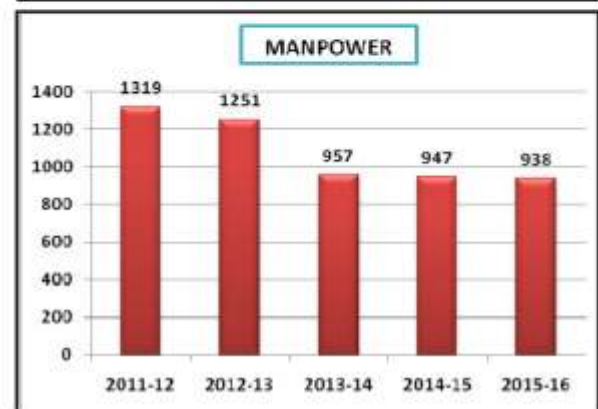
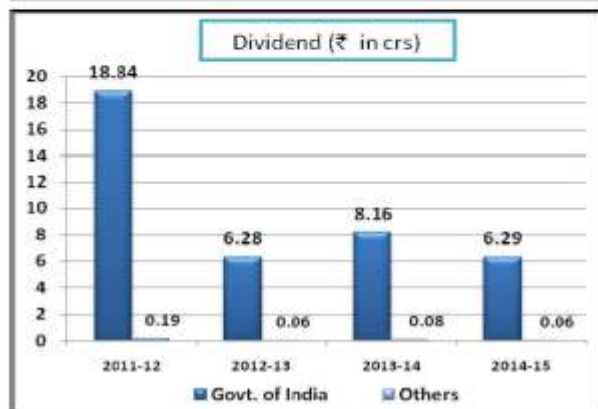
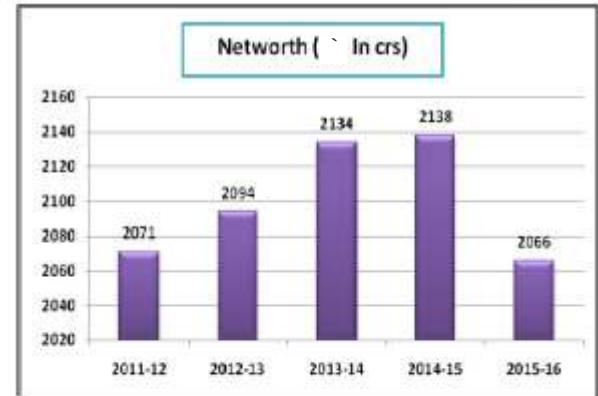
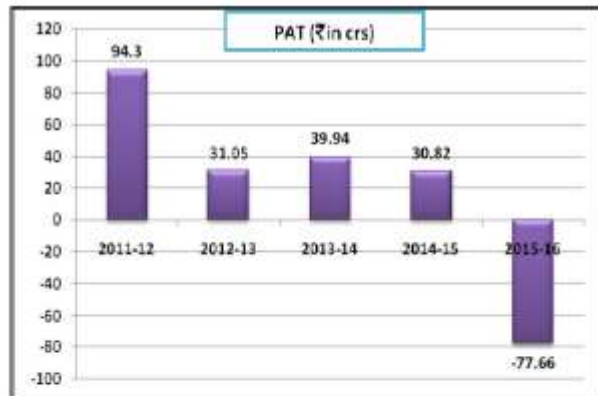
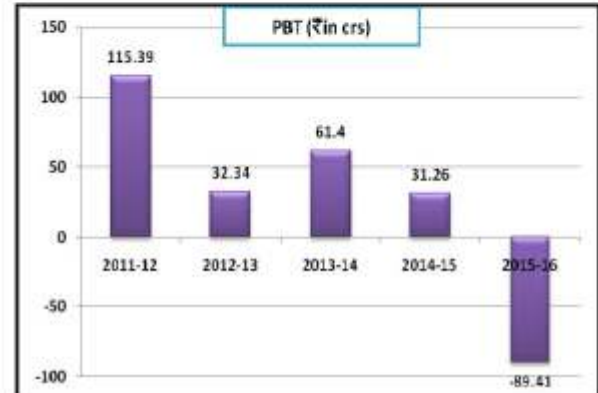
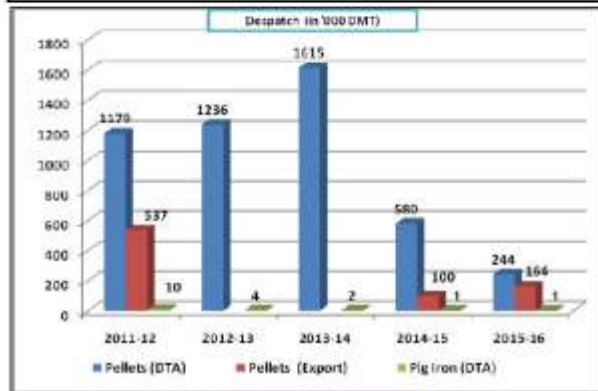
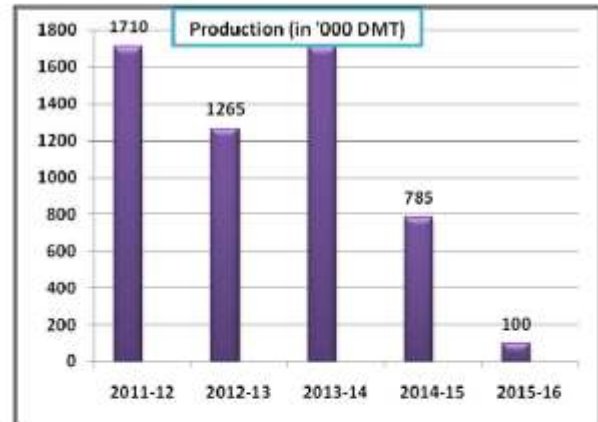
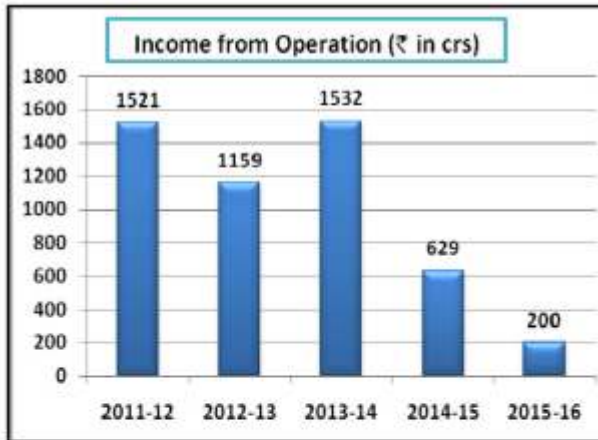




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KEY PERFORMANCE INDICATORS



BOARD OF DIRECTORS

(As on 31.03.2016)

EXECUTIVE DIRECTORS

SHRI MALAY CHATTERJEE
CHAIRMAN-CUM-MANAGING DIRECTOR
(DIN 00380683)

SHRI LAXMINARAYANA
DIRECTOR (FINANCE)
(DIN 03588092)

SHRI MV SUBBA RAO
DIRECTOR (COMMERCIAL)
(DIN 06495576)

SHRI N. VIDYANANDA
DIRECTOR (PRODUCTION & PROJECTS)
(DIN 06729244)

GOVERNMENT NOMINEE DIRECTORS

SMT. BHARATHI S. SIHAG
(DIN 02154196)

SHRI T. SRINIVAS
(DIN 07238361)

INDEPENDENT DIRECTORS

SHRI S. MANOHARAN
(DIN 03521659)

SHRI PK BAJAJ
(DIN 02216069)

DR. S. RAGHUNATH
(DIN 00458251)

DR. B.K. SAHOO
(DIN 02216069)

SHRI MADHAV LAL
(DIN 06547581)
(FROM 27.11.2015)



CORPORATE INFORMATION

COMPANY SECRETARY

Shri SK Padhi

LISTED AT:

Metropolitan Stock Exchange of India Limited (MSEI),
Vibgyor Towers, 4th Floor
Plot No C 62, G - Block,
Opp. Trident Hotel
Bandra Kurla Complex,
Bandra (E),
Mumbai – 400 098

DEPOSITORIES

National Security Depositories Ltd.
Central Depositories Services India Ltd.

REGISTRAR & SHARE TRANSFER AGENT

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

OUR BANKERS

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

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

Bank of India
UCO Bank
DCB Bank
YES Bank
AXIS Bank
IndusInd Bank

STATUTORY AUDITORS

Sundaram & Srinivasan
Chartered Accountants
C-204, Skyline Solstice Apartments,
Bhuvanagiri Main Road
Banasavadi, Bangalore-560043

INTERNAL AUDITORS

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

COST AUDITORS

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

SECRETARIAL AUDITORS

Shri Naman Gurusurthi Joshi,
M/s N.G. Joshi & Co.,
#12, 1st Floor, 72nd Cross, 5th Block
Rajajinagar, Bangalore -560010

MESSAGE FROM CHAIRMAN-CUM-MANAGING DIRECTOR



“Looking ahead, we have been evaluating interesting business opportunities for inorganic growth through acquisition of existing business houses which are under stress & require requisite skill set and expertise to revive the operations.”

Dear Shareholders,

It is my pleasure to present the Annual Report and Financial Statement of KIOCL for the year ended March 31, 2016. During fiscal 2016, we have witnessed unprecedented challenges owing to subdued activities in steel using sectors. Despite the macroeconomic challenges & under prevailing conditions, I can say KIOCL was able to deliver a relatively good result in comparison to other peer companies in the sector. This was possible only due to on time decisions taken by our Board to restrict production in order to minimize losses.

The fundamentals of KIOCL are quite strong combined with healthy liquidity & expert workforce in hand; we are focusing on our strategy & exploring to invest strategically in creating new growth vectors for the future, while continuing to drive our core to full potential. Our relentless efforts are shaping up gradually & delivering results, I am happy to share with you that Govt. of Karnataka has recommended for allocation of an Iron Ore block through reservation route recently. We intend to participate in the forthcoming auctions of C-Category Iron ore mines in Karnataka for raw material security. We have also signed number of MOUs with sister PSUs in the Centre & State for undertaking exploration & mining of minerals, setting up value addition plants in different parts of the country, academic institutions in R&D field etc. & we are sanguine that the same will materialize soon. Hence, we have chosen “एक टकितु भवषिय बनाने की दशिम में - **Towards creating a sustainable future**” as the theme for this Annual Report as it aptly reflects our determined efforts.

The global environment continues to be marked by economic and socio-political uncertainties. Emerging markets are grappling with tougher conditions, given the depreciating currencies and slower growth. Against the backdrop of weak global economy, Indian Government has launched a series of



initiatives to revive the economy, including building infrastructure in roads and railways, improving the ease of doing business, creating a more investor-friendly FDI policy regime, introducing banking reforms and targeting inflation. Consequently, our macroeconomic indicators have started to look better. India remains the fastest growing and developing economy last fiscal, clocking a 7.60 per cent GDP growth in fiscal year 2016, from 7.2 percent in fiscal year 2015.

Global crude steel production reached 1,622.8 Million tons (Mt) for the year 2015, down by 2.8% compared to 2014. Crude steel production declined in all regions except Oceania in 2015. The global steel industry is going through doldrums. Steel demand in 2016 is likely to decline owing to slower pace of economic growth across geographies. As a result, steelmakers are struggling to sustain margins with excess capacity worldwide and historically low prices. Exports from China continue to penetrate markets all over the world, exerting downward pressure on the price.

India emerged as the world's third-largest producer of crude steel, up from eighth position in 2003. The industry growth is driven by an availability of raw materials such as iron ore and cost-effective labour. India produced 89.6 MT crude steel in FY 2015-16, an increase of 7.7% since last year. In spite of numerous advantages, the domestic steel industries have been passing through a bad phase on the face of burgeoning imports, anemic demand & subdued prices, prompting the government to take a number of tariff & non-tariff measures in recent times.

Against this backdrop, the performance of KIOCL has been affected with this year's pellet production which stood at 1.00 lakh tons & dispatch of 4.09 lakhs as against last year's 7.85 Lakh Tons & 6.80 Lakh Tons respectively. The physical performance clearly dominated over the financial side, as KIOCL reported revenue of Rs.199.80 crores with negative EBITDA of Rs.66.40 crores & Net Loss of Rs.77.66 crores after adjustment of deferred tax.

We are working on various frontiers of Govt. of India initiatives like Make in India, Skill India, Swachh-Bharat-Abhiyan etc. After a successful maiden completion of the trial shipment, KIOCL is making concerted efforts to go for higher volumes in order to improve its capacity utilization and also earn precious foreign exchange for the country through 'Make in India' initiatives. In the sphere of skill development we have signed a MoU with National Skill Development Corporation (NSDC) on 28th December 2015 for collaboration to support skill development initiatives. In continuation to this, the Company has identified Skill Development Centre at Mangaluru for Skill Development activities and a MoU has been signed with Quess Corp Ltd., an approved agency of NSDC on 31st December 2015 with an objective to support and participate in National Policy on Skill Development, Government of India.

Looking ahead, we have been evaluating interesting business opportunities for inorganic growth through acquisition of existing business houses which are under stress & require requisite skill set & expertise to revive the operations. After complete exploration, we have approached Govt. of Odisha which is a mineral rich state for providing opportunities for setting up valuation addition plants for the growth of the Company as well as the State. The same was accepted by the State Government & offered us to submit the financial bid for acquisition of 51% stake alongwith Management Control in Industrial Development Corporation of Odisha Limited (IDCOL), a Govt. of Odisha Undertaking. The Company appointed professional consultants to carry out technical & financial due diligence of IDCOL & its group companies. Based on the recommendations of the Consultants, the Company has submitted the conditional financial bid in mid of April, 2016 and the same is under scrutiny at State Government

level. If it materializes, it will open up new vistas and put its footprint in the eastern part of the country.

KIOCL's Corporate Social Responsibility strategy is designed to ensure positive impact on the people and communities. We firmly believe that demonstrating good practice in all aspects of CSR creates long-term value for our shareholders. In response to Swachh Bharat- Swachh Vidyalaya mission launched by Hon'ble Prime Minister, KIOCL has constructed 26 Nos. of toilets & urinals and renovated/repaired 25 toilets & urinals in various Government schools in the State of Karnataka. Besides, several other CSR activities were undertaken in the areas of healthcare, education, community development etc.

I would like to take this opportunity to acknowledge the many contributions, dedication and commitment of all our team members, which makes our company thriving and successful. My deep appreciation to all our business partners, vendors and other business associates, for all their contributions. To the various central and state government authorities, I extend my thanks for their support. Finally, a special thank you to all our stakeholders for their interest, faith and encouragement through the years. We look forward to your continued support in the years ahead.

Best wishes,



Malay Chatterjee
Chairman-cum-Managing Director

10 YEARS AT A GLANCE

Particulars	Quantity in '000 Dry Metric Tonnes/ Rupees in lakhs									
	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
Production (quantity)										
a) Pellets	100	785	1710	1265	1710	2124	1273	1316	1927	630
b) Pig Iron							62	118	157	-
Capacity Utilisation (%)										
a) Pellets	3	22	49	36	49	61	36	38	55	18
b) Pig Iron	-	-	-	-	-	-	29	55	73	-
Sales (quantity)										
a) Pellets	409	680	1615	1236	1716	2090	1456	1131	1907	629
b) Pig Iron	-	1	2	4	10	20	95	74	170	-
Total Sales (US \$ Million) *	29.82	102.57	-	-	315.592	385.032	170.197	229.766	294.680	60.274
Export Sales (US \$ Million) *	10.74	12.14	-	-	93.162	164.725	51.690	166.143	197.825	10.340
DTA Sales (US \$ Million) *	19.08	90.43	-	-	222.430	220.307	118.507	63.623	96.855	49.934
Total Sales (in Rs. Lakhs) **	19980	62884	153237	115912	152108	180346	99272	122898	153011	26744
Export Sales (in Rs. Lakhs)	7217	7391	-	-	41818	74727	23938	71961	78732	4459
DTA & Indigenous Sales (in Rs. Lakhs)**	12763	55493	153237	115912	110290	105619	75334	50937	74279	22285
Gross Margin from operation	(22288)	(11535)	(5037)	(6847)	3252	7026	(20783)	(5692)	10375	(6839)
Income earned from Deposits etc.	15618	17508	15663	14439	13511	9230	7312	11910	11145	10065
Profit on sale of assets	24	63	4	7	4	5	7	7	26	-
Interest paid	-	-	-	-	-	-	-	2	611	15
Cash Profit	(6646)	6036	10630	7599	16767	16261	(13464)	6223	20935	3211
Depreciation & DRE	2300	3209	4232	4322	4090	3707	4949	4347	4912	3172
Profit before Prior period adjustment/ extraordinary items	(8946)	2827	6398	3277	12677	12554	(18413)	1876	16023	39
Prior period adjustment/extraordinary items	(6)	299	(258)	(43)	(1138)	(2559)	(1082)	542	(372)	1955
Profit before Tax (PBT)	(8952)	3126	6140	3234	11539	9995	(19495)	2418	15651	1994
Profit after Tax (PAT)	(7766)	3082	3994	3105	9430	7627	(17727)	2201	10816	1377
Dividend -to Government	-	628	816	628	1884	1570	-	629	2142	-
- to others	-	6	8	6	19	16	-	6	21	-
- Dividend Tax	-	127	140	108	316	263	-	108	368	-
- % of Share Capital	-	1.00%	1.30%	1.00%	3.00%	2.50%	-	1.00%	3.409%	-
Transfer to General Reserve	(7766)	2321	3029	2362	7210	5778	(17727)	1459	8285	1377
Paid-up Capital	63451	63451	63451	63451	63451	63451	63451	63451	63451	63451
No of shipments	7	15	42	24	38	44	32	25	43	17
Value added	3431	23095	29987	23530	33171	43848	5670	29368	43567	8591
No. of employees	938	947	957	1251	1319	1347	1362	1617	1642	1582
Value added per employee	3.66	24.39	31.33	18.81	25.15	32.55	4.16	18.16	26.53	5.43
Value added per Rupee payment to employee	0.29	1.75	1.98	1.52	2.33	3.43	0.46	2.27	4.28	1.62

Pellets includes Pellet Fines Pig Iron includes Auxiliary material

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

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

BOARD'S REPORT

Dear Members,

The Board of Directors hereby submit the reports of the business and operations of your Company ('the Company' or 'KIOCL') alongwith Audited Financial Statements, for the financial year ended March 31, 2016, together with the Auditors' Report and Comments on the Accounts by the Comptroller & Auditor General (C&AG) of India.

Results of our Operations:

During the fiscal year ended on March 31, 2016 the operating results were affected negatively due to subdued activity in steel sectors. Owing to reduced sales, the operating revenue declined by 68% on Y-o-Y basis. A summary results of our operations for the year ended March 31, 2016 vis-à-vis corresponding year is furnished as under:-

(Rs. in crores)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Gross Revenue from operations	199.80	628.84
Profit before Depreciation, Interest & Tax	(66.40)	63.35
Profit before Tax	(89.40)	31.26
Less : Provision for Taxes (including deferred taxes)	11.74	0.44
Profit after Tax	(77.66)	30.82
EPS (Basic & Diluted)	(1.22)	0.49

Dividend:

Your Directors have not recommended any dividend for the year ended 31st March 2016.

Business & Operational Overview:

During the year under review, the Company has produced 1.00 lakh Tons of Pellets against a target of 18.00 Lakh Tons thus achieving 6% of annual target. The Company recorded a negative growth of 87% over the previous year's production of 7.85 Lakh Tons. In domestic market, steel demand remained challenging during current financial year due to subdued activity in steel using sectors. The Company has been facing difficulty in utilizing the full production capacity of the Pellet Plant due to weakening of Chinese market and higher logistic costs involved in transportation of iron ore fines from Bailadila mine of NMDC. Added to this, most of the Integrated steel plants equipped themselves with captive Pellet Plants and Mini Steel Plants in Gujarat have completely shifted to the use of high grade imported lumps which also affected Company's pellet sales. During the year under review, the Company has achieved the sales

figures of 4.09 Lakh Tons as against 6.80 Lakh Tons sold in the previous year thereby recorded a decrease of 40% on Y-o-Y basis.

The operation of the Blast Furnace Unit continues to remain under suspension since 05.08.2009. However, in the prevailing scenario the commodity prices are under downward trend, the Company is exploring the possibilities to revive the operations.

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

Table 1 : Pellet Production Targets vis-a-vis Actual

(Qty. in Million Tons)

Year	MOU Target	Actual Production	Utilisation of Installed capacity in %
2015-16	1.800	0.100	3
2014-15	1.800	0.785	22
2013-14	1.700	1.710	49
2012-13	2,500	1.265	36
2011-12	3,000	1.710	49

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

Table 2 : Despatch Quantity with Value

(Qty. in Million Tons, Value : Rs. in Lakhs)

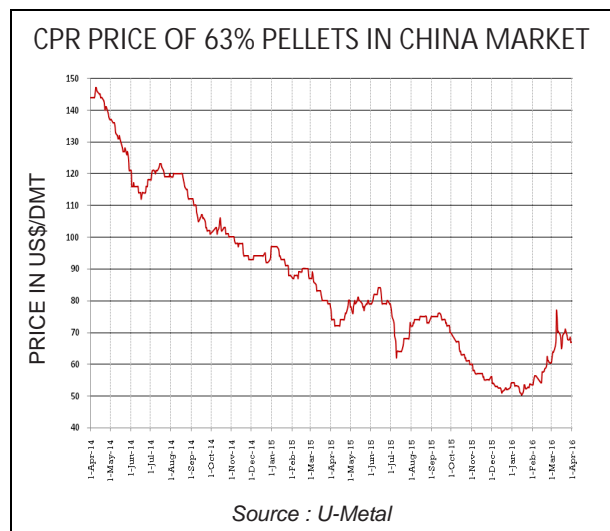
Year	Pellets		Pig Iron		Total	
	Qty.	Value	Qty.	Value	Qty.	Value
2015-16	0.409	19845	0.001	135	0.410	19980
2014-15	0.680	62687	0.001	197	0.681	62884
2013-14	1.615	153007	0.002	230	1.617	153237
2012-13	1.236	115252	0.004	660	1.240	115912
2011-12	1.716	150364	0.010	1744	1.726	152108

(Note : Pig Iron includes Auxillary)

MARKET SCENARIO

Throughout FY 2015-16, both domestic as well as international markets for iron ore & pellets remained weak. In the International market, the iron ore prices touched a decade low at US\$ 39.5 / MT CFR China for 63% Fe grade fines. The pellet prices also touched a low of US\$ 51/MT, CFR China. The market remained highly volatile. The average price of iron fines and pellets (63% Fe) plunged by about 37% & 38% respectively on Y-o-Y basis. Substantial slowdown in Chinese growth, a shift in the demand for Steel in China from infrastructure driven to consumption driven, continued flooding of the market with iron

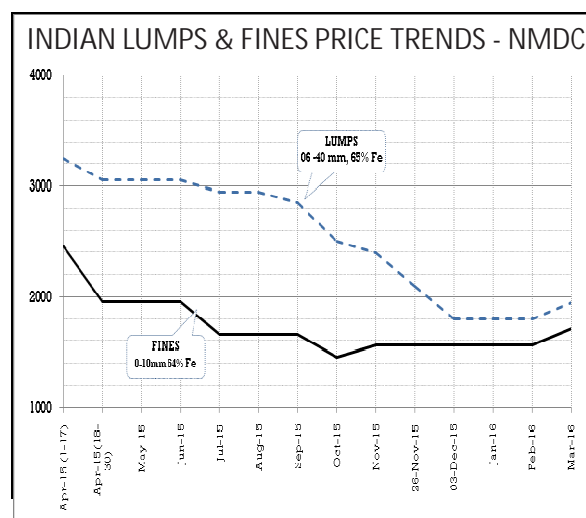
ore at highly competitive prices by the big three miners. Difficulties in corporate financing were some of the reasons for poor market conditions. Diminished demand for steel in China prompted Chinese Steel Manufacturers to export finished steel at highly competitive prices, striking down global steel prices. The global steel production was reduced by 2.8% from 1670.2 million tons in 2014 to 1622.8 million tons in 2015. Chinese steel production declined by 2.3% to 803.8 million tons. Even with this decline, production overshoot demand by around 130 million tons resulting in large scale exports flooding world steel markets, prompting governments to take protective measures.



Most of the major Steel Mills across the world suffered badly due to cheaper imports of Chinese steel. As a result, global pellet industry also suffered. Chinese Steel Mills preferred to use sinter and lumps in place of pellets forcing the spot pellet premium to remain very low. Continuous dumping of iron ore in the International market by three big miners, viz. VALE, Rio Tinto & BHP Billiton at predatory prices kept the high cost miners away from the market.

The year 2015 was marked by deflation of commodity prices globally bringing down steel prices. In the Indian context, the drop was steeper than that of other raw materials, leading to severe pressures on operating margins of Steel Plants. The over \$100 billion Indian Steel Industry struggled to counter predatory pricing and import glut that haunted the sector. Steel imports increased by 25.6 per cent to 11.71 million tons in the 2015-16, compared to 9.32 million tons in 2014-15. The domestic production of finished steel in the last financial year declined to 89.78 million tons, over 92.16 million tons in 2014-15. In order to protect Indian Steel Industry, Govt. of India introduced Safeguard Duty on certain categories of imported steel. Government also introduced Minimum Import Price on steel imported to India.

During FY 2016, the Indian iron ore market also witnessed steep drop in prices. Odisha and Chhattisgarh, two major iron ore producing states witnessed iron ore prices slashed by about 43%. Indian iron ore production has reached 155 million tons as against 129 million tons in FY15, registering annual growth rate of 23%. Significant increase in production has been witnessed in Odisha, Karnataka & Goa due to resumption of mining activities which were halted due to various legal issues. The iron ore production overshoot the demand, resulting in severe pressure on the prices. The iron ore lump prices witnessed a steeper drop vis-à-vis iron ore fines which severely affected the pellet market.



Cheaper import of high grade lumps captured entire coastal market including Gujarat, Goa, and Tamil Nadu etc. Most of the coal based sponge iron plants took longer shut-downs. Pellet premium also dropped by more than 50% in both domestic and International spot markets. These also affected the pellet market very badly. Further, rising imports on the back drop of falling international prices exerted pressure on domestic iron ore market.



Initiatives under “MAKE IN INDIA” Programme

Government of India has launched the “Make in India” programme, an initiative encouraging overseas companies to manufacture their products in India. The Company is an active partner to the Govt. of India's

programme as the Company's plants are strategically located on the west coast of India, with proximity to middle east/Iran markets where steel production is growing. Accordingly, maiden attempt was made during the year and one ship of high quality Iron ore concentrate from Brazil was imported and the same after conversion into pellets in our plant was exported to Iran. On successful completion of the trial shipment, the Company is making concerted efforts to go for higher volumes in order to improve its capacity utilization and also earn precious foreign exchange for the country.

Listing of Equity Shares with MSEI

Consequent upon receipt of listing permission from Metropolitan Stock Exchange of India Limited vide its circular No. MSEI/LIST/3829/2016 and letter No. MSEI/LIST/SL/2016/517 dated 10.02.2016 the Company's 634513800 equity shares are listed and admitted for dealing on Capital Market segment with symbol 'KIOCL' w.e.f. 12.02.2016. Further, the Company has signed listing agreement with Metropolitan Stock Exchange of India Limited.

Operation & Maintenance Vertical

The Operation and Maintenance vertical was created with basic objective to provide expert services to the Industry and helping them to improve their efficiency level. The portal is structured on a fee based interlinking with the number of engineers and support staff deployed to the concerned organization. At present, the following two contracts are under progress:-

- NMDC 1.89 mtpa beneficiation & 1.2 mtpa Pellet Plant at Donimalai, Karnataka;
- Orissa Mining Corporation's Chromite Ore Beneficiation Plant at South Kaliapani, Jajpur, Odisha

CAPEX & Growth Plans

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

- Reservation of Devadari iron ore block, Sandur Taluk, Bellary, Karnataka
The Company submitted detailed proposal to Secretary (Mines & MSME), Govt. of Karnataka on 25 July 2015 for reservation of Devadari iron ore block, Sandur Taluk, Bellary District over an area of

approx. 473.24 hectares of Iron Ore & Manganese under the provisions of section 17 A2(A) of MMDR Amendment Act, 2015. On site verification, Director of Mines & Geology, Bengaluru on 30.11.2015 has forwarded proposal to the Secretary to Government (MSME and Mines) for reservation of an area of 470.40 ha.

Govt. of Karnataka on 22.03.2016 recommended the proposal to Ministry of Mines, Govt. of India for reservation of an area of 470.40 ha in Devadari Range, Sandur Taluk, Bellary District for iron ore and manganese in favour of the Company, under the provisions of Section 17A(2) & 17A (2A) of MMDR Act, 2015.

- Chikkanayakanahalli Iron Ore mining

Govt. of Karnataka allocated Chikkanayakanahalli Iron Ore mining lease in block no.02 over an area of 116.55 Ha in Hombalghatta & Hosahalli villages in favour of the Company during 2008. During the joint survey, it was noticed that ML area of the Company with other 02 MLs are overlapping. Govt of Karnataka is yet to sort out the issue among all ML allottees and issue rectified sketch for obtaining from Forest Department & other agencies clearances.

Meanwhile, M/s Banshankari Mining Corporation filed a Writ petition in High Court of Karnataka. Hon'ble High Court passed an order dated 3rd September 2015 with the recording in order, that learned advocate of Banshankari submits that there has been no notification proposing to grant mining lease in favour of the Company, therefore irrespective of such settlement, the petitioner is entitled to receive entire 18 acres of land as there could not be any overlapping with the Company. In the above WP, the Company was not made a party. Therefore to bring the facts of the Company mining lease in respect of Hombalghatta and Hosahalli before Hon'ble High Court, a WP No.45745/2015 was filed by the Company. Hon'ble High Court of Karnataka on 23 March 2016 has given direction to Govt. of Karnataka for survey of entire Sarangpani area and to submit survey map by 2nd week of June 2016 to the Hon'ble High court.

- Exploration and Exploitation of Nemkallu Iron Ore deposit in Anathapuram

A MoU was signed among KIOCL, APMDC and RINL on 22 June 2013 for exploration and exploitation of Nemkallu iron ore deposit in Anathapuram Dist., of Andhra Pradesh. During the year Ministry of Mines, Govt. of India approved the proposal for reservation of iron ore deposit in favour of M/s. APMDC Limited.

Subsequently Govt. of Andhra Pradesh issued notification on 30 Nov 2015 reserving an area over an extent of 1327 hectares for iron ore in favour of M/s APMDC Limited under Section 17A(2) of the Mines and Minerals (D&R) Act, 1957. On receiving the forest clearance for exploratory drilling, work will be undertaken jointly with APMDC. The Company is having plans to set up suitable capacity beneficiation and Pelletization plant based on the feasibility study.

- Acquisition of equity stake in Industrial Development Corporation of Odisha Limited (IDCOL)

To capitalize on the emerging opportunities in the mineral rich State of Odisha, the Company had approached the Government of Odisha for setting up of value added Plants with assured iron ore linkage. In a meeting held on 13 May 2015 Govt. of Odisha decided to induct Central PSU as a

strategic investor in IDCOL, Odisha with equity participation along with Management Control. Govt. of Odisha communicated to the Company for submission of financial bid to acquire controlling stake in IDCOL. The Board of Directors agreed in principle for participation and advised to engage consultants for carrying out the due-diligence of IDCOL & its group Companies. Accordingly, the Company engaged technical consultant and Merchant Banker for due diligence and valuation of the equity of IDCOL to submit prudent offer to Govt. of Odisha. The due diligence is under process.

- MOU with West Bengal Mineral Development and Trading Cooperation (M/s WBMDTC)

The Company has entered into a MoU for Joint Venture with M/s WBMDTCL on 8 January 2016 for exploration and development of iron ore mines and for other minerals in the State of West Bengal. WBMDTCL and KIOCL will form Joint Venture Company in the ratio of 51% & 49%. As per MoU both partners will jointly identify iron ore blocks for allocation by the State Government in favour of JVC.

Other Projects:

Setting up 1.5 MTPA Pellet plant Greenfield Project at Bokaro Steel Plant, SAIL

M/s SAIL had floated a Limited tender enquiry for "Setting up of 1.5 MTPA capacity Pellet Plant at Bokaro Steel Plant on Build-Own-Operate (BOO) Basis". The Company submitted its bid on due date i.e. 2.5.2015. Negotiation of price is under discussion with M/s SAIL.

Joint Venture with NMDC & RINL for setting up of 13 mtpa Slurry pipeline, 8 mtpa Filter Plant and 6mtpa Pellet Plant

M/s NMDC and M/s RINL invited RFQ for selection of Joint Venture Partner for setting up of 13mtpa slurry pipe line from Nagarnar to Visakhapatnam and 6 mtpa Pellet Plant at Visakhapatnam in August 2013. The Company submitted its RFQ for the projected investment of Rs.6000 crores, to be funded through debt equity ratio of 65:35. NMDC and RINL together will hold 52% stake in the JV with management control. Other JV partners can hold 10% to 24% stake in the JVC. The Company has expressed its willingness to take 16% equity to the Company in the proposed JVC. The draft JV Agreement is under scrutiny.

Other Diversification - Mineral Exploration Field

Ministry of Mines, Govt. of India notified the Company as exploration entity on 16.02.2015 under second proviso of sub-section (1) of Section 4 of the Mines and Minerals (Development and Regulation) Act, 1957. This will facilitate the Company to take up prospecting operation & exploratory drilling of mineral deposits. The Company has opened Mineral Exploration Department to undertake prospecting and exploratory drilling of mineral deposits on behalf of Government of India and State Governments.

MoU PERFORMANCE

The Company has been signing MoU with the Ministry of Steel right from 1991-92. The performance of the Company was rated "FAIR" by the Department of Public Enterprises for 2014-15. The MoU evaluation for 2015-16 is under finalization.

ENVIRONMENTAL MANAGEMENT & POLLUTION CONTROL MEASURES

The Company is committed to preserve the ecology and prevention of pollution in its production activities and has been accredited with ISO 14001-2004 EMS.

Environmental Mitigation Initiatives

The initiatives and continued efforts taken up on the environmental management and pollution control measures during the year 2015-16 are mentioned below:-

- Mist type Sprinkler for a length of 295 Mtrs. has been completed. Large area Sprinklers have been installed for a length of 385 meters in the Pellet plant.
- The water Sprinklers already installed in the plant premises.
- Tree Park with 80 saplings developed in the plant area.
- Development of Tree Park at Pilikula Nisarga Dhama for the conservation of rare and endangered plant species of Western Ghats.
- Concreting of road for an additional length of 280 meters between Shed No.2 and Pellet stock yard has been completed.
- The upgraded Sewerage Treatment Plant is being maintained for re-cycling.
- The runoff water, floor washings and spillages are being recycled.
- The consents/authorizations are being renewed on schedule.
- Under Swachh Bharat Mission, cleaning campaign was taken up in the Company premises, township and surroundings.
- The standard norms prescribed by KSPCB in respect of air and water quality monitoring are being adhered to in all areas of work. The Company has complied with the requirement of battery management, hazardous waste management, bio-medical waste management, Water Act, Air Act and EP Act.
- The compliance status with respect to the conditions stipulated in the consents is being reported regularly to the concerned authorities. The compliance to consent conditions is satisfactory.

SAFETY

The Company has implemented the Occupational Health and Safety Management system as per OHSAS 18001. The Onsite emergency plan approved by the Director of Factories is in existence for both Pellet plant and Blast Furnace Unit. The safety committee meetings were conducted at regular intervals. Safety inspections were carried out regularly. The Company has observed National Safety Day on 4th March 2016. Onsite Emergency Mock drills are conducted once in 6 months to check the Emergency preparedness.

PUBLIC/STAFF GRIEVANCE REDRESSAL

The Company has framed a well defined grievance procedure evolved under the Code of Discipline since its inception. Grievances received are being redressed to the satisfaction of the aggrieved employees. With respect to public grievance, as and when any complaints are received from the public, necessary remedial action, if any, is taken by the Company immediately. Complaints/grievances other than the staff

grievance are categorized into customer/consumer complaints/grievances from the Contractors, NGOs/General Public etc. The respective project heads are empowered to dispose off the grievances concerning their areas and the general public. Linkage has been provided to Centralized Public Grievances Redressal & Monitoring System (CPGRAMS) with effect from 01.05.2011.

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

A Public Service Delivery (SEVOTTAM) has been created for assessing and improving the quality of services delivered to the citizens. The system also involves the identification of the services delivered, quality 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.

IMPLEMENTATION OF OFFICIAL LANGUAGE POLICY

The 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.

During the year, Hindi workshops & orientation programmes are conducted regularly to create awareness, impart training and encourage the employees to carry out their Official work in Hindi. Hindi Fortnight was celebrated at all locations of the company during September 2015. The 10th issue of "Deepika" brought under TOLIC banner was released.

The Company is the Convener of Bengaluru Town Official Language Implementation Committee (undertakings) and conducts regular meetings and Joint Hindi Month programmes for all Central PSUs in Bengaluru. The meetings were conducted on 31st July and 21st December 2015.

In recognition of TOLIC activities for the Year 2014-15, TOLIC (Undertakings) Bengaluru stood first & was awarded Rajbhasha Kirti Purskar (Shield) by Govt of India, Ministry of Home Affairs on 1st September 2015. The award was conferred by His Excellency the President of India Shri Pranab Mukherjee.

TOLIC (undertakings), Bengaluru won first prize for best performance in implementation of Official Language in 'C' region for the year 2014-15 constituted by Govt of India, Ministry of Home Affairs, Department of Official Language. The prizes were distributed in the South & South Western Regional Official Language Conference held at Kochi on 19th February 2016.

ISO CERTIFICATION

The 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.

MANPOWER PROFILE

As on March 31, 2016, the Company had 938 employees on rolls comprising of 313 Executives including Non-Unionized Supervisors (33.4%), 625 Non executives (66.6%).

Table: 3 show the number of SCs, STs, women employees, Ex-servicemen and PwD as against the total number of employees in different Groups on rolls of the Company as on 31.03.2016.

Table 3 : Representation of Man Power

Group	Total No. of employees on rolls	SC	ST	No. of Women Employees	Ex-Serviceman	PwD
A	265	44	13	12	-	5
B	48	3	2	6	1	-
C	584	89	30	10	1	5
D	37	4	6	-	-	-
D (Sweepers)	4	3	-	1	-	3
Total	938	143	51	29	2	13

VOLUNTARY RETIREMENT SCHEME

In order to further rationalize the manpower, VR scheme was introduced during the year and remained operational till 24th March 2016.

COMPLIANCE UNDER THE PERSONS WITH DISABILITIES ACT, 1995

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

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

The Company has adopted an Anti Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. The Company has constituted Internal Complaint Committees in two locations to redress sexual harassment complaints. During the year, no complaint was reported.

INDUSTRIAL RELATIONS AND EMPLOYEES WELFARE

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

HUMAN RESOURCE DEVELOPMENT

A series of initiatives were taken towards human resource development by the Company which includes in-house training programmes to enhance skills, nomination for various seminars and conferences. During the year, 3317 man days of training was imparted to the employees.

SKILL INDIA INITIATIVES

The Company has taken skill development initiative and signed a MoU with National Skill Development Corporation (NSDC) on 28th December 2015 for collaboration to support skill development initiatives. In

continuation to this, to develop skill excellence at Mangaluru, the Company has identified Skill Development Centre at Mangaluru for Skill Development activities and MoU signed with Quess Corp Ltd. (Formerly IKYA Human Capital Solutions), an approved agency of NSDC on 31st December 2015 with an objective to support and participate in National Policy on Skill Development, Government of India.

AWARDS AND RECOGNITIONS

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

- Rajbhasha Kirti Puskara (Shield) from His Excellency the Hon'ble President of India.
- First prize for implementation of Official Language in 'C' region for the year 2014–15.

VIGILANCE

The Company has an independent vigilance department headed by the Chief Vigilance Officer. 'Preventive vigilance' has been the thrust area of Vigilance Department all these years and the same has received focused attention during the year. A climate of preventive vigilance is created to sensitize officials at all levels about the ill effects of corruption and malpractices. Vigilance Awareness Week was observed from 26th October 2015 at all the locations/offices of KIOCL Limited and workshops and seminars were conducted during the week.

Procurement by tendering-cum-e-reverse auction is in vogue from September 2010. The threshold value fixed for contracts at Rs.5 lakhs and above. During the FY 2015-16, 96.23% of cases by value are covered under e-reverse auction. All payments above the threshold value of Rs.1 lakh are being made through electronic mode. During FY 2015-16, 99.5% of the cases by value are covered under electronic mode. During the year, 44 work/purchase/sale orders have been issued incorporating Integrity Pact clause, covering 96.99% of contracts by value. No complaints have been received under IP. Vigilance Department conducted 8 training programmes at three different locations, covering 685 man hours on topics such as Preventive Vigilance as a tool for Good Governance, Lokpal & Lokayukta Act 2013, & Preventive Vigilance, etc.

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 Government of India guidelines as per MSMED Act 2006. The following benefits are extended for the MSEs as per Govt. Guidelines:

- The Company has identified 85 items, which have been reserved for exclusive purchase from Micro and Small Enterprises.
- MSEs are exempted from payment of tender document fee & earnest money deposit (EMD)
- If the price quoted by the MSE in a Tender is within the price band of L1+15% of the price quoted by a firm other than MSE, then the MSE is allowed to bring down the price to match the L1 price and supply up to 20% of the total tender value, of which 4% is for MSEs owned by SC/ST. In case of more than one such MSEs, the supply is shared proportionately.

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

Table 4: Annual Procurement through MSEs

Sl. No.	Particulars	2015-16	2012-2016 (for last 4 Yrs.)	Target for 2016-17
1.	Total annual procurement (excluding Raw Material, Imported items, Capital items and POL)	4.47	39.80	
2.	Total value of goods and services procured from MSEs (Including MSEs owned by SC/ST entrepreneurs)	1.04	8.07	20 (Min)
3.	% of procurement from MSE (Including MSEs owned by SC/ST entrepreneurs) out of total procurement	23.34	20.29	
4.	% of procurement from MSEs owned by SC/ST entrepreneurs out of total procurement	-	-	4
5.	Total number of vendor development programmes for MSEs	Once in 6 months	Once in 6 months	Once in 6 months

RIGHT TO INFORMATION

Under the Right to Information Act, 2005, the Company has set up an exclusive Right to Information Act outfit to provide information and bring transparency. As per the requirement of section 4(1) (b) of the Act, general information's required to be provided to citizens are displayed on Company's website, www.kioclltd.in. The Company has nominated Public Information Officers and Appellate Authorities in all its 3 locations (Corporate Office & Pellet Plant / Project Site) to provide information to the applicants. During FY 2015-16, Company received twenty-five applications and queries under RTI and same were disposed off as per the provisions of the Act.

DIRECTORS AND OTHER KEY MANAGERIAL PERSONNEL

The Board consists of eleven members, four of whom are executive or whole-time Directors, two are non-executive Directors representing Ministry of Steel & five 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

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

Woman Director

In terms of the provisions of Section 149 of the Companies Act, 2013 and Regulation 17(1) (a) of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, for the year ended 31st March 2016 the Company had one Women Director on its Board.

Changes in the composition of the Board of Directors

During the year under review, Shri Madhav Lal (DIN 06547581) was appointed as Independent Director for a period of three years or till further orders. The proposal for appointment of Shri Madhav Lal (DIN 06547581) as Director is being placed before the shareholders for approval; the relevant details form a part of the AGM notice.

Appointments/Resignations of the Key Managerial Personnel

None of the Key Managerial Personnel had resigned or were appointed during the year under review.

Directors Retiring by Rotation

In terms of Section 152 of the Companies Act, 2013, Shri Malay Chatterjee & Smt. Bharathi S Sihag being longest in the office shall retire at the ensuing AGM and being eligible for re-appointment, offers himself/herself for re-appointment.

Number of meetings of the Board

The Board met 5 times during the financial year, the details of which are given in the Corporate Governance Report. The maximum interval between any two meetings did not exceed 120 days, as prescribed in the Act. The meetings were conducted in compliance with Secretarial Standard on Meetings of the Board of Directors (SS-2) issued by The Institute of Company Secretaries of India (ICSI).

Directors' Responsibility Statement

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

- 1) In the preparation of the annual accounts for the financial year ended March 31, 2016, the applicable accounting standards had been followed.
- 2) They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit & loss of the Company for that period.
- 3) They have 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.
- 4) They have prepared the annual accounts on a going concern basis;
- 5) They have laid down internal financial controls, which are adequate and are operating effectively.
- 6) They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate & operating effectively.

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 2016-17. The Statutory Auditors Report on Accounts of the Company for the financial year ended March 31, 2016 alongwith Management's replies thereto are annexed.

The Comptroller & Auditor General of India (C&AG) vide its letter dated 08.06.2016 has given "NIL" comments on the accounts of the Company for the year ended March 31, 2016. Copy of the same is annexed to the report.

Cost Auditors

Pursuant to Section 148 of the Companies Act, 2013 read with The Companies (Cost Records and Audit) Amendment Rules, 2014, the cost audit records of the Pellet Plant Unit of the Company is required to be audited. The Board on the recommendations of the Audit & Risk Management Committee appointed PKR & Associates LLP, Cost Accountants, Bengaluru to audit the cost accounts of the Company for the financial year 2016-17 on a remuneration of Rs.50000/- plus applicable taxes.

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

The cost audit report for the financial year 2014-15 was filed with the Ministry of Corporate Affairs on 21.09.2015. The Cost Audit Report for FY 2015-16 is under finalization and will be submitted to the Ministry of Corporate Affairs within the prescribed period.

Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed, M/s NG Joshi & Co., Company Secretaries, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company for the financial year 2015-16. The Secretarial Audit Report alongwith Managements Reply. thereto are annexed.

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 <http://www.kioclltd.in/downloads/CSR%20POLICY.pdf>. The statutory disclosures with respect to the CSR Committee and an Annual Report on CSR activities is attached and form a part of the Board Report.

CORPORATE GOVERNANCE

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

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report for the year under review as stipulated under Regulation 34(3) read with Para B of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 is presented in a separate section forming part of this Annual Report.

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.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

No loan, guarantee or investment made by the Company under section 186 of the Companies Act, 2013 during the financial year 2015-16.

EXTRACT OF ANNUAL RETURN

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

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

No related transactions entered into with Related Parties as defined under the Companies Act, 2013 and Regulation 53(f) and Para A of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 during the financial year 2015-16 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 during the financial year which were in conflict with the interest of the Company. The Board has approved a Policy on materiality of related party transactions & dealing with related party transactions, which is available on the Company website.

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

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

PARTICULARS OF EMPLOYEES

Ministry of Corporate Affairs vide its notification dated 5th June 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 FY 2015-16.

ACKNOWLEDGEMENT

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

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

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

For and on behalf of the Board of Directors



(Malay Chatterjee)
Chairman-cum-Managing Director

Date : 02.08.2016
Place: Bengaluru

REPORT ON CORPORATE SOCIAL RESPONSIBILITY

As a socially conscious corporate, KIOCL is contributing significantly towards community development in and around its project sites to ensure that people living in the vicinity of its projects, especially the tribal communities in the surrounding areas, are benefited directly and indirectly through various development projects.

As part of its initiatives under “Corporate Social Responsibility” (CSR), the Company has undertaken projects in the areas of Education, Community Development, Health, Water, Sanitation etc. The corporate systems and processes are strengthened with the formation of Board level CSR Committee and Company level internal committees at Unit level to provide direction and oversee the CSR initiatives.

For the FY 2015-16 the CSR fund of Rs.96.50 lakhs allocated in line with Section 135 and Schedule VII of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014. The CSR expenditure incurred by the Company was Rs.64 lakhs. The highlights of CSR activity details are as under:-

Swachh Bharat-Swachh Vidyalaya Abhiyan

Under Swachh Bharat-Swachh Vidyalaya Abhiyan, KIOCL has taken up the project of upgradation of dysfunctional toilets of colleges identified from MHRD website.

In Govt PU College-Bandri, 2 Toilets and 6 Urinals were upgraded and in Govt Girls PU College-Sandur, 7 toilets and 10 urinals were upgraded and overhead tanks, washing, health sanitation system was provided.

In Mangaluru, Company had constructed a toilet complex consisting of 4 Lavatories, 16 urinals & 5 Wash basins at Sri Satya Sai PU College, Alike, Sullia Village, Facilities like Sanitation, Washing are also provided for usage of students.



Upgraded Toilet

Maintenance of Toilets

One of the prime objectives of Swachh Bharat – Swachh Vidyalaya is to maintain and ensure hygienic toilets at Schools. KIOCL has taken up the maintenance of previously constructed toilets in 7 schools during the year 2014-15 at Bengaluru, Mangaluru and Chickmagaluru Districts for a period of three years under Corporate Social Responsibility.

Providing 20 Nos. of Toilets to 20 Houses of BPL families

KIOCL has constructed 20 toilets for BPL families at Balpa Village. Balpa is one of the villages in Karnataka identified under Sansad Adarsha Grama Yojna to transform it to a model village to realize the Adarsha Gram dream of Prime Minister. This project is taken up under the community development of socially under privileged & economically weaker sections of the society and also under "Swachh Bharat initiative". About 20 families who fall under Below Poverty Line (BPL) are benefitted under this CSR Activity.

Awareness Programme for promoting usage of Toilets in Schools

KIOCL has taken up awareness programmes in schools at Mangaluru. Four Government schools have been identified for the programme falling under the vicinity of Mangaluru Establishment. Hygiene kits were distributed to students in the schools. Posters about personal health & hygiene and proper usage of toilets were designed, printed and provided to schools.



Awareness Programme in Schools

Rural Development Projects



CMD handing Cheque towards Green Initiative Projects

KIOCL took up Green Initiative Project at Ragihalli village near Bannerghatta, Bengaluru identified under Sansad Adarsha Grama Yojana to transform it to a model village to realize the Adarsha Gram dream of Hon'ble Prime Minister. Under Green Initiatives, KIOCL has supported to plant 1000 medicinal and revenue generating plants. In addition, KIOCL also supported the procurement & installation of metallic bins for collecting plastic wastage.

Kitchen Equipments to Janaseva Vidyakendra, Magadi Road, Bengaluru

To support education in rural areas, KIOCL Limited has supported Janaseva Vidya Kendra near Magadi Road to procure Kitchen Equipments to carry out uninterrupted supply of meals on daily basis to poor students of rural areas. The major objective of this project is to eliminate class room hunger and help students to concentrate on class room activities.

Sponsor of Cataract Surgery

KIOCL sponsored cataract surgeries for 100 patients from rural areas and economically weaker section of the Society through Sankara Eye Hospital, Bengaluru for their "Gift of Vision" programme which is a rural community outreach programme rendering eye care services.

Medical Assistance to Poor/BPL families

KIOCL supported poor families by providing medical assistance through CSR to enable them to overcome difficulties in medical emergencies. KIOCL supported the surgery of 2 girls at Kudremukh, suffering from metaphyseal dysplasia. KIOCL also supported medical expenditure incurred towards heart operation to one of the patient at New Delhi. In addition, KIOCL supported the treatment of immunology underwent by one of the patient at Bengaluru.

Scholarship to meritorious students of Poor/BPL families

To support education of meritorious students belonging to poor families and reduce school dropout due to financial problems, KIOCL Limited has provided scholarship of Rs.5000/- each to 20 meritorious students belonging to poor/BPL families identified in Govt Schools at Bengaluru and Mangaluru under Corporate Social Responsibility.



Scholarship to meritorious students

Construction of School building

DKZP Higher primary School, Tannerbaavi, Panambur located near Pellet Plant Unit, Mangaluru has about 300 dwellings, consisting mainly economically and socially backward groups who are dependent on the School for education of their children. KIOCL supported this school by providing a new school building. In addition, roof sheet to the pathway leading to toilets has also been provided which will help the children during monsoon.

Provision of water lines for Sanitation and Drinking water

Six backward areas / colonies were surveyed by the CSR Committee along with the volunteers of Kalpa Trust. KIOCL selected the emerging Porkodi Colony for all round development in a span of three years. One overhead tank of 50,000 Liters capacity was constructed and provided by KIOCL in the year 2014-15. During current FY the water distribution system from bore well pump to the overhead tank & overhead tank to individual houses of the colony were provided by KIOCL.

School Uniforms to Primary Students

Shri Rama Vidya Kendra is an educational Institution situated in rural area at Kalladka. It has facilities for providing education from pre-schooling to degree level. To support students belonging to economically weaker section of the society in rural areas, KIOCL has provided assistance for procurement and distribution of school uniforms to primary school students under Corporate Social Responsibility.

Solar powered Street Lights

Mudar Village falls between Mangaluru & Kudremukh route. This village needed proper lighting facility and as it comes under hilly terrain, KIOCL has provided 40 Solar powered Street Lights. This project also promotes renewable energy concept in rural areas and brings down the electricity consumption.

REPORT ON CORPORATE GOVERNANCE

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

COMPANY'S PHILOSOPHY

The Corporate Governance Policy of KIOCL rests upon the four pillars of Transparency, Full Disclosures, Independent Monitoring and Fairness to all. The Company believes that conducting the business in a manner that complies with the Corporate Governance procedures and code of conduct, exemplifies each of our core values and positions us to deliver long-term returns to our Shareholders, favorable outcomes to our customers, attractive opportunities to our employees and making the suppliers our partners in progress & enriching the society. The Company has set itself the objectives of expanding its capacities and becoming more competitive in its business. As a part of its growth strategy, the Company believes in adopting the 'best practices' that are followed in the area of Corporate Governance across the country. The Company emphasizes the need for full transparency and accountability in all its transactions, in order to protect the interest of all its stakeholders.

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

POLICIES

The Board has formulated several policies as mandated by the Securities and Exchange Board of India (Listing Obligations and Disclosure) Regulations, 2015 and are hoisted on weblink http://www.kioclltd.in/Policy_invest.shtml.

BOARD OF DIRECTORS

COMPOSITION OF THE BOARD

KIOCL is a Government Company with the meaning of Section 2(45) of the Companies Act, 2013. The appointment/nomination of all Directors is done by the President of India, through the Ministry of Steel. The existing Articles of Association of the Company stipulate that the number of directors shall not be less than five and not more than thirteen. The current Board of Directors of the Company comprises eleven Directors, including four functional directors, two Directors nominated by Ministry of Steel and five 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 Director on its Board. One independent Director Post is laying vacant in pursuance to regulation 17 of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 and DPE guidelines on Corporate Governance for CPSE's. The Board of Directors of the Company comprises personalities who are accomplished, eminent professionals of the highest standing, having proven track records in diverse fields and have been appointed to the Board in line with the statutory provisions under the Companies

Act 2013 and Articles of Association of the Company. The Board diversity policy is available on Company's weblink <http://www.kioclltd.in/downloads/Policy-on-Diversity-of-the-Board.pdf>.

ATTENDANCE AT BOARD MEETING, LAST AGM AND DIRECTORSHIPS HELD

As mandated by para 'C' of Schedule V read with regulation 53(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, none of the Directors are members of more than ten Board level Committees nor are they Chairman of more than five Committees, in which they are members. The composition of Board of Directors during 2015-16 is given in Table 1.

Table 1: COMPOSITION OF THE BOARD OF DIRECTORS

Name of Director (S/Sri/Smt.)	Category	Attendance at Board meeting/ Total Meetings after appt. as Director	Whether attended last AGM (Yes/No)	No. of Director ships**	Number of Committees#	
					Member	Chairman
Malay Chatterjee (DIN 00380683)	Executive	5/5	Yes	-	-	-
Laxminarayana (DIN 03588092)	Executive	5/5	Yes	-	-	-
M.V. Subba Rao (DIN 06495576)	Executive	5/5	Yes	-	-	-
N. Vidyananda (DIN 06729244)	Executive	5/5	Yes	-	-	-
Bharathi S. Sihag* (DIN 02154196)	Non-Executive	3/5	No	7	1	1
Smt. Urvilla Khati* ¹ (DIN 07011413)	Non-Executive	1/1	No	5	-	-
T. Srinivas* ² (DIN 07238361)	Non-Executive	4/4	No	-	-	-
S. Manoharan (DIN 03521659)	Independent	5/5	Yes	-	-	-
P.K. Bajaj (DIN 02216069)	Independent	3/5	No	-	-	-
S. Raghunath (DIN 00458251)	Independent	3/5	No	3	-	-
B.K. Sahoo [@] (DIN 00160494)	Independent	4/5	Yes	7	1	-
Madhav Lal* ³ (DIN 06547581)	Independent	1/1	NA	-	-	-

Notes: # chairpersonship and membership of audit committee and stakeholders relationship committee alone considered

* Nominees of Govt. of India

** Other than KIOCL

@ Chairman Audit Committee

1. Ceased to be Director w.e.f. 15.07.2015.

2. Appointed as Director w.e.f. 15.07.2015

3. Appointed as Director w.e.f. 27.11.2015

NUMBER OF MEETINGS OF THE BOARD HELD AND DATES ON WHICH HELD

The Board met five times during the financial year on 27.05.2015, 17.07.2015, 11.08.2015, 05.11.2015 and 13.01.2016. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013

DISCLOSURE OF RELATIONSHIPS BETWEEN DIRECTORS INTER-SE

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

NUMBER OF SHARES HELD BY NON-EXECUTIVE DIRECTORS

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

FAMILIARISATION PROGRAMME IMPARTED TO INDEPENDENT DIRECTORS

During the year under review company has not conducted any familiarization programme for Independent Directors. However, Company is 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

No resolution was passed through circulation during the financial year 2015-16.

DECLARATION OF INDEPENDENCE

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

BOARD MEETINGS AND PROCEDURE

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

All the relevant information as specified in regulation 17(7) read with Part A of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and Annexure – IV of the guidelines on Corporate Governance for CPSE's issued by DPE is placed before the Board. The agenda notes are circulated to the Directors in advance of each meeting of the Board of Directors. Where it is not practical to send the relevant information as a part of the agenda papers, the same is tabled during the meeting. The presentation covering the Company's performance, operations and business strategy are also made to the Board. The Board also reviews periodically the compliance status of all the applicable laws. The members of the Board have complete freedom to express their opinion and have unfettered and complete access to information in the Company.

The Company presents a comprehensive Action Taken Report of the previous meetings to the Board of Directors at the ensuing Meetings.

CODE OF CONDUCT

In pursuance to Regulation 17(5), 26(3) and Schedule - V (D) of SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015 and DPE guidelines, Code of Conduct as applicable to Board level and below Board level i.e. one grade below Board level up to General Manager Cadre is in existence. The same is also available on the website of the Company i.e. www.kioclltd.in. The Code of Conduct is incorporated with the duties of Independent Directors as laid down in the Companies Act, 2013 and aligned with Company's mission and objectives and aims at enhancing ethical and transparent process in managing the affairs of the Company.

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

PROHIBITION OF INSIDER TRADING

In compliance to regulation 8 & 9 of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulation, 2015, Board of Directors of your Company has approved "Code of Practices & Procedures for Fair Disclosure of Unpublished Price Sensitive Information and Conduct of Regulating, Monitoring & Reporting of Trading by Insiders of KIOCL Limited" and is placed on Company's weblink <http://www.kioclltd.in/downloads/Insider-Trading-Policy-of-KIOCL.pdf>. The concerned persons defined under the code should obtain the 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.

DIRECTORS SHAREHOLDING

Sri Laxminarayana, Director (Finance) holds 100 equity shares in his personal capacity. No other Director is having shareholding in your Company as on 31.03.2016.

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. Currently, the Board has following five Committees:

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

AUDIT & RISK MANAGEMENT COMMITTEE

BRIEF DESCRIPTION OF TERM'S OF REFERENCE

The Company has an Audit 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.

COMPOSITION OF THE COMMITTEE

The Audit & Risk Management Committee consists of five Independent Directors and one Functional Director. The Chairman of the Committee is an Independent Director. The majority of the Audit Committee members have accounting and financial management expertise. Director (Finance), Chief of Internal Audit are the permanent invitees to the meeting. 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 26.05.2015, 17.07.2015, 04.08.2015, 04.11.2015, 13.01.2015 & 20.03.2016. The time gap between two Audit Committee meetings is not more than one hundred and twenty days. During the year under review, the Audit Committee met with Statutory Auditors and the Internal Auditor and Cost Auditors to get their inputs on significant matters relating to their areas of audit.

The Composition of the Audit & Risk Management Committee as on 31.03.2016 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)	Category	Attendance
B. K. Sahoo, Chairman	Independent Director	6/6
S. Manoharan, Member	Independent Director	6/6
P. K. Bajaj, Member	Independent Director	5/6
S. Raghunath, Member	Independent Director	4/6
Madhav Lal ¹ , Member	Independent Director	1/1
MV Subba Rao, Member	Director (Commercial)	6/6

1. Appointed as member of Audit Committee w.e.f. 13.01.2016.

NOMINATION & REMUNERATION COMMITTEE

Brief Description of Terms of Reference

KIOCL has constituted a Nomination & Remuneration Committee (N&RC) and has been functioning in the Company w.e.f. 16.05.2014 with terms of reference in pursuance to Section 178 of the Companies Act, 2013 read with rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 19 and Part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

Composition of the Committee

The Nomination & Remuneration Committee consists of three Independent Directors and one Functional Director. The Chairman of the Committee is an Independent Director. Company Secretary acts as a Secretary to the Committee.

Meeting and attendance during the year

The Committee met thrice in the financial year under review on 14.06.2015, 04.08.2015 & 07.09.2015. The attendance of the members at the meetings are given at Table 3.

Table 3: Attendance Record of Nomination & Remuneration Committee Meeting

Name of Director (S/Shri)	Category	Attendance
S. Raghunath, Chairman	Independent Director	2/3
S. Manoharan, Member	Independent Director	3/3
BK Sahoo, Member	Independent Director	3/3
Laxminarayana, Member	Director (Finance)	3/3

Performance evaluation criteria for Independent Directors

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

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

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

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

The Committee met thrice during the year under review on 08.05.2015, 04.08.2015 & 17.11.2015.

The composition of the Corporate Social Responsibility Committee as on 31.03.2016 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)	Category	Attendance
S. Manoharan, Chairman	Independent Director	3/3
S. Raghunath, Member	Independent Director	3/3
Laxminarayana, Member	Director (Finance)	2/3
N. Vidyananda, Member	Director (P & P)	3/3

(Sri PK Bajaj, Independent Director attended CSR Committee Meeting held on 17.11.2015 as an invitee).

STAKEHOLDERS RELATIONSHIP COMMITTEE

In pursuance to Section 178 of the Companies Act, 2013 read with Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 20 and Part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, a Stakeholders Relationship Committee has been constituted by the Board and has been functioning in the Company w.e.f. 16.05.2014.

The constitution of the Committee is as under:

Name of Director (S/Shri)	
Category	
B.K. Sahoo, Chairman	Independent
Director	
S. Manoharan, Member	Independent
Director	

SCORES

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

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

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

The Committee met thrice during the year under review on 04.11.2015, 23.12.2015 & 20.03.2016.

The composition of the Investment, Project Appraisal & Monitoring Committee as on 31.03.2016 and the attendance of the members at the meeting are given at Table 5.

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

Name of Director (S/Shri)	Category	Attendance
S. Manoharan, Chairman	Independent Director	3/3
P.K. Bajaj, Member	Independent Director	3/3
S. Raghunath, Member	Independent Director	2/3
B K Sahoo, Member	Independent Director	3/3
Madhav Lal ¹ , Member	Independent Director	1/1
Laxminarayana, Member	Director (Finance)	3/3
N Vidyananda, Member	Director (P & P)	3/3

1. Appointed as Member of the Committee w.e.f. 13.01.2016.

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 13.06.2015 to discuss issue as defined in the Para VII of Schedule IV of Companies Act, 2013 and DPE guidelines. All the Independent Directors were present at the Meeting.

PERFORMANCE EVALUATION OF THE BOARD

The Companies Act, 2013 requires 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 notification dated 5th June 2015 exempted Government Companies from the applicability of clause (p) of sub-section (3) of Section 134 of the Companies Act, 2013 regarding evaluation of the Board, as the Directors of the Government

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

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

REMUNERATION TO DIRECTORS

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 & Managing Director and other Functional Directors indicate the detailed terms & conditions of their appointment, including the period of appointment, scale of pay, dearness allowance, entitlement to accommodation etc., and it also indicates that in respect of other terms & conditions not covered in the letter, the relevant rules of the Company shall apply.

Pursuant to the provisions of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the details of remuneration paid to the Functional Directors during 2015-16 are annexed to this report.

NON-OFFICIAL PART TIME GOVT. NOMINEE DIRECTORS

Non Official Part Time Government Nominee Directors are not paid any remuneration and not paid sitting fees for attending Board Meetings. None of the Govt. Nominee Directors have any pecuniary relationship or transactions with the Company during the year.

INDEPENDENT DIRECTORS

Independent Directors are paid sitting fee of 20,000/- per meeting of the Board and 15,000/- per meeting of the Committee of the Board attended which is 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 FY 2015-16 are annexed to this report.

Neither there was payment of commission to the Board of Directors nor any stock option scheme offered to them during the year.

EXTRACT OF ANNUAL RETURN

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

RATIO OF REMUNERATION TO EACH DIRECTOR

Ratio of remuneration to each Director in pursuance to Section 197(12) of the Companies Act, 2013 read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed to this report.

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

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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS U/S 186

No loan, guarantee or investment made by the Company under Section 186 of the Companies Act, 2013 during the financial year 2015-16.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

No 'Related Party Transactions' entered into with 'Related Parties' as defined under the Companies Act, 2013 and Regulation 2(1) (zb) & (zc) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the financial year 2015-16 which attract the provisions of Section 188 of the Companies Act, 2013. There were no materially significant transactions with related parties during the financial year which were in conflict with the interest of the Company. The Board has approved a Policy on materiality of related party transactions & dealing with related party transactions, which has been uploaded on the Company's website.

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

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

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

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

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

ADDITIONAL DISCLOSURES

In pursuance to Regulation 26 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, none of the Directors on the Board is member of more than ten Committees or act as chairperson of more than five Committees, across all listed entities in which he 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 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 & Exchange Board of India (SEBI), quarterly audit of the Company's share capital is being carried out by an independent external auditor with a view to reconcile total share capital admitted with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) and held in physical form, with the issued and listed capital. The certificate is regularly submitted to the Stock Exchange.

GENERAL BODY MEETING

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

Date	AGM	Location	Time	Special Resolution Passed
Sept. 07, 2015	39th *	Registered Office at Bengaluru	12 Noon	No Special Resolution Passed
Sept. 06, 2014	38th		12 Noon	No Special Resolution Passed
Aug. 30, 2013	37th		12 Noon	One 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).

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

Details of special resolution proposed to be conducted

No special resolution is proposed to be conducted during the 40th Annual General Body Meeting.

EXTRAORDINARY GENERAL MEETING

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

MEANS OF COMMUNICATION

Company's quarterly financial results, official news releases and other general information about the Company are uploaded on the Company's website i.e. www.kioclltd.in. The quarterly financial results of the Company are generally published in the Financial Express & Vijayavani. Date of Board meeting to adopt financial results, date of Annual General Meeting and Postal Ballot etc., are also published in News papers. Presentation made to investors at investors meet held on 04-03-2016 at Mumbai is uploaded on company website under weblink: http://www.kioclltd.in/shareholders_communication.shtml.

GENERAL SHAREHOLDERS INFORMATION

ANNUAL GENERAL MEETING FOR THE YEAR 2015-16

Day and Date	Saturday, 24.09.2016
Time	12.00 Noon
Venue	Pellet Auditorium, KIOCL Limited, II Block, Koramangala, Bengaluru – 560034

FINANCIAL YEAR

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

NAME & ADDRESS OF STOCK EXCHANGE

The Equity Shares of the Company are listed on :-
 Metropolitan Stock Exchange of India Limited (MSEI)
 Vibgyor Towers, 4th Floor, Plot No C 62, G - Block
 Opp. Trident Hotel, Bandra Kurla Complex
 Bandra (E)
 Mumbai – 400 098

PAYMENT OF LISTING FEE

Listing fees for the year 2015-16 has been paid.

STOCK CODE - KIOCL

MARKET PRICE DATA

There was no trading reported at Metropolitan Stock Exchange during the financial year 2015-16.

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

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

REGISTRARS AND TRANSFER AGENTS & DP

M/s Integrated Enterprises (India) Ltd
Regd. Office: 30, Ramana Residency,
4th Cross, Sampige Road, Malleswaram,
Bengaluru – 560003
Tel. No.: 080-23460815-18
Email id: irg@integratedindia.in

SHARE TRANSFER SYSTEM

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

SHAREHOLDERS PATTERN AS ON 31.03.2016

Category	Number of Shares	Shares in Dematerialized mode	Shares in Physical Mode	% age of Share-holding
Central Govt./State Govt.(s)	628144130	628144130	-	99.00
Mutual Funds/UTI	2270100	1936667	333433	0.36
Financial Institutions/Banks	800000	800000	-	0.13
Insurance Companies	2778300	2778300	-	0.44
Bodies Corporate	205382	205082	300	0.03
Resident Indians & others	315888	207312	108576	0.05
Total	634513800	634071491	442309	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, 2016, 99.93% of the Company's total paid up Capital representing 634,071,491 shares is in dematerialized form.

OUTSTANDING GDRS/ADRS/WARRANTS

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

PLANT LOCATIONS

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

ADDRESS FOR INVESTOR CORRESPONDENCE

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

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

TRANSFER OF UNPAID/UNCLAIMED DIVIDEND AMOUNT TO IEPF.

In compliance to Section 125 of the Companies Act, 2013, the Company has transferred unclaimed Dividend of amount upto the year 2007-08 to Investor Education & Protection Fund (IEPF) as set up by Government of India. Members who have so far not en-cashed their dividend warrants are requested to write to the Company/Registrar to claim the same, to avoid transfer to IEPF. The information on unclaimed dividend is posted on the website of the Company under URL: http://www.kioclltd.in/shareholders_communication.shtml.

DETAILS OF RESOLUTION PASSED THROUGH POSTAL BALLOT

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

FINANCIAL CALENDAR FOR 2016-17 (TENTATIVE)

Financial Report for the Quarter ending June 30, 2016	Within 45 days of the end of each quarter.
Financial Report for the Quarter ending September 30, 2016	Within 45 days of the end of each quarter.
Financial Report for the Quarter ending December 31, 2016	Within 45 days of the end of each quarter.
Financial Report for the Quarter ending March 31, 2017	Within 60 days of the end of the financial year.
Annual General Meeting for the year 2016-17	Last week of September, 2017

BOOK CLOSURE

The Register of Members and Share Transfer Books of the Company shall remain closed from 17.09.2016 to 24.09.2016 (Both days inclusive).

LISTING ON STOCK EXCHANGES

The Equity Shares of the Company are listed on 'Metropolitan Stock Exchange of India Limited (MSEI) and Listing fees for the year 2015-16 have been paid.

LISTING ON METROPOLITAN STOCK EXCHANGE OF INDIA LIMITED (MSEI)

Metropolitan Stock Exchange of India Limited vide its circular No. MSEI/LIST/3829/2016 and letter No. MSEI/LIST/SL/2016/517 dated 10.02.2016 listed and admitted KIOCL's 634,513,800 equity shares for dealing on Capital Market segment with symbol 'KIOCL' w.e.f. 12.02.2016.

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 being annexed with the Directors Report. The quarterly report on compliance with the Corporate Governance requirements prescribed by DPE is also sent to Administrative Ministry regularly.

REGISTERED OFFICE

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

OTHER DISCLOSURES

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

A.	Disclosures on materially significant related party transactions that may have potential conflict with the interests of listed entity at large;	No related transactions entered into with Related Parties as defined under the Companies Act, 2013 and Regulation 53(f) and Para A of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 during the financial year 2015-16 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	Not Applicable

	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;	
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 hoisted 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;	http://www.kioclltd.in/downloads/Related-Party-Transaction-Policy-of-KIOCL.pdf
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 one Independent Director Post is lying vacant.

THE EXTENT TO WHICH THE DISCRETIONARY REQUIREMENTS SPECIFIED IN PART E OF SCHEDULE II HAVE BEEN ADOPTED

A.	THE BOARD A non-executive chairperson may be entitled to maintain a Chairperson's Office at the listed entity's expense and also allowed reimbursement of expenses incurred in performance of his duties.	Currently, Chairman is an Executive Chairman.
B.	SHAREHOLDER RIGHTS A half-yearly declaration of financial performance including summary of the significant events in last six-months, may be sent to each household of shareholders.	Results are placed on the Company website and published in leading newspapers.
C.	MODIFIED OPINION(S) IN AUDIT REPORT The listed entity may move towards a regime of financial statements with unmodified audit opinion.	Statutory Auditors have given unmodified opinion in Form-A on the financial results ended on 31 st March 2016.

D.	SEPARATE POSTS OF CHAIRPERSON & CEO The listed entity may appoint separate persons to the post of Chairperson and Managing Director or Chief Executive Officer.	Ministry of Steel has appointed Chairman-cum-Managing Director and there are no separate persons to the post of Chairperson and Managing Director or Chief Executive Officer.
E.	REPORTING OF INTERNAL AUDITOR The internal auditor may report directly to the Audit Committee.	Internal Auditors reports to Audit Committee.

COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS

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

MANAGEMENT DISCUSSION AND ANALYSIS

A. INDUSTRY STRUCTURE AND DEVELOPMENT

World crude steel production in 2015 was about 1,623 million tons, a decrease of 2.8 per cent y-o-y. The iron ore production reached 1,948 million tonnes, down 6 per cent on 2014 the effect on the iron ore market was that, after a long period of rapid growth, demand leveled off. The price of iron ore fell to a 10 year low price of about US \$39 per ton during 2015-16. Reorientation of China's economic strategy brought the growth of steel sector almost to a halt, and signs of demand picking up in other parts of the world were not enough to offset China's slowdown. At the same time, the world's largest iron ore mining companies not only expanded production in Australia, but also elsewhere, leading to a substantial supply overhang. Closures of capacity, particularly in China, were not large enough to offset these expansions and many mining projects under development were halted or shelved.

It is reported that the world iron ore market will be characterized by potential or actual oversupply for a few more years to come. This will prevent prices from accentuating above a certain level.

Indian steel and iron ore markets were also confronted with very poor market conditions during FY 2015-16. The price drop was very steep leading to severe pressure on operating margins of steel plants. Indian steel industry severely struggled to counter predatory pricing of imported steel. Steel imports increased by 25.6 per cent to 11.71 million tons in the FY 2015-16. The domestic production of finished steel in the last financial year was decreased by about 1.9% to 90.39 million tons. In order to protect Indian Steel Industry, Govt. of India introduced Safe Guard Duty on certain categories of imported steel. Govt. also introduced Minimum Import Price on steel imported into India.

During 2015-16, the Indian iron ore market also witnessed steep drop in prices. Odisha and Chhattisgarh, two major iron ore producing states witnessed iron ore-prices falling by about 43%. Indian iron ore production is expected to touch 155 million tons, an increase by about 20% in FY16 as against 129 million tons in FY15. Significant increase in production has been witnessed in Odisha, Karnataka & Goa due to resumption of mining activities which were halted due to various legal issues. The iron ore production over shot the demand putting severe pressure on the prices. The iron ore lump prices witnessed a steeper drop vis-à-vis iron ore fines which severely affected the pellet market.

During 2015-16, KIOCL dispatched 4,08,965 DMT of pellets out of which 1,64,549 DMT of pellets were exported. KIOCL has been facing difficulty in utilizing the full production capacity of the pellet plant due to weakening of China market and higher logistic costs involved in movement of iron ore fines from Bailadilla deposits of NMDC. Moreover, most of the Integrated Steel Plants equipping themselves with Captive Pellet Plants and Mini Steel Plants in Gujarat completely shifting to usage of high grade imported lumps also affected KIOCL pellet sales

According to the World steel Economics Committee, the economic environment facing the steel industry may continue to be challenging. China's slowdown is expected to have global impact. In 2016, demand for steel in China is expected to contract further. India's prospects are expected to brighten in 2016 due to low oil prices, the reform momentum and policies to increase infrastructure and manufacturing output. World steel has reported that India's steel demand is expected to increase by 5.4% in both 2016 and 2017.

B. SWOT ANALYSIS

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

Strengths

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

Weakness

- Raw material sourcing
 - Lack of a captive mine since 2006
 - Inability to procure iron ore fines from Karnataka through e-auction
 - Dependence on iron ore fines procured from other states
 - Formal tendering process must be adopted for all procurement and sales.
- Logistics
 - Pellet Plant located away from mine head as well as domestic consumer locations.
 - High logistics cost for transportation of Iron Ore Fines.
- Single product portfolio.
 - No major control over quality of pellets due to direct consumption
 - Single product portfolio since BFU operation is suspended.
- Low operational efficiency
 - Manual unloading of iron ore at railway siding and higher cost of production due to low plant capacity utilization
 - Lack of forward or backward integration for its blast furnace unit.
- High average age of manpower and most of them concentrated in a single location.

Opportunities

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

Threats

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

C. PRODUCT-WISE PERFORMANCE

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

(Qty. in Million Tons)

Year	MoU Target	Actual production	Utilisation of installed capacity in %
2015-16	1.800	0.100	3
2014-15	1.800	0.785	22
2013-14	1.700	1.710	49
2012-13	2.500	1.265	36
2011-12	3.000	1.710	49

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

D. OUTLOOK

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

The Company proposes to set up a permanent railway siding facilities along with bulk material handling system at about 3 kms from Pellet Plant unit of KIOCL, Panambur, Mangaluru. The estimated cost is Rs.303 crores. Based on the project report, major portion of the land required for creating the infrastructure has already been acquired through M/s Karnataka Industrial Area Development Board (KIADB) and from other private parties. In the original alignment of the railway track, there was a diamond crossing. From the safety point of view, Southern Railways are not allowing any diamond crossing for the railway tracks. Meanwhile Southern Railway informed that they are in the process of establishing a full-fledged station at Jokatte which is very close to KIOCL's siding take off point. As such, only one entry take off is sufficient from Kankanady side and thus by avoiding the diamond crossing issue. The Govt. of Karnataka has assured sanctioning of 470.40 hectares of mining land at Devadari in Sandur taluk, Bellary District in favour of KIOCL Limited. Once, the mine is allotted, the mining can commence in 2 to 3 years time. Meantime, KIOCL shall have their own Railway siding facility at Mangaluru for transportation of iron ore from the mine.

O & M vertical will facilitate KIOCL to utilize its experienced manpower for operating the NMDC plants and it will be for the gainful utilization of the resources available for mutual benefit of both the CPSUs.

A tripartite MoU among M/s. KIOCL, M/s.APMDC and M/s.RINL was signed on 22.06.2013 for exploration and exploitation of Nemkallu Iron Ore deposit in Ananthapur Dist. of Andhra Pradesh. Govt. of Andhra Pradesh issued notification dated 30th 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 of Nemkallu (Village), Bommanahal (Mandal) and Hirdahal & Obulapuram (Village) of D'Hirehal (Mandal), Ananthapur District in favour of M/s Andhra Pradesh Mineral Development Corporation Limited (APMDC) under Section 17A (2) of the Mines and Minerals (D&R) Act, 1957. On receiving forest clearance for exploratory drilling, the same will be undertaken by APMDC and KIOCL jointly. Based on the feasibility, KIOCL will set up suitable capacity beneficiation and pelletization plant.

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

E. RISKS & CONCERNS

The main risks and the areas of concern for the Company is non-availability of captive mines and increasing merchant and captive Pellet Plant capacities in the country. Continuous import of DR grade

pellets and lump ore at competitive prices by Integrated Steel Plants put pressure on Indian Pellet prices alongwith high logistic cost for raw materials. Due to un-economical price of Pig Iron, Blast Furnace Unit was shut down w.e.f. 05.08.2009.

F. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company implemented Risk Based Internal Audit (RBIA) in 2011 and same is in place. Risk Based Internal Audit (RBIA) was conducted in all the departments unit wise during the year 2015-16. It helps to strengthen the Internal Control Systems of the Company which is very important to ensure compliance of audit related regulatory guidelines, to bring the desired improvement and give timely feedback to the Top Management for taking-up immediate corrective steps. The report of Internal Auditors is placed before the Audit & Risk Management Committee on quarterly basis.

G. FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

a. The Financial performance of the Company for the year 2015-16 in brief is furnished below:

(Rs. in Crores)

Particulars	2015-16	2014-15
Sales	199.80	628.84
Profit /(Loss) Before Tax for the year	(89.40)	31.26
Profit /(Loss) After Tax	(77.66)	30.82

b. Cash Flow Information : An abstract of Cash Flow Statement for the year ended on 31st March, 2016 is as under :

(Rs. in Crores)

A)	Opening cash and cash equivalents as at 01.04.2015	434.46
B)	Net cash from operating activities	(39.39)
C)	Net cash from investing activities	41.70
D)	Net cash used in Financing Activities	(7.61)
E)	Cash and Cash equivalent as at 31.03.2016	429.16

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

The Company aims at providing motivation and growth opportunities for employees. It also encourages them and creates an environment for best utilization of their skills in achieving the Company's objectives. During the year under report 3317 Man days training for both Executives and Non-executives were provided. Industrial Relations situation remained peaceful throughout the year. As on March 31, 2016, Company had 938 employees on rolls comprising of 313 Executives including Non-Unionized Supervisors (33.4%), 625 Non executives (66.6%).

I. DISCLOSURE OF ACCOUNTING TREATMENT (SCHEDULE V(B)(2))

In the preparation of financial statements, no treatment different from that prescribed in the Accounting Standard has been followed.

J. CAUTIONARY STATEMENT

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

ANNEXURE TO BOARD'S REPORT

COMPLIANCE WITH CODE OF CONDUCT

In pursuance to the provisions of Companies Act, 2013 ("the Act"), Regulation 17 (5) & 26 (3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and as per Clause 3.4 and the guidelines on Corporate Governance for Central Public Sector Enterprises issued by Department of Public Enterprises, the Board of Directors has laid down a Code of Conduct for all Board Members and Senior Management Personnel of the Company.

I, hereby declare that the Board Members and the Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct during the year 2015-16.



(Malay Chatterjee)

Chairman-cum-Managing Director &
Chief Executive Officer

Place: Bengaluru
Date: : 18.05.2016

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 2016 and that to the best of our knowledge and belief:
 - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) To the best of our knowledge and belief, no transactions were entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct;
- c) We accept the responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and we have taken steps to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee-
 - i) significant changes in internal control over financial reporting during the year;
 - ii) significant changes in Accounting Policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.



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



(Laxminarayana)
Director (Finance) &
Chief Finance Officer

Place: Bengaluru
Date: 25.05.2016

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31.03.2016

[Pursuant to section 204(1) of the Companies Act, 2013 and rule
No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Shareholders,
KIOCL Limited

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

Based on my/our verification of the KIOCL LIMITED books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I/We hereby report that in my/our opinion, the company has, during the audit period covering the financial year ended on 31.03.2016 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 on 31.03.2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made hereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made hereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (vi) Other Industry specific following laws applicable to the company
- a) The Mines Act 1952.
 - b) The Mines and Minerals (Development and Regulation) Act, 1957.
 - c) The Mines and Minerals (Development and Regulation) Bill, 2011
 - d) The Water (Prevention & Control of Pollution) Act, 1974, Read with Water (Prevention & Control of Pollution) Rules, 1975,
 - e) Environment (Protection Act), 1986.
 - f) The Air (Prevention & Control of Pollution) Act, 1981 [Read With The Air (Prevention & Control Of Pollution) Rules, 1982]
 - g) Factories Act, 1948.
 - h) Contract Labour (Regulation and Abolition) Act, 1970.
 - i) Payment of Wages Act, 1936.
 - j) The Minimum Wages Act, 1948.
 - k) Payment of Gratuity Act, 1972.
 - l) Industrial Employment (standing orders) 1946

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India
- (ii) The Listing Agreements entered into by the Company with Madras Stock Exchange upto 14.05.2015 & Metropolitan Stock Exchange w.e.f. 12.02.2016.

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

1. As per the secretarial standards, resolution number has to be mentioned in the form and even company also mentioning the number of board resolution but which is not matching.

2. Company has not maintained minimum level of public shareholding; as stipulated in Regulation 38 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 read with Rule 19(2) and Rule 19A of the Securities Contracts (Regulation) Rules, 1957, however with the amendment to Rule 19A, the Company has time upto 21.08.2017 to bring down its holding to 75% to comply with the relevant regulations.
3. In the financial year Company's independent director's strength is less than 50% as required under regulation 17(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.
4. The Board at its 235th meeting held on 11/08/2015 had approved the CSR plan alongwith budget of Rs. 96.50 lakhs for the FY 2015-16 which includes Rs. 67.88 lakhs i.e. 2% of last three years average profit calculated u/s 135 of the Companies Act, 2013, Rs. 9.00 lakhs carried forward from the FY 2014-15 and Rs. 19.62 lakhs over and above the statutory requirement. As against the same the actual amount utilized during FY 2015-16 was Rs. 64.00 lakhs, thereby a resulting shortfall of Rs. 3.88 lakhs unspent for 2015-16

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors strength was less than 50%. The changes in the composition of the Board of Directors that took place during the period under review were carried out & discrepancy in compliance with the provisions of the Act observed.

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

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

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

Sd/-

NAMAN GURUMURTHI JOSHI
PRACTICING COMPANY SECRETARY
CP : 9579 M.No. F8389

Date : 26.05.2016
Place : Bengaluru

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

'ANNEXURE A'

To,
The Shareholders,
KIOCL Limited

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

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

Sd/-

NAMAN GURUMURTHI JOSHI
PRACTICING COMPANY SECRETARY

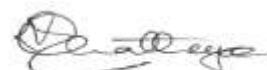
CP : 9579 M.No. F8389

Date : 26.05.2016

Place : Bengaluru

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

Auditors Report Para No.	Comments / Observations	Reply by the Company
1.	As per the secretarial standards, resolution number has to be mentioned in the form and even company also mentioning the number of board resolution but which is not matching.	In Form MGT 14 & MR 1 filed with MCA on 23.06.2015 and 10.07.2015 respectively inadvertently the Board Resolution was not put in the forms however the dates of board meetings were filled in the forms.
2.	Company has not maintained minimum level of public shareholding; as stipulated in Regulation 38 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 read with Rule 19(2) and Rule 19A of the Securities Contracts (Regulation) Rules, 1957, however with the amendment to Rule 19A, the Company has time upto 21.08.2017 to bring down its holding to 75% to comply with the relevant regulations.	The observation is self-explanatory.
3.	In the financial year Company's independent director's strength is less than 50% as required under regulation 17(1) (b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.	This is a factual position.
4.	The Board at its 235 th meeting held on 11/08/2015 had approved the CSR plan alongwith budget of Rs. 96.50 lakhs for the FY 2015-16 which includes Rs. 67.88 lakhs i.e. 2% of last three years average profit calculated u/s 135 of the Companies Act, 2013, Rs. 9.00 lakhs carried forward from the FY 2014-15 and Rs. 19.62 lakhs over and above the statutory requirement. As against the same the actual amount utilized during FY 2015-16 was Rs. 64.00 lakhs, thereby a resulting shortfall of Rs. 3.88 lakhs unspent for 2015-16	The same is explained in detail in Annual Report on CSR activities forming part of Board' Report.



(Malay Chatterjee)

Chief Executive Officer &
Chairman-cum-Managing Director

Place : Bengaluru
Date : 02.08.2016

ANNEXURE TO BOARD'S REPORT

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To,
The Board of Directors
KIOCL Limited
Bangalore

We have examined all relevant records of M/s. KIOCL Limited, for the purpose of certifying compliance of the conditions of Corporate Governance pursuant with SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 for the financial year ending March 31, 2016.

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, 2016 *except the following*:-

- i. *One Independent Director Post remains vacant which is not in conformity with DPE guidelines on Corporate Governance and regulation 17(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.*

The members of the Nomination and remuneration Committee includes one Executive Director which is not in compliance with Regulation 19(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015. The non compliance is for the period from December 01, 2015 till March 3, 2016.

- ii. *Ministry of Finance, Department of Economic Affairs vide notification dated 22nd August 2014 had increased the public shareholding from 10% to 25% for listed Public Sector Companies. Currently KIOCL is having public shareholding of only 1.0039%. Hence the Company is required to take necessary actions to bring down its holding to 75% upto 21.08.2017 to comply with the minimum requirement of 25% public shareholding in conformity with regulation 38 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 read with Rule 19(2) and Rule 19A of the Securities Contracts (Regulation) Rules, 1957.*

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

Sd/-

Name: **S.N.Mishra**
Company Secretary

C. P. No. : 4684

FCS No. : 6143

Place: Bengaluru
Date : May 25, 2016

ANNEXURE TO BOARD'S REPORT

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

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

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

2. **Composition of the CSR Committee:**

(S/Sri)

S. Manoharan, Independent Director, Chairman

S. Raghunath, Independent Director, Member

Madhav Lal, Independent Director, Member

Laxminarayana, Director (Finance), Member

N. Vidyananda, Director(P&P), Member

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

Average net profit: Rs.33.94 crores

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

The Company is required to spend Rs.67.88 Lakhs towards CSR

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

a. Total amount spent & provided for the financial year 2015-16: Rs.96.50 Lakhs

b. Amount unspent, if any: Nil

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

(Rs. in Lakhs)

Sl. No.	Projects / Activities	Sector	Locations Districts (State)	Amount Outlay (Budget) Project or Program wise	Amount Spent on the project or programs	Cumulative Expenditure upto reporting period	Amount spent Direct
(1)	(2)	(3)	(4)	(5)	(6)*	(7)*	(8)*
1.	Upgrade/Repair dysfunctional Toilets in School/College in Sandur Taluk-Bellary District under "Swachh Bharat Swachh Vidyalaya Abhiyan"	Sanitation/ Swachh Vidyalaya Abhiyan	Bellary Karnataka	6	6	6	6
2.	Green Initiatives through Rural Development Projects	Rural Development Project/ Environment sustainability	Bengaluru Karnataka	5	5	5	5
3.	Providing toilets near Corporate office Bengaluru for general public	Swachh Bharath Abhiyan	Bengaluru Karnataka	6	-	-	-

4.	Providing Kitchen Equipments to Janaseva Vidyakendra, Magadi Road, Bengaluru	Promotion of Education	Bengaluru	1	1	1	1
5.	Maintenance of Toilets in Madiwala PU College, Bengaluru constructed under Swachh Bharath-Swachh Vidyalaya Abhiyan during 2014-15 for the period of three years	Sanitation and Public Health in Educational Institution	Bengaluru Karnataka	0.25	0.25	0.25	0.25
6.	Sponsor of Cataract Surgery to Poor, through Sankara Eye Hospital Bengaluru (100 No's)	Promotion of Health	Bengaluru Karnataka	5	5	5	5
7.	Medical Assistance to BPL families	Promotion of Health	Bengaluru Karnataka	2.25	2.25	2.25	2.25
8.	Scholarship to meritorious students belonging to poor/BPL families in and around Bengaluru identified in Govt High-Schools	Promotion of Education	Bengaluru Karnataka	0.50	0.50	0.50	0.50
9.	Upgrade/Repair dysfunctional Toilets in Alike Satya Sai PU College under "Swachh Bharath Swachh Vidyalaya Abhiyan"	Sanitation/ Swachh Vidyalaya Abhiyan	Mangaluru Karnataka	16	16	16	16
10.	Construction of school building for Dakshina Kannada Zilla Panchayat Lower Primary School, Tanneerbavi, Panambur, Mangaluru	Promotion of Education	Mangaluru Karnataka	8	8	8	8
11.	Provision of Water lines for Sanitation & drinking from Over Head tank (Built by KIOCL) to the resettlement Colony of SC/STs at Porkodi, Mangaluru	Community Development	Mangaluru Karnataka	2	2	2	2
12.	Awareness Programme towards promoting usage of toilets in the school.	Sanitation and Public health in educational institution	Mangaluru Karnataka	1	1	1	1
13.	Providing School Uniforms to Primary Students of Shri Rama Vidya Kendra, Kalladka, Dakshina Kannada	Promotion of Education	Mangaluru Karnataka	2	2	2	2
14.	Construction of toilets near Balpa Village, Sulia Taluk for general public	Swachh Bharath Abhiyan	Mangaluru Karnataka	6	6	6	6
15.	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	Sanitation and Public Health in Educational Institution	Mangaluru/ Chikmagalur Karnataka	1.5	1.5	1.5	1.5
16.	Solar powered Street Lights at Bajagoli near Mangaluru	Rural Development Projects Environment Sustainability	Mangaluru	7	7	7	7

17.	Scholarship to meritorious students belonging to poor/BPL families in and around Mangaluru identified in Govt High-Schools	Promotion of Education	Mangaluru Karnataka	0.50	0.50	0.50	0.50
18.	Providing Pure Drinking Water facility with Reverse Osmosis in PURI Jagannath Temple-Odisha	Safe Drinking Water	Bhubaneshwar Odisha	7.5	-	-	-
19.	Construction of Community Centre in Kaliapani, Odisha	Rural Development Projects	Kallapani Odisha	5	-	-	-
20.	Providing Community Toilets in Odisha	Swachh Bharath Abhiyan	Kallapani Odisha	14	-	-	-
				96.50	64	64	64

*Amount spent is excluding provision made during the year

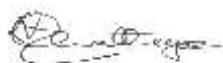
6. In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report

The Board at its 235th meeting held on 11/08/2015 had approved the CSR plan alongwith budget of Rs. 96.50 lakhs for the FY 2015-16 includes Rs. 67.88 lakhs i.e. 2% of last three years average profit calculated u/s 135 of the Companies Act, 2013, Rs. 9.00 lakhs carried forward from the FY 2014-15 and Rs. 19.62 lakhs was added over and above the statutory requirement.

As against the same the actual amount utilized during FY 2015-16 was Rs. 64.00 lakhs, thereby a shortfall of Rs. 3.88 lakhs unspent for 2015-16, because the amount was allotted for construction of toilets at Madiwala market near Corporate office (Sl.No.3). However due to local resistance this issue could not be resolved by concerned government authority, and the project could not be executed as planned. The unspent amount of Rs. 32.50 Lakhs (including Rs. 3.88 lakhs) will be carried to the FY 2016-17 budget.

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

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



(Malay Chatterjee)

Chairman-cum-Managing Director



(S. Manoharan)

Chairman, CSR Committee

Date : 05.06.2016

Place: Bengaluru

ANNEXURE TO BOARD'S REPORT

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

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

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

A. CONSERVATION OF ENERGY

a) Steps for utilizing alternate sources of energy.

A proposal has been initiated for installation of a 150 KW Roof Top Solar plant in CPP and administrative building. The proposal is under discussion and consideration.

As part of our effort towards cutting down the cost of energy consumed we have purchased almost 70% of our total energy utilized in PP Unit from IEX and saved Rs.93,13,188/- in the year 2015-16.

Another cost saving measure was to reduce the Contract Demand (CD) from 32 MVA to 30 MVA thus reducing Rs.2,55,000/- from the monthly electricity bills. The CD has been further reduced to 20 MVA from April 2016 onwards due to lower level of production activities

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

- As per the recommendation of the Energy Audit conducted by M/s. PCRA in 2012-13 downsizing of motors in CB71 to CB74 conveyor drives in PF has been completed (22 KW to 15 KW).
- The downsizing of PSB 5.18 (slurry pump drive) in PP has also been done (30 KW to 22 KW).
- In addition to these recommendations we have downsized CBG 2031 conveyor drive in PP from 11 KW to 7.5KW.
- A 170 KVA VFD has been installed in FOT supply line used in the IOC project.
- We have also installed 160 KW energy efficient motor in the Bucket wheel drive of RK03.
- Water line has been modified at Port Facilities department so that Thickener and Dump Pond water filling can be done by gravity. Thus, running of process water pump of 80 Kw for 12 hours for filling thickener and 28 hours for filling Dump Pond and running of SPW pump for 12 hours for filling the PW sump is avoided. Hence about 4920 units of energy is saved
- 50 nos. of 64x 1 W LED fitting have been fitted in place of 102 nos. of 125 W and 400 W MV fittings in Stores bin location. The energy saving is 2130 units per month.

Energy Management and conservation measures at Pellet Plant Unit

- a) Energy consumption in PP unit
2014-15 - 55.8 Gwh
2015-16 - 11.4 Gwh
- b) Energy consumption per ton in last two years
2014-15 - 71.07 Kwh/T
2015-16 - 71.68 Kwh/T
- c) Heat consumption in '000 K c
2014-15 - 244.4
2015-16 - 239.4

B. TECHNOLOGY ABSORPTION

Research & Development (R & D)

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

➤ Expenditure on R & D (Rs.in lakhs)

	2014-15	2015-16
a) Capital	NIL	NIL
b) Revenue	26.00	17.00
c) Total	26.00	17.00
d) As % of total turnover	0.05	0.09

C. FOREIGN EXCHANGE EARNINGS & OUTGO (Rs.in lakhs)

	2014-15	2015-16
Foreign Exchange earned	7369.81	7222.38
Foreign Exchange used	3938.94	3478.71

ANNEXURE TO BOARD'S REPORT

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED 31.03.2016

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

FORM NO. MGT - 9

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

II. Principal Business Activities of the Company

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

Name and Description of main Products/Services	NIC Code of the Product / Service	% to total turnover of the company
Iron Oxide Pellets	26011210	99.35
Pig Iron	72011000	0.65

III. Particulars of Holding, Subsidiary and Associates Companies

Sl. No.	CIN / GLN	Holding/ Subsidiary Associate	% of shares held	Applicable Section
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----- 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									
Public Share (Institutions)	5514967	333433	5848400	0.92	5514967	333433	5848400	0.92	-
Public Shareholding (Non-Institutions)	411594	109676	521270	0.08	412394	108876	521270	0.08	
TOTAL	634070691	443109	634513800	100.00	634071491	442309	634513800	100.00	-

ii) Shareholding of Promoters

Shareholders Name	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% change in shareholding during the year
	No. of Shares	% of total shares of the Company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares Pledged/encumbered to total shares	
President of India	628144130	99.00	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/swet 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	1648000	0.26
2	IN30081210001728 – THE NEW INDIA ASSURANCE COMPANY LIMITED	730300	0.12	730300	0.12
3	IN30012611213062 – CANARA ROBECO MUTUAL FUND A/C CANARA ROBECO EQUITY DIVERSIFIED	595000	0.09	595000	0.09
4	IN30005410000088 – PUNJAB NATIONAL BANK, PRINCIPAL TRUSTEE – PNB MUTUAL FUND – EQUITY LINK	500000	0.08	-	-

5.	IN30134820002990 – ICICI BANK LTD	500000	0.08	500000	0.08
6.	IN30005410000070 – PUNJAB NATIONAL BANK, PRINCIPAL TRUSTEE – PNB MUTUAL FUND – RISING INCO	333334	0.05	-	-
7.	IN30005410000107 – PUNJAB NATIONAL BANK, PRINCIPAL TRUSTEE – PNB MUTUAL FUND – REGULAR INCO	333333	0.05	-	-
8.	IN3037861003481 – PNB-EQ LINKED SAVING SCHEME-1992	-	-	500000	0.08
9.	IN30378610003512 – PNB RISING INCOME PLUS-1994	-	-	333334	0.05
10.	IN30378610003465 – PNB – REGULAR INCOME PLUS - 1990	-	-	333333	0.05

v) Shareholding of Directors and Key Managerial Personnel

For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
Sri Laxminarayana, Director (Finance)				
At the beginning of the year	100	Negligible	100	Negligible
Date wise Increase/Decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc).	Not Applicable		No change	
At the end of the year	100	Negligible	100	Negligible

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

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

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

vii) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Sri Malay Chatterjee Chairman-cum- Managing Director	Sri Laxminarayana Director (Finance)	Sri M V Subba Rao Director (Commercial)	Sri N. Vidyananda Director (P & P)	Total Amount
1.	Gross Salary					
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	28,49,630	35,85,981	29,13,510	32,98,119	12,647,240
	(b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961	4,61,219	3,73,534	3,58,835	3,52,448	1,546,036
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-	-	-
2.	Stock Options	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-
4.	Commission					
	- as % of profit	-	-	-	-	-
	- others, specify	-	-	-	-	-
	Total (A)	33,10,849	39,59,515	32,72,345	36,50,567	14,193,276

B. Remuneration to other Directors :

1. Independent Directors (S/Shri)

Particulars of Remuneration	Manoharan	P K Bajaj	S. Raghunath	B K Sahoo	Madhav Lal	Total Amount
Fee for attending Board/ Committee Meetings	3,25,000	2,10,000	2,40,000	2,90,000	50,000	11,15,000
- Commission	-	-	-	-	-	-
- Others, please specify	-	-	-	-	-	-
Total (B)(1)	3,25,000	2,10,000	2,40,000	2,90,000	50,000	11,15,000
2. Other Non-Executive Directors						
Total (B)(2)	-	-	-	-	-	-
Total (B)= (B)(1)+ (B)(2)	3,25,000	2,10,000	2,40,000	2,90,000	50,000	11,15,000

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel
		Sri S K Padhi, Company Secretary
1.	Gross Salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	14,46,232
	(b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961	-
	(c) Profit in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-
2.	Stock Options	-
3.	Sweat Equity	-
4.	Commission	
	- as % of profit	-
	- others, specify	-
	Total (C)	14,46,232

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES :

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

INDEPENDENT AUDITORS' REPORT

To the Members of KIOCL Limited

Report on the Financial Statements

We have audited the accompanying financial statements of KIOCL Limited ('the Company'), which comprise the balance sheet as at March 31, 2016, the statement of profit and loss and the cash flow statement and a summary of significant accounting policies and other explanatory information for the year then ended.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the 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 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 financial statements.

Basis of Qualified Opinion

The Company has not provided for:

- 1. Attention is invited to item no.3 of Note 14 ("Other notes forming part of Financial Statements") regarding claims by railways for difference in freight charges on account of distance based charges and normal freight on iron ore transportation. We are unable to ascertain the impact of the railway freight on stock valuation and adequacy of provisions in the books of accounts.*
- 2. Attention is invited to item no.1 of Note 14 ("Other notes forming part of Financial Statements") Tangible Assets worth of Rs. 91.52 crores is located in Blast Furnace Unit land and Captive Power Plant land for which lease has expired. The management has applied for renewal well in advance and making regular follow ups for the renewal of the lease/ registration of land to fall in line with Accounting Standard -10 Accounting of Fixed Assets and Accounting Standard - 6 Depreciation Accounting issued by Institute of Chartered Accountants of India ("ICAI") and also Accounting Standard - 9 Revenue Recognition wherein The Company has recognised an income of Sub-leasing of land at BFU.*

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion above, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the company as at March 31, 2016;*
- b) in the case of the Statement of Profit and Loss, of the Loss for the year ended on that date; and*
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.*

Emphasis of Matter

We draw attention to;

1. Letter from Ministry of Steel dated 4th March 2016 received by the company informing that Department of Public Enterprise (DPE) has categorised the company as "Weak Company".
2. Based on Technical Committee recommendations the company has adopted component accounting. We hereby rely on the following criteria:
 - a. As declared by, the company that all the assets have been considered for the purpose of component accounting classification (breaking up of principal asset into sub-assets) and are exhaustive.
 - b. The cost and the useful life of the sub-assets as determined by the Technical committee on component accounting.
 - c. As declared by the company that component accounting is not considered for T Class Assets. (Refer item 14 of Note 14, "Other notes forming part of Financial Statements").
3. Confirmation of balances of advances, deposits, trade payables and trade receivables has been received in certain cases only. (Refer item 20 of Note 14, "Other notes forming part of Financial statements").
4. Item 16(c) of Note 14, "Other notes forming part of Financial Statements" where stock of Pig Iron is retrieved from Blast Furnace unit.

Our Opinion is not qualified in respect of these matters.

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 sub section 11 of section 143 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 (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) Except for the effect of the matter described in the Basis of Qualified Opinion paragraph above, 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 and Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) Except for the effect of the matter described in the Basis of Qualified Opinion paragraph above, in our opinion, the aforesaid financial statements comply with the Accounting

Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

- e) The matter described in the Basis of Qualified Opinion paragraph above, in our opinion, may not have an adverse effect on the functioning of the company.
 - f) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
 - g) 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-B"; and
 - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 14, "Other notes forming part of Financial Statements";
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There has been a no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
3. As required by Section 143 (5) of the Act, we have given in "Annexure-C" a statement on the matters specified by the Comptroller and auditor General of India for the Company.

For M/s. SUNDARAM SRINIVASAN
Chartered Accountants
Firm Registration No. 004207 S

Sd/-
P. Meenakshi Sundaram
Partner
Membership No. 217914

Place: New Delhi
Date : 25th May 2016

ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in Paragraph 1 of our Report on Other Legal and Regulatory Requirements relevant to paragraph 3 & 4 of "the order")

The Annexure referred to in Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31 March 2016, we report that:

- i. In Respect of its fixed assets:
 - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets
 - b. On the basis of the information and explanation given to us, fixed assets are being physically verified by the management at reasonable intervals. In our opinion, the frequency of verification of fixed assets by the management is reasonable having regard to the size of the company and the nature of its assets. As informed to us, no material discrepancies were noticed on such verification.
 - c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company ***except the following for which assets are lying in the Lease land for which renewal of lease is pending:***

<i>Location</i>	<i>Track Details</i>	<i>Value of Assets (Rs. Crores)</i>	<i>Lease fund Expiry Date</i>
<i>Blast Furnace Unit (BFU)</i>	<i>BFU Land</i>	<i>80.96</i>	<i>17th February 2014 as per lease agreement</i>
<i>Captive Power Plant (CPP)</i>	<i>Track 5-21270 Sq. Feet</i>	<i>10.56</i>	<i>21st July 2012 as per lease agreement</i>

- ii. Physical verification of inventory has been conducted at reasonable intervals by the management and discrepancies noticed on such verification were not material and the same has been dealt in the books of accounts. ***However, Stock of Finished Goods - Pellets amounting to Rs.2.99 Crores is available in a lease land for which lease has expired as on 17.02.2014 (Track 8 - 27008 Sq feet)***
- iii. According to the information and explanations given to us, the Company has not granted any loans to companies, firms, limited liability partnership firms or other parties covered 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 given any loans, guarantee, securities and has not made any investments hence provisions of section 185 & 186 of the Act is not applicable.
- v. The Company has not accepted any deposits from the public during the year and hence the directives issued by the Reserve Bank of India and the provisions of Sec 73 to 76 or any other relevant provisions of the Act and the rules framed there under are not applicable.
- vi. We have broadly reviewed the records maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under sub section (1) of section 148 of the Companies Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether these are accurate and complete. Cost Audit Report is yet to be obtained for the year.
- vii. According to the information and explanations given to us in respect of statutory dues:
- 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, employees state insurance, income-tax, sales tax, duty of customs, duty of excise, value added tax, 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, there is no arrears of outstanding statutory dues as on the last date of the financial year concerned for a period of more than six months from the date they become payable.
- b. According to the information and explanations given to us, there are no material dues of provident fund, employees state insurance, income-tax, sales tax, duty of customs, duty of excise, value added tax, and service tax, cess which have not been deposited with the appropriate authorities on account of any dispute except the following:

Statue	Nature of dues	Total amount (in lakhs)	Paid and or provided (in lakhs)	Balance amount outstanding as on 31.03.2016	Financial year which amount relates	Forum to which it relates
Central Excise	Non-payment of SAD on DTA Sales	5848.31	-	5848.31	2010-12	CESTAT, B'lore
Service Tax	Claim of Service Tax Dispatch Money	89.59	-	89.59	2012-15	Commissioner of Central Excise (Appeals)

Statue	Nature of dues	Total amount (in lakhs)	Paid and or provided (in lakhs)	Balance amount outstanding as on 31.03.2016	Financial year which amount relates	Forum to which it relates
Sales Tax	For Sale of Kudremukh Assets	945.80	-	945.80	2013-14	Joint Commissioner of Commercial Taxes (Appeals)
Income Tax	Regular Assts.	321.48	321.48	NIL	2009-10	Commissioner of Income Tax (Appeals)
		1089.34	929.37	159.97	2011-12	ITAT, Bangalore
		391.77	93.76	298.01	2012-13	Commissioner of Income Tax (Appeals)
		456.22	444.77	11.45	2013-14	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 by the management, 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 given 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 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 4S-IA of the Reserve Bank of India Act 1934.

For M/s. SUNDARAM SRINIVASAN
Chartered Accountants
Firm Registration No. 004207 S

Sd/-

P. Meenakshi Sundaram
Partner
Membership No. 217914

Place: New Delhi
Date : 25th May 2016

ANNEXURE - B TO THE INDEPENDENT AUDITORS' REPORT

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

We have audited the internal financial controls over financial reporting of KIOCL Limited ("the Company") as of 31 March 2016 in conjunction with our audit of the 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 financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, 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 M/s. SUNDARAM SRINIVASAN
Chartered Accountants
Firm Registration No. 004207 S

Sd/-

P. Meenakshi Sundaram

Partner

Membership No. 217914

Place: New Delhi
Date : 25th May 2016

ANNEXURE - C TO THE INDEPENDENT AUDITORS' REPORT

Directions under Section 143(5) of the Companies Act, 2013 ("the Act")

	Questions	Auditors Comments								
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.	<p>As informed to us and the same has been reported in our qualified opinion paragraph 2 and as per reporting requirement of Companies (Auditor's Report) Order ("the CARO"), 2016. Reference to our CARO report - Annexure A para i(c) & ii.</p> <p>Details as follows :</p> <table border="1" data-bbox="819 729 1463 1087"> <thead> <tr> <th data-bbox="819 729 1017 799">Location</th> <th data-bbox="1017 729 1463 799">Track Details</th> </tr> </thead> <tbody> <tr> <td data-bbox="819 799 1017 897">Blast Furnace Unit (BFU)</td> <td data-bbox="1017 799 1463 897">BFU Land - Expired on 17th February 2014</td> </tr> <tr> <td data-bbox="819 897 1017 995">Captive Power Plant (CPP)</td> <td data-bbox="1017 897 1463 995">Track 5 - 21270 Sq. Feet - expired on 21st July 2012</td> </tr> <tr> <td data-bbox="819 995 1017 1087">Pellet Storage Yard</td> <td data-bbox="1017 995 1463 1087">Track 8 - 27008 Sq. Feet - expired on 17th Feb. 2014</td> </tr> </tbody> </table>	Location	Track Details	Blast Furnace Unit (BFU)	BFU Land - Expired on 17th February 2014	Captive Power Plant (CPP)	Track 5 - 21270 Sq. Feet - expired on 21st July 2012	Pellet Storage Yard	Track 8 - 27008 Sq. Feet - expired on 17th Feb. 2014
Location	Track Details									
Blast Furnace Unit (BFU)	BFU Land - Expired on 17th February 2014									
Captive Power Plant (CPP)	Track 5 - 21270 Sq. Feet - expired on 21st July 2012									
Pellet Storage Yard	Track 8 - 27008 Sq. Feet - expired on 17th Feb. 2014									
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.	The KIOCL Ltd ("the Company") has not waived/written off any debts/ loans/ interest etc in the current reporting financial year 2015-16. The reporting for the same is not applicable for the current financial year.								
3.	Whether proper records are maintained for inventories lying with third parties & assets received as gifts/ grants from Government or other authorities.	<p>As informed to us and the same has been reported as per reporting requirement of Companies (Auditor's Report) Order ("the CARO"), 2016. Reference to our CARO report - Annexure A para ii.</p> <p>There are no assets received as gifts from the government or other authorities during the year.</p>								

For M/s. SUNDARAM SRINIVASAN
Chartered Accountants
Firm Registration No. 004207 S

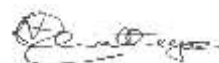
Sd/-

P. Meenakshi Sundaram
Partner
Membership No. 217914

Place: New Delhi
Date : 25th May 2016

COMMENTS OBSERVATIONS OF THE STATUTORY AUDITORS AND REPLY BY THE COMPANY

Auditors Report Para No.	Comments/Observations QUOTE Basis of Qualified opinion The Company has not forwarded for :	Reply by the Company
1.	<p>Attention is invited to item no.3 of Note 14 (“Other notes forming part of Financial Statements”) regarding claims by railways for difference in freight charges on account of distance bases charges and normal freight on iron ore transportation. We are unable to ascertain the impact of the railway freight on stock valuation and adequacy of provisions in the books of accounts.</p>	<p>The position has been clearly explained in item 3 of Note 14 “Other Notes forming part of Financial statement”.</p> <p>The Company did not use the railway network during the year for transportation of iron ore.</p> <p>The Company had a stock of 5788 Ton of pellet as at end of the year (i.e. 31.03.2016). The closing stock of Pellets has been valued at it's net realizable value @ Rs.4,300/Ton as net realizable value was less than cost. Hence, there will be no impact on account of distance based charge (DBC) on stock valuation.</p>
2.	<p>Attention is invited to item no.1 of Note 14 (“Other notes forming part of Financial Statements”) Tangible Assets worth Rs.91.52 crores is located in Blast Furnace Unit land and Captive Power Plant land for which lease has expired. The management has applied for renewal well in advance and making regular follow ups for the renewal of the lease/registration of land to fall in line with Accounting Standard-10 Accounting of Fixed Assets and Accounting Standard – 6 Depreciation Accounting issued by Institute of Chartered Accountants if India (“ICAI”) Accounting Standard – 9 Revenue Recognition wherein The Company has recognized an income of sub-leasing of land at BFU.</p>	<p>The BFU land was obtained from KIADB on lease cum sale basis. The initial lease period has been completed.</p> <p>Subsequently, on getting the permission from KIADB, the registration of the land in favour of KIOCL has been completed on 13.06.2016.</p> <p>Land of Captive power plant measuring 21270 Sq Mtrs taken from M/s NMPT for 20 years and the same expired on 20.07.2012. On the expiry of initial lease period, M/s NMPT has intimated its willingness vide letter dated 22.01.2013 to renew the lease period upto 19.7.2022. However, formal registration process is pending.</p> <p>Depreciation on the above assets has been provided as per guidelines of the Institute of Chartered Accountants of India.</p>
	UNQUOTE	



(Malay Chatterjee)

Chief Executive Officer &
Chairman-cum-Managing Director

Place : Bengaluru
Date : 02.08.2016

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE ACCOUNTS OF KIOCL LIMITED, BANGALORE FOR THE YEAR ENDED 31 MARCH 2016

The preparation of financial statements of KIOCL Limited, Bangalore for the year ended on 31 March 2016 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of Act is responsible for expressing opinion on these financial statements under Section 143 of the Act based on the independent audit in accordance with the Standards on Auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 25 May 2016.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a (supplementary audit under Section 143(6)(a) of the Act of the financial statements of KIOCL Limited, Bangalore for the year ended on 31 March 2016. 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 the behalf of the
Comptroller and Auditor General of India

Sd/-

(Arabinda Das)

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

Place: Hyderabad
Date: 08 June 2016



Balance Sheet

as at 31st March, 2016

₹ in Lakhs

Particulars	Note No.	Figures as at the end of current reporting period 31-03-2016	Figures as at the end of previous reporting period 31-03-2015
EQUITY AND LIABILITIES			
Shareholders' funds		206551.76	213847.86
Share capital	2.1	63451.38	63451.38
Reserves and surplus	2.2	143100.38	150396.48
Non-current liabilities		14546.47	14182.28
Deferred tax liabilities(Net)	3.1	-	42.12
Other long-term liabilities	3.2	79.54	74.59
Long-term Provisions	3.3	14466.93	14065.57
Current liabilities		18592.06	26196.27
Trade payables	4.1	8293.38	8694.27
Other current liabilities	4.2	9636.07	13131.77
Short-term provisions	4.3	662.61	4370.23
Total Equity & Liabilities		239690.29	254226.41
ASSETS			
Non-current assets		26432.17	26186.08
Fixed assets:			
Tangible assets (original cost less depreciation)	5.1	24184.35	24929.83
Intangible assets	5.1	-	-
Capital work-in-progress	5.2	1.65	1.65
Deferred tax assets(net)	5.3	1004.87	-
Long-term loans and advances	5.4	-	-
Other non-current assets	5.5	1241.30	1254.60
Current assets		213258.12	228040.33
Inventories	6.1	6346.91	33976.92
Trade receivables	6.2	1604.59	1330.98
Cash & cash equivalents	6.3	187216.96	176449.13
Short-term loans and advances	6.4	8865.93	6940.26
Other current assets	6.5	9223.73	9343.04
Total Assets		239690.29	254226.41
Significant Accounting Policies and other notes forming part of financial statements.	1&14		

For and on behalf of Board of Directors

Malay Chatterjee
Chairman-cum-Managing Director

Laxminarayana
Director (Finance)

S.K. Padhi
Company Secretary

as per our report of even date
for M/s. **SUNDARAM & SRINIVASAN**
Chartered Accountants
(Firm Registration No:0042075)

(P. Meenakshi Sundaram)
Partner
Membership No:217914

Place : New Delhi
Date : 25th May, 2016

Statement of Profit and Loss

for the year ended 31st March, 2016

₹ in Lakhs

Particulars	Note No.	Figures for the current reporting period 31-03-2016	Figures for the previous reporting period 31-03-2015
I. Revenue			
Revenue from operations	7	18402.61	53413.97
Other income	8	21728.61	21202.70
Total Revenue		40131.22	74616.67
II. Expenditure			
Cost of materials consumed		6072.74	42270.18
Changes in inventories -Pellet feed	9	(12.95)	1486.55
Changes in inventories -Finished product	9	21103.55	(8625.83)
Power & Fuel		1748.67	9351.07
Employee benefits expense	10	11727.13	13201.59
Depreciation & Amortization expense	5.1	2300.39	3208.63
Other expenses	11	6132.21	10598.51
Total Expenses		49071.74	71490.70
III. Profit for the year		(8940.52)	3125.97
Before exceptional and extraordinary items and tax (I-II)			
IV. Exceptional items		-	-
V. Profit before extraordinary items and tax (III-IV)		(8940.52)	3125.97
VI. Extraordinary Items		-	-
VII. Profit before tax (V-VI)		(8940.52)	3125.97
VIII. Tax expense:	12	(1174.69)	44.24
X. Profit/(Loss) for the period from continuing operations (VII-VIII)		(7765.83)	3081.73
XI. Gain/(loss) on disposal of assets attributable to the Discontinuing operations		-	-
XII. Tax expense of Discontinuing operations		-	-
XIII. Profit/(loss) from Discontinuing operations(after tax) (XI-XII)		-	-
XIV. Profit/(loss) for the period (X+XIII)		(7765.83)	3081.73
XV. Earnings per equity share:			
Equity shares of par value Rs. 10/- each			
Basic and Diluted		(1.22)	0.49
Number of shares used in computing earnings per share		634513800	634513800
Significant Accounting Policies and other notes forming part of financial statements	1 & 14		

For and on behalf of Board of Directors

Malay Chatterjee
Chairman-cum-Managing Director

Laxminarayana
Director (Finance)

S.K. Padhi
Company Secretary

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

(P. Meenakshi Sundaram)
Partner
Membership No:217914

Place : New Delhi
Date : 25th May, 2016

Cash Flow Statement

for the year ended 31st March 2016

₹ in Lakhs

	Figures as at the end of current reporting period 31-03-2016	Figures as at the end of previous reporting period 31-03-2015
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Tax from Continuing operations	(8940.52)	3125.97
Add/(Less) Adjustment for:		
Depreciation - Current year	2300.39	3208.63
- Prior period	(7.81)	38.78
Interest income	(15617.58)	(17507.98)
(Profit)/Loss on sale of Fixed assets	(23.85)	(62.78)
Operating cash flow before working capital changes	(22289.37)	(11197.38)
Adjustment for:		
(Increase)/Decrease in Inventories	27630.01	(4841.05)
(Increase)/Decrease in Trade and other receivables	(2387.24)	8439.19
Increase/(Decrease) in Trade and other payables	(6019.40)	(1940.61)
Sale/deletion/Transfer of Fixed assets	(873.19)	899.76
Cash generated from operations	(3939.19)	(8640.09)
Direct tax paid(Net of refunds)	-	(200.00)
Net cash from Operating activities	(3939.19)	(8840.09)
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed assets	(671.46)	(269.18)
(Increase)/Decrease in Capital work in progress	-	44.64
(Increase)/Decrease in investment in term deposits with more than three months	(11298.00)	3875.00
Interest received	15938.14	15006.72
Tax on interest received	180.34	(171.48)
Proceeds from sale of Fixed assets	21.40	62.78
Net cash from investing activities	4170.42	18548.48
C. CASH FLOW FROM FINANCING ACTIVITIES		
Payment of Dividends and dividend tax	(761.40)	(964.87)
Net cash used in Financing activities	(761.40)	(964.87)

Cash Flow Statement

continuation...

₹ in Lakhs

	Figures as at the end of current reporting period 31-03-2016	Figures as at the end of previous reporting period 31-03-2015
ABSTRACT		
(A) Net cash from operating activities	(3939.19)	(8840.09)
(B) Net cash from investing activities	4170.42	18548.48
(C) Net cash used in financing activities	(761.40)	(964.87)
Net increase/(decrease) in cash & cash equivalents	(530.17)	8743.52
Net increase/(DECREASE) in cash + cash equivalents:		
Cash and Cash equivalents	43446.13	34702.61
As at 01-04-2015 (O.B)		
Cash and Cash equivalents	42915.96	43446.13
As at 31-03-2016 (C.B)		
Net increase /(decrease) in Cash + cash equivalents	(530.17)	8743.52

Notes:

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

For and on behalf of Board of Directors

S.K. Padhi
Company Secretary

Laxminarayana
Director (Finance)

Malay Chatterjee
Chairman-cum-Managing Director

Place : New Delhi
Date : 25th May, 2016

AUDITOR'S REPORT

We have examined the Cash flow statement of KIOCL LIMITED, for the year ended 31st March 2016. The statement has been prepared by the Company in accordance with the requirements of clause 32 of the listing agreement with the stock exchange and is based on and in agreement with the corresponding Profit & Loss account and Balance sheet of the Company covered by our report dated 25th May, 2016 to the members of the Company.

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

(P. Meenakshi Sundaram)
Partner
Membership No:217914

Place : New Delhi
Date : 25th May, 2016

NOTE 1 : SIGNIFICANT ACCOUNTING POLICIES

1. ACCOUNTING:

1.1 Basis of preparation:

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

1.2 Use of estimates:

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

2. FIXED ASSETS:

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

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

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

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

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

3. DEPRECIATION:

3.1 Depreciation on Fixed Assets till 31.03.2014 is provided on Straight Line Method as stipulated in Schedule XIV of the Companies Act, 1956, at respective rates prevailing at the time they are put to use, except certain assets for which higher rates are considered based on their estimated useful life.

The depreciation on existing Fixed Assets with effect from 01.04.2014 is based as per the provisions of Schedule II of Companies Act, 2013. Assets other than Roads, Bridges and Culverts, Township, Furniture & Fittings, Computers, Vehicles are provided on their remaining value reduced with residual value over its remaining useful life as technically assessed, which will be reviewed periodically.

Assets where the cost of the part of its component is significant to total cost of the asset and useful life of that part is different from useful life of the principal asset, then the useful life of that significant component determined separately for calculating depreciation charge.

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

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

4. INVENTORIES :

- 4.1 Stock of finished goods namely, Pellets and Pig Iron (including stock with the Consignment Agents) is valued at lower of cost or net realizable value. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to its location and includes wherever applicable, appropriate overheads based on normal level of activity. However, when the actual production is abnormally lower as compared to normal level, the expenditure of fixed nature is reduced in proportion to the shortfall.
- 4.2 Raw Materials, Stores & Spares, Consumables and Additives are valued at lower of Cost and net realizable value. The cost is computed on weighted average basis and the same is charged off to Revenue on its issue. Materials in Transit are valued at Cost.
- 4.3 Stock of residue products is valued at estimated net realizable value.
- 4.4 Insurance spares are procured along with the equipments or subsequently are being capitalized and depreciated as per the life of the parent equipments.
- 4.5 Loose tools with individual value below ₹1,000 are charged to consumption. Loose tools with individual value of ₹1,000 each and above are accounted on issue at cost and charged to consumption over a period of three years. However, if the written down value of each tool is below ₹1,000 at the end of the year, the remaining balance is charged to consumption.
- 4.6 Semi-finished products are valued at lower of cost and net realizable value.
- 4.7 (a) Non-moving items of Stores, Spares and Consumables other than insurance spares with value less than ₹1,000 each at the end of the year are charged to consumption.
(b) In respect of other non-moving stores other than insurance spares full provision is made if not moved for five or more consecutive completed financial years.

5. REVENUE RECOGNITION:

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

5.7 Insurance, Railway claims and export incentives are accounted on receipt as income.

6. TAX ON INCOME:

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

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

7. EMPLOYEE BENEFITS :

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

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

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

8. FOREIGN CURRENCY TRANSLATIONS :

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

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

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

9. OTHER EXPENSES

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

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

For and on behalf of Board of Directors

Malay Chatterjee
Chairman-cum-Managing Director

Laxminarayana
Director (Finance)

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

Place : New Delhi
Date : 25th May, 2016

S.K. Padhi
Company Secretary

(P. Meenakshi Sundaram)
Partner
Membership No:217914

Note 2.1 : Share Capital

₹ in Lakhs

Particulars	Figures as at the end of current reporting period 31-03-2016	Figures as at the end of previous reporting period 31-03-2015
Authorised : 67,50,00,000 Equity shares of ₹10/- each (Previous year 67,50,00,000 equity shares of ₹10/- each)	67500.00	67500.00
Issued, Subscribed and fully paid-up: 634513800 Equity shares of ₹10/- each (Previous year 63,45,13,800 shares of ₹10/- each)	63451.38	63451.38
Total:	63451.38	63451.38

- a) During the year, the Company has not issued/bought back any shares
b) Details of shareholders holding more than 5% shares in the Company:

Particulars	31-03-2016		31-03-2015	
	No. of shares	% holding	No. of shares	% holding
Hon'ble President of India	628144130	99.00%	628144130	99.00%

Note-2.2 : Reserves and Surplus

₹ in Lakhs

Particulars	Figures as at the end of current reporting period 31-03-2016	Figures as at the end of previous reporting period 31-03-2015
Capital Reserve	9.08	9.08
General Reserve	143091.30	150387.40
As per last Balance sheet	150387.40	148992.94
Add/(Less): Depreciation due to implementation of Schedule-II of Companies Act, 2013	-	(925.87)
	150387.40	148067.07
Add: Tax effect of deferred Tax Asset of previous year	469.73	-
Add: Transfer from surplus in the statement of Profit & loss	(7765.83)	2320.33
Surplus		
Profit for the year	(7765.83)	3081.73
Less: Appropriations		
Proposed Dividend	-	634.51
Tax on proposed Dividend	-	126.89
Transfer to general reserve	(7765.83)	2320.33
Net Surplus	-	-
Total:	143100.38	150396.48

Note 3.1 : Deferred tax liabilities (Net)

₹ in Lakhs

Particulars	Figures as at the end of current reporting period 31-03-2016	Figures as at the end of previous reporting period 31-03-2015
A. Deferred tax liability:		
Timing differences on account of depreciation	-	7708.55
B. Deferred tax assets:		
Timing differences on account of disallowances under Income Tax Act	-	7666.43
Net Deferred Tax Liability (A-B)	-	42.12

Note 3.2 : Other long term liabilities

₹ in Lakhs

Particulars	Figures as at the end of current reporting period 31-03-2016	Figures as at the end of previous reporting period 31-03-2015
Deposits from Suppliers, Contractors and Others	79.54	74.59
Total	79.54	74.59

Note 3.3 : Long term provisions

₹ in Lakhs

Particulars	Figures as at the end of current reporting period 31-03-2016	Figures as at the end of previous reporting period 31-03-2015
Provisions towards Employee benefits:	14466.93	14065.57
Gratuity	1755.16	2038.02
Other Superannuation Benefits	7746.03	6869.02
Long term compensated absence-EL	2720.29	2711.83
Long term compensated absence-HPL	2245.45	2105.80
Retirement settlement benefits	-	340.90
Total:	14466.93	14065.57

Note 4.1 : Trade payables

₹ in Lakhs

Particulars	Figures as at the end of current reporting period 31-03-2016	Figures as at the end of previous reporting period 31-03-2015
(a) For Goods	8104.44	8459.63
(b) For Works	127.38	155.49
(c) For services	61.56	79.15
Total:	8293.38	8694.27

Note-4.2 : Other current liabilities

₹ in Lakhs

Particulars	Figures as at the end of current reporting period 31-03-2016	Figures as at the end of previous reporting period 31-03-2015
(a) Advances	241.46	889.88
(b) Security deposits from Suppliers, Contractors and Others	406.37	461.88
(c) Liability for expenses	4613.11	5166.36
(d) Accrued salaries & benefits	3393.94	5702.10
(e) Unclaimed dividend pending encashment of warrants	1.79	1.74
(f) Other Payables	979.40	909.81
Total:	9636.07	13131.77

Note-4.3 : Short-term provisions

₹ in Lakhs

Particulars	Figures as at the end of current reporting period 31-03-2016	Figures as at the end of previous reporting period 31-03-2015
Provision towards Employee benefits:	611.84	702.45
Gratuity	128.56	100.00
Short term compensated absence-EL	267.91	232.49
Leave travel concession	-	202.47
Short term compensated absence-HPL	215.37	167.49
Others:	50.77	3667.78
Excise duty	50.77	2906.38
Proposed Dividend	-	634.51
Tax on Proposed Dividend	-	126.89
Total:	662.61	4370.23

Note-5.1 : Fixed Assets

₹ in Lakhs

Sl. No.	Description of Assets	GROSS BLOCK (At Cost)				DEPRECIATION				NET BLOCK	
		Cost as at 01.04.2015	Additions during the year	Sales/ Adjustments	Cost as at 31.03.16	Provided upto 01.04.2015	For the year	Sales/ Adjustments	Provided upto 31.03.16	As at 31.03.16	As at 31.03.15
TANGIBLE ASSETS											
MINES & PLANT:											
1	Land* - Freehold	723.93	-	-	723.93	-	-	-	-	723.93	723.93
	- Leasehold	2,083.09	591.28	0.02	2,674.39	74.44	0.63	-	75.07	2,599.32	2,008.65
2	Buildings	13,815.09	-	-	13,815.09	8,861.65	493.02	-	9,354.67	4,460.42	4,953.44
3	Plant & Machinery	74,165.68	16.63	790.00	74,972.31	58,537.31	1,639.03	(34.27)	60,142.07	14,830.24	15,628.37
4	Furniture & Fittings	354.47	-	(0.95)	353.52	348.80	0.82	(0.95)	348.67	4.85	5.67
5	Vehicles	469.71	13.48	(22.01)	461.18	435.65	8.01	(22.01)	421.65	39.53	34.06
6	Office equipments	1,069.46	46.03	(15.51)	1,099.98	980.38	25.41	(17.18)	988.61	111.37	89.08
7	Others										
	Roads, Bridges & Culverts	1,602.25	-	-	1,602.25	1,509.48	12.05	-	1,521.53	80.72	92.77
	Dams, Embankments etc.,	12,984.83	-	-	12,984.83	12,984.83	-	-	12,984.83	-	-
	Temporary Structures	76.61	-	(0.32)	76.29	76.61	-	(0.32)	76.29	-	-
	Railway Siding	971.81	-	-	971.81	923.22	-	-	923.22	48.59	48.59
	Water supply, Sewerage & Fire	1,250.71	-	-	1,250.71	1,077.85	18.35	-	1,096.20	154.51	172.86
	Prevention system										
	Electrical Installation	5,063.52	-	59.41	5,122.93	4,167.89	92.57	1.92	4,262.38	860.55	895.63
	SUB TOTAL	114,631.16	667.42	810.64	116,109.22	89,978.11	2,289.89	(72.81)	92,195.19	23,914.03	24,653.05
TOWNSHIP:											
1	Land* - Freehold	32.81	-	-	32.81	-	-	-	-	32.81	32.81
	Leasehold	34.14	-	-	34.14	34.14	-	-	34.14	-	-
2	Buildings	2,205.13	-	-	2,205.13	1,971.44	6.00	-	1,977.44	227.69	233.69
3	Furniture & Fittings	43.09	2.97	(0.10)	45.96	42.89	3.01	(0.10)	45.80	0.16	0.20
4	Vehicles	58.79	-	(4.85)	53.94	54.75	0.51	(4.85)	50.41	3.53	4.04
5	Office equipments	79.58	1.07	0.48	81.13	79.08	0.77	0.48	80.33	0.80	0.50
6	Others										
	Roads, Bridges & Culverts	250.83	-	-	250.83	247.96	-	-	247.96	2.87	2.87
	Temporary Structures	48.55	-	(0.77)	47.78	48.55	-	(0.77)	47.78	-	-
	Electrical Installations	195.03	-	-	195.03	192.53	0.21	-	192.74	2.29	2.50
	Water supply, Sewerage & Fire	291.55	-	-	291.55	291.38	-	-	291.38	0.17	0.17
	SUB TOTAL	3,239.50	4.04	(5.24)	3,238.30	2,962.72	10.50	(5.24)	2,967.98	270.32	276.78
INTANGIBLE ASSETS:											
	Process development expenditure	1,924.98	-	-	1,924.98	1,924.98	-	-	1,924.98	-	-
		1,924.98	-	-	1,924.98	1,924.98	-	-	1,924.98	-	-
	GRAND TOTAL	119,795.64	671.46	805.40	121,272.50	94,865.81	2,300.39	(78.05)	97,088.15	24,184.35	24,929.83
	Previous year	122,129.14	269.18	(2,602.68)	119,795.64	92,630.32	3,208.63	(973.14)	94,865.81	24,929.83	29,498.82

1.*Includes

(a) Development Costs (b) Amortisation in respect of Leasehold Land(c)9.06 acres of land at Kudremukh and 9.798 acres at BFU are leased to other agencies. (d) Freehold land 324.698 acres,and leasehold land 11207.829 acres and lease cum sale land of 220.305 acres.The leasehold land at Kudremukh held by the Company is in of its infrastructure(e) The Company will get freehold title in respect of leasehold land (153.875 acres at BFU) after payment of remaining Rs.29.21 Lakhs (i.e. 1% of cost of the land) the registration of the sale deed is expected in 2016-17.

Note-5.2 : Capital work-in-progress

₹ in Lakhs

Particulars	Figures as at the end of current reporting period 31-03-2016	Figures as at the end of previous reporting period 31-03-2015
Plant and machinery/construction stores in stock	1.65	1.65
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	311.84	301.94
Total:	753.90	744.00
Less:Provision	753.90	744.00
Total:	1.65	1.65

Note-5.3 : Deferred Tax Assets (Net)

₹ in Lakhs

Particulars	Figures as at the end of current reporting period 31-03-2016	Figures as at the end of previous reporting period 31-03-2015
A. Deferred tax assets:		
Timing differences on account of disallowances under Income Tax Act	7233.83	-
B. Deferred tax liability:		
Timing differences on account of depreciation	6228.96	-
Net Deferred Tax Assets(A-B)	1004.87	-

Note-5.4 : Long term loans & advances

₹ in Lakhs

Particulars	Figures as at the end of current reporting period 31-03-2016	Figures as at the end of previous reporting period 31-03-2015
Un-secured and considered doubtful	1800.00	1800.00
Less : Provision for doubtful debts	1800.00	1800.00
	-	-
Total:	-	-

Note-5.5 : Other non-current assets

₹ in Lakhs

Particulars	Figures as at the end of current reporting period 31-03-2016	Figures as at the end of previous reporting period 31-03-2015
Other non-current assets:	1082.58	1068.25
Deposits - MESCOM	939.97	939.91
- Others	142.61	128.34
Advances-Employees	158.72	186.35
Total:	1241.30	1254.60

Note-6.1 : Inventories

(As valued and certified by the Management)

₹ in Lakhs

Particulars	Figures as at the end of current reporting period 31-03-2016	Figures as at the end of previous reporting period 31-03-2015
(i) For operations	202.38	1760.52
(a) Raw materials	81.47	663.01
Add: Raw materials in transit	120.91	1097.51
(b) Work in progress	2082.81	2069.87
(c) Finished goods at lower of cost or net realisable value -Pellets #	299.66	24309.58
(d) Stores and spares [Includes Rs. 613.95 lakhs declared surplus (Previous year Rs. 326.18 Lakhs) Less: Provision towards Non-moving and Surplus Stores	6192.44 3218.70	7509.66 3427.84
Add: Stores in transit at cost	2973.74 -	4081.82 3.04
(e) Loose tools at cost(Less written off)	2973.74 1.46	4084.86 1.63
(f) Consumables and Additives	786.86	631.17
(ii) Held for sale-Iron ore fines	-	1119.29
Total:	6346.91	33976.92

Note:# Includes excise duty of Rs. 50.77 Lakhs on 5788 Tons quantity of finished goods manufactured out of iron ore moved with domestic usage declaration(Previous year Rs. 2906.38 Lakhs on 209514 Tons)

Note-6.2 : Trade receivables

₹ in Lakhs

Particulars	Figures as at the end of current reporting period 31-03-2016	Figures as at the end of previous reporting period 31-03-2015
(i) Outstanding for more than six months from the due date of payment	1330.98	1330.98
Secured, considered good	-	-
Un-Secured, considered good	1330.98	1330.98
Doubtful	-	-
(ii) Others	273.61	-
Secured, considered good	273.61	-
Un-Secured, considered good	-	-
Doubtful	-	-
Total:	1604.59	1330.98

Note-6.3 : Cash & cash equivalents

₹ in Lakhs

Particulars	Figures as at the end of current reporting period 31-03-2016	Figures as at the end of previous reporting period 31-03-2015
(i) Cash and Cash Equivalents		
Balances with banks	42915.96	43446.13
In Current Account	457.90	309.01
In Deposit Account (Maturity less than three months)	42445.00	43124.60
	42902.90	43433.61
Cash on hand	0.97	1.34
Stamps in hand (Unfranked balance)	0.17	0.04
Others including Unpaid Dividend account	11.92	11.14
(ii) Other Bank Balances		
In Term deposit (Maturity more than three months but less than one year)	144301.00	133003.00
Total:	187216.96	76449.13

Note-6.4 : Short-term loans and advances

₹ in Lakhs

Particulars	Figures as at the end of current reporting period 31-03-2016	Figures as at the end of previous reporting period 31-03-2015
Claims - Railways & Customs	-	1.32
- Cenvat credit Service tax	25.05	182.05
- Cenvat credit Excise duty	-	-
	25.05	183.37
Deposits		
- Port	52.72	56.54
- Customs & Excise	4.32	4.31
- Others	75.26	79.01
	132.30	139.86
Advances - Suppliers	1591.60	1027.50
- Employees	64.99	77.21
- Others	2673.71	3320.21
	4330.30	4424.92
Advance tax and tax deducted at source	7544.86	5937.41
Less: Provision	3166.58	3745.30
	4378.28	2192.11
Total:	8865.93	6940.26

Note-6.5 : Other current assets

₹ in Lakhs

Particulars	Figures as at the end of current reporting period 31-03-2016	Figures as at the end of previous reporting period 31-03-2015
Accrued interest on deposits with banks	8,457.44	8868.21
Other receivables	766.29	474.83
Total :	9223.73	9343.04

Note-7 : Revenue from Operations (Net)

₹ in Lakhs

Particulars	Figures as at the end of current reporting period 31-03-2016	Figures as at the end of previous reporting period 31-03-2015
(a) Sale of Products		
Gross Sales - Pellets	19845.31	62687.24
- Auxilliary	134.68	196.64
	19979.99	62883.88
Less Excise /Export Duty Pellets	2139.83	9496.55
Excise Duty Auxilliary	14.97	21.66
Quantity discount	-	105.06
Net Sales	17825.19	53260.61
(b) Other operating revenues	577.42	153.36
Total:	18402.61	53413.97

Note-8 : Other Income

₹ in Lakhs

Particulars	Figures as at the end of current reporting period 31-03-2016	Figures as at the end of previous reporting period 31-03-2015
Interest income:		
On deposits with Banks	15617.58	17507.98
Others	89.53	163.11
Other Non-operating income:		
Profit on sale of Assets	23.85	62.78
Hire charges	3.25	2.39
Rent	151.70	185.10
Sale of scrap	951.92	311.01
Despatch money	6.36	7.73
Exchange variation	5.84	15.58
Provision no longer required	3049.12	2054.69
Surplus stores, DDRs and others	555.94	758.93
Others	2493.18	1295.76
Miscellaneous	1829.46	892.33
CST incentive	1553.15	202.37
Railway Congestion charges	-	206.70
Others	276.31	483.26
Total:	21728.61	21202.70

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

₹ in Lakhs

Particulars	Figures as at the end of current reporting period 31-03-2016	Figures as at the end of previous reporting period 31-03-2015
Finished stock-Pellet	21103.55	(8625.83)
Balance as at the beginning of the year	21403.21	15683.76
Less:Balance as at the close of the year	248.89	21403.21
	21154.32	(5719.45)
Less:Excise duty on closing stock	50.77	2906.38
Finished stock-Pellet feed	(12.95)	1486.55
Balance as at the beginning of the year	2069.87	3556.42
Less:Balance as at the close of the year	2082.82	2069.87
Total :	21090.60	(7139.28)

Note-10 : Employee benefits expense

₹ in Lakhs

Particulars	Figures as at the end of current reporting period 31-03-2016	Figures as at the end of previous reporting period 31-03-2015
Salaries and wages	9189.40	10318.14
Contribution to Provident Fund	815.26	756.90
Contribution to Gratuity Fund	124.35	619.72
Contribution towards other Superannuation Benefits	877.02	889.46
Staff welfare expenses	721.10	617.37
Total:	11727.13	13201.59

Note-11 : Other expenses

₹ in Lakhs

Particulars	Figures as at the end of current reporting period 31-03-2016	Figures as at the end of previous reporting period 31-03-2015
Cost of stores & spares consumed	890.94	1433.33
Cost of consumables & additives consumed	206.80	1863.24
Rent	988.62	1069.53
Rates & taxes - Exise duty on closing stock of finished goods	50.77	2906.38
- Others	68.94	84.21
	119.71	2990.59
Insurance charges	45.28	74.57
Travelling expenses	187.32	225.25
Repairs and maintenance:	522.05	654.59
Building	252.27	288.23
Machinery	184.16	269.44
Others	85.62	96.92
Postage and telephone charges	42.21	41.96
Advertisement and publicity	71.78	138.91
Expenses on security	714.66	837.12
Payment to auditor as:	9.85	9.25
a. auditor	6.60	6.00
b. for taxation matters	1.25	1.25
c. for other services	1.00	1.00
d. for reimbursement of expenses	1.00	1.00
Cost Audit fee and reimbursement expenses	1.00	1.00
Port charges, Sampling Survey and cess	987.62	366.83
Bank charges including discounting of bills	36.49	102.29
Entertainment	13.69	7.30
Forest, Ecology & pollution control expenses	60.28	41.14
Directors' sitting fees	11.00	11.40
Corporate Social Responsibility	96.50	110.19
Provision for surplus stores, DDRs and others	346.69	425.57
Provision for inventory- materials & other supplies	38.21	-
Provision towards diminuation in value of Lam coke	-	2562.64
Less: Written-off during the year	-	2562.64
Provision -Others	9.90	-
Exchange variation	1.07	21.20
Transportation & Manpower expenses-O&M Contract	219.57	-
Prior period items	(5.78)	(298.88)
Miscellaneous expenses	516.75	472.13
Total:	6132.21	10598.51

Note-12 : Tax Expense

₹ in Lakhs

Particulars	Figures as at the end of current reporting period 31-03-2016	Figures as at the end of previous reporting period 31-03-2015
Current tax	-	48.20
Earlier years (net)	(597.44)	(1689.68)
Deferred tax	(577.25)	1685.72
Total:	(1174.69)	44.24

Note-13 :

INFORMATION REGARDING VALUE OF PRODUCTION, STOCKS, CONSUMPTION, VALUE OF IMPORTS, EXPENDITURE AND EARNINGS IN FOREIGN EXCHANGE

₹ in Lakhs

Particulars	Figures as at the end of current reporting period 31-03-2016			Figures as at the end of previous reporting period 31-03-2015		
	Quantity	Value	Percentage	Quantity	Value	Percentage
	Metric Ton	Rs. in Lakhs		Metric Ton	Rs. in Lakhs	
Consumption of raw materials						
Imported: Iron ore fines	66281	3113.29	51.38%	-	-	-
Indigenous: Iron ore fines/(WIP)	33719	2946.50	48.62%	784000	43756.73	100.00%
Total :		6059.79	100.00%		43756.73	100.00%
Consumption of stores, spares and fuel:						
Imported		21.07	1.53%		73.50	1.10%
Indigenous		1352.13	98.47%		6622.99	98.90%
Total :		1373.20	100.00%		6696.49	100.00%
Included under:						
Stores and spares		890.69			1433.33	
Power and fuel		478.38			5257.97	
Welfare expenses		4.13			5.19	
Total :		1373.20			6696.49	
Consumption of Consumables and additives						
Imported - Lime stone	1863	42.32	20.46%	20642	311.18	16.70%
- Coke fines		-		12,366	1248.36	67.00%
Total :		42.32			1559.54	
Indigenous: 1) Bentonite	1176	46.70		5344	189.46	
2) Coke fines	1346	117.78	79.54%	710	72.66	16.30%
3) Burnt lime		-		492	25.14	
4) Lime stone		-		843	16.43	
Total :		164.48			303.69	
Total :		206.80	100.00%		1863.23	100.00%
Expenditure incurred in foreign currency (On remittance basis):						
(a) Travelling		11.30			16.40	
(b) Other expenses		217.63			3429.33	
Value of Imports on CIF Basis						
(a) Raw Materials		2886.21			-	
(b) Components and spare parts		58.57			57.21	
(c) Consumables and additives		305.00			436.00	
Earnings in Foreign Exchange (on Receipt basis)						
(a) Export of goods (FOB) (Rupees in Lakhs)		7,222.38			7369.81	
equivalent of above in (US \$ Million)		107.38			121.41	
(b) Other receipts (Rupees in Lakhs)		-			-	

₹ in Lakhs

Particulars	Figures as at the end of current reporting period 31-03-2016	Figures as at the end of previous reporting period 31-03-2015
	Rs. in Lakhs	Rs. in Lakhs

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

The amount of Rs.2617.43 Lakhs (equivalent to 25% of FDT) collected earlier by NMDC as per the interim order of Hon'ble Court is shown under "Advance-Others" in Books of Account and the Bank guarantee equivalent to Rs.2734.87 Lakhs taken by NMDC has been included under the contingent liability.

(c) Disputed Liabilities in Appeal

On Revenue Account:

Excise Duty	5848.31	5848.31
Service Tax	89.59	-
Sales Tax	945.80	-

C. Demands made by the income tax department, which are disputed by the Company and payments made against each demand are as under:

Asst. Year	Disputed demand	Amount Paid	Balance as on 31.3.2016	Pending with
2009-10	321.48	321.48	Nil	Commissioner of Income Tax (Appeals)
2010-11	Nil	Nil	Nil	-
2011-12	1089.34	929.37	159.97	Income Tax Appellate Tribunal, Bangalore
2012-13	391.77	93.76	298.01	Commissioner of Income Tax (Appeals)
2013-14	456.22	444.77	11.45	Commissioner of Income Tax (Appeals)

There will not be additional financial implication over and above the provisions already made as per Company's assessment.

