

MEMORANDUM OF UNDERSTANDING

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BETWEEN



सत्यमेव जयते

**GOVERNMENT OF INDIA
MINISTRY OF STEEL**

AND



KUDREMUKH

KIOCL LIMITED

MEMORANDUM OF UNDERSTANDING

PREAMBLE

In pursuance of the policy of the Government of India for implementation of the strategy of Memorandum of Understanding for the improvement of the performance of Public Sector Enterprises as indicated by the Department of Public Enterprises, Ministry of Programme Implementation, vide their DO No.1(36)/90-DPE (MOU) dated 10th September 1990, Ministry of Steel and KIOCL Limited hereby agree to a Memorandum of Understanding with the contents set forth below:

- | | |
|-----------------|---|
| PART I | MISSION/VISION & OBJECTIVES OF KIOCL |
| PART II | EXERCISE OF ENHANCED AUTONOMY AND DELEGATION OF FINANCIAL POWERS |
| PART III | PERFORMANCE EVALUATION PARAMETERS AND TARGETS |
| PART IV | ASSISTANCE FROM THE GOVERNMENT |
| PART V | ACTION PLAN FOR IMPLEMENTATION AND MONITORING OF THE MOU |

PART - I

MISSION/VISION & OBJECTIVES OF KIOCL

MISSION

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

VISION

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

OBJECTIVES

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

PART II

EXERCISE OF ENHANCED AUTONOMY AND DELEGATION OF FINANCIAL POWERS

All powers available to MOU signing Miniratna Companies will continue to be available with KIOCL Limited.

PART III
PERFORMANCE EVALUATION PARAMETERS AND TARGETS

The past Five years' actual performance data in respect of KIOCL is indicated in Appendix-I. The performance evaluation parameters and the targets set for the year 2012-13 are indicated below:-

| Sl.No. | Particulars | Unit | Weight | Performance Rating | | | | | Budget Estimate 2012-13 (BE) | Budget Estimate 2011-12 | | Documentary evidence and source/origin of documents |
|---|--|-------------|--------|--------------------|-----------|---------|---------|---------|---------------------------------|----------------------------|---------|--|
| | | | | Excellent | Very Good | Good | Fair | Poor | | (BE) | (RE) | |
| | | | | 1 | 2 | 3 | 4 | 5 | | | | |
| PART-A | | | | | | | | | | | | |
| COMMON PARAMETERS | | | | | | | | | | | | |
| I STATIC FINANCIAL PARAMETERS | | | | | | | | | | | | |
| a) <u>Financial indicators - Profit related ratios</u> | | | | | | | | | | | | |
| i) | Gross Margin to Gross Block | % | 2 | 13.76 | 11.70 | 9.71 | 8.40 | 7.08 | 9.71 | 6.79 | 9.71 | Annual Accounts |
| ii) | Net Profit to Net Worth | % | 10 | 6.05 | 5.03 | 4.02 | 3.35 | 2.67 | 4.02 | 2.49 | 3.92 | Annual Accounts |
| iii) | Gross Profit to Capital employed | % | 10 | 9.70 | 8.07 | 6.46 | 5.38 | 4.29 | 6.46 | 3.79 | 5.93 | Annual Accounts |
| b) <u>Financial indicators - size related</u> | | | | | | | | | | | | |
| i) | Gross Margin | Rs. Crores | 8 | 230.07 | 195.67 | 162.30 | 140.44 | 118.40 | 162.30 | 108.46 | 160.06 | Annual Accounts |
| ii) | Gross Sales | Rs. Crores | 4 | 2782.89 | 2550.99 | 2319.08 | 2207.76 | 2087.17 | 2319.08 | 2643.98 | 2472.14 | Annual Accounts |
| c) <u>Financial returns- Productivity related</u> | | | | | | | | | | | | |
| i) | PBDIT to Total Employment | Rs.in lakhs | 7 | 16.68 | 14.19 | 11.77 | 10.18 | 8.59 | 11.77 | 7.75 | 11.61 | Annual Accounts |
| ii) | Added value to Gross Sales | Ratio | 9 | 0.010 | (0.002) | (0.016) | (0.026) | (0.037) | (0.016) | (0.034) | (0.017) | Annual Accounts |
| II DYNAMIC PARAMETERS | | | | | | | | | | | | |
| a) | Percentage of revenue loss due to sale of Pellets below 63% Fe | % | 1 | 0 | 2 | 4 | 6 | 8 | 4 | 4 | 4 | Assayers certificate/Draft survey report |

| Sl.No. | Particulars | Unit | Weight | Performance Rating | | | | | Budget Estimate 2012-13 (BE) | Budget Estimate 2011-12 | | Documentary evidence and source/origin of documents |
|--------|--|---------------------------------------|--------|--------------------|-----------|----------|----------|----------|---------------------------------|----------------------------|------|--|
| | | | | Excellent | Very Good | Good | Fair | Poor | | (BE) | (RE) | |
| | | | | 1 | 2 | 3 | 4 | 5 | | | | |
| b) | Environmental Management System - as per ISO 14001:2004 Standard | Non conformity | 1 | 0 | 1 | 2 | 3 | 4 | 2 | 4 | 4 | 6 monthly Audit Report by external certifying body |
| c) | Occupational Health & Safety Management System - as per OHSAS 18001:2007 Standard | Non conformity | 1 | 1 | 2 | 3 | 4 | 5 | 3 | 4 | 4 | |
| d) | Customer satisfaction on a scale of 1000 on indexation method devised by CPSE. | Numbers | 1 | 1000 | 875 | 840 | 750 | 650 | 840 | 700 | 700 | Signed copy of questionnaire sent by customers |
| e) | <u>Human Resources Management</u> Annexure - I attached | | 5 | | | | | | | | | |
| f) | <u>R&D for sustained and continuous innovation</u> | | | | | | | | | | | |
| i) | <u>Research & Development</u> Annexure - II attached | | 5 | | | | | | | | | |
| ii) | <u>Innovation</u> | | | | | | | | | | | |
| a) | Identification of alternative source of water for plant operation at Mangalore unit | Date | 1 | 31.07.12 | 31.08.12 | 30.09.12 | 31.10.12 | 30.11.12 | | No date specified | | Willingness letter from Mangalore City Corporation |
| b) | <u>E-commerce</u> E-procurement by reverse auction for other than procurement of Ore from NMDC | Percentage of total procurement value | 2 | 90 | 80 | 70 | 60 | 50 | 70 | 60 | 60 | Details provided by service provider |
| g) | <u>Project implementation/Capital Expenditure</u> | | | | | | | | | | | |
| i) | Completion of piling work for Coke Oven plant | Date | 1 | 31.01.13 | 15.02.13 | 28.02.13 | 15.03.13 | 31.03.13 | | No date specified | | Work completion certificate |

| Sl.No. | Particulars | Unit | Weight | Performance Rating | | | | | Budget Estimate 2012-13 (BE) | Budget Estimate 2011-12 | | Documentary evidence and source/origin of documents |
|--------|---|---|--------|--------------------|-----------|----------|----------|----------------|---------------------------------|----------------------------|------|--|
| | | | | Excellent | Very Good | Good | Fair | Poor | | (BE) | (RE) | |
| | | | | 1 | 2 | 3 | 4 | 5 | | | | |
| | ii) Awarding civil contracts for Captive Power plant at BFU | Date | 1 | 31.01.13 | 15.02.13 | 28.02.13 | 15.03.13 | 31.03.13 | | No date specified | | Work order copy |
| | iii) Implementation of settling pit for Storm water drain | Date | 1 | 31.07.12 | 31.08.12 | 30.09.12 | 31.10.12 | 30.11.12 | | No date specified | | Work completion certificate |
| | iv) Construction of Shed No. 4 / 5 for storage of raw material. | Date | 1 | 31.01.13 | 15.02.13 | 28.02.13 | 15.03.13 | 31.03.13 | | No date specified | | Work completion certificate |
| h) | Corporate Social Responsibility (Annexure-III attached) | percentage of distributable profits of previous year to be spent during the year. | 5 | 3.50 | 3.25 | 3.00 | 2.50 | 2.00 | 3.00 | 3.00 | 3.00 | Annual Report of the Company |
| i) | <u>Sustainable development</u> Annexure - IV attached. | | 5 | | | | | | | | | |
| j) | <u>Corporate Governance</u> | | | | | | | | | | | |
| | i) Grading/Score of KIOCL on the basis of its compliance of Corporate Governance guidelines issued by DPE (Annexure-V attached) | % | 4 | 85 & above | 75-84 | 60-74 | 50-59 | Below 50 | 60-74 | - | - | Copies of compliance report |
| | ii) Date of submission to DPE of completed data-sheet for PE Survey and penalties | Date | 1 | 15.09.12 | 01.10.12 | 15.10.12 | 31.10.12 | After 31.10.12 | | No date specified | | Print out of data sheet |

| Sl.No. | Particulars | Unit | Weight | Performance Rating | | | | | Budget Estimate 2012-13 (BE) | Budget Estimate 2011-12 | | Documentary evidence and source/origin of documents |
|-------------------------------|---|------------------------------------|--------|--------------------|------------|------------|----------|----------|---------------------------------|----------------------------|-------|--|
| | | | | Excellent | Very Good | Good | Fair | Poor | | (BE) | (RE) | |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| k) | Compliance of DPE guidelines issued vide O.M. 3(11)/2011-DPE(MoU) dated 20.01.2012 | | | | | | | | | | | |
| | a) Issue of Bonus Shares : suitable recommendation to the Ministry through Board | Date | 1 | 28.02.2013 | 15.03.2013 | 31.03.2013 | - | - | - | - | - | Recommendation report |
| | b) Reservation for SC/ST and OBC in appointments | Guidelines fully complied | 1 | Yes | - | - | - | No | - | - | - | Reservation report |
| | c) Posting of Deputationists | Guidelines fully complied | 1 | Yes | - | - | - | No | - | - | - | Deputation report |
| | d) Implementation of 2007 pay Revision : As per Proforma I | % compliance of guidelines | 1 | 100 | 80 | 60 | 40 | 20 | - | - | - | Pay revision report |
| | e) Switching over from CDA to IDA pattern of Pay scales- As per Proforma II | % compliance of guidelines | 1 | 100 | 80 | 60 | 40 | 20 | - | - | - | IDA report |
| <u>PART-B</u> | | | | | | | | | | | | |
| <u>SECTOR-SPECIFIC</u> | | | | | | | | | | | | |
| I | <u>Survival Strategy</u> | | | | | | | | | | | |
| | a) Procurement of Iron Ore from Private source | % of total procurement of Iron Ore | 2 | 20 | 15 | 10 | 7.5 | 5 | | Not specified | | Purchase Order placed |
| | b) Award of contract for setting up of Coke Oven Battery at BFU, Mangalore. | Date | 2 | 31.07.12 | 31.08.12 | 30.09.12 | 31.10.12 | 30.11.12 | | No date specified | | Work Order |
| III | ENTERPRISE SPECIFIC & EFFICIENCY PARAMETER | | | | | | | | | | | |
| <u>Production</u> | | | | | | | | | | | | |
| | a) Pellets | in million tonnes | 2 | 3.000 | 2.750 | 2.500 | 2.380 | 2.250 | 2.500 | 3.000 | 3.000 | Annual Report |

| Sl.No. | Particulars | Unit | Weight | Performance Rating | | | | | Budget Estimate 2012-13 (BE) | Budget Estimate 2011-12 | | Documentary evidence and source/origin of documents |
|-----------------------------|---|------|--------|---|-----------|----------|----------|----------|---------------------------------|----------------------------|------|---|
| | | | | Excellent | Very Good | Good | Fair | Poor | | (BE) | (RE) | |
| | | | | 1 | 2 | 3 | 4 | 5 | | | | |
| <u>Safety</u> | | | | | | | | | | | | |
| b) | Mandays lost on account of accidents in Mangalore | No. | 2 | 45 | 50 | 55 | 60 | 65 | 55 | 55 | 55 | Report submitted to Factory Inspector about accident occurred during the month/year |
| <u>Others</u> | | | | | | | | | | | | |
| c) | Rationalising the Manpower deployment at Kudremukh-essential to support Mangalore plant | Date | 1 | 30.06.12 | 31.07.12 | 31.08.12 | 30.09.12 | 31.10.12 | No date specified | | | |
| <u>Globalisation</u> | | | | | | | | | | | | |
| | Identifying the sources/ areas for acquittion of mineral assets abroad | | | Entering in to MOU with the preferred partner | | | | | | | | |

Assumptions:

- 1) It is assumed that the raw material for production of Pellets will be procured from outside sources.
- 2) M/s NMDC will ear-mark and supply major quantity of Iron Ore Fines required for the Pellet Plant.
- 3) The Railways will allot the required number of rakes for movement of raw material for the Pellet plant.
- 4) Adequate quantity of water is available for the entire operations at Mangalore.
- 5) Capital employed as on 1-4-2013 estimated and used for calculations under different columns of performance matrix is (in ₹ crores) – **Excellent ₹ 2019.23, Very Good – ₹ 2001.62, Good – ₹ 1984.53**, Fair ₹ 1973.34 and Poor ₹ 1962.05
- 6) Net Worth as on 1-4-2013 estimated and used for calculations under different columns of performance matrix is (in ₹ crores) – **Excellent ₹ 2160.82, Very Good – ₹ 2143.21, Good – ₹ 2126.12**, Fair ₹ 2114.93 and Poor ₹ 2103.64
- 7) Absolute value of Gross Block under different columns of performance matrix as on 1.4.2013 is – ₹ 1671.93 crores has been estimated and used for calculation.
- 8) Absolute Value of Gross Profit under different columns of performance Matrix is - (in ₹ crores) – **Excellent – ₹ 195.87, Very Good – ₹ 161.47, Good – ₹ 128.10**, Fair – ₹ 106.24 & Poor - ₹ 84.20.
- 9) Absolute Value of Net Profit (after tax and before Dividend) under different columns of performance Matrix is - (in ₹ crores) - **Excellent – ₹ 130.81, Very Good – ₹ 107.84, Good – ₹ 85.55**, Fair – ₹ 70.95 & Poor - ₹ 56.23
- 10) The price of Pellets is assumed, on an average, @ US \$ 175 per tonne at an exchange rate of US \$ 1 = ₹ 50.00

HRM Performance Evaluation under Memorandum of Understanding 2012 - 13

| S.No. | HRM - Performance Indicators | Measurement Unit | weightage Value under five point scale - Basic Target (Good / Very Good) - to be filled at the time of submission of draft Mou by CPSE | Excellent | Very Good | Good | Average | Poor | Source | Evidence |
|----------|--|---|--|--|----------------------|----------------------|--------------|----------------|---------------------|--|
| A | Competency & Leadership Development | | | | | | | | | |
| | A 1 Compulsory | | | | | | | | | |
| 1 | % actualisation of Training Plan & Training Days per employee per year | % fulfilment & Days / per employee per year | 5 | 3 mandays | 2.75 mandays | 2.5 mandays | 2.25 mandays | < 2.25 mandays | Internal / External | Attendance / Intimation letter |
| 2 | Developing critical mass of leaders through a system of career planning & development | % fulfilment of planned leadership development programmes | 5 | MDP / Leadership Programmes | | | | | External | Intimation letter |
| | | | | 4 nos | 3 nos | 2 nos | 1 nos | 0 nos | | |
| 3 | Training budget as % of employee cost | % of employee cost | 5 | % of Manpower Cost (CTC) | | | | | F&A Dept | Annual Budget |
| | | | | 0.25% | 0.225% | 0.20% | 0.175% | <0.175% | | |
| 4 | % fulfilment of training plan for Multiskilling / Skill upgradation of non executives | % | 5 | Only for Non Executives | | | | | Internal / External | Attendance / Intimation letter |
| | | | | 15% | 12% | 10% | 5% | < 5% | | |
| | A 2 Optional (Out of below five ,one is to be taken in the MoU) | | | | | | | | | |
| 5 | % of executives covered in 360 degree feed back system against plan) | % | 5 | | | | | | | |
| 6 | % of senior level executives (HoDs & GMs and Above) covered in Assessment & Developemt Centre | % | | | | | | | | |
| 7 | Training interventions in new / advanced technology - % fulfilment of training plan in new technology : Pressure filter | % | | 3% | 2.8% | 2.6% | 2.4% | < 2.4% | External | Intimation letter |
| 8 | Intervention towards Industry - Academia Interface | Yes / No : details | | | | | | | | |
| 9 | % fulfilment of plan for carrying out Competency Mapping of employees | % | | | | | | | | |
| | Total | | 25 | | | | | | | |
| | | | | | | | | | | |
| B | Performace Management | | | | | | | | | |
| 10 | To ensure implementation of Bell Curve Approach in PMS ratings | Yes /No | 4 | Yes | | | | | Internal | Approved Scheme |
| 11 | Linkage of Developmet Plan of Executives with Performance Management System | Yes /No | 3 | Yes | | | | | Internal | Approved Scheme |
| 12 | Implementaion of PRP linked to PMS | Yes / No : details | 3 | Yes | | | | | Internal | Approved Scheme |
| | Total | | 10 | | | | | | | |
| | | | | | | | | | | |
| C | Recruitment , Retention and Talent Management | | | | | | | | | |
| 13 | Manpower Rationalisation through * voluntary retirements * Redeployment * Any other | % | 5 | 2% | 1.75% | 1.50% | 1.25% | < 1.25% | Internal | Note Approval |
| | | | | | | | | | | |
| 14 | Attrition as % of total employees | % | 5 | 0.8% | 0.9% | 1.0% | 1.1% | > 1.1% | Internal | Resignations |
| 15 | Presence of Mentorship Development Programmes - Nos. of Mentors and Mentees | Yes / No : Numbers | 5 | 1 - 3 | 1 - 4 | 1 - 5 | 1 - 6 | > 1 - 6 | Internal | Subordiante Development Report |
| 16 | Formulation / Implementation of systems for management of Talent such as - Job rotation , reward system,sponsoring sr.executives for Advanced Management Programme,growth opportunities etc. | Schemes / Initiatives & their details | 5 | (a) Deployment of Junior Executives to Silo Operation (b) Training on Pressure filter operation (c) Training on Coke oven Operation (d) Nomination for MDP Programmes (e) Nominating Senior Executives for training under PESB Interview | | | | | Internal /External | Intimation letter / Training Documents |
| | | | | 12 Executives | 10 Executives | 08 Executives | 6 Executives | < 6 Executives | | |
| | Total | | 20 | | | | | | | |

| S.No. | HRM - Performance Indicators | Measurement Unit | weightage Value under five point scale - Basic Target (Good / Very Good) - to be filled at the time of submission of draft Mou by CPSE | Excellent | Very Good | Good | Average | Poor | Source | Evidence |
|-------|--|--|--|--|-----------|----------|-----------|-------------|---------------------|-------------------------|
| D | Enabling Creativity & Innovation | | | | | | | | | |
| 17 | Nos. of Nominations / entries submitted for National Award (PM Shram Awards,Vishwakarma Ratsriya Puraskar) | Nos. of nominations / entries submitted for national awards | 5 | 4 nos | 3nos | 2nos | 1nos | 0 nos | Internal | Nomination Applications |
| 18 | Number of suggestions generated per employee per year | Nos.per employee | 5 | 0.01nos | 0.009 nos | 0.008nos | 0.005 nos | < 0.005 nos | Internal | Suggestions |
| 19 | % of Quality Circle projects completed against total circle projects undertaken in a year. | % of fulfillment | 5 | 100% | 80% | 60% | 40% | 30% | Internal | Project Report |
| | Total | | 15 | | | | | | | |
| E | Employee Relations & Welfare | | | | | | | | | |
| 20 | Effectiveness of Grievances Redressal System - % of Grievances settled vis-à-vis received during the year | % of settlement | 4 | 80% | 60% | 50% | 40% | <40% | Internal | Compliance Report |
| 21 | Pension, Medicare,Yoga classes to reduce stress where the job is stressful,setting up of wellness centre such as Gym etc | Number of programmes / date of Implementation of scheme | 4 | 4 | 3 | 2 | 1 | 0 | Internal / External | No. of Programmes |
| 22 | Employee Satisfaction survey - ESI measure in % | % | 4 | In Overall ManPower | | | | | External | Survey Report |
| | | | | 50% | 40% | 30% | 20% | < 20% | | |
| 23 | Formulation and implementaion of social security scheme | Yes / No | 4 | Yes | | | | | Internal | Scheme |
| 24 | Number of structured meetings with employees' representatives | Number of Meetings | 4 | 4 | 3 | 2 | 1 | 0 | Internal | Meeting Report |
| | Total | | 20 | | | | | | | |
| F | HR Branding & Excellence - Indicate achievement in this field for initiatives such as: | | | | | | | | | |
| 25 | Participation in survey conducted by external agencies (Employer of Choice ,Best employer,Best Place to work etc) | Details reagarding the initiatives to be given along with achievements | 10 | Organization Culture Building initiatives by workshops | | | | | Internal | Study Report |
| | Review / Revisit / Re -engineer HR Policy for meeting changing business priorities. | | | | | | | | | |
| | Benchmarking projects undertaken in area of HR | | | | | | | | | |
| | Organisation Culture Building initiatives | No. of workshops | | 6 | 5 | 4 | 3 | 2 | | |
| | Total | | 10 | | | | | | | |
| | Grand Total | | 100 | | | | | | | |

NB: Total score out of 100 awarded on HRM to CPSE will be converted into score out of 5 in MoU on pro -rata basis

ANNEXURE-II**Table -1 Mandatory Parameter - Total R&D Expenditure as a percentage of PAT**

| | Unit | Weightage | Performance Target | | | | | |
|---------------------------------|----------|-----------|--------------------|--------|------|------|------|--------|
| | | | Excellent | V.Good | Good | Fair | Poor | Actual |
| | | | 1 | 2 | 3 | 4 | 5 | |
| a) R & D expenses as a % of PAT | % of PAT | 2.5 | 1.00 | 0.75 | 0.50 | 0.25 | 0 | |

Table-2 Project Chosen by CPSE

| | | | | Target Value | | | | | |
|---------|--|-------------------------|-----------|--------------|----------|----------|----------|----------|--------|
| Sl. No. | Project Chosen | Performance Indicator | Weightage | Excellent | V.Good | Good | Fair | Poor | Actual |
| | | | | 1 | 2 | 3 | 4 | 5 | |
| 2.1 | Optimization of grinding media in Ball Mill | Completion date | 1 | 31.10.12 | 30.11.12 | 31.12.12 | 31.01.13 | 28.02.13 | |
| 2.2 | Stabilization of Burnt Lime addition through mechanized handling system | Project Completion Date | 1 | 31.10.12 | 30.11.12 | 31.12.12 | 31.1.13 | 28.2.13 | |
| 2.3 | Study on migration from Oil based system to Gas based system in Indurating Machine at Pellet plant | Date | 0.5 | 30.09.12 | 31.10.12 | 30.11.12 | 31.12.12 | 31.01.13 | |

| CORPORATE SOCIAL RESPONSIBILITY | | | | | | | | | | | | | | | Annexure - III | | | | | |
|---------------------------------|---|---------------|-----------------|---|---|---|-------------------------------|---------------------|-------------------------------|-------------------------------|---|--|---|--|----------------------|----------------------------------|---|--------------------------------------|--------------------|--------------|
| Name of Company | Project Details | | | | Baseline Study | | Implementation | | Documentation & dissemination | | Name of Monitoring Agency | Brief details of evaluation report | Finance in CSR | | Agency of Evaluation | Have you signed MoU with CSR Hub | Do you have CSR unit in your company (if Yes give details) | | | |
| | Name of Project | Starting Date | Completion Date | Amount Allotted with year wise break up | Date of completion of Baseline/ Need assessment | Name of Agency | Name of Implementing Agency | Date of appointment | Amount spent | Name of Agency | | | What % age of profit of company is allocated to the CSR | What is the expenditure %age in CSR activities of the total budget allocated | | | Name | Designation | Email Id | Contact No. |
| KIOCL Limited | Construction of houses to Scheduled Tribe Koraga Community | May-12 | Feb-13 | 45,00,000 | Sep-11 | CSR Committee in association with Govt. Departments | Zilla Panchayth | Apr-12 | To be Spent | Zilla Panchayat | Zilla- Panchayat | Group Houses for Economically backward families | 3 | 30 | CSR Committee | A c t i o n i n i t i a t e d | I. Corporate Level Committee | | | |
| | Medical Infrastructure facility- Chikkanayakana halli Ambulance and Oxygen Concentrator | May, 12 | Dec-12 | 8,00,000 | Jan-12 | CSR Committee/ Govt Departments | Zilla Panchayth | Apr-12 | To be Spent | Hospital Authorities | Hospital Authorities | Provision of medical facility for people in and around Chikkanayakana- halli | | 5.33 | Do | | S.Rajendra | General Manager (Personnel) | bgmpa@kudreore.com | 080-25531104 |
| | Ziilla Panchayath Schools in Mangalore | May, 12 | Dec-12 | 8,00,000 | Jan-12 | CSR Committee/ Govt Departments | Zilla Panchayth | Apr-12 | To be Spent | Institution authorities | Zilla Panchayat | Provision of infrastructural facility to schools | | 5.33 | Do | | Bobraj V Jeyaharan | General Manager (Materials) | bgmm@kudreore.com | 080-25532163 |
| | Akshaya Patra Foundation- Kitchen Utencils | May-12 | Aug-12 | 15,00,000 | Jan-12 | Akshaya Patra Foundation / CSR Committee | Akshaya Patra Foundation | Apr-12 | To be Spent | Akshya Patra Foundation | Akshaya Patra Foundation /CSR Committee | Provision of Kitchen utensils for preparation of hot mid day meal for poor school children | | 10 | Do | | Vidyananda N | General Manager (Production) | mgmp@kudreore.com | 0824-2407916 |
| | Construction of Public Toilets at Bangalore | May-12 | Oct-12 | 15,00,000 | Jan-12 | CSR Committee/ Govt Departments | BBMP | Apr-12 | To be Spent | BBMP | CSR Committee and BBMP | For utlity of general public | | 10 | Do | | JV Nikam | Additional General Manager (Finance) | bf&a@kudreore.com | 080-25532939 |
| | Construction of Community Halls at Jamble | May-12 | Oct-12 | 9,00,000 | Jan-12 | CSR Committee/ Grama Panchayat | Grama panchayat, Samse | Apr-12 | To be Spent | Grama panchayat, Samse | CSR Committee & Grama panchayat, Samse | For utlity of general public | | 6 | Do | | II. Sub-Committees | | | |
| | Construction of Class Rooms to Kalasa School and College | May-12 | Oct-12 | 15,00,000 | Jan-12 | CSR Committee/ Govt Departments | Institution authorities | Apr-12 | To be Spent | Institution authorities | Institution authorities | Provision of infrastructural facility to schools | | 10 | Do | | A. Mangalore: | | | |
| | Promotion of Sports and Games- Sponsorship of Bangalore Olympics | May-12 | May-12 | 15,00,000 | Jan-12 | CSR Committee/ Govt Departments | Karnataka Olympics Assocation | Apr-12 | To be Spent | Karnataka Olympics Assocation | Karnataka Olympics Assocation | To develop sports and cultural activities | | 10 | Do | | Shri. G H Moulesh, Additional General Manager (Pers) Shri. Gajanana Pai, Deputy General Manager (Projects) Shri.Hariyappa Poojary, Senior Manager (Finance) and Shri.A.S.Ramappa, Manager (Public Relations) | | | |
| | Medical Facility for BPL Families at Mangalore/ Bangalore & Kudremukh | Apr-12 | Mar-13 | 10,00,000 | Jan-12 | CSR Committee | CSR Committee | Apr-12 | To be Spent | CSR Committee | CSR Committee | To provide free medical facility to BPL and poor families | | 6.67 | Do | | B. Kudremukh: | | | |
| | Spreading of environmental awareness(by plantation etc) amongst school children, Mangalore | Apr-12 | Mar-13 | 10,00,000 | Jan-12 | CSR Committee | Concerned Institutions | Apr-12 | To be Spent | Concerned Institutions | Concerned Institutions | To create environment awareness amongst children | | 6.67 | Do | | Shri. P.V. Kalluraya, Additional General Manager I/c.(K) Shri. P. Ravindra, Deputy Manager(Civil) Shri.Rajanna, Assistant Manager (Administration) Shri K P Rathnakara, Assistant Manager (Accounts) | | | |
| | | | | | | | | | | | | | | | | | C.Bangalore: | | | |
| | | | | | | | | | | | | | | | | | Shri.Jayanth V Nikam, Additional General Manager (Finance) Shri.H.S.Anil Kumar, Senior Manager (New Business Development) Shri. R. Mohan Manager (Administration) and Shri.Bhojraj, Manager (Technical Services) | | | |

SUSTAINABLE DEVELOPMENT

| Sl. No. | Activity | |
|---------|---|--|
| 1. | Whether Specific SD Plan and Budget passed by Board or its Designated Committee | Yes 207 th Meeting of the Board of Directors. Resolution No. 3691 dated 18-11-2011 |

Table 1. SD Committee details ()

| Board level Designated Committee Name | Chairman of Board level Designated Committee | Number of regular meetings held | Key decisions during the year |
|---------------------------------------|--|---------------------------------|-------------------------------|
| 1 | 2 | 3 | 4 |
| | | | |

| | |
|----------------------------|-----|
| Total score for this Table | 0.5 |
|----------------------------|-----|

| | |
|----------------------------------|--|
| Score allotted by the Task Force | |
|----------------------------------|--|

Table 2.Total SD Expenditure as a percentage of PAT

| | Excellent | V Good | Good | Fair | Poor | Total expenditure (current FY) (Rs lakhs) | Profit after tax (previous FY) (Rs. in lakhs) | Actual Expenditure as % of PAT |
|---|-----------|--------|------|------|------|---|---|--------------------------------|
| 1 | | | | | | 2 | 3 | 4 |
| Budget allocation towards SD expenditure as a percentage of PAT | 0.60 | 0.55 | 0.50 | 0.45 | 0.40 | | | |
| Total score for this Table | | | | | | | | 1.0 |

| | |
|----------------------------------|--|
| Score allotted by the Task Force | |
|----------------------------------|--|

Table 3 : Projects selected under Sustainable Development Programme under MOU 2012-13

| Sl. No | Schedule A/B | Project/ activity | Performance indicator | Total expenditure on project / activity (Rs. Lakhs) | Duration S / M / L | Target Set (on a five Point scale) | | | | | Target achieved |
|--------|--------------|--|---|--|--------------------|------------------------------------|-----------|----------|----------|----------|-----------------|
| | | | | | | Excellent | Very Good | Good | Fair | Poor | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | | | | | 8 |
| 1. | A | Water Management- | | | | | | | | | |
| | | Improvisation of existing Sewerage Treatment Plant at PPU | Period of Completion | 95.00 | Short Term | 30.09.12 | 31.10.12 | 30.11.12 | 31.12.12 | 31.1.13 | |
| 2. | A | Others – | | | | | | | | | |
| | | (Reduction in Air Emission) Replacement of High Sulphur Furnace Oil to low Sulphur Furnace Oil | Sox emission of 250 mg/m 3 (Baseline 250 mg/m3 of emission) | No capital expenditure. However, the Company will incur additional expenditure of Rs.5/- (US\$0.10) per ton of Pellet production on account of switch over from high sulphur Furnace oil to Low Sulphur Furnace Oil. | Long Term | 165 | 170 | 175 | 180 | 185 | |
| 3. | B | Supply chain- | | | | | | | | | |
| | | Establishing vision & objectives for supply chain sustainability | Date of completion | | Short Term | 30.11.12 | 31.12.12 | 31.01.13 | 28.02.13 | 31.03.13 | |
| 4. | A | Energy Management- | | | | | | | | | |
| | | Energy Audit | Date of completion | 10.00 | Short Term | 30.09.12 | 31.10.12 | 30.11.12 | 31.01.13 | 31.03.13 | |

| | | | | | | | | | | | |
|----|---|---|------------------|-------|------------|------------|-----------|-----------|----|----|--|
| 5. | B | Training | | | | | | | | | |
| | | Training of employees, Contract Labour, Vendors, Suppliers, Partners, local Communities, and other stakeholders on aspects of SD. | No. of employees | 10.00 | Short Term | | | | | | |
| | | Employees | No. of employees | | Short Term | 100 | 90 | 80 | 70 | 60 | |

Each project / activity as mentioned above will have a weightage of 0.50 separately.

| | |
|----------------------------------|-----|
| Total score for this Table | 2.5 |
| Score allotted by the Task Force | |

Table 4. Evaluation of Projects

No. of projects evaluated by an Independent External Agency/Expert/Consultant, etc.

| Sl. No. | Project Activity | Evaluation/Certifying Agency | Documentary evidence and source /origin of documents |
|---------|---|--|---|
| 1. | Water Management- Improvisation of existing Sewerage treatment plant at PPU | Job completion certification issued by the contractor. | Job completion certification. |
| 2. | Others – (Reduction in Air Emission) Replacement of High Sulphur Furnace Oil to Low Sulphur Furnace Oil | Hubert Environ (P) Limited, Authorized Agency by Karnataka State Pollution Control Board | Copy of certificate to be issued by the Authorized Agency. |
| 3. | Supply chain. (Establishing Vision & Objectives for supply Chain sustainability) | Internal | Inspection Document, feed back & confirmation received from Vendor. |
| 4. | Energy Management-Energy Audit. | Petroleum Conservation Research Association, Govt. Agency (PCRA, Chennai) | Copy of certificate to be issued by the Authorized Agency. |
| 5. | Training of employees, Contract Labour, Vendors, Suppliers, Partners, local Communities, and other stakeholders on aspects of SD. | External Consultants | 1. Copy of Notice issued for convening the meeting. 2. Participant Attendance Register |

| | |
|----------------------------------|-----|
| Total score for this Table | 0.5 |
| Score allotted by the Task Force | |

| Table 5. - Publication of SC performance Report | | |
|--|--------|--|
| Activity | Yes/No | Mode of SD Report (if reported, whether a stand-alone SD Report or a part of Annual Report, etc.) Key decisions during the year |
| 1 | 2 | 3 |
| SD performance Report | | |

| | |
|----------------------------|-----|
| Total score for this Table | 0.5 |
|----------------------------|-----|

| | |
|-------------------------------------|--|
| Score allotted by the Task Force | |
|-------------------------------------|--|

| | |
|----------------------------|---|
| Total score for all Tables | 5 |
|----------------------------|---|

| | |
|--|--|
| Total allotted score for all Tables | |
|--|--|

ANNEXURE-V**Format for grading Central Public sector enterprises (CPSEs) on the basis of their compliance of Guidelines on Corporate Governance**

Name of CPSE : KIOCL Limited
Name of Ministry / Department : Ministry of Steel
Listed/Unlisted : Listed
Year : 2012-13
Quarter :

1.1 Composition of Board (2 marks)

| Sl. No. | Indicator | Prescribed Marks | Criteria for Measurement | Awarded Marks |
|---------|--|------------------|--------------------------|---------------|
| i. | Does the Board have an optimum combination of functional, nominee and Independent Directors? (The optimum number of members in the board may be decided by the DPE). | 1 | Yes=1 No=0 | |
| ii. | Does the number of functional Directors in the Company (including CMD/MD) constitute 50% of the actual strength of the Board? | 1 | Yes=1 No=0 | |
| | | 2 | | |

1.2 Non-official Directors (5 marks)

| Sl. No. | Indicator | Prescribed Marks | Criteria for Measurement | Awarded Marks |
|---------|---|------------------|--------------------------|---------------|
| i. | Is the number of Nominee Directors appointed by Government/other CPSE as per the DPE Guidelines? | 1 | Yes=1 No=0 | |
| ii. | Is the number of Independent Directors at least 50% of Board Members (in the case of listed CPSE with an executive chairman) and at least one-third (in the case of listed but without an executive chairman or not listed CPSE). | 4 | Yes=4 No=0 | |
| | | 5 | | |

1.3 Part-time Directors' Compensation and Disclosure (1 marks)

| Sl. No. | Indicator | Prescribed Marks | Criteria for Measurement | Awarded Marks |
|---------|--|------------------|--------------------------|---------------|
| i. | Is the fee/compensation of part-time Directors including Independent Directors fixed by Board as per the DPE Guidelines and Companies Act, 1956? | 1 | Yes=1 No=0 | |
| | | 1 | | |

1.4 Board Meetings (2 marks)

| Sl. No. | Indicator | Prescribed Marks | Criteria for Measurement | Awarded Marks |
|---------|--|------------------|--------------------------|---------------|
| i. | Over the last 12 months did the Board meet at least 4 times without exceeding the time gap of three months between two meetings? | 1 | Yes=1 No=0 | |
| ii. | Over the last 12 months, did all members of the Board receive notification of Board meetings with meeting agenda at least 7 working days in advance of meetings? | 1 | Yes=1 No=0 | |
| | | 2 | | |

1.5 Review of Compliance of Laws (5 marks)

| Sl. No. | Indicator | Prescribed Marks | Criteria for Measurement | Awarded Marks |
|---------|--|------------------|--------------------------|---------------|
| i. | Does the management certify to the Board that all laws and statutes as applicable to the Company have been obeyed and complied with? | 5 | Yes=5 No=0 | |
| | | 5 | | |

1.6 Code of Conduct (2 marks)

| Sl. No. | Indicator | Prescribed Marks | Criteria for Measurement | Awarded Marks |
|---------|--|------------------|--------------------------|---------------|
| i. | Does the Company have a manual on Corporate Governance approved by the Board applicable to Directors and senior management of the Company? | 1 | Yes=1 No=0 | |
| ii. | Do the members of the Board having conflict of interest abstain from participating in the agenda item in which he/she has personal interest? | 1 | Yes=1 No=0 | |
| | | 2 | | |

1.7 Risk Management (4 marks)

| Sl. No. | Indicator | Prescribed Marks | Criteria for Measurement | Awarded Marks |
|---------|---|------------------|--------------------------|---------------|
| i. | Does the Company have risk management plan approved by the full Board? | 2 | Yes=2 No=0 | |
| ii. | Does the Board review and take remedial action to implement the risk management plan? | 2 | Yes=2 No=0 | |
| | | 4 | | |

1.8 Training of New Board Members (4 Marks)

| Sl. No. | Indicator | Prescribed Marks | Criteria for Measurement | Awarded Marks |
|---------|--|------------------|--------------------------|---------------|
| i. | Does the Board have a policy specifying training requirements for Board members? | 2 | Yes=2 No=0 | |
| ii. | Do the Board members receive institutional training of one week per year after appointment to the Board? | 2 | Yes=2 No=0 | |
| | | 4 | | |

2.1 Constitution of Audit Committee (4 marks)

| Sl. No. | Indicator | Prescribed Marks | Criteria for Measurement | Awarded Marks |
|---------|--|------------------|--------------------------|---------------|
| i. | Does the Board of Directors have a qualified and Independent Audit Committee with a Terms of Reference? | 1 | Yes=1 No=0 | |
| ii. | Does the Audit Committee have minimum three Directors as members and two-third of its members as Independent Directors? | 1 | Yes=1 No=0 | |
| iii. | Is the Audit Committee chaired by an Independent Director? | 1 | Yes=1 No=0 | |
| iv. | Do all members of the Audit Committee have knowledge of financial matters of the Company and at least one member has expertise in accounting and financial management? | 1 | Yes=1 No=0 | |
| | | 4 | | |

2.2 Audit Committee Role (6 marks)

| Sl. No. | Indicator | Prescribed Marks | Criteria for Measurement | Awarded Marks |
|---------|---|------------------|--------------------------|---------------|
| i. | Do the procedures governing the Audit Committee specify that the Audit Committee is responsible for the oversight of the Company's financial reporting process and the disclosures of its financial information? | 1 | Yes=1 No=0 | |
| ii. | Do the procedures Governing the Audit Committee specify that it can recommend to the Board the fixation of audit fees? | 1 | Yes=1 No=0 | |
| iii. | Do the procedures governing the Audit Committee specify that it can approve the payment to statutory auditors for any other services rendered by them? | 1 | Yes=1 No=0 | |
| iv. | Do the procedures governing the Audit Committee specify that the Audit Committee is responsible for reviewing with the management and ensuring that the Company's annual financial statements and audits are in compliance with applicable laws, regulations, and Company policies before submission to the Board for approval? | 1 | Yes=1 No=0 | |
| v. | Do the procedures governing the Audit Committee specify that the Audit Committee is responsible for reviewing with the management the performance of internal auditors and adequacy of the internal control systems? | 1 | Yes=1 No=0 | |
| vi. | Are the procedures and rules governing the Audit Committee approved by the full Board? | 1 | Yes=1 No=0 | |
| | | 6 | | |

2.3 Audit Committee Powers (5 Marks)

| Sl. No. | Indicator | Prescribed Marks | Criteria for Measurement | Awarded Marks |
|---------|---|------------------|--------------------------|---------------|
| i. | Is the Audit Committee empowered to seek information on and from any employee of the CPSE? | 1 | Yes=1 No=0 | |
| ii. | Does the Audit Committee have powers to secure help of outside legal or any other experts when necessary? | 1 | Yes=1 No=0 | |
| iii. | Does the Audit Committee have powers to mitigate conflicts of interest by strengthening auditor independence? | 1 | Yes=1 No=0 | |
| iv. | Is the Audit Committee empowered to ensure the effectiveness of internal controls and risk management? | 1 | Yes=1 No=0 | |
| v. | Is there a system of protection for employees and others who report infractions to the internal audit function or the external auditors (to protect "whistle blowers")? | 1 | Yes=1 No=0 | |
| | | 5 | | |

2.4 Meeting of Audit Committee (5 Marks)

| Sl. No. | Indicator | Prescribed Marks | Criteria for Measurement | Awarded Marks |
|---------|---|------------------|--------------------------|---------------|
| i. | Did the Audit Committee meet at least four times during the last 12 months? | 1 | Yes=1 No=0 | |
| ii. | Did the frequency of the Audit Committee meetings as per the norms (i.e., not more than four months shall elapse between two meetings)? | 2 | Yes=2 No=0 | |
| iii. | Did the minimum of two Independent Directors attend the meeting of the Audit Committee? | 2 | Yes=2 No=0 | |
| | | 5 | | |

2.5 Review of Information by Audit Committee (5 marks)

| Sl. No. | Indicator | Prescribed Marks | Criteria for Measurement | Awarded Marks |
|---------|--|------------------|--------------------------|---------------|
| i. | Does the Audit Committee review the management discussion and analysis of financial condition and results of operations? | 1 | Yes=1 No=0 | |
| ii. | Does the Audit Committee review the statement of related party transactions submitted by management? | 1 | Yes=1 No=0 | |
| iii. | Does the internal audit department report relating to internal control weakness reviewed by the Audit Committee? | 1 | Yes=1 No=0 | |
| iv. | Is the information regarding appointment and/or removal of Chief Internal Auditor placed before the Audit Committee? | 1 | Yes=1 No=0 | |
| v. | Does the Audit Committee review the declaration of financial statements by the CEO/CFO? | 1 | Yes=1 No=0 | |
| | | 5 | | |

3.1 Constitution of Remuneration Committee (5 marks)

| Sl. No. | Indicator | Prescribed Marks | Criteria for Measurement | Awarded Marks |
|---------|--|------------------|--------------------------|---------------|
| i. | Does the Board have Remuneration Committee? | 1 | Yes=1 No=0 | |
| ii. | Does the remuneration committee comprise of at least 3 directors who are all part-time Directors (Nominee or Independent)? | 2 | Yes=2 No=0 | |
| iii. | Is the remuneration committee chaired by an Independent Director? | 2 | Yes=2 No=0 | |
| | | 5 | | |

4.1 Board of Subsidiary Companies (3 marks)

| Sl. No. | Indicator | Prescribed Marks | Criteria for Measurement | Awarded Marks |
|---------|--|------------------|--------------------------|---------------|
| i. | Does the Board of subsidiary Company include at least one Independent director of the holding Company as a director? | 1 | Yes=1 No=0 | |
| ii. | Are the minutes of meetings of Board of Directors of subsidiary Company placed in the Board meetings of the holding Company? | 1 | Yes=1 No=0 | |
| iii. | Does the number of functional directors (including CMD/MD) constitute 50% of the actual strength of the Board? | 1 | Yes=1 No=0 | |
| | | 3 | | |

4.2 Review of Financial Statement of subsidiary by Audit Committee (1 marks)

| Sl. No. | Indicator | Prescribed Marks | Criteria for Measurement | Awarded Marks |
|---------|--|------------------|--------------------------|---------------|
| i. | Does the Audit Committee of the holding Company review the financial statements of the subsidiary Company? | 1 | Yes=1 No=0 | |
| | | 1 | | |

4.3 Review of Performance of subsidiary by Board (1 marks)

| Sl. No. | Indicator | Prescribed Marks | Criteria for Measurement | Awarded Marks |
|---------|--|------------------|--------------------------|---------------|
| i. | Does the Board of Directors of the holding Company review the performance of the subsidiary Company as per the DPE Guidelines? | 1 | Yes=1 No=0 | |
| | | 1 | | |

5.1 Transactions (3 marks)

| Sl. No. | Indicator | Prescribed Marks | Criteria for Measurement | Awarded Marks |
|---------|--|------------------|--------------------------|---------------|
| i. | Is the summary of transactions with related parties in the normal and ordinary course of business placed the Audit Committee of the Board? | 1 | Yes=1 No=0 | |
| ii. | Are the details of material individual transactions with related parties undertaken in extraordinary circumstances of business placed before the Audit Committee? | 1 | Yes=1 No=0 | |
| iii. | Are the details of material individual transactions with related parties or others, which are not on an arm's length basis placed before the Audit Committee along with Management's Justification for the same? | 1 | Yes=1 No=0 | |
| | | 3 | | |

5.2 Accounting standards (3 marks)

| Sl. No. | Indicator | Prescribed Marks | Criteria for Measurement | Awarded Marks |
|---------|--|------------------|--------------------------|---------------|
| i. | Do the Company's accounting procedures comply with the Accounting Standards adopted by ICAI? | 2 | Yes=2 No=0 | |
| ii. | Is the deviation from the prescribed Accounting Standards disclosed and explained in the financial statements and in the Corporate Governance Report of the Company? | 1 | Yes=1 No=0 | |
| | | 3 | | |

5.3 Consolidated Financial Statements (3 marks)

| Sl. No. | Indicator | Prescribed Marks | Criteria for Measurement | Awarded Marks |
|---------|---|------------------|--------------------------|---------------|
| i. | Are the consolidated Financial Statements of the Company prepared in accordance with the Accounting Standards, namely, AS ₂₁ , AS ₂₃ and AS ₂₇ issued by ICAI. | 3 | Yes=3 No=0 | |
| | | 3 | | |

5.4 Segment-wise Profit and Loss Statement (3 marks)

| Sl. No. | Indicator | Prescribed Marks | Criteria for Measurement | Awarded Marks |
|---------|---|------------------|--------------------------|---------------|
| i. | Does the Company disclose segment-wise profit & loss as per Accounting Standards 17 issued by ICAI? | 3 | Yes=3 No=0 | |
| | | 3 | | |

5.5 Board Disclosures – Risk Management (3 marks)

| Sl. No. | Indicator | Prescribed Marks | Criteria for Measurement | Awarded Marks |
|---------|---|------------------|--------------------------|---------------|
| i. | Do the Company's latest Annual Report include management's assessment of the Company's outlook for the future and identify important risks that the Company may face in future? | 2 | Yes=2 No=0 | |
| ii. | Has the Company included in its latest Annual Report a statement of its corporate objectives (Mission) and does it periodically update this statement? | 1 | Yes=1 No=0 | |
| | | 3 | | |

5.6 Remuneration of Directors (3 marks)

| Sl. No. | Indicator | Prescribed Marks | Criteria for Measurement | Awarded Marks |
|---------|--|------------------|--------------------------|---------------|
| i. | Does the Company's latest Annual Report disclose all pecuniary relationship or transactions of the part-time director's vis-à-vis the Company? | 2 | Yes=2 No=0 | |
| ii. | Does the Company disclose in its latest Annual Report the details on remuneration of Directors? | 1 | Yes=1 No=0 | |
| | | 3 | | |

5.7 Management Discussion and Analysis (1 marks)

| Sl. No. | Indicator | Prescribed Marks | Criteria for Measurement | Awarded Marks |
|---------|---|------------------|--------------------------|---------------|
| i. | Does the Management Discussion and Analysis Report include (a) Industry structure and developments; (b) Strength and weakness; (c) Opportunities and threats; (d) Outlook for the future; (e) Risks and concerns; (f) Internal control systems and their adequacy; (g) Analysis of finances and operations; (h) Human resources, industrial relations, and talent management issues; (i) Environmental conservation, renewal energy use and R&D issue, and (j) Social responsibility issues for the Company (CSR) | 1 | Yes=1 No=0 | |
| | | 1 | | |

5.8 Disclosures by Senior Management (1 Marks)

| Sl. No. | Indicator | Prescribed Marks | Criteria for Measurement | Awarded Marks |
|---------|---|------------------|--------------------------|---------------|
| i. | Does the Company's latest Annual Report disclose significant 'related party' transactions of senior management where they have personal interest? | 1 | Yes=1 No=0 | |
| | | 1 | | |

6.1 Report on Corporate Governance (4 Marks)

| Sl. No. | Indicator | Prescribed Marks | Criteria for Measurement | Awarded Marks |
|---------|---|------------------|--------------------------|---------------|
| i. | Does the Company's latest Annual Report have a separate section on Compliance to corporate Governance Guidelines issued by DPE? | 2 | Yes=2 No=0 | |
| ii. | Does the Company produce periodic reports and press releases to indicate significant developments impaction on corporate governance (such as, legal and environmental issues, commitment to workforce, suppliers, customers and local communities, etc.)? | 1 | Yes=1 No=0 | |
| iii. | Does the Company have a dedicated cell responsible for information sharing with stakeholders through the use of information and communication technologies (ICT)? | 1 | Yes=1 No=0 | |
| | | 4 | | |

6.2 Compliance Certificate (4 Marks)

| Sl. No. | Indicator | Prescribed Marks | Criteria for Measurement | Awarded Marks |
|---------|---|------------------|--------------------------|---------------|
| i. | Has the Company obtained a Certificate from the auditors and / or practicing Company Secretary regarding Compliance of Corporate Governance Guidelines and Annexes? | 2 | Yes=2 No=0 | |
| ii. | Does the latest Annual Report of the Company include the Compliance Certificate along with the Directors' Report, which is also sent to all shareholders? | 2 | Yes=2 No=0 | |
| | | 4 | | |

6.3 Chairman's Speech in AGM and Annual Report (4 Marks)

| Sl. No. | Indicator | Prescribed Marks | Criteria for Measurement | Awarded Marks |
|---------|--|------------------|--------------------------|---------------|
| i. | Does the Chairman's speech at the latest AGM include a section on compliance with Corporate Governance guidelines? | 2 | Yes=2 No=0 | |
| ii. | Does the Chairman's speech at the latest AGM form part of Annual Report of the Company? | 2 | Yes=2 No=0 | |
| | | 4 | | |

6.4 Holding AGM, Adoption of Audited Accounts and filing of adopted Accounts with the registrar of companies within the stipulated time (4 Marks)

| Sl. No. | Indicator | Prescribed Marks | Criteria for Measurement | Awarded Marks |
|---------|--|------------------|--------------------------|---------------|
| i. | Did the Company hold an Annual general Meeting (AGM) at a convenient time and place that was open to all shareholders? | 1 | Yes=1 No=0 | |
| ii. | Are the year-end Audited Accounts placed in the AGM for adoption by the shareholders of the Company? | 2 | Yes=2 No=0 | |
| iii. | Are the year-end Audited Accounts adopted in the AGM filed with the Registrar of Companies within the stipulated time? | 1 | Yes=1 No=0 | |
| | | 4 | | |

6.5 Timely Submission of Grading Report (4 Marks)

| Sl. No. | Indicator | Prescribed Marks | Criteria for Measurement | Awarded Marks |
|---------|--|------------------|--------------------------|---------------|
| i. | Did the Company submit quarterly grading report regarding DPE Guidelines on Corporate Governance in the prescribed format to respective Administrative Ministries within 15 days from the close of each quarter? | 4 | Yes=4 No=0 | |
| | | 4 | | |

(Signature of Authorized Signatory)
(Name and Designation of Authorized Signatory)

Note:

- The grading report in the format is to be filled for each quarter and total marks (out of 100) are to be calculated for each quarter. The scores for each of the four quarters are to be averaged for arriving at annual score.
- The grading would be awarded as under:-

| Grade | Annual Score |
|-----------|--------------|
| Excellent | 85 and above |
| Very Good | 75-84 |
| Good | 60-74 |
| Fair | 50-59 |
| Poor | Below 50 |

- In case, a particular indicator is not applicable to a CPSE, the same may be mentioned in the format along with justification for non-applicability and the score may be calculated after excluding the marks of that indicator and the marks may be pro-rata calculated for arriving at total score out of 100.

Proforma -I

Implementation of 2007 pay revision guidelines

| Sl. No. | Provision to be implemented | Relevant para/O.M. | Whether complied | |
|---------|---|--|------------------|----|
| | | | Yes | No |
| 1. | Affordability Clause for adoption of 2007 pay revision | Para 3 of O.M. dtd.26.11.2008 | | |
| 2. | No intermediary pