



CORPORATE GOVERNANCE

KIOCL LIMITED'S PHILOSOPHY ON CORPORATE GOVERNANCE

THE PHILOSOPHY OF CORPORATE GOVERNANCE OF KIOCL LIMITED ENVISAGES TRANSPARENCY IN ALL AREAS OF OPERATIONS, ACCOUNTABILITY, EQUALITY AND REPORTING IN ITS INTERACTIONS WITH PUBLIC, EMPLOYEES AND THE GOVERNMENT. KIOCL'S PHILOSOPHY ON CORPORATE GOVERNANCE IS BASED ON THE PRINCIPLES OF HONESTY, INTEGRITY, ACCOUNTABILITY, ADEQUATE DISCLOSURES AND COMPLIANCES. IT HAS BEEN THE CONSTANT ENDEAVOUR OF THE COMPANY TO MAXIMIZE THE VALUE OF ITS CREDIBILITY IN THE MARKET. KIOCL LIMITED IS COMMITTED TO ACHIEVE COMPLETE COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE AS ENSHRINED IN DPE GUIDELINES AND LISTING AGREEMENT WITH STOCK EXCHANGES. BEING A GOVERNMENT COMPANY, PRESIDENT OF INDIA HOLDS MAJORITY OF ITS SHARES. KIOCL LIMITED WILL CONTINUE ITS EFFORTS TOWARDS RAISING THE STANDARD IN CORPORATE GOVERNANCE AND WILL ALSO REVIEW ITS PROCEDURES AND SYSTEM CONSTANTLY IN ORDER TO KEEP PACE WITH THE CHANGING ECONOMIC ENVIRONMENT. IN KEEPING WITH ITS PROFESSIONAL APPROACH, KIOCL IS IMPLEMENTING THE PRECEPTS OF CORPORATE GOVERNANCE IN LETTER AND SPIRIT.

BOARD COMPOSITION OF KIOCL LIMITED

SIZE AND COMPOSITION OF THE BOARD

KIOCL BEING A GOVERNMENT COMPANY, APPOINTMENT/NOMINATION OF ALL THE DIRECTORS IS BEING DONE BY THE PRESIDENT OF INDIA, THROUGH THE MINISTRY OF STEEL (MOS). THE ARTICLES OF ASSOCIATION OF THE COMPANY STIPULATES THAT THE NUMBER OF DIRECTORS SHALL NOT BE LESS THAN FIVE AND NOT MORE THAN THIRTEEN. AS ON DATE, THERE ARE NINE DIRECTORS, ON THE BOARD COMPRISING 3 (THREE) WHOLE-TIME DIRECTORS INCLUDING THE CHAIRMAN-CUM-MANAGING DIRECTOR AND (SIX) PART TIME DIRECTORS INCLUDING TWO NOMINEES OF THE GOVERNMENT OF INDIA AND FOUR INDEPENDENT DIRECTORS.

AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT THE COMPANY HAS AN APPROPRIATE MIX OF EXECUTIVE AND INDEPENDENT DIRECTORS TO MAINTAIN THE INDEPENDENCE OF THE BOARD, AND TO SEPARATE THE BOARD FUNCTIONS OF GOVERNANCE AND MANAGEMENT.

Composition of the Board	Designation
Shri K. Ranganath Shri TMGK Bhat Shri M. B. Padiyar	Chairman-cum Managing Director Director (Finance) Director (P & P)
Shri S. Machendra Nathan Shri George Elias	Government Nominee Government Nominee
Shri N. R. Mohanty Shri B. Ramesh Kumar Shri Chiranjib Sen Prof. V. R. Sastry	Non-official part time Director Non-official part time Director Non-official part time Director Non-official part time Director

NOTE: - 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.

BOARD MEETINGS OF KIOCL LIMITED

DETAILS OF BOARD MEETINGS HELD DURING THE FINANCIAL YEAR 2009-10: - 7 (SEVEN) MEETINGS OF THE BOARD WERE HELD, THE DETAILS WHICH ARE AS FOLLOWS:

Sl. No.	Meeting No.	Date of Meeting(s)	Place
1	186 th	24-04-2009	New Delhi
2	187 th	06-5-2009	New Delhi
3	188 th	25-06-2009	New Delhi
4	189 th	22-07-2009	Goa
5	190 th	24-09-2009	New Delhi
6	191 st	12-11-2009	New Delhi
7	192 nd	02-03-2010	New Delhi