- 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 Lakhs and Assessment year 2012-13 amounting to Rs.839.96 Lakhs including interest which are pending before the Assessing Authority.
3. The Company is a 100% Export Oriented Unit. With the suspension of mining operations at Kudremukh mine site, the Company is procuring the iron ore fines from NMDC mines and transporting it to its plant at Mangalore by rail or rail cum sea route.

Particulars	Figures as at the end of current reporting period 31-03-2016	Figures as at the end of previous reporting period 31-03-2015
	Rs. in Lakhs	Rs. in Lakhs
<p>The Railways are raising the RRs for transporting the iron ore through rakes which are promptly settled by the Company. As on date none of the RR is pending for payment or under dispute.</p> <p>Railways vide letter No. H/C.474 Classification/11 dated 21-10-2011 raised an issue regarding the applicability of distance based charge(DBC) over and above normal freight on Iron Ore transported through railway network for manufacture of Pellets and their subsequent export.</p> <p>Iron ore fines and lumps attract distance based charge if the same are exported. However, the Iron Ore so moved and utilized in the steel plants for manufacture of finished product and exported thereafter do not attract distance based charge. DBC is also not applicable to Pig iron and Sponge iron Industry.</p> <p>This benefit is not available to Pellets though it is a manufactured and value added, technically and commercially distinct product.</p> <p>This discrimination by Railways was challenged before the Hon'ble High Court of Karnataka through a Writ Petition. The Writ Petition was dismissed. KIOCL filed Writ Appeal challenging the dismissal of the Writ petition. The Hon'ble Court has granted interim order staying DBC, subject to the condition that 50% of the demand excluding penalty is to be deposited.</p> <p>The Company initially worked out the DBC liability as Rs.12727.28 Lakhs and paid Rs.6363.64 Lakhs to South Western Railway (SWR). Subsequently, on reconciliation with SWR, the liability of DBC was assessed at Rs.14291.08 Lakhs. Pending settlement of writ appeal, liability has been created in the books of account for the balance amount as a prudent measure during 2013-14. During the year 2014-15, an amount of Rs.1461.51 Lakhs was paid/adjusted to SWR which includes adjustment of congestion surcharge amounting to Rs.206.70 Lakhs by SWR.</p> <p>East Coast Railways (ECR) has raised a demand of Rs.41446 Lakhs towards Distance Based Charge and penalty there on. This was protested by the Company on the ground that, the claim of ECR includes normal freight paid earlier on every consignment at the time of movement of rakes and three times of the normal freight as penalty. The Company filed writ petition before Hon'ble High Court of Odisha. Hon'ble High Court of Odisha has granted interim order on the same lines of Hon'ble High court of Karnataka.</p> <p>The liability towards DBC to East Coast Railway is Rs.6740.94 Lakhs. East Coast Railway is demanding the DBC as Rs.10361.38 Lakhs without reducing freight already paid by the company. The Company has paid</p>		

₹ in Lakhs

Particulars	Figures as at the end of current reporting period 31-03-2016	Figures as at the end of previous reporting period 31-03-2015
	Rs. in Lakhs	Rs. in Lakhs
<p>50% of their demand i.e. Rs.5180.69 Lakhs and the liability have been created for the balance amount of DBC in the Books of Account as a prudent measure pending settlement of writ petition.</p> <p>Both the cases are subjudice before the Hon'ble High court of Karnataka and Odisha respectively. Based on the outcome, necessary adjustments will be made.</p> <p>4. (a) The Company's private railway siding at Panambur was commissioned during January 2006 with allotment of code 'PNKI-06529006' by Railway. The Iron ore fines moved through this siding is not liable for levy of congestion surcharge over and above the freight. But, South Western Railway (SWR) continuously levied and collected congestion surcharge for the period from 01.04.2007 to 21.05.2008 for movement of rakes. KIOCL resisted this levy and collection. Further, KIOCL claimed refund of congestion surcharge amounting to Rs.6877.86 Lakhs from SWR in respect of 573 rakes moved during the above mentioned period. SWR refunded Rs.2715.16 Lakhs till date which includes Rs.206.70 Lakhs adjusted by SWR towards DBC. KIOCL approached Railway Claims Tribunal (RCT), Bangalore and filed an application for refund of the balance amount of Rs.4162.70 Lakhs with interest. The case is pending for disposal.</p> <p>(b) The Konkan Railway offered concessional freight to KIOCL for movement of rakes through Konkan route instead of shorter route i.e, Hassan-Mangalore. KIOCL accepted the offer and 110 rakes were booked for the 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, KIOCL claimed refund of Rs.254.45 Lakhs from SWR towards differential freight. However SWR has not refunded the amount. Hence, KIOCL approached RCT, Bangalore and has claimed Rs.254.45 Lakhs with interest. The case is pending for disposal.</p> <p>(c) East Coast Railway have collected 100% congestion surcharge instead of 30% for the rakes moved during the period from 15.04.2008 to 21.05.2008. KIOCL requested ECR for refunding Rs.436.83 Lakhs being 70% excess congestion surcharge collected in respect of 26 rakes. As ECR failed to refund the amount, KIOCL has filed a petition before the RCT, Bhubaneswar for refund of Rs.436.83 Lakhs with interest. The case is pending for disposal.</p>		

The Company has not recognized the above as income as per Company's significant accounting Policy No. 5.7.

Particulars	Figures as at the end of current reporting period 31-03-2016	Figures as at the end of previous reporting period 31-03-2015
	Rs. in Lakhs	Rs. in Lakhs
5. The Company has applied for a prospective license (PL) of Khandhadhar deposit in Jharsuguda district, Odisha. The area identified is having low grade Iron Ore deposit and as project utility could be established only after detailed study, the Company has carried out exploration work in that area and incurred an amount of Rs.105.68 Lakhs.		
<p>The Mines and Minerals (Development and Regulation) Act has been amended vide Amendment Act No. 10 of 2015. According to the Amendment Act 2015, all applications received prior to the date of commencement of the Amendment Act, 2015 shall become ineligible.</p> <p>There is no prospecting license granted in favor of KIOCL in the above case. Further, there is no prior approval granted by the Central Govt under subsection (1) of Section 5 of the MMDR Act, 1957 in favor of KIOCL.</p> <p>In view of the above, all cases / litigation in respect of Khandhadhar deposit automatically drops. However, the Company has made a provision for the above expenditure in its books of account as a prudent measure.</p>		
6. In pursuance of the directive of the Hon'ble Supreme Court, mining activities at Kudremukh were stopped with effect from 1st January 2006. The Company filed a Petition for Direction with prayers, inter-alia, to permit utilization of 54.01 hectares of land required for the purpose of safety and slope stability of the mine, at the time of closure of the mine. Indian Bureau of Mines (IBM) has approved final mine closure plan (FMCP) of Kudremukh iron ore mine and the same was communicated vide letter no. MS/CMG/Fe-38-52 dated 06-05-2005. The expenditure towards mine closure, as per the above plan, was Rs. 2.79 Crores.		
<p>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".</p> <p>The expenditure for this purpose was to be met out of Rs.19.00Crores deposited by the Company and which is presently lying with the Adhoc Compensatory Afforestation Fund Management and Planning authority (Adhoc CAMPA).</p> <p>The Hon'ble Court has also directed that if any funds are required in excess of Rs.19.00 Crores, the agency or the designated officer shall move to the Court for necessary direction.</p> <p>Ministry of Mines (GOI), vide letter dated 07.02.2014, nominated The Regional Controller of Mines, IBM Bangalore as the 'Designated Officer'</p>		

₹ in Lakhs

Particulars	Figures as at the end of current reporting period 31-03-2016	Figures as at the end of previous reporting period 31-03-2015
	Rs. in Lakhs	Rs. in Lakhs

to take possession of Kudremukh Iron Ore Mines. Accordingly, the Company has handed over the possession of the Kudremukh Iron Ore Mines to the Regional Controller of Mines, IBM Bangalore on 03.04.2014.

Subsequently, officials of IBM Bangalore and IIT, Delhi inspected the mine site on 20.05.2014, in which IIT Delhi opined that the residual task of mine closure, keeping in view environment and safety concerns, is relatively minor as compared to what was originally envisaged. Hence, the amount of Rs.19.00 Crores paid by the Company to Central Empowered Committee already lying with the Adhoc-CAMPA, is sufficient to meet the expenditure on mine closure, no further liability is considered necessary.

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

- Total mining lease areas of 4605.02 hectares at Kudremukh include an extent of 1220.03 hectares of government revenue land, apart from forest land and KIOCLs free hold land. Regional Controller of Mines IBM, the designated officer has taken over the entire mining lease area for carrying out the mine closure activities in the mine in compliance of Hon'ble Supreme Court orders dated 15-12-2006 on 03-04-2014. However, the infrastructure and buildings located in Revenue land and other land being the property of the Company shall continue to remain in their physical possession till the cessation of mine closure activities. Till the year 2013-14, the land records of revenue land were in the name of KIOCL. Government of Karnataka has changed the revenue records removing the Company's name. Hence the Company was constrained to file a suit before Civil Judge Court, Mudigere for an injunction against Government and others, restraining them from dispossessing KIOCL

Particulars	Figures as at the end of current reporting period 31-03-2016	Figures as at the end of previous reporting period 31-03-2015
	Rs. in Lakhs	Rs. in Lakhs
<p>from the said revenue land. The court heard the arguments and passed an interim order on 05-11-2013 restraining the defendants or anybody under them from dispossessing the Company from the suit schedule property (i.e. Revenue land) in any manner till the disposal of the suit or till the modalities have been worked out and implemented as directed by the Hon'ble Supreme court. The suit is yet to be decided.</p> <p>Taking in to consideration of taking over the entire mining lease area of 4605.02 hectares comprising forest land, revenue land, company's own land and other land by the Designated officer IBM for carrying out the mine closure activities in the mine in compliance of Hon'ble Court although their physical possession held with the Company, the Company depreciated all its township assets in full as a prudent measure during the year 2014-15.</p>		
<p>9 (a) Liability with regard to Gratuity benefits payable in future is determined by actuarial valuation at the end of the year using the Projected Unit Credit Method. Liability on this account is covered under Group Gratuity Life Assurance Scheme of LIC of India. Premium paid on this Scheme is charged to expenses as contribution to gratuity.</p> <p>During the year the Company has deposited an amount of Rs.350.00 Lakhs (Rs.3000.00 Lakhs previous year) with LIC as fund to be managed by them. Expected returns on this plan asset have been recognized in the actuarial valuation. While expensing this deposit as gratuity expenditure, the decrease in the liability to be recognized Rs.254.30 Lakhs has been accounted under "Employees' benefits expenses" during the year. Present value of Future Obligations of Gratuity as at the Balance Sheet date as per Actuarial Valuations are:</p>	1883.72	2138.02
<p>(b) Present value of Future Obligations of the following as at the Balance Sheet date as per Actuarial Valuations are:</p>		
<p>(i) Long term compensated absence- Earned Leave</p>	2988.20	2944.33
<p>(ii) Long term compensated absence-Half pay Leave</p>	2460.82	2273.29
<p>(iii) Leave Travel Concession</p>	-	202.47
<p>Disclosure required as per Accounting Standard (AS) – 15(Revised) on 'Employee Benefits' are appended.</p>		
<p>10. As per Accounting Standard (AS)–2 –'Valuation of Inventories', materials and other supplies held for sale / use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. However, when there has been a decline in the price of materials and it is estimated that the cost of the finished products will exceed net realizable value, the materials are written down to net realizable value.</p>		

Particulars	Figures as at the end of current reporting period 31-03-2016	Figures as at the end of previous reporting period 31-03-2015
	Rs. in Lakhs	Rs. in Lakhs
<p>During the year as net replacement value of Furnace oil, Lime stone, Manganese ore and Iron ore fines (semi finished) is lesser than its weighted average cost, the difference of Rs.1587.23 Lakhs (Previous year Rs.725.36 Lakhs) has been written down and charged to Profit for the year as write off in the statement of Profit and loss for the year. Consequent upon this the loss for the year is increased by Rs. 1587.23 Lakhs.</p>		
<p>11. The Company was holding Rs.8.35 crores insurance spares in the inventories either procured along with the equipments or subsequently are added to the equipments cost during the year and exhibited under sales/adjustment in Note-5.1. Insurance spares added to equipment cost retaining notional amount of Re. 1/- each unit in the price stores ledger (PSL).</p>		
<p>12. The Company procures iron ore from Kirandul Complex of NMDC Limited for use as raw material in their pellet plant. Railway siding at Malingar Vally of Kirandul from where iron ore is loaded into the railway rakes does not have electronic weightometers. The ore loaded is measured as per volume metric basis. The quantity of ore thus arrived at is invoiced by NMDC. The supplies are made on advance payment basis. Railway authorities weigh the ore en-route through electronic weigh bridges. Accordingly, RR was generated by Railways for collection of freight. The long term agreement entered into between the Company and NMDC contains a clause that in the absence of non- functioning of electronic weightometers at loading point of supplier, the weight measured in the Railway RR should be considered for the quantity to be paid. During the years 2009-13 there was short supply of 109789 MT of ore valuing Rs.35.27 crore being the difference between quantity as per NMDC invoice and quantity as per Railway RR. The company lodged a claim on NMDC for refund of this amount. In a joint meeting held on 24.02.2016, NMDC confirmed the figures and assured to obtain a legal opinion regarding refund. Since NMDC has to confirm refund as a prudent accounting measure the Company has not recognized the income.</p>		
<p>13. In its continued effort for purchasing iron ore fines from sources other than NMDC, the Company has succeeded in e-auction of iron ore fines by Department of Mines & Geology, Goa in Nov 2014 and a lot of 90,000 tons was allotted to the Company. The Company moved a part of this quantity (50000 Mt) to Mangalore for its use and entered into agreement to sell balance to MMTC Ltd directly from Goa exhibited in the books of the Company as "Asset- Held for sale". Rs.1119.29 Lakhs as on 31st March 2015 and shown under "Inventory – Held for sale" during the year 2014-15. However M/s MMTC has not performed the contract. As a result the Company had forfeited the deposit of Rs.101 Lakhs and credited to Income under Income from Other sources. The Company moved this quantity (40000 MT) to Mangalore for its use during the year.</p>		

Particulars	Figures as at the end of current reporting period 31-03-2016	Figures as at the end of previous reporting period 31-03-2015
	Rs. in Lakhs	Rs. in Lakhs
14. The Company was allotted a quantity of 20,000 MT of iron ore fines in the e-auction held during October 2013 for NMDC, Donimalai mines. This quantity has to be moved by Railway rakes as NMDC does not permit movement by Road. The Company had deposited the requisite amount of Rs.571.89 Lakhs to the monitoring Committee (monitoring committee constituted by Central Empower Committee) and has submitted the required documents to Railways (SWR) for allotment of rakes. For the purpose of participating in the e-auction the company deposited Rs. 25 lakhs with the monitoring committee which was treated as Security Deposit and the same would be forfeited as per terms and conditions of e-auction due to non-fulfillment of contractual obligation. However, SWR is yet to give clearance for accepting the Company's indents and material is yet to be lifted.		
Monitoring Committee has permitted the Company on 15.09.2015 to perform the contract even after the stipulated period. Therefore, the amount deposited with monitoring committee including EMD amount of Rs. 25 Lakhs is exhibited as Advance for Raw-material in the Books of Accounts although this EMD amount is forfeitable if contract not performed.		
15. Depreciation on Fixed Assets till 31-03-2014 is provided on Straight Line Method as stipulated in Schedule XIV of the Companies Act, 1956, at respective rates prevailing at the time they are put to use, except certain assets for which higher rates are considered based on their estimated useful life. The depreciation on existing Fixed Assets with effect from 01-04-2014 is based as per the provisions of Schedule II of Companies Act, 2013.		
Assets other than Roads, bridges and culverts, Township, Furniture & Fittings, Computers, vehicles are provided on their remaining value reduced with residual value over its remaining useful life as technically assessed, which will be reviewed periodically. The remaining useful life for assets including plant buildings which are its integral part, in Pellet Plant and Blast Furnace Unit as on 01.04.2014 is estimated as 8 years, Captive Power Plant 15 years and Port Facilities including grinding and balling unit to 10 years. Additions during the year to P&M and Buildings in the above Units are also limited to those useful lives.		
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 asset and the rate of depreciation adopted vis-a-vis the life and rate of depreciation as per Companies Act, 2013 is as follows;		

₹ in Lakhs

Particulars	Figures as at the end of current reporting period 31-03-2016	Figures as at the end of previous reporting period 31-03-2015
	Rs. in Lakhs	Rs. in Lakhs

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

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 Equipments, Computers - Normal & Computers –Servers, the useful life as per Schedule II of the Companies Act, 2013 has been adopted.

On becoming Component Accounting of tangible fixed assets 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, then the useful Life of that significant part determined separately for computation of depreciation charge.

The Company assesses in *PF Continuous process* assets, plant and machineries pertains to Horizontal Pressure Filter comprises significant part of the asset and having useful life higher than the useful life of the principal asset, as the same could be relocated and used elsewhere for other products, the useful life of that asset is determined at 21 years, as against 10 years in all other assets under the category.

Consequent upon this assessment the depreciation charge for the year is reduced by Rs.166.57 Lakhs.

16. The Company was holding steel cord conveyor belt valuing Rs.46.81 Lakhs as at the end of 31.03.2016 in capital work in progress and the same was being capitalized on issue as per the accounting policy No. 3.5 hitherto followed in earlier years.

During the year as the Company adopted component accounting the stock of steel cord conveyor belt held in capital stock has been added to the value of assets retaining nominal value @Re.1/- per unit.

The impact of removal of the policy No. 3.5 of previous year is Rs.46.81 lakhs as addition to the fixed assets and corresponding depreciation on the above Rs.4.94 lakhs.

Particulars	Figures as at the end of current reporting period 31-03-2016	Figures as at the end of previous reporting period 31-03-2015
	Rs. in Lakhs	Rs. in Lakhs
17. The Company is having two reporting business segments i.e., 'Iron Oxide Pellet' and 'Pig Iron'. Expenses relating to Kudremukh Department and the Corporate office have been allocated to Iron Oxide Pellet segment. Segment Reporting as per AS-17 is appended herewith.		
18. a. Due to unviable price of Pig Iron, Blast Furnace Unit (BFU) is not operated during the year. However, the recoverable amount in each class of assets in BFU and other Units are more than the carrying amount. Hence, there is no impairment loss to be recognized during the year.		
b. The Company is intending to restart the BFU operation during the year 2016-17 due to the cost advantages in raw materials purchase as per present market conditions. To bring back the machineries and plant in place, around Rs.12.92 Crores is expected to be spent on refurbishing during 2016-17.		
c. While excavating of pig iron stock yard certain auxiliary material of pig iron were retrieved and sold worth Rs.134.68 Lakhs during the year (Previous year Rs.196.64 Lakhs). As at the end of the year, the Company is holding a physical stock of 90.76 MT of pig iron auxiliary material. As the cost of production of the same had been accounted in earlier years, the same is valued at nil cost as at the end of year. Although the market value of the same be Rs.17.85 Lakhs as per last sale price of similar product, as a prudent accounting measure, no value has been assigned to the stock in the Books of Accounts.		
19. Under Operation & Maintenance portal, the Company had undertaken coke handling system of MRPL, O&M of pellet & beneficiation plant of NMDC Donimalai and O&M COB Plant of OMC Kaliapani contracts during the year. Revenue earned from these operation and maintenance contracts during the year are Rs.225.81 lakhs, Rs.59.60 lakhs and Rs.282.02 lakhs respectively.		
Expenditure incurred during the year including salaries and benefits of employees deployed on those contracts are Rs.361.38 lakhs, Rs. 1870.40 lakhs and Rs.288.00 lakhs respectively.		
The revenue generated from of the above has been accounted as 'Revenue from other operations' and the expenditure incurred including salaries and benefits has been accounted under respective heads of account.		
20. Expenses incurred towards generation of power have been included under the primary heads of account.		

₹ in Lakhs

Particulars	Figures as at the end of current reporting period 31-03-2016	Figures as at the end of previous reporting period 31-03-2015
	Rs. in Lakhs	Rs. in Lakhs
21. Related party disclosure: Key Management personnel: S / Shri Malay Chattarjee : Chairman-cum-Managing Director Laxminarayana : Director (Finance) M.V. Subba Rao : Director (Commercial) Vidyananda N. : Director (Production & Projects)		
Except salary, perquisites and other particulars shown under Note 10		
'Employee benefits & expense' there are no other transactions with the related parties which need disclosure.		
22. The Company requested its debtors and creditors to confirm directly to the Statutory Auditors the balances at the year-end in respect of trade payables, trade receivables, advances and loans.		
23. During the year, certain accounting policies have been changed /modified / reworded, wherever necessary, to bring in clarity and to comply with the Accounting standards however, there is no impact on Accounts.		
24. Previous year's figures have been regrouped/ reclassified/re-casted wherever necessary to confirm to current year's presentation.		
25. Figures in the Balance Sheet, Statement of Profit and loss and the Notes thereon have been rounded off to Rupees Thousands and expressed in Rupees in Lakhs.		

Details of measurement of present value of obligation in respect of Retirement Benefits for employees as per actuarial valuation are as follows : (Refer Sl.No. 9(a) of Note 14)

TYPE OF PLAN	LONG TERM GRATUITY	
	31-03-2016	31-03-2015
I. PRINCIPAL ACTUARIAL ASSUMPTIONS [Expressed as weighted averages]		
Discount Rate	7.80%	7.70%
Salary escalation rate	15.00%	15.00%
Attrition rate	5.00%	5.00%
Expected rate of return on Plan Assets	8.50%	8.75%
In the following tables, all amounts are in Rs. lakhs, unless otherwise stated		
II. CHANGES IN THE PRESENT VALUE OF THE OBLIGATION (PVO)		
- RECONCILIATION OF OPENING AND CLOSING BALANCES:		
PVO as at the beginning of the period	5044.41	4485.59
Interest Cost	389.63	398.78
Current service cost	46.85	51.90
Past service cost - (non vested benefits)	-	-
Past service cost - (vested benefits)	-	-
Benefits paid	(98.29)	(109.41)
Actuarial loss/(gain) on obligation (balancing figure)	112.58	217.54
PVO as at the end of the period	5270.02	5044.41
III. CHANGES IN THE FAIR VALUE OF PLAN ASSETS - RECONCILIATION OF OPENING AND CLOSING BALANCES:		
Fair value of plan assets as at the beginning of the period	2906.39	9.49
Expected return on plan assets	265.32	130.93
Contributions	350.00	3000.00
Benefits paid	(98.29)	109.41
Actuarial gain/(loss) on plan assets [balancing figure]	(37.13)	124.62
Fair value of plan assets as at the end of the period	3386.29	2906.39
IV. ACTUAL RETURN ON PLAN ASSETS		
Expected return on plan assets	265.32	130.93
Actuarial gain (loss) on plan assets	(37.13)	(124.62)
Actual return on plan assets	228.19	6.31
V. ACTUARIAL GAIN / LOSS RECOGNIZED		
Actuarial gain / (loss) for the period - Obligation	112.58	(217.54)
Actuarial gain / (loss) for the period- Plan Assets	(37.13)	(124.62)
Total (gain) / loss for the period	(75.45)	342.17
Actuarial (gain) / loss recognized in the period	(75.45)	342.17
Unrecognized actuarial (gain) / loss at the end of the year	-	-
VI. AMOUNTS RECOGNISED IN THE BALANCE SHEET AND RELATED ANALYSIS		
Present value of the obligation	5270.02	5044.41
Fair value of plan assets	3386.29	2906.39
Difference	1883.72	2138.02
Unrecognised transitional liability	-	-
Unrecognised past service cost - non vested benefits	-	-
Liability recognized in the balance sheet	1883.72	2138.02

TYPE OF PLAN	LONG TERM GRATUITY	
	31-03-2016	31-03-2015
VII. EXPENSES RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS:		
Current service cost	46.85	51.90
Interest Cost	389.63	398.78
Expected return on plan assets	(265.32)	(130.93)
Net actuarial (gain)/loss recognised in the year	75.45	342.17
Transitional Liability recognised in the year	-	-
Past service cost - non-vested benefits	-	-
Past service cost - vested benefits	-	-
Expenses recognized in the statement of profit and loss	95.71	661.92
VIII. MOVEMENTS IN THE LIABILITY RECOGNIZED IN THE BALANCE SHEET		
Opening net liability	2138.02	4476.10
Expense as above	95.71	661.92
Contribution paid	(350.00)	(3000.00)
Closing net liability	1883.72	2138.02
IX. AMOUNT FOR THE CURRENT PERIOD		
Present Value of obligation	5270.02	5044.41
Plan Assets	3386.29	2906.39
Surplus/(Deficit)	(1883.72)	(2138.02)
Experience adjustments on plan liabilities -(loss)/gain	112.58	129.23
Experience adjustments on plan assets -(loss)/gain	(37.13)	(124.62)
X. MAJOR CATEGORIES OF PLAN ASSETS (AS PERCENTAGE OF TOTAL PLAN ASSETS)		
Government of India Securities	25.00%	25.00%
State Government Securities	15.00%	15.00%
High Quality Corporate Bonds	30.00%	30.00%
Equity shares of listed companies	-	-
Property	-	-
Special Deposit Scheme	-	-
Funds managed by Insurer	-	-
Others (to specify)	30.00%	30.00%
Total	100.00%	100.00%
XI. ENTERPRISE'S BEST ESTIMATE OF CONTRIBUTION DURING NEXT YEAR	1000.00	500.00

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

TYPE OF PLAN	LONG TERM COMPENSATED ABSENCE - EARNED LEAVE	
	31-03-2016	31-03-2015
I. PRINCIPAL ACTUARIAL ASSUMPTIONS [Expressed as weighted averages]		
Discount Rate	7.80%	7.70%
Salary escalation rate	15.00%	15.00%
Attrition rate	5.00%	5.00%
Expected rate of return on Plan Assets	-	-
In the following tables, all amounts are in Rs.in lakhs, unless otherwise stated		
II. CHANGES IN THE PRESENT VALUE OF THE OBLIGATION (PVO) - RECONCILIATION OF OPENING AND CLOSING BALANCES:		
PVO as at the beginning of the period	2944.33	3672.34
Interest Cost	221.73	276.92
Current service cost	165.51	144.36
Past service cost - (non vested benefits)	-	-
Past service cost - (vested benefits)	-	-
Benefits paid	(203.21)	(1190.81)
Actuarial loss/(gain) on obligation (balancing figure)	(140.16)	41.51
PVO as at the end of the period	2988.20	2944.33
III. CHANGES IN THE FAIR VALUE OF PLAN ASSETS - RECONCILIATION OF OPENING AND CLOSING BALANCES:		
Fair value of plan assets as at the beginning of the period	-	-
Expected return on plan assets	-	-
Contributions	203.21	1190.81
Benefits paid	(203.21)	(119.08)
Actuarial gain/(loss) on plan assets [balancing figure]	-	-
Fair value of plan assets as at the end of the period	-	-
IV. ACTUAL RETURN ON PLAN ASSETS		
Expected return on plan assets	-	-
Actuarial gain/(loss) on plan assets	-	-
Actual return on plan assets	-	-
V. ACTUARIAL GAIN / LOSS RECOGNIZED		
Actuarial gain / (loss) for the period - Obligation	140.16	(41.51)
Actuarial gain / (loss) for the period- Plan Assets	-	-
Total (gain) / loss for the period	(140.16)	41.51
Actuarial (gain) / loss recognized in the period	(140.16)	41.51
Unrecognized actuarial (gain) / loss at the end of the year	-	-
VI. AMOUNTS RECOGNISED IN THE BALANCE SHEET AND RELATED ANALYSIS		
Present value of the obligation	2988.20	2944.33
Fair value of plan assets	-	-
Difference	2988.20	2944.33
Unrecognised transitional liability	-	-
Unrecognised past service cost - non vested benefits	-	-
Liability recognized in the balance sheet	2988.20	2944.33

TYPE OF PLAN	LONG TERM COMPENSATED ABSENCE - EARNED LEAVE	
	31-03-2016	31-03-2015
VII. EXPENSES RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS:		
Current service cost	165.51	144.36
Interest Cost	221.73	276.92
Expected return on plan assets	-	-
Net actuarial (gain)/loss recognised in the year	(140.16)	41.51
Transitional Liability recognised in the year	-	-
Past service cost - non-vested benefits	-	-
Past service cost - vested benefits	-	-
Expenses recognized in the statement of profit and loss	247.08	462.80
VIII. MOVEMENTS IN THE LIABILITY RECOGNIZED IN THE BALANCE SHEET		
Opening net liability	2944.33	3672.34
Expense as above	247.08	462.80
Contribution paid	(203.21)	(1190.81)
Closing net liability	2988.20	2944.33
IX. AMOUNT FOR THE CURRENT PERIOD		
Present Value of obligation	2988.20	2944.33
Plan Assets	-	-
Surplus/(Deficit)	(2988.20)	(2944.33)
Experience adjustments on plan liabilities -(loss)/gain	140.16	206.58
Experience adjustments on plan assets -(loss)/gain		
X. MAJOR CATEGORIES OF PLAN ASSETS (AS PERCENTAGE OF TOTAL PLAN ASSETS)		
Government of India Securities	-	-
State Government Securities	-	-
High Quality Corporate Bonds	-	-
Equity shares of listed companies	-	-
Property	-	-
Special Deposit Scheme	-	-
Funds managed by Insurer	-	-
Others (to specify)	-	-
Total	-	-
XI ENTERPRISE'S BEST ESTIMATE OF CONTRIBUTION DURING NEXT YEAR	-	-
-		

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

TYPE OF PLAN	LONG TERM COMPENSATED ABSENCE - SICK LEAVE	
	31-03-2016	31-03-2015
I. PRINCIPAL ACTUARIAL ASSUMPTIONS [Expressed as weighted averages]		
Discount Rate	7.80%	7.80%
Salary escalation rate	15.00%	15.00%
Attrition rate	5.00%	5.00%
Expected rate of return on Plan Assets	-	-
In the following tables, all amounts are in Rs. lakhs ,unless otherwise stated		
II. CHANGES IN THE PRESENT VALUE OF THE OBLIGATION (PVO) - RECONCILIATION OF OPENING AND CLOSING BALANCES:		
PVO as at the beginning of the period	2273.29	1916.07
Interest Cost	174.29	171.40
Current service cost	109.25	115.23
Past service cost - (non vested benefits)	-	-
Past service cost - (vested benefits)	-	-
Benefits paid	(77.50)	(23.35)
Actuarial loss/(gain) on obligation (balancing figure)	(18.51)	93.94
PVO as at the end of the period	2460.82	2273.29
III. CHANGES IN THE FAIR VALUE OF PLAN ASSETS RECONCILIATION OF OPENING AND CLOSING BALANCES:		
Fair value of plan assets as at the beginning of the period	-	-
Expected return on plan assets	-	-
Contributions	77.50	23.35
Benefits paid	(77.50)	(23.35)
Actuarial gain/(loss) on plan assets [balancing figure]	-	-
Fair value of plan assets as at the end of the period	-	-
IV. ACTUAL RETURN ON PLAN ASSETS		
Expected return on plan assets	-	-
Actuarial gain/(loss) on plan assets	-	-
Actual return on plan assets	-	-
V. ACTUARIAL GAIN / LOSS RECOGNIZED		
Actuarial gain / (loss) for the period - Obligation	18.51	(93.94)
Actuarial gain / (loss) for the period- Plan Assets	-	-
Total (gain) / loss for the period	(18.51)	93.94
Actuarial (gain) / loss recognized in the period	(18.51)	93.94
Unrecognized actuarial (gain) / loss at the end of the year	-	-
VI. AMOUNTS RECOGNISED IN THE BALANCE SHEET AND RELATED ANALYSIS		
Present value of the obligation	2460.82	2273.29
Fair value of plan assets	-	-
Difference	2460.82	2273.29
Unrecognised transitional liability	-	-
Unrecognised past service cost - non vested benefits	-	-
Liability recognized in the balance sheet	2460.82	2273.29

TYPE OF PLAN	LONG TERM COMPENSATED ABSENCE - SICK LEAVE	
	31-03-2016	31-03-2015
VII. EXPENSES RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS:		
Current service cost	109.25	115.23
Interest Cost	174.29	171.40
Expected return on plan assets	-	-
Net actuarial (gain)/loss recognised in the year	(18.51)	93.94
Transitional Liability recognised in the year	-	-
Past service cost - non-vested benefits	-	-
Past service cost - vested benefits	-	-
Expenses recognized in the statement of profit and loss	265.03	380.56
VIII. MOVEMENTS IN THE LIABILITY RECOGNIZED IN THE BALANCE SHEET		
Opening net liability	2273.29	1916.07
Expense as above	265.03	380.56
Contribution paid	(77.50)	(23.35)
Closing net liability	2460.82	2460.82
IX. AMOUNT FOR THE CURRENT PERIOD		
Present Value of obligation	2460.82	2273.29
Plan Assets	-	-
Surplus/(Deficit)	(2460.82)	(2273.29)
Experience adjustments on plan liabilities -(loss)/gain	18.51	768.85
Experience adjustments on plan assets -(loss)/gain	-	-
X. MAJOR CATEGORIES OF PLAN ASSETS (AS PERCENTAGE OF TOTAL PLAN ASSETS)		
Government of India Securities	-	-
State Government Securities	-	-
High Quality Corporate Bonds	-	-
Equity shares of listed companies	-	-
Property	-	-
Special Deposit Scheme	-	-
Funds managed by Insurer	-	-
Others (to specify)	-	-
Total	-	-
XI. ENTERPRISE'S BEST ESTIMATE OF CONTRIBUTION DURING NEXT YEAR	-	-

Segment Reporting for the Year ended 31st March 2016

₹ in Lakhs

Particulars	Pellets		Pig Iron		Consolidated Total	
	Figures as at the end of current reporting period 31.03.2016	Figures as at the end of previous reporting period 31.03.2015	Figures as at the end of current reporting period 31.03.2016	Figures as at the end of previous reporting period 31.03.2015	Figures as at the end of current reporting period 31.03.2016	Figures as at the end of previous reporting period 31.03.2015
REVENUE:						
External Sales (Gross)	19,845.31	62,687.24	134.68	196.64	19,979.99	62,883.88
Less: Excise Duty & Freight on Consignment Sales	2,139.83	9,601.61	14.97	21.66	2,154.80	9,623.27
Net Sales	17,705.48	53,085.63	119.71	174.98	17,825.19	53,260.61
Total Revenue	17,705.48	53,085.63	119.71	174.98	17,825.19	53,260.61
RESULT:						
Segment result before exception and gain on disposal of assets attributable to discontinued operation (Operating profit)	(21,334.70)	(12,774.71)	(1,384.70)	(1,537.56)	(22,719.40)	(14,312.27)
Unallocated Income less expenses						
(a) Interest Income	-	-	-	-	15,617.58	17,507.98
(b) Service charge on O & M Services (Net of expenses)	-	-	-	-	(1,838.70)	(69.74)
Profit before tax					(8,940.52)	3,125.97
Less: Income Tax	-	-	-	-	(597.44)	(1,641.48)
Deferred Tax	-	-	-	-	(577.25)	1,685.72
Net Profit After Tax					(7,765.83)	3,081.73
OTHER INFORMATION:						
Segment Assets	25,145.85	52,571.78	9,770.81	10,892.32	34,916.66	63,464.10
Unallocated Assets	-	-	-	-	204,773.63	190,762.31
Total Assets					239,690.29	254,226.41
Segment Liabilities	23,762.76	29,013.75	1,376.49	1,843.87	25,139.25	30,857.62
Unallocated Liabilities	-	-	-	-	7,999.18	9,520.93
Total liabilities					33,138.43	40,378.55
Capital Expenditure	630.28	269.18	41.18	-	671.46	269.18
Depreciation & Amortisation	1,252.57	2,154.86	1,047.82	1,053.77	2,300.39	3,208.63
Non-cash expenses other than Depreciation	1,087.57	1,527.89	(190.37)	200.06	897.20	1,727.95

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

KIOCL Offices

Regd. & Corporate 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, bcomml@kioclltd.com
 bpurchase@kioclltd.com, bnbd@kioclltd.com
 Website-http://www.kioclltd.in

Liaison offices

NEW DELHI OFFICE

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

Production Units

PELLET PLANT UNIT

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 No's -0824-2409366, 2408944
 E-mail: bfugmp@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

HYDERABAD OFFICE

KIOCL Limited,
 No 31, IV Floor, APMDC Office,
 HMWSSB Building,
 Khairathabad, Hyderabad
 Tele. No: 23323153 Extn. 135
 E-mail: kioclhyd@kioclltd.com

Project offices

KUDREMU KH PROJECT

KIOCL Limited, Kudremukh – 577 142,
 Chickmagalur District, Karnataka.
 Telephone No. 08263-254148
 Fax No. 08263-254117

KALIAPANI O&M PROJECT

KIOCL Limited, OMC, COB Plant,
 South Kaliapani, Sukinda – 755 028
 Jaipur District, Odisha

D HIREHAL PROJECT

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

DONI O&M PROJECT

KIOCL Limited,
 No. 52, Type-II, South Block,
 Donimalai Township,
 Donimalai -583118,
 Sandur Taluk, Bellary District

BHUBANESWAR OFFICE

KIOCL Limited
 1st Floor, 516/1677/2768
 Sampark Vihar, Lane II, PATIA
 Bhubaneswar -751024, ODISHA
 E-mail: kioclbbsr@kioclltd.com

Ore Coordination centers

KIRANDUL OFFICE

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

DONIMALAI OFFICE

No. 52, Type-II, 1st Floor, South Block
 Donimalai Township, Donimalai
 Sandur Taluk, Bellary Dist., Karnataka - 583 118
 Telephone No. : 09449620125

KIOCL LIMITED

(A Government of India Undertaking)

(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 FORTIETH ANNUAL GENERAL MEETING OF THE MEMBERS OF **KIOCL LIMITED** (CIN: L13100KA1976GOI002974) will be held on Saturday, 24th September, 2016 at 12.00 Noon at the Pellet Auditorium (an Annexe to the Registered Office of the Company) at II Block, Koramangala, Bengaluru – 560 034, to transact the following businesses: -

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2016 and the Profit & Loss Account for the financial year ended on that date together with the Reports of the Directors and the Auditors thereon and Comments of the Comptroller and Auditor General of India.
2. To appoint a Director in place of Shri Malay Chatterjee (DIN: 00380683) who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Smt. Bharathi S. Sihag (DIN: 02154196) who retires by rotation and being eligible offers herself for re-appointment.
4. To pass with or without modification(s) the following resolution as an **Ordinary Resolution**.

“**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 to fix the statutory audit fee payable to the Statutory Auditors for the financial year 2016-17.”

SPECIAL BUSINESS

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

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), regulation 16(b) and 25 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015, Shri Madhav Lal (DIN: 06547581), who was appointed as Additional Director in the category of Independent Director pursuant to Article 114(xxxii) of the Articles of Association of the Company read with Section 161 (1) of the Companies Act, 2013 w.e.f. 27.11.2015 to hold office upto this Annual General Meeting and in respect of whom, the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a Member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, not liable to retire by rotation.”

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

“RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions of the Companies Act, 2013 and Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), Shri CMA Shivannarayana G, Partner, M/s. PKR & Associates, LLP, Cost Accountants appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Pellet Plant Unit of Company for the financial year 2016-17, be paid a remuneration of Rs. 50,000/- (Rupees Fifty Thousand only) plus applicable taxes, other out of pocket expenses to be reimbursed on production of bills be and is hereby ratified and confirmed.

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

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



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

Place : Bengaluru
Dated : 02.08.2016

NOTE:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company.
3. A Proxy shall not have the right to speak at the AGM.
4. The instrument appointing the proxy (duly completed, stamped and signed) must be deposited at the registered office of the Company not less than 48 hours before the commencement of the AGM.
5. Member / proxy holder must bring the attendance slip to the AGM and hand it over at the registration counter as duly signed and executed.
6. 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.
7. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.

8. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
9. In pursuance to provisions of Section 152(6) (a) of the Companies Act, 2013, Sri Malay Chatterjee (DIN: 00380683), Chairman-cum-Managing Director and Smt. Bharathi S. Sihag (DIN: 02154196), Director retire by rotation and being eligible, offers themselves for re-appointment. However, as per the original terms of appointment issued by President of India, the tenure of Sri Malay Chatterjee as Chairman-cum-Managing Director of the Company will expire on 30.06.2017 or until further orders, whichever is the earliest. However, Smt. Bharathi S. Sihags' appointment on Board of KIOCL is co-terminus with her post in Ministry of Steel, Govt. of India.
10. In pursuance to Section 161 of the Companies Act, 2013 Sri Madhav Lal, (DIN: 06547581), was appointed as Additional Directors on the Board of KIOCL Limited who shall hold office only upto the date of the next AGM. The Board has recommended his appointment. However, as per the appointment F. No. 1/10/2015-BLA dated 27th November 2015 his appointment on Board of KIOCL is for a period of three years from the date of appointment or till further orders whichever is earlier.
11. Brief resume of the Directors proposed for appointment and re-appointment as stipulated under Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 is annexed hereto and form part of the Notice.
12. The Register of Members and Share Transfer Books of the Company will remain closed from 17.09.2016 to 24.09.2016 (both days inclusive) for the purpose of Annual General Meeting.
13. The identity/signature of the Members holding shares in electronic/demat form is liable for verification with the specimen signatures furnished by NSDL/CDSL.
14. Members are requested to address all correspondence in relation to share matters to the Company's Registrar and Transfer Agent, M/s. Integrated Enterprises (India) Limited at the following address: -

M/s. Integrated Enterprises (India) Limited
#30, Ramana Residency,
Ground Floor, 4th Cross,
Sampige Road, Malleswaram,
Bengaluru - 560 003,
Ph. No. 080-2346 0815-818, Fax No. 080-2346 0819
E-mail: - irg@integratedindia.in
Website: - www.integratedindia.in
15. The Company has designated an exclusive e-mail ID i.e. cs@kioclltd.com for redressal of shareholders/investors complaints/grievances. In case you have any queries/complaints or grievances, then please write to us at the above mentioned e-mail address.
16. Members who are holding shares in more than one folio are requested to intimate the Registrar and Share Transfer Agents the details of all their folio numbers for consolidation into a single folio.

Members must quote their folio numbers/demat Account No. and contact details in all correspondence with Company /Registrar and Share Transfer Agent.

17. Pursuant to the provisions of Section 205A(5) and 205C of the Companies Act, 1956, the Company has transferred the unpaid or unclaimed dividends for the financial year 2006-07, to the Investor Education & Protection Fund (the IEPF) established by the Central Government.
18. Pursuant to Section 72 of the Companies Act, 2013, shareholders holding shares in physical form may file nomination in the prescribed Form SH-13 with the Company's Registrar and Transfer Agent. In respect of shares held in electronic / demat form, the nomination form may be filed with the respective Depository Participant.

19. Voting through electronic means

Pursuant to the provisions of section 108 of the Companies Act, 2013, Rule 20 and Rule 21 of Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by Central Depository Services Limited (CDSL). It is hereby clarified that it is not mandatory for a member to vote using the e-voting facility and a member may avail of the facility at his/her/its discretion, subject to compliance with the instructions prescribed below:

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on 21.09.2016 at 9.00 AM and ends on 23.09.2016 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 16.09.2016, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(vii) If you are a first time user follow the steps given below:

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

- (viii) After entering these details appropriately, click on “SUBMIT” tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.

- (xvi) You can also take out print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xvii) If Demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xix) **Note for Non – Individual Shareholders and Custodians**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.
20. The results of the e-voting along with the scrutinizer's report shall be placed in the Company's website www.kiocltd.in and on the website of CDSL within two days of passing of the resolution at the AGM of the Company. The results will also be communicated to the stock exchange where the shares of the Company is listed.
21. Pursuant to Section 139(5) the Companies Act, 2013, C & AG vide Letter No. CA.V/COY/CENTRAL/GOVERNMENT, KIOCL(1)/10, dt. 08.07.2016 appointed M/s. Anand & Ponnappan as Statutory Auditors for FY 2016-17. In pursuance to section 142 of Companies Act, 2013, the General Meeting may authorize the Board to fix up an appropriate remuneration of Auditors for the year 2016-17 as may be deemed fit by the Board.
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 INE880L01014. Members are advised to get in touch with the Depository participant (DP)/Registrar and Transfer Agent for further details.

EXPLANATORY STATEMENT

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

As required by Section 102 of the Companies Act, 2013 (Act), the following explanatory statement sets out all material facts relating to the business mentioned under Item Nos. 5 & 6 of the accompanying Notice:

Item No. 5

Shri Madhav Lal, (DIN: 06547581) aged 61 years appointed as an Additional Director designated as Independent Director of the Company w.e.f. 27.11.2015. Having so appointed Shri Madhav Lal holds office till the date of ensuing Annual General Meeting by virtue of Section 160 of the Companies Act, 2013 read with Article 114(xxxii) of the Articles of Association of the Company and is eligible for re-appointment.

In terms of Section 161 of the Companies Act, 2013, the Company has received a notice in writing from a Member along with a deposit of requisite amount proposing candidature of Shri Madhav Lal for the office of Director of the Company. A brief profile of Shri Madhav Lal is annexed hereto in accordance to Regulation 36(3) of the SEBI (Listing obligations & Disclosure Requirements) Regulations, 2015. Save and except the above, none of the other Directors / Key Managerial Personnel of the Company is, in any way, concerned or interested, financially or otherwise, in these resolutions. The Board of Directors commends the resolution for approval of the shareholders.

Item No. 6

The Board, on the recommendation of the Audit & 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 2016-17, at a remuneration of Rs. 50,000/- (Rupees Fifty Thousand only) plus applicable taxes, and other out of pocket expenses to be reimbursed on production of bills.

In accordance with the provisions of Section 148 and other applicable provisions, if any, of the companies Act, 2013 and Companies (Audit and Auditors) Rules 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 6 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2017.

None of the Directors / Key Managerial Personnel of the Company is, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No.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 : Bengaluru
Dated : 02.08.2016

DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AT THE AGM

(Pursuit to Regulation 36(3) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015)

Name	Shri Malay Chatterjee (DIN: 00380683)	Smt. Bharathi S. Sihag (DIN: 02154196)	Shri Madhav Lal (DIN : 06547581)
Date of Birth	28.08.1963	02.12.1958	04.06.1955
Date of appointment	01.07.2012	16.03.2015	27.11.2015
Qualifications	BE (Civil), LL.B, Master of Science in Disaster Mitigation	Post Graduate, M. Phil in History from Delhi University, MS in Development Studies from Cornell University, Ithaca, New York, USA	Master's degree in Physics from St. Stephen's College, Delhi University, and a Master's degree in Public Administration from the John F. Kennedy School of Government, Harvard University
Nature of expertise	More than 32 years of illustrious career in different capacities with State Governments and Public Sector Undertakings (PSUs) across India.	Indian Administrative Service (IAS)	Indian Administrative Service (IAS)
Directorships held in other Companies	NIL	SAIL, RINL, NMDC, MECON, NMDC-CMDC Ltd., International Coal Ventures Pvt. Ltd	NIL
Memberships / Chairmanships of committee of other Public Companies	NIL	Chairman, Audit Committee, MECON	NIL

KIOCL LIMITED

(A Government of India Undertaking)

(CIN:L13100KA1976GOI002974)

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

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

PROXY FORM (FORM NO. MGT 11)

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

Name of the member(s):

Registered address:

E-mail ID:

Folio No/DP ID-Client ID:

I/We, being the member (s) of KIOCL 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 40th Annual General Meeting 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 Saturday, 24th September 2016 at 12.00 Noon and at any adjournment thereof in respect of such resolutions as are indicated below:

Sl. No.	Resolution	Optional*	
		For	Against
	ORDINARY BUSINESS		
1.	Adoption of Financial Statements for the year ended 31 st March 2016 and the Reports of the Board of Directors and the Auditors thereon and Comments of the C&AG.		
2.	Reappointment of Shri Malay Chatterjee (DIN: 00380683) as a Director who retires by rotation.		
3.	Reappointment of Smt. Bharathi S. Sihag (DIN: 02154196) as a Director who retires by rotation.		
4.	Fixing the remuneration of Statutory Auditors		



Sl. No.	Resolution	Optional*	
		For	Against
SPECIAL BUSINESS			
5.	Appointment of Sri Madhav Lal (DIN: 06547581) as a Director.		
6.	Approval of the Remuneration of the Cost Auditor.		

Signed this..... day of2016

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 40th Annual General Meeting.
3. It is optional to put a 'X' in the appropriate column against the resolutions indicated in the box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
4. Please complete all details including details of member(s) in above box before submission.



ATTENDANCE SLIP
(To be presented at the entrance)

Folio No. / DP ID Client ID.....No. of Shares.....

Name of the Member

Name of Proxy Holder.....

Signature of shareholder

Signature of Proxy holder(s)

1. Only Member / Proxy Holder can attend the Meeting.
2. Member /holder should bring his/her copy of the Annual Report for reference at the Meeting.



REGISTRATION OF E-MAIL ADDRESS FOR FUTURE COMMUNICATION

Name of ShareholdersE-mail id:

Address.....

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

DP ID: Signature: