



के आई ओ सी एल लिमिटेड  
KIOCL LIMITED



**35<sup>वां</sup>**  
**th**

**वार्षिक प्रतिवेदन**  
**Annual Report**  
**2010 - 11**



*Shri PK Misra, Secretary to Govt. of India, Ministry of Steel given Guard of honour during his visit to Mangalore facilities*



*Shri TMGK Bhat, Director (Finance) handing over Interim Dividend cheque to Shri PK Misra, Secretary to Govt. of India, Ministry of Steel*

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## Board of Directors

**Shri K Ranganath**

*Chairman-cum-Managing Director*

**Shri S Machendra Nathan**

*(From 25-05-2010)*

**Shri Upendra Prasad Singh**

*(From 09-05-2011)*

**Shri MB Padiyar**

*Director (Production & Projects)*

**Shri TMGK Bhat**

*Director (Finance)*

**Maj Gen. (Retd.) Dr. OP Soni, VSM**

*Director (Commercial)*

*(From 01-02-2011)*

**Shri K. Subba Rao**

*Director (Production & Projects)*

*(From 09-06-2011)*

**Shri NR Mohanty**

**Dr. Chiranjib Sen**

**Shri B Ramesh Kumar**

**Prof. VR Sastry**

**Shri George Elias**

*(upto 20-01-2011)*

**Shri. SK Padhi**

*Company Secretary*

**Main Bankers**

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

**Auditors**

**ASA & Associates.**  
Chartered Accountants  
A2, Ground Floor,  
Akruti Antara Apartments  
Bangalore - 560 042



Board of Directors (Contd.)



**K Ranganath**



**S Machendra Nathan**



**Upendra Prasad Singh**



**N R Mohanty**



**Dr. Chiranjib Sen**



**B Ramesh Kumar**



**Prof. VR Sastry**



**M B Padiyar**



**TMGK Bhat**



**Maj. Gen. (Retd.) (Dr.) OP Soni**



**K Subba Rao**



**SK Padhi**  
Company Secretary



# Top Management



**NV Rajashekar**  
CVO, NMDC,  
Additional Charge, CVO, KIOCL Limited



**S Selvanathan**  
Executive Director  
(Resource Coordination)



**MV Subba Rao**  
Executive Director  
(Commercial)



**Laxminarayana**  
Executive Director  
(Finance)



**Bobraj Jayaharan**  
General Manager  
(Materials)



**TNT Ganga Rao**  
General Manager  
(Resource Coordination)



**S Rajendra**  
General Manager  
(Personnel)

## Notice

Notice is hereby given that the **Thirty Fifth Annual General Meeting** of the members of KIOCL Limited will be held on Tuesday, 12th July 2011 at 11.45 AM, at the Company's Community Hall (an Annexe to the Registered Office of the Company) at II Block, Koramangala, Bangalore – 560 034, to transact the following businesses :-

### Ordinary Business

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2011, Profit & Loss Account for the year ended 31st March, 2011 together with the Reports of the Directors and the Auditors thereon and Comments of the Comptroller and Auditor General of India in terms of Section 619 of the Companies Act, 1956.
2. To confirm the payment of Interim dividend @ Re. 0.08 per share and declare final dividend of Re. 0.25 per share inclusive of Interim Dividend @ Re. 0.08 per share for the year 2010-11.
3. To appoint a Director in place of Shri N. R. Mohanty, who retires by rotation and being eligible, offers himself for re-appointment.

### Special Business

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

**“RESOLVED THAT** Maj. Gen. (Retd.) (Dr.) O. P. Soni, VSM, Director (Commercial), who was appointed as Additional Director under Section 260 of the Companies Act, 1956, effective from 1.2.2011 and holds office upto the 35th Annual General Meeting in respect of whom, the Company has received a notice in writing, under Section 257 of the Companies Act, 1956, from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, not liable to retire by rotation.”

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

**“RESOLVED THAT** Shri Upendra Prasad Singh, Joint Secretary, Ministry of Steel, who was appointed as Additional Director under Section 260 of the Companies Act, 1956, effective from 9.5.2011 and holds office upto the 35th Annual General Meeting in respect of whom, the Company has received a notice in writing, under Section 257 of the Companies Act, 1956, from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, not liable to retire by rotation.”



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

**“RESOLVED THAT** Shri K Subba Rao, Director (Production & Projects), who was appointed as Additional Director under Section 260 of the Companies Act, 1956, effective from 9.6.2011 and holds office upto the 35th Annual General Meeting in respect of whom, the Company has received a notice in writing, under Section 257 of the Companies Act, 1956, from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, not liable to retire by rotation.”

By order of the Board of Directors,  
**KIOCL Limited,**

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

Place : Bangalore  
Dated : 10-06-2011

**NOTE:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER. THE INSTRUMENT APPOINTING A PROXY IN ORDER TO BE VALID MUST BE DULY FILLED IN ALL RESPECTS AND SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. Relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the Special Businesses, set out at Item No. 4, 5 & 6 of the Notice is annexed hereto.
3. Brief resume of the Directors seeking re-appointment/appointment as mandated under clause 49 of the Listing Agreement with the Stock Exchanges is annexed hereto and form part of the Notice.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 8th July 2011 to 12th July 2011 (both days inclusive) for determining the names of members eligible for dividend of Equity Shares, if declares at the Meeting.
5. The Board had recommended a final dividend of Re. 0.25 per share at its meeting held on 6.5.2011. The dividend, if approved, by the Members at the said Annual General Meeting, will be paid before 10th August 2011 to the members whose names appear on the Register of Members of the Company after giving effect to all valid share transfers in physical form lodged with the Company on or before 8th July 2011 and the respective Beneficial Owners as at the close of business hours on Friday, the 8th July 2011 as per details thereof to be furnished by the depositories.
6. Share Transfer documents and all correspondence relating thereto, should be addressed to the Registrar and Transfer Agent of the Company – M/s Integrated Enterprise (India) Limited, 30, Ramana Residency, 4th cross, Sampige Road, Malleswaram, Bangalore – 560003, Phone No. : 080-23460815-818, or by



## Notice (Contd.)

email: [alfint@vsnl.com](mailto:alfint@vsnl.com). Integrated is also the depository interface of the Company with both NSDL and CDSL. However, keeping in view the convenience of the shareholders, documents relating to shares will also be accepted at the Registered Office of the Company at II Block, Koramangala, Bangalore -560034, Phone No.080-25531525; e-mail:[bsecretary@kudreore.com](mailto:bsecretary@kudreore.com).

7. The Company has designated an exclusive e-mail ID called [bsecretary@kudreore.com](mailto:bsecretary@kudreore.com) for redressal of shareholders/ investors complaints/grievances. In case you have any queries/complaints or grievances, then please write to us at the above mentioned e-mail address.
8. Members holding shares in electronic form may please note that the bank account details and 9-digit MICR Code of their Bankers, as noted in the records of their depository, shall be used for the purpose of remittance of dividend through Electronic Clearing Services (ECS) or for printing on dividend warrants wherever applicable. Members are therefore requested to update their bank account particulars, change of address and other details with their respective Depository Participants for shares held in demat mode and to the Registrar and Share Transfer Agent for shares held in physical form.
9. Reserve Bank of India is providing ECS facility for payment of dividend in selected cities. Members holding shares in physical form are advised to submit particulars of their bank account, viz., name and address of the branch of the bank, 9 digit MICR Code of the branch, type of account and account number latest by 3rd July 2011, to M/s Integrated Enterprise (India) Limited.
10. Pursuant to the provisions of Section 205A(5) and 205C of the Companies Act, 1956, the Company has transferred the unpaid or unclaimed dividends for the financial year 2002-03, to the Investor Education & Protection Fund (the IEPF) established by the Central Government.
11. The Securities & Exchange Board of India (SEBI), has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/ Registrar and Transfer Agents.
12. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificate to M/s Integrated Enterprise (India) Limited for consolidation into a single folio.
13. In terms of Section 109A of the Companies Act, 1956, nomination facility is available to individual shareholders. Members holding shares in physical form may nominate a person in respect of all the shares held by them whether singly or jointly. Members who hold shares in individual name are advised to avail of the nomination facility by filing Form No.2B in their own interest. Blank form can be obtained from M/s Integrated Enterprise (India) Limited on request. Members holding shares in dematerialized form may contact their respective DP's for registration or nomination.
14. Company's shares are now available in dematerialized form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The ISIN number allotted to the Company's share is - ISIN-INE880L01014. Members are advised to get in touch with the Depository participant (DP)/Registrar and Transfer Agent for further details.



## EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

### Item No. 4

Maj. Gen, (Retd.) (Dr.) OP Soni was appointed as an Additional Director designated as Director (Commercial) on the Board of KIOCL effective from 1st February 2011. In terms of Section 260 of the Companies Act, 1956 he holds office upto the 35th Annual General Meeting of the Company. The Company has received a notice in writing from a member pursuant to the provisions of Section 257 of the Companies Act, 1956, signifying intension to propose Maj. Gen, (Retd.) (Dr.) OP Soni as candidate for the office of Director. Maj. Gen, (Retd.) (Dr.) OP Soni, if appointed, will not be liable to retire by rotation in pursuance to Article 94 of the Articles of Association of the Company. A brief profile of Maj. Gen, (Retd.) (Dr.) OP Soni is annexed hereto in accordance to clause 49 of the Listing Agreement of the Stock Exchanges.

None of the Directors, except Maj. Gen, (Retd.) (Dr.) OP Soni is interested or concerned in the resolution.

The Board of Directors considers that in view of the background and experience of Maj. Gen, (Retd.) (Dr.) OP Soni, it would be in the interest of the Company to appoint him as a Director of the Company. The Board recommends the resolution for your approval.

### Item No. 5

Shri Upendra Prasad Singh, Joint Secretary, Ministry of Steel was appointed as an Additional Director designated as Government Director on the Board of KIOCL effective from 9th May 2011 vice Shri George Elias. In terms of Section 260 of the Companies Act, 1956 he holds office upto the 35th Annual General Meeting of the Company. The Company has received a notice in writing from a member pursuant to the provisions of Section 257 of the Companies Act, 1956, signifying intension to propose Shri Upendra Prasad Singh as candidate for the office of Director. Shri Upendra Prasad Singh, if appointed, will not be liable to retire by rotation in pursuance to Article 94 of the Articles of Association of the Company. A brief profile of Shri Upendra Prasad Singh is annexed hereto in accordance to clause 49 of the Listing Agreement of the Stock Exchanges.

None of the Directors, except Shri Upendra Prasad Singh is interested or concerned in the resolution.

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

**Item No. 6**

Shri K Subba Rao, was appointed as an Additional Director designated as Director (Production & Projects) on the Board of KIOCL effective from 9th June 2011. In terms of Section 260 of the Companies Act, 1956 he holds office upto the 35th Annual General Meeting of the Company. The Company has received a notice in writing from a member pursuant to the provisions of Section 257 of the Companies Act, 1956, signifying intension to propose Shri K Subba Rao as candidate for the office of Director. Shri K Subba Rao, if appointed, will not be liable to retire by rotation in pursuance to Article 94 of the Articles of Association of the Company. A brief profile of Shri K Subba Rao is annexed hereto in accordance to clause 49 of the Listing Agreement of the Stock Exchanges.

None of the Directors, except Shri K Subba Rao is interested or concerned in the resolution.

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

By order of the Board of Directors,  
**KIOCL Limited,**



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

Place : Bangalore  
Dated : 10-06-2011

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



## Notice (Contd.)

**BRIEF RESUME AND OTHER INFORMATION IN RESPECT OF DIRECTORS SEEKING ELECTION / RE-ELECTION AT THE 35th AGM :**

<b>Name</b>	<b>Shri N. R. Mohanty</b>	<b>Maj. Gen (Retd.) (Dr.) O. P. Soni Director (Commercial)</b>	<b>Shri Upendra Prasad Singh</b>	<b>Shri K Subba Rao Director (Production &amp; Projects)</b>
Date of Birth	18/11/1944	02/01/1953	10/10/1962	22/10/1953
Date of appointment	05/08/2009	01/02/2011	09/05/2011	09/06/2011
Qualifications	B.E	M.A (Economics), MBA, M.Sc (Tech Weapons system), M.Sc (Defense Studies), LL.B, M. Phil (Defense Management), M. Phil (National Security & Strategy), D. Phil (Disaster Management), Advance Diploma & intensive course in Spanish Language, P G Diploma in P R & Advertising	B. Tech (IIT Kanpur)	B.E. Electronics & Communications
Nature of expertise	(Ex-CMD – M/ s HAL)	38 years in Indian Army as Commission Officer, retired as Maj. Gen.	Administrative Service	Instrumentation and Process computers
Directorships held in other Companies	i) NALCO ii) Indian Metals & Ferro Alloys Ltd. iii) Textron India (P) Ltd.	Nil	SAIL	Nil
Memberships / Chairmanships of committee of other Public Companies	i) NALCO – Chairman Audit Committee, ii) NALCO – Chairman HR Committee	Nil	Nil	Nil



# Form of Proxy



**KIOCL LIMITED**

Regd. Folio No.....

DP id / Client id .....

No. of Shares held.....

I/We.....of.....  
.....in the district..... being a  
member of KIOCL Limited hereby appoint.....  
of.....or failing him/her.....  
of.....in the district of.....as my/our proxy  
to attend and vote for me/us on my/our behalf at the Thirty-Fifth Annual General Meeting to be  
held on Tuesday, the 12th day of July 2011 at 11.45 AM and at any adjournment thereof.

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

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



## ATTENDANCE SLIP

Regd. Folio No.....

DP id / Client id.....

No. of Shares held.....

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company.  
I hereby record my presence at the Thirty-Fifth Annual General Meeting of the Company at the  
Company's Community Hall (an Annexe to the Registered Office of the Company) at 11 Block,  
Koramangala, Bangalore – 560 034 on Tuesday, the 12th day of July 2011 at 11.45 AM.

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

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

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



Quantity in '000 Dry Metric Tonnes / ₹ in lakhs

Particulars	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
<b>Production (quantity)</b>										
a) Concentrate	-	-	-	-	-	2922	4350	5090	5532	5410
b) Pellets	2124	1273	1316	1927	630	2834	3795	3671	3450	3215
c) Pig Iron	-	62	118	157	-	-	-	-	-	-
<b>Capacity Utilisation (%)</b>										
a) Concentrate	-	-	-	-	-	58	65	76	83	81
b) Pellets	61	36	38	55	18	81	95	92	86	92
c) Pig Iron	-	29	55	73	-	-	-	-	-	-
<b>Sales (quantity)</b>										
a) Concentrate	-	-	-	-	-	482	707	1522	2302	2306
b) Pellets	2090	1456	1131	1907	629	2859	3799	3628	3540	3211
c) Pig Iron	-	95	74	170	-	-	-	-	-	-
Total Sales (US \$ Million) *	385.032	170.197	229.766	294.680	60.274	278.341	415.133	226.461	150.812	150.884
Export Sales (US \$ Million) *	164.725	51.690	166.143	197.825	10.340	194.244	321.993	188.924	131.994	125.160
DTA Sales (US \$ Million) *	220.307	118.507	63.623	96.855	49.934	84.097	93.140	37.537	18.818	25.724
Total Sales (in ₹ Lakhs) **	180346	99272	122898	153011	26744	123228	185377	102938	72714	72169
Export Sales (in ₹ Lakhs)	74727	23938	71961	78732	4459	85876	143929	85787	63603	59872
DTA & Indigenous Sales (in ₹ Lakhs)**	105619	75334	50937	74279	22285	37352	41448	17151	9111	12297
Gross Margin from operation	7026	(20783)	(5692)	10375	(6839)	59468	115667	43802	15118	14638
Income earned from Deposits etc.	9230	7312	11910	11145	10065	10905	5436	2269	1558	718
Profit on sale of assets	5	7	7	26	-	8	30	8	5	2
Interest paid	-	-	2	611	15	9	15	9	18	3
Cash Profit	16261	(13464)	6223	20935	3211	70372	121118	46070	16663	15355
Depreciation & DRE	3707	4949	4347	4912	3172	16083	9657	5296	5687	5104
Profit before Prior period adjustment/ extraordinary items	12554	(18413)	1876	16023	39	54289	111461	40774	10976	10251
Prior period adjustment/ extraordinary items	(2559)	(1082)	542	(372)	1955	522	(270)	(134)	622	(34)
Profit before Tax (PBT)	9995	(19495)	2418	15651	1994	54811	111191	40640	11598	10217
Profit after Tax (PAT)	7627	(17727)	2201	10816	1377	35630	64984	30070	8753	8837
Dividend - to Government	1570	-	629	2142	-	12563	12877	4396	2198	2198
- to others	16	-	6	21	-	127	130	44	22	22
- Dividend Tax	263	-	108	368	-	1780	1794	569	278	-
- % of Share Capital	2.50%	-	1.00%	3.409%	-	20.00%	20.50%	7.00%	3.50%	3.50%
Transfer to General Reserve	5778	(17727)	1459	8285	1377	21160	50183	25059	6255	6617
Paid-up Capital	63451	63451	63451	63451	63451	63451	63451	63451	63451	63451
No of shipments	44	32	25	43	17	71	96	106	120	114
Value added	43848	5670	29368	43567	8591	83726	141951	63164	29488	30739
No. of employees	1347	1362	1617	1642	1582	1889	1942	2152	2181	2279
Value added per employee	32.55	4.16	18.16	26.53	5.43	44.32	73.10	29.35	13.52	13.49
Value added per Rupee payment to employee	3.43	0.46	2.27	4.28	1.62	11.19	16.07	8.85	3.86	4.02

Pellets includes Pellet Fines Pig Iron includes Auxiliary material

\* Value in ₹ lakhs include sale of Pig Iron in Indigenous market. \*\* Value in ₹ lakhs include sales to Pellet plant (Export Oriented Unit)

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.

# Chairman's Statement



I have great pleasure in welcoming you all to the Thirty Fifth Annual General Meeting of your Company and placing before you the Annual Report of your Company for the financial year 2010-11. Annual Financial Statement, Balance Sheet and Directors' Report for the year ended 31st March 2011 are already with you.

I am happy to announce here that the financial year 2010-11 remained reasonably satisfying year in terms of business growth. This gives us tremendous level of confidence to achieve higher objectives in the years to come. In the financial year 2010-11, the Company has not only registered highest ever production and despatch of Pellets but also achieved highest ever turnover after the closure of its mine at Kudremukh since 2006. I heartily congratulate each one of you for these relentless and dedicated efforts.

I also bring to your notice that the Company is encountering lot of challenges from various fronts particularly, in the backdrop of absence of captive mine and shortage of Iron Ore supply. I hope we will work together to achieve the goals set in.

Now I briefly analyze the economic environment of the Country-vis-à-vis world in Steel and Iron Ore sector and your Company's performance.

## **GLOBAL SCENARIO OF IRON & STEEL MARKET**

### **Steel Market:**

World crude Steel production reached 1,414 million metric tonnes (Mt) for the year 2010. This is an increase of 15% compared to 2009 and is a new record for global crude Steel production.

All the major Steel producing countries and regions showed double-digit growth in 2010. The EU and North America had higher growth rates due to the lower base effect from 2009 while Asia and the CIS recorded relatively lower growth.



Production for Asia was 897.9 million tonnes of crude Steel in 2010, an increase of 11.6% compared to 2009. Its share of world Steel production decreased to 63.5% in 2010 from 65.5% in 2009. China's crude Steel production in 2010 reached 626.7 Mt, an increase of 9.3% over 2009. China's share of world crude Steel production declined from 46.7% in 2009 to 44.3% in 2010. Japan produced 109.6 Mt in 2010, 25.2% higher than 2009. In 2010, South Korea's crude Steel production was 58.5 Mt, a 20.3% growth compared to 2009. India increased its annual production by 6.4% to nearly 67 million tonnes.

### **Iron Ore Market:**

The demand for Iron Ore continued to improve during the first half of 2010 with rebounding of global economy from middle of 2009. With main stream Countries embarking on many infrastructural projects, the demand for Steel went up resulting in improved demand for Iron Ore.

The total Iron Ore production during 2010 was around 1,851 Mt, an increase of about 15.4% over 2009 production of 1,603 Mt. This is also a new record for global Iron Ore production.

Australia with a production of 433 Mt of Iron Ore stood first, Brazil occupied the second spot with a production of 398 Mt followed by China and India with production of 359 Mt and 231.5 Mt (estimated) respectively. Above four major Iron Ore producing Countries accounted for 76.8% of total Iron Ore produced globally during 2010.

Year 2010 witnessed shifting of Iron Ore pricing system from 40 year old Annual Bench Mark Pricing System to Quarterly Pricing Mechanism. This has induced a new element of volatility to the market.

### **Current Scenario on Indian Iron and Steel Market :**

During 2010, India produced about 231.5 Mt (Estimated) of Iron Ore out of which about 117 Mt (Estimated) of Iron Ore was exported. This figure is likely to come down in 2011 due to restrictions imposed by Government of Karnataka on export of Iron Ore. Karnataka accounts for 35 to 40 % of Iron Ore exported from India. Also in order to discourage Iron Ore exports, Government of India imposed export duty of 20% on Iron Ore fines & lumps. However, the export duty of 15 % which was levied on Iron Ore Pellets was withdrawn as Iron Ore Pellet is a value added product.

I take this opportunity to thank the Ministry of Steel and Govt. of India for the same. The removal of export duty on Pellets would improve the profitability and the turnover of your Company in the coming years.

Usage of Pellets in Steel making is increasing due to, decline in availability of good quality Iron Ore lumps & also to adhere to stringent pollution norms put in place by various governments. Global Pellet production capacity was around 380 million tonnes during 2009 is expected to cross 500 million tonnes by the end of 2011. Vale the biggest producer of Iron Ore Pellets is continuously increasing Pellet production capacity by setting up plants near to markets to cover total global demand.

India the third biggest exporter of Iron Ore is also increasing the Pellet production capacity continuously to utilize low grade Iron Ore and to meet the increased demand. The Pellet capacity



## Chairman's Statement (Contd.)

in India is expected to touch 50 million tonnes by the end of 2012. Most of the plants are coming up in Karnataka and Orissa where low grade fines are available abundantly with good water supply and logistics. But the cost of production in India is higher due to high energy costs, due to which Indian Pellet manufactures are in a disadvantageous position. However removal of export duty on Pellets by considering it as a value added product has provided some relief to Pellet producers.

### Future Outlook:

The outlook of year 2011 has been positive. Year 2010 saw a steady recovery of Steel demand which began in the second half of 2009 driven by stimulus packages globally, the resilience of emerging economies and an overall market recovery. In 2011, a further growth of 5.9% in world Steel demand is expected.

The short range outlook published by World Steel predicts that the Steel use in the developed world will still be at 14% below the 2007 level whereas in the emerging and developing economies, it will be 38% above. In 2012, the emerging and developing economies will account for 72% of world Steel demand in contrast to 61% in 2007.

Chinese economy is likely to maintain its growth at around 9%. China's Ministry of Housing and Urban-Rural Development (MOHURD) has raised its construction target of affordable housing to 10 million units in 2011. However, series of measures have been initiated by Chinese Government to discourage high energy consuming Steel mills from operating. This may act as a dampener to the demand for Iron Ore. Shifting from annual bench mark pricing mechanism to quarterly pricing system has already infused some amount of volatility to the market. Added to this, there is a move in the market to introduce monthly pricing mechanism which is strongly resisted by Chinese Steel industry. In general, though the projections are positive, high degree of volatility makes it difficult to predict market direction.

### PHYSICO FINANCIAL PERFORMANCE OF THE COMPANY FOR THE YEAR 2010-11 :

Financial year 2010-11 was a year of improved performance, recovery and consolidation for us. The global economic climate posed several challenges, but we made the best use of our resources and abilities for growth. At the beginning of the year, we had projected a revenue growth of 77% whereas in actual, we could post higher growth of 82% over the previous year. The total revenue stood at Rs. 1803.46 crore, a YoY growth of 81.67%. The profit after tax was Rs.76.27 crore, a YoY growth of 143.02%.

### DIVIDEND :

We are pleased to announce a final dividend of Re. 0.25 per equity share including the Interim Dividend already paid. The dividends are payable on the equity shares as on book closure date and are subject to approval by the shareholders. Earlier in the year, we paid an interim dividend of Re. 0.08 per share.

Before we go ahead, I will touch upon some of the projects as envisaged in the 11th Five Year Plan (2007-2012) and the progress made.



## PROJECTS UNDER CONSTRUCTION :

In my last year statement, I have mentioned under the upgradation and modernization programme, your Company is in the process of setting up of some major capital projects like Installation of Horizontal Pressure Filters and constructing RCC Silo and associated material handling equipment along with screens in the grinding circuit for augmentation of feeding systems to its existing ball mill. The execution of work is in progress and likely to be completed as per schedule. After commissioning of these projects, your Company will be able to improve its productivity.

## PROJECTS UNDER EXPANSION AND DIVERSIFICATION PLAN

### 1. SETTING UP OF 0.3 MTPA NON - RECOVERY TYPE COKE OVEN BATTERY WITH 25MW CPP AT BLAST FURNACE UNIT AT MANGALORE :-

To make the Blast Furnace Unit economically viable on standalone basis, your Board of Directors have approved a proposal to set up 3 lakh TPA capacity Coke Oven Plant, adopting non recovery route with 25 MW CPP, at its Blast Furnace unit at Mangalore. The project is intended mainly for supply of Low Ash Metallurgical Coke for the existing Blast Furnace and the surplus Coke would be sold in the market. The project also envisages generation of electricity (25 MW) by utilizing the sensible heat of hot flue gases from the ovens. The part power generated would be consumed in Blast Furnace and the balance in the adjacent Pellet plant. Surplus power, as available, if any, will be wheeled to the grid depending upon the comparative advantages. The estimated cost of the project will be Rs.452.22 crores which will be funded through a debt equity ratio of 1:2. KIOCL has already initiated the action for getting the necessary clearances from MoEF and KSPCB for the project. Parallely action is being taken for appointment of Consultant for providing engineering services for the project.

### 2. DUCTILE IRON SPUN PIPE PROJECT :-

KIOCL Board has agreed in principle for the formation of a Joint Venture between M/s KIOCL & M/s RINL towards setting up of DISP Plant and Oxygen Plant etc. under forward and backward integration in Blast Furnace Unit.

A Detailed Project Report for setting up of a Ductile Iron Spun Pipe Plant of one lakh tonnes per annum capacity to produce the pipes of sizes ranging from 100 mm dia to 1000 mm dia. at our Blast Furnace Unit Premises has been prepared by M/S MECON LTD. and the same will be placed before the KIOCL Board in the forthcoming meeting for approval & implementation. As per the DPR and the market study report, there is good market potential for this value added product. KIOCL has to implement the same on fast track basis in order to reap the benefits. Statutory approvals are in place for this project.

### 3. BULK MATERIAL HANDLING SYSTEM AND PERMANENT RAILWAY SIDING AT MANGALORE :-

To facilitate the movement of inward goods to the plants without any problems, the Company is proposing to set up Bulk Material Handling and Permanent Railway siding

## Chairman's Statement (Contd.)

system at Mangalore at a capital investment of Rs.303 crores. Land required for the said projects has already been acquired and registered in the name of your Company except a portion of land admeasuring 2.045 acres through a private party. Negotiation is still on with the party. DPR for the project has already been prepared by M/S Konkan Railway Corporation Ltd, (KRCL). Your Company has already obtained the necessary clearances from the MoEF and Karnataka State Pollution Control Board for this project. The project shall be taken forward with the Board approval after acquiring the complete land required for the project.

#### 4. ECO-TOURISM :-

In order to gainfully utilize the existing excellent infrastructure and facilities already created at Kudremukh, KIOCL is planning to enter into new business opportunities like eco-tourism and also imparting knowledge of the fragile eco-system and bio-diversity. These activities could generate revenue for the State with additional employment potential for the local people.

KIOCL has already approached State Government for extending the lease of revenue land to the extent of 1220.03 hectares for further period of 30 years for creation of eco-tourism facilities at Kudremukh. Further, State Government has agreed in principle to KIOCL's request to accord permission for change of purpose from mining to eco-tourism to utilize the land leased to KIOCL.

As per the State Government directives, KIOCL also got prepared Detailed Project Report for the creation of Eco-Tourism facilities at Kudremukh and approached M/s Jungle Lodge and Resorts Ltd. (A Govt. of Karnataka Undertaking) for possible Joint Venture for the project.

The estimated project cost is Rs. 806 Crores which includes Revenue expenditure (Expenditure on Operation and Maintenance) as well as Capital Expenditure.

#### 5. SELECTION OF JOINT VENTURE PARTNER FOR THE EQUITY PARTICIPATION BY KIOCL FOR SETTING UP OF AN INTEGRATED STEEL PLANT IN THE STATE OF KARNATAKA :-

In my last communiqué, I had informed that State Government as a policy for granting mining lease clearly envisages that it is in favor of Entrepreneurs establishing real value addition to the Iron Ore like setting up of Steel plant in the State of Karnataka.

In this backdrop, KIOCL Board of Directors has accorded approval in principle to establish an integrated Steel plant in Karnataka in JV partnership with a firm selected through tender route.

The proposal has been in advance stage of discussion to formulate a draft JV agreement with the JV partner, in consultation with our project consultant and legal experts.



### **CAPTIVE IRON ORE MINE:**

The Company is making efforts for allocation of captive mine since 2006. Mining lease applications has been made across the Country. The same could not be materialized till date.

#### **1. Chikkanayakanahalli Deposit in Tumkur Dist : -**

Govt. of Karnataka had granted mining lease over an area of 116.55 ha in Hombalghatta and Hosahalli villages in favour of KIOCL. Indian Bureau of Mines approved the mine plan and MoEF has accorded the clearance for the project. Application has been submitted with State Forest Department for Forest Clearance.

At the time of joint Survey for demarcation of ML boundary, it was observed that there is an overlapping of the areas which is allotted to your Company and other allottees.

To resolve this issue as per the order, in the meeting held on 13.12.2010 by DC Tumkur, it was decided to carryout the joint survey of entire ten blocks to sort out the overlapping issues as per the Government directions. The same has been carried out in the month of December 2010 and the survey report was submitted to Director (Mines & Geology) to resolve the overlapping issue amicably. Matter is being followed up at higher level.

#### **2. Ramandurga Deposit : -**

Secretary (Mines, Textile and SSI) Govt. of Karnataka has conducted a hearing on 31.08.2010 and 02.09.2010 for consideration of KIOCL's application for grant of mining lease in block no. 13/1 vide Govt. Notification No. CI 33 MMM 1994 dated 15.03.2003 (Ramandurga Iron Ore deposit) for Iron Ore.

A meeting was held with Principal Secretary to Hon'ble CM, GOK, on 03.09.2010 and a request to allot the mining leases in accordance with commitment made by Govt. was placed.

KIOCL also submitted to Principal Secretary to Hon'ble Chief Minister, Govt. of Karnataka with a copy to Secretary (Mines, Textile and SSI), Govt. of Karnataka, a map on 14.09.2010 demarcating 50% of area available in block no. 13/1 Ramandurga Range to an extent of 840 hectares for grant of mining lease as Govt. of Karnataka has decided to reserve 50% of area in the said block against the Notification No. CI 33 MMM 1994 dated 15.03.2003 vide their DO letter no. CI 119 MMM 2002 dated 21.03.2005.

The allotment of Ramandurga was flagged in the meeting between Secretary, Ministry of Steel and Chief Secretary, Govt. of Karnataka held on 12.05.2011 at Bangalore and also in the meeting between Chief Secretary & KIOCL on 25.05.2011

#### **3. RE-OPENING OF KUDREMUKH MINE : -**

Around 24 million tonnes of loose secondary weathered ore is available at Kudremukh Iron Ore mine in the already broken up area. Ministry of Steel has already filed a petition before the Hon'ble Supreme Court seeking permission to remove the secondary weathered ore with latest technology without disturbing the environment & ecology of that region. The IA No. allotted is 3087 of 2010.



### CORPORATE GOVERNANCE

The Company has given due importance to the concept of Corporate governance and has been following the principles and practices of good governance, for enhancing stakeholders satisfaction.

### CORPORATE SOCIAL RESPONSIBILITY

As a socially conscious corporate citizen, your Company has contributed towards community development in and around the project particularly in the areas of education and health care. During the year, the Company has spent Rs.59.36 lakhs as against budget allocation of Rs. 100 lakhs on various activities.

### ACKNOWLEDGEMENT

I am grateful to the various officials of the Government, especially from the Ministry of Steel, Ministry of Environment and Forests, Port and Railways for their co-operation and for their contribution to the growth of the Company. I also take this opportunity to thank the untiring efforts put in by all the employees and the unions at various levels, and their support over the years which has enabled your Company to achieve the present position. With such continued support, I am sure, your Company will grow from strength to strength and would be able to expand its areas of activities, scale greater heights of success and contribute positively for better stakeholders' delight.

I am confident that the Management team will continue to strive hard to meet the corporate objectives and growth of the Company and wealth creation for the shareholders. I also convey my deep gratitude to our customers, suppliers, regulatory authorities and all others associated with the Company.

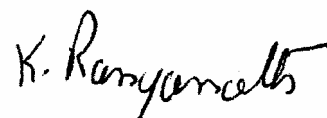
Last but not the least, I would like to thank my colleagues on the Board who have given their valuable time and assistance in charting Company's progressive move.

My speech would not be complete without thanking you - our shareholders - for the immense confidence you have reposed in the Company. I look forward to your continued support in the years to come.

Thanking you,

Bangalore

Date : 12.07.2011



**(K RANGANATH)**

Chairman-cum-Managing Director



## Dear Shareholders,

On behalf of the Directors of your Company, I have great pleasure in presenting the **35th Annual Report** of your Company together with the audited accounts for the year ended on 31.03.2011. The Auditors' Report and the Comments on the accounts of the Company by the Comptroller and Auditor General of India thereon are annexed to this report.

## 2.0 YEAR'S HIGHLIGHTS AT A GLANCE

- ❖ Production of 2.124 million tonnes of Pellets during 2010-11 is the highest quantity produced in any year after switching over to use of Hematite ore procured from outside source since January 2006.
- ❖ Despatch of 2.090 million tonnes of Pellets during 2010-11 is the highest quantity despatched in any year since 2006-07.
- ❖ Production of 7.26 lakh tonnes of Pellets during the fourth quarter of 2010-11 is the highest quantity produced in any quarter since January 2006, surpassing the previous high of 7.0 lakh tonnes produced during fourth quarter of 2009-10.
- ❖ Production of 2.68 lakh tonnes of Pellets during the month of January 2011 is the highest quantity produced in any month since January 2006;
- ❖ Despatch of 2,95,626 DMT of Pellets during the month of February 2011 is the highest quantity despatched in any month after January 2006.
- ❖ Turnover of ₹ 1803.46 crores during 2010-11 is the highest turnover in any financial year after the closure of captive mine at Kudremukh.

## 3.0 PHYSICAL AND FINANCIAL HIGHLIGHTS

During the year 2010-11, the important physical and financial highlights are as under :

### 3.1 Physical Highlights

(Qty. in million tonnes)

Particulars	2010-11		2009-10		Percentage Change (Actual)
	MOU Target (Good)	Actual Achievement	MOU Target (Good)	Actual Achievement	
<b>Production</b>					
Pellets including Pellet Fines	2.780	2.124	2.650	1.273	67%
Pig Iron and Auxiliary Materials	0.100	-	0.170	0.062	-
<b>Sales</b>					
Pellets including Pellet Fines	2.780	2.090	2.650	1.456	44%
Pig Iron and Auxiliary Materials	0.100	0.020	0.170	0.094	(-)79%

### 3.2 Financial Highlights

( ₹ in Crores )

Particulars	2010-11	2009-10
Turnover	1803.46	992.72
Profit /(Loss) Before Tax	99.95	(194.95)
Profit /(Loss) After Tax	76.27	(177.27)

### 4.0 SEGMENT-WISE PERFORMANCE

#### 4.1 Pellets

Target set for production of Pellets during the year 2010-11 under MOU 'Good' category was 2.78 million tonnes. Actual production was 2.124 million tonnes which is 76% achievement of the target. Due to depressed market condition, Pellet plant was kept under shut down during July 2010 and plant resumed operation on 09-08-2010. Plant was also not in operation during major parts of October, 2010 and December 2010.



*New Secondary (Derrick) Screen in operation*

#### 4.2 Pig Iron and Auxiliary

Target set for production of Pig Iron including Auxiliary (MOU Good category) during the year 2010-11 is 1,00,000 tonnes. Due to un-economical price of Pig Iron, BF unit was not operated from 05-08-2009 and there was no production during 2010-11. The Company has initiated action for setting up of Coke Oven plant to make the operation of Blast Furnace Unit economically viable.



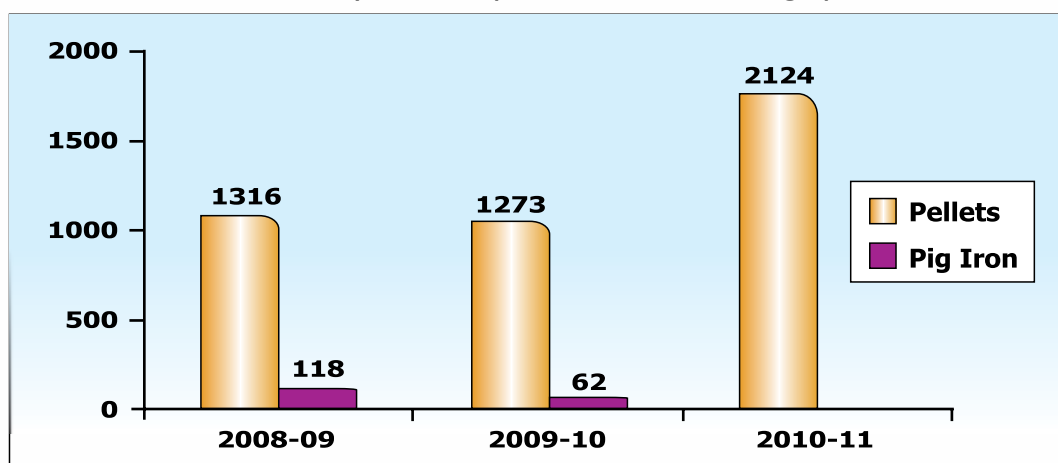
4.3 The following table summarises the production performance during the last three years:-

PP : Pellet plant, PI : Pig Iron

(Qty. In million tonnes)

Year	MOU target		Actual production		Capacity utilisation of installed capacity in %	
	PP	PI	PP	PI	PP	PI
2008-09	2.850	0.196	1.316	0.118	38	55
2009-10	2.650	0.170	1.273	0.062	36	29
<b>2010-11</b>	<b>2.780</b>	<b>0.100</b>	<b>2.124</b>	<b>-</b>	<b>61</b>	<b>-</b>

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



### 5.0 MARKETING AND EXPORTS:

During the year, Pellets was supplied to China, Australia and domestic buyers. Pig Iron & Auxiliary were supplied to the buyers in the Domestic market. Sales in the DTA represented 56% of the total sale of Pellets in quantitative terms and 57% in monetary terms.

5.1 Details of shipments made during the year to various customers are as under:-

(In Dry Metric Tonnes)

	Pellets
<b>Export sales</b>	
China	872901
Australia	47270
<b>DTA sales</b>	
Ispat Industries Ltd	269436
Essar Steel Ltd	726018
Welspun Power & Steel Limited	82876
Bhushan Power & Steel Ltd	91766
<b>Total</b>	<b>2090267</b>

16934 tonnes of Pig Iron and 3391 tonnes of Auxiliary materials was sold in the domestic market during the year.



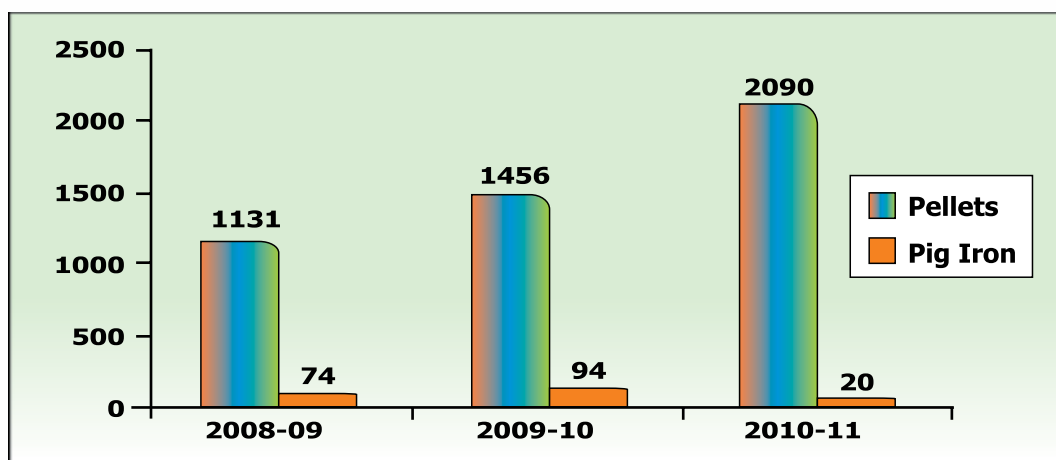
5.2 Sales performance during the past three years is summarised below:-

Qty: in Million Tonnes, Value: ₹ In Lakhs

Year	Pellets		Pig Iron		Total	
	Qty	Value	Qty	Value	Qty	Value
2008-09	1.131	99410	0.074	23488	1.205	122898
2009-10	1.456	79226	0.094	20046	1.550	99272
<b>2010-11</b>	<b>2.090</b>	<b>174931</b>	<b>0.020</b>	<b>5415</b>	<b>2.110</b>	<b>180346</b>

Pellets includes Pellet Fines, Pig Iron includes Auxiliary

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



5.4 During the year 44 shipments of Pellets sailed through New Mangalore Port as compared to 32 during 2009-10.

5.5 In the Central Budget 2011-12, export duty on Pellets was removed. This has come into force w.e.f. 1st March 2011. The exemption of Pellets from export duty will help the Company to improve its top & bottom line growth in years to come.

5.6 **Market Scenario – 2011-12** : 2010 witnessed continued recovery in demand for steel which began in the second half of 2009 driven by stimulus packages globally, the resilience of emerging economies and overall market recovery. The apparent steel usage grew by 13.2% in 2010 and is expected to see a further growth of about 5.9% during 2011. In 2012, it is expected that world steel demand will grow further by 6.0% to reach a new record of 1,441 million metric tonne (mmt).

China's apparent steel use in 2011 is expected to increase by 5.0% to 605 mmt following 5.1% growth in 2010. However, it is expected that the Chinese government's



efforts to cool down the overheating economy, particularly the real estate sector, is likely to impact Chinese steel demand later this year.

India is expected to show strong growth in steel consumption in the coming years due to its strong domestic economy, massive infrastructure needs and expansion of industrial production. As per the latest forecast for 2011 the consumption of Steel in India will grow by 13.3% to reach 168.7 mmt.

With the positive outlook for the steel market during 2011-12, the demand for the steel making raw materials is expected to grow. However, the increasing capacity additions in Iron Ore mining and Pellet production around the world are likely to put pressure on pricing of these commodities.

## 6.0 PROFIT AND DIVIDEND

In view of improvement in the financial performance of the Company, the Directors have recommended payment of Interim Dividend @ 20% of Profit After Tax (Re. 0.08 per share) amounting to ₹ 5.118 crores plus Dividend distribution Tax as applicable. The Interim Dividend was paid in January 2011. Keeping in view the good financial performance, your Directors propose to pay final dividend @ 20.80% of Profit After Tax (Re. 0.25 per share) including the Interim Dividend already paid. This works out to ₹ 15.86 crores excluding Dividend Tax.

## 7.0 MEMORANDUM OF UNDERSTANDING WITH GOVERNMENT OF INDIA

Your Company has been signing the Memorandum of Understanding every year with its Administrative Ministry, Ministry of Steel. MoU between KIOCL and the Ministry of Steel for the year 2011-12 was signed on 11.03.2011, envisaging the production target of 3.0 million tonnes of Pellets for achieving the “Good” performance.



Secretary (Steel), Govt. of India and CMD signing MOU for 2011-12

The performance evaluation of the Company for the year 2009-10 vis-a-vis MoU targets is rated as 'Fair'. Performance Evaluation of the Company for the year 2010-11 vis-à-vis MoU targets on provisional basis works out to "Very Good".

### 8.0 PROJECT EXPANSION AND BUSINESS DIVERSIFICATION

#### 8.1 Ductile Iron Spun Pipe Project

Board at its 195th Meeting held on 26.06.2010 has agreed in principle for the formation of a Joint Venture between M/S KIOCL & M/S RINL towards investment in setting up of DISP Plant, Coke Oven Battery, Power Plant and Oxygen Plant etc., under forward and backward Integration in Blast Furnace Unit. KIOCL has placed a work order on M/s ICRA Management Consulting Services Limited for updating the report on Market Assessment study of the Ductile Pipes in India. A work order has also been placed on M/s. Ernst & Young to study the Financial Analysis (Business Plan) for setting up of a DISP Plant. Both the reports have been received and are being reviewed by KIOCL. The same were also forwarded to M/S RINL for their review and the comments received have been taken up with the two consultants for incorporation appropriately in their final report.

As per direction of the Board at their 200th meeting, a work order has been placed on M/s. MECON Limited for preparation of Detail Project Report for DISP project as forward integration to BFU. M/s. MECON Limited have submitted the draft DPR to KIOCL for review and finalization.

#### 8.3 Procurement and installation of Horizontal Pressure Filters

8.2.1 Met-Chem submitted a report after a detailed study conducted on the Ore received from Donimalai (NMDC) for the suitability of the Ore to produce quality Pellets. The report suggests for the replacement of existing Vacuum Disc Filters with Pressure Filters.

8.2.2 Based on the approval accorded by the Board to procure 3 nos. of Horizontal Pressure Filters, purchase order for supply of 3 nos. of Horizontal Pressure Filters and Auxiliary Equipments along with its commissioning spares on firm price basis except exchange rate variation was placed on M/s Larox Corporation, Finland (now known as Outotec (Filters) Oy) at a total price of Euro 11,300,000 ( ₹ 69.41 crores at a exchange rate of ₹ 61.42 per Euro as on 29-03-2010. The approximate project cost is ₹ 84.93 crores.

8.2.3 3 nos. Pressure Filters were received in 2nd week of May 2011 and auxiliary equipment expected to be shipped by mid of May 2011. Strengthening of Filter plant building for installation of Pressure Filters is under progress.

#### 8.3 Bulk Material Handling and Railway Siding Facilities:

8.3.1 As per Hon'ble Supreme Court order, the captive mine operation at Kudremukh was stopped from 1st January 2006. In order to continue the operation of Pellet



Plant at Mangalore, KIOCL has to get the required quantity of Iron Ore from the indigenous sources by rail. As such a dedicated railway terminal is required for receiving the Iron Ore closest to the plant. Bulk material handling system is to handle the Iron Ore fines received at the permanent railway siding system from various agencies & convey the same to the plant premises.

- 8.3.2 KIOCL has identified the location for railway siding & bulk material handling system, which is about 3 Kms away from the KIOCL Pellet Plant at Baikampady Industrial Area. For this, KIOCL has already acquired about 52.86 acres of land from M/s. Karnataka Industrial Area Development Board (KIADB) and also from the private land owners.
- 8.3.3 In this connection M/s Konkan Railway Corporation Limited (KRCL) has prepared Detailed Project Report avoiding Diamond Crossing on the railway line for safety reasons. Due to the realignment, the proposed route necessitated swapping of KIADB land and outright purchase of Private land. The matter was taken up with KIADB and also the private land owners based on the requirement of additional land.
- 8.3.4 Part of the private land required has already been procured from private land owner and registered in the name of Company. The balance 2.3 acre of land is being negotiated for purchase.

#### **8.4 Construction of Storage Silos with handling facilities**

- 8.4.1 KIOCL Board at its 194th meeting held on 04.06.2010 has approved the proposal for augmentation of the Iron Ore feeding system for uninterrupted supply of Ore for the existing ball mills by providing 8000 MT capacity RCC Silo and associated material handling equipments along with screens in the grinding circuit at Pellet Plant, Mangalore. Piling work has been completed.
- 8.4.2 A tender has been invited for construction of pile cap & RCC silo. The offers received are being evaluated.



*New METSO Banana Screen in action*

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

8.5.1 Your Company proposes to take-up implementation of a 0.3 million tonnes per annum (MTPA) Coke Oven project adopting non-recovery (NR) route at their Blast Furnace unit at Mangalore. The project is intended for supply of Low Ash Metallurgical Coke for the existing blast furnace. The excess Coke, after meeting the demand will be sold in the market. The project also envisages generation of Power (25MW Captive Power Plant), by utilizing the sensible heat of the hot flue gas from the ovens. After meeting the internal demand in the Coke plant, the surplus Power will be sent to the existing Main Receiving Sub-Station (MRSS) of Blast Furnace (BF) plant for internal consumption, and the balance Power to the adjacent Pellet Plant, through the grid of Mangalore Electricity Supply Company Limited (MESCOM).

8.5.2 The Board at its 201st meeting held on 25.03.2011 has approved the proposal for setting up of 0.3 million tonnes per annum capacity of Non-Recovery Coke Oven Plant along with 25 MW Captive Power Plant at an estimated cost of ₹ 452.22 crores in line with the detailed project report prepared by M/s. M.N Dastur & Co., Kolkata with a debt equity ratio of 1:2.

8.5.3 KIOCL has already fixed an agency for obtaining Environmental Clearance from Ministry of Environment and Forest (MoEF) and Consent for Establishment (CFE) from Karnataka State Pollution Control Board (KSPCB). The agency has submitted the Form I, Feasibility report to Ministry of Environment and Forest (MoEF), New Delhi.

**8.6** Selection of Joint Venture partner for Equity participation for setting up of an Integrated Steel plant in the State of Karnataka

8.6.1 The Mineral Policy, 2008 of Government of Karnataka clearly envisages that the State is in favor of Entrepreneurs establishing real value addition to the Iron ore like setting up of Steel plant in the State of Karnataka. Such Enterprises will be given preference in mine allotment. In this process the Company will be able to do forward integration by making its presence in the Steel sector. The process will also strengthen the claim of mines allotment for the Company. In this backdrop the Board of Directors has in-principle agreed for the equity participation by KIOCL for setting up of an Integrated Steel Plant (ISP) in the State of Karnataka.

8.6.2 KIOCL had appointed Consultant for preparation of tender document and floated NIT for the aforesaid purpose. In response to NIT M/s United Rajpur Steels (India) Pvt. Ltd., had submitted their offer. On evaluation of the offer





Consultant recommended that KIOCL can proceed further in the matter of drawing up the JV agreement with M/s URSIPL. KIOCL equity in the Integrated Steel Plant will be 26%.

8.6.3 KIOCL Board at its 195th meeting held on 26.06.2010 agreed to initiate the process of drawing up of the draft joint venture agreement with M/S URSIPL for the equity participation by KIOCL for setting up of an Integrated Steel Plant in the State of Karnataka. Accordingly the Consultant has started the work on draft joint venture agreement in consultation with KIOCL and URSIPL and same is in the final stage.

### **8.7 Eco-Tourism at Kudremukh**

8.7.1 KIOCL stopped mining operations at Kudremukh w.e.f. 01.01.2006 as per the Hon'ble Supreme Court judgment. Alternatively, Company is exploring alternate measures to utilize its assets and facilities by creating additional facilities at Kudremukh to develop eco-tourism.

8.7.2 KIOCL approached Secretary (Revenue), Govt. of Karnataka with a plan of developing eco-tourism and sought for renewal of revenue land lease (1220 ha). Govt. of Karnataka agreed in principle to accord permission for change of purpose from mining to eco tourism and advised KIOCL to prepare Detailed Project Report (DPR) and also to work jointly with Jungle Lodges & Resorts Limited (JLR) (A Govt. of Karnataka Undertaking) for the project.

8.7.3 Board at its 178th meeting held on 11.02.2008 agreed that, the Company should submit a DPR on eco tourism and should have MOU with JLR in nature of services agreed upon. Consultant submitted final DPR for the project in the month of December 2010.

8.7.4 Meanwhile, KIOCL submitted draft MoU to JLR for their consent and participation in the project. KIOCL also provided Executive Summary of master plan and business plan to JLR for reference.

### **8.8 Takeover of M/s Tungabhadra Steel Products Ltd. (TSPL), Hospet and establishment of Beneficiation Plant for processing Low Grade Iron Ore**

8.8.1 TSPL is a Govt. of India undertaking under control of Ministry of Heavy Industries & Public Enterprises, Deptt. of Heavy Industry with 79% capital being held by Govt. of India, 12% by Govt. of Andhra Pradesh & 9% by Govt. of Karnataka. Secretary, Ministry of Heavy Industries & Public Enterprises, Deptt. of Heavy Industry, Govt. of India, New Delhi took up the issue of taking over of M/s TSPL by KIOCL Ltd.

- 8.8.2 TSPL has a workshop in a free hold area of 62.194 acres on Ankola-Gutti National Highway 63 between Hospet Town and Tungabhadra Dam and have a township in a free hold area of 25.26 acres .TSPL is also having Malaprabha Mini Hydel Plant near Saudathi Town, Belgaum Dist. Karnataka State. It produces about 5 million units of Power per year and the power is sold to Karnataka Grid through a Power purchase agreement.
- 8.8.3 During the Quarterly Performance Review Meeting for 4th Quarter of 2009-10 held on 13.07.2010, Secretary (Steel), Govt. of India has mentioned that low grade Iron Ore is available in India and KIOCL should explore mechanism for optimal utilization of such Ore and suggested that the Company could make a plan to set up beneficiation plant for processing of low grade Iron Ore. The processed Ore can be utilized for Pellet production.
- 8.8.4 Company is in the process of appointing expert consultant for preparation of Techno-Economic Feasibility Report (TEFR) for establishment of beneficiation plant for processing low grade Iron Ore in the premises of TSPL.

### **8.9 Removal of Lakya Dam Tailings**

- 8.9.1 The tailings generated in the processing of Magnetite Iron Ore in the beneficiation plant at Kudremukh was contained in the Pollution Control reservoir created by constructing an earthen dam across Lakya Hole, a tributary of River Bhadra to prevent the pollution of River Bhadra which flows along the foot hills of the mine lease.
- 8.9.2 At present, Dam is filled up to approximately 200 million tonnes of tailings. There is a need to evacuate these tailings from Lakya Dam to prevent any possible threat to ecology and environment in future.
- 8.9.3 Upon desilting of 200 million tonnes of tailings from the dam, the water carrying capacity of the dam is expected to increase by 100 million cu.m. in addition to the prevailing live water storage of 6.5 million cu m.
- 8.9.4 As per the study by Indian Institute of Science (IISc), Bangalore, these tailings contain approximately 20- 22% Fe and the sand content is around 75% in the size range of 0.075 mm to 0.60 mm.
- 8.9.5 Karnataka State Council for Science & Technology (KSCST) Bangalore and IISc have conducted short term test on utilization of Lakya Dam tailings as substitute for sand by mixing the tailings. It has been technically observed that the tailings perform optimally at 40% replacement for sand in the cement



mortar manufacture. This can also be utilized for manufacture of tiles & bricks. Utilization of tailings for construction sector leads to conservation of scarce resources like river sand. Further, tests are being conducted for utilizing the same for cement concreting by IISc.

- 8.9.6 Company is of the view that tailings deposited in the Dam could be used as a possible raw material for various industries. This attracts many potential investors to set up industries in nearby areas which would generate substantial direct or indirect employment to local people and also revenue to the Govt. of Karnataka.
- 8.9.7 IISc have collected tailing sample from Lakya Dam for construction of building with first floor in IISc campus by using Lakya Dam tailings with partial replacement of sand in the model building. IISc would like to have interaction with construction Companies, transporters and KIOCL for possible utilization of tailings in concrete and mortar as partial replacement of sand.
- 8.9.8 Company has requested Govt. of Karnataka to accord permission for removal of tailings deposited in the Lakya Dam.

## 9. MINING LEASES FOR IRON ORE DEPOSIT

### 9.1 Chikkanayakanahalli Iron Ore Deposit

- 9.1.1 Govt. of Karnataka has accorded in principle approval for grant of mining lease for a period of 30 years over an area of 116.55 ha in Hombalghatta and Hosahalli villages of Chikkanayakanahalli Taluk, Tumkur Dist., Karnataka vide letters dated 01.08.2008 & 02.08.2008 with the prior approval of Govt. of India under section 5(1) of MMDR Act 1957.
- 9.1.2 Indian Bureau of Mines has approved Mine Plan, MoEF, Govt. of India has accorded Environment Clearance and KSPCB has given consent for establishment of the project.
- 9.1.3 KIOCL submitted “De Reservation Proposal” (DRP) in Form “A” to Nodal officer, Forest department, Govt. of Karnataka for diversion of 93.03 ha of forest land for mining purpose which falls under Thirthrampura State Reserve Forest, Tumkur Dist., Karnataka.
- 9.1.4 During the joint survey of mining lease area, it was noticed by the officials of Govt. of Karnataka that mining lease area of KIOCL and other two mining lease allottees are overlapping with each other. On issuance of revised mining lease area sketch and demarcation at site by Govt. of Karnataka, the same will be

provided to State Forest department for grant of forest clearance to comply statutory clearances for execution of mining lease.

### 9.2 Ramanadurg Iron Ore Deposit

9.2.1 On 9th March 2000, KIOCL submitted application to the Director, Department of Mines & Geology, Govt. of Karnataka for grant of mining lease in an area of 1573 hectares (i.e about 6.5 sq. miles containing 212 million tonnes of Iron Ore) which was hitherto was reserved for State Exploitation, in Ramanadurga area.

9.2.2 Govt. of Karnataka vide Gazette Notification No. CI 33 MMM 1994, volume no. 271 dated 15th March 2003, called applications from the public for grant of mining lease for various blocks. Pursuant to this, KIOCL had applied for Block No.13/1 of Ramanadurga Iron Ore Deposit for an area of 1573.04 hectares on 16.04.2003.

9.2.3 Secretary (Mines, SSI and Textile), Commerce and Industries Dept., Govt. of Karnataka conducted hearing on 31.08.2010 & 02.09.2010. KIOCL made a presentation furnishing credentials of the Company in terms of mining experience, technology, finance, manpower and value addition for Iron Ore.

9.2.4 Allocation of mining lease in favour of KIOCL is yet to take place.

### 9.3 Khandadhar Iron Ore Deposit

In respect of mining lease of Khandadhar Iron Ore deposit, Odisha during pendency of KIOCL's applications for prospecting licence and mining lease, the Govt. of Odisha recommended to the Central Government the name of M/s POSCO for prospecting licence quoting special reasons. This was challenged by the Company by WP No. 3234/09 in the Hon'ble High Court of Odisha. Hon'ble High court passed an order for maintaining status quo and direction was issued to the Ministry of Mines, Govt. of India not to pass any order on the application of POSCO (I) Ltd for grant of PL. Company also filed revision application before Mines Tribunal, Ministry of Mines challenging the decision of the Govt. of Odisha for rejecting KIOCL's PL and ML applications. Hearing of revision applications before the Mines Tribunal, Govt. of India for Khandadhar Iron Ore Deposit was completed and the judgment is reserved. Hon'ble High Court of Odisha has set aside the recommendation for grant of prospecting license in favour of M/s POSCO. Accordingly, the Govt. of Odisha will hear again all the applicants including KIOCL application. The matter pending before the Central Govt. Mines Tribunal has become infructuous.



### Other Mining /Prospecting Leases

- 9.4 In the State of Karnataka, your Company has submitted 22 applications for grant of Mining lease & is pursuing application for Mining Lease in Bellary District for Vysankere & Hanumanahalli, Narayanapura (Appenahalli), Jaisingpur, Bhavilhalli, Donimalai Range, Block No. 14 Kumaraswamy Range, Block No. 17 Karthikeswara, Kumaraswamy Range, Block No. 13/2 NEB Range, Block No.13/2 Donimalai Range, Block No. 13/2 Kumaraswamy Range, Block No. 13/2 Devadari Range, Ramandurga & Susheel Nagar Range etc., Kudre Kanive Kaval in Hosadurga, Chitradurga District, Hosanagara Iron Ore Deposit in Shimoga District, Haluvalli Iron Ore Deposit, Nellibedu Iron Ore Deposit, Gangrikal Iron Ore Deposit & Bababudan Iron Ore Deposit, in Chikmagalur District, Hanumanthanahalli, Ajjiguda, Harogondanahalli, Kodihalli, Janehar and other Villages of Chikkanyakanahalli Taluk of Tumkur District.
- 9.5 In the State of Jharkhand, the Company is pursuing for mining lease in Ghatkuri Iron Ore deposit in West Singhbhum district of Jharkhand. The application of the Company for grant of Mining Lease is pending with Jharkhand Government.
- 9.6 In the State of Kerala, Company is pursuing for mining lease for Alampara Iron Ore Deposit, Kozhikode Dist. KIOCL's application for grant of Mining Lease is pending.
- 9.7 In the State of Rajasthan, the Company is pursuing for mining lease for 04 blocks namely Samodi Block in Pur-Banera belt, Bhilwara district for 1561.5226 Ha. Jipiya Block in Pur-Banera belt, Bhilwara district for 378 Ha. Malikhera Block in Pur-Banera belt, Bhilwara district for 567.14 Ha. and Ranikhera (Ranipura)- Malikhera in Pur-Banera belt Bhilwara district for 679.75 Ha.

## **10. ENVIRONMENTAL MANAGEMENT**

- 10.1 Your Company is committed to preserve the Ecology and prevention of pollution in its mining/manufacturing activities. During the active mining operational periods, your Company has undertaken massive afforestation programmes. Mining was undertaken in 3,200 acres of land covered by grass. After mining was completed, 7.5 million saplings adaptable to Western Ghats were planted and the same has turned into big forest now. Further, at Mangalore, the Company is processing the Iron Ore with wet grinding system without any pollution and generation of power through Captive Power plant with zero emission. The Company has won various Environmental Awards at National level.
- 10.2 The Company's Environment Management System is Certified to 14001 – 2004 Standard by DNV. The Certificate is valid upto 09-11-2012.



**11. QUALITY CONTROL - ISO 9001: 2008**

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

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

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

**13. SAFETY**

13.1 Although the mining activities at Kudremukh has been stopped with effect from 01-01-2006 as per the Hon'ble Supreme Court verdict, regular Safety inspections are being carried out to ensure Safety and occupational health of employees engaged in upkeep and maintenance of Mining Equipments, essential services like water pumping, watch and ward etc. Safety awareness training is being imparted to the new contract labourers who are coming for dismantling the structures and other related works at Kudremukh.

13.2 Workers participation in Safety Management System is one of the important criteria adopted by the Company. Area wise Safety Committees are formed. Workers participation in these Safety Committees is ensured.

13.3 Safety inspections are carried out regularly by the safety Officer along with Safety Committee members. Safety points are discussed in the Safety meetings held once in three months. Suitable action is taken for implementation of the shortfalls if any for improvement.

13.4 Various training programmes are being conducted to inculcate safety consciousness and to develop human resources. Refresher training covering their area of working, First Aid Training, Fire Fighting, Awareness programme on Quality, Environment, Health & Safety Management System are conducted on need base regularly.

13.5 As the Mangalore unit is under the aegis of the Factories Act from January 2006, the National Safety Day & Safety week is celebrated from 4th to 10th March every year.

**14. PUBLIC/STAFF GRIEVANCE REDRESSAL**

14.1 Your Company has framed a well defined grievance procedure evolved under the Code of Discipline from the very inception of the Company. Since its introduction, the Scheme has been working satisfactorily without any complaint from any corner,



either from the recognised Union or Officers Association of the Company. Grievances received have been redressed to the satisfaction of the aggrieved employees. As regards public grievance, as and when any complaints are received from the public, necessary remedial action, if any, is taken by the Company immediately.

- 14.2 Complaints/grievances other than the staff grievance are categorised into customer/ consumer complaints/grievances from the Contractors, NGOs/ General Public etc. The respective project heads are empowered to dispose off the grievances concerning their areas and the general public.
- 14.3 As regards women employees, the guidelines laid down by the Supreme Court in the matter relating to sexual harassment of women in work places are strictly followed.
- 14.4 The grievances received and disposed off by the Company are reported to the Administrative Ministry on a monthly basis. The guidelines laid down by the Government of India in this regard are being followed. The Government also reviews the subject matter periodically.
- 14.5 The second administration reforms commission in its 12th report “Citizens Centric Administration” – the Heart of Governance recommended for making organisation transparent, accountable and citizens friendly through making citizen charter more effective and mandatory. It also makes all Responsibility Centre should have Citizen Charter. Based on above recommendation a Public Service Delivery (Sevottam) created for assessing and improving the quality of services delivery for the citizens. The system also involves the identification of the services delivered to the citizens, quality service, its objective, improvement of quality, by using innovative methods for developing business process and more informative with the help of information technology. The same is also available in Company’s website.

## 15. CORPORATE SOCIAL RESPONSIBILITY (CSR)

As a socially conscious corporate citizen, your Company has contributed towards community development in and around the project particularly in the areas of education and health care. During the year, the Company has spent ₹ 59.36 lakhs as against budget allocation of ₹ 100 lakhs on various activities. Some of the schemes undertaken during the year 2010-11 are as under:-

- i) Health & family welfare & organizing free health camps in and around project sites,
- ii) Environment Protection and Pollution Control by sponsoring of “World Environment day Program organized by “Karnataka State Pollution Control Board”, Chikmagalur, and sponsorship for adoption of animals at Pilikula Nisarga Dhama,

- iii) Promotion of sports and games,
- iv) Infrastructural support & financial assistance to Educational Institutions,
- v) Scholarships to meritorious students belonging to economically poor, SC, ST, OBC and disabled categories,
- vi) Development of rural folklore & promotion of cultural tourism and folk arts,
- vii) Financial Assistance for Cardiac Surgery (MVR Repair),
- viii) Sponsoring live surgical workshop otology,
- ix) Donation of ambulance to Navodaya School, Balehonnur,
- x) Providing hearing aid instrument to patient suffering from acute hearing problem,
- xi) Financial assistance to Akshaya patra Foundation for purchase of Maxi Truck for supplying mid day meals to School children.



*Medical assistance to Miss Subhashree Rout for Cardiac surgery under CSR*

### 16. PARLIAMENTARY COMMITTEE

During the year, your Company was honoured by the visit of following Parliament Committees:-

- i) Department Related Parliamentary Standing Committee on Industry on 07-06-2010.
- ii) Third Sub-Committee of Parliamentary Committee on Official Language on 25-10-2010.



Visit of Third Sub-Committee of Parliamentary Committee on Official Language to Bangalore

**17. JOINT OPERATION WING OF KIOCL LIMITED & RASTRIYA ISPAT NIGAM LIMITED**

17.1 Shri Veerabhadra Singh the then Hon'ble Minister of Steel, Govt. of India along with Shri R Ashok, Hon'ble Minister for Home & Transport, Govt. of Karnataka visited the Corporate office on 14-11-2010 and inaugurated the Joint Operation Wing of KIOCL Limited and Rashtriya Ispat Nigam Limited for establishment of Mining and Value Addition Projects in the State of Karnataka. Hon'ble Steel Minister in his address asked the Govt. of Karnataka to expedite the process of granting new mining lease in



Inaguration of Joint Operation wing by then Hon'ble Minister of Steel, Govt. of India, Shri Veera Bhadra Singh



## Director's Report (Contd.)

Ramanadurga of Bellary District for which KIOCL Limited has already applied for grant of mining lease. He has observed that KIOCL Limited is functioning without captive Iron Ore mines for the past five years and it is essential for the Company to have its own captive Iron Ore mines to achieve its ambitious expansion plans.

17.2 The Hon'ble Steel Minister felt that the coming together of both KIOCL and RINL is a move in the right direction since both the Companies do not have their own captive Iron Ore mines and they should carryout value added products business using in-house technology and achieve desired goals. Hon'ble Minister for Home & Transport, Govt. of Karnataka assured all possible help to KIOCL to continue its operations at Karnataka.

### 18. VISIT OF CHIEF MINISTER OF KARNATAKA TO MANGALORE

Hon'ble Chief Minister of Karnataka, Hon'ble Minister for Home & Muzrai and Hon'ble Minister for Large & Medium Industries, Govt of Karnataka visited our plants at Mangalore on 13-08-2010 and laid the foundation stone for Raw Materials Silo Storage & Filtration plant up gradation projects. Hon'ble CM assured the support of Govt. of Karnataka in all the ventures of the Company.



*Hon'ble Chief Minister of Karnataka, Shri Yeddyurappa laid foundation stone for Raw Mateiels Silo Storage & Filtration plant upgradation projects*

### 19. VISIT OF SECRETAY (STEEL)

Shri Atul Chaturvedi, the then Secretary (Steel) visited our plants at Mangalore on 22-08-2010. He also inaugurated the operations of Pig Casting Machine-III at Blast Furnace Unit during the visit. During the visit he also met Chief Secretary, Govt. of Karnataka and held discussions on issues relating to KIOCL Limited.





*Former Secretary (Steel) Shri Atul Chaturvedi inaugurating the Pig Casting Machine III at Blast Furnace unit*

## 20. IMPLEMENTATION OF OFFICIAL LANGUAGE POLICY

- 20.1 The Company follows the directives issued from time to time by the Department of Official Language, Ministry of Home Affairs and Ministry of Steel, Govt of India for progressive use of Official Language Hindi. Towards this and to promote usage of Official Language by employees of the Company several programmes in the form of Hindi Workshops/Hindi Weeks/Hindi Fortnight were organised at all locations of the Company. Quarterly meetings of Official Language Implementation Committee's are held regularly at all the locations of the Company.
- 20.2 During the year, Hindi Fortnight was organised at all locations of the Company. At Corporate Office several Hindi competitions are organised during September 2010. To mark the occasion, a talk on Hindi was organised on 07-09-2010 and a Kavi goshti on 14-09-2010. Concluding function was held on 23rd September 2010. During the function, Chief Guest commended and appreciated the Implementation of Official Language in the Company.
- 20.3 Company's effort in the implementation of the Official Language Policy found recognition by the Bharatiya Bhasha Evam Samskriti Kendra, New Delhi and Chairman-cum-Managing Director was conferred with 'Rajbhasha Manishi' shield for 2009-10 on 10-06-2010.
- 20.4 An Incentive Scheme is in operation for Hindi Noting and Drafting for the employees of the Company. On the eve of Hindi Fortnight celebration, 16 employees were awarded with cash incentives on 23-09-2010.

## Director's Report (Contd.)

- 20.5 Third Sub-Committee of Parliamentary Committee on Official Language headed by Prof. Alka Balaram Kshatriya, Hon'ble MP (Rajya Sabha) inspected the Official Language Implementation in the Company. The Committee expressed its satisfaction and commended the Company for Implementation of Official Language Policy.
- 20.6 The Company is Convenor of Bangalore Town Official Language Implementation Committee (Undertakings) and conducts regular meetings and Joint Hindi Fortnight programmes for all Central PSUs in Bangalore.
- 20.7 The Company organised a Joint Hindi Fortnight for Town Official Language Implementation Committee (Undertakings) members and 16 Competitions were conducted. All most all PSU Offices in Bangalore have participated in these competitions. Prizes and Certificates were awarded to the prize winners during the TOLIC meeting held on 07-12-2010.
- 20.8 Being the Convenor of Town Official Language Implementation Committee (Undertakings), the Company has introduced a scheme for the best performance of the Implementation of the Official Language Policy of the Union to its Member Offices, on the basis of Annual Performance Report. The Scheme consists of Shield and Certificates. For the year 2008-09, five Member Offices were awarded during its Half yearly meeting held on 08-07-2010.
- 20.9 A half yearly Souvenir titled "Deepika" was published and released under Town Official Language Implementation Committee (Undertaking) during the TOLIC meetings held on 08-07-2010 and 07-12-2010.

## 21. PERSONNEL

- 21.1 The total number of employees on the rolls of the Company as on 31.3.2011 was 1347 consisting of 867 workmen, 440 Executives and 40 Supervisors as against 1362 on 31.3.2010.
- 21.2 During the financial year 2010-11 (April 2010 to March 2011), 14 candidates in Group 'A' (Executives) were recruited/appointed including 1 Presidential appointee, 2 candidates belonging to SC category and 1 candidate belonging to Minority community. In Group 'C' (Non-Executive cadre) 1 General candidate was recruited. 4 Internal candidates have been appointed from Group 'C' (Non-Executive cadre) to Group 'B' posts (Supervisory cadre) against Company's Internal Circular.

### 21.3 SCs/STs and women employees

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



Groups on rolls of the Company as on 31.3.2011:

Group	Total No.of employees on rolls	SC	ST	No.of women employees	Ex-servicemen	Persons with Disabilities
A	440	53	15	25	01	08
B	40	05	01	07	02	--
C	792	115	34	17	07	08
D	67	15	09	03	--	03
D(Sweepers)	08	07	--	02	--	--
<b>Total</b>	<b>1347</b>	<b>195</b>	<b>59</b>	<b>54</b>	<b>10</b>	<b>19</b>

#### 21.4 Voluntary Retirement Scheme:

During the year 2010-11 (April 2010 to March 2011), Company has not introduced VR Scheme. However, 11 employees whose VR Applications have been accepted during 2009-10 were released during 2010-11 on their specific request.

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

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

## 22. INDUSTRIAL RELATIONS AND EMPLOYEES WELFARE:

22.1 The Industrial Relations situation remained peaceful throughout the year in all the establishments of the Company. Issues relating to productivity, safety, welfare, etc., are mutually discussed with employee representatives.

22.2 The validity period of Tripartite Wage Agreement entered into with the Recognised Union has expired on 31-12-2006. Based on the broad Guidelines provided by the Government, a comprehensive settlement with the Recognised Union (Kudremukh Shram Shakti Sangathan (KSSS) on revision of scales of pay, allowances and perks etc., effective from 01-01-2007 was signed on 31-08-2010. In addition to introduction of revised pay scales, the package also includes improvement in other benefits to the employees. With the introduction of this package, it is expected that the motivation on the part of the Company's workforce will improve, leading to more prosperous results for the Company.



*Shri TMGK Bhat, Director (Finance) and Shri Venkataraya, General Secretary of Recognised Union, Kudremukh Shram Shakti Sangathan signing the MOU on revision of Pay scales and Allowances of Workmen of the Company*

22.3 Right from inception, the Company has provided various amenities to its employees, such as well planned Township, Hospitals, Schools, Recreation, Cable TV Net work, Parks, Temples, Church, Mosque, etc., besides Grant of Scholarships, Reimbursement of School Fees, Uniforms, Children's Out-station Education Allowance, Entertainment, Magazine and Technical journal allowance etc. 10% of type 'A' and 'B' quarters and 5% of 'C' and 'D' type quarters are reserved for SC/ST employees.

22.4 As in the previous years, Dr. Ambedkar Jayanthi was celebrated at all locations on 14th April 2010.

## **23. HUMAN RESOURCE DEVELOPMENT**

23.1 Human Resource Development is a continuous process. Training and Development of all levels of employees is given priority by the Company to improve their skills and contribute productively to the Company. During the year, the achievement in this area was 1509 Executive trained man days and 2558 Non- Executive trained mandays.

23.2 During the year 2010-11, following in-house training programmes were organized for Executives and Non-executives to enhance their skills and knowledge:

Advanced Communication skills, Stress Management, Productivity Improvement Techniques, Fire Fighting and First Aid, Safety operating procedures, Handling of proposals and contracts, Basic Computer skills, IRDA Act 1999 etc.

23.3 In addition to the above, the Company has sponsored the programmes like International Seminar and Field Workshop on Iron Ore in South India conducted by Delhi University, National Seminar on Explosives and Blasting Techniques for mining, quarrying and infrastructure industry conducted by NITK, Suratkal etc.





23.4 Your Company has also nominated employees for various Seminars and Conferences conducted at different locations on subjects like Iron Ore beneficiation, Management skills, etc. Some of the programmes for which employees were nominated are – Direct Trainers skills, Integrated Management System ISO 9001, ISO 14001 and OHSAS 18001, Advanced Electrical safety, Company's Bill 2009, Still photography, Adaptation of IFRS, Professional Development- Direct Taxes and Corporate Laws, Joint Internal Dispute Resolution Workshop, Project Management, Lean Management Principles and Practices, Global Trends in Boiler Engineering, Vigilance and Disciplinary Proceedings, Prevention and Management of Chemical accidents, Reservation Policy, Board Interview, WIPs National Seminar, Corporate Management Practices and others.

## 24. AWARD AND RECOGNITION

Company's effort in the implementation of the Official Language Policy found recognition by the Bharatiya Bhasha Evam Samskriti Kendra, New Delhi and Chairman-cum-Managing Director was conferred with 'Rajbhasha Manishi' shield for 2009-10 on 10-06-2010.



*Shri K Ranganath, CMD releasing the Souvenir along with other dignitaries after receiving the Rajbhasha Manishi shield for 2009-10 for implementation of Official Language Policy*

## 25. VIGILANCE

25.1 ISO 9001-2008: Vigilance Department of KIOCL obtained ISO-9001:2000 Certificate on 07.11.2006 with a validity of 3 years. As the validity is expiring in November 09, agencies have been fixed for consultation (for up-gradation of system from 2000 version to 2008 version) and Certification separately. M/s. ICS Pvt Ltd, has conducted audit on 6th November, 2009 and issued certificate that is valid up to 8th December, 2012. First surveillance audit was conducted during Nov-2010 and no non-conformities were



issued during this audit. Due to ISO certification of Vigilance Department following benefits and improvements have been resulted in vigilance functioning:

- After collection/capturing data the trend analysis to demonstrate continuous improvement was not in practice.
- Monitoring of complaints has been made systematic and will be monitored on monthly basis.
- Monitoring and measurement parameters for the focus area “investigation Process Effectiveness” have been defined, which does not exist earlier.
- To capture the perception of vigilance from other stock holders namely suppliers, CMD, employees, Customer satisfaction survey was conducted, and feedback received. After analyzing the feedback necessary action has been taken.
- To measure the preventive vigilance effectiveness, goal setting and bench marking has been made to demonstrate continual improvement.
- Objectives and targets for every year is defined and planned to achieve the same.

25.2. Integrity Pact Programme: Integrity Pact Programme has been introduced in KIOCL from 01.01.2008. As the tenure of present IEMs Sri SS. Meenakshisundaram, IAS (Retd) and Sri KVM Pai, IRS (Rtd), completed on 31.12.2010, two new IEMs Sri. Abhijitsen Gupta, IAS (Retd.) and Sri. Lukose Vallatharai, IAS (Retd.) have been appointed in their place after obtaining the approval of CVC. The initial tenure of new IEMs is 3 years w.e.f. 01.01.2011. After implementation of IP in KIOCL, as on date IP clause was incorporated in 245 contracts. Till date, no complaints have been received under IP either by IEMs or by CVO.



Annual Review Meeting with Transparency International India and Independent External Monitors on implementation of Integrity Pact in KIOCL



- 25.3 Inspections: 7 CTE type inspections, 26 surprise checks, 31 general inspections and 51 scrutinies of files were carried out during the period under review. i.e. April-2010 to March-2011.
- 25.4. Submission of Annual Property Returns: Submission of Annual Property Returns has been made online. There are 465 officers in the organization. As per the CVC guidelines 20% of above is to be scrutinized every year. Accordingly scrutiny of Annual Property Returns of 93 officers commenced in the month of April and completed by October, 2010.
- 25.5. Structured Meetings of Vigilance: As per the instructions of CVC and Ministry of Steel, Structured Meeting of Vigilance with CMD is being conducted regularly. Till date seven such meetings have been conducted. Issues related to e-governance, Leveraging Technology, Integrity Pact, Tender management, Award of works, Recruitment policy have been discussed. Minutes are circulated to concerned officials for taking necessary action as decided in the meeting. Copies of minutes were sent to CVC and MoS.
- 25.6. Leveraging Technology: With reference to Commission's circular, emphasizing the effective use of website and leveraging technology in discharge of regulatory, enforcement activities and dealing with complaints. KIOCL has been using website in a various areas from 2001. The main areas concerning KIOCL are Contracts & Procurements, Applications for Registration of Contractors/ suppliers/ consultants / vendors etc. and status of bill payments to contractors / suppliers. All Tender documents, Notices and other proformas are posted on the websites. In order to encourage flow of genuine complaints, the procedure for making complaints is outlined in the website. Status of individual applications on website is updated every month. A summary of works/ contracts/ purchases awarded above a predetermined threshold value are posted on website, every month.
- 25.7. E-governance: Disposal of scrap/ surplus items is being done by e-auction, since September 2004. Regularly e-auctions are being held at Mangalore and Kudremukh. E-sales are in practice since two years. Commercial Department is conducting sales of Pellets by calling e-tenders. E-procurement auction by web tendering-cum-reverse auction has been commenced from September 2010. The threshold value for e-procurement is fixed at ₹ 5 lakhs and above. All the payments above the threshold value are being made through electronic mode.
- 25.8. Vigilance Awareness Week: Vigilance Awareness Period was observed from October 25th to November 1st, 2010 in KIOCL Limited. On this occasion a programme was arranged on 26th October 2010. Shri. Lukose Vallatharai, IAS (Retd), Karnataka

## Director's Report (Contd.)

Cadre was the Chief Guest. Messages received from President of India, and CVC were read out. In the afternoon of 27th October 2010, a presentation/lecture programme was arranged in the Community Hall. Ms. Manjula, IAS, Commissioner, Urban Land Transport, Government of Karnataka was the Chief Guest. She spoke about the "Towards and effective public procurement policy". On 30th October, an interactive session on "the role of public in combating corruption" was organized. Shri.SM Vernekar, Dy. Superintendent of Police, Lokayuktha, Mangalore Division and Shri. Prabhudev Mane, Dy. Superintendent of Police, Lokayuktha, Udupi Division were the chief guests. On this occasion the Company has honoured one officer for very high integrity who has scored excellent grading in respect of four traits such as fairness, transparency, discipline & ethical behaviour in their annual appraisals for 3 continuous years with an Integrity Recognition Certificate.

25.9. Training Programmes: Vigilance Department has conducted as many as 14 training programmes at three different locations. More than 650 employees have participated in these programmes. Important topics such as Integrity Pact, leveraging technology, Handling of tenders & contracts, preventive vigilance, etc., were covered.

## 26. DIRECTORS' RESPONSIBILITY STATEMENT

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

- i. in the preparation of the Annual Accounts for the financial year 2010-11, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- ii. The Directors have selected such Accounting Policies and applied consistently, that made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31.03.2011 and of the Profit/(Loss) of the Company for the said period;
- iii. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv. The Directors have prepared the Accounts for the financial year ended 31.03.2011 on a going concern basis.



## 27. BOARD OF DIRECTORS

### Appointment

- i) Shri S Machendra Nathan, IAS, Additional Secretary & Financial Adviser, Ministry of Steel was appointed as Part time official Director W.e.f. 25-05-2010. Major Gen. (Retd.) Dr. OP Soni, VSM, Commander, Faculty of Doctrine & Tactics, School of Artillery, Deolali is appointed as Director (Commercial) vide Order No.5(13)/2009-KDH dated 06-12-2010. He assumed charge on 01-02-2011.
- ii) Shri Upendra Prasad Singh, Joint Secretary, Ministry of Steel appointed as Part time official Director w.e.f. 9.5.2011.
- iii) Shri K Subba Rao, is appointed as Director (Production & Projects) w.e.f. 9.6.2011 in pursuance to Ministry of Steel order dated 9.6.2011.

### Cessation

Shri George Elias, IAS, Joint Secretary to Govt. of India, Ministry of Steel resigned from the Directorship of the Company from 20-01-2011 consequent to his transfer from Ministry of Steel. Your Directors place on record their deep appreciation of the valuable services rendered/advice and guidance provided by Shri George Elias, as Director of the Company during his tenure as Govt. nominee on KIOCL Board and also his assistance at the Ministry on various matters.

## 28. LISTING REQUIREMENTS

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

Bangalore Stock Exchange Limited, "Stock Exchange Towers", No.51, 1st Cross, J.C.Road, Bangalore – 560 027.	Madras Stock Exchange Limited, Exchange Building, P.O. Box No. 183, 11 Second Line Beach, Chennai – 600 001.
--	---
- II. The Company has paid the Annual listing fee to each of these Stock Exchanges for the year 2010-11.
- III. A report on the Corporate Governance is at Annexure-II.
- IV. A declaration by the Chairman-cum-Managing Director regarding the Code of Conduct for the Board Members and the Senior Management of the Company is at Appendix-I to Annexure-II.
- V. A Certificate from the Chairman-cum-Managing Director and the Director (Finance) regarding the Financial and Cash Flow statements is at Appendix-II to Annexure-II.

- VI. A Certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance is at Annexure-III.
- VII. There is no pecuniary relationship or any transactions by any of the non-executive Directors vis-à-vis the Company.

### 29. STATUTORY AUDITORS

Pursuant to Section 619(2) of the Companies Act, 1956 the Comptroller and Auditor General of India has appointed M/s ASA & Associates (earlier Murali Associates), Chartered Accountants as Statutory Auditors of the Company for the year 2010-11.

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

The comments of C & AG under Section 619(4) of the Companies Act, 1956 on the accounts of the Company for the year ended 31st March 2011, the Statutory Auditors observations and management replies thereto are annexed to the report.

### 31. IMPLEMENTATION OF RIGHT TO INFORMATION ACT, 2005

The information required to be provided to citizens under Section 4(1) (b) of the RTI Act 2005 has been posted and updated on the website of the Company, [www.kiocltd.com](http://www.kiocltd.com). The information posted on the website contains general information about the Company, powers and duties of the employees, information about decision making, rules, regulations, manuals and record held by KIOCL, directory of the Company's officers, pay scales, procedure for requesting additional information about the Company by citizens and associated request formats. During the year 2010-11 the Company received and attended to 64 requests for information under RTIA.

### 32. ENERGY CONSERVATION

Energy conservation day was celebrated on 14-12-2010 at plants in Mangalore. Various competitions were held as a part of Energy Conservation week and prizes were distributed to the winners of various competitions conducted during the week. Electricity consumption during 2010-11 as compared to 2009-10 was as under:-

	2010-11	2009-10
Consumption per tonne of Pellets production in kWh (including grinding)	71.02	66.92

### 33. ENERGY AUDIT

The Company's operations are highly energy intensive. Keeping in view the importance of energy conservation, a specific plan and a programme has been drawn for compulsory





energy audit to quantify the targets for energy conservation over the entire operational area. The recommendations of M/s Tata Energy Research Institute (TERI) (now M/s The Energy Research Institute), in the areas of energy conservation have been implemented. Energy conservation is an ongoing process. Efforts are continuing to conserve energy in all possible areas. Energy Audit is carried out through Petroleum Conservation & Research Association (PCRA) and some more measures of energy conservation are being planned as suggested by PCRA in a phased manner.

#### **34. R&D, TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**

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

#### **35. PARTICULARS OF EMPLOYEE OF SECTION 217 (2A) OF THE COMPANY READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES 1988**

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

#### **36. ACKNOWLEDGEMENT**

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

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

36.3 Your Directors sincerely thank all the customers and suppliers for their support and co-operation.

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

36.5 Last but not the least, your Directors express their gratitude to the Shareholders for the confidence reposed by them in the management of the Company.

For and on behalf of the Board of Directors

*K. Ranganath*  
**(K.Ranganath)**

*Chairman-cum-Managing Director*

Place: Bangalore

Dated: 10-06-2011

## 2. FORM - B

### DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION AND R&D ACTIVITIES

#### RESEARCH & DEVELOPMENT ACTIVITIES:

The R & D activities are emphasized for quality & productivity improvement through process development/modifications to suit the requirement of Pellet plant to operate with Hematite ore.

#### FORM B

Sl. No.	Research & Development	Particulars
1	Specific areas in which R&D carried out by the Company	<ul style="list-style-type: none"> <li>a) Augmentation of the existing ball mill feeding system by creating additional storage capacity of the Iron Ore fines.</li> <li>b) Preparation of technical report for reopening of Kudremukh Iron Ore mine at Kudremukh.</li> <li>c) Pre-feasibility report for mining of weathered ore already available in the broken up area to ensure Kudremukh mine slope stability.</li> <li>d) Exploration of suitable alternate technology for mining of weathered ore at Kudremukh mine.</li> </ul>
2	Benefit derived as a result of the R&D	With the experts opinion it is derived that for removal of secondary weathered ore available in broken up area small size equipments like Hydraulic Shovels, small dumpers and drills could be sufficient for production instead of deploying existing high capacity production equipments.
3	Future plan of action	To proceed with the projects/ improvement plans based on the necessary clearances and approvals



Sl. No.	Research & Development	Particulars
4	Expenditure on R&D (2010-11)	
	a) Capital	Nil
	b) Revenue	₹ 0.58 lakhs
	c) Total Expenditure	₹ 0.58 lakhs
	d) Total R&D expenditure as a percentage of total turnover	0.032 %.

### Technology absorption, adaptation & Innovation

1	Efforts in brief made towards technology absorption, adaptation and innovation	A feasibility study has been carried out and the most technically suitable scheme has been finalised and the implementation of the same is under progress. The scheme involves construction of an RCC Silo to hold about 8000 tonnes of Iron Ore and associated material handling system which will be suitably integrated into the existing system.
2	Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc.	By implementing this project, KIOCL will have more flexibility in the operation and less dependency on the critical equipment like the reclaimer and CB-86 conveyor which otherwise have to run continuously round the clock when the mills are in operation. By having the proposed silo, the grinding system can be operated without any interruption for at least two shifts when the silo is filled once. During this period, any maintenance works on the reclaimer and CB-86 conveyor can be scheduled.

### C. FOREIGN EXCHANGE EARNINGS & OUT GO

During the year, your Company earned foreign exchange of US\$ 152.79 million (on receipt basis). Total outgo in Foreign Exchange on account of Imports, payment towards technical services, etc., amounted to about US\$ 39.688 million only. KIOCL Limited thus continues to be a net Foreign Exchange earner for the Country.

## CORPORATE GOVERNANCE

### COMPANY'S PHILOSOPHY OF CORPORATE GOVERNANCE

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

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

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

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

### Compliance with Corporate Governance Guidelines

#### I. BOARD OF DIRECTORS

##### (A) Composition of the Board

KIOCL being a Central PSU, appointment/nomination of all Directors is done by the President of India, through the Ministry of Steel. Articles of Association of the Company stipulate that the number of Directors shall not be less than five and not more than thirteen. As on 31.3.2011, there were nine Directors on the Board comprising of four whole time Directors including Chairman-cum-Managing Director, one non-official part time Director who is a Government Nominee and Four Independent Directors. In addition to the above, one post of non-official part time Director is vacant as on 31.3.2011. Chairman being Executive Chairman, two more Independent Directors post are vacant pursuant to clause 49 of the Listing Agreement of the Stock Exchanges and DPE guidelines on Corporate Governance. The matter of filling up of vacancies is under process from Ministry of Steel side. The members of the Board are from diversified backgrounds and have varied expertise and considerable experience in the respective fields.



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

Sl. No.	Name of Directors (S/Shri)	Category	Meeting held during respective tenure	No. of Board meeting attended	Attendance at the last AGM held on 21-7-2010	No. of Director-ships	Number of Committees <sup>1</sup>	
							Member	Chairman
1.	K Ranganath	CMD	9	9	Y	Nil	Nil	Nil
2.	M B Padiyar,	Director (P&P)	9	4	N	Nil	Nil	Nil
3.	TMGK Bhat	Director (Finance)	9	9	Y	Nil	Nil	Nil
4.	Maj. Gen. (Retd.) Dr. O P Soni <sup>2</sup> w.e.f 1.2.2011	Director (Commercial)	1	1	N	Nil	Nil	Nil
5.	S Machendra Nathan <sup>3</sup> w.e.f. 25.5.2010	Govt. Nominee	8	8	N	4	Nil	Nil
6.	George Elias <sup>4</sup>	Govt. Nominee	6	6	N	1	Nil	Nil
7.	N R Mohanty	Independent	9	7	Y	3	1	Nil
8.	Dr. Chiranjib Sen	Independent	9	8	N	1	1	Nil
9.	B Ramesh Kumar	Independent	9	9	Y	1	Nil	Nil
10.	Prof. V R Sastry	Independent	9	6	N	1	Nil	Nil

1. Represents Membership/Chairmanship of two Committees viz.: Audit and Shareholders'/Investors' Grievance Committee.
2. In pursuance to Ministry of Steel order No. 5(13)/2009-KDM dated 6.12.2010 Maj. Gen. (Retd.) Dr. O P Soni, VSM assumed the charge of Director (Commercial) w.e.f. 1.2.2011.
3. Shri S Machendra Nathan, Additional Secretary & Financial Adviser, Ministry of Steel appointed as Director vice Shri B S Meena, SS & FA consequent upon later's elevation as Secretary to Govt. of India, Department of Heavy Industries.
4. Shri George Elias, Joint Secretary to Govt. of India and Govt. Nominee ceased to be Director consequent to his transfer from Ministry of Steel w.e.f. 20.01.2011.

## (B) Board Meetings and Procedure

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



## Corporate Governance (Contd.)

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

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

During the financial year 2010-11, 9 (Nine) meetings of the Board were held on 10.5.2010, 4.6.2010, 26.6.2010, 12.7.2010, 11.10.2010, 25.10.2010, 23.12.2010, 27.1.2011 and 25.3.2011. The time gap between two Board Meetings is not more than four months

### (C) Code of Conduct

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

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

## 2. COMMITTEES OF THE BOARD OF DIRECTORS

To enable better and more focus attention on the affairs of the Corporation, the Board delegated particular matters to Committee of the Board set up for the purpose. These Committees prepare the groundwork for decision making and report at the subsequent Board Meeting. The following Committees are constituted by Board:

- A. Audit Committee;
- B. Remuneration Committee;
- C. Sub-Committee of Board of Directors to approve the quarterly financial results;
- D. Empowered Board Sub-Committee;
- E. Committee of Directors with an enhanced power to approve the procurement proposals;
- F. Share Transfer Committee.



## A. AUDIT COMMITTEE

The Company has an Audit Committee at the Board level functioning since 2000 with the powers and role that are in accordance with Section 292A of the Companies Act, 1956, Clause 49 of the Listing Agreement and DPE guidelines. The Committee acts as a link between the Management, the Statutory Auditors, Internal Auditors and the Board of Directors to oversee the financial reporting process. The Audit Committee consists of four members and all of them are Independent Directors. The majority of the Audit Committee members have accounting and financial management expertise. Director (Finance), Chief of Internal Audit, Statutory Auditors are the permanent invitees to the meeting. In addition, other Functional Directors except CMD, Senior Managerial Personnel are also invited to the Committee meetings to present reports on the respective items being discussed as and when required. Company Secretary acts as a Secretary to the Committee.

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

During the financial year 2010-11, eight meetings of the Audit Committee were held on 30.4.2010, 8.5.2010, 25.6.2010, 9.7.2010, 9.10.2010, 23.12.2010, 27.1.2011 and 14.3.2011. The time gap between two Audit Committee meetings is not more than four months.

**The Composition of the Audit Committee as on 31.3.2011 and the attendance of the members at the meetings are as under:**

Name of Director (S/Shri)	No. of Meetings held during respective tenure	No. of meetings attended
N. R. Mohanty	8	8
Dr. Chiranjib Sen	8	3
B. Ramesh Kumar	8	8
Prof. V. R. Sastry	8	7

The terms of reference of the Audit Committee are as under: -

- a) To comply with the requirements in accordance with Section 292A of the Companies Act;
- b) To comply with the requirement relating to the Audit Committee as envisaged in Clause 49 of listing agreement; and the Guidelines on Corporate Governance issued by the Department of Public Enterprises (DPE), 2010 for CPSEs.

- c) To take on record and/or to review unaudited/audited quarterly/half-yearly/annual financial statements of the Company.

**B. REMUNERATION COMMITTEE**

In accordance to Corporate Governance guidelines for CPSEs issued by Department of Public Enterprise, the Remuneration Committee of the Company has been re-constituted. The Committee presently comprises of all Independent Directors as its members.

The term of reference of the Committee is to look into the aspects of annual bonus / variable pay pool and policy for its distribution across the Executives and Non-Unionized Supervisors, within the prescribed limit. In addition to the same, any other matter, specifically referred by the Board of Directors for its recommendation. During the financial year, 2 (Two) meetings of the Remuneration Committee were conducted on 7.10.2010 and 25.10.2010.

**The Composition of the Remuneration Committee as on 31.3.2011 and the attendance of the members at the meetings are as under:**

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

**C. SUB-COMMITTEE OF BOARD OF DIRECTORS TO APPROVE THE QUARTERLY FINANCIAL RESULTS;**

The Company has a sub-Committee of the Board with the power to consider and approve the un-audited and audited quarterly and yearly financial results of the Company. The result as approved by the Committee is subsequently placed to the Board for ratification. During the financial year, one meeting of the Committee was conducted on 30.4.2010.

**The composition of the Board Sub Committee as on 31.3.2011 and the attendance of the members at the meeting is as under:**

Name of Director (S/Shri)	No. of Meetings held during respective tenure	No. of meetings attended
K. Ranganath	1	1
TMGK Bhat	1	1
B. Ramesh Kumar	1	1
Prof. V. R. Sastry	1	1



#### **D. EMPOWERED BOARD SUB-COMMITTEE**

In order to give additional comfort level to take a decision on any major capital investment which exceeds CMD's delegated power and requires Board's approval, an Empowered Board Sub Committee has constituted. The Committee shall review and submit the recommendation on the proposal. During the year 4 (Four) meetings were held on 3.6.2010, 4.9.2010, 7.10.2010 and 4.3.2011.

The composition of the Board Sub-Committee as on 31.3.2011 and the attendance of the members at the meeting are as under:

Name of Director (S/Shri)	Meetings held during respective tenure	No. of meetings attended
Dr. Chiranjib Sen	4	4
B. Ramesh Kumar	4	4
Prof. V. R. Sastry	4	2
M B Padiyar	4	4
Maj. Gen. (Retd.) Dr. O P Soni	1	1

#### **E. COMMITTEE OF DIRECTORS WITH AN ENHANCED POWER TO APPROVE THE PROCUREMENT PROPOSALS**

During 2010-11 three (3) Meetings of Committee of Directors were held on 9.6.2010, 18.10.2010 and 20.12.2010.

#### **F. SHARE TRANSFER COMMITTEE**

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

### **3. REMUNERATION TO DIRECTORS AND POLICY**

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

## Corporate Governance (Contd.)

Details of remuneration of Whole time Directors during the year 2010-11 are given below  
( ₹ in Lakhs )

Name of Director (S/Shri)	Salary	Benefits	Company Contribution to PF & Gratuity	Total for the year 2010-11
K Ranganath	30.75	5.64	4.29	40.68
M B Padiyar	25.51	11.21	4.23	40.95
TMGK Bhat	24.12	5.53	4.17	33.82
Maj. Gen (Retd) (Dr.) O P Soni *	2.36	0.01	0.26	2.63

\*Part of the year

Non Official Part Time Government Nominee Directors are not paid any remuneration. They are also not paid sitting fees for attending Board Meetings. Independent Directors are paid sitting fee of ₹ 10,000/- per meeting of the Board/Committee of the Board attended. Details of sitting fees paid to the Independent Directors during the year 2010-11 are given below: -

( in ₹ )

Name of Director (S/Shri)	Sitting Fees		Total
	Board Meetings	Committee Meetings	
N. R. Mohanty	70,000/-	1,30,000/-	2,00,000/-
B. Ramesh Kumar	90,000/-	1,50,000/-	2,40,000/-
Dr. Chiranjib Sen	80,000/-	80,000/-	1,60,000/-
Prof. V. R. Sastry	60,000/-	1,50,000/-	2,10,000/-

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

#### 4. DIRECTORS SHAREHOLDING

The following Directors holding the equity shares in the Company as on 31.03.2011.

Name of Director	Number of shares held
Shri M. B. Padiyar, Director (P&P)	150
Shri TMGK Bhat, Director (Finance)	100





## **5. DISCLOSURES**

- a) There was no material transaction with the Directors or the Management or their relatives that may have potential conflict with the interest of the Company at large.
- b) Whistle Blower Policy is not a mandatory requirement. Company is yet to frame a policy in this regard.
- c) The Company has adopted all suggested items to be included in the Report on Corporate Governance as required under the listing agreement as well as Code of Corporate Governance issued by DPE.
- d) None of the Directors on the Board is a member of more than 10 Committees and the Chairman of more than 5 Committees, across all the Companies (Public Limited) in which he is a Director.
- e) There is no inter se relationship between Directors of the Company, as per declarations received.
- f) There has been no instance of the non-compliance by the Company and no penalty or stricture is imposed on the Company by stock exchange (s) or SEBI or any statutory authority, on any matters related to capital markets during last three years.
- g) As on the date of approval of accounts, the number of Independent Director(s) on the Board of the Company is not sufficient.

## **6. RISK MANAGEMENT**

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

## **7. GENERAL SHAREHOLDERS INFORMATION**

### **(i) Disclosure regarding appointment of Directors**

The Company has provided brief resume(s) of the Directors seeking appointment at the ensuing Annual General Meeting, in the notice attached with the Annual Report.

### **(ii) Communications to Shareholders**

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

**(iii) Details of Annual General Meeting(s)**

Year	Location	Date	Time
2009-10	Registered Office, Bangalore	21-07-2010	11.30 hrs
2008-09	Registered Office, Bangalore	28-07-2009	12.00 hrs
2007-08	Registered Office, Bangalore	30-08-2008	12.00 hrs

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

An Extra ordinary General Meeting was conducted on 28.1.2011 to alter the existing Articles of Association of the Company, to facilitate dematerialization of Company's Share as per the provisions of Depositories Act, 1996. The Special Resolution was approved by the shareholders.

**(iv) Financial Calendar**

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

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

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

Members who have so far not en-cashed their dividend warrants are requested to write to the Company/Registrar to claim the same, to avoid transfer to IEPF. List of unpaid dividend year wise is available at the Company's website. Shareholders are requested to visit the site to know the status. Members are advised that no claim shall lie against the said Fund or the Company for the amounts of dividend so transferred to the said Fund.

The Company has transferred unclaimed Dividend amount upto the year 2002-2003 to Investor Education & Protection Fund as set up by Government of India.

**(vi) CEO / CFO Certification**

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

**(vii) Annual General Meeting for the year 2010-11**

Day and Date	Tuesday, the 12th July 2011
Time	11.45 AM
Venue	KIOCL Limited, II Block, Koramangala, Bangalore – 560034

**(viii) Financial Calendar for 2011-12 (Tentative)**

Financial Report for the Quarter ending June 30, 2011	Within 45 days of the end of quarter.
Financial Report for the Quarter ending September 30, 2011	Within 45 days of the end of quarter.
Financial Report for the Quarter ending December 31, 2011	Within 45 days of the end of quarter.
Financial Report for the Quarter ending March 31, 2012	Within 45 days of the end of quarter.
Annual General Meeting for the year 2011-12	Last week of September, 2012

**(ix) Book Closure**

The Register of Members and Share Transfer Books of the Company shall remain closed from 8.7.2011 to 12.7.2011 (both days inclusive)

**(x) Listing on Stock Exchanges**

The Equity Shares of the Company are listed on

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

Listing fees for the year 2010 – 11 has been paid.

**(xi) Market price Data**

There was no trading reported at Bangalore and Madras Stock Exchange during 2010-11.

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

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

**(xiii) Registrars and Transfer Agents & DP :** M/s Integrated Enterprises (India) Ltd  
(Earlier M/s Alpha Systems Private Limited)  
Regd. Office: 30, Ramana Residency,  
4th Cross, Sampige Road, Malleswaram,  
Bangalore – 560003  
Tel. No.: 080-23460815-818  
Email id: alfint@vsnl.com.

**(xiv) Share Transfer System**

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

**(xv) Investor Correspondence**

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

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

**(xvi) Shareholders Pattern as on 31.3.2011**

Category	Number of shares	Shares in dematerialized mode	Shares in Physical mode	%age of shareholding
Central Govt./State Govt.(s)	628144030	-	628144030	98.9961
Mutual Funds/UTI	1985000	-	1985000	0.3128
Financial Institutions/Banks	800000	-	800000	0.1261
Insurance Companies	2778300	2378300	400000	0.4379
Private Bodies Corporate	18300	12600	5700	0.0029
Resident Indians & others	788170	49570	738600	0.1242
<b>Total</b>	<b>634513800</b>	<b>2440470</b>	<b>632073330</b>	<b>100.00</b>

**(xvii) Dematerialization of Shares**

As per the directives of Securities & Exchange Board of India (SEBI), the Equity shares of the Company are compulsorily traded in dematerialized form for all the categories of shareholders. Accordingly, the Company has entered into Tripartite Agreements with both the Depository i.e. National Securities Depositories Limited and Central Depository Services (India) Limited (NSDL & CDSL) and our Registrar and Transfer Agent M/s Integrated Enterprises (India) Ltd. (earlier known as Alpha Systems Pvt. Ltd). The ISIN number allotted for the shares of the Company by both Depositories is INE880L01014.

Considering the advantages of scrip less trading, shareholders holding shares in physical form should consider dematerialization of their holding. We request the shareholders to open demat accounts with Depository Participant (DP) and convert their physical holding to electronic mode. The latest list of DP can be obtained from the website of NSDL & CDSL such as: [www.nsdl.co.in](http://www.nsdl.co.in) & [www.cdslindia.com](http://www.cdslindia.com) .

In case you require any assistance / clarification in this regard, you are welcome to contact Secretary's Department at the Registered Office, II Block, Koramangala, Bangalore – 560 034, Phone No.080-25531525, or by email: [bsecretary@kudreore.com](mailto:bsecretary@kudreore.com) or the Registrar and Transfer Agents, M/s Integrated Enterprises (India) Ltd., 30, Ramana Residency, 4th cross, Sampige Road, Malleswaram, Bangalore – 560003, 080-23460815-818, or by email: [alfint@vsnl.com](mailto:alfint@vsnl.com).

**(xviii) Green Initiative in the Corporate Governance.**

As per Circular No. 17/95/2011-CL.V dated 29-04-2011 issued by Ministry of Corporate Affairs, Govt of India, has taken a “Green Initiative in the Corporate Governance” by allowing paperless compliances by Companies. Accordingly Annual Report of a Company can be sent to its members as required under Section 219 of the Companies Act 1956 by E-mail. Therefore Members are requested to furnish their e-mail Id to Company or the concerned depository. The Members who are holding Shares in Physical form are requested to register their E-Mail Id with the Company Secretary or the Registrars (M/s Integrated Enterprises India Limited) and those Members who are holding Shares in Demat form are required to deposit their E-Mail Id to their Depository participants.

**(xix) Outstanding GDRs/ADRs/Warrants**

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



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

### **(xxi) Plant Locations**

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

### **(xxii) Compliance Certificate**

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

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

## **NON-MANDATORY REQUIREMENTS**

### **1. Chairman of the Board**

The Chairman-cum-managing Director of the Company, who is in whole time employment, is the Chairman of the Board. Therefore, there is no need for maintenance of a separate Chairman's office.

### **2. Remuneration Committee**

Explained in Para 2(B) of Corporate Governance Report.

### **3. Shareholders Rights**

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

### **4. Audit qualifications**

There is no audit qualification.

### **5. Training of Board Members**

An induction programme at the project site along with the site visits were organized for the Independent Directors newly joined.



## 6. Mechanism for evaluating non-executive Board Members

Not adopted.

## 7. Whistle Blower Policy

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

# MANAGEMENT DISCUSSION AND ANALYSIS

## i) INDUSTRY STRUCTURE AND DEVELOPMENT

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

The Global recession which has a severe impact on the performance of the Company during the year 2009-10 has receded during 2010-11. The price of Pellets has shown signs of improvement from January 2010 onwards and has prompted the Company to increase production. The Company has produced 2.124 million tonnes and sold 2.09 million tonnes of Pellets during the financial year 2010-11 which have surpassed the previous performance particularly after the close of captive mine.

## ii) SWOT ANALYSIS

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

### Strength

- Strong brand image for KIOCL Pellets.
- 100% EOU status.
- Production of Pellets from locally available Hematite ore replacing Magnetite ore.
- In-house R&D initiatives. Augmentation of production capacity of grinding and filter circuit to increase production & productivity.
- Logistics -
  - Shore based Pellet plant with dedicated berth and automatic ship loading facility.
  - Private Railway Siding.
  - Proximity to NH 17.
- Captive Power plant
- Skilled Manpower.
- Zero Debt / Positive net worth.

### Weakness

- Production units are generally located at mine head or consumption head. The stoppage of Kudremukh mines has denied this.
- No Captive mine w.e.f 01-01-2006.
- Inadequate quantity of Iron Ore being supplied by M/s NMDC.
- Though there is Long Term Agreement with NMDC, prices are revised every quarter thereby, Long Term Contract acquiring the characteristics of Spot Contract.
- Blast Furnace Unit with no forward and backward integration.
- Holding mining & beneficiation assets at closed Kudremukh unit.

### Opportunities

- Expansion of mining activities with core competence.
- Assets and skilled manpower readily available.
- Ban on Export of Iron Ore made Ore available at competitive rates as compared to NMDC.
- Chikkanayakanahalli mines already allotted, Boundary dispute is being settled.
- GOK has made formal commitment for allotment of Ramanadurga mines.

### Threats

- Water availability to our plants from Lakhya Dam, Kudremukh
- Low priority for availability of Rakes for Ore movement.
- Disputes/Delays in getting new mining leases.
- Migration of trained manpower.
- Expansion of production capacities by other Pellet plants in Private & Public Sector.
- Removal of ban on Iron Ore export.

### iii) PRODUCT-WISE PERFORMANCE

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

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

Year	MOU target		Actual production		Capacity utilisation of installed capacity in %	
	PP	PI	PP	PI	PP	PI
<b>2010-11</b>	<b>2.780</b>	<b>0.100</b>	<b>2.124</b>	<b>-</b>	<b>61</b>	<b>-</b>
2009-10	2.650	0.170	1.273	0.062	36	29
2008-09	2.850	0.196	1.316	0.118	38	55

**iv) OUTLOOK**

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

Based on the Board's direction, for identification of a JV between M/s KIOCL & M/s RINL towards investment in setting up of DISP plant, Coke Oven Battery, Power plant and Oxygen plant etc., under forward and backward Integration in Blast Furnace unit, the Company has placed a work order on M/s ICRA Management Consulting Services Limited for updating the report on Market Assessment study of Ductile Pipes in India. A work order has also been placed on M/s Ernst & Young to study the Financial Analysis for setting up of DISP plant. A work order has been placed on M/s MECON Limited for preparation of Detailed Project Report.

The Company proposes to take up implementation of a 0.3 million tonne per annum Coke Oven project adopting non-recovery (NR) route at the Blast Furnace unit at Mangalore. The project is intended for supply of low Ash Metallurgical Coke for existing Blast Furnace. The excess Coke after meeting the demand of the Company will be sold in the market. The project also envisages generation of Electric power (25MW CPP) by utilizing the sensible heat of the hot flue gas from the Ovens.

Government of Karnataka had granted mining lease over an area of 116.55 ha in Hombalghatta and Hosahalli villages in favour of KIOCL. Indian Bureau of Mines has already approved mine plan on 23rd September 2008. De-reservation proposal submitted in Form "A" to Nodal officer, Forest department, Govt. of Karnataka for diversion of entire forestland for mining purpose is under process with State Forest Department. Ministry of Environment and Forest, Govt. of India accorded Environment clearance for the project for mining of 1.0 million tonne per year of Iron Ore and 5000 tonne per annum of Manganese Ore. Karnataka State Pollution Control Board has also accorded consent for establishment of the project under Air Act, 1981 and Water Act, 1974. During Joint Survey of mining lease area, it was noticed by the Officials of Govt. of Karnataka that mining lease area of KIOCL and other two mining lease allottees are overlapping with each other. On issue of revised mining lease area sketch and demarcation at site by Govt. of Karnakaka, the same will be provided to State forest for grant of forest clearance.

The Company is trying to get mining leases at Ramanadurg, Karnataka and in Sundargarh District, Orissa subject to resolution of legal disputes. The Company is also in the process of setting up of an Integrated Steel plant in the State of Karnataka with Equity participation from JV partner.

**v) RISKS & CONCERNS**

The main risks and the area of concern for the Company is non-availability of long-term mining lease. The Company is examining various options like JV in Steel sector, Contract Mining, Coal Mining etc which are yet to materialise. Constant pressure is brought from

## Corporate Governance (Contd.)

local authorities to stop drawl of water from Lakya Dam. Stoppage of water will lead to complete closure of both the plants at Mangalore.

Due to un-economical price of Pig Iron, BF unit was shut down from 05-08-2009 and there was no production during 2010-11. An order has been placed on M/s MECON Limited for preparation of DPR for DISP plant.

### vi) INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

### vii) FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

a) The Financial performance of the Company for the year 2010-11 in brief is furnished below:

( ₹ in crores )

Particulars	2010-11	2009-10
Sales	1803.46	992.72
Profit /(Loss) Before Tax for the year	99.95	(194.95)
Profit /(Loss) After Tax	76.27	(177.27)

### b) Cash Flow information

An abstract of Cash Flow statement for the year ended on 31st March, 2011 is as under:

₹ in lakhs

A) Opening cash and cash equivalents as at 1-4-2010	139348.39
B) Net cash from operating activities	3673.46
C) Net cash from investing activities	1953.75
D) Net cash used in Financing Activities	(592.61)
E) Cash and Cash equivalent as at 31-03-2011	144382.99

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

The Company aims at providing motivation and growth opportunities for employees. It also encourages them and creates an environment for best utilisation of their skills in achieving the Company's objectives. Training and Development is the key word of HRD. The achievement during the year under report was 1509 Executive and 2558 Non-executive trained man days.

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





The following table shows the total number of employees in different Groups on rolls of the Company as on 31st March 2011:-

Group	Total No.of employees on rolls	SC	ST	No.of women employees	Ex-servicemen	Physically Handicapped
A	440	53	15	25	01	08
B	40	05	01	07	02	-
C	792	115	34	17	07	08
D	67	15	09	03	-	03
D(Sweepers)	08	07	-	02	-	-
<b>Total</b>	<b>1347</b>	<b>195</b>	<b>59</b>	<b>54</b>	<b>10</b>	<b>19</b>

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

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

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

#### **X. FINANCIAL AND CASH FLOW STATEMENTS – CLAUSE 49 V**

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

# KIOCL Limited

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

Registered Office :

II Block, Koramangala, Bangalore - 560 034

Telephone : 080 - 25531461 / 70

Fax : 080 - 25532153 / 25535941

Website : www.kioclltd.com



ISO 9001, 14001  
and OHSAS 18001 Company

## Appendix - I to Annexure II

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

### Sub: Code of Conduct.

In compliance with Clause 49 I (D) (ii) of the Listing Agreement and Clause 3.4 and the guidelines on Corporate Governance for Central Public Sector Enterprises issued by Department of Public Enterprises, the Board of Directors has laid down a Code of Conduct for all Board Members and Senior Management of the Company. I hereby declare that the Board Members and the Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct during the year 2010-11.

**(K RANGANATH)**

Chairman-cum-Managing Director

Place : Bangalore

Date : 31-05-2011



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## Appendix - II to Annexure II

### The Board of Directors,

KIOCL Limited,

II Block, Koramangala,

Bangalore-560 034.

### Sub : Financial and Cash Flow statements.

Dear Sir,

- a) We hereby certify that we have reviewed the Financial statements and Cash Flow Statements for the year 2010-11, and to the best of our knowledge and belief:
- these statements do not contain any materially untrue statement or omit any material fact or certain statements that might be misleading;
  - these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;
- b) to the best of our knowledge and belief, no transactions were entered into by the Company during the year 2010-11 which are fraudulent, illegal or violative of the Company's Code of Conduct;
- c) we accept the responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and we have taken steps to rectify these deficiencies;
- d) We have indicated to the Auditors and the Audit Committee-
- significant changes in internal control over financial reporting during the year;
  - significant changes in Accounting Policies during the year 2010-11 and that the same have been disclosed in the Notes to the financial statements; and
  - instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

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

**(K RANGANATH)**

Chairman-cum-Managing Director

**(TMGK BHAT)**

Director (Finance)

Place : Bangalore

Date : 31-05-2011

**ASA & ASSOCIATES**  
Chartered Accountants

A 2, Ground Floor  
Akruti Antara Apartments  
No. 11/1, Haudin Road  
Bengaluru - 560 042. India  
Tel : +91 080 4151 0751  
Fax : +91 080 4113 5109  
Website : www.asa.in

### **CERTIFICATE ON CORPORATE GOVERNANCE**

**To the Members of  
KIOCL LIMITED**

We have examined the compliance of Corporate Governance by KIOCL Limited for the year ended 31st March 2011, as stipulated in clauses 49/51 of the Listing Agreement of the said Company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied in all material respects with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement, except clauses 49(IA)(i) and (ii) of the said agreement in respect of required number of Non Executive / Independent Directors.

As informed to us, there are no investor grievances pending for a period exceeding one month against the Company.

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.

For **ASA & ASSOCIATES**  
CHARTERED ACCOUNTANTS  
(Firm Registration No. 009571N)

Place : Bangalore  
Date : 2nd June, 2011

**Nitish P.** (Mem. No. 024736)  
Partner



# Auditors' Report

To

**The Members of  
KIOCL Limited, Bangalore**

We have audited the attached Balance Sheet of **M/s. KIOCL Limited** as at 31st March, 2011, and also the Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these Financial Statements based on our audit.

In the light of observations arising from the audit by the Comptroller and Audit General of India, our earlier report dated 9th May 2011 has been revised to the extent of Para C (c) , Para D & Para 9(b) of the Annexure to the said Report. This report supersedes our earlier Report.

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

- A.** As required by the Companies (Auditor's Report) Order, 2003 as amended by Companies (Auditor's Report) Amendment Order, 2004, issued by the Central Government of India, in terms of Section 227(4A) of the Companies Act, 1956, (the Act) and on the basis of such checks of books and records of the Company, as we considered appropriate and according to the information and explanations given to us, we enclose in the annexure a statement on the matters specified in Paragraphs 4 and 5 of the said Order.
- B.** Further to our comments in the Annexure referred to above, we report that:
1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of the audit.
  2. In our opinion, proper books of account as required by law, have been kept by the Company so far as appears from our examination of those books.
  3. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
  4. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement referred to in this report comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Act.
  5. In view of Notification No. GSR 829 (E) dated 21.10.2003 issued by the Department of Company Affairs, Government of India, Clause (g) of Sub-section (1) of Section 274 of the Act is not applicable to the Company.



## Auditors' Report (Contd.)

- C. a. **Confirmations of Balances have been obtained in certain cases only. (Refer Note 19 in Schedule 16 "Notes on Accounts").**
- b. **The Company has neither paid nor provided for Cess Payable u/s 441A of the Act since no notification has been issued as specified in Sub Section (1) of that Section.**
- c. **The "Blast Furnace Unit" (BFU) of the Company is not in operation since August 2009. The Company has continued to carry the Fixed Assets of BFU at book value on the basis that the Recoverable Amount is more than the book value as per an assessment carried out in the year 2009-2010. In accordance with the AS 28 - Impairment of Assets, such Assets are required to be assessed for Impairment loss at each Balance Sheet date. In the absence of such assessment, Impairment loss, if any, remains to be ascertained and accounted for.**
- D. **"Claims against the Company not acknowledged as debts" ( Refer Note No 2 (B) (b) (II) of Schedule 16 - Notes forming Part of Accounts) amounting to Rs. 16,845.48 Lakhs, includes Rs. 726.96 Lakhs not being a claim against the Company and thus overstated by that extent. However, the same has no impact on the accounts.**
- E. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with accounting policies and notes thereon, give the information required by the Act, in the manner so required and **subject to our comments in paragraph C above, the Impact of which is not ascertainable**, give a true and fair view in conformity with the accounting principles generally accepted in India:
- a. In the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March 2011;
- b. In the case of the Profit and Loss Account, of the Profit for the year ended on that date;
- and
- c. In the case of Cash Flow Statement, of cash flows for the year ended on that date.

For **ASA & ASSOCIATES**  
CHARTERED ACCOUNTANTS  
(Firm Registration No. 009571N)

Place : Bangalore  
Date : 2nd June, 2011

**Nitish P.** (Mem. No. 024736)  
Partner



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

1.
  - a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - b. As informed to us, fixed assets are being physically verified by the management at reasonable intervals. No material discrepancies were noticed on such verification.
  - c. The Company has not disposed off any substantial part of its fixed assets so as to affect its going concern status.
2.
  - a. Inventories have been physically verified during the year by the management. In respect of stores and spares, the Company has adopted perpetual inventory program designed to cover all major items over a period of one year. In our opinion, the frequency of verification is reasonable in view of the size of the Company and the nature of its business.

**Stock of raw materials and additives at different stages of production (i.e. Work In Progress) is not being physically verified and taken into account as per the Company's accounting policy followed consistently.**

- b. The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c. The Company is maintaining proper records for inventory. Differences noticed on verification between the physical stock and books were material in certain instances and have been suitably dealt with in the books of account.
3. The Company has neither granted nor taken any loans, Secured or Unsecured to/from companies, firms or other parties covered in the register maintained u/s 301 of the Act. Accordingly sub clause (b), (c) and (d) are not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of Inventory and Fixed Assets and with regards to Sale of Goods and Services. Further, on the basis of our examination of the books and records of the Company carried out in accordance with the Auditing Standards generally accepted in India and according to the information and explanations given to us, we state that we have neither come across nor have been informed of any continuing failure to correct major weakness in the aforesaid internal control system.

## Auditors' Report (Contd.)

5. a. In our opinion and according to the information and explanations given to us, there are no particulars of contracts that need to be entered into the register maintained in pursuance of Section 301 of the Act.
- b. In view of the above comment, para 4(v)(b) of the Order is not applicable.
6. The Company has not accepted deposits from the public. Accordingly Paragraph 4(vi) is not applicable for the Company.
7. The Company has an Internal Audit System commensurate with its size and nature of its business.
8. The Company has not been required by the Central Government to maintain cost records u/s 209(1 )(d) of the Act.
9. a. According to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Cess, Excise Duty, Service Tax and other Dues with the appropriate authorities. As explained to us, the scheme of Employees State Insurance is not applicable to the Company. There were no undisputed liabilities of above nature as at the date of the Balance Sheet outstanding for a period of more than 6 months.
- b. According to the information & explanations given to us, there are no dues payable in respect of Sales Tax, Income Tax, Excise Duty, Wealth Tax, Custom Duty and Cess, which were disputed except the following:

Statute & Nature of Dispute	Period to which the matter pertains	Forum	Amount ( ₹ in Lakhs )
Central Excise - Levy of Education Cess	2009-10	CESTAT, Bangalore	371.28
Central Excise - Special Additional Duty	2010-11	Assistant Commissioner of Central Excise, Mangalore	1478.66
Income Tax	2007-08	CIT (Appeals), Bangalore	4557.52

10. There are no accumulated losses as at the date of the Balance Sheet. The Company has not incurred cash losses during the financial year covered by our audit. The Company had incurred cash losses in the immediately preceding financial year.



11. According to the information and explanations given to us, the Company has not defaulted on payments to banks, financial institutions. The Company has not issued any Debentures.
12. The Company has not provided any advance or loan on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi/mutual benefit fund or society. Therefore, the provisions of clause 4(xiii) are not applicable.
14. The Company is not dealing or trading in shares, securities, debentures and other investments, therefore clause referred in Para 4(xiv) is not applicable.
15. According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others.
16. According to the information and explanation given to us, the Company has not availed any term loans during the year under report.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company we report that the Company has not raised any long term or short term loans during the year.
18. During the year, the Company has not made any preferential allotment of shares.
19. The Company has not issued any Debentures; therefore Para 4(xix) is not applicable for the Company.
20. The Company has not raised money from the public; therefore Para 4(xx) is not applicable for the Company.
21. In our opinion and according to the information and explanation given to us, during the period under audit, no cases of fraud on or by the Company were reported.

For **ASA & ASSOCIATES**  
CHARTERED ACCOUNTANTS  
(Firm Registration No. 009571N)

Place : Bangalore  
Date : 2nd June, 2011

**Nitish P.** (Mem. No. 024736)  
*Partner*

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

Auditors' Report Para No.	Comments / Observations	Reply by the Company
C. a.	Confirmations of Balances have been obtained in certain cases only. (Refer Note 19 in Schedule 16 "Notes on Accounts")	The position has been clearly explained in Note 19 of Schedule 16 to the Accounts
b.	The Company has neither paid nor provided for Cess Payable u/s 441A of the Act since no notification has been issued as specified in Sub Section (I) of that Section.	The observation is self explanatory.
c.	The "Blast Furnace Unit" (BFU) of the Company is not in operation since August 2009. The Company has continued to carry the Fixed Assets of BFU at book value on the basis that the Recoverable Amount is more than the book value as per an assessment carried out in the year 2009-10. In accordance with the AS-28 – 'Impairment of Assets', such assets are required to be assessed for impairment loss at each Balance Sheet date. In the absence of such assessment, impairment loss, if any, remains to be ascertained and accounted for.	<p>Valuation of the BFU assets was conducted in July 2009 by an approved Government Registered Valuer.</p> <p>The value of BFU Assets has been assessed as ₹ 360.93 Crores as against the book value of ₹ 167.17 Crores, it is not expected that the assessed value of BFU Assets will fall by more than ₹ 193.76 Crores (i.e. 54%) with in a period of one year.</p> <p>As the assessed value is more than the carrying cost, no impairment loss is envisaged.</p>
D	"Claims against the Company not acknowledged as debts" (Refer Note No 2 (B) (b) (ii) ) of Schedule 16 – Notes forming Part of Accounts) amounting to ₹ 16,845.48 Lakhs, includes ₹ 726.96 Lakhs not being a claim against the Company and thus overstated by that extent. However, the same has no impact on the accounts	Factual. No comments.





Auditors' Report Para No.	Comments / Observations	Reply by the Company
2 c.	<p>ANNEXURE REFERRED TO IN PARA 'A' OF OUR REPORT OF EVEN DATE</p> <p>The Company is maintaining proper records for inventory. Differences noticed on verification between the physical stock and books were material in certain instances and have been suitably dealt with in the books of account.</p>	Factual. No comments.

## **COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF M/s KIOCL LIMITED FOR THE YEAR ENDED 31st MARCH 2011.**

The preparation of financial statements of **M/s KIOCL LIMITED** for the year ended 31st March 2011 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 9 May 2011 and their **revised report dated 2 June 2011.**

I on behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under section 619(3)(b) of the Companies Act, 1956 of the financial statements of **M/s KIOCL LIMITED** for the year ended 31st March 2011. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and Company personnel and a selective examination of some of the accounting records. In view of the **revisions made vide Para C(c), D and Para 9(b) of Annexure to Revised Auditors' Report** and as a result of my audit observations highlighted during supplementary audit, I have no further comments to offer upon or supplement to the Statutory Auditors' Report, under Section 619(4) of the Companies Act, 1956.

For and on behalf of the  
Comptroller & Auditor General of India  
Sd/-  
**(C.H. Kharshiing, IA & AS)**  
Principal Director of Commercial Audit  
and Ex-Officio Member, Audit Board, Bangalore

Place: Bangalore  
Date: 3rd June 2011



# Significant Accounting Policies

## I. ACCOUNTING:

### I.1 Basis of preparation:

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

### I.2 Use of estimates:

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

## 2. FIXED ASSETS:

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

## 3. DEPRECIATION:

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

1. Steel cord Conveyor Belts	25.00 %
2. Vehicles	16.67 %
3. Furniture & Fittings	16.67 %
4. Re-lining in Blast Furnace	12.50 %

- 3.2 Depreciation in respect of Assets whose actual cost does not exceed ₹ 5,000/- each and Temporary Structures has been provided in full retaining a nominal value of Re. 1/- per item.
- 3.3 Cost of Leasehold Land is amortised over the period of lease.
- 3.4 Depreciable assets under Mines and Plant at Kudremukh are depreciated in full on stoppage of mining operation, retaining a nominal value of Re.1/- against each asset except for Vehicles, Furniture & Fittings, Lakya Dam (with associated spillway and tunnel). Normal rates of depreciation have been adopted for other depreciable assets.
- 3.5 Plant, Machinery and other assets damaged or suspected to be damaged during transit, erection or commissioning are shown at cost and related insurance claims are accounted separately on realisation.
- 3.6 Part replacement of Steel Cord Conveyor Belt is charged to consumption.
- 3.7 Process Development Expenditure is amortised equally over a period of three years from the year of incurring.

#### **4. INVENTORIES :**

- 4.1 Stock of finished goods namely, Pellets and Pig Iron (including stock with the Consignment Agents) is valued at lower of cost or net realisable value. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to its location and includes wherever applicable, appropriate overheads based on normal level of activity. However, when the actual production is abnormally lower as compared to normal level, the expenditure of fixed nature is reduced in proportion to the shortfall.
- 4.2 Raw Materials, Stores & Spares, Consumables and Additives are valued at Cost computed on a Weighted Average Basis. Materials in Transit are valued at Cost. In respect of Materials held for use in production of Inventories, where there is a decline in the prices, and it is estimated that the cost of the finished products will exceed net realisable value, such materials are written down to their net realisable value computed on the basis of their Replacement Cost.
- 4.3 Stock of residue products is valued at estimated net realisable value.
- 4.4 (a) Non-moving items of Stores, Spares and Consumables with value less than ₹ 1000 each at the end of the year are charged to consumption.
- 4.4 (b) In respect of other non-moving stores including Insurance spares full provision is made if not moved for five or more consecutive completed financial years.
- 4.5 Loose tools with individual value below ₹ 1,000 are charged to consumption. Loose tools with individual value of ₹ 1,000 each and above are accounted on issue at cost



and charged to consumption over a period of three years. However, if the written down value of each tool is below ₹ 1,000 at the end of the year, the remaining balance is charged to consumption.

4.6 No value is assigned to semi finished goods at different stages of production.

## **5. REVENUE RECOGNITION :**

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

5.2 Interest is recognised on accrual basis subject to certainty of realisation.

5.3 Sale of scrap is accounted on lifting of scrap by the buyers.

5.4 Government Grants, if any, are accounted on actual receipt.

5.5 Refunds of statutory duties and taxes, other than service tax, export duty and cess, are accounted on receipt.

5.6 Insurance and Railway claims are accounted on receipt.

## **6. TAX ON INCOME :**

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

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

## **7. RETIREMENT BENEFITS :**

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



## Significant Accounting Policies (Contd.)

- 7.2 Provision for Leave Encashment Benefits and Leave Travel Concessions is made based on actuarial valuation as on the Balance Sheet date.
- 7.3 Provident Fund contributions are made to a Trust administered by the trustees nominated by the Company and charged as expenses during the year.

### 8. FOREIGN CURRENCY TRANSLATIONS :

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

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**K. Ranganath**  
*Chairman-cum-Managing Director*

**T.M.G.K Bhat**  
*Director (Finance)*

As per our report of even date  
for **M/s ASA & Associates**  
*Chartered Accountants*

Date : 6th May, 2011  
Place : Bangalore

**S.K. Padhi**  
*Company Secretary*

**P. Nitish**  
Partner  
Membership No. 024736  
9th May 2011



## BALANCE SHEET AS AT 31ST MARCH 2011

	Schedule No.	As at 31-03-2011	As at 31-03-2010
₹ in Lakhs			
<b>Sources of Funds</b>			
<b>Shareholders' Fund</b>			
Share Capital	1	63,451.38	63,451.38
Reserves and Surplus	2	1,36,400.31	1,30,622.83
<b>TOTAL</b>		<b>1,99,851.69</b>	<b>1,94,074.21</b>
<b>Application of Funds</b>			
<b>Fixed Assets</b>			
Gross Block	3	1,53,810.40	1,50,312.43
Less: Depreciation		1,22,332.22	1,18,087.75
Net Block		31,478.18	32,224.68
Capital Work-in-Progress	4	6,102.87	1,908.58
<b>Deferred Tax Assets</b>	5	1,451.28	1,504.05
<b>Current Assets, Loans and Advances</b>	6		
Inventories		23,585.32	22,485.03
Sundry Debtors		7,923.66	3,660.54
Cash and Bank Balances		1,44,382.99	1,39,348.39
Loans and Advances		17,767.60	15,014.10
		<b>1,93,659.57</b>	<b>1,80,508.06</b>
<b>Less: Current Liabilities and Provisions</b>	7		
Current Liabilities		16,485.05	14,518.30
Provisions		16,355.16	8,836.18
		<b>32,840.21</b>	<b>23,354.48</b>
<b>Net Current Assets</b>		<b>1,60,819.36</b>	<b>1,57,153.58</b>
<b>Miscellaneous Expenditure</b> (to the extent not written off or adjusted)	8	-	1,283.32
<b>TOTAL</b>		<b>1,99,851.69</b>	<b>1,94,074.21</b>

Significant Accounting Policies and Schedules I to I6 form part of Accounts.

**K. Ranganath**  
Chairman-cum-Managing Director

**T.M.G.K Bhat**  
Director (Finance)

As per our report of even date  
for **M/s ASA & Associates**  
Chartered Accountants

Place : Bangalore  
Date : 6th May, 2011

**S.K. Padhi**  
Company Secretary

**P. Nitish**  
Partner  
Membership No. 024736  
9th May 2011

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011

	Schedule No.	Year ended 31-03-2011	Year ended 31-03-2010
₹ in Lakhs			
<b>INCOME</b>			
Gross Sales - Pellets		174,931.14	79,226.23
- Pig Iron		<u>5,415.21</u>	20,045.90
		<b>180,346.35</b>	<u>99,272.13</u>
Less : Excise Duty		12,659.80	6,767.23
: Freight on Consignment Sales		<u>30.76</u>	456.46
Net Sales		<b>167,655.79</b>	92,048.44
Other Income	9	11,778.63	10,337.86
Stock Accretion/(Depletion)	10	(949.64)	(11,127.40)
<b>TOTAL:</b>	<b>'A'</b>	<b><u>178,484.78</u></b>	<u>91,258.90</u>
<b>EXPENDITURE</b>			
Consumption of Raw Materials		106,052.63	63,975.98
Consumption of Stores and Spares		2,901.49	3,393.76
Consumption of Consumables & Additives		4,766.00	4,652.27
Employees Remuneration and Benefits	11	12,765.03	12,410.91
Power and Fuel		18,399.70	10,997.65
Other expenses	12	6,937.94	6,347.11
Port charges, Sampling Survey and Cess		10,397.59	2,944.26
Demurrage on Exports		3.64	1.21
Depreciation	3	3,064.95	3,080.74
Amortisation of Intangible Asset	3	641.66	1,868.31
Interest		-	-
<b>TOTAL:</b>	<b>'B'</b>	<b><u>165,930.63</u></b>	<u>109,672.20</u>
Profit before Extra-ordinary items, Prior Period Adjustments & Tax	('A'-'B')	<b><u>12,554.15</u></b>	<u>(18,413.30)</u>
Extra-ordinary items	13	-	1,105.70
Profit before Prior Period Adjustments & Tax		<b><u>12,554.15</u></b>	<u>(19,519.00)</u>
Add/(Less) Net Prior Period Adjustments	14	<b><u>2,559.05</u></b>	23.98
<b>PROFIT BEFORE TAX</b>		<b><u>9,995.10</u></b>	<u>(19,495.02)</u>
Less : Taxes - Current Tax		2,363.05	-
- Deferred Tax		52.78	(1,349.28)
- Prior Period Tax		<u>(47.95)</u>	(419.02)
		<b><u>2,367.88</u></b>	<u>(1,768.30)</u>
<b>PROFIT AFTER TAX</b>		<b><u>7,627.22</u></b>	<u>(17,726.72)</u>
Less : Appropriations :			
Interim Dividend		507.61	-
Tax on Interim Dividend		85.00	-
Proposed Dividend		1,078.67	-
Tax on Proposed Dividend		178.46	-
Transferred to General Reserve		<u>5,777.48</u>	(17,726.72)
		<b><u>7,627.22</u></b>	<u>(17,726.72)</u>
Earnings per share (Equity Shares of, par value ₹ 10/- each) In ₹ (Basic and diluted):		<b>1.20</b>	(2.79)
Number of Shares used in computing Earnings per share Basic & diluted:		<b>634513800</b>	634513800

Significant Accounting Policies and Schedules I to 16 form part of Accounts.

**K. Ranganath**  
Chairman-cum-Managing Director

**T.M.G.K Bhat**  
Director (Finance)

As per our report of even date  
for **M/s ASA & Associates**  
Chartered Accountants

Place : Bangalore  
Date : 6th May, 2011

**S.K. Padhi**  
Company Secretary

**P. Nitish**  
Partner  
Membership No. 024736  
9th May 2011



# SCHEDULES

## Schedule I

### SHARE CAPITAL

	As at 31-03-2011	As at 31-03-2010
		₹ in Lakhs
<b>Authorised Capital</b>		
67,50,00,000 Equity shares of Rs 10/- each.	<u>67,500.00</u>	<u>67,500.00</u>
<b>Issued,Subscribed and paid-up Capital *</b>	<b>63,451.38</b>	63,451.38
63,45,13,800 Equity shares of Rs. 10/- each fully paid up.		
<b>TOTAL</b>	<u><b>63,451.38</b></u>	<u>63,451.38</u>

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

## Schedule 2

### RESERVES AND SURPLUS

	As at 31-03-2011	As at 31-03-2010
		₹ in Lakhs
<b>Capital Reserve</b>	<b>9.08</b>	9.08
<b>General Reserve</b>		
As per last Balance sheet	<b>130,613.75</b>	148,340.47
Add: Transfer from the Profit & loss account	<u><b>5,777.48</b></u>	<u>(17,726.72)</u>
	<u><b>136,391.23</b></u>	<u>130,613.75</u>
<b>TOTAL</b>	<u><b>136,400.31</b></u>	<u>130,622.83</u>

## Schedule 3

### FIXED ASSETS

Sl. No.	Description of Assets	GROSS BLOCK (At Cost)				DEPRECIATION			NET BLOCK		
		Cost as at 01-04-2010	Additions during the year	Sales/ Adjustments	Cost as at 31-03-2011	Provided upto 1-04-2010	For the year	Sales/ Adjustments	Provided upto 31-03-2011	As at 31-03-2011	As at 31-03-2010
<b>A. TANGIBLE ASSETS</b>											
<b>MINES &amp; PLANT</b>											
₹ in Lakhs											
1.	Land* - Freehold	66.70	602.66	0.62	669.98	-	-	-	-	669.98	66.70
	- Leasehold	2,185.53	-	(7.13)	2,178.40	130.75	17.95	(62.12)	86.58	2,091.82	2,054.78
2.	Roads, Bridges & Culverts	1,512.76	-	-	1,512.76	1,349.21	4.15	-	1,353.36	159.40	163.55
3.	Dams, Embankments etc.,	12,984.83	-	-	12,984.83	12,535.56	10.32	-	12,545.88	438.95	449.27
4.	Temporary Structures	86.46	-	-	86.46	86.46	-	-	86.46	-	-
5.	Buildings	21,774.95	42.34	-	21,817.29	15,838.58	359.16	-	16,197.74	5,619.55	5,936.37
6.	Railway Siding	971.81	-	-	971.81	194.38	46.16	-	240.54	731.27	777.43
7.	Plant & Machinery	95,783.37	918.80	(523.26)	96,178.91	75,396.43	2,422.75	(403.30)	77,415.88	18,763.03	20,386.94
8.	Furniture, Fittings & Office equipment	864.30	14.84	505.79	1,384.93	820.19	38.33	386.03	1,244.55	140.38	44.11
9.	Vehicles	632.36	41.50	(19.69)	654.17	632.32	0.72	(19.69)	613.35	40.82	0.04
10.	Water supply, Sewerage & Fire Prevention system	2,050.09	-	-	2,050.09	1,883.80	17.09	-	1,900.89	149.20	166.29
11.	Electrical Installation	8,150.34	-	-	8,150.34	7,159.08	105.43	-	7,264.51	885.83	991.26
	<b>SUB TOTAL</b>	<b>1,47,063.50</b>	<b>1,620.14</b>	<b>(43.67)</b>	<b>1,48,639.97</b>	<b>1,16,026.76</b>	<b>3,022.06</b>	<b>(99.08)</b>	<b>1,18,949.74</b>	<b>29,690.23</b>	<b>31,036.74</b>
<b>TOWNSHIP</b>											
1.	Land* - Freehold	32.81	-	-	32.81	-	-	-	-	32.81	32.81
	- Leasehold	34.14	-	-	34.14	34.14	-	-	34.14	-	-
2.	Roads, Bridges & Culverts	250.83	-	-	250.83	157.72	3.97	-	161.69	89.14	93.11
3.	Temporary Structures	38.33	-	-	38.33	38.33	-	-	38.33	-	-
4.	Buildings	2,205.13	-	-	2,205.13	1,159.09	36.13	-	1,195.22	1,009.91	1,046.04
5.	Furniture & Fittings	135.71	1.24	(4.72)	132.23	134.83	0.42	(4.72)	130.53	1.70	0.88
6.	Vehicles	59.93	-	-	59.93	59.93	-	-	59.93	-	-
7.	Electrical Installations	200.24	-	-	200.24	195.28	0.57	-	195.85	4.39	4.96
8.	Water supply, Sewerage & Fire Prevention System	291.81	-	-	291.81	281.67	1.80	-	283.47	8.34	10.14
	<b>SUB TOTAL</b>	<b>3,248.93</b>	<b>1.24</b>	<b>(4.72)</b>	<b>3,245.45</b>	<b>2,060.99</b>	<b>42.89</b>	<b>(4.72)</b>	<b>2,099.16</b>	<b>1,146.29</b>	<b>1,187.94</b>
<b>B. INTANGIBLE ASSETS:</b>											
1.	Process Development Expenditure	-	-	1,924.98	1,924.98	641.66	641.66	1,283.32	641.66	641.66	641.66
	<b>SUB TOTAL</b>	<b>-</b>	<b>-</b>	<b>1,924.98</b>	<b>1,924.98</b>	<b>641.66</b>	<b>641.66</b>	<b>1,283.32</b>	<b>641.66</b>	<b>641.66</b>	<b>641.66</b>
	<b>GRAND TOTAL</b>	<b>1,50,312.43</b>	<b>1,621.38</b>	<b>1,876.59</b>	<b>1,53,810.40</b>	<b>1,18,087.75</b>	<b>3,706.61</b>	<b>537.86</b>	<b>1,22,332.22</b>	<b>31,478.18</b>	<b>32,224.68</b>
	Previous year	1,50,264.12	97.30	(48.99)	1,50,312.43	1,15,057.27	3,080.74	(50.26)	1,18,087.75	32,224.68	

1. \*Includes

- Development Costs
- Amortisation in respect of Leasehold Land
- 9.06 acres of land at Kudremukh & 4.48 acres at BFU are leased to other agencies.
- Freehold land 323.801 acres and leasehold land including lease cum sale 11426.296 acres.





## Schedule 4

### CAPITAL WORK IN PROGRESS AT COST

	As at 31-03-2011	As at 31-03-2010
		₹ in Lakhs
Machinery under erection	65.59	67.02
Plant and machinery /construction stores in stock *	323.16	91.18
Machinery in Transit	3,988.03	-
Advances to Contractors *	26.74	11.86
Work in progress: Material handling facilities and		
Railway siding from Thokkur	753.61	753.61
Ductile Iron spun pipe plant	62.42	105.56
Horizontal Pressure Filter	258.92	36.71
Others	793.17	1,011.41
<b>TOTAL :</b>	<b>1,868.12</b>	<b>1,907.29</b>
Less : Provision	168.77	168.77
	<b>1,699.35</b>	<b>1,738.52</b>
<b>TOTAL :</b>	<b>6,102.87</b>	<b>1,908.58</b>

\* Includes Materials lying with Contractors custody valuing ₹ 118.18 lakhs (Previous year ₹ 6.57 lakhs)

## Schedule 5

### DEFERRED TAX

	As at 31-03-2011	As at 31-03-2010
		₹ in Lakhs
(a) Timing differences on account of depreciation claimed	(4,926.08)	(5,135.24)
(b) Timing differences on account of disallowances under Income Tax Act	6,377.36	6,639.29
<b>Net Deferred Tax Assets/(Liability )</b>	<b>1,451.28</b>	<b>1,504.05</b>

## Schedule 6

## CURRENT ASSETS, LOANS AND ADVANCES

	As at 31-03-2011	As at 31-03-2010
		₹ in Lakhs
<b>I. Inventories</b>		
Raw materials	13,024.89	12,406.90
Less : Provision- Slime	905.50	1,626.66
: Provision- AS2	1,790.65	3,030.68
: Provision- Others	-	2,115.17
	<u>10,328.74</u>	<u>5,634.39</u>
Raw material in transit	1,895.25	2,175.84
Coke fines	50.31	50.31
Stores and spares	9,614.91	10,150.86
[ Includes ₹ 255.92 lakhs declared surplus (Previous year ₹ 263.81 lakhs) ]		
Less : Provision towards Non-moving and Surplus Stores	5,461.33	3,599.95
	<u>4,153.58</u>	<u>6,550.91</u>
Stores in transit at cost	182.99	33.88
[Includes ₹ 29.30 lakhs (Previous year ₹ 15.17 lakhs)		
Damaged and under review and in Bonded Warehouse ₹ 97.26 lakhs (Previous year ₹ 7.40 lakhs) ]		
Consumables and Additives	428.42	120.65
Loose tools at cost (Less written off)	3.75	2.75
Residue products	0.70	6.69
Stock of finished goods at lower of cost or net realisable value		
Pellets	5,991.52	2,864.11
Pig Iron	-	3,661.25
Auxilliary	550.06	1,384.25
	<u>6,541.58</u>	<u>7,909.61</u>
	<u>23,585.32</u>	<u>22,485.03</u>
<b>2. Sundry Debtors</b>		
Debts outstanding for more than six months	1.36	0.82
Other debts	7,922.30	3,659.72
	<u>7,923.66</u>	<u>3,660.54</u>
A. Secured, Considered good	-	-
B. Un-secured, Considered good	7,923.66	3,660.54
C. Doubtful	-	-
	<u>7,923.66</u>	<u>3,660.54</u>
<b>3. Cash and Bank Balances:</b>		
Cash and stamps on hand	2.05	2.89
Balance with scheduled Banks:		
In Current Account	919.22	3,796.90
In Flexi deposit	1,703.90	9,048.60
In Term deposit	141,757.82	126,500.00
	<u>144,382.99</u>	<u>139,348.39</u>



## Schedule 6 (Continuation)

### CURRENT ASSETS, LOANS AND ADVANCES

	As at 31-03-2011	As at 31-03-2010
		₹ in Lakhs
<b>4. Loans and Advances:</b>		
Un-secured and considered doubtful	1,800.00	1,800.00
	<u>1,800.00</u>	<u>1,800.00</u>
Less : Provision for doubtful debts	<u>1,800.00</u>	<u>1,800.00</u>
	-	-
Claims-Service tax, Modvat :		
Railways & Customs	132.81	318.89
Deposits - Port	31.91	0.70
- Customs & Excise	4.33	4.33
- MESCOM	386.93	410.37
Others	1,736.84	630.29
Less : Provision	<u>17.87</u>	<u>18.54</u>
	1,718.97	611.75
Advances recoverable in cash or in kind or for value to be received.		
Advances to : Suppliers	2,696.91	2,410.44
: Employees	485.81	524.12
: Others	<u>4,468.30</u>	<u>2,394.82</u>
	7,651.02	5,329.38
Advance Income tax	7,841.63	8,338.68
<b>TOTAL</b>	<u>17,767.60</u>	<u>15,014.10</u>
<b>GRAND TOTAL</b>	<u>193,659.57</u>	<u>180,508.06</u>

#### Particulars of Loans and Advances

Loans and Advances considered good in respect of which the Company is fully secured	485.81	460.56
Loans and Advances considered good for which the Company holds no security other than personal security of debtors.	17,281.79	14,553.54
	<u>17,767.60</u>	<u>15,014.10</u>
Amount due from-Directors	-	-
Maximum amount due at any time during the year from-Directors	-	-

## Schedule 7

**CURRENT LIABILITIES AND PROVISIONS**

	As at 31-03-2011	As at 31-03-2010
		₹ in Lakhs
<b>CURRENT LIABILITIES</b>		
Sundry creditors		
- Goods	6,330.39	2,484.41
- Works	433.14	318.05
- Others	8,538.81	10,524.68
Deposits	647.44	734.62
Other Liabilities	535.27	456.33
Investor education & protection fund to be credited when due:		
Unpaid dividend Account *	-	0.21
	<u>16,485.05</u>	<u>14,518.30</u>
<b>PROVISIONS</b>		
Taxation	3,363.63	2,058.75
Excise Duty	51.43	475.83
Proposed dividend	1,078.67	-
Tax on proposed dividend	178.46	-
Gratuity	4,705.18	4,021.99
Long term compensated absence-EL	1,665.84	1,298.12
Long term compensated absence-HPL	649.29	472.88
Retirement settlement benefit	340.90	340.90
Leave travel concession	336.07	167.71
Provident Fund Interest Guarantee Obligation	776.33	-
Other Superannuation Benefits	3,209.36	-
	<u>16,355.16</u>	<u>8,836.18</u>
<b>GRAND TOTAL</b>	<u>32,840.21</u>	<u>23,354.48</u>
I) The Name(s) of the Small scale Industrial undertaking(s) to whom the Company owes and which is outstanding for more than 30 days	Nil	Nil

\* There is no amount due and outstanding as at Balance sheet date to be transferred to the Investor education and protection fund.

The Company has amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006, (MSMED Act) as at 31-03-2011. The disclosure pursuant to the said Act is as under:

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

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



## Schedule 8

### MISCELLANEOUS EXPENDITURE TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED

	As at 31-03-2011	As at 31-03-2010	
			₹ in Lakhs
<b>Deferred Revenue Expenses:</b>			
(a) Retirement Benefits (VRS)			
Balance as per last Balance sheet	-	1,226.65	
Add : Additions during the year	-	-	
	-	1,226.65	
Less : Written off during the year	-	1,226.65	-
(b) Process Development Expenditure			
Balance as per last Balance sheet	1,283.32	-	
Add : Additions during the year	-	1,924.98	
Less : Written off during the year	-	641.66	
Less : Transferred to Intangible Asset	1,283.32	-	1,283.32
<b>TOTAL:</b>	-	-	1,283.32

## Schedule 9

### OTHER INCOME

	Year Ended 31-03-2011	Year Ended 31-03-2010	
			₹ in Lakhs
Interest on deposits (Tax deducted at source ₹ 936.17 lakhs [Previous year ₹ 1,053.86 lakhs])	9,230.46	7,312.18	
Interest-Others	328.13	35.95	
Profit on sale of Assets	5.04	7.28	
Hire charges	0.54	0.62	
Rent (Tax deducted at source ₹ 3.05 Lakhs [Previous year ₹ 2.45 Lakhs ])	37.45	38.44	
Sale of scrap	366.30	544.85	
Despatch money	34.38	25.35	
Exchange variation	0.47	6.97	
Provision no longer required:			
Slime	721.16	1,427.71	
Others	289.84	760.13	
	1,011.00	2,187.84	
Miscellaneous	764.86	178.38	
<b>TOTAL</b>	11,778.63	10,337.86	



## Schedule 10

## ACCRETION/(-)DEPLETION TO STOCK PERIOD ENDED 31.03.2011

	PERIOD ENDED 31-03-2011					YEAR ENDED 31-03-2010				
	Opening Stock	Closing Stock	Accretion/ Depletion	Excise duty on accretion/ decrement	Net Accretion/ depletion	Opening Stock	Closing Stock	Accretion/ Depletion	Excise duty on accretion to stock and transfer	Net Accretion/ depletion
₹ in Lakhs										
<b>FINISHED GOODS</b>										
Pellets	2,864.11	5,991.52	3,127.41	-	3,127.41	8,438.16	2,864.12	(5,574.04)	-	(5,574.04)
Pellet Fines	-	-	-	-	-	468.53	-	(468.53)	(468.53)	-
Pig Iron	3,661.25	-	(3,661.25)	(345.93)	(3,315.32)	8,238.63	3,661.25	(4,577.38)	(281.24)	(4,296.14)
Auxilliary	1,384.25	550.06	(834.19)	(77.90)	(756.29)	2,001.71	1,384.25	(617.46)	(23.12)	(594.34)
<b>Total..... "A"</b>	<b>7,909.61</b>	<b>6,541.58</b>	<b>(1,368.03)</b>	<b>(423.83)</b>	<b>(944.20)</b>	<b>19,147.03</b>	<b>7,909.62</b>	<b>(11,237.41)</b>	<b>(772.89)</b>	<b>(10,464.52)</b>
<b>OTHERS</b>										
Excavated Auxiliary	-	-	-	-	-	33.78	-	(33.78)	(2.57)	(31.21)
Granulated Slag	6.69	0.70	(5.99)	(0.55)	(5.44)	17.10	6.69	(10.41)	(0.67)	(9.74)
Coke Fines-BFU	50.31	50.31	-	-	-	471.32	50.31	(421.01)	-	(421.01)
Iron ore Fines-BFU	-	-	-	-	-	200.92	-	(200.92)	-	(200.92)
<b>Total..... "B"</b>	<b>57.00</b>	<b>51.01</b>	<b>(5.99)</b>	<b>(0.55)</b>	<b>(5.44)</b>	<b>723.12</b>	<b>57.00</b>	<b>(666.12)</b>	<b>(3.24)</b>	<b>(662.88)</b>
<b>GRAND TOTAL.. "A" + "B"</b>	<b>7,966.61</b>	<b>6,592.59</b>	<b>(1,374.02)</b>	<b>(424.38)</b>	<b>(949.64)</b>	<b>19,870.15</b>	<b>7,966.62</b>	<b>(11,903.53)</b>	<b>(776.13)</b>	<b>(11,127.40)</b>

## Schedule 11

## EMPLOYEES REMUNERATION AND BENEFITS

	Year Ended 31-03-2011	Year Ended 31-03-2010
₹ in Lakhs		
Salaries, wages and bonus	8,427.51	9,965.33
Company's contribution to Provident Fund	881.61	829.52
Contribution to Gratuity Fund	877.49	861.45
Provident fund Interest guarantee obligation	776.33	-
Contribution towards other Superannuation Benefits (Refer Note-10)	818.50	-
Workmen & Staff welfare expenses	983.59	754.61
<b>TOTAL</b>	<b>12,765.03</b>	<b>12,410.91</b>
Particulars of Wholetime Directors' remuneration:		
Salaries	82.73	52.79
Company's contribution to Provident Fund	5.10	10.13
Leave travel concession	3.58	0.15
Medical benefits	5.90	1.25
Others	20.80	4.26
<b>TOTAL</b>	<b>118.11</b>	<b>68.58</b>



## Schedule 12

### OTHER EXPENSES

	Year Ended 31-03-2011	Year Ended 31-03-2010
		₹ in Lakhs
Rent	1,663.74	532.84
Rates and Taxes	34.81	47.62
Insurance charges	34.69	35.74
Travelling expenses	197.58	182.54
Repairs and maintenance:		
Building	283.76	286.88
Machinery	863.39	598.92
Others	73.62	50.72
	<u>1,220.77</u>	<u>936.52</u>
Postage and telephone charges	53.35	50.17
Advertisement and publicity	168.23	95.78
Expenses on security	1,029.84	1,299.61
Auditors' remuneration:		
Statutory Audit fees	4.50	3.75
Tax Audit fees	1.00	1.00
Certification charges	0.60	0.60
Out-of-Pocket expenses	1.00	1.00
	<u>7.10</u>	<u>6.35</u>
Bank charges including discounting of bills	69.53	42.64
Entertainment	7.83	6.60
Commission/Incentive on sales	25.57	185.58
Forest, Ecology & pollution control expenses	33.99	19.78
Directors' sitting fees.	8.10	4.90
Exchange variation	29.73	0.17
Miscellaneous	491.70	486.27
Stock shortage written-off	3,353.89	-
Less : Provision written back	3,353.89	-
Provision for surplus stores, DDRS and others	1,861.38	298.83
Provision for Inventory- raw materials	-	2,115.17
<b>TOTAL</b>	<u>6,937.94</u>	<u>6,347.11</u>

## Schedule 13

### EXTRAORDINARY ITEMS

	Year Ended 31-03-2011	Year Ended 31-03-2010
		₹ in Lakhs
Research & Development expenditure/(Income)	-	(1,924.98)
Provision -Revaluation of materials as per AS2	-	3,030.68
<b>TOTAL</b>	<u>-</u>	<u>1,105.70</u>

## Schedule 14

## PRIOR PERIOD ADJUSTMENTS (NET)

	Year Ended 31-03-2011		Year Ended 31-03-2010	
	Expenses	Income	Expenses	Income
				₹ in Lakhs
Stores and spares	197.83	-	-	0.57
Salaries	2,391.49	-	-	-
Other expenses	27.44	-	-	24.02
Depreciation	-	57.71	0.61	-
<b>TOTAL</b>	<b>2,616.76</b>	<b>57.71</b>	0.61	24.59
<b>NET EXPENSES( )/INCOME</b>	<b>2,559.05</b>			23.98

## Schedule 15

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

## I. Quantitative Information of Production:

	Year ended 31st March, 2011					
	Iron ore Concentrate		Iron ore Pellets		Pig Iron	
	Qty (Million Ton)	Value (₹ in lakhs)	Qty. (Million Ton)	Value (₹ in lakhs)	Qty. (Million Ton)	Value (₹ in lakhs)
Licensed Capacity	Licence not required	-	4.000	-	Licence not required	-
	-	-	(4.000)	-	-	-
Installed Capacity	7.500	-	3.500	-	0.216	-
	(7.500)	-	(3.500)	-	(0.216)	-
Actual Production	Nil	Nil	2.124	1,78,058.55	-	-
	(Nil)	(Nil)	(1.273)	(73,652.18)	(0.062)	(14,851.06)
Opening Stock	Nil	Nil	0.057	2,864.11	0.024	5,045.50
	(Nil)	(Nil)	(0.240)	(8,438.16)	(0.056)	(10,240.34)
Closing Stock	Nil	Nil	0.091	5,991.52	0.004	550.06
	(Nil)	(Nil)	(0.057)	(2,864.11)	(0.024)	(5,045.50)
Sales (Gross)	Nil	Nil	2.090	1,74,931.14	0.020	5,415.21
	(Nil)	(Nil)	(1.456)	(79,226.23)	(0.094)	(20,045.90)

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



## Schedule 15 (Continuation)

		Year ended 31-03-2011			Year ended 31-03-2010		
		Quantity Metric Tonne	Value ₹ in Lakhs	Percentage	Quantity Metric Tonne	Value ₹ in Lakhs	Percentage
<b>2. Consumption of raw materials</b>							
Imported	Coke	-	-		52,418	16,034.83	
	Total :	-	-			16,034.83	25.06%
Indigenous	Iron ore fines*	2118900	1,06,052.63	100.00%	1275200	43,856.87	
	Lime Stone	-	-		7610	76.36	
	Dolomite	-	-		7160	77.48	
	Manganese Ore	-	-		2085	279.25	
	Quartzite	-	-		1332	14.93	
	Iron ore lumps	-	-		138529	3,636.26	
	Total :		1,06,052.63			47,941.15	
	Total :		1,06,052.63	100.00%		63,975.98	100.00%
*Includes 14544 Value (₹468.53 Lakhs) pellet fines							
<b>3. Consumption of stores, spares and fuel:</b>							
Imported			16,216.86	91.81%		9,503.73	79.21%
Indigenous			1,657.83	8.19%		2,493.67	20.79%
	Total :		17,874.69	100.00%		11,997.40	100.00%
Included under:							
	Stores and spares		2,855.92			3,393.76	
	Power and fuel		14,973.21			8,547.34	
	Welfare expenses		45.56			56.30	
	Total :		17,874.69			11,997.40	
<b>4. Consumption of Consumables &amp; additives</b>							
Imported	- Lime stone	55653	661.39	13.88%	23887	337.33	64.74%
	- Coke fines	-	-		7573	2,674.66	
	Total :		661.39			3,011.99	
Indigenous:	1) Bentonite	15513	478.14	86.12%	6375	181.69	35.26%
	2) Coke fines	34705	3,310.74		13789	1278.41	
	3) Burnt lime	5344	247.28		1747	85.84	
	4) Dolomite	1368	20.24		5850	84.70	
	5) Lime stone	3095	48.21		800	9.64	
	Total :		4,104.61			1,640.28	
	Total :		4,766.00	100.00%		4,652.27	100.00%
<b>5. Expenditure incurred in foreign currency (On remittance basis):</b>							
	(a) Engineering services		-			-	
	(b) Travelling		-			-	
	(c) Other expenses		2,094.77			716.92	
	(d) Demurrage on exports		-			-	
<b>6. Value of Imports on CIF Basis</b>							
	(a) Raw materials		-			-	
	(b) Components and spare parts		722.93			534.89	
	(c) Furnace oil		14,082.79			7,760.98	
	(d) Consumables and additives		765.72			64.78	
	(e) Capital goods		372.00			-	
<b>7. Earnings in Foreign Exchange</b>							
(on Receipt basis)							
	(a) Export of goods (FOB)						
	(Rupees in Lakhs)		69,454.90			21,426.03	
	equivalent of above in						
	(US \$ Million)		152.79			46.06	
	(b) Other receipts (₹ in Lakhs)		39.36			1.23	

## Schedule 16

## NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2011

	Year ended 31-03-2011	Year ended 31-03-2010
		₹ in Lakhs
<b>I.</b>		
Pending execution of Lease Deed with New Mangalore Port Trust for certain tracts of land, provision has been made for the Registration charges and Stamp duty, which is estimated at ₹ 4.35 Lakhs (Previous year ₹ 119.92 Lakhs). The expenditure incurred is amortised over the period of lease. Lease Rentals are charged to Profit and Loss Account on accrual basis.		
The Company has registered following tracts of land taken on lease during the year. The period of lease and rental obligation for the remaining period of lease are as follows :		
Track of land	Period of lease	Rental obligation Remaining (₹/ Lakhs)
Period not later than five years:		
Track 1 21270 sqm	20.7.10 to 20.7.2012	50.74
Track 2 27008 sqm	17.2.11 to 16.2.2014	144.08
Period later than five years:		
Track 1 213783 sqm	20.7.97 to 19.7.2017	2,580.44
Track 2 113497 sqm	20.4.99 to 19.4.2019	4,424.88
Track 3 300 sqm	01.4.11 to 31.3.2029	11.66
Track 6 1190 sqm	01.8.10 to 31.7.2029	47.26
Track 7 475 sqm	01.7.10 to 30.6.2028	1.17
Track 8 48 sqm	01.5.10 to 30.4.2028	11.61
<b>2.</b>		
(A) Estimated amount of the contracts to be executed on capital account and not provided for (net of advances)	<b>4,440.28</b>	1,664.52
(B) Contingent liabilities not provided for :		
(a) In respect of - Letter of Credit and Bank Guarantees etc., outstanding		
(i) On Revenue Account	<b>2,979.83</b>	2911.99
(ii) On Capital Account	<b>7,230.87</b>	Nil
(b) Claims against the Company not acknowledged as debts		
(i) On Revenue Account	<b>11,051.97</b>	3,189.86
(ii) On Capital Account	<b>16,845.48</b>	16,199.24



	Year ended 31-03-2011	Year ended 31-03-2010
(c) Disputed Liabilities in Appeal		₹ in Lakhs
(i) On Revenue Account		
VAT	65.08	-
Excise Duty	371.28	-
Income Tax	4,557.52	-

3. Expenses incurred towards generation of power have been included under the primary heads of account

4. In pursuance of the order of the Hon'ble Supreme Court, Mining operations at Kudremukh were discontinued with effect from 01.01.2006. The disclosure as per Accounting Standard (AS) - 24 on *Discontinuing Operations* is as follows :

	2010-11	2009-10
Description of the discontinuing operations	<b>Mining of weathered ore at Kudremukh Mines</b>	Mining of weathered ore at Kudremukh Mines
The business segment in which it is reported as per AS 17	<b>Un allocable expenditure/ assets / liabilities</b>	Un allocable expenditure/ assets / liabilities
The date and nature of the initial disclosure event and the date or period in which the discontinuance is expected to be completed if known or determinable	<b>31.12.2005</b>	31.12.2005
The carrying amount as of the Balance sheet date of the total assets to be disposed and total liabilities to be settled.	<b>Fixed Assets WDV as on 31.03.2011 – ₹ 1,340.19 Lakhs, Current Assets – ₹ 360.15 Lakhs and Current Liabilities ₹ 3,864.18 Lakhs</b>	Fixed Assets WDV as on 31.03.2010 – ₹ 1,387.39 Lakhs, Current Assets – ₹ 1,152.58 Lakhs and Current Liabilities ₹ 4,272.12 Lakhs
The amounts of revenue and expenses in respect of the ordinary activities attributable to the discontinuing operation during the current financial reporting period	<b>Expenses incurred by the Company in respect of discontinuing its operations at Kudremukh ₹ 5,527.60 Lakhs and Misc Revenue is ₹ 169.22 Lakhs</b>	Expenses incurred by the Company in respect of discontinuing its operations at Kudremukh ₹ 7,681.93* Lakhs and Misc Revenue is ₹ 597.73 Lakhs.
The amount of pre-tax profit or loss from ordinary activities attributable to the discontinuing operation during the current financial reporting period, and the income tax expenses related thereto	<b>Loss ₹ 5,358.38 Lakhs</b>	Loss ₹ 7,084.20 Lakhs
The amounts of net cash flows attributable to the operating, investing and financial activities of the discontinuing operation during the current financial reporting period	<b>₹ 4,629.64 Lakhs (net cash out flow)</b>	₹ 9,193.02 Lakhs (net cash out flow)

\* Expenditure for 2009-10 includes ₹ 2,833.16 Lakhs VRS compensation paid for those separated during the year



Year ended 31-03-2011	Year ended 31-03-2010
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₹ in Lakhs

5. In pursuance of the directive of the Hon'ble Supreme Court, mining activities at Kudremukh were stopped on 31st December 2005. The Company filed a Petition for direction with prayers, inter-alia, to permit utilisation of 54.01 hectares of land required for the purpose of safety and slope stability of the mine, at the time of closure of the mine.

Indian Bureau of Mines (IBM) has approved final mine closure plan (FMCP) of Kudremukh iron ore mine and the same was communicated vide letter no. MS/CMG/Fe-38-52 dated 06.05.2005. The expenditure towards mine closure, as per the approved plan, is ₹ 2,79,04,500.

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

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

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



**Year ended**  
**31-03-2011**

Year ended  
31-03-2010

₹ in Lakhs

mine closure at Kudremukh in the Books of Account is felt necessary.

6. The 'mines & plant assets' in respect of discontinued operations at Kudremukh mines can be effectively utilised on relocation and/or disposed off. A substantial portion of such assets have been depreciated in full and the realisable value is estimated to be higher than the carrying value. Hence there is no impairment loss to be recognised during the year.
7. The accounting policy with respect to Railway Claims receivable has been disclosed during the year separately although the same was being consistently followed by the Company. Railway claims are not certain of receipt within a definite period of time. Hence, accounting for such claims on actual receipt is felt prudent.

An item of Railway Claims, amounting to ₹ 226.56 Lakhs, was accounted on accrual basis during the year 2007-08. In order to conform to the stated accounting policy, this amount has been reversed during the year and considered as a Prior Period Adjustment. Consequently, the profit after Prior Period Adjustment has reduced to this extent.

8. Present value of Future Obligations as at the Balance Sheet date as per Actuarial Valuations are:

(a) Gratuity	<b>4,705.18</b>	4,021.99
(b) Leave encashment (EL)	<b>1,665.83</b>	1,298.12
(c) Leave encashment (HPL)	<b>649.29</b>	472.87
(d) Leave Travel Concession	<b>336.07</b>	167.71

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

9. The provident fund of the employees is managed by the Kudremukh Iron Ore Company's Employees' Provident Fund Trust and is administered by the trustees nominated by the Company. The rate of interest payable on the contribution is determined

Year ended 31-03-2011	Year ended 31-03-2010
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₹ in Lakhs

by the Govt of India and is binding on the Trust. Based on the financial instruments held by the Trust and the yield there upon the Company anticipates a short fall in its earnings during the current and future years. The Present Value of the obligation on account of such Interest guarantee, as estimated on Actuarial basis, works out to ₹ 776.33 Lakhs as at the Balance Sheet date. The same has been provided for in the accounts during the year and included under "Employees Remunerations and Benefits".

10. As per the guidelines of Department of Public Enterprises, Central Public Sector Enterprises are allowed to extend 30% of Basic Pay plus Dearness Pay as Superannuation Benefits including Contributory Provident Fund, Gratuity and other specified superannuation benefits. The Company has revised the pay scales, with effect from 01.01.2007, in accordance therewith and provision towards superannuation benefits has been made accordingly. The Company is contributing around 16% of Basic Pay and Dearness Pay towards Contributory Provident Fund and Gratuity benefits. The balance 14%, amounting to ₹ 3,209.35 Lakhs ( ₹ 818.50 Lakhs under "Employees Remunerations and Benefits" and ₹ 2,390.85 Lakhs accounted in Prior Period Adjustments) has been provided during the year towards other Superannuation benefits.
11. During the previous year, the company had undertaken R&D efforts to determine viability of Doni Ore filtration through the existing system without mixing ore from Bailadila region. The R&D efforts were successful and enabled the company to have future economic benefit in cost saving. Accordingly, the expenditure on this amounting to ₹ 1,924.98 Lakhs was recognised as "Process Development Expenditure" to be amortised over three years including the year 2009-10 and exhibited under "Miscellaneous Expenditure" in Asset side of the Balance Sheet.



**Year ended  
31-03-2011**

Year ended  
31-03-2010

₹ in Lakhs

During the year, the aforesaid item is being treated as a Internally Generated Intangible Asset. Consequently, the amount has been re-classified and disclosed as "Process Development Expenditure" under Fixed Assets. The policy on Amortisation of such expenditure over a period of three years is being continued. Accordingly, an amount of ₹ 641.66 Lakhs (Previous year ₹ 641.66 Lakhs), has been amortised during the year. The above re-classification does not have any impact on the results for the current year.

12. As per Accounting Standard (AS)-2 -"Valuation of Inventories", the raw materials for production of Pig Iron (including Auxiliaries) are required to be written down to their "Net Replacement Costs", since the cost of the finished product, Pig Iron, exceeds its Net Realisable Value (NRV). Accordingly, a provision was made during the year 2009-10.

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

13. During the physical verification of raw materials as on 31.03.2010, differences were noticed between book balance and physical balance in respect of LAM Coke and Calibrated Lump Ore and provision for such differences was made in the previous year's accounts.

The differences were investigated during the year and a detailed report was presented to the Board. The differences were due to non-adjustment of normal losses in the nature of transit/handling losses, moisture losses etc., accumulated over a period of around 10 years. After deliberation, the Board accorded its approval for writing off the same. Accordingly an amount of ₹ 3,353.89 Lakhs was written off during the year and the following provisions made during the previous year against the same are simultaneously reversed

## Schedules (Contd.)

	Year ended 31-03-2011	Year ended 31-03-2010
--	--------------------------	--------------------------

₹ in Lakhs

		₹ in Lakhs
(a)	Provision on account of lower NRV of Pig iron	- 1,238.72
(b)	Provision on account of shortages in Stock	- 2,115.17
Total		3,353.89

There is no impact on the profit for the current year.

14. Furnace Oil is being stored in seven tanks of varying capacities at the Company's facilities in Mangalore. It is observed that the Furnace Oil stored below suction point (tap on level) in the storage tanks loses its properties due to continuous sedimentation over the time resulting thickening of the oil. The estimated quantity of such stock is 1,714 KL. Hence a provision of ₹ 546.49 Lakhs towards the value of the same has been made during the current year.
15. Stock of raw material includes slime containing ultra fine Iron Ore (83,488 MT valued ₹ 1,626.66 Lakhs) as on 31.03.2010 for which provision was made in Accounts. During the year, the Company has used 19,712 MT (Previous year 39,025 MT) of slime in Pellet production by blending the same with virgin Iron Ore. Consequently, ₹ 721.15 Lakhs (Previous year ₹ 1,427.71 Lakhs) has been withdrawn during the year from the provision made in earlier year.
16. On discontinuance of operation of Iron Ore Concentrate segment from 31.12.2005 and addition of Pig Iron segment from 01.04.2007, the activities of the Company are confined to two reporting business segments i.e., 'Iron Oxide Pellet' and 'Pig Iron'. The expenditure relating to the enterprise as a whole which is not attributable to those segments includes expenditure relating to Kudremukh mines and is depicted under the head un-allocated expenditure. Un-allocated assets and unallocated liabilities include assets and liabilities of Kudremukh Mines.




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**Year ended**  
**31-03-2011**

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Year ended  
31-03-2010

₹ in Lakhs

**17. Related party disclosure:**

**Key Management personnel :**

K Ranganath	Chairman-cum-Managing Director
M B Padiyar	Director (Production & Projects)
T M Gopalakrishna Bhat	Director (Finance)
Maj Gen (Dr) OP Soni	Director (Commercial) w.e.f.. 01.02.2011

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

- 18.** Certain accounting policies have been re-worded during the year to improve clarity. Impact has been quantified, wherever necessary.
- 19.** Confirmation of balances from Sundry Creditors, Sundry Debtors, advances, deposits and materials with subcontractors in certain cases have not been received.
- 20.** Previous year's figures have been regrouped wherever necessary.
- 21.** Figures in the Balance Sheet, Profit and Loss Account and the Schedules thereon have been rounded off to ₹ Thousands and expressed in ₹ Lakhs.

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**K. Ranganath**  
*Chairman-cum-Managing Director*

**T.M.G.K Bhat**  
*Director (Finance)*

As per our report of even date  
for **M/s ASA & Associates**  
*Chartered Accountants*

Place : Bangalore  
Date : 6th May, 2011

**S.K. Padhi**  
*Company Secretary*

**P. Nitish**  
Partner  
Membership No. 024736  
9th May, 2011



**Details of measurement of present value of obligation in respect of Retirement Benefits for employees as per actuarial valuation are as follows: (Refer Note No. 8)**

TYPE OF PLAN	GRATUITY	
PERIOD OF DISCLOSURE	01-04-2010 TO	31-03-2011
<b>I. PRINCIPAL ACTUARIAL ASSUMPTIONS</b>	31-03-2010	31-03-2011
[Expressed as weighted averages]		
Discount Rate	8.40%	8.20%
Salary escalation rate	5.00%	5.00%
Attrition rate	0.50%	0.50%
Expected rate of return on Plan Assets	7.00%	8.00%
In the following tables, all amounts are in Rupees, unless otherwise stated		
<b>II. CHANGES IN THE PRESENT VALUE OF THE OBLIGATION (PVO) - RECONCILIATION OF OPENING AND CLOSING BALANCES:</b>		
<b>PVO as at the beginning of the period</b>		<b>4,025.71</b>
Interest Cost		333.53
Current service cost		118.35
Past service cost - (non vested benefits)		-
Past service cost - (vested benefits)		-
Benefits paid		(110.25)
Actuarial loss/(gain) on obligation (balancing figure)		337.84
<b>PVO as at the end of the period</b>		<b>4,705.18</b>
<b>III. CHANGES IN THE FAIR VALUE OF PLAN ASSETS - RECONCILIATION OF OPENING AND CLOSING BALANCES:</b>		
<b>Fair value of plan assets as at the beginning of the period</b>		<b>3.73</b>
Expected return on plan assets		7.26
Contributions		100.00
Benefits paid		(110.26)
Actuarial gain/(loss) on plan assets [balancing figure]		1.24
<b>Fair value of plan assets as at the end of the period</b>		<b>1.97</b>
<b>IV. ACTUAL RETURN ON PLAN ASSETS</b>		
Expected return on plan assets		7.26
Actuarial gain (loss) on plan assets		1.24
<b>Actual return on plan assets</b>		<b>8.50</b>
<b>V. ACTUARIAL GAIN / LOSS RECOGNIZED</b>		
Actuarial gain / (loss) for the period - Obligation		(337.84)
Actuarial gain / (loss) for the period- Plan Assets		1.24
Total (gain) / loss for the period		336.60
<b>Actuarial (gain) / loss recognized in the period</b>		<b>336.60</b>
Unrecognized actuarial (gain) / loss at the end of the year		-



TYPE OF PLAN	GRATUITY
PERIOD OF DISCLOSURE	01-04-2010 TO 31-03-2011
<b>VI. AMOUNTS RECOGNISED IN THE BALANCE SHEET AND RELATED ANALYSES</b>	
Present value of the obligation	4,705.18
Fair value of plan assets	1.97
Difference	4,703.21
Unrecognised transitional liability	-
Unrecognised past service cost - non vested benefits	-
<b>Liability recognized in the balance sheet</b>	<b>4,703.21</b>
<b>VII. EXPENSES RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS:</b>	
Current service cost	118.35
Interest Cost	333.53
Expected return on plan assets	(7.26)
Net actuarial (gain)/loss recognised in the year	336.60
Transitional Liability recognised in the year	-
Past service cost - non-vested benefits	-
Past service cost - vested benefits	-
<b>Expenses recognized in the statement of profit and loss</b>	<b>781.22</b>
<b>VIII. MOVEMENTS IN THE LIABILITY RECOGNIZED IN THE BALANCE SHEET</b>	
Opening net liability	4,021.99
Expense as above	781.22
Contribution paid	(100.00)
<b>Closing net liability</b>	<b>4,703.21</b>
<b>IX. AMOUNT FOR THE CURRENT PERIOD</b>	
Present Value of obligation	4,705.18
Plan Assets	1.97
Surplus (Deficit)	4,703.21
Experience adjustments on plan liabilities -(loss)/gain	267.40
Experience adjustments on plan assets -(loss)/gain	1.24
<b>X. MAJOR CATEGORIES OF PLAN ASSETS (AS PERCENTAGE OF TOTAL PLAN ASSETS)</b>	
Government of India Securities	50.00%
State Government Securities	40.00%
High Quality Corporate Bonds	10.00%
Equity shares of listed companies	-
Property	-
Special Deposit Scheme	-
Funds managed by Insurer	-
Others (to specify)	-
<b>TOTAL</b>	<b>100.00%</b>
<b>XI. ENTERPRISE'S BEST ESTIMATE OF CONTRIBUTION DURING NEXT YEAR</b>	
	-

TYPE OF PLAN	<b>LONG TERM COMPENSATED ABSENCE - EARNED LEAVE</b>	
PERIOD OF DISCLOSURE	<b>01-04-2010 TO 31-03-2011</b>	
<b>I. PRINCIPAL ACTUARIAL ASSUMPTIONS</b>	31-Mar-10	31-Mar-11
[Expressed as weighted averages]		
Discount Rate	8.40%	8.20%
Salary escalation rate	5.00%	5.00%
Attrition rate	0.50%	0.50%
Expected rate of return on Plan Assets	0.00%	0.00%
In the following tables, all amounts are in Rupees, unless otherwise stated		
<b>II. CHANGES IN THE PRESENT VALUE OF THE OBLIGATION (PVO) - RECONCILIATION OF OPENING AND CLOSING BALANCES:</b>		
PVO as at the beginning of the period		1,298.12
Interest Cost		100.15
Current service cost		61.83
Past service cost - (non vested benefits)		-
Past service cost - (vested benefits)		-
Benefits paid		(211.84)
Actuarial loss/(gain) on obligation (balancing figure)		417.58
<b>PVO as at the end of the period</b>		<b>1,665.84</b>
<b>III. CHANGES IN THE FAIR VALUE OF PLAN ASSETS - RECONCILIATION OF OPENING AND CLOSING BALANCES:</b>		
<b>Fair value of plan assets as at the beginning of the period</b>		-
Expected return on plan assets		-
Contributions		211.83
Benefits paid		(211.83)
Actuarial gain/(loss) on plan assets [balancing figure]		-
<b>Fair value of plan assets as at the end of the period</b>		-
<b>IV. ACTUAL RETURN ON PLAN ASSETS</b>		
Expected return on plan assets		-
Actuarial gain / (loss) on plan assets		-
<b>Actual return on plan assets</b>		-
<b>V. ACTUARIAL GAIN / LOSS RECOGNIZED</b>		
Actuarial gain / (loss) for the period - Obligation		(417.58)
Actuarial gain / (loss) for the period- Plan Assets		-
Total (gain) / loss for the period		417.58
<b>Actuarial (gain) / loss recognized in the period</b>		<b>417.58</b>
Unrecognized actuarial (gain) / loss at the end of the year		-



TYPE OF PLAN	LONG TERM COMPENSATED ABSENCE - EARNED LEAVE
PERIOD OF DISCLOSURE	01-04-2010 TO 31-03-2011
<b>VI. AMOUNTS RECOGNISED IN THE BALANCE SHEET AND RELATED ANALYSES</b>	
Present value of the obligation	1,665.84
Fair value of plan assets	-
Difference	1,665.84
Unrecognised transitional liability	-
Unrecognised past service cost - non vested benefits	-
Liability recognized in the balance sheet	1,665.84
<b>VII. EXPENSES RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS:</b>	
Current service cost	61.83
Interest Cost	100.15
Expected return on plan assets	-
Net actuarial (gain)/loss recognized in the year	417.58
Transitional Liability recognized in the year	-
Past service cost - non-vested benefits	-
Past service cost - vested benefits	-
<b>Expenses recognized in the statement of profit and loss</b>	<b>579.56</b>
<b>VIII. MOVEMENTS IN THE LIABILITY RECOGNIZED IN THE BALANCE SHEET</b>	
Opening net liability	1,298.12
Expense as above	579.56
Contribution paid	(211.85)
<b>Closing net liability</b>	<b>1,665.84</b>
<b>IX. AMOUNT FOR THE CURRENT PERIOD</b>	
Present Value of obligation	1,665.84
Plan Assets	-
Surplus / (Deficit)	(1,665.84)
Experience adjustments on plan liabilities -(loss)/gain	(396.44)
Experience adjustments on plan assets -(loss)/gain	-
<b>X. MAJOR CATEGORIES OF PLAN ASSETS (AS PERCENTAGE OF TOTAL PLAN ASSETS)</b>	
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	-
<b>XI ENTERPRISE'S BEST ESTIMATE OF CONTRIBUTION DURING NEXT YEAR</b>	
	-

TYPE OF PLAN	<b>LONG TERM COMPENSATED ABSENCE - SICK LEAVE</b>	
PERIOD OF DISCLOSURE	<b>01-04-2010 TO 31-03-2011</b>	

<b>I. PRINCIPAL ACTUARIAL ASSUMPTIONS</b>	31-Mar-10	31-Mar-11
[Expressed as weighted averages]		
Discount Rate	8.40%	8.20%
Salary escalation rate	5.00%	5.00%
Attrition rate	0.50%	0.50%
Expected rate of return on Plan Assets	0.00%	0.00%

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

<b>II. CHANGES IN THE PRESENT VALUE OF THE OBLIGATION (PVO) - RECONCILIATION OF OPENING AND CLOSING BALANCES:</b>		
PVO as at the beginning of the period		472.87
Interest Cost		36.72
Current service cost		32.47
Past service cost - (non vested benefits)		-
Past service cost - (vested benefits)		-
Benefits paid		(71.62)
Actuarial loss/(gain) on obligation (balancing figure)		178.85
<b>PVO as at the end of the period</b>		<b>649.29</b>

<b>III. CHANGES IN THE FAIR VALUE OF PLAN ASSETS - RECONCILIATION OF OPENING AND CLOSING BALANCES:</b>		
<b>Fair value of plan assets as at the beginning of the period</b>		-
Expected return on plan assets		-
Contributions		71.62
Benefits paid		(71.62)
Actuarial gain/(loss) on plan assets [balancing figure]		-
<b>Fair value of plan assets as at the end of the period</b>		-

<b>IV. ACTUAL RETURN ON PLAN ASSETS</b>		
Expected return on plan assets		-
Actuarial gain / (loss) on plan assets		-
<b>Actual return on plan assets</b>		-

<b>V. ACTUARIAL GAIN / LOSS RECOGNIZED</b>		
Actuarial gain / (loss) for the period - Obligation		(178.85)
Actuarial gain / (loss) for the period- Plan Assets		-
Total (gain) / loss for the period		178.85
<b>Actuarial (gain) / loss recognized in the period</b>		<b>178.85</b>
Unrecognized actuarial (gain) / loss at the end of the year		-



TYPE OF PLAN	LONG TERM COMPENSATED ABSENCE - SICK LEAVE
PERIOD OF DISCLOSURE	01-04-2010 TO 31-03-2011
<b>VI. AMOUNTS RECOGNISED IN THE BALANCE SHEET AND RELATED ANALYSES</b>	
Present value of the obligation	649.29
Fair value of plan assets	-
Difference	649.29
Unrecognised transitional liability	-
Unrecognised past service cost - non vested benefits	-
<b>Liability recognized in the balance sheet</b>	<b>649.29</b>
<b>VII. EXPENSES RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS:</b>	
Current service cost	32.47
Interest Cost	36.72
Expected return on plan assets	-
Net actuarial (gain)/loss recognised in the year	178.85
Transitional Liability recognised in the year	-
Past service cost - non-vested benefits	-
Past service cost - vested benefits	-
<b>Expenses recognized in the statement of profit and loss</b>	<b>248.04</b>
<b>VIII. MOVEMENTS IN THE LIABILITY RECOGNIZED IN THE BALANCE SHEET</b>	
Opening net liability	472.87
Expense as above	248.04
Contribution paid	(71.62)
<b>Closing net liability</b>	<b>649.29</b>
<b>IX. AMOUNT FOR THE CURRENT PERIOD</b>	
Present Value of obligation	649.29
Plan Assets	-
Surplus / (Deficit)	(649.29)
Experience adjustments on plan liabilities -(loss)/gain	(173.65)
Experience adjustments on plan assets -(loss)/gain	-
<b>X. MAJOR CATEGORIES OF PLAN ASSETS (AS PERCENTAGE OF TOTAL PLAN ASSETS)</b>	
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	-
<b>XI. ENTERPRISE'S BEST ESTIMATE OF CONTRIBUTION DURING NEXT YEAR</b>	
	-



## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### I. Registration Details

Registration No

2974

Balance Sheet Date

31st March 2011

State Code

08

### II. Capital Raised during the period

(Amount in ₹ thousands)

Public Issue

Nil

Rights Issue

Nil

Bonus Issue

Nil

Private Placement

Nil

### III. Position of mobilisation and deployment of funds

(Amount in ₹ thousands)

Total Liabilities

19,985,169

Total Assets

19,985,169

#### Source of Funds

Paid up capital

6,345,138

Reserves and surplus

13,640,031

Secured loans

Nil

Unsecured loans

Nil

Deferred tax liability

Nil

#### Application of funds

Net fixed assets and capital work in progress

3,758,105

Investments

Nil

Deferred tax assets

145,128

Net current assets

16,081,936

Misc. expenditure

Nil

Accumulated losses

Nil



## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE (Contd.)

### IV Performance of Company

(Amount in ₹ thousands)

Turnover and other income	17,848,478	Total expenditure	16,848,968
Profit Before Tax	999,510	Profit After Tax	762,722
Earning per share ₹ (Basic & Diluted)	1.20	Dividend rate in %	2.50%

### V Generic Names of Three Principal products / Services of the Company

(as per monetary terms)

(i) Item Code No. (ITC Code)	2601 11.50
Product Description	Iron ore Concentrate
(ii) Item Code No. (ITC Code)	2601 12.10
Product Description	Iron ore Pellets
(iii) Item Code No. (ITC Code)	7201 10.00
Product Description	Pig Iron

**K. Ranganath**  
Chairman-cum-Managing Director

**T.M.G.K Bhat**  
Director (Finance)

As per our report of even date  
for **M/s ASA & Associates**  
Chartered Accountants

Place : Bangalore  
Date : 6th May, 2011

**S.K. Padhi**  
Company Secretary

**P. Nitish**  
Partner  
Membership No. 024736  
9th May, 2011

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011

	Current year	Previous Year
		₹ in Thousands
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net profit before tax</b>	<b>999,510</b>	(1,949,502)
Add/(Less) Adjustment for:		
Depreciation - Current year	<b>306,495</b>	308,074
- Prior period	<b>(5,771)</b>	61
Interest income	<b>(923,046)</b>	(731,218)
Deferred Revenue expenses (Charged during the year)	<b>64,166</b>	186,831
Provision no longer required written back	<b>(101,100)</b>	(218,784)
(Profit)/Loss on sale of Fixed assets	<b>(504)</b>	(728)
<b>Operating cash flow before working capital changes</b>	<b>339,750</b>	(2,405,266)
Adjustment for:		
(Increase)/Decrease in Inventories	<b>(110,029)</b>	4,221,894
(Increase)/Decrease in Trade and other receivables	<b>(631,570)</b>	(460,776)
Increase/(Decrease) in Trade and other payables	<b>692,451</b>	1,74,298
Deferred Revenue expenditure (Additions)		(192,498)
Sale/deletion/Transfer of Fixed assets	<b>229</b>	(187)
<b>Cash generated from operations</b>	<b>290,831</b>	1,337,465
Direct tax paid (Net of refunds)	<b>76,515</b>	(298)
Net cash from Operating activities	<b>367,346</b>	1,337,167
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed assets	<b>(162,138)</b>	(9,730)
(Increase)/Decrease in Capital work in progress	<b>(419,429)</b>	(56,642)
Interest received	<b>764,682</b>	574,051
Tax on interest received	<b>11,756</b>	164,839
Proceeds from sale of Fixed assets	<b>504</b>	728
Net cash from investing activities	<b>195,375</b>	673,246
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Payment of Dividends and dividend tax	<b>(59,261)</b>	(74,235)
Interest paid		
Net cash used in Financing activities	<b>(59,261)</b>	(74,235)



	Current year	Previous Year
		₹ in Thousands
<b><u>ABSTRACT</u></b>		
(A) Net cash from operating activities	367,346	1,337,167
(B) Net cash from investing activities	195,375	673,246
(C) Net cash used in financing activities	(59,261)	(74,235)
Net increase in cash and cash equivalents	<u>503,460</u>	<u>1,936,178</u>
<b>Net increase in cash + cash equivalents:</b>		
Cash and Cash equivalents	13,934,839	11,998,661
As at 01-04-2010 (O.B)		
Cash and Cash equivalents	14,438,299	13,934,839
As at 31-03-2011 (C.B)		
Net increase in Cash+ cash equivalents	<u>503,460</u>	<u>1,936,178</u>

**Notes :**

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

For and on behalf of Board of Directors

**S.K. Padhi**  
Company Secretary

**T.M.G.K Bhat**  
Director (Finance)

**K. Ranganath**  
Chairman-cum-Managing Director

Place : Bangalore

Date : 6th May, 2011

**AUDITORS' REPORT**

We have examined the Cash flow statement of **KIOCL LIMITED**, for the year ended 31st March 2011. 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 9th May, 2011 to the Members of the Company.

for **M/s ASA & Associates**  
Chartered Accountants  
Firm Registration No. 009571N

Place : Bangalore

Date: 9th, May, 2011

**P. Nitish**  
Partner  
Membership No : 024736

## SEGMENT REPORTING FOR THE YEAR ENDED 31ST MARCH 2011

Particulars	Pellets		Pig Iron		Elimination	Consolidated Total	
	Current year	Previous Year	Current year	Previous Year		Current year	Previous Year
							₹ in Lakhs
<b>REVENUE:</b>							
External Sales (Gross)	1,74,931.14	79,226.23	5,415.21	20,045.90	-	1,80,346.36	99,272.13
Less : Excise Duty & Freight on Consignment Sales	12,162.57	5,197.92	527.99	2,025.77	-	12,690.56	7,223.69
Net Sales	1,62,768.57	74,028.31	4,887.22	18,020.13	-	1,67,655.79	92,048.44
Inter-Segment Sales	-	-	-	-	-	-	-
<b>Total Revenue</b>	<b>1,62,768.57</b>	<b>74,028.31</b>	<b>4,887.22</b>	<b>18,020.13</b>	<b>-</b>	<b>1,67,655.79</b>	<b>92,048.44</b>
<b>RESULT:</b>							
Segment result (Operating profit)	9,512.20	(3,942.84)	(3,687.69)	(14,674.46)	-	5,824.51	(18,617.30)
Extra Ordinary Items		1,924.98		(3,030.68)	-		1,105.70
Profit after Extraordinary Items	9,512.20	(2,017.86)	(3,687.69)	(17,705.14)	-	5,824.51	(19,723.00)
Unallocated Income less expenses							
Interest Income	-	-	-	-	-	9,528.98	7,312.18
Expenses on Discontinued Mining	-	-	-	-	-	(5,358.38)	(7,084.20)
<b>Profit before tax</b>						<b>9,995.10</b>	<b>(19,495.02)</b>
Less : Income Tax	-	-	-	-	-	2,363.05	-
Deferred Tax	-	-	-	-	-	52.78	(1,349.28)
Prior period Tax	-	-	-	-	-	(47.95)	(419.02)
<b>Net Profit After Tax</b>						<b>7,627.22</b>	<b>(17,726.72)</b>
<b>OTHER INFORMATION:</b>							
Segment Assets	45,502.14	31,692.23	21,755.82	28,437.89	-	67,257.96	60,130.12
Unallocated Assets						1,65,433.93	1,57,298.57
<b>Total Assets</b>						<b>2,32,691.89</b>	<b>2,17,428.69</b>
Segment Liabilities	21,674.24	11,158.36	2,453.90	2,913.42	-	24,128.14	14,071.78
Unallocated Liabilities						6,641.09	9,282.70
<b>Total liabilities</b>						<b>32,840.21</b>	<b>23,354.48</b>
Capital Expenditure	1,159.82	70.71	461.56	19.84	-	1,621.38	90.55
Unallocated Capital Expenditure	-	-	-	-	-		6.75
Depreciation	1,433.66	1,443.38	1,584.10	1,590.64	-	3,017.76	3,034.02
Depreciation on unallocated Assets						47.20	46.72
Non-cash expenses other than Depreciation	6,453.10	236.61	536.52	5,037.77	-	6,989.62	5,274.38
Unallocated non cash expenses						1,100.04	170.30

Note: Unallocable Assets, Liabilities, Depreciation and Non-cash expenditure include expenditure, Assets and Liabilities of Kudremukh Mines, the operation of which was discontinued w.e.f 31-12-2005.

**K. Ranganath**  
Chairman-cum-Managing Director

**T.M.G.K Bhat**  
Director (Finance)

As per our report of even date  
for **M/s ASA & Associates**  
Chartered Accountants

Place : Bangalore  
Date : 6th May, 2011

**S.K. Padhi**  
Company Secretary

**P. Nitish**  
Partner  
Membership No. 024736  
9th May, 2011



## REVENUE EXPENDITURE ON SOCIAL AMENITIES FOR THE YEAR ENDED 31-03-2011

Sl. Description No.	Township	Trans- portation	Education & School facility	Medical	Canteen	Social & Cultural facility	<b>Total</b>	Previous year
₹ in Lakhs								
1. Payment to Employees	257.60	81.81	12.98	337.52	3.55	-	<b>693.46</b>	631.99
2. Material Consumed	56.63	3.69	-	1.03	-	-	<b>61.35</b>	18.09
3. Rates & Taxes	3.67	9.50	-	-	-	-	<b>13.17</b>	12.82
4. Others	162.81	99.12	156.23	262.09	183.29	51.58	<b>915.12</b>	829.33
5. Depreciation	40.67	-	-	1.64	-	0.23	<b>42.54</b>	42.94
<b>Total Expenditure</b>	<b>521.38</b>	<b>194.12</b>	<b>169.21</b>	<b>602.28</b>	<b>186.84</b>	<b>51.81</b>	<b>1,725.64</b>	<b>1,535.17</b>
Less : Recoveries	11.36	0.35	-	-	-	-	<b>11.71</b>	14.07
<b>Net Expenditure</b>	<b>510.02</b>	<b>193.77</b>	<b>169.21</b>	<b>602.28</b>	<b>186.84</b>	<b>51.81</b>	<b>1,713.93</b>	<b>1,521.10</b>
Previous Year	449.35	196.27	112.64	575.97	179.38	7.49	1,521.10	





*34th Annual General Meeting*



*Shri BS Ramprasad, Secretary to Govt. of Karnataka, Mines, SSI & Textiles visited our Stall during Global Investor's meeting 2010 at Bangalore Palace ground*

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

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

**MANGALORE OFFICE****KIOCL Limited**

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0824-6531681 to 6531683  
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E-mail - medo@kudreore.com

**NEW DELHI OFFICE****KIOCL Limited**

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E-mail-kioclnd@yahoo.co.in

**BHUBANESWAR OFFICE****KIOCL Limited**

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**VISAKHAPATNAM OFFICE****KIOCL Limited**

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E-mail : koclviz@gmail.com

**KIRANDUL OFFICE****KIOCL Limited**

No. 17, 11-C Hostel,  
In BSNL Compound,  
PO Kirandul, NMDC 14-B Complex  
Kirandul – 494556, Dist. Dantewada  
CHATISGARH

**KUDREMUKH OFFICE****KIOCL Limited**

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**CHIKKANAYAKANAHALLI OFFICE****KIOCL Limited**

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Kanakagiri Extn., Ward No. 3  
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**HOSPET OFFICE****KIOCL Limited**

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