**NOTE: 1. DURING THE YEAR 2009-10, 7 (SEVEN) BOARD MEETING WERE HELD.
2. NONE OF THE DIRECTORS ON THE BOARD IS A MEMBER OF MORE THAN 10 COMMITTEES OR CHAIRMAN OF MORE THAN 5 COMMITTEES ACROSS ALL THE COMPANIES IN WHICH HE IS A DIRECTOR. MEMBERSHIP/CHAIRMANSHIP IN COMMITTEE IS RECKONED PERTAINING TO AUDIT COMMITTEE AND SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE AND BASED ON DISCLOSURES RECEIVED FROM DIRECTORS.**

AUDIT COMMITTEE

AUDIT COMMITTEE OF KIOCL LIMITED COMPRISES OF FOLLOWING MEMBERS: -

- 1. SHRI N. R. MOHANTY, (NON-OFFICIAL PART TIME DIRECTOR)**
- 2. SHRI B. RAMESH KUMAR, (NON-OFFICIAL PART TIME DIRECTOR)**
- 3. DR. CHIRANJIB SEN, (NON-OFFICIAL PART TIME DIRECTOR)**
- 4. PROF. V. R. SASTRY, (NON-OFFICIAL PART TIME DIRECTOR)**
- 5. SHRI TMGK BHAT, DIRECTOR (FINANCE) IS PERMANENT INVITEE TO THE COMMITTEE.**

COMPOSITION OF AUDIT COMMITTEE:

AS PRESCRIBED UNDER CLAUSE 49 OF THE LISTING AGREEMENT AND SECTION 292A OF THE COMPANIES ACT, 1956 THE AUDIT COMMITTEE SHALL CONSISTS OF NOT LESS THAN THREE DIRECTORS OR SUCH NUMBER OF OTHER DIRECTORS AS THE BOARD OF DIRECTORS MAY DETERMINE OF WHICH TWO-THIRD OF THE TOTAL NUMBER OF DIRECTOR SHALL BE DIRECTOR OTHER THAN MANAGING DIRECTOR OR WHOLE TIME DIRECTOR (NON – OFFICIAL PART TIME DIRECTOR)

THE COMMITTEE CONSIST SOLELY OF NON-OFFICIAL PART TIME DIRECTOR (“INDEPENDENT” DIRECTORS) OF THE COMPANY AND SHALL COMPRISE A MINIMUM OF THREE DIRECTORS.

THE COMMITTEE IS HEADED BY AN INDEPENDENT DIRECTOR. THE DIRECTOR (FINANCE) IS A PERMANENT INVITEE TO THE MEETINGS OF THE COMMITTEE. THE STATUTORY AUDITOR AND THE INTERNAL AUDITOR ATTEND THE MEETINGS REGULARLY. THE COMPANY SECRETARY IS THE SECRETARY TO THE AUDIT COMMITTEE.

DURING THE YEAR ENDED 31.03.2010 THE AUDIT COMMITTEE MET FIVE TIMES ON 06-05 2009, 10-10-2009, 24-10-2009, 11-11-2009 AND 25-01-2010. THE 36TH AUDIT COMMITTEE MEETING ORIGINALLY SCHEDULED FOR 29-9-2009 WAS ADJOURNED DUE TO LACK OF QUORUM TO 10-10-2009. THE TIME GAP BETWEEN TWO AUDIT COMMITTEE MEETINGS IS NOT MORE THAN FOUR MONTHS.

THE ATTENDANCE OF MEMBERS OF THE AUDIT COMMITTEE MEETINGS DURING THE FINANCIAL YEAR 2009-10 WAS AS FOLLOWS:

Name	Meeting held during respective tenure of Director	No. of Meetings attended
DR. SUKUMAR DEVOTTA	1	1
N. R. MOHANTY	4	3
DR. CHIRANJIB SEN	4	4
B. RAMESH KUMAR	4	4
PROF. V. R. SASTRY	4	4
SREEMAN N.S	1	1

SUB – COMMITTEE MEETINGS OF KIOCL LIMITED

CLAUSE 41 OF THE LISTING AGREEMENT PROVIDES THAT THE FINANCIAL RESULTS ON QUARTERLY BASIS SHALL BE TAKEN ON RECORD BY THE BOARD OR BY THE SUB-COMMITTEE OF THE BOARD OF DIRECTORS. THESE RESULTS ARE LATER PLACED BEFORE THE BOARD FOR ITS RATIFICATION.

DURING THE YEAR SUB-COMMITTEE OF BOARD MET THREE TIMES, ON 18-04-2009, 24-10-2009 AND 25-01-2010.

FOLLOWING ARE THE MEMBERS OF SUB-COMMITTEE OF DIRECTORS OF KIOCL LIMITED: -

1. SHRI K. RANGANATH, CHAIRMAN-CUM-MANAGING DIRECTOR,
2. SHRI B. RAMESH KUMAR, NON-OFFICIAL PART TIME DIRECTOR
3. DR. V.R. SASTRY, NON-OFFICIAL PART TIME DIRECTOR
4. SHRI G. K. BHAT, DIRECTOR (FINANCE)

REMUNERATION TO DIRECTORS

BEING A CENTRAL GOVERNMENT PUBLIC SECTOR ENTERPRISE (CPSE) THE APPOINTMENT, TENURE AND REMUNERATION OF DIRECTORS ARE DECIDED BY THE GOVERNMENT OF INDIA AND HENCE, THE COMPANY HAS NOT CONSTITUTED ANY REMUNERATION COMMITTEE. THE GOVERNMENT LETTER APPOINTING THE CHAIRMAN-CUM-MANAGING DIRECTOR AND OTHER FUNCTIONAL DIRECTORS INDICATE THE DETAILED TERMS AND CONDITIONS OF THEIR APPOINTMENT, INCLUDING THE PERIOD OF APPOINTMENT, BASIC PAY, SCALE OF PAY, DEARNESS ALLOWANCE, CITY COMPENSATORY ALLOWANCE, ENTITLEMENT TO ACCOMMODATION ETC. AND IT ALSO INDICATES THAT IN RESPECT OF OTHER TERMS AND CONDITIONS NOT COVERED IN THE LETTER, THE RELEVANT RULES OF THE COMPANY SHALL APPLY.

PART-TIME GOVERNMENT DIRECTORS (GOVT. NOMINEES) ARE NOT PAID ANY REMUNERATION. THEY ARE ALSO NOT PAID SITTING FEE FOR BOARD MEETING(S).

NON EXECUTIVE INDEPENDENT DIRECTORS ARE PAID SITTING FEES OF RS. 10,000/- PER MEETING OF THE BOARD/ COMMITTEE OF THE BOARD ATTENDED

SHAREHOLDERS COMMITTEE OF KIOCL LIMITED

KIOCL, BEING GOVERNMENT COMPANY, THE MAJORITY SHARE CAPITAL IS HELD BY THE PRESIDENT OF INDIA AND HENCE, THE SHAREHOLDERS' COMMITTEE WAS NOT CONSTITUTED. THERE WAS NO GRIEVANCE FROM ANY OF THE SHAREHOLDER DURING THE YEAR.

GENERAL BODY MEETINGS OF KIOCL LIMITED

A DETAIL OF LAST THREE ANNUAL GENERAL MEETINGS ARE AS FOLLOWS:

ANNUAL GENERAL MEETING FOR THE FINANCIAL YEAR 2008-09 HELD ON 30.08.2008

Year	Location	Date	Time
2008-2009	Registered Office, Bangalore	28.07.2009	12.00 hrs
2007-2008	Registered Office, Bangalore	30.08.2008	12.00 hrs.
2006-2007	Registered Office, Bangalore	20.09.2007	12.30 hrs.

ALL THE RESOLUTIONS SET OUT IN THE RESPECTIVE NOTICES OF LAST THREE ANNUAL GENERAL METINGS WERE PASSED BY THE SHAREHOLDERS. NO SPECIAL RESOLUTION WAS PASSED AT THE ANNUAL GENERAL MEEING. NO RESOLUTION WAS PUT THROUGH POSTAL BALLOT.

REGISTRARS AND SHARE TRANSFER AGENTS

M/S ALPHA SYSTEMS, BANGALORE ARE THE REGISTRARS AND TRANSFER AGENTS OF THE COMPANY.

THEIR ADDRESS IS AS UNDER: -

M/S ALPHA SYSTEMS PRIVATE LIMITED,
REGD. OFFICE: 30, RAMANA RESIDENCY,
4TH CROSS, SAMPIGE ROAD, MALLESWARAM,
BANGALORE – 560 003

SHARE TRANSFER SYSTEM

A SHARE TRANSFER COMMITTEE CONSISTING OF THE SENIOR MANAGER (FINANCE & ACCOUNTS) AND THE COMPANY SECRETARY HAS BEEN CONSTITUTED. THIS COMMITTEE LOOKS INTO ALL THE TRANSFERS, TRANSMISSIONS, ETC. THE DECISIONS OF THIS COMMITTEE ARE SUBMITTED TO THE BOARD FOR ITS SUBSEQUENT RATIFICATION.

DEMATERIALISATION OF SHARES AND LIQUIDITY

THE GOVT. OF INDIA IS THE MAJOR SHAREHOLDER OF THE COMPANY HOLDING ABOUT 99 PERCENT AND THE BALANCE 1% SHARES ARE HELD BY FINANCIAL INSTITUTIONS, MUTUAL FUNDS, INSURANCE COMPANIES, EMPLOYEES AND GENERAL PUBLIC. THE COMPANY HAS NOT RESORTED TO DEMATERIALIZATION OF SHARES.