member w.e.f. 19.03.2018.

<sup>2</sup> Ceased to be Member w.e.f. 30.01.2018.

## Nomination & Remuneration Committee

### Brief Description of Terms of Reference

The Board has constituted a Nomination & Remuneration (NR) Committee, which is functioning w.e.f. May 16, 2014 with terms of reference in pursuance to Section 178 of the Companies Act, 2013 read with Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 19 and Part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

### Composition of the Committee

The NR Committee consists of two Independent Directors, one non-official part time Govt. Director and Chairman-cum-Managing Director. The Chairman of the Committee is an Independent Director. Company Secretary acts as a Secretary to the Committee.

### Meeting and attendance during the year

The NR Committee met once during the year under review on or 19.03.2018. The attendance of the members at the Meetings is given at Table 3.

**Table 3: Attendance Record of Nomination & Remuneration Committee Meeting**

Name of Director (S/Shri/Smt)	Category	Attendance
Madhav Lal, Chairman	Independent Director	1/1
Dr. Deepika Sharma, Member	Independent Director	1/1
T. Srinivas, Member	Govt. Nominee Director	1/1
M.V.Subba Rao, Member <sup>1</sup>	Chairman-cum-Managing Director	1/1

<sup>1</sup> Appointed as Member w.e.f. 30.01.2018

## Corporate Social Responsibility Committee

In line with Section 135 and Schedule VII of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014 applicable w.e.f. 01.04.2014, the Company has constituted Corporate Social Responsibility (CSR) Committee.

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

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

The CSR Committee met twice during the year under review; on 01.04.2017 and 01.08.2017.

The composition of the CSR Committee and the attendance of the members at the meeting are given at Table 4.

**Table 4: Attendance Record of CSR Committee Meetings**

Name of Director (S/Shri/Smt)	Category	Attendance
Madhav Lal, Chairman	Independent Director	2/2
Dr. Deepika Sharma, Member	Independent Director	2/2
N. Vidyananda, Member	Director (P&P)	2/2
S.K.Gorai, Member	Director (Finance)	2/2

### Stakeholders Relationship Committee

In pursuance to Section 178 of the Companies Act, 2013 read with Rule 6 of The Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 20 and Part D of Schedule II of SEBI

(Listing Obligations and Disclosure Requirements) Regulation, 2015, a Stakeholders Relationship (SR) Committee has been constituted by the Board and has been functioning in the Company w.e.f. May 16, 2014.

**Table 5: Constitution of SR Committee**

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

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

### Investment, Project Appraisal & Monitoring Committee

To examine major proposals on Investment and monitor the progress of the investments and advise suitability to the Board to take decision, an Investment, Project Appraisal & Monitoring (IPAM) Committee has been constituted by the Board w.e.f. May 16, 2014. The role of the Committee inter-alia includes the following:-

- To examine all plan schemes/projects which requires approval of the Board with financial implication of Rs.5 crores and more or such other limit as fixed by the Board from time to time.

- To make preliminary appraisal of the projects identified by the Company for investment and recommend for perusing with the project.
- To monitor the progress of all major projects and corrective measures to be suggested/taken to achieve the milestone within approved time and cost.
- To examine and recommend to the Board for engagement of Consultants for the purpose of preparation of feasibility report/DPR.
- To scrutinize the Feasibility Report/DPR prepared by the Consultants and recommend to the Board for investment.

The IPAM Committee met four times during the year under review; on 09.10.2017, 03.01.2018, 30.01.2018 and 19.03.2018.

The composition of the IPAM Committee as on 31.03.2018 and the attendance of the members at the meeting are given at Table 5.

**Table 6: Attendance Record of Investment, Project Appraisal & Monitoring Committee Meetings**

Name of Director (S/Shri/Smt.)	Category	Attendance
Madhav Lal, Chairman	Independent Director	4/4
Dr. Deepika Sharma, Member	Independent Director	4/4
MV Subba Rao, Member <sup>1</sup>	Director (Commercial)	3/3
N Vidyananda, Member	Director (Production & Projects)	4/4
S.K Gorai, Member	Director (Finance)	4/4

<sup>1</sup> Ceased to be a Member w.e.f. 30.01.2018.

### Independent Directors Meeting

In pursuance to regulation 25(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, the Independent Directors met once during the year on 29.03.2018 to discuss issues as defined in the Para VII of Schedule IV of Companies Act, 2013 and DPE guidelines. All Independent Directors had attended the Meeting.

### Performance evaluation criteria for Independent Directors

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

### Performance Evaluation of the Board

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

Subsequently, Government of India, Ministry of Corporate Affairs vide its notification dated 5<sup>th</sup> June 2015 exempted Government Companies from the applicability of clause (p) of sub-section (3) of section

134 of the Companies Act, 2013 regarding evaluation of the Board, as the Directors of the Government Companies are evaluated by the Ministry or Department of the Central Government which is administratively in charge of the Company, as per its own evaluation methodology. Hence, no separate policy was framed by the Board to evaluate the performance of Board members.

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

### Remuneration to Directors

#### Whole Time Directors

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

Pursuant to the provisions of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the details of remuneration paid to Functional Directors during Financial Year 2017-18 are annexed to this Report.

### **Non-Official Part Time Govt. Nominee Directors**

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

### **Independent Directors**

Independent Directors are paid sitting fee of Rs. 20,000/- per meeting of the Board and Rs. 15,000/- per meeting of the Committee of the Board, attended within the overall limit prescribed under the Companies Act, 2013 read with Rule 4 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules 2015 and Regulation 17(6) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015. Details of sitting fees paid to the Independent Directors during Financial Year 2017-18 is annexed to this report.

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

### **Extract of Annual Return**

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

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

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

### **Adequacy of Internal Financial Controls with reference to the Financial Statements (Rule 8(5) (VIII) of the Companies (Rules), 2014**

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The scope and authority of the Internal Audit (IA) function is well defined. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit & Risk Management Committee. The Internal Audit Department monitors and evaluates the efficacy and adequacy of Internal Control System in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of Internal Audit, different departments of the Company undertake corrective actions in their respective areas and thereby strengthening the controls. Significant audit observations and corrective actions thereon are presented to the ARM Committee of the Company.

### **Significant and Material orders passed by the Courts/Regulators**

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

### **CEO and CFO Certification**

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

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

In terms of Regulation 17(3) of the Listing Regulations, Para 3.3.3 of the DPE Guidelines and applicable provisions of the Companies Act, 2013, the Board reviewed the Compliance reports relating to various laws applicable to the Company for the year 2017-18.

### Additional Disclosures

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

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

### Risk Management

Pursuant to the requirement of Regulation 21 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has constituted a Risk Management Committee. The details of Committee and its terms of reference are set out in the Corporate Governance Report forming part of the Board's Report. The Company has a robust Risk Management framework to identify, evaluate business risks and opportunities. This framework seeks to create transparency, minimize adverse impact on the business objectives and enhance the Company's competitive advantage. The business risk framework defines the risk management approach across the enterprise at various levels including documentation and reporting. The framework has different risk models which help in identifying risk trend, exposure and potential impact analysis at a Company level as also separately for business segments.

### Disclosure regarding appointment of Directors

The Company has provided brief resume(s) of the Directors seeking appointment at the ensuing

Annual General Meeting, in the Notice attached with this Report.

### Reconciliation of Share Capital Audit

As required by the Securities and Exchange Board of India (SEBI), quarterly audit of the Company's Share Capital is being carried out by an Independent External Auditor with a view to reconcile total Share Capital admitted with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) and held in physical form with the issued and listed capital. The certificate is regularly submitted to the Stock Exchanges.

### General Body Meetings

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



CMD addressing AGM on 31.08.2017

Date	AGM	Location	Time	Special Resolution Passed
Aug. 31, 2017	41st		12 Noon	No Special Resolution Passed
Sept. 24, 2016	40th	Registered Office at Bengaluru	12 Noon	No Special Resolution Passed
Sept. 07, 2015	39th		12 Noon	No Special Resolution Passed

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

### Details of Special Resolution proposed to be conducted

No Special Resolution is proposed to be conducted during the 42<sup>nd</sup> AGM.

### Extraordinary General Meeting

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

### Means of Communication

Company's quarterly un-audited / annual audited financial results, official news releases and other

general information about the Company are uploaded on the Company's website i.e. [www.kioclltd.in](http://www.kioclltd.in). The financial results are generally published in all editions of the Financial Express, Business Standard, Business Line and Bangalore edition of Vijayavani. Date of Board Meetings to adopt financial results and Date of Annual General Meeting etc., are also published in widely circulated National Newspapers.

### Dividend Payment Date

- Dividends as declared were paid within 30 days of declaration as per the provisions of the Companies Act, 2013.
- Details of Interim Dividends paid during the year under review are as under:

Particulars	Govt. of India	Others	Total Dividend	% of Share Capital	Per share
1st Interim	16.97	0.16	17.13	2.7%	0.27
Final*	49.62	0.50	50.12	7.9%	0.79
Total	66.58	0.66	67.28	10.6%	1.06
Previous Year (Including Final Dividend)	23.24	0.24	23.48	3.7%	0.37

\* Final Dividend @ 0.79 per share was recommended by the Board in its Board Meeting held on 22.05.2018 subject to approval of shareholders.

### Distribution of Shareholding as on March 31, 2018

No. of shares held	No. of holders	% to holders	No. of Shares	% to equity
1	224	2.68	224	0.00
2-10	1147	13.75	7863	0.00
11-50	2498	29.94	80705	0.01
51-100	1800	21.57	163156	0.03
101-200	1192	14.29	204187	0.03
201-500	816	9.78	283299	0.04
201-1000	349	4.18	270212	0.04
1,001-5,000	276	3.31	561783	0.09
5,001-10,000	16	0.19	109150	0.02
10,001 and above	26	0.31	632833221	99.74
Total	8344	100.00	634513800	100.00



## General Shareholders Information

### Annual General Meeting for the Financial Year 2017-18

Day and Date	Friday 31.08.2018
Time	12.00 Noon
Venue	Pellet Auditorium, KIOCL Limited, II Block, Koramangala, Bengaluru - 560 034

### Financial Year

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

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

SL. No.	Name of the Stock Exchange where Company's equity shares are listed	Security Code / Symbol
1.	National Stock Exchange of India Limited	(NSE)
2.	BSE Limited	(BSE)
3.	Metropolitan Stock Exchange of India Limited	(MSEI)

Listing fees for the Financial Year 2018-19 has been paid.

### Custodial Fees to Depositories

Your Company had paid annual custodial / issuer fees for the Financial Year 2018-19 to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

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

(In Rs.)

Month	NSE			BSE*		
	High	Low	Qty. Traded	High	Low	Qty. Traded
April 17	23.35	15.20	23,187	-	-	-
May 17	47.95	24.50	54,898	-	-	-
June 17	109.35	50.30	3,75,540	-	-	-
July 17	92.85	69.00	2,34,966	-	-	-
August 17	115.75	68.00	4,56,344	115.15	84.10	938
September 17	228.60	121.50	18,34,854	236.95	120.90	3477
October 17	310.00	152.00	8,52,135	311.10	151.60	4136
November 17	502.85	323.50	21,26,896	506.45	325.85	14107
December 17	445.00	310.00	14,04,569	437.50	319.00	7943
January 18	412.05	302.00	12,45,068	407.70	306.20	6828
February 18	352.95	280.00	7,26,358	390.00	275.05	5529
March 18	291.85	200.00	15,15,749	291.75	200.05	6721

\* Listed on 22.08.2017

## The Company's share performance

### Compared to NSE NIFTY 500



### Compared to BSE CPSE SENSEX



## Registrars and Transfer Agents

M/s Integrated Registry Management Services Private Limited.  
 Regd. Office: 30, Ramana Residency,  
 4<sup>th</sup> Cross, Sampige Road, Malleswaram, Bengaluru – 560003  
 Tel. No.: 080-23460815-18  
 Email id: [irg@integratedindia.in](mailto:irg@integratedindia.in)

## Share Transfer System

The Shares of the Company which are in compulsory dematerialized (demat) list are transferable through the depository system. Shares in physical form are processed by the Registrars and Share Transfer Agents, M/s Integrated Registry Management

Services Private Limited and approved by the Share Transfer Committee. The share transfers are generally processed within a period of 15 days from the date of receipt of the transfer documents by the Company or its R&T Agent.

## Shareholding Pattern as on 31.03.2018

Category	Number of shares	Shares in dematerialized mode	Shares in Physical mode	%age of Shareholding
Central Govt./State Govt.(s)	628144130	628144130	-	99.00
Mutual Funds/UTI	1276205	1276105	100	0.20
Financial Institutions/Banks	299502	299502	-	0.05
Foreign Portfolio Investors	10713	10713	-	0.00
Insurance Companies	2733462	2733462	-	0.43
Bodies Corporate	248338	248038	300	0.04
Resident Indians & others	1801450	1716474	84976	0.28
Total	634513800	634428424	85376	100.00

### Dematerialization of Shares and Liquidity

The Shares of the Company continue to be an eligible security in dematerialized form by CDSL and NSDL with ISIN No. INE880L01014. As on March 31, 2018, 99.99% of the Company's total paid up Capital representing 63,44,28,424 Shares is in dematerialized form.

### Compulsory Dematerialization of Physical Shares.

SEBI vide its Notification No. SEBI/LAD-NRO/GN/2018/24 dated 8<sup>th</sup> June 2018 amended Regulation 40 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and notified SEBI (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2018. With the amendment to Regulation 40, SEBI has mandated that the transfer of securities would be carried out in dematerialized form only with effect from December 5, 2018.

Accordingly, Shareholders holding Shares in physical form are hereby notified that, except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed with effect from December 5, 2018 unless the securities are held in the dematerialized form with a depository.

### Outstanding GDRs/ADRs/Warrants

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

### Plant Locations

Pellet Plant Unit and Blast Furnace unit of the Company are located in Mangalore, Karnataka.

### Address for Investor Correspondence

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

Company Secretary  
KIOCL Limited,  
II Block, Koramangala,  
Bengaluru - 560034  
Telefax: 080-25531525  
E-mail: [cs@kioclltd.com](mailto:cs@kioclltd.com)

### Investor Education & Protection Fund (IEPF)

Pursuant to the applicable provisions of the Companies Act, 2013, read with the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('the Rules'), all unpaid or unclaimed dividends are required to be transferred by the Company to the IEPF established by the Govt. of India, after completion of seven years. Further, according to the Rules, the Shares on which dividend has not been paid or claimed by the shareholders for seven consecutive years or more shall also be transferred to the demat account of the IEPF Authority. Accordingly, the Company has transferred the unclaimed and unpaid Dividends amount up to the financial year 2010-11 (Interim) and the corresponding Shares to the IEPF Authority. The details of shares transferred to the IEPF Authority along with the list of unclaimed / unpaid Dividend is available on Company website. Shareholders are advised to visit the website and claim the unclaimed dividend, if any.

### Unclaimed Dividend

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

The following table provides a list of years for which unclaimed dividends as on 31.03.2018 and their corresponding shares would become eligible to be transferred to the IEPF on the dates mentioned below: -

Dividend for the year	Type of Dividend	Dividend per Share (Rs.)	Date of Declaration	Due date for transfer to IEPF	Unclaimed amount (in Rs.)
2010-11	Final	0.17	06.08.2011	07.09.2018	6881.70
2011-12	Final	0.30	28.06.2012	29.07.2019	103725.00
2012-13	Final	0.10	11.09.2013	12.10.2020	35345.00
2013-14	Final	0.13	15.09.2014	16.10.2021	6326.32
2014-15	Final	0.10	09.09.2015	10.10.2022	4618.00
2016-17	Interim	0.11	10.02.2017	11.03.2024	4631.77
2016-17	Final	0.26	15.09.2017	16.10.2024	14377.74

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

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

### Dividend remitted to IEPF during last three years

Year	Type of Dividend	Dividend declared on	Date of transfer to IEPF	Amount transferred to IEPF (Rs.)
2010-11	Interim	14-01-2011	09-01-2018	855.00
2008-09	Final	22-08-2009	27-08-2016	4832.00
2007-08	Final	13-02-2009	15-02-2016	10,866.00

### Shares transferred to IEPF

During the year, the Company transferred 4270 shares on 27-11-2017 and 200 shares on 13-03-2018 to IEPF Authority. The shares transferred were on account of dividends unclaimed for seven consecutive years.

### Details of Resolution passed through Postal Ballot

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

### Shareholders Voting

Shareholders are requested to cast their votes on the resolutions mentioned in Notice of the 42<sup>nd</sup> Annual General Meeting of the Company by using any of the following options: -

### ● Voting in advance of the Meeting

#### ○ Remote e-voting at

<https://www.evotingindia.com/>

The Company has engaged CDSL to provide e-voting facility to all the members whose names appear on the register of members as on 24.08.2018

#### ○ Voting through proxy

Sign, date and return the proxy form on or before 29.08.2018, 12.00 Noon.

### ● Vote in person at the Meeting

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

### Financial Calendar for 2018-19 (Tentative)

1st Quarter ending June 30, 2018	on or before 14.08.2018
2nd Quarter ending September 30, 2018	on or before 14.11.2018
3rd Quarter ending December 31, 2018	on or before 14.02.2019
4th Quarter ending March 31, 2019	on or before 30.05.2019
AGM for the year 2018-19	on or before 30.09.2019

### Book Closure

The Register of Members and Share Transfer Books of the Company shall remain closed from 25.08.2018 to 31.08.2018 (Both days inclusive).

### Compliance Certificate

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

### Registered Office

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

### Other Disclosures

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

A.	Disclosures on materially significant related party transactions that may have potential conflict with the interests of listed entity at large	No related transactions entered into with Related Parties as defined under the Companies Act, 2013 and Regulation 53(f) and Para A of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 during the Financial Year 2017-18 which attract the provisions of Section 188 of the Companies Act, 2013, as such annexure AOC is not furnished.
B.	Details of non-compliance by the listed entity, penalties, strictures imposed on the listed entity by stock exchange(s) or the board or any statutory authority, on any matter related to capital markets, during the last three years	Not Applicable
C.	Details of establishment of vigil mechanism, whistle blower policy, and affirmation that no personnel has been denied access to the audit committee	Whistle Blower Policy duly approved by the Board of Directors is hosted on Company website and no personnel have been denied access to the Audit Committee.

D.	Details of compliance with mandatory requirements and adoption of the non-mandatory requirements	Complied
E.	Web link where policy for determining 'material' subsidiaries is disclosed	Not Applicable
F.	Web link where policy on dealing with related party transactions	<a href="https://www.kioclltd.in/user/cms/90">https://www.kioclltd.in/user/cms/90</a>
G.	Disclosure of commodity price risks and commodity hedging activities.	Not Applicable

### Non-Compliance

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

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

A.	The Board A non-executive chairperson may be entitled to maintain a Chairperson's Office at the listed entity's expense and also allowed reimbursement of expenses incurred in performance of his duties.	Currently, Chairman is an Executive Chairman.
B.	Shareholder Rights A half-yearly declaration of financial performance including summary of the significant events in last six-months, may be sent to each household of shareholders.	Results are placed on the Company website and published in leading newspapers.
C.	Modified opinion(s) in Audit Report The listed entity may move towards a regime of financial statements with unmodified audit opinion.	Statutory Auditors have given unmodified opinion on the financial results ended on 31st March 2018 and a declaration to that effect to the Stock Exchange(s) was given while publishing the annual audited financial results as per regulation 33(3)(d) of the SEBI Regulation.
D.	Separate Posts of Chairperson & CEO The listed entity may appoint separate persons to the post of Chairperson and Managing Director or Chief Executive Officer.	Ministry of Steel has appointed Chairman-cum-Managing Director and there are no separate persons to the post of Chairperson and Managing Director or Chief Executive Officer.
E.	Reporting of Internal Auditor The internal auditor may report directly to the Audit Committee.	Internal Auditors Reports to Audit Committee.

### **Compliance with Corporate Governance Requirements**

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

### **Annexure to the Corporate Governance Report Dividend Distribution Policy**

The Company's Dividend Distribution Policy shall ensure that it returns cash from operations that are in excess of its immediate and foreseeable needs back to the shareholders over the long-term. Interim dividend is considered for declaration by the Board based on the performance of the Company during the year and final dividend is based on the performance for the full year. The actual quantum of

dividend pay-out on a yearly basis will be dependent on macro-economic factors affecting the industry and Company, commodity prices, applicable statutory provisions and guidelines, practice followed by industry and industry segment, expectations of the shareholders and any other factor which the Board may consider fit based on the general market conditions. As such, any amount retained will be utilized for securing the long-term growth objectives of the business. With this in mind, the Company shall strive to declare a steady stream of dividends to the shareholders that is in their best long-term interest. The declaration and distribution of dividends, whether interim or final, will, at all times, be in accordance with the Companies Act, 2013 and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, Government guidelines and such other applicable provisions of law and the Articles of Association of the Company as amended. This Policy is issued with the consent of the Board of Directors of the Company and can be amended only with the authority of the Board of Directors.

## MANAGEMENT DISCUSSION AND ANALYSIS

### A. INDUSTRY STRUCTURE AND DEVELOPMENT

India the 3<sup>rd</sup> largest producer of crude steel. Total finished steel production in India has increased at a CAGR of 8.39 % during FY 12–17, with country's crude steel production reaching to 97.936 million tonnes per annum (MTPA) in FY17. The country became the 3<sup>rd</sup> largest crude steel producer in 2017, as large public and private sector players strengthen steel production capacity in view of rising demand. Moreover, capacity has increased to 130.08 million tonnes (MT) in 2017 while in the coming ten years the country is anticipated to produce 300 MT of steel.

#### Strong growth opportunities

India's comparatively low per capita steel consumption and expected growth in consumption due to growing infrastructure construction, automobile and railways sectors has offered scope for growth. National Mineral Development Corporation is expected to increase the iron ore production to 75 million tonnes per annum (MTPA) until 2021 indicating new opportunities in the sector.

#### Rising domestic and international investments

Domestic players' investments in expanding and upgrading manufacturing facilities are expected to reduce reliance on imports. In addition, the entry of international players would provide benefits in terms of capital resources, technical knowhow and more competitive industry dynamics

#### Advantage India

Demand would be supported by growth in the domestic market Infrastructure, oil and gas and automotives would drive the growth of the industry. Lower per capita consumption compared to international average Steel production in India is forecast to double by 2031, with growth rate expected to go above 10 per cent in FY18. To achieve steel capacity build-up of 300 million tonnes per annum (MTPA) by 2030, India would need to invest US\$ 156.08 billion by 2030-31. Ministry of Steel

plans to set up Steel Research and Technology Mission in India to promote R&D activities in the sector. As of 2017, India is the world's 3<sup>rd</sup> largest producer of crude steel (up from 8<sup>th</sup> in 2003). India's steel production in 2017 stood at 101.4 MT. Easy availability of low-cost manpower and presence of abundant iron ore reserves make India competitive in the global set up. 100 per cent FDI through the automatic route is allowed. Large infrastructure projects in the PPP mode are being formed National Steel Policy (NSP) implemented to encourage the industry to reach global benchmarks Policy clarity and stability expected in respect of mining leases and forest clearances 20 per cent safeguard duty on steel imports.

In FY17, crude steel production in India was 97.42 MT, with the total crude steel production growing at a CAGR of 5.49 per cent over the last 6 years. The steel sector contributes over 2 per cent to the GDP of the nation and provides 20 lakh jobs in the country. During the period April 2017 to February 2018, crude steel and finished steel production for sale in India stood at 93.183 MT and 95.319 MT respectively. As of March 2017, the capacity utilization of steel producers is set to increase with strong export demand and signs of revival in domestic sales. Steel Companies have experienced a sharp increase in steel manufacturing in the last couple of months. Steel manufacturing output of India is expected to increase to 128.6 MT by 2021, accelerating the country's share of global steel production from 5.4 per cent in 2017 to 7.7 per cent by 2021. India's steel output is expected to grow at a CAGR of 8.9 per cent during 2017-21 and India is expected to become top global steel producer.

[Source: World Steel Association, Ministry of Steel, Aranca Research]

### B. SWOT ANALYSIS

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



## Strengths

- 100% Export Oriented Unit
- Strong financial and credit worthiness
  - Debt free company with strong liquidity and sizeable funds that can be invested for its growth
  - Land that can be potentially monetized
- Allotment of 470.40 ha of Iron and Manganese ore mine in Devadari Range by Govt. of Karnataka.
- Technology
  - Experience in technology conversion from Magnetite to Hematite as raw material
  - Strong expertise in Mining, Beneficiation, Pelletisation and Blast Furnace operations in India
- Material Handling advantage
  - Proximity to National Highway, Railway line & Port.
  - Shore based Pellet Plant with dedicated berth and automatic ship loading facility.
- Human Resource
  - Strong committed of the workforce
  - Qualified, skilled and experienced manpower in both executives and non-executives cadres that are suitable for other upcoming projects
  - Well defined HR policies.
- Strong environmental and social commitment
- Dedicated Management team with high professional acumen
- Diversified Board having vast professional expertise

## Weakness

- Raw Material Sourcing
  - Lack of a Captive Mine since 2006
  - Un economical to procure IOF from Karnataka through e-auction due to high basic price and stiff competition
  - Dependence on Iron Ore Fines procured from other States

- Elaborate tendering process meeting CVC Guidelines for all procurement and sales.
- Logistics
  - Pellet Plant located away from mine head as well as domestic consumer locations.
  - High logistics cost for transportation of Iron Ore Fines.
- Single Product Portfolio.
  - No major control over quality of pellets due to direct consumption
  - Single product portfolio since BFU operation is suspended.
- Low operational efficiency
  - Manual unloading of Iron Ore at Railway siding and higher cost of production due to low Plant capacity utilization
  - Lack of forward or backward integration for its Blast Furnace Unit.
- High average age of manpower and most of them concentrated in a single location.

## Opportunities

- Strong growth anticipated in the Indian Steel Industry driven by the Govt. focus on manufacturing and infrastructure.
- Sustained Demand for value added production like Ductile Iron Ore Pipe.
- Expected Early Resolution of mining licensing issues, and initiation of steps for revival
- Availability of assets and manpower for new deployment or services contracts
- Opportunity to secure new Captive mining leases or JV projects with other SMDCs or PSUs
- Potential inorganic growth through joint ventures with other steel majors in India and overseas.
- A committed and active management that is actively engaged in securing raw material sources, or long term sales arrangements with other state owned organizations.

- Best suited for tolling operation under Make in India programme.

### Threats

- Fluctuations in IOF price due to monthly pricing under long term contract with NMDC
- Constrained development due to continuation of policy, regulatory and environmental limitations
  - Restriction on export of Iron Ore or Pellets manufactured from Karnataka Ore.
  - Increased input costs due to policy actions such as the above.
- Greater competition in the Pellet Industry
  - Commissioning of new or expansion of existing pellet production capacity in both the private and public sector
  - Inflow of Pellet and high grade lump from overseas at lower rates given global supply conditions especially with new mines scheduled to open up.
- Possibility of re-introduction of Distance Based Charge (DBC) by Indian Railways.
- Volatility in raw material prices on account of policy and regulatory actions
- Threat of substitute's viz., use of sinter or lumps in place of Pellets.

### A. PRODUCT-WISE PERFORMANCE

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

(Qty. In Million Tons)

Year	MoU target	Actual Production	Utilization of installed Capacity in %
2017-18	1.925	2.327	66
2016-17	1.300	1.460	42
2015-16	1.800	0.100	3
2014-15	1.800	0.785	22
2013-14	1.700	1.710	49

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

### B. FUTURE OUTLOOK

Being a zero debt Company with large equity base and large technical manpower pool, your Company is exploring various possibilities of expansion/diversifications.

Govt. of Karnataka vide Gazette Notification dated 23.01.2017 reserved an area of 470.40 ha in Devadari Range, Sandur Taluk, Bellary District for mining lease of iron and Manganese ore. The iron ore produced from this mine will be utilized in the Pellet and Pig Iron Plants at Mangalore. The Company is in process of obtaining statutory clearances and approvals.

Company is envisaging setting up of Coke Oven Plant as Backward integration project, Ductile Iron Spun Pipe project as forward integration project along with Pulverized Coal injection system and modification to the existing Blast Furnace Unit to make its operation economically viable.

KIOCL, APMDCL and RINL is jointly planning to explore and exploit Nemkal iron ore deposit in Ananthapur Dist., of Andhra Pradesh and Govt. of Andhra Pradesh issued notification reserved area over an extent of 1327 hectares for iron ore in Minchery R.F. of Kalyandurg Range Ananthapur District in favour of M/s Andhra Pradesh Mineral Development Corporation Limited.

Setting up of 2 MTPA capacity Pellet Plant on JV basis with RINL at Vishakhapatnam at a total estimated capital cost of Rs.1025.2 crores.

Your Company is developing Renewable Energy Projects during the five year period of 2015-19 by setting up of 1MW solar power plant in its existing land available at Blast Furnace Unit, Mangaluru.

The Company has entered into an MOU with MECON to co-operate on non-exclusive basis in order to participate in tenders, bids and Contracts related to Engineering / EPC / Turnkey /BOO/BOT/BOOT basis for new installation or upgrading / revamping, repair of Beneficiation and Pelletisation Plants & coal washery plants in India.

The Company has also been regularly participating in mineral auctions being conducted by various

State Governments for prospecting license/mining of various minerals to add on to its mineral assets base.

### C. RISKS & CONCERNS

The main risks and the areas of concern for the Company are

- (a) Non-availability of Captive mines;
- (b) Large merchant and Captive Pellet Plant capacities in the Country;
- (c) Continuous import of DR Grade Pellets and Lump Ore at competitive prices by Integrated Steel Plants putting pressure on Indian Pellet prices;
- (d) High logistic cost for its raw materials;
- (e) Suspension of operation of BFU w.e.f. 05.08.2009 due to un-economical price of Pig Iron.
- (f) Distance based charges introduced by Railways in 2009 for the transportation of iron ore meant for manufacturing of pellets meant for export.

### D. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Risk Based Internal Audit (RBIA) is in place in the Company since 2011. Risk Based Internal Audit (RBIA) was conducted in all the departments, unit wise during the year 2017-18. It helps to strengthen the Internal Control Systems of the Company which is very important to ensure compliance of audit related regulatory guidelines, to bring the desired improvement and give timely feedback to the Top Management for taking-up immediate corrective steps. The report of Internal Auditor is placed before the Audit and Risk Management Committee on quarterly basis.

Based on the Risks identification and mitigation measures taken and with the intervention of Ministry of Steel, Govt of India with Railway Board, Distance Based Charges has been discontinued till 31-03-2019.

### E. FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

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

(Rs. in Crores)

Particulars	2017-18	2016-17
Sales	1605.41	929.36
Profit /(Loss) Before Tax for the year	86.09	31.22
Profit /(Loss) After Tax	81.48	47.93

- b) Cash Flow information: - An abstract of Cash Flow statement for the year ended on 31<sup>st</sup> March, 2018 is as under:

(Rs. in Crores)

A)	Cash and Cash Equivalents as at 01.04.2017	492.57
B)	Net Cash from Operating Activities	(99.58)
C)	Net Cash from Investing Activities	(12.87)
D)	Net Cash used in Financing Activities	(40.47)
E)	Cash and Cash Equivalent as at 31.03.2018	339.64

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

The Company aims at providing motivation and growth opportunities for its employees. It also encourages them and creates an environment for best utilization of their skills in achieving the Company's objectives. During the year under report, 6341 man-days training were provided. Industrial Relations situation remained peaceful throughout the year. As on March 31, 2018, the Company had 888 employees on its rolls comprising of 283 Executives including Non-Unionized Supervisors (32%) and 605 Non Executive Employees (68%).

## **G. DISCLOSURE OF ACCOUNTING TREATMENT {(Schedule V(B)(2)}**

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

## **H. CAUTIONARY STATEMENT**

Certain statements in this report regarding our business operations may constitute forward-looking statements. These include all statements other than statements of historical fact, including those regarding the financial position, business strategy, management plans and objectives for future operations. Forward looking statements can be identified by words such as 'believes', 'estimates',

'anticipates', 'expects', 'intends', 'may', 'will', 'plans', 'outlook' and other words of similar meaning in connection with a discussion of future operating or financial performance. Forward looking statements are necessarily dependent on assumptions, data or methods that may be incorrect or imprecise and that may be incapable of being realised, and as such, are not intended to be a guarantee of future results, but constitute our current expectations based on reasonable assumptions. Actual results could differ materially from those projected in any forward looking statements due to various events, risks, uncertainties and other factors. We neither intend to nor assume any obligation to update or revise any forward looking statements, whether as a result of new information, future events or otherwise.

**ANNEXURE TO BOARD'S REPORT**

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

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

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

**A: CONSERVATION OF ENERGY**

**a) Steps for utilizing alternate sources of energy: -**

- I. Grid connected Roof Top Solar plants have been set up in the Captive Power Plant area of Pellet Plant Unit (PPU). The total capacity of the plant is 83.2KW. A similar grid connected plant has also been set up in the Blast Furnace Unit (BFU) with a total capacity of 293 KW. These units were set up in the last quarter of previous financial year and the same started functioning fully in the year 2017-18. While Solar Plant at PPU has generated 95092 KW units, Solar Plant of BFU has generated 378,890 Kwh units during the year 2017-18. The Company is planning to install additional solar power plant with capacity of 1 MWac (1.30 MWp) at BFU, which will start functioning in the year 2018-19.
- II. As part of our effort towards cutting down the cost of energy consumed we have purchased almost 55% of our total energy utilized in PPU from IEX and saved Rs. 12,04,39,237/- during 2017-18.
- III. Another cost saving measure is proposed to increase the Contract Demand (CD) from 20 MVA to 23 MVA thus reducing number of DG operation and maximize the bidding from IEX which is cheaper than MESCOM energy, thereby reducing the monthly electricity bills.

**b) Steps taken towards Energy conservation**

- LED fittings have been replaced in place of conventional mid bay and high bay fittings in various locations in PP Unit.
- Energy efficient motors replacement has been taken up.
- Introduction of Fan less Cooling Towers by removing 5 nos. of 30 KW motors in BFU.
- The likely cost reduction towards energy is by Rs. 56 lakhs per year during plant operation.

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

Invested Rs.57000/- towards procurement of LED fittings in PP unit.

**d) Energy Management**

- a) Heat consumption is '000 K calories  
2016-17 - 246.31  
2017-18 – 249.57
- b) Energy consumption per ton in last two years  
2016-17 – 63.11 Kwh/T  
2017-18 – 66.83 Kwh/T
- c) Energy consumption in PP unit  
2016-17 - 92.14 Gwh  
2017-18 – 155.5 Gwh  
(Maximum Demand – 20.892 MVA recorded in November 2017)

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

- ✓ Areas where R&D carried out by the Company
  - a) Modification of Grinding process circuit at Beneficiation plant;
  - b) Usage of Pet Coke
- ✓ Benefits derived as result of above R & D
  - a) The grinding circuit flow sheet was modified to process imported hard iron ore concentrate of Brazilian origin by incorporating D- 15 Cyclones for improving its Blaine Number for further processing it for pelletizing. This was done by using internal resources.

- b) It has been proposed to use pet coke at plant scale along with normal coke fines for pellet production, initially with usage of 5% of pet coke to bring down the cost of production. Lab scale trials were conducted and pet coke was found to be suitable for producing pellets. However, clearance for using Pet Coke from State Pollution control board is awaited for using it at plant level and further usage.

- ✓ Expenditure on R & D

(Rs.in lakhs)

	2016-17	<b>2017-18</b>
a) Capital	NIL	<b>NIL</b>
b) Revenue	NIL	<b>30.52</b>
c) Total	NIL	<b>30.52</b>
d) As % of total turnover	NIL	<b>0.019</b>

**C: FOREIGN EXCHANGE EARNINGS & OUTGO**

(Rs. Lakhs)

	<b>2016-17</b>	<b>2017-18</b>
Foreign exchange earned	516,75.58	999,58.60
Foreign exchange used	138,81.40	261,71.99

**ANNEXURE TO BOARD'S REPORT**

**EXTRACT OF ANNUAL RETURN  
AS ON THE FINANCIAL YEAR ENDED 31.03.2018**

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

**FORM NO. MGT - 9**

<b>I. Registration and other details</b>	
CIN	L13100KA1976GOI002974
Registration Date	02.04.1976
Name of the Company	KIOCL Limited
Category / Sub-Category of the Company	Company having Share Capital / Government Company u/s 2(45) of the Companies Act, 2013
Address of the Registered Office and contact details	II Block, Koramangala, Bengaluru - 560034, Karnataka
Whether listed company	Listed at: - a) National Stock Exchange of India Ltd. b) BSE Limited c) Metropolitan Stock Exchange of India Ltd.
Name, address and contact details of Registrar and Transfer Agent, if any	M/s Integrated Registry Management Services (P) Ltd. Regd. Office: 30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bengaluru - 560003 Tel. No.: 080-23460815-81 Email id: irg@integratedindia.in

<b>II. Principal Business Activities of the Company</b>		
All the Business Activities contributing 10% or more of the total turnover of the Company shall be stated:		
<b>Name and Description of main Products / Services</b>	<b>NIC Code of the Product / Service</b>	<b>% to total turnover of the Company</b>
Iron Oxide Pellets	17100	99.99
Pig Iron	24101	0.01

<b>I. Particulars of Holding, Subsidiary and Associates Companies</b>				
<b>Sl. No.</b>	<b>CIN/GLN</b>	<b>Holding/ Subsidiary/Associate</b>	<b>% of shares held</b>	<b>Applicable Section</b>
————— NIL —————				

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

##### i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Promoters	628144130	-	628144130	99.00	628144130	-	628144130	99.00	-
Public Shareholding (Institutions)	5514967	333433	5848400	0.92	4319782	100	4319882	0.68	-0.24
Public Shareholding (Non-Institutions)	413544	107726	521270	0.08	1964512	85276	2049788	0.32	0.24
<b>TOTAL</b>	<b>634072641</b>	<b>441159</b>	<b>634513800</b>	<b>100.00</b>	<b>634428424</b>	<b>85376</b>	<b>634513800</b>	<b>100.00</b>	<b>-</b>

##### ii) Shareholding of Promoters

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

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

	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
At the beginning of the year	628144130	99.00	628144130	99.00
Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	No change during the year			
At the end of the year	628144130	99.00	628144130	99.00



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

For Each of the Top 10 Shareholders		Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	IN30081210000029 - GENERAL INSURANCE CORPORATION OF INDIA	1648000	0.26	1603162	0.25
2	IN30378610004683 - PNB REDEEMED SCHEMES - UNCLAIMED ACCOUNT	1166667	0.26	1101105	0.17
3	IN30081210001728 - THE NEW INDIA ASSURANCE COMPANY LIMITED	730300	0.12	730300	0.12
4	IN30012611213062 - CANARA ROBECO MUTUAL FUND A/C CANARA ROBECO EQUITY DIVERSIFIED	595000	0.09	0	0.00
5	IN30134820002990 - ICICI BANK LTD	500000	0.08	325502	0.05
6	0001013 - PUNJAB NATIONAL BANK PRINCIPAL	333333	0.05	0	0.00
7	IN30081210501028 - PUNJAB NATIONAL BANK	300000	0.05	0	0.00
8	IN30081210000543 - UNITED INDIA INSURANCE COMPANY LIMITED	240000	0.04	240000	0.04
9	IN3037861002163 - MAGNUM BOND FUND 1994	175000	0.03	175000	0.03
10	IN30081210000560 - THE ORIENTAL INSURANCE COMPANY LIMITED	160000	0.03	160000	0.03

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

For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
At the beginning of the year	Nil		Nil	Nil
Date wise Increase/Decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	Not Applicable		No Change	
At the end of the year	100	Negligible	100	Negligible

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

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

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Sri MV Subba Rao* CMD (w.e.f. 30.01.2018)	Sri N. Vidyananda, Director (P&P)	Sri SK Gorai Director (Finance)	Sri Malay Chatterjee, CMD (Upto 30.06.2017)	Total Amount
1	Gross Salary					
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	29,03,436	28,70,735	24,37,786	22,80,325	1,04,92,282
	b) Value of perquisites under Section 17(2) Income Tax Act, 1961	4,31,693	4,26,788	3,61,796	1,69,078	13,89,355
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-	-	-
2	Stock Options	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission	-	-	-	-	-
	- as % of profit	-	-	-	-	-
	- others, specify	-	-	-	-	-
5	Others, please specify i. Deferred bonus (pertaining to the current Financial Year payable in 2018) ii. Retirals	-	-	-	-	-
	<b>Total (A)</b>	<b>33,35,129</b>	<b>32,97,523</b>	<b>27,99,582</b>	<b>24,49,403</b>	<b>1,18,81,637</b>

### B. Remuneration to other Directors:

#### 1. Independent Directors (S/Sri)

Particulars of Remuneration	Madhav Lal	Deepika Sharma	Total Amount
Fee for attending Board/Committee Meetings	3,45,000	3,30,000	6,75,000
- Commission	-	-	-
- Others, please			
Specify	-	-	-
<b>Total (B)(1)</b>	<b>3,45,000</b>	<b>3,30,000</b>	<b>6,75,000</b>

#### 2. Other Non-Executive Directors

Total (B)(2)	-		
<b>Total (B)= (B)(1)+ (B)(2)</b>	<b>3,45,000</b>	<b>3,30,000</b>	<b>6,75,000</b>

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel Sri SK Padhi, Company Secretary
1	Gross Salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	15,62,079
	(b) Value of perquisites under Section 17(2) Income Tax Act, 1961	-
	(c) Profit in lieu of salary under Section 17(3) Income Tax Act, 1961	-
2	Stock Options	-
3	Sweat Equity	-
4	Commission	-
	- as % of profit	-
	- others, specify	-
5	Others, please specify- Retirals	-
	<b>Total (C)</b>	<b>15,62,079</b>

**VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:**

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

## ANNEXURE TO BOARD'S REPORT

### ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

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

KIOCL's CSR Policy was adopted by the Board on 11/10/2010. The policy is available on Company website under link <https://www.kiocltd.in/user/cms/344>

- 2 Composition of the CSR Committee**

To guide the CSR activities of the Company, we have in place a CSR Committee of the Board that constitutes Sri Madhav Lal, Chairman, Dr. Deepika Sharma, Member, Sri N. Vidyananda, Member, Sri SK Gorai, Member

- 3 Average Net profit of the Company for last three Financial Years:**

Average Net profit: Rs. 36.14 lakhs

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

Rs. 72,280/-, Actual allocated Rs. 1 lakh, works out to 2.8% of the average PBT of three preceding FY's.

Unspent amount carried forward amount from previous years Rs. 14.98 lakhs.

- 5 Total amount allocated for financial year: Rs. 15.98 Lakhs**

Details of CSR spend for the Financial Year:

- a. Total amount spent: Rs. 15.98 Lakhs  
b. Amount unspent, if any: Nil

- (a) The Manner in which the amount spent on CSR activities undertaken during the Financial Year is detailed below:**

(Rs. in Lakhs)

Sl. No.	Projects / Activities	Sector	Locations Districts (State)	Amount Outlay (Budget) Project or Programs Wise	Amount Spent on the project or programs	Cumulative Expenditure up to reporting period	Amount spent: Direct
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Refurbishment of dysfunctional toilets and provision of pure drinking water facility in Thadakoda Govt. Higher Primary School	Swachh Vidyalaya Abhiyan/ Drinking water	Dharwad Karnataka	8.00	7.80	7.80	7.80
2	Maintenance of Toilets in Madiwala PU College, Bengaluru constructed under Swachh Bharath-Swachh Vidyalaya Abhiyan during 2014-15 for the period of three years	Swachh Vidyalaya Abhiyan	Bengaluru Karnataka	0.20	0.12	0.12	0.12
3	Adoption of animal in Pilikula Biological Park, maintenance and upkeep of adopted animal.	Animal Welfare	Mangaluru Karnataka	2.50	2.50	2.50	2.50
4	Maintenance of Toilets in 6 Schools at Mangaluru & Kudremukh constructed under Swachh Bharath-Swachh Vidyalaya Abhiyan during 2014-15 for the period of three years	Swachh Vidyalaya Abhiyan	Mangaluru Karnataka	0.78	0.78	0.78	0.78

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
5	Medical Assistance to poor & economically weaker section of the society	Health Care	Kudremukh / New Delhi	1.00	0.98	0.98	0.98
6	Support for setting up of Physics Laboratory at Shree Bharathi Group of Institutions of Dharma Chakra Samsthanam Schools, Nanthoor Padavu.	Promotion of Education	Mangaluru Karnataka	1.00	1.00	1.00	1.00
7	Support for Swachh Bharath Abhiyan by construction of toilets in and around Mangaluru	Promotion of Swachh Bharath Abhiyan	Mangaluru Karnataka	2.50	2.80	2.80	2.80
			<b>TOTAL</b>	<b>15.98</b>	<b>15.98</b>	<b>15.98</b>	<b>15.98</b>

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

Not Applicable

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

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



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



**(Sri Madhav Lal)**  
 Chairman, CSR Committee

Date: 31/07/2018

Place: New Delhi

## BUSINESS RESPONSIBILITY REPORT 2017-18

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

### 1. INTRODUCTION

The Securities and Exchange Board of India (SEBI) has mandated that the top 500 listed entities, based on market capitalisation on the BSE and NSE, should include a Business Responsibility Report (BRR) as part of their Annual Report. KIOCL is presenting its first BRR for the Financial Year 2017-18 as per the framework suggested by SEBI. The Report covers the key initiatives in line with the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' (NVGs), released by the Ministry of Corporate Affairs in July 2011.

The First Business Responsibility Report of FY 2017-18 describes KIOCL initiatives towards economic, social and environmental fronts in India.

### SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1	Corporate Identity Number (CIN) of the Company	L13100KA1976GOI002974						
2	Name of the Company	KIOCL LTD						
3	Registered address	II Block, Koramangala, Bangalore - 560034						
4	Website	www.kioclltd.in						
5	E-mail id	cs@kioclltd.com						
6	Financial Year reported	April 1, 2017 - March 31, 2018						
7	Sector(s) that the Company is engaged in (industrial activity code-wise)							
8	List three key products/services that the Company manufactures/provides (as in balance sheet)	a) Iron Oxide Pellets b) Pig Iron c) Operation & Maintenance						
9	Total number of locations where business activity is undertaken by the Company	<table border="1"> <tr> <td>Product</td> <td>Iron Ore Pellets</td> <td>17100</td> </tr> <tr> <td>NIC Code</td> <td>Pig Iron</td> <td>24101</td> </tr> </table>	Product	Iron Ore Pellets	17100	NIC Code	Pig Iron	24101
Product	Iron Ore Pellets	17100						
NIC Code	Pig Iron	24101						
	i. Number of International Locations (Provide details of major)	None						
	ii. Number of National Locations	Manufacturing Units:2 Office: Corporate:1 Site / Licensing:7						
10	Markets served by the Company - Local/State/National/International/	KIOCL serves the national market and also the International market by exporting Iron Ore Pellets across the Globe.						

## SECTION B: FINANCIAL DETAILS OF THE COMPANY

1	Paid up Capital (INR)	₹ 634.51 Crs
2	Total Turnover (INR)	₹1605.40 Crs
3	Total Profit After Taxes (INR)	₹ 81.48 Crs
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	2% of average PBT of three preceding years
5	List of CSR activities in which expenditure has been incurred: a. Promotion of Education b. Infrastructure Development c. Adoption of Wildlife d. Providing Health Care & Community Development Services e. Sanitation and Promotion of Swachh Bharat Abhiyan through construction of toilets in Government/Govt. aided Schools f. Providing Safe & Pure Drinking Water Facility	

## SECTION C: OTHER DETAILS

### 1 Does the Company have any Subsidiary Company/ Companies?

KIOCL has its corporate office located at Bangalore & Pellet Plant located at Mangalore. The Company does not have any subsidiary.

### 2 Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)

Presently Not Applicable

### 3 Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with; participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? {Less than 30%, 30-60%, More than 60%}

The company is not aware of any BR initiatives of any of its vendors.

## SECTION D: BUSINESS RESPONSIBILITY INFORMATION

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

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

1	DIN Number	06729244
2	Name	Shri N. Vidyananda
3	Designation	Director (Production & Projects)
4	Telephone number	080-25531150
5	e-mail id	dpp@kioclltd.com
b)	Details of the BR head	
1.	DIN Number (If applicable)	NA
2.	Name	Shri S K Padhi
3.	Designation	Company Secretary
4.	Telephone Number	080-25531525
5.	Email Id	cs@kioclltd.com



## 2. NVG PRINCIPLES

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

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

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

S.No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/policies for	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Yes, the policies are formulated in consultation with stakeholders & Government Guidelines, as the Company is a CPSE under Ministry of Steel								
3	Has the policy been approved by the Board? If yes, has it been signed by MD/owner/CEO/ appropriate Board Director?	The policies are approved at appropriate levels by the Competent Authority including the Board, wherever required.								
4	Has the policy been approved by the Board? If yes, has it been signed by MD/owner/CEO/ appropriate Board Director?	The policies are approved at appropriate levels by the Competent Authority including the Board, wherever required.								
5	Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?	This being our first BR Report, relevant policies are not yet uploaded. This will be uploaded on the Company's website within 6 months from the publication of this report.								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	"Y", the communication with internal and external stakeholders on such matters is a continuous process.								
8	Does the company have in-house structure to implement the policy/policies.	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the company carried out independent audit evaluation of the working of this policy by an internal or external agency?	Presently No, as KIOCL has adopted the BRR Policy in FY2017-18 and this is the first BR Report of the Company.								

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

S.No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The Company has not understood the Principles									
2	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3	The company does not have financial or manpower resources for the task									
4	It is planned to be done within next 6 months	Policy implementation will be an on-going process, as this is KIOCL's 1st BRR. However the policies have been formulated,								
5	It is planned to be done within the next 1 year									
6	Any other reason (please specify)									

### 3. GOVERNANCE RELATED TO BR

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

This is KIOCL's First BR Report. The Company has instituted CSR / BRR Committees, these committees will annually assess the BR performance of the Company.

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

This is the Company's first Business Responsibility Report. Hyperlink - <http://www.kioclltd.in/user/cms/39>.

### SECTION E: PRINCIPLE-WISE PERFORMANCE

#### Principle 1 Ethics, Transparency and Accountability

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

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

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

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

## 2 Number of Stakeholder complaints received in the past financial year and percentage of complaints have been satisfactorily resolved by the management in the FY 2017-2018

As part of the business responsibility, a process is in place for stakeholders' grievance redressal. All the stakeholders are free to share their concerns and grievances with KIOCL through this structured mechanism. Details Stakeholder complaints are as given below:

Stakeholder	Complaints Received	Complaints Resolved
Employees*	01	01
Vendor	0	0
Company	0	0
Investor	0	0
Society	0	0
Total	01	01

\*During the Financial Year 2017-18, One employee grievance related to service matter was received and it was addressed by providing required clarification as per the rules and prevailing practice.

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

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

KIOCL is a single product company producing Pellets, made from Iron Ore Fines, generated during mining which otherwise would add to the environmental pollution.

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

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

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

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

Actual consumption of all major ingredients for the current year vis-à-vis last year is furnished below. The reduction during sourcing / production / distribution as achieved throughout the value chain is detailed below:

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

### Target Vs. Achieved to be provided by Plant

Description	Target	Achieved for 2016-17	Target	Achieved for 2017-18
Energy Kwh/MT for Pelletisation including grinding and filtration.	62	63.11	64	66.83
Coke consumption Kg/MT	17	17.91	17	16.48
Bentonite consumption Kg/MT	7	10.00	7	09.36
Furnace oil Ltr/MT	16	16.26	17	16.65
*Water consumption M3/ MT	< 1	0.68 M3	<1	0.38 M3
Lime stone Kg/MT	32	22.30	29	24.59
IOF to pellets	1:1	1:1	1:1	1:1

ii. Reduction during usage by consumers (energy, water) has been achieved since the previous year? Please refer to the table above

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

The only raw material used in **Pellet making is iron ore fines** and Company has a sustainable plan as under:

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

Long Term Plan: The Company's mine at Kudremukh has been closed since 2006. The Government of Karnataka has allotted Devadari iron ore mine in Karnataka in the year 2017 for captive consumption of iron ore fines. The action plan is in position to get various statutory clearances so as to start mining operation within the next two years' time.

### 4 Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

**If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

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

The Company has identified items, which have been reserved for exclusive purchase from Micro and Small Enterprises as part of the procurement policy & has procured 23.11 % from only MSE (including MSEs owned by SC/ST entrepreneurs) out of total procurement in the FY 2017-18.

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

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

## 1. Waste Generated During Manufacturing

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

## 2. Other Wastes

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

## Principle 3: Wellbeing of all employees

KIOCL believes in its people for its progressive growth. Their knowledge, experience and passion to perform are fundamental to the progress of the organisation and its upward growth. KIOCL's provides its employees with opportunities that encourage them to excel and ensures a work environment that promotes well-being.

The KIOCL neither discriminates among present employees nor during the recruitment process, on the grounds of religion, race, colour, gender and disability. Providing equal opportunities to all is an integral aspect of the Company's responsibility towards it employees.

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

KIOCL endeavours to keep its employees abreast with the latest technical knowledge. Skill development is not applicable as the processes remains constant but Skill refresher courses are regularly conducted at KIOCL and necessary training sessions are heldfor its workforce as and when required.

Key employment related data as of the end of the reporting year 2017 - 2018 is provided in the table below:

1	Total Number Employees	888
2	Total number of employees hired on temporary/contract/ casual basis	546
3	Total number of permanent women employees	27
4	Total number of permanent employees with disabilities	13
5	Do you have an employee association that is recognized by the management.	Yes
6.	What percentage of your permanent employees is members of this recognized employee association? Employee's & Officer's Union	95% 86%

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

As on the end of the Financial Year 2017-2018, there have been no complaints relating to child labour, forced labour, involuntary labour, sexual harassment, discriminatory employment. As for protection against sexual harassment, KIOCL has formed an internal complaints committee through which employees can register their complaints.

The Company has formalised a sexual harassment committee for conducting a free and fair enquiry with clear timeline.

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

a. Permanent employees	65%
b. Permanent women employees	22%
c. Casual/temporary/contractual employees	75%
d. Employees with disabilities	38%

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

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

KIOCL's Key Stakeholders have been mapped as below:

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

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

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

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

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

## Principle 5: Respecting and Promoting Human Rights

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

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

KIOCL believes that a sustainable organisation rests on a foundation of ethics and respect for human rights.

KIOCL's policy 'Human Rights' demonstrates its commitment towards the preservation of human rights across the value chain.

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

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

In the Financial Year 2017- 2018, the Company has not received any Stakeholder complaint. The Company has well defined process in place including Public Portal for receiving complaints from stakeholders.

## Principle 6 Environment Management

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

The Company has a Quality, Occupational Health& Safety and Environmental Policy in place and steps are being taken to extend it to the major contractors and sub-contractors.

KIOCL Production unit subscribe to the ISO 9001, ISO 14001,(Environmental Management System) and Occupational Health and Safety standard. The Company continually identifies and assesses potential environmental risks associated with its operations and complies with applicable environmental regulations.

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

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

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

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

- 1) KIOCL Mangalore Plant has increased the green cover by planting a number of trees in their Mangalore plant premises & other areas.
- 2) KIOCL has reduced emission of 12521.81 Green House Gases by adopting various energy conservation measures.

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

Yes, the Corporate environment policy guides the Company's efforts on environmental management. Company also follows up the environmental issues and mitigates the problem if any observed at plant level through its environmental cell.

The Company is certified for environmental management standard hence as part of compliance to this, aspect-impact registers are in place which identifies potential environmental risks along with appropriate mitigation plans. Further, environment risks are identified in the risk matrix and discussed in the internal audit review meeting.

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

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

1. Funding provided for development of Tree Park for the conservation of endangered plant species of Western Ghats at Pilikula Nisargadhama, Mangalore.
2. Funding provided for the increase of green cover in and around Mangalore.
3. Saplings planted inside the compound of Pellet plant unit and BFU unit.

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

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

1. Roof top solar plants with a capacity of 83.2 KW and 293 KW have been installed at Pellet Plant and Blast Furnace Unit. The panels have been set up on the roof of the cooling water plant and the CPP office buildings of the Pellet plant. At the BFU, 4 units have been set up above the Stores, Welfare building, Administration building and MSDS building.
2. Action has been taken to install additional solar power plant with capacity of 1 MW at Blast Furnace Unit, which is expected to start power generation during the year 2018-19.
3. Various energy conservation measures like modification of pipe line for supply of drinking water at Kudremukh Township, modification of pipe line for supply of water from Kudremukh to Mangalore Pellet plant, introduction of VFD for controlled operations, downsizing of motors, replacement of old motors by energy efficient motors and replacement of Conventional Lighting systems with CFL/LED are being carried out.
4. Recycling of waste water and tapping of rain water for use in gardening as well as toilet as part of conservation of water.
5. The company has taken requisite steps for the proper disposal of biomedical waste, hazardous waste through authorised agencies as well as proper battery management.
6. A number of mist type water sprinklers have been commissioned to suppress the dust along the approach road adjacent to MSDS as an extra measure to reduce the environmental hazard.



## **6 Is the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

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

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

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

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

The company has not received any Show Cause Notice in the FY 2017-2018.

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

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

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

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

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

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

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

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

The Company believes that its success is interlinked with the well-being of all sections of the society and equal opportunity for all sections. The Company continues to ensure no discrimination of any type to socially

disadvantaged sections in the work place. The key contributions of 'inclusive growth and equitable development', is a part of KIOCL's CSR Report and is a part of 2017- 18 Annual Report.

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

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

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

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

The various initiatives undertaken during FY 2017-18 are a part of CSR Report as published along with 2017- 18 Annual Report.

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

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

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

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

No, as this is our first Business Responsibility Report.

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

In the FY- 2017-18 a sum of Rs. 15.98 Lakhs has been spent on various Community Development Projects.

Project Details are part of our CSR Report published in our 2017-2018 Annual Report.

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

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

Project selection is based on requests received from local representatives and selected after studying and understanding the need, geographic location and available funds.

Implementation plans are prepared for project execution with the help of various local representatives for community development projects.

The CSR team interacts with the beneficiaries at various stages of the project implementation to ascertain the efficacy of the project.

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

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

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

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

No Complaints are pending for the FY 2017-18

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

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

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

In the FY 2017- 2018 there are no cases pending with regard to unfair trade practices, irresponsible advertising and/or anti-competitive behaviour.

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

KIOCL has a well -structured and defined process in place to carry out customer satisfaction survey. The survey is carried out twice a year and trend is prepared based on the survey. The survey for FY 2017-18 data analysis reported (1st Half) 87% of the customers recorded very much satisfied based on the Customer Index.

**ANNEXURE TO BOARD'S REPORT**

**DECLARATION AS REQUIRED UNDER REGULATION 26(3) READ WITH PART-D OF SCHEDULE-V OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

**(COMPLIANCE WITH CODE OF CONDUCT)**

In Compliance to Regulation 17 (5) & 26 (3) read with Part-D of Schedule-V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, all the Members of the Board and senior management personnel have affirmed compliance with the Code of Conduct for the year ended 31<sup>st</sup> March 2018.



**(MV Subba Rao)**

Chairman-cum-Managing Director

Place: Bangalore  
Date : 22-05-2018

## ANNEXURE TO BOARD'S REPORT

### CEO / CFO CERTIFICATION

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

- a) We have reviewed the Financial statements and Cash Flow Statements for the year ended 31st March 2018 and that to the best of our knowledge and belief:
  - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;
- b) To the best of our knowledge and belief, no transactions were entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct;
- c) We accept the responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and we have taken steps to rectify these deficiencies;
- d) We have indicated to the Auditors and the Audit Committee-
  - i) significant changes in internal control over financial reporting during the year;
  - ii) significant changes in Accounting Policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.



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



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

Place: Bangalore  
Date: 22-05-2018

## ANNEXURE TO BOARD'S REPORT

### FORM MR-3

### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31<sup>st</sup> MARCH, 2018

*[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To,  
The Members,  
KIOCL Limited  
II Block, Koramangala,  
Bangaluru – 560034,  
Karnataka

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by KIOCL LIMITED (CIN: L13100KA1976GOI002974) having its Registered Office at II Block, Koramangala, Bangaluru – 560034, Karnataka (hereinafter called the Company).

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit and subject to our separate letter attached hereto as the Annexure, I hereby report that, in my opinion, the Company has, during the audit period covering the financial year ended 31<sup>st</sup> March, 2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended, 31<sup>st</sup> March, 2018 according to the applicable provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

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

- v) Secretarial Standards issued by The Institute of Company Secretaries of India.
- vi) The Listing Agreement entered into by the Company with National Stock Exchange of India Limited (NSE), Bombay Stock Exchange Limited (BSE) and Metropolitan Stock Exchange of India Limited (MSEI);
- vii) Securities and Exchange Board of India (Listing Regulations and Disclosure Requirements) Regulations, 2015

- viii) The Securities and Exchange Board of India( Substantial Acquisition of Shares and Takeovers) Regulations, 2011
- ix) The Securities and Exchange Board of India (Prohibition of Insider Trading ) Regulations, 1992
- x) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
- xi) The Securities and Exchange Board of India( Employee Stock Option Scheme and Employee Stock purchase scheme) Guidelines, 1999
- xii) The Securities and Exchange Board of India LODR Regulations 2015
- xiii) The Securities and Exchange Board of India (Registrars to an issue and Share Transfer agents) Regulations, 1993 regarding the Companies Act, and dealing with Clients
- xiv) The Securities and Exchange Board of India ( Delisting of Equity Shares) Regulations 2009 and
- xv) The Securities and Exchange Board of India ( Buyback of Securities) Regulations 1998

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

- a. The Mines Act, 1952
- b. The Mines and Minerals ( Development and Regulation) Act, 1957
- c. The Water( Prevention& Control of Pollution) Act, 1974, read with Water( prevention &control of Pollution) Rules, 1975
- d. Environment ( Protection Act) , 1986
- e. The Air ( Prevention & Control of Pollution) Act, 1981 , read with the Air(Prevention& Control of Pollution) Rules, 1982
- f. Factories Act, 1948
- g. Contract Labour( Regulation and Abolition ) Act, 1970
- h. Payment of Wages Act, 1936.
- i. The Minimum Wages Act, 1948
- j. Payment of Gratuity Act, 1972
- k. Industrial Employment ( standing Orders) 1946
- l. Employees Provident Fund and Misc. Provisions Act, 1952
- m. Employees State Insurance Act, 1948
- n. The payment of Bonus Act, 1965
- o. Electricity Act, 2003
- p. Indian Stamp Act, 1999
- q. Income tax Act, 1961 and Indirect Tax laws
- r. Negotiable Instrument Act, 1881
- s. Karnataka Shops and Commercial Establishment Act, 1961
- t. The Karnataka Tax on Professions, Trades, Callings and Employment Act, 1976
- u. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
- v. Maternity Benefits Act, 1961
- w. Indian Contract Act, 1872

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

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc mentioned above subject to the following specific observations not amounting to qualification or reservation or Adverse Remarks.

1. The present strength of the Board of Director is 7, including 2 Independent Directors. As per SEBI LODR Regulations 2015, there should be 4 Independent Directors. The Company has taken up the matter with the Central Government (Ministry of Steel)
2. The Public Shareholding in the Company is 1.0039% at present. As Per the listing Agreements with the Stock Ex changes, the Company is required to have a minimum of 25% as public shareholding. The Company has taken up the matter with the Central Government (Ministry of Steel) and concerned Authorities.

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

### **I further report that**

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

The Company has constituted the following Committees.

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

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

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

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with other applicable laws, rules, regulations and guidelines. Certificates of Compliance of other applicable laws are obtained from concerned departmental Heads.

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

- (i) NOT Issued and allotted Rights equity shares
- (ii) NOT Redeemed Preference shares.
- (iii) Had not done any buy-back of securities but paid interim dividend.
- (iv) Complied with provisions Section 180 of the Companies Act, 2013
- (v) Merger / amalgamation / reconstruction, etc. - NIL
- (vi) Foreign technical collaborations – NIL

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

Sd/-

**S. Viswanathan**  
Practicing Company Secretary  
ACS No: 5284  
CP No: 5284

Place: Bengaluru  
Date: 31.07.2018

## **Annexure A**

To  
The Members  
**KIOCL Limited**

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

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

Sd/-

**S. Viswanathan**  
Practicing Company Secretary  
ACS No: 5284  
CP No: 5284

Place: Bengaluru  
Date: 31.07.2018



## CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To,  
The Board of Directors  
KIOCL Limited  
Bangalore

We have examined all relevant records of KIOCL Limited, for the purpose of certifying compliance of the conditions of Corporate Governance pursuant with SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 for the financial year ending March 31, 2018.

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

On the basis of our findings recorded in the annexed report from the examination of the records produced and explanations and information furnished to us, in our opinion the Company has complied with the conditions of corporate governance as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 as on March 31, 2018 except the following: -

- i. Four Independent Directors Post remains vacant which is not in conformity with regulation 17(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and DPE guidelines on Corporate Governance.
- ii. The Chairman of the Audit Committee and Nomination & Remuneration Committee were not present in the AGM held on 31.08.2017.
- iii. The Chairman cum Independent Director of the Audit and Risk Management Committee, Mr. Madhav Lal were not present in one committee meeting held on 31.08.2017 which is not in conformity with Regulation 18(2)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

Place: Bangalore/Chennai  
Date : 18.06.2018

Sd/-  
Name : V. Mahesh  
Practicing Company Secretary  
CP No. : 2473  
FCS No. : 4162

## Independent Auditor's Report

### To the Members of KIOCL Limited

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

We have audited the accompanying standalone Ind AS financial statements of KIOCL Limited ('the Company'), which comprise the balance sheet as at 31 March 2018, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "standalone Ind AS financial statements").

#### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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

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

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

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the

manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31 March 2018, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### Emphasis of Matter

We draw attention to Note 23.35 to the financial statements which states that during the year the company, based on the recommendation of technical Committee, reclassified Inventory of stores & spares to "Capital stores and spares". Full (100%) provision is already made in the previous years since the spares are non-moving for more than the stipulated period as per the norms of the Company. Consequent upon reclassification, value of the stores is restored to its cost amounting to Rs1,331.43 Lakh, provision for non-moving capital spares of Rs.881.10 lakhs is withdrawn during the year. Our opinion is not qualified in respect of this matter.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the **Annexure A**, a statement on the matters specified in the paragraph 3 and 4 of the order.
2. As required by section 143(5), we have included in the **Annexure-B**, a statement on the matters specified in the 'Directions' and in our opinion, no action is required to be taken thereon and there is no impact on the accounts and financial statements of the company.
3. As required by Section 143(3) of the Act, we report that:
  - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) the balance sheet, the statement of profit and loss, the statement of cash flows and the

statement of changes in equity dealt with by this Report agree with the books of account;

- (d) in our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rule issued thereunder;
- (e) On the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "**Annexure C**"; and
- (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and as per the explanations given to us:
  - i. the Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 23.2 B other notes forming part of the standalone Ind AS financial statements;
  - ii. the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts; and
  - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **Anand & Ponnappan**

Chartered Accountants

Firm's registration number: 000111S

Sd/-

**R Ponnappan**

Partner

Membership number: 021695

Place: New Delhi

Date : 22.05.2018

## Annexure - A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone Ind AS financial statements for the year ended 31 March 2018.

We report that:

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) According to the information and explanations given to us and based on our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) Physical verification of inventory has been conducted at reasonable intervals by the management and material discrepancies were not noticed;
- (iii) The Company has not granted loans to bodies corporate covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act').
- (iv) In our opinion and according to the information and explanations given to us, the Company has not entered in to any transaction attracting the provisions of section 185 and 186 of the Act.
- (v) The Company has not accepted any deposits from the public.
- (vi) Maintenance of cost records has been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 and such accounts and records have been so made and maintained.
- (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, sales tax, value added tax, duty of customs, service tax, Goods and service tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of employees' state insurance and duty of excise.  
  
According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, value added tax, duty of customs, service tax, Goods and service tax, cess and other material statutory dues were in arrears as at 31 March 2018 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of duty of customs which have not been deposited with the appropriate authorities on account of any dispute. However, according to information and explanations given to us, the following dues of income tax, sales tax, duty of excise, service tax and value added tax have not been deposited by the Company on account of disputes :

(₹ In lakhs)

Name of the statute	Nature of dues	Amount	Period to which the amount relates	Forum where dispute is pending
Central Excise	Non-Payment of SAD on DTA clearance of pellets	1454.11	2010-11	CESTAT
Central Excise	Non-Payment of SAD on DTA clearance of pellets	1248.99	2011-12	CESTAT
Central Excise	Non-Payment of SAD on DTA clearance of pellets	3145.21	2011-12	CESTAT
Service tax	Service tax	21.18	2016-17	CESTAT
Income Tax*	Regular Assessment	391.77	2012-13	Commissioner of Income Tax (Appeals)
Income Tax*	Regular Assessment	456.22	2013-14	Commissioner of Income Tax (Appeals)
Income Tax*	Regular Assessment	192.94	2014-15	Commissioner of Income Tax (Appeals)
Income Tax*	Regular Assessment (* Adj against refund)	186.44	2015-16	Commissioner of Income Tax (Appeals)

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

the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone Ind AS financial statements as required by the applicable accounting standards.

- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him.

Accordingly, paragraph 3(xv) of the Order is not applicable.

- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

**For Anand & Ponnappan**

Chartered Accountants

Firm's registration number: 000111S

Sd/-

**R Ponnappan**

Partner

Membership number: 021695

Place: New Delhi

Date : 22.05.2018

## **Annexure B to the Auditors Report**

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

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

According to the information and explanations given to us, all leasehold and freehold land reflected in the books of accounts are registered in the name of the company except those specified in Note No.23.1 to the financial statements.

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

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

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

According to the information and explanations given to us no portion of the inventories is lying with the third parties and no assets have been received as gift/grant from Government or other authorities.

**For Anand & Ponnappan**

Chartered Accountants

Firm's registration number: 000111S

Sd/-

**R Ponnappan**

Partner

Membership number: 021695

Place: New Delhi

Date : 22.05.2018

## Annexure - C to the Auditors' Report

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

We have audited the internal financial controls over financial reporting of KIOCL Limited ("the Company") as of 31 March 2018, in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

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

### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an

audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

### Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect

the transactions and dispositions of the assets of the company;

- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorization of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

The management has reconciled physical verification to inventory records and necessary adjustments have been made in the books once in a year to reconcile the books with physical verification results after appropriate approvals.

Control accounts in respect of creditors for goods and services and debtors are maintained manually outside the system.

However, we applied testing controls through inquiry combined with other procedures, such as observation of activities, inspection of less formal documentation, or performance of certain controls to provide sufficient evidence about whether the control is effective.

### **Opinion**

In our opinion, the fundamental requirement of effective internal control is a process effected by people that supports the organization in several ways, enabling it to provide reasonable assurance regarding risk and to assist in the achievement of objectives

Therefore, in our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Anand & Ponnappan**

Chartered Accountants

Firm's registration number: 000111S

Sd/-

**R Ponnappan**

Partner

Membership number: 021695

Place: New Delhi

Date : 22.05.2018



## **COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF KIOCL LIMITED, BANGALORE FOR THE YEAR ENDED ON 31 MARCH 2018**

The preparation of financial statements of KIOCL Limited, Bangalore for the year ended 31 March 2018 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of Act is responsible for expressing opinion on the financial statements under Section 143 of the Act based on the independent audit in accordance with the Standards on Auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 22 May 2018.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 143(6)(a) of the Act of the financial statements of KIOCL Limited, Bangalore for the year ended 31 March 2018. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditor and company personnel and a selective examination of some of the accounting records. 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 Auditor's report.

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

Sd/-

**(L.Tochhawng)**

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

Place : New Delhi  
Date : 22.05.2018

## BALANCE SHEET as at 31st March, 2018

₹ in Lakhs

Particulars	Note No.	Figures as at the end of Current Reporting Period 31-03-2018		Figures as at the end of Previous Reporting Period 31-03-2017	
<b>ASSETS</b>					
Non-Current Assets					
Property, Plant and Equipment	3.1	20,174.88		22,104.97	
Capital Work-in-progress	4	176.42		72.25	
Intangible Assets	3.2	46.70		-	
Financial Assets					
i) Loans	5.1.A	100.30		118.80	
ii) Other Financial Assets	5.2.A	73.88		142.21	
Other Non-Current Assets	9.A	8.61		-	
Deferred Tax Assets (net)	6	2,478.69		3,346.29	
<b>Total Non-Current Assets</b>			<b>23,059.48</b>		<b>25,784.52</b>
Current Assets					
Inventories	7.A	23,276.15		16,316.93	
Financial Assets					
i) Trade Receivables	5.3	5,404.06		14,438.84	
ii) Cash and Cash equivalents	5.4.A	33,964.56		49,257.35	
iii) Bank Balances other than (ii) above	5.4.B	152,374.36		135,243.18	
iv) Loans	5.1.B	66.55		64.88	
v) Other Financial Assets	5.2.B	1,394.44		1,422.04	
Current Income Tax Assets (net)	8	4,937.98		5,491.59	
Other Current Assets	9.B	11,315.26		6,109.92	
<b>Total Current Assets</b>			<b>232,733.36</b>		<b>228,344.73</b>
<b>TOTAL ASSETS</b>			<b>255,792.84</b>		<b>254,129.25</b>
<b>EQUITY AND LIABILITIES</b>					
Equity					
Share Capital	10	63,451.38		63,451.38	
Other Equity	11	151,112.02		146,704.81	
<b>Total Equity</b>			<b>214,563.40</b>		<b>210,156.19</b>
Liabilities					
Non-Current Liabilities					
Financial Liabilities	12.1.A	62.92		83.81	
Employee Benefit Obligation	13.1.A	17,378.60		17,540.91	
<b>Total Non-current Liabilities</b>			<b>17,441.52</b>		<b>17,624.72</b>
Current Liabilities					
Financial Liabilities					
i) Trade Payables	12.2	12,921.02		15,799.65	
ii) Other Financial Liabilities	12.1.B	5,679.08		6,154.97	
Employee Benefit Obligation	13.1.B	1,911.89		906.58	
Other Current Liabilities	14	3,275.93		3,487.14	
<b>Total Current Liabilities</b>			<b>23,787.92</b>		<b>26,348.34</b>
<b>TOTAL EQUITY AND LIABILITIES</b>			<b>255,792.84</b>		<b>254,129.25</b>
Significant Accounting Policies and other Notes forming part of Financial Statements.	1 and 23				

For and on behalf of Board of Directors

M V Subba Rao  
Chairman and Managing Director

S K Gorai  
Director (Finance)

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

Place : New Delhi  
Date : 22.05.2018

S K Padhi  
Company Secretary

(R Ponnappan)  
Partner  
Membership No:021695

## STATEMENT OF PROFIT AND LOSS for the period ended 31st March 2018

₹ in Lakhs

Particulars	Note No.	Figures as at the end of Current Reporting Period 31-03-2018	Figures as at the end of Previous Reporting Period 31-03-2017
<b>I. Revenue</b>			
Revenue from Operations	15	160,540.86	92,935.82
Other Income	16	17,902.72	15,637.11
<b>Total Revenue</b>		<b>178,443.58</b>	<b>108,572.93</b>
<b>II. Expenditure</b>			
Cost of Materials Consumed		111,802.29	63,793.09
Purchases of Stock-in-Trade		1,613.89	-
Changes in Inventories -Pellet feed	17	(1,238.14)	1,073.35
Changes in Inventories -Finished product	17	(1,598.49)	(5,405.15)
Power and Fuel		19,918.91	11,452.43
Employee Benefits Expense	18	19,515.00	15,010.72
Excise Duty on Sale of Finished goods		3,482.24	5,952.17
Depreciation and Amortization Expense	3.1	1,865.31	2,201.63
Other Expenses	19	14,423.95	11,167.65
Finance Costs		50.13	32.45
<b>Total Expenses</b>		<b>169,835.09</b>	<b>105,278.34</b>
<b>III. Profit for the Year</b>		<b>8,608.49</b>	<b>3,294.59</b>
Before Exceptional items and Tax (I-II)			
<b>IV. Exceptional Items - Expenses</b>			(172.85)
<b>V. Profit before extraordinary items and tax(III-IV)</b>		<b>8,608.49</b>	<b>3,121.74</b>
<b>VI. Extraordinary Items</b>		-	-
<b>VII. Profit Before Tax (V-VI)</b>		<b>8,608.49</b>	<b>3,121.74</b>
<b>VIII. Current Tax</b>	20	2,183.03	1,195.43
MAT Credit Entitlement	20	(320.50)	(1,209.88)
Earlier years (Net)	20	(1,488.59)	-
Deferred Tax	20	86.84	(1,656.33)
<b>Tax Expenses /(Income)</b>		<b>460.78</b>	<b>(1,670.78)</b>
<b>IX. Profit/(Loss) for the Year (VII-VIII)</b>		<b>8,147.71</b>	<b>4,792.52</b>
<b>X. Other Comprehensive Income (Net of Tax)</b>			
Items that will not be reclassified to Profit or Loss:			
Re-measurements of post employment benefits obligations	21	469.55	(49.63)
Less: Tax (expenses)/benefit on the above	21	(162.50)	16.41
<b>XI. Total Comprehensive Income (IX+X)</b>		<b>8,454.76</b>	<b>4,759.30</b>
<b>XII. Earnings per Equity Share:</b>			
Equity Shares of par value `10/- each Basic and Diluted		1.28	0.76
Number of Shares used in computing earnings per share		634,513,800	634,513,800
Significant Accounting Policies, and other Notes forming part of Financial Statements.	1 and 23		

For and on behalf of Board of Directors

M V Subba Rao  
Chairman and Managing Director

S K Gorai  
Director (Finance)

S K Padhi  
Company Secretary

as per our report of even date  
for M/s Anand & Ponnappan  
Chartered Accountants  
(Firm Registration No:000111S)  
(R Ponnappan)  
Partner  
Membership No:021695

Place : New Delhi  
Date : 22.05.2018

## CASH FLOW STATEMENT

for the year ended 31st March 2018

₹ in Lakhs

Particulars	Figures as at the end of Current Reporting Period 31-03-2018	Figures as at the end of Previous Reporting Period 31-03-2017
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before Tax from Continuing Operations	8,608.49	3,121.74
Add/(Less) Adjustment for :		
Depreciation - Current year	1,865.31	2,201.63
Interest Income	(11,282.74)	(14,392.98)
Short Term Capital Gain- Mutual Funds	(1,220.07)	-
(Profit)/Loss on sale of Fixed assets	(1,454.47)	(63.90)
<b>Operating Cash Flow before Working Capital Changes</b>	<b>(3,483.48)</b>	<b>(9,133.51)</b>
Adjustment for :		
(Increase)/Decrease in Inventories	(6,959.22)	(9,970.03)
(Increase)/Decrease in Trade and Other Receivables	2,814.45	(18,476.60)
Increase/(Decrease) in Trade and Other Payables	(2,339.39)	11,530.22
Sale/deletion/transfer of Fixed Assets	9.91	(76.53)
<b>Cash Generated from Operations</b>	<b>(9,957.74)</b>	<b>(26,126.45)</b>
Direct Tax paid (Net of refunds)		
<b>Net Cash from Operating Activities</b>	<b>(9,957.74)</b>	<b>(26,126.45)</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(126.42)	(414.96)
(Increase)/Decrease in Capital Work in Progress	(104.17)	(70.60)
(Increase)/Decrease in Investment in Term Deposits with more than three months	(17,131.18)	14,435.56
Interest Received	12,955.48	16,091.06
Short Term Capital Gain- Mutual Funds	1,220.07	-
Tax on Interest Received	309.66	119.22
Proceeds from sale of Fixed Assets	1,589.06	71.88
<b>Net Cash from Investing Activities</b>	<b>(1,287.50)</b>	<b>30,232.16</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Payment of Dividend and Dividend Tax	(4,047.55)	(844.02)
<b>Net Cash used in Financing Activities</b>	<b>(4,047.55)</b>	<b>(844.02)</b>

## CASH FLOW STATEMENT

₹ in Lakhs

Particulars	Figures as at the end of Current Reporting Period 31-03-2018	Figures as at the end of Previous Reporting Period 31-03-2017
<b>ABSTRACT</b>		
(A) Net Cash from Operating Activities	(9,957.74)	(26,126.45)
(B) Net Cash from Investing Activities	(1,287.50)	30,232.16
(C) Net Cash used in Financing Activities	(4,047.55)	(844.02)
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>(15,292.79)</b>	<b>3,261.69</b>
Net Increase/(Decrease) in Cash and Cash Equivalents :		
Cash and Cash Equivalents as at 01.04.2017 (O.B)	49,257.35	45,995.66
Cash and Cash Equivalents as at 31.03.2018 (C.B)	33,964.56	49,257.35
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>(15,292.79)</b>	<b>3,261.69</b>

### Notes:

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

For and on behalf of Board of Directors

**S.K. Padhi**  
Company Secretary

**S K Gorai**  
Director(Finance)

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

Place: New Delhi  
Date: 22nd May,2018

## AUDITOR'S REPORT

We have examined the Cash Flow Statement of KIOCL LIMITED, for the year ended 31st March 2018. The statement has been prepared by the Company in accordance with the requirements of Clause 32 of the Listing Agreement with the Stock Exchange and is based on and in agreement with the corresponding Profit and Loss Account and Balance sheet of the Company covered by our report dated 22nd May, 2018 to the members of the Company.

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

Place: New Delhi  
Date: 22nd May,2018

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

**STATEMENT OF CHANGES IN EQUITY**

(₹ in Lakhs)

Particulars	Share Capital	Other Comprehensive Income	General Reserves	Total Equity
Balance as at 01/04/2016	63,451.38	50.97	142,738.56	206,240.91
Restated Total Equity at the beginning of the Financial Year	63,451.38	50.97	142,738.56	206,240.91
Profit for the Year (2016-17)			4,792.52	4,792.52
Other Comprehensive Income (Net of tax)		(33.22)		(33.22)
Total Comprehensive Income for the year ended 31.03.2017		(33.22)	4,792.52	4,759.30
Transactions with Owners in their capacity as Owners				
Dividend paid during the year (2016-17)			(697.97)	(697.97)
Dividend Distribution Tax paid			(146.05)	(146.05)
			(844.02)	(844.02)
<b>Balance as at March 31, 2017</b>	<b>63,451.38</b>	<b>17.75</b>	<b>146,687.06</b>	<b>210,156.19</b>
<b>Balance as at 01/04/2017</b>	<b>63,451.38</b>	<b>17.75</b>	<b>146,687.06</b>	<b>210,156.19</b>
Transactions with Owners in their capacity as Owners				
Final Dividend for 2016-17 paid during the year			(1,649.74)	(1,649.74)
Dividend Distribution Tax paid			(335.85)	(335.85)
Restated Total Equity at the beginning of the Financial Year (2017-18)	63,451.38	17.75	144,701.47	208,170.60
Profit for the Year (2017-18)			8,147.71	8,147.71
Interim Dividend for 2017-18 paid during the year			(1,713.19)	(1,713.19)
Dividend Distribution Tax paid			(348.77)	(348.77)
Surplus in Profit and loss Account as on 31.03.2018			6,085.75	6,085.75
Other Comprehensive Income (Net of tax)		307.05		307.05
Total Comprehensive Income for the year ended 31.03.2018		307.05	6,085.75	6,392.80
<b>Balance as at March 31, 2018</b>	<b>63,451.38</b>	<b>324.80</b>	<b>150,787.22</b>	<b>214,563.40</b>

For and on behalf of Board of Directors

**M V Subba Rao**  
 Chairman and Managing Director

**S K Gorai**  
 Director (Finance)

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

Place : New Delhi  
 Date : 22.05.2018

**S K Padhi**  
 Company Secretary

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

## NOTES TO FINANCIAL STATEMENTS

### Background

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

### 1. Significant Accounting Policies

#### 1.1. Basis of Preparation :

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

#### 1.2. Historical Cost Convention

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

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

#### 1.3. Segment Reporting

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

### 1.4. Foreign Currency Translation

#### a) Functional and Presentation Currency:

Items included in the financial statement of the Company are measured using currency of the primary economic environment in which the entity operates ('the functional currency'). India being the primary economic environment of the Company, the Financial Statements are presented in Indian Rupee (INR), which is Company's functional and presentation currency.

**b) Transactions and Balances:** Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognized in Profit or Loss.

**c)** The Company enters into certain forward contracts to hedge foreign exchange risks which are not designated as hedges. Such contracts are accounted for at fair value through Profit or Loss and are included in other gains/ (losses).

### 1.5. Revenue Recognition

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

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

transaction and the specifics of each arrangement.

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

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

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

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

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

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

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

Insurance and Railway claims are accounted for on receipt.

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

## **1.6. Government Grants**

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

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

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

## **1.7. Income Tax**

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

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

Deferred Income Tax is provided in full using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements. However, deferred tax liabilities are



not recognized if they arise from the initial recognition of goodwill. Deferred Income Tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred Income Tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or deferred income tax liability is settled.

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

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

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

## 1.8. Leases

**As a Lessee :** Leases of Property, Plant and Equipment where the Company, as lessee, has substantially all the risks and rewards of ownership, are classified as finance leases at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability

and finance cost. The finance cost is charged to the Profit or Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

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

## 1.9. Impairment of Assets

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

### 1.10. Cash and Cash Equivalents

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

### 1.11. Trade Receivables

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

### 1.12. Inventories

Stock of finished goods namely, Pellets and Pig Iron (including stock with the Consignment Agents) and semi finished goods are valued at lower of cost and net realizable value. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to its location and includes wherever applicable, appropriate overheads based on normal level of activity. However, when the actual production is abnormally lower as compared to normal level, the expenditure of fixed nature is reduced in proportion to the shortfall.

Raw Materials, Stores & Spares, Consumables and Additives are valued at lower of cost and net realizable value. The cost is computed on weighted average basis and the same is charged off to revenue on its issue. Materials in transit are valued at cost.

By-products are valued at estimated net realizable value.

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

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

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

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

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

A discontinued operation is a component of the entity that has been disposed of or is classified as Held for Sale and that represents a separate major line of business or geographical area of

operations, is part of a single co-ordinate plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of Profit and Loss.

#### 1.14. Financial Assets

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

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

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

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

##### Measurement

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

##### Debt Instrument

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three

measurement categories when an instrument is classified as debt instrument:

**(i) Amortized Cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in Profit or Loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

**(ii) Fair Value through Other Comprehensive Income (FVOCI) :** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at Fair Value through Other Comprehensive Income (FVOCI). Movements in the carrying amount are taken through OCI except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in Profit and Loss. When the financial asset is de-recognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to Profit or Loss and recognized in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

**(iii) Fair Value through Profit or Loss:**

Assets that do not meet the criteria for amortized cost or FVOCI are measured at Fair Value through Profit or Loss. A gain or loss on a debt investment that is subsequently measured at Fair Value through Profit or Loss and is not part of a hedging relationship is recognized in Profit or Loss and presented net in the Statement of Profit and Loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

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

### **Impairment of Financial Assets**

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

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

### **De-recognition of Financial Assets**

A financial asset is derecognized only when

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

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

Where the entity has neither transferred a financial asset nor retains substantially all risks

and rewards of ownership of the financial asset, the financial asset is derecognized if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the financial asset.

### **Income Recognition**

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

### **Off-setting Financial Instruments**

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

## **1.15. Property, Plant and Equipment**

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

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

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

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

### **Depreciation Methods, Estimated Useful Lives and Residual Value :**

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

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

### **Assets Useful Life (in Years) from 01.04.2016**

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

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

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

### **1.16. Intangible Assets**

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

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

### 1.17. Investment Properties

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

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

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

### 1.18. Trade and Other Payables

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

### 1.19. Provisions

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

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

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

### 1.20. Employee Benefits

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

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

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

### Defined Benefit Plan

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

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

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

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

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in

retained earnings in the Statement of Changes in Equity and in the Balance Sheet.

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

### Defined Contribution Plans

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

## 1.21. Contributed Equity

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

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

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

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

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

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

### 1.22. Mining Rights

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

All expenditure associated with the acquisition of mining rights including related professional fee, payment towards statutory forest clearance before execution of Mining Lease Deed are treated as "Mining rights under Acquisition" and are disclosed under the head "Intangible Assets".

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

### 1.23 Exceptional Items

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

For and on behalf of Board of Directors

**M V Subba Rao**

Chairman and Managing Director

**S K Gorai**

Director (Finance)

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

Place : New Delhi  
 Date : 22.05.2018

**S K Padhi**

Company Secretary

**(R Ponnappan)**

Partner  
 Membership No:021695

## 2. Significant Estimates

The application of Accounting Standards and Policies requires the Company to make estimates and assumptions about future events that directly affect its reported financial condition and operating performance. The accounting estimates and assumptions discussed are those that the Company considers to be most critical to its Financial Statements. An accounting estimate is considered critical if both (a) the nature of estimates or assumptions is material due to the level of subjectivity and judgement involved, and (b) the impact within a reasonable range of outcomes of the estimates and assumptions is material to the Company's financial condition or operating performance.

### Gratuity Assumptions

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

### Net Realizable Value and Client demand:

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



### NOTE-3.1

₹ in lakhs

Sl. No.	Description of Assets	GROSS CARRYING AMOUNT				DEPRECIATION				NET CARRYING AMOUNT		
		Carrying amount as at 01.04.2017	Additions during the year	Sales/ Adjustments (net)	Gross carrying amount as at 31.03.2018	Accumulated Depreciation as at 01.04.2017	For the year	Adj against Retained earnings	Sales/ Adjustments	Accumulated Depreciation as at 31.03.2018	As at 31.03.2018	As at 31.03.2017
<b>PROPERTY, PLANT AND EQUIPMENT</b>												
<b>MINES &amp; PLANT:</b>												
1.	Land* - Freehold - Leasehold	2,146.86 1,249.17	- -	- -	2,146.86 1,249.17	0.63	- -	- -	- -	- 0.63	2,146.86 1,248.54	2,146.86 1,248.54
2	Buildings	4,953.44	-	(7.56)	4,945.88	942.09	449.07	-	-	1,391.16	3,554.72	4,011.35
3	Plant & Machinery	16,845.79	2.46	(87.87)	16,760.38	3,535.96	1,236.70	-	-	4,772.66	11,987.72	13,309.83
4	Furniture & Fittings	5.67	0.04	0.20	5.91	1.64	0.91	-	-	2.55	3.36	4.03
5	Vehicles	47.54	-	-	47.54	17.15	9.14	-	-	26.29	21.25	30.39
6	Office Equipments	165.55	53.81	(0.33)	219.03	58.06	45.26	-	-	103.32	115.71	107.49
7	Others											
	Roads, Bridges & Culverts	92.77	-	-	92.77	24.10	12.05	-	-	36.15	56.62	68.67
	Temporary Structures	1.43	-	-	1.43	1.43	-	-	-	1.43	-	-
	Railway Siding	48.59	-	(971.81)	(923.22)	-	-	-	(923.22)	(923.22)	(0.00)	48.59
	Water supply, Sewerage & Fire Prevention system	173.08	19.80	-	192.88	34.05	16.67	-	-	50.72	142.16	139.03
	Electrical Installation	953.12	-	(0.48)	952.64	226.48	85.81	-	-	312.29	640.35	726.64
	<b>SUB TOTAL</b>	<b>26,683.01</b>	<b>76.11</b>	<b>(1,067.85)</b>	<b>25,691.27</b>	<b>4,841.59</b>	<b>1,855.61</b>	<b>-</b>	<b>(923.22)</b>	<b>5,773.98</b>	<b>19,917.28</b>	<b>21,841.42</b>
<b>TOWNSHIP :</b>												
1.	Land* - Freehold - Leasehold	32.81	-	-	32.81	-	-	-	-	-	32.81	32.81
2	Buildings	233.69	2.61	-	236.30	12.00	8.61	-	-	20.61	215.69	221.69
3	Furniture & Fittings	3.17	-	0.13	3.30	3.04	0.05	-	-	3.09	0.21	0.13
4	Vehicles	4.04	-	(29.29)	(25.25)	1.02	0.51	-	(29.29)	(27.76)	2.51	3.02
5	Office Equipments	1.71	1.00	-	2.71	1.20	0.24	-	-	1.44	1.27	0.51
6	Others											
	Roads, Bridges & Culverts	2.87	-	-	2.87	-	-	-	-	-	2.87	2.87
7	Electrical Installations	2.50	-	-	2.50	0.42	0.21	-	-	0.63	1.87	2.08
8	Water supply, Sewerage & Fire Prevention System	0.48	-	-	0.48	0.04	0.06	-	-	0.10	0.38	0.44
	<b>SUB TOTAL</b>	<b>281.27</b>	<b>3.61</b>	<b>(29.16)</b>	<b>255.72</b>	<b>17.72</b>	<b>9.69</b>	<b>-</b>	<b>(29.29)</b>	<b>(1.88)</b>	<b>257.60</b>	<b>263.55</b>
	<b>GRAND TOTAL</b>	<b>26,964.28</b>	<b>79.72</b>	<b>(1,097.01)</b>	<b>25,946.99</b>	<b>4,859.31</b>	<b>1,865.31</b>	<b>-</b>	<b>(952.51)</b>	<b>5,772.10</b>	<b>20,174.88</b>	<b>22,104.97</b>
	Previous year	26,480.77	414.98	68.53	26,964.28	2,657.69	2,201.63	-	-	4,859.31	22,104.97	23,823.08

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

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

₹ in Lakhs

**NOTE-3.2 : INTANGIBLE ASSET**

Particulars	Figures as at the end of Current Reporting Period 31-03-18	Figures as at the end of Previous Reporting Period 31-03-17
Mining Rights under Acquisition	46.70	-
<b>Total</b>	<b>46.70</b>	<b>-</b>

**NOTE-4 : CAPITAL WORK-IN-PROGRESS**

₹ in Lakhs

Particulars	Figures as at the end of Current Reporting Period 31-03-18	Figures as at the end of Previous Reporting Period 31-03-17
Machinery under Installation	172.88	58.35
Work in Progress		
Material handling facilities and Railway siding from Thokkur	376.63	376.63
Ductile Iron spun pipe plant	65.43	65.43
Others	315.38	325.74
<b>Total</b>	<b>757.44</b>	<b>767.80</b>
Less : Provision for impairment	753.90	753.90
	3.54	13.90
<b>Total</b>	<b>176.42</b>	<b>72.25</b>

**NOTE-5.1.A : LOANS (Non-Current)**

₹ in Lakhs

Particulars	Figures as at the end of Current Reporting Period 31-03-18	Figures as at the end of Previous Reporting Period 31-03-17
Unsecured and considered doubtful Inter Corporate Loans	1,800.00	1,800.00
Less: Provision towards Impairment	1,800.00	1,800.00
Advances to Employees	100.30	118.80
<b>Total</b>	<b>100.30</b>	<b>118.80</b>

**NOTE-5.1.B : LOANS (Current)**

Rupees in Lakhs

Particulars	Figures as at the end of Current Reporting Period 31-03-18	Figures as at the end of Previous Reporting Period 31-03-17
Unsecured and considered Good Advances to Employees	66.55	64.88
<b>Total</b>	<b>66.55</b>	<b>64.88</b>

**NOTE-5.2.A : OTHER FINANCIAL ASSETS (Non-Current)**

₹ in Lakhs

Particulars	Figures as at the end of Current Reporting Period 31-03-18	Figures as at the end of Previous Reporting Period 31-03-17
Deposits - Others	73.88	142.21
	73.88	142.21
<b>Total</b>	<b>73.88</b>	<b>142.21</b>

**NOTE-5.2.B : OTHER FINANCIAL ASSETS (Current)**

₹ in Lakhs

Particulars	Figures as at the end of Current Reporting Period 31-03-18	Figures as at the end of Previous Reporting Period 31-03-17
Deposits - KEB for Power	997.58	939.97
Deposits - Others	338.96	439.22
Accounts Recoverable	57.90	42.85
<b>Total</b>	<b>1394.44</b>	<b>1422.04</b>

**NOTE-5.3 : TRADE RECEIVABLES (CURRENT)**

₹ in Lakhs

Particulars	Figures as at the end of Current Reporting Period 31-03-18		Figures as at the end of Previous Reporting Period 31-03-17	
(i) Outstanding for more than six months from the due date of payment		876.25		1,030.98
Un-Secured, considered good	876.25		1,030.98	
(ii) Others		4,527.81		13,407.86
Secured, considered good (Secured by Letter of Credit)	4,527.81		13,407.86	
<b>Total</b>		<b>5,404.06</b>		<b>14,438.84</b>

**NOTE-5.4.A : CASH AND CASH EQUIVALENTS**

₹ in Lakhs

Particulars	Figures as at the end of Current Reporting Period 31-03-18		Figures as at the end of Previous Reporting Period 31-03-17	
Balances with Banks		32,033.96		46,579.66
In Current Account	324.36		549.15	
In Deposit Account (Maturity < 3 months)	31,198.00		46,020.00	
Invested in Mutual Funds	500.69			
	32,023.05		46,569.15	
Cash on hand	0.27		0.02	
Stamps in hand (Unfranked balance)	0.15		0.28	
Others	10.49		10.21	
Accrued Interest on Deposits with Banks		1,930.60		2,677.69
<b>Total</b>		<b>33,964.56</b>		<b>49,257.35</b>

**NOTE-5.4.B : BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS**

₹ in Lakhs

Particulars	Figures as at the end of Current Reporting Period 31-03-18		Figures as at the end of Previous Reporting Period 31-03-17	
(i) Other Bank Balances				
In Term deposits ( 3 months > Maturity < 1 year)		149,216.89		131,160.00
Accrued Interest on Deposits with Banks		3,156.02		4,081.67
(ii) Un-paid Dividend		1.45		1.51
<b>Total</b>		<b>152,374.36</b>		<b>135,243.18</b>

**NOTE-6 : DEFERRED TAX ASSETS (NET)**

₹ in Lakhs

Particulars	Figures as at the end of Current Reporting Period 31-03-18		Figures as at the end of Previous Reporting Period 31-03-17	
A. Deferred Tax Assets				
Timing differences on account of disallow. under IT Act		8,354.65		8,799.80
B. Deferred Tax Liability				
Timing differences on account of depreciation		5,875.96		6,071.77
<b>Total (A-B)</b>		<b>2,478.69</b>		<b>2,728.03</b>
C. MAT Credit Entitlement		-		618.26
<b>D. Net Deferred Tax Assets (A-B + C)</b>		<b>2,478.69</b>		<b>3,346.29</b>

**Movement in Deferred Tax Assets**

₹ in Lakhs

Particulars	Depreciation	Expenses Temporarily Disallowed	Employee Benefits	Total
At March 31, 2017	(6,071.77)	1309.49	7490.31	2,728.03
(Charged)/credited to Profit or Loss	195.81	(482.50)	183.44	(103.25)
Other Comprehensive Income	-	-	(146.09)	(146.09)
At March 31, 2018	(5,875.96)	826.99	7,527.66	2,478.69

**Movement in MAT credit entitlement**

₹ in Lakhs

Particulars	43190.00	42825.00
Opening Balance	618.26	-
Add: MAT Credit Entitlement	320.50	1,209.88
Less: Availed during the year	938.76	591.62
Closing balance	-	618.26

**NOTE - 7a : INVENTORIES**
**(As valued and certified by the Management)**

₹ in Lakhs

Particulars	Figures as at the end of Current Reporting Period 31-03-18		Figures as at the end of Previous Reporting Period 31-03-17	
(i) For Operations		9,275.65		6,620.21
(a) Raw materials	3,777.04		2,081.51	
Less : Provision	-		-	
	3,777.04		2,081.51	
Add : Raw materials in transit	5,498.61		4,538.70	
(b) Work in progress		2,247.61		1,009.47
(c) Finished goods at lower of cost or NRV -Pellets		6,945.55		5,654.04
(d) Stores and Spares	2,952.11		2,671.21	
Add: Stores in transit at cost	6.33		8.34	
		2,958.44		2,679.55
(e) Consumables and Additives		517.47		353.66
(f) Capital Spares		1,331.43		-
Total		23,276.15		16,316.93

**NOTE-8 : CURRENT TAX ASSETS (NET)**

₹ in Lakhs

Particulars	Figures as at the end of Current Reporting Period 31-03-18		Figures as at the end of Previous Reporting Period 31-03-17	
Current Tax (Net)		4,937.98		5,491.59
Total		4,937.98		5,491.59
Movement in Current Tax				
Particulars		31-03-2018		31-03-2017
Opening Balance		5,491.59		3,528.19
Add : Tax deducted at Source (net of refunds received)		1,629.42		1,721.41
Less : Current Tax payable for the year		2,183.03		(241.99)
Total Current Tax Assets		4,937.98		5,491.59

**NOTE-9.A : OTHER NON-CURRENT ASSETS**

₹ in Lakhs

Particulars	Figures as at the end of Current Reporting Period 31-03-18		Figures as at the end of Previous Reporting Period 31-03-17	
Non-Moving Stores - Not moved for 5 years or more		1,435.68		2416.04
Surplus Stores		199.96		613.80
Less : Provision for Impairment		1,635.64		3,029.84
		-		-
Asset Held for Sale				
a) Over Land Conveyor - BFU		8.61		-
b) Vehicles- Jeeps		8.61		-
Total		8.61		-

**NOTE-9.B : OTHER CURRENT ASSETS**

₹ in Lakhs

Particulars	Figures as at the end of Current Reporting Period 31-03-18		Figures as at the end of Previous Reporting Period 31-03-17	
Claims from Statutory Authorities				
GST Input Credit including Transitional Credit	2,841.35	-		
GST Refund Claim	2,480.69	-		
Cenvat Credit Service Tax		-	241.97	
VAT Refund Claim/ Input Credit	38.06		316.73	
CST Reimbursement	625.22	5,985.32	690.18	1,248.88
Deposits with Customs & Excise				4.31
Advances				
Suppliers	1,441.01		1,650.99	
Others	2,617.68	4,058.69	2,621.25	4,272.24
Others		848.94		167.65
Contract work in progress		23.56		-
Prepaid Expenses		398.75		416.84
<b>Total</b>		<b>11,315.26</b>		<b>6,109.92</b>

**NOTE-10 : SHARE CAPITAL**

₹ in Lakhs

Particulars	Figures as at the end of Current Reporting Period 31-03-18		Figures as at the end of Previous Reporting Period 31-03-17	
Authorised :		<u>67,500.00</u>		<u>67,500.00</u>
67,50,00,000 Equity Shares of Rs.10/- each (Previous year 67,50,00,000 Equity Shares of Rs.10/- each)				
Issued, Subscribed and Fully paid-up :		63,451.38		63,451.38
63,45,13,800 Equity Shares of Rs.10/- each (Previous Year 63,45,13,800 Shares of Rs.10/- each)				
<b>Total</b>		<b>63,451.38</b>		<b>63,451.38</b>

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

Particulars	31-03-2018		31-03-17	
	No of Shares	% holding	No of Shares	% holding
Hon'ble President of India	62,81,44,130	99.00%	62,81,44,130	99.00%

**NOTE-11 : OTHER EQUITY**

₹ in Lakhs

Particulars	Figures as at the end of Current Reporting Period 31-03-18		Figures as at the end of Previous Reporting Period 31-03-17	
<b>Capital Reserve</b>				
General Reserve		144,701.47		146,687.06
As per last Balance Sheet	146,687.06		142,738.56	
Expenses Pertaining to 2016-17				
	146,687.06		142,738.56	
Less : Final Dividend for the year 2016-17 including DDT	(1,985.59)			
Add : Transfer from surplus in the Statement of Profit and Loss A/c	-		3,948.50	
<b>Retained Earning</b>				
Profit/ (Loss) for the year	8,147.71		4,792.52	
<b>Appropriations</b>				
Interim Dividend paid including DDT	2,061.96		844.02	
Surplus available in Profit and Loss Account	6,085.75	6,085.75	3,948.50	
<b>Items of Other Comprehensive Income recognized directly in Retained Earning</b>				
As per last Balance Sheet	17.75		50.97	
Add/(Less): Re-measurements of post employment benefits obligations (Net of Tax)	307.05	324.80	(33.22)	17.75
<b>Total</b>		<b>151,112.02</b>		<b>146,704.81</b>

**NOTE-12.1.A : FINANCIAL LIABILITIES (NON-CURRENT)**

₹ in Lakhs

Particulars	Figures as at the end of Current Reporting Period 31-03-18		Figures as at the end of Previous Reporting Period 31-03-17	
Deposits from Suppliers, Contractors and Others		62.92		83.81
<b>Total</b>		<b>62.92</b>		<b>83.81</b>

**NOTE-12.1.B : OTHER FINANCIAL LIABILITIES (CURRENT)**

₹ in Lakhs

Particulars	Figures as at the end of Current Reporting Period 31-03-18		Figures as at the end of Previous Reporting Period 31-03-17	
Security Deposits from Suppliers, Contractors and Others		967.15		790.35
Accrued salaries and Employee Benefits claims		3,861.38		4,069.89
Liability for Expenses		846.77		1,284.84
Others		3.78		9.89
<b>Total</b>		<b>5,679.08</b>		<b>6,154.97</b>

**NOTE-12.2 : TRADE PAYABLES**

₹ in Lakhs

Particulars	Figures as at the end of Current Reporting Period 31-03-18		Figures as at the end of Previous Reporting Period 31-03-17	
(a) For Goods		12,359.74		14,966.48
(b) For Works		274.67		339.62
(c) For Services		286.61		493.55
<b>Total</b>		<b>12,921.02</b>		<b>15,799.65</b>

**NOTE-13.1.A : EMPLOYEE BENEFIT OBLIGATION (NON-CURRENT)**

₹ in Lakhs

Particulars	Figures as at the end of Current Reporting Period 31-03-18	Figures as at the end of Previous Reporting Period 31-03-17
Provisions towards Employee Benefits : Non-current		
Gratuity	4,256.71	1,874.23
Other Superannuation Benefits	8,172.09	9,008.12
Long term Compensated absence - EL	2,663.25	3,602.49
Long term Compensated absence - HPL	2,286.55	3,056.07
	17,378.60	17,540.91
<b>Total</b>	<b>17,378.60</b>	<b>17,540.91</b>

**NOTE-13.1.B : EMPLOYEE BENEFIT OBLIGATION (CURRENT)**

₹ in Lakhs

Particulars	Figures as at the end of Current Reporting Period 31-03-18	Figures as at the end of Previous Reporting Period 31-03-17
Provision towards Employee Benefits: Current		
Gratuity	1318.10	246.86
Short term Compensated absence - EL	348.34	380.44
Short term Compensated absence - HPL	245.45	279.28
	1911.89	906.58
<b>Total</b>	<b>1911.89</b>	<b>906.58</b>

**NOTE-14 : OTHER CURRENT LIABILITIES**

₹ in Lakhs

Particulars	Figures as at the end of Current Reporting Period 31-03-18	Figures as at the end of Previous Reporting Period 31-03-17
Advances Received	344.36	460.33
Liability for Expenses	2,711.40	2,711.40
Unclaimed dividend pending encashment of warrants	2.07	1.56
Others	218.10	6.87
Excise Duty on Closing stock	-	306.98
<b>Total</b>	<b>3,275.93</b>	<b>3,487.14</b>

**NOTE-15 : REVENUE FROM OPERATIONS (NET)**

₹ in Lakhs

Particulars	Figures as at the end of Current Reporting Period 31-03-18	Figures as at the end of Previous Reporting Period 31-03-17
(a) Sale of Products (Including excise duty)		
Gross Sales		
Pellets	155,309.33	86,871.68
Pig Iron	16.99	3.44
Auxiliary	23.11	3.17
Slag	-	0.04
Iron Ore Fines	1,665.16	-
	157,014.59	86,878.33
Less :Quantity discount	-	125.61
Net Sales	157,014.59	86,752.72
(b) Sale of Services	3,526.27	3,298.33
(c) Other Operating Income	-	2,884.77
<b>Total</b>	<b>160,540.86</b>	<b>92,935.82</b>

**NOTE-16 : OTHER INCOME**

₹ in Lakhs

Particulars	Figures as at the end of Current Reporting Period 31-03-18	Figures as at the end of Previous Reporting Period 31-03-17
Interest income		
On Deposits with Banks valued at Amortised Cost	11,282.74	14,392.98
Others valued at Amortised Cost	444.38	152.87
Short Term Capital Gain- Mutual Funds	1,220.07	-
Other Non-operating income		
Profit on sale of Assets (Net)	1,454.47	63.90
Hire charges	0.50	0.57
Rent Income	162.88	110.04
Sale of Scrap	304.05	414.22
Despatch Money	154.88	32.16
Exchange Variation	-	32.42
Provision no longer required	2,849.69	264.61
Surplus Stores, DDRs and others (Net)	886.02	188.85
Others	1,963.67	75.76
Miscellaneous	29.06	173.34
Others	29.06	173.34
<b>Total</b>	<b>17,902.72</b>	<b>15,637.11</b>

**NOTE-17 : CHANGES IN INVENTORIES (INCREASE)/DECREASE**

₹ in Lakhs

Particulars	Figures as at the end of Current Reporting Period 31-03-18	Figures as at the end of Previous Reporting Period 31-03-17
Finished Stock-Pellet	(1,598.49)	(5,405.15)
Balance as at the beginning of the year	5,347.06	248.89
Less: Balance as at the close of the year	6,945.55	5,347.06
	(1,598.49)	(5,098.17)
Less: Excise Duty on Closing Stock	-	306.98
Finished Stock-Pellet feed	(1,238.14)	1,073.35
Balance as at the beginning of the year	1,009.47	2,082.82
Less: Balance as at the close of the year	2,247.61	1,009.47
	(1,238.14)	
<b>Total</b>	<b>(2,836.63)</b>	<b>(4,331.80)</b>

**NOTE-18 : EMPLOYEE BENEFITS EXPENSE**

₹ in Lakhs

Particulars	Figures as at the end of Current Reporting Period 31-03-18	Figures as at the end of Previous Reporting Period 31-03-17
Salaries and Wages	11,916.62	11,883.96
Contribution to Provident Fund	1,132.78	896.41
Contribution to Gratuity Fund	5,791.27	227.72
Contribution towards other Superannuation Benefits	-	1,262.08
Staff Welfare Expenses	674.33	740.55
<b>Total</b>	<b>19,515.00</b>	<b>15,010.72</b>



**NOTE-19 : OTHER EXPENSES**

₹ in Lakhs

Particulars	Figures as at the end of Current Reporting Period 31-03-18		Figures as at the end of Previous Reporting Period 31-03-17	
Cost of Stores & Spares consumed		3,113.07		2,020.53
Cost of Consumables & additives consumed		5,635.24		3,707.97
Rent		1,297.66		1,080.75
Rates and Taxes				
Excise duty on Closing Stock of Finished Goods		-		306.98
Others	96.47	96.47	70.14	377.12
Insurance charges		64.12		57.13
Travelling Expenses		120.39		200.56
Repairs and Maintenance		1,375.71		914.56
Building	259.73		227.65	
Machinery	896.25		418.96	
Others	219.73		267.95	
Postage and Telephone charges		37.41		45.72
Advertisement and Publicity		79.24		64.80
Expenses on Security		977.72		906.55
Payment to Auditors		10.10		9.85
for Audit	7.00		6.60	
for Taxation matters	1.25		1.25	
for Other services	0.85		1.00	
for Reimbursement of expenses	1.00		1.00	
Cost Audit Fee and Reimbursement expenses		0.50		0.50
Demurrage on Exports		17.45		1.51
Port charges, Sampling Survey and cess		837.96		833.68
Bank charges including discounting of bills		40.03		71.43
Entertainment		10.79		20.09
Forest, Ecology & Pollution control expenses		61.29		56.29
Directors Sitting fees		6.75		9.15
Corporate Social Responsibility		1.00		-
Provision for Surplus Stores, DDRs and Others		2.26		0.03
Transportation & Manpower expenses - O&M Contract		0.99		302.26
Miscellaneous expenses		637.80		487.17
<b>Total</b>		<b>14,423.95</b>		<b>11,167.65</b>

**NOTE-20 : TAX EXPENSE**

₹ in Lakhs

Particulars	Figures as at the end of Current Reporting Period 31-03-18		Figures as at the end of Previous Reporting Period 31-03-17	
Current Tax		2,183.03		1,195.43
MAT Credit Entitlement		(320.50)		(1,209.88)
Earlier years (Net)		(1,488.59)		-
Deferred Tax		86.84		(1,656.33)
<b>Total</b>		<b>460.78</b>		<b>(1,670.78)</b>

**NOTE-21 : OTHER COMPREHENSIVE INCOME**

₹ in Lakhs

Particulars	Figures as at the end of Current Reporting Period 31-03-18		Figures as at the end of Previous Reporting Period 31-03-17	
	Items that will not be Re-classified to Profit and Loss			
Remeasurement of Defined Benefit plan	469.55		(49.63)	
Less : Tax (expenses)/benefit on the above	(162.50)	307.05	16.41	(33.22)
<b>Total</b>		<b>307.05</b>		<b>(33.22)</b>

**NOTE 22 - INFORMATION REGARDING VALUE OF PRODUCTION, STOCKS, CONSUMPTION, VALUE OF IMPORTS EXPENDITURE AND EARNINGS IN FOREIGN EXCHANGE**

Particulars	Figures as at the end of Current Reporting Period 31-03-2017		
	Iron Ore Concentrate (₹ in lakhs)	Iron Ore Pellets (₹ in lakhs)	Pig Iron (₹ in lakhs)
Actual Production	Nil (Nil)	156,893.22 (91,969.85)	- -
Opening Stock	Nil (Nil)	5,347.06 (248.89)	- -
Closing Stock	Nil (Nil)	6,930.95 (5,347.06)	- -
Sales (Gross)	Nil (Nil)	155,309.33 (86,871.68)	40.09 (6.65)

Note :

- Pig Iron includes Auxiliary.
- Previous year's figures indicated in bracket.

**NOTE 22 - Contd....**

Particulars	Figures as at the end of Current Reporting Period 31-03-2018			Figures as at the end of Previous Reporting Period 31-03-2017		
	Qty (MT)	₹ in Lakhs	%	Qty (MT)	₹ in Lakhs	%
Consumption of Raw Materials						
Imported : Iron Ore	345,441	18,465.82	16.71	246,462	11,505.10	17.74
Indigenous : Iron Ore Fines/(WIP)	1,981,559	92,037.01	83.29	1,213,538	53,361.34	82.26
<b>Total</b>	<b>2,327,000</b>	<b>110,502.83</b>	<b>100.00</b>	<b>1,460,000</b>	<b>64,866.44</b>	<b>100.00</b>
Consumption of Stores, Spares and Fuel						
Imported		3,878.67	25.83		113.88	1.32
Indigenous		11,138.98	74.17		8,482.62	98.68
<b>Total</b>		<b>15,017.65</b>	<b>100.00</b>		<b>8,596.50</b>	<b>100.00</b>
Included under :						
Stores and Spares		3,090.68			1,546.83	
Power and Fuel		11,925.26			7,049.12	
Welfare Expenses		1.71			0.55	
<b>Total</b>		<b>15,017.65</b>			<b>8,596.50</b>	
Consumption of Consumables & Additives						
Imported :						
Lime stone	57,093	672.84	11.96	31,538	438.09	11.81
Coke fines	16,499	1,603.00	28.49	3,067	305.03	8.23
<b>Total (a)</b>		<b>2,275.84</b>			<b>743.12</b>	
Indigenous :						
Bentonite	20,918	770.60		14,186	576.06	
Coke fines	21,741	2,436.99	59.55	23,083	2,299.48	79.96
Burnt lime	2,416	143.29		1,187	70.03	
Lime stone				1,025	19.28	
<b>Total (b)</b>		<b>3,350.88</b>			<b>2,964.85</b>	
<b>Total (a + b)</b>		<b>5,626.72</b>	<b>100.00</b>		<b>3,707.97</b>	<b>100.00</b>
Expenditure incurred in Foreign Currency (On remittance basis)						
Traveling		1.09			0.73	
Other expenses		236.77			2,003.77	
Demurrage on Exports		17.45			-	
Value of Imports on CIF Basis						
Raw materials		18,299.44			11,593.19	
Components and spare parts		428.67			4.49	
Consumables and additives		7,188.57			279.22	
<b>Total Expenditure</b>		<b>26,171.99</b>			<b>13,881.40</b>	
Earnings in Foreign Exchange (on Receipt basis)						
Export of goods (FOB)		95,958.60			51,675.58	
₹ in Lakhs						
Equivalent of above in (US \$ Million)		148.93			75.95	
<b>Total Earning</b>		<b>95,958.60</b>			<b>51,675.58</b>	
<b>Net Foreign Exchange Earning</b>		<b>73,786.61</b>			<b>37,794.18</b>	

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

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

Tract of Land	Area	Period of Lease
Tract 1	213,783 Sq Mtrs	20.07.1997 to 19.07.2047
Tract 2	113,497 Sq Mtrs	20.04.1999 to 19.04.2029
Tract 3	300 Sq Mtrs	01.04.1999 to 31.03.2029
Tract 4	1,190 Sq Mtrs	01.08.1999 to 31.07.2029
Tract 5	475 Sq Mtrs	01.05.1998 to 30.04.2028
Tract 6	48 Sq Mtrs	01.07.1998 to 30.06.2028
Tract 7	9,120 Sq Mtrs	02.01.1997 to 01.01.2027
Tract 8	27,008 Sq Mtrs	17.02.2014 to 19.07.2024
Tract 9	21,270 Sq Mtrs	21.07.2012 to 20.07.2022

Lease of four tracts of land (a) 213,783 Sq Mtrs of land taken for Pellet Plant and Port facilities (b) 9,120 Sq Mtrs of land taken for storage of iron ore fines (c) 27,008 Sq Mtrs of land taken for pellet storage yard and (d) 21,270 Sq Mtrs of land taken for Captive Power Plant, although expired and pending registration, are considered as "Lease continuing" in view of written consent from NMPT for its continuation/renewal. Further, adequate provision has been made towards Registration charges and Stamp Duty on its renewal. The lease rent charged to expenses for the year towards four lands amounting to Rs. 808.30 Lakhs. Lease Rentals are charged to Statement of Profit and Loss on accrual basis. Further, the rental obligation for all 9 tracts of Land for remaining lease period is Rs. 30,984.39 Lakhs.

2. Capital Commitment and Contingent/Disputed Liability

Sl. No.	Particulars	As on 31.03.18 (₹ Lakh)	As on 31.03.17 (₹ Lakh)
A.	Estimated amount of the Contracts to be executed on Capital Account and not provided for (Net of Advances)	53.90	8.54
B.	Contingent Liabilities not provided for:		
	1. In respect of - Letters of Credit and Bank Guarantees etc., outstanding		
	• On Revenue Account	1,578.44	6,472.18
	• On Capital Account	-	-
	2. Claims against the Company not acknowledged as debt.		
	• On Revenue Account*	50,736.95	51,330.26
	• On Capital Account	15,780.15	15,756.15

(\*includes Rs. 11,057.62 Lakh towards Forest Development Tax (FDT) at the rate of 12% of basic price of iron ore. The supplier NMDC Limited has filed a writ petition in the Hon'ble High Court of Karnataka challenging the levy of the same. The case was disposed off vide order dated 03.12.2015 directing the Govt. of Karnataka to refund the FDT within three months.

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

The amount of Rs. 2,617.43 Lakh (equivalent to 25% of FDT) collected earlier by NMDC as per the interim order of Hon'ble Court is shown under "Other Current Assets" in Books of Accounts and the Bank Guarantee equivalent to Rs.2,734.87 Lakh furnished to NMDC in this regard has not been included under the contingent liability.

### 3. Disputed Liabilities in Appeal on Revenue Account

• Excise Duty	₹ 5,848.31 Lakh
• Service Tax	₹ 21.18 Lakh

### C. Demands made by the Income Tax Department, which are disputed by the Company and payments made against each demand under protest are as under

Asst. Year	Disputed Demand (₹ in Lakh)	Amount Paid (₹ in Lakh)	Balance as on 31.03.2018 (₹ in Lakh)	Pending with
2012-13	391.77	391.77	-	Commissioner of
2013-14	456.22	456.22	-	Income Tax
2014-15	192.94	192.94	-	(Appeals)
2015-16	186.44	186.44	-	

As per Company's assessment there will not be additional financial implication over and above the provisions already made.

### D. The Company sought rectification of mistake u/s 154 of Income Tax Act, 1961 in the computation of taxable income for the Assessment Year 2013-14 amounting to Rs.384.25 Lakh and Assessment year 2012-13 amounting to Rs.839.96 Lakh including interest which are pending before the Assessing Authority.

### 3. 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.

Railways vide letter No. H/C.474 Classification/11 dated 21.10.2011 raised an issue regarding the applicability of distance based charge (DBC) over and above normal freight on Iron ore transported through railway network for manufacture of pellets and their subsequent export.

Iron ore fines and lumps attract DBC if the same are exported. However, the Iron Ore so moved and utilized in the steel plants for manufacture of finished product and exported thereafter do not attract the DBC. The same is also not applicable to Pig iron and Sponge Iron Industry.

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

This discrimination by Railways was challenged before the Hon'ble High Court of Karnataka through a writ petition. The writ petition was dismissed. KIOCL filed writ appeal challenging the dismissal of the writ petition. The Hon'ble High Court has granted interim order staying DBC, subject to the condition that 50% of the demand excluding penalty is to be deposited.

The Company initially worked out the DBC liability as Rs.12,727.28 Lakh and paid Rs.6,363.64 Lakh to South Western Railway (SWR). Subsequently after reconciliation with SWR in the meeting held on 15th November 2016, the liability of DBC was assessed at Rs.14,463.93 Lakh Pending disposal of writ

appeal, liability has been created in the books of account for the balance amount as a prudent measure during 2013-14 and 2016-17. During the year 2014-15, an amount of Rs.1,461.51 Lakh was paid/adjusted to SWR which includes adjustment of congestion surcharge amounting to Rs.206.70 Lakh by SWR. During the year 2016-17, an additional amount of Rs.172.85 Lakh has been provided under exceptional item and an amount of Rs.500 Lakh has been paid. Hence the cumulative provision made amounting to Rs.14,463.93 Lakh out of which an amount of Rs.8,325.15 Lakh has been paid.

East Coast Railways (ECR) has raised a demand of Rs.41,446.00 Lakh towards DBC and penalty there on. The liability towards DBC excluding penalty worked out by company is Rs.6,740.94 Lakh. However, ECR has demanded DBC for Rs.10,361.381 Lakh without reducing the freight already paid by the company. The Company has paid Rs.5,188.86 Lakh and the liability for remaining balance amount of Rs.1,552.08 Lakh has been created in the books of accounts of Financial Year 2013-14 as a prudent measure pending disposal of writ petition. The Company filed writ petition before Hon'ble High Court of Odisha which has granted interim order on the similar lines of Hon'ble High court of Karnataka. On the request of railways, all the cases relating to DBC have been transferred to Hon'ble Supreme Court. The matter was last heard by the Hon'ble Supreme Court on 06.04.2018 and the case is posted for next hearing tentatively after eight weeks, i.e during first week of June 2018. Both the cases are therefore subjudice.

4. The Company's private Railway Siding at Panambur, Mangalore was commissioned during January 2006 with allotment of code 'PNKI-06529006' by Railway. The Iron ore fines moved through this siding is not liable for levy of congestion surcharge over and above the freight. But, South Western Railway (SWR) continuously levied and collected congestion surcharge for the period from 01.04.2007 to 21.05.2008 for movement of rakes. The Company resisted this levy and collection. The Company also claimed refund of congestion surcharge amounting to Rs.6,877.86 Lakh from SWR in respect of 573 rakes moved during the above mentioned period. SWR refunded Rs.2,715.16 Lakh till date which includes Rs.206.70 Lakh adjusted by SWR towards DBC. The Company has approached Railway Claims Tribunal (RCT), Bangalore and filed an application for refund of the balance amount of Rs.4,162.70 Lakh with interest. The case is pending for disposal.

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

East Coast Railway have collected 100% congestion surcharge instead of 30% for the rakes moved during the period from 15.04.2008 to 21.05.2008. The Company requested ECR for refunding Rs.436.83 Lakh being 70% excess congestion surcharge collected in respect of 26 rakes. As ECR failed to refund the amount, KIOCL has filed a petition before the RCT, Bhubaneswar for refund of Rs.436.83 Lakh with interest. The case is pending for disposal.

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

5. In pursuance of the directive of the Hon'ble Supreme Court, mining activities at Kudremukh were stopped with effect from 1st January 2006. At the time of closure of the mine the Company filed a petition for direction with prayers, inter-alia, to permit utilization of 54.01 hectares of land required for the purpose of safety and slope stability of the mine. Indian Bureau of Mines (IBM) has approved final mine closure

plan (FMCP) of Kudremukh iron ore mine and the same was communicated vide letter no. MS/CMG/Fe-38-52 dated 06.05.2005. The expenditure towards mine closure, as per the above plan, was Rs.279 Lakh.

The Hon'ble Supreme Court, in its judgment (December 2006), directed IIT Delhi to issue global tender for, inter-alia, re-analyzing the stability of slopes, drawing up of mine closure plan, implementation of the above plan and drawing up of detailed terms for the work to be done, consistent with basic paradigm of "no or minimal disturbance to un-broken area"

The expenditure for this purpose was to be met out of Rs.1,900 Lakh paid by the company and which is presently lying with the adhoc Compensatory afforestation fund management and planning authority (CAMPA).

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

Ministry of Mines(GOI), vide letter dated 07.02.2014, nominated the Regional Controller of Mines, IBM Bangalore as the 'Designated Officer' to take possession of Kudremukh Iron Ore Mines. Accordingly, the Company has handed over the possession of the Kudremukh Iron Ore Mines on 03.04.2014 to the Regional Controller of Mines, IBM Bangalore.

Subsequently, officials of IBM Bangalore and IIT, Delhi inspected the mine site on 20.05.2014, in which IIT Delhi opined that, keeping in view of the environment and safety concerns, the residual task of mine closure is relatively minor as compared to what was originally envisaged. Hence, the amount of Rs.1,900 Lakhs paid by the company to Central Empowered Committee already lying with the CAMPA. In addition to above Company has also made provision to the extent of Rs.600 Lakhs which is sufficient to meet the expenditure on mine closure, no further liability is considered necessary.

6. The Mangalore Pellet Plant is the outcome of Kudremukh activity for ore, for beneficiated concentrate and also water. Consequent upon the judgment of Hon'ble Supreme Court, mining and beneficiation activities were stopped w.e.f. 01.01.2006. However, Mangalore Pellet Plant and also Blast Furnace Unit draw the required water from Lakya Dam at Kudremukh.

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

7. Total mining lease areas of 4,605.02 hectares at Kudremukh include an extent of 1,220.03 hectares of government revenue land, apart from forest land and the Company's free hold land. Regional Controller of Mines IBM, the designated officer has taken over the entire mining lease area for carrying out the mine closure activities in compliance of Hon'ble Supreme Court orders dated 15.12.2006 on 03.04.2014. However, the infrastructure and buildings located on Revenue land and other lands being the property of the Company shall continue to remain in their physical possession till the cessation of mine closure activities. Till the year 2013-14, the land records of revenue land were in the name of the Company. Government of Karnataka has changed the revenue records removing the Company's name. Hence the Company was constrained to file a suit before Civil Judge Court, Mudigere for an injunction against Government and others, restraining them from dispossessing the Company from the said revenue land. The court heard the arguments and passed an interim order on 05.11.2013 restraining the

defendants or anybody under them from dispossessing the Company from the suit schedule property (i.e. Revenue land) in any manner till the disposal of the suit or till the modalities have been worked out and implemented as directed by the Hon'ble Supreme court. The suit was dismissed on 20.11.2017.

Taking into consideration of taking over the entire mining lease area of 4605.02 hectares comprising forest land, revenue land, Company's own land and other lands by the designated officer IBM for carrying out the mine closure activities in the mine in compliance of Hon'ble Court's direction although their physical possession held with the Company, the Company depreciated all its township assets in full during the year 2014-15 as a prudent measure.

#### 8. Employee Benefits- Actuarial Valuation

a) Liability with regard to Gratuity benefits payable in future is determined by actuarial valuation at the end of the year using the projected unit method. The Company operates a gratuity plan administered by LIC under Group Gratuity Life Assurance Scheme of LIC of India. Every employee is entitled to a benefit equivalent to fifteen days salary last drawn for each completed year of service upto 30 years and one month salary thereafter subject to a maximum of Rs.20 Lakh whichever is more beneficial than the Payment of Gratuity Act, 1972. The same is payable at the time of separation from the company or retirement, whichever is earlier. The benefits vest after five years of continuous service. Net liability /(Asset) recognized in Balance Sheet is Rs.5,574.81 Lakh (Previous year Rs.2,121.09 Lakh)

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

- |                                   |   |
|-----------------------------------|---|
| • Long term compensated absence - | Earned Leave Rs.3,011.59 Lakh<br>(Previous year Rs3,982.93 Lakh)    |
| • Long term compensated absence - | Half pay Leave Rs.2,532.00 Lakh<br>(Previous year Rs.3,335.35 Lakh) |

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

9. As per Indian Accounting Standard (Ind AS) -2, 'Valuation of Inventories', materials and other supplies Held for Sale / use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. However, when there has been a decline in the price of materials and it is estimated that the cost of the finished products will exceed net realizable value, the materials are written down to net realizable value.

During the year, as net replacement value Iron ore fines (including semi-finished) and additives is lesser than its weighted average cost, the difference of Rs.408.55 Lakh (Previous year Rs. 1,625.60 Lakh) has been written down in the Statement of Profit and Loss for the year. Consequent upon this, the Profit for the year is reduced by Rs.408.55 Lakh.

10. Depreciation on Fixed Assets has been provided on Straight Line Method except certain assets for which higher rates were considered based on their estimated useful life as per the provisions of Schedule II of Companies Act, 2013.

Assets other than Roads, Bridges and Culverts, Township, Furniture & Fittings, Computers, vehicles are provided on their remaining value reduced by residual value over its remaining useful life as technically assessed. The residual values are reviewed periodically. As on 01.04.2014 the remaining useful life for assets including plant buildings which are its integral part, in Pellet Plant and Blast Furnace Unit was estimated at 8 years, Captive Power Plant 15 years and Port Facilities including grinding and balling unit 10 years. However, the useful life of Blast Furnace Unit was technically assessed by the committee during the year 2016-17 at 10 years from 01.04.2016. Additions during the year to P&M and Buildings in the above units are also limited to those useful lives.



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

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

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

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

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

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

S. No.	Particulars	Amount (₹ in Lakh)
1	Carrying amount of temporarily idle property, plant and equipment	-
2	Gross carrying amount of any fully depreciated property, plant and equipment that is still in use	100.37
3	Carrying amount of property, plant and equipment retired from active use and not classified as held for sale in accordance with Ind AS 105; and	-
4	The fair value of property, plant and equipment when this is materially different from the carrying amount.	80,601.42

12. The Company is having two operating segments i.e., 'Pellet' and 'Pig Iron'. Expenses relating to Kudremukh Department and the corporate office have been fully allocated to Pellet segment. Segment Reporting as per Ind AS-108 is appended.
13. The Company had intended to restart BFU Operation during the year 2017-18. Due to un-economic price of Pig Iron, Blast Furnace Unit (BFU) was not operated during the year. However, the recoverable amount in each class of assets in BFU and other Units are more than the carrying amount. Hence, there is no impairment loss to be recognized during the year.

However, due to unfavorable market conditions re-starting of BFU did not materialize during the year.

While excavating in pig iron stock yard, certain auxiliary material of pig iron worth Rs. 40.10 Lakh were retrieved and sold during the year (Previous year Rs.6.65 Lakh). As at the end of the year,

Company is holding a physical stock of 250 MT of Pig iron auxiliary material. As the cost of production of the same had been accounted for in earlier years, the same is valued at nil cost as at the end of the year, although the market value of the same be Rs.30.35 Lakh as per last sale price of similar product. As a prudent accounting measure, no value has been assigned to the stock in the Books of Accounts.

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

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

Revenue earned from these Operation and Maintenance contracts during the year are Rs. 3,416.97 Lakh and Rs. 109.29 Lakh respectively (previous year Rs. 2,774.59 Lakh, and Rs.123.51 Lakh respectively).

Expenditure incurred during the year including salaries and benefits of employees deployed on these contracts is Rs.3,548.74 Lakh (net) and Rs nil (Previous year Rs. 2,759.15 Lakh and Rs. Nil)

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

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

16. As per the Guidelines issued by Department of Public Enterprises, Govt. of India, the Company is allowed to extend upto 30% of Basic Pay plus Dearness Pay as Superannuation Benefits including Contributory Provident Fund, Gratuity and other specified Superannuation Benefit plans. As the Company had revised the pay scales of Executives, with effect from 01.01.2007 in compliance with the said DPE Guidelines, provision towards Superannuation Benefit has been made in line with the said Guidelines. The company has framed post retirement medical scheme and pension scheme with defined contribution plan. After due approval by the Board of Directors, the proposal was forwarded to administrative ministry for approval. Post retirement medical scheme has since been approved by the administrative ministry and the same is in the process of implementation.

The Company has assessed the liability up to 31.03.2018 in respect of both the schemes. The provision required for both the schemes upto 31.03.2018 is Rs.8,172.09 Lakhs as against existing provision of Rs.9,008.12 Lakhs. Excess provision to the extent of Rs.836.03 Lakhs has been withdrawn and depicted under the main head Other Income (Sub head - Provision no longer required).

17. The Company has spent Rs.1 Lakh towards CSR during the year 2017-18, as against the minimum amount to be spent of Rs.0.72 Lakh.

18. Due to closure of Kudremukh mine, most of the assets have been written down and nominal value has been retained. The recoverable amount in each class of assets in Kudremukh is more than the carrying amount. Hence, there is no impairment loss to be recognized during the year.

19. Minimum Alternate Tax

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

## 20. Micro Small and Medium Enterprise

- The amount be paid to micro and small enterprises registered under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) for the year 2017-18 is Rs.38.41 Lakh and the same has been included in trade payables under note 12.2.
- No interest is paid/payable during the year to any micro or small enterprise registered under the MSMED.
- The said information has been determined to the extent such parties could be identified on the basis of the information available with the Company regarding the status of suppliers under the MSMED.
- During the year, the Company has opened Trade Receivable Discounting System (TReDS) Account with RXIL for facilitating trade receivables with MSME.

## 21. Financial Risk Management

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

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

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

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

### I. Management of Liquidity Risk

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

Particulars	Notes No.	Carrying amount			Total
			< 12 months	> 12 months	
(₹ in Lakh)					
<b>As at 31st March 2018</b>					
Trade payables	12.2	12,921.02	12,921.02	-	12,921.02
Other financial liabilities	12.1.a,b	5,742.00	5,742.00	-	5,742.00
<b>As at 31st March 2017</b>					
Trade payables	12.2	15,799.65	15,799.65	-	15,799.65
Other financial liabilities	12.1.a,b	6,238.78	6,238.78	-	6,238.78

## II. Management of Market Risk

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

## III. Management of Credit Risk

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

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

### Trade Receivables

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

## IV. Foreign Currency Risk

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

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

Particulars	As at 31st March 2018				
	USD	EUR	JPY	GBP	Total
<b>Financial Assets</b>					
Trade Receivables	3,850.78	-	-	-	3,850.78
<b>Financial Liabilities</b>					
Long Term Borrowings	-	-	-	-	-
Trade Payables	-	508.15	28.31	26.98	563.44
Other Liabilities	-	-	-	-	-
Less: Currency forwards	3,844.44	-	-	-	3,844.44
<b>Net exposure to foreign currency risk</b>	<b>6.34</b>	<b>508.15</b>	<b>28.31</b>	<b>26.98</b>	<b>569.78</b>
<b>Increase / (decrease) to Profit before Tax for changes of 5% against INR</b>					
Strengthened	0.32	25.41	1.42	1.35	28.50
Weakened	(0.32)	(25.41)	(1.42)	(1.35)	(28.50)

Particulars	As at 31st March 2017				
	USD	EUR	JPY	GBP	Total
<b>GBP</b>					
<b>Financial Assets</b>					
Trade Receivables	3,582.91	-	-	-	3,582.91
<b>Financial Liabilities</b>					
<b>Long Term Borrowings</b>					
Trade Payables	3,383.44	-	-	-	3,383.44
Other Liabilities	-	-	-	-	-
Less: Currency forwards	3,241.93	-	-	-	3,241.93
<b>Net exposure to foreign currency risk</b>	<b>3,724.42</b>	-	-	-	<b>3,724.42</b>

## 22. Capital Management

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

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

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

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

## 23. Fair Value Measurements

### i) Financial instruments by category

(Rs. in Lakh)

	31.03.2018			31.03.2017		
	FVPL	FVOCI	Amortized Cost	FVPL	FVOCI	Amortized Cost
<b>Financial Asset</b>						
Loans	-	-	166.85	-	-	183.68
Trade Receivables	-	-	5,404.06	-	-	14,438.84
Cash and cash equivalents	-	-	186,338.92	-	-	184,500.53
Other Financial Assets	-	-	1,468.32	-	-	1,564.25
<b>Total Financial Assets</b>	-	-	<b>193,378.15</b>	-	-	<b>200,687.30</b>
<b>Financial Liabilities</b>						
Trade Payables	-	-	12,921.02	-	-	15,799.65
Other Financial Liabilities	-	-	5,742.00	-	-	6,238.78
<b>Total Financial Liabilities</b>	-	-	<b>18,663.02</b>	-	-	<b>22,038.43</b>

ii) Fair Value Hierarchy

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

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

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

Particulars	Level - 1	Level - 2	Level - 3	Total
Financial Assets				
Loans	-	-	166.85	166.85
Total Financial Assets	-	-	166.85	166.85

Assets and liabilities which are measured at amortized cost for which fair values are disclosed at 31st March 2017

Particulars	Level - 1	Level - 2	Level - 3	Total
Financial Assets				
Loans	-	-	183.68	183.68
Total Financial Assets	-	-	183.68	183.68

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

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

- Level 1 : This hierarchy includes financial instruments measured using quoted prices.
- Level 2 : The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in this level.
- Level 3 : Derived from valuation techniques that include inputs for the Asset or Liability that is not based on observable market data (unobservable inputs).

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

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

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

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

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

24. There is no amount due and outstanding to be credited to the Investor Education and Protection Fund as at 31.03.2018 and 31.03.2017.
25. The Company requested its debtors and creditors to confirm the balances at the year-end in respect of trade payables, trade receivables, advances and loans directly to the Statutory Auditors.
26. Gross sales include Excise Duty on finished products upto June 30 2017. Post implementation of Goods and Service Tax (GST) with effect from July 01, 2017, revenue from operations is net of GST. Accordingly, the revenue from operations for the year ended on March 31, 2018 is not comparable with the previous periods presented in the results.
27. The Company has made the following arrangement with the Banks for availing both Fund based and Non-fund based limits from time to time. (₹ in Lakh)

S.No	Name of the Bank	Fund based	Limit	Utilized
1	IDBI	Cash Credit	100	Nil

S.No	Name of the Bank	Non Fund based	Limit	Utilized
1	IDBI	LC/BG	7,400	360.00
2	Indusind Bank	LC/BG/BC/MFC	20,000	8,911.04
3	Kotak Bank	BG	21,000	-
4	Yes Bank	LC	20 000	3,216.20
	Total		68,400	12,487.24

The total Rs.12,487.24 Lakhs consists of Rs.4,260.88 Lakhs, Rs.4,381.92 Lakhs and Rs.3,844.44 Lakhs towards LC, BG and MFC respectively.

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

28. During the current year, Company has declared final dividend at Rs.0.37 per share for the year financial year 2016-17 and paid an amount of Rs.1,985.59 Lakh including dividend distribution tax (DDT) of Rs.335.85 Lakh after adjustment of interim dividend of Rs.844.02 Lakhs including DDT of Rs.146.05 Lakh, paid during the year 2016-17. Further, company has also declared interim dividend at Re.0.27 per share for the year 2017-18 amounting to Rs.2,061.96 Lakh including DDT of Rs.348.77 Lakh and the same has been paid during the year.
29. Ministry of Heavy Industries, Department of Public Enterprises (DPE) has issued office memorandum dated 03.08.2017 towards pay revision w.e.f 01.01.2017. The Company has estimated the liability from 01.01.2017 to 31.03.2018 and made adequate provision during the year and the same is included under note no. 18 – "Employee Benefit Expense".

30. During the year Company has started investing surplus working capital in Public Sector Mutual Fund, regulated by SEBI. In the current year, the Company has earned Rs.1,220.07 Lakh as gains from such investment and the same has been depicted as Short Term Capital Gains-Mutual Funds under the head Other Income (Note No.16). This generated an average return of 6.61% Out of total Rs.1,220.07 Lakh, Rs.1,219.38 Lakh has been realized during the year and the balance of unrealized gain of Rs.0.69 Lakh is arrived at by way of Fair Valuation in line with Ind AS 109.
31. The Company's name is included u/s 4(1) of MMDR Act 1957 to carry out Mineral Exploration activities. During the year, the Company was allotted to carry out Mineral Exploration at Tirumankaradu Iron Ore Block (TIO), Tirpur, Tamilnadu and Ubdur Area Block, Mysore District Karnataka by National Mineral Exploration Trust (NMET) with a total value of Rs.726.15 Lakh plus GST. The Company has incurred Rs.8.63 Lakh and Rs.14.93 Lakh on TIO and Ubdur blocks respectively. As the work was under progress as on 31.03.2018, the amount incurred for both the blocks has been classified as "Contract Work in Progress" and depicted under the head "Other Current Assets" vide note no.9.b.
32. During the year, auction was held to dispose off scrap item "Overland Conveyor" available at Blast Furnace Unit. The buyer has not lifted the complete item of scrap upto 31.03.2018. As the sale order was based on quantity (MT) lifted, the profit of Rs.40.74 Lakh has been recognized upto 31.03.2018 after adjustment of WDV Rs.75.22 Lakh and retained amount of WDV Rs.8.61 Lakh for the balance quantity and the same has been disclosed under the head "Asset held for sale – Other Non-Current Assets vide note no.9.a".

Further, in respect of another item of asset (Jeep) pertaining to Kudremukh Unit, which was put up for sale through to e-auction on 28.03.2018 and was sold to H1 bidder. However, pending lifting of the same by the buyer till 31.03.2018, the value of the assets net of depreciation Rs.15/- is depicted under the head "Asset held for sale - Other Non-Current Assets vide note no.9.a".

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

S.No	Particulars	Remarks
1	Description of the non-current asset (or disposal group)	Over Land Conveyor and Jeep
2	Description of the facts and circumstances of the sale, or leading to the expected disposal, and the expected manner and timing of that disposal	As stated above
3	The gain recognised in accordance with paragraphs 20–22 not separately presented in the statement of profit and loss.	Rs.40.74 Lakh

33. M/s NMPT has deducted an amount of Rs.589.26 Lakhs towards lease rent, premium, valuation and other charges at the time proceeds towards sale of Marshalling Yard measuring 47500 sq mt for a consideration of Rs.1400 Lakh. The Company has disputed the deductions made by NMPT and had preferred for arbitration through Permanent Machinery of Arbitrator under Cabinet Secretariat, Govt. of India. The arbitration award was pronounced in the month of February 2018 by allowing claim of Rs.388.66 Lakhs towards refund of Lease Rent for the period 11.12.2014 to 27.03.2017 and an amount of Rs.2.73 Lakhs towards excess deduction. M/s NMPT has preferred further appeal with regard to amount of Rs.388.66 Lakhs.

Out of total amount of Rs.589.26 Lakhs, provision exists to the extent of Rs.284.77 Lakhs and for balance Rs.303.05 Lakhs has been recognized under contingent liability since the matter is still under adjudication.



34. During the year Company has entered into trading of Iron Ore Fines through Blast Furnace Unit, business segment. As a part of the same it has placed a purchase order to M/s S M Niryat Private Limited, Kolkata to procure 55,000 MT of Iron Ore Fines at a value of Rs.1,613.89 Lakh excluding GST. Company has also secured sales order from M/s Rashtriya Ispat Nigam Limited (A Govt. of India Enterprise) for sale of the equal quantity of Iron Ore Fines during the transit at a value of Rs. 1,665.16 Lakh excluding GST. Through the said trading activity Company has earned profit of Rs.51.27 Lakh. The purchase and sale transactions are included under the head "Purchases of Stock-in-Trade" and "Revenue from Operations" respectively.

35. Capital stores and spares which are kept in stores for a very long period in anticipation of its requirement for plant at any time though valued at weighted average cost in the books and 100% provision was made on the previous reporting date since non-moving for more than the stipulated period as per the norms of the Company. Under the circumstances, in view of adoption of Ind AS, the company revisited the process of valuation of inventories. A new assessment is made and based on the recommendation of technical Committee, capital spares which are in usable conditions and meant only for capital consumption is restored to its cost amounting to Rs.1,331,.43 Lakh (consumed during the year Rs.77.55 Lakhs) and classified as separate segment under "Inventory" in the Balance Sheet.

Consequently, provision for non-moving capital spares of Rs.881.10 Lakh are withdrawn during the year.

36. Government of Karnataka (GoK) issued Gazette notification on 23-1-2017 for reserving area of 470.40 hectares in Devadari Range, Sandur Taluk, Bellary district in favour of KIOCL Limited for mining lease of Iron and Manganese ore under section 17(A) 2A of MMDR act, 1957.

The company has engaged M/s. MECON Ltd. for preparation of prefeasibility report and preparation of mining plan and its approval from Indian Bureau of Mines, Government of India and incurred Rs.46.70 Lakh towards consultancy and other charges for the same.

Expenditure associated with the acquisition of mining rights including related professional fee, processing fee before execution of Mining Lease Deed are treated as "Mining rights under Acquisition" and are classified under the head "Intangible Assets" vide note no.3.2

37. During the year certain items of income and expenditure pertaining to earlier years which do not have any materiality, has been considered as current year Income and expenditure and classified under respective head of accounts. The net impact of the earlier period transactions is amounting to Rs.17.32 Lakh, as a result the profit for the year has been reduced.

38. Related Party Disclosure: Key Management Personnel are

S / Shri

M.V. Subba Rao,	Chairman-cum-Managing Director (w.e.f 30.01.2018) & Director (Commercial) Additional Charge (w.e.f 30.01.2018)
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Malay Chattarjee,	Chairman-cum-Managing Director (Upto 30.06.2017)
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M. V. Subba Rao,	Director Commercial (Up to 29.01.2018) and Addl Charge as CMD (01.07.2017 to 29.01.2018)
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Vidyananda. N,	Director (Production & Projects)
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Swapan Kumar Gorai,	Director (Finance)
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S K Padhi,	Company Secretary
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As per the requirement of Ind AS 24 the total compensation paid to Key managerial personnel for the year 2017-18 are as follows :

(₹ in Lakh)

S. No.	Particulars	Shri M V Subba Rao	Shri Malay Chatterjee	Shri N Vidyananda	Shri Swapan Kumar Gorai	Shri S K Padhi
1	Short-term employee benefits	33.32	11.23	32.98	27.99	15.62
2	Post-employment benefits	-	10.00	-	-	-
3	Other long-term benefits	-	13.26	-	-	-
4	Termination benefits	-	1.14	-	-	-
5	Share-based payment	-	-	-	-	-
	Total	33.32	35.63	32.98	27.99	15.62

39. Previous Year's figures have been regrouped/reclassified/re-casted wherever necessary to confirm to current year's presentation.
40. Figures in the Balance Sheet, Statement of Profit and Loss, Cash Flow Statement, Statement of Changes in Equity and the Notes thereon have been rounded off to Rupees Thousands and expressed in Rupees in Lakh.

**Disclosures as required by Ind AS 19- Employee Benefits (Refer SI No. 8 (a) of Note 23)**

	LONG TERM GRATUITY	
	31-Mar-18	31-Mar-17
<b>DEFINED BENEFIT PLANS - GRATUITY</b>		
<b>I. PRINCIPAL ACTUARIAL ASSUMPTIONS [Expressed as weighted averages]</b>		
Discount Rate	7.60%	7.10%
Salary escalation rate	12.00%	17.00%
Attrition rate	5.00%	5.00%
Expected rate of return on Plan Assets	7.60%	7.10%
Mortality rate during employment		Standard Indian Assured Lives (2006-08)
<b>II. CHANGES IN THE PRESENT VALUE OF THE OBLIGATION (PVO)</b>		
PVO as at the beginning of the period	5643.90	5270.02
Interest Cost	428.93	405.46
Current service cost	422.78	40.79
Past service cost	5,207.29	-
Benefits paid	(300.26)	(143.64)
Actuarial loss/(gain) on obligation	(76.68)	71.27
PVO as at the end of the period	11325.96	5643.90
<b>III. CHANGES IN THE FAIR VALUE OF PLAN ASSETS</b>		
Fair value of plan assets as at the beginning of the period	3522.81	3386.29
Expected return on plan assets	267.73	258.53
Contributions	1,868.00	-
Benefits paid	(300.26)	(143.64)
Actuarial gain/(loss) on plan assets	392.88	21.63
Fair value of plan assets as at the end of the period	5751.16	3522.81
<b>IV. ACTUAL RETURN ON PLAN ASSETS</b>		
Expected return on plan assets	267.73	258.53
Actuarial gain (loss) on plan assets	392.88	21.63
Actual return on plan assets	660.61	280.16
<b>V. AMOUNTS RECOGNISED IN THE BALANCE SHEET</b>		
Present value of the obligation	11325.96	5643.90
Fair value of plan assets	5751.16	3522.81
Net Defined Benefit Liability recognized in the balance sheet	5574.80	2121.08
Non-Current	4256.71	1874.23
Current	1318.09	246.85
<b>VI. AMOUNT RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS:</b>		
Current service cost	422.78	40.80
Past service cost	5207.28	-
Net Interest on Net Defined Benefit Obligations	161.20	146.93
Amount recognized in the statement of profit and loss	5791.26	187.73
<b>VII. AMOUNT RECOGNIZED IN THE OTHER COMPREHENSIVE INCOME [OCI]</b>		
Actuarial (gain)/loss on Plan Obligations	(76.68)	71.27
Actuarial gain/(loss) on plan assets	(392.87)	(21.63)
Amount recognized in OCI	(469.55)	49.63
<b>VIII. MAJOR CATEGORIES OF PLAN ASSETS (AS PERCENTAGE OF TOTAL PLAN ASSETS)</b>		
Funds managed by Insurer	100%	100%
<b>IX. ENTERPRISE'S BEST ESTIMATE OF CONTRIBUTION DURING NEXT YEAR</b>	1,000	1,000

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

## TYPE OF PLAN - GRATUITY

### SENSITIVITY ANALYSIS METHOD

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

Particulars	31-Mar-18	31-Mar-17
A. Discount Rate + 50 BP Defined Benefit Obligation [PVO]	8.10% 11,032.64	7.60% 5,495.72
B. Discount Rate - 50 BP Defined Benefit Obligation [PVO]	7.10% 11,629.96	6.60% 5,799.41
C. Salary Escalation Rate +50 BP Defined Benefit Obligation [PVO]	12.50% 11,600.73	17.50% 5,650.51
D. Salary Escalation Rate -50 BP Defined Benefit Obligation [PVO]	11.50% 11,269.74	16.50% 5,637.08

The weighted average duration of the Defined Benefit Obligation is 9.2 years (2016-17 - 7.3 years). The expected maturity analysis of undiscounted pension, gratuity and post-employment medical benefits is as follows :

Particulars	< 1Year	Between 1-2 years	Between 2-5 years	> 5 years	Total
<b>31 March 2018</b>					
Defined Benefit Obligation (Gratuity)	805.21	738.19	2,341.73	5,687.05	9,572.18
<b>Total</b>	<b>805.21</b>	<b>738.19</b>	<b>2,341.73</b>	<b>5,687.05</b>	<b>9,572.18</b>
<b>31 March 2017</b>					
Defined Benefit Obligation (Gratuity)	896.70	577.94	2,266.07	2,736.84	6,477.55
<b>Total</b>	<b>896.70</b>	<b>577.94</b>	<b>2,266.07</b>	<b>2,736.84</b>	<b>6,477.55</b>

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

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

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

## SEGMENT REPORTING FOR THE YEAR ENDED 31ST MARCH 2018

(₹ in Lakhs)

Particulars	Pellets		Pig Iron		Consolidated Total	
	Figures as at the end of		Figures as at the end of		Figures as at the end of	
	Current Reporting Period 31-03-2018	Previous Reporting Period 31-03-2017	Current Reporting Period 31-03-2018	Previous Reporting Period 31-03-2017	Current Reporting Period 31-03-2018	Previous Reporting Period 31-03-2017
<b>REVENUE:</b>						
External Sales (Gross)	155,309.33	86,871.68	1,705.26	6.65	157,014.59	86,878.33
Less: Excise Duty & Freight on Consignment Sales	3,481.49	5,951.43	0.75	0.74	3,482.24	5,952.17
Less: Quantity Discount	-	125.61	-	-	-	125.61
Net Sales	151,827.84	80,794.64	1,704.51	5.91	153,532.35	80,800.55
Other Operating Revenue		2,884.77	-	-	0.00	2,844.77
<b>Total Revenue</b>	<b>151,827.84</b>	<b>83,679.41</b>	<b>1,704.51</b>	<b>5.91</b>	<b>153,532.35</b>	<b>83,645.32</b>
<b>RESULT:</b>						
Segment result before exception	(1,200.26)	(7,145.97)	(2,562.30)	(3,971.93)	(3,762.56)	(11,117.90)
Exceptional Item		(172.85)	-	-	-	(172.85)
Unallocated Income less expenses						
(a) Interest Income					11,282.74	14,392.98
(b) Short Term capital Gain - Mutual Funds					1,220.07	-
(c) Service charge on O&M Services (Net of expenses) - O&M - NMDC					(131.76)	19.51
<b>Profit before tax</b>					<b>8,608.49</b>	<b>3,121.74</b>
Less: Income Tax					373.94	603.81
Deferred Tax					86.84	(2,274.59)
Net Profit After Tax					8,147.71	4,792.52
Other Comprehensive Income					307.05	(33.22)
<b>Total Comprehensive Income</b>					<b>8,454.76</b>	<b>4,759.30</b>
<b>OTHER INFORMATION :</b>						
Segment Assets	41,597.35	35,626.39	8,670.80	9,471.99	50,268.15	45,098.38
Unallocated Assets	-	-	-	-	205,524.69	209,030.87
<b>Total Assets</b>					<b>255,792.84</b>	<b>254,129.25</b>
Segment Liabilities	17,276.64	30,165.18	1,433.11	2,573.66	18,709.75	32,738.84
Unallocated Liabilities	-	-	-	-	22,519.69	11,234.22
<b>Total liabilities</b>					<b>41,229.44</b>	<b>43,973.06</b>
Capital Expenditure	79.05	22.17	0.67	392.79	79.72	414.96
Depreciation and Amortisation	1,220.70	1,206.00	644.62	995.63	1,865.31	2,201.63
Non-cash expenses other than Depreciation	(1,554.57)	2,476.33	(1,003.36)	703.54	(2,557.93)	3,179.87

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

Particulars	2017-18	2016-17
External Sales (Gross)		
Domestic	61,055.99	35,127.81
Overseas	95,958.60	51,750.52
<b>Total</b>	<b>157,014.59</b>	<b>86,878.33</b>

2. Revenue of approximately Rs. 126,602.27 Lakhs (Previous Year Rs.37,937.65 Lakhs) are derived from few external customers attributed to Pellet Segment who are individually contributing 10% of the Total Revenue.
3. Un-allocated Assets and Liabilities comprise of those Assets and Liabilities which cannot be allocated to the segment.

For and on behalf of Board of Directors

**M V Subba Rao**  
 Chairman and Managing Director

**S K Gorai**  
 Director (Finance)

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

Place : New Delhi  
 Date : 22.05.2018

**S K Padhi**  
 Company Secretary

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

## KIOCL LIMITED

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

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

### NOTICE

**NOTICE IS HEREBY GIVEN THAT THE FORTY-SECOND ANNUAL GENERAL MEETING (“AGM”) OF THE MEMBERS OF KIOCL LIMITED** (CIN: L13100KA1976GOI002974) will be held on Friday, the 31st August 2018, at 12.00 Noon at the Pellet Auditorium (an Annexe to the Registered Office of the Company) at II Block, Koramangala, Bengaluru – 560 034, to transact the following businesses(s): -

#### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2018 and the Profit and Loss Account for the financial year ended on that date together with the Reports of the Board of Directors and the Auditors thereon and Comments of the Comptroller and Auditor General of India.
2. To declare Final Dividend @ Re 0.79 per Equity Share. Further to approve an Interim Dividend @ Re 0.27 per Equity Shares, already paid during the year, for the year ended March 31, 2018.
3. To appoint a Director in place of Sri T. Srinivas (DIN: 07238361), who retires by rotation at this AGM and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Sri S.K. Gorai (DIN: 07223221), who retires by rotation at this AGM and being eligible offers himself for re-appointment.
5. To pass with or without modification(s) the following resolution as an Ordinary Resolution for fixing the remuneration of Statutory Auditors:-

“RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013, the Board of Directors, be and are hereby

authorized for fixation of annual statutory audit fee payable to the Statutory Auditors for the financial year 2018-19.”

#### SPECIAL BUSINESS

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

“RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s. PKR & Associates LLP, Cost Accountants appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Pellet Plant Unit of Company for the financial year 2018-19, the remuneration of ₹ 50,000 /- (Rupees Fifty Thousand Only) plus taxes as applicable and reimbursement of actual travel and other out of pocket expenses to be paid to the Cost Auditors of the Company for Financial Year 2018-19 as approved by the Board of Director of the Company be and is hereby ratified.”

By Order of the Board of Directors  
KIOCL Limited,



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

Place : New Delhi

Dated : 31.07.2018

## NOTES:

1. A member entitled to attend and vote at the AGM is entitled to appoint one or more proxies to attend and vote instead of himself / herself and such proxy need not be a member of the company. A person can act as proxy on behalf of maximum of 50 members and holding in the aggregate not more than 10 % of the total share capital of the company.
2. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf.
3. The enclosed Proxy form (duly completed, stamped and signed) must be deposited at the registered office of the Company not less than 48 hours before the commencement of the AGM i.e. on or before 12.00 Noon on 29.08.2018.
4. During the period beginning 24 hours before the time fixed for the commencement of AGM and until the conclusion of the meeting, a member would be entitled to inspect the proxies lodged during the business hours of the Company, provided that not less than three days of notice in writing is given to the Company.
5. Member / proxy / authorised representatives should bring the attendance slip enclosed herewith to attend the meeting.
6. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, and the Register of Contracts or Arrangements, in which the Directors are interested, maintained under Section 189 of the Act, will be available for inspection by the members at the AGM.
7. Members may also note that Notice of 42<sup>nd</sup> AGM and Annual Report will be available on the website of the Company i.e. www.kioclltd.in.
8. Subject to the provisions of the Act, dividend as recommended by the Board, if declared at the Meeting, will be paid within a period of 30 days from the date of declaration, to those members whose name appear on the Register of Members as at the end of 24.08.2018. The dividend will be paid on or before 29.08.2018.
9. The Register of Members and Share Transfer Book will remain closed from 25.08.2018 to 31.08.2018 (both days inclusive) for the purpose of payment of final dividend for the FY ended March 31, 2018 and the AGM. The voting rights of members shall be in proportion to their share of the paid-up share capital of the Company as on 24.08.2018 (Cut-off date).
10. The Annual Report 2017-18, the Notice of 42<sup>nd</sup> AGM alongwith instructions for e-voting, attendance slip and proxy form is being sent by electronic mode to members whose email id are registered with the Company/depository participants, unless a member has requested for a physical copy. For members who have not registered their email addresses, physical copy is being sent by permitted mode.
11. The Company has designated an exclusive e-mail Id i.e. cs@kioclltd.com for redressal of shareholders/investors complaints/grievances. Members must quote their folio numbers / demat account no. and contact details in all correspondence with Company / Registrar and Share Transfer Agent.

**12. SEBI vide its Notification No. SEBI/LAD-NRO/GN/2018/24 dated 8th June 2018 amended Regulation 40 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and notified SEBI (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2018. With the amendment, SEBI has mandated that the transfer of securities would be carried out in dematerialized form only with effect from December 5, 2018. Accordingly, Shareholders holding**



**Shares in physical form are hereby notified that, except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed with effect from December 5, 2018 unless the securities are held in the dematerialized form with a depository.**

13. Relevant Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, in respect of the Special Businesses, set out above is annexed hereto.
14. In pursuance to provisions of Section 152(6) (a) of the Companies Act, 2013, Sri T. Srinivas (DIN: 07238361), Official Part-Time Director and Sri S.K. Gorai (DIN: 07223221), Director (Finance) retires by rotation and being eligible, offers themselves for re-appointment. However, Sri T. Srinivas's appointment on Board of KIOCL is co-terminus with his post in Ministry of Steel, Govt. of India and as per the original terms of appointment issued by President of India, Sri SK Gorai shall hold office for a period of five years from the date of his assumption of charge or till the date of his superannuation or until further orders, whichever is the earliest.
15. Pursuant to Section 139(5) read with Section 142 of the Companies Act, 2013, the Auditors of a Government Company are appointed or re-appointed by the Comptroller & Auditor General (C&AG) of India and their remuneration is fixed by the Company in the Annual General Meeting. The General Meeting may authorize the Board to fix up an appropriate remuneration of Auditors for the year 2018-19 as may be deemed fit by the Board.
16. Brief resume pursuant to Regulation 36(3) of the Listing Regulation and Clause 1.2.5 of the Secretarial Standard-2 in respect of Directors seeking re-appointment at the AGM form part of the Notice.
17. Members are requested to address all correspondence including dividend to the Company's Registrar and Share Transfer Agent M/s. Integrated Registry Management Services Private Limited, #30, Ramana Residency, Ground Floor, 4<sup>th</sup> Cross, Sampige Road, Malleswaram, Bengaluru - 560 003
18. Members wishing to claim dividends that remain unclaimed are requested to correspond with the Registrar and Share Transfer Agent or to Company Secretary. Notice is hereby given to the members that dividends that are not claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will be, as per Section 124 of the Act, be transferred to the Investor Education and Protection Fund Authority (IEPF). Shares on which dividend remains unclaimed for seven consecutive years will be transferred to the IEPF as per Section 124 of the Act, and the applicable rules.
19. We urge members to support our commitment to environment protection by choosing to receive their shareholding communication through email. This can be done by updating your email addresses with depository participant /registrar & share transfer agent.
20. Members whose shareholding is in electronic mode are requested to direct change in address notifications and updates of bank account details to their respective depository participants. We request members to utilize the Electronic Clearing System (ECS) for receiving dividends.
- 21. SEBI has mandated the submission of PAN and Bank Particulars by every participant in the securities market. Members holding shares in the electronic form are therefore requested to submit their PAN and Bank particulars to their depository participants. Members holding Shares in physical form are requested to**

**update the bank particulars and PAN details to Registrar and Transfer Agent (RTA), if not already updated.**

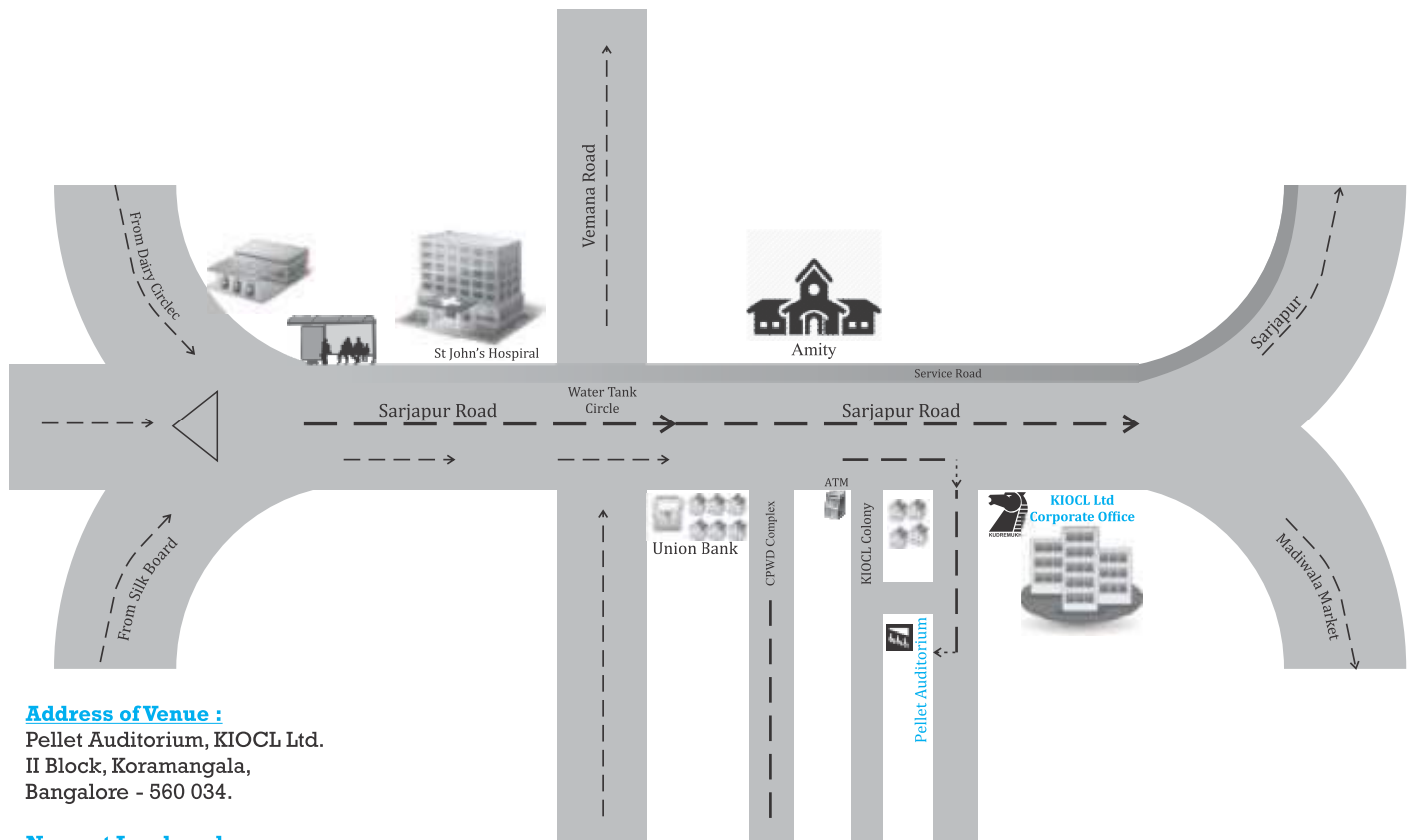
22. Company's shares are available in dematerialized form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The ISIN number allotted to the Company's share is - ISIN-INE880L01014. Members are advised to get in touch with the Depository participant (DP)/Registrar and Transfer Agent for further details.

**23. The route map of the venue of 42<sup>nd</sup> AGM along with prominent landmarks is given under:**

**24. Voting through electronic means**

Pursuant to Section 108 of the Ac, read with Regulation 44 of the Listing Regulations the Company has provided its members a facility to exercise their right to vote at the AGM by electronic means and the business may be transacted through e-voting services provided by Central Depository Services Limited (CDSL). The instruction for e-voting is annexed to the Notice. The Board has appointed Mr. V. Parthasarathy of M/s V. Mahesh and Associates, Practicing Company Secretaries to scrutinize the e-voting in a fair and transparent manner.

**Route Map-Venue of 42<sup>nd</sup> AGM**



**Address of Venue :**  
Pellet Auditorium, KIOCL Ltd.  
II Block, Koramangala,  
Bangalore - 560 034.

**Nearest Landmark:**  
Amity

## INSTRUCTIONS FOR E-VOTING

### The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on 28.08.2018 at 9.00 AM and ends on 30.08.2018 at 5.00 PM. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 24.08.2018 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iii) Click on Shareholders / Members
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

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

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this

password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvii) If a demat account holder has forgotten the changed login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xix) Note for Non – Individual Shareholders and Custodians :
  - ◆ Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - ◆ A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - ◆ After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - ◆ The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - ◆ A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

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

As required by Section 102 of the Companies Act, 2013 (Act), the following explanatory statement sets out all material facts relating to the business mentioned under Item No. 6 of the accompanying Notice:

### Item No. 6

The Board of Directors of the Company, on the recommendation of the Audit and Risk Management Committee, has approved the appointment of M/s. PKR & Associates LLP, Cost Accountants to conduct the audit of the cost records of the Pellet Plant Unit of Company for the financial year 2018-19, at a remuneration of ₹ 50,000/- (Rupees Fifty Thousand Only) plus taxes as applicable and reimbursement at actual travels and other out of pocket expenses.

In accordance with the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the remuneration payable to the Cost Auditors as approved by the Board of Directors is required to be subsequently ratified by the members of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 6 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year 2018-19.

None of the Directors and / or Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 6 of the Notice.

The Board commends the Ordinary Resolution set out at Item No. 6 of the Notice for approval by the shareholders.

By Order of the Board of Directors  
KIOCL Limited,



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

Place : New Delhi  
Dated : 31.07.2018

### DETAILS OF DIRECTORS SEEKING RE-APPOINTMENT AT THE AGM

(Pursuant to Regulation 36(3) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015)

Name	Sri T. Srinivas (DIN: 07238361)	Sri S.K. Gorai (DIN : 07223221)
Date of Birth	01.03.1962	13.01.1963
Date of appointment	15.07.2015	11.11.2016
Qualifications	M.A., M. Phil.	Chartered Accountant, PGDBM (Finance & Strategy)
Nature of expertise	Central Civil Service	Experience of three decades in a number of large private sector, MNC as well as CPSUs.
Directorships held in other Companies	MOIL	NIL
Memberships/ Chairmanships of committee of other Public Companies	NIL	NIL

## KIOCL LIMITED

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

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

### FORM NO. MGT 11

### PROXY FORM

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

Name of the member(s): \_\_\_\_\_

Registered address: \_\_\_\_\_

Regd. E-mail: \_\_\_\_\_

Folio No/DP ID-Client ID: \_\_\_\_\_

I/We, being the member (s) of KIOCL Limited holding \_\_\_\_\_ shares of the above named Company, hereby appoint

(1) Name: \_\_\_\_\_ Address: \_\_\_\_\_

E-mail Id: \_\_\_\_\_ Signature: \_\_\_\_\_ or failing him;

(2) Name: \_\_\_\_\_ Address: \_\_\_\_\_

E-mail Id: \_\_\_\_\_ Signature: \_\_\_\_\_ or failing him;

(3) Name: \_\_\_\_\_ Address: \_\_\_\_\_

E-mail Id: \_\_\_\_\_ Signature: \_\_\_\_\_ as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 42<sup>nd</sup> AGM the of the Company, to be held at the Pellet Auditorium (an Annexe to the Registered Office of the Company) at II Block, Koramangala, Bengaluru – 560 034 on 31.08.2018 at 12.00 Noon and at any adjournment thereof in respect of such resolutions as are indicated below:

Sl. No.	Resolution	Optional	
		For	Against
<b>ORDINARY BUSINESS</b>			
1.	Adoption of the Audited Financial Statements for the year ended March 31, 2018 and the Reports of the Board of Directors and the Auditors thereon and Comments of the C&AG.		
2.	To declare Final Dividend @ Rs 0.79 per Equity Share for the FY 2017-18 and also approve the Interim Dividend @ Re 0.27 per Equity Shares already paid by the Company.		
3.	Re-appointment of Sri T. Srinivas (DIN: 07238361) as a Director who retires by rotation.		
4.	Re-appointment of Sri SK Gorai (DIN: 07223221) as a Director who retires by rotation.		
5.	Fixing the remuneration of Statutory Auditors for the Financial Year 2018-19.		
<b>SPECIAL BUSINESS</b>			
6.	Ratification of Remuneration Payable to M/s. PKR & Associates, LLP, Cost Auditor for FY 2018-19.		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2018

\_\_\_\_\_  
Signature of shareholder

\_\_\_\_\_  
Signature of Proxy holder's

**Note:**

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.
2. For the Resolutions, Explanatory Statement and Notes, please refer to Notice of the 42<sup>nd</sup> Annual General Meeting.
3. It is optional to put a 'X' in the appropriate column against the resolutions indicated in the box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
4. Please complete all details including details of member(s) in above box before submission.

## NATIONAL ELECTRONIC CLEARING SERVICES (NECS)

### MANDATE FORM

To Integrated Registry Management Services Private Limited Unit : KIOCL Limited #30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore - 560003 (In case of physical holding)	To The Depository Participant concerned (In case of electronic holding)
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Please fill in the information in CAPITAL LETTERS IN ENGLISH only.

Folio No/ Client ID No.\*

DP ID\*

For Office Only
ECS Ref. No. <input style="width: 100%;" type="text"/>

\* Applicable only in case of Electronic holding.

Name of Sole/First Holder	<input style="width: 100%;" type="text"/>																																																		
Bank Name	<input style="width: 100%;" type="text"/>																																																		
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Account Type (Please Tick wherever applicable)	➔	Savings	<input type="checkbox"/>	Current	<input type="checkbox"/>	Cash Credit	<input type="checkbox"/>
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I hereby, declare that the particulars given above are correct and complete. If any, transaction delayed or not effected, at all for reasons of incompleteness or incorrectness of information supplied as above, I shall not hold the Company / Integrated Registry Management Services Private Limited, responsible. I agree to avail the NECS facility as implemented by KIOCL Limited.

I further undertake to inform Integrated Registry Management Services Private Limited/concerned Depository Participant of any change in the particulars given above to facilitate updation of records.

Place : \_\_\_\_\_

Date : \_\_\_\_\_

\_\_\_\_\_  
(Signature of Sole/First holder)

Notes :

1. Whenever the shares in the given Folio are entirely dematerialised, then this NECS mandate form if given to the Company shall stand rescinded.
2. For shares held in dematerialised mode, NECS Mandate is required to be filed with concerned Depository Participant.

## E-COMMUNICATION REGISTRATION FORM

To

Integrated Registry Management Services Private Limited  
 Unit : KIOCL Limited  
 #30, Ramana Residency  
 4th Cross, Sampige Road,  
 Malleswaram,  
 Bangalore - 560003

### GREEN INITIATIVE IN CORPORATE GOVERNANCE

I/We hereby exercise my/our option to receive all communications from the Company such as Notice of General Meeting, Explanatory Statement, Audited Financial Statements, Directors' Report, Auditor's Report etc. in Electronic mode pursuant to the 'Green Initiative in Corporate Governance' taken by Ministry of Corporate Affairs. Please register my e-mail ID as given below, in your records, for sending the communications:

Folio No./DP ID & Client ID No.:	_____
Name of 1st Registered Holder :	_____
Name of Joint Holder(s), if any :	_____
Registered Address of the sole/ 1st Registered Holder :	_____ _____ _____ _____
No. of Shares Held :	_____
E-mail ID (to be registered) :	_____
Date : _____	Signature : _____

Notes :

- 1) On registration, all communication will be sent to the e-mail ID registered.
- 2) The form is also available on the website of the company 'www.kioclltd.in' under the section of 'Shareholders' information.
- 3) Shareholders are requested to keep the Company's Registrar - Integrated Registry Management Services Private Limited as and when there is any change in the e-mail ID.



## KIOCL OFFICES

### REGISTERED OFFICE

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

### MANGALURU OFFICE

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

### BLAST FURNACE UNIT

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

### NEW DELHI OFFICE

KIOCL Limited  
Himalaya House, 9th Floor, No. 23  
Kasturba Gandhi Marg,  
New Delhii - 110 001  
Telephone No.: 011 23315665, 23315686  
Fax No.: 011 23721696  
E-mail: kiocln@kioclltd.com

### VISAKHAPATNAM OFFICE

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

### KUDREMUKH OFFICE

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

### BACHELI OFFICE

KIOCL Limited  
Qtr. M. Type 111/FF/06  
Near NMDC Bachel Guest House  
Bachel - 494553  
Dantewada District, Chatisgarh

### DONIMALAI OFFICE

KIOCL Limited  
C/o NMDC, New-III-162, South Block,  
Donimalai Township, Donimalai-583118  
Sandur Taluk, Bellary District  
E-mail: oandnmndc@kioclltd.com

# Notes

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*Shri Chaudhary Birendra Singh, Hon'ble Steel Minister, Shri Nalin Kumar Kateel, MP, Mangaluru and other dignitaries visiting the model room at Mangaluru on 06.01.2018*



*Shri MV Subba Rao, CMD received Governance Now 5th PSU Award at New Delhi on 27th Feb 2018 from Hon'ble MoS Shri Mansukh L Mandaviya for buisness turnaround of KIOCL.*



*Shri Chaudhary Birendra Singh, Hon'ble Steel Minister released the memento engraved with the Compay logo on 06.01.2018 at Mangaluru. Dr Aruna Sharma, Steel Secretary, Smt. Premalata Singh, MLA, CMD were present on the occasion.*

# Pellet Makers to the Nation



## KIOCL Limited

(A Govt. of India Enterprise)

CIN:L13100KA1976GOI002974

II Block, Koramangala, Bengaluru - 560034, Karnataka

Accredited with ISO 9001:2008, ISO:14001:2004, ISO 18001:2007

visit us at [www.kioclltd.in](http://www.kioclltd.in)

Follow us at

 <https://twitter.com/KIOCLlimited/>  <https://www.facebook.com/kioclltd/>

 [https://www.youtube.com/channel/UC\\_N7NdPV6A8xe6\\_wZWvSJ6Q](https://www.youtube.com/channel/UC_N7NdPV6A8xe6_wZWvSJ6Q)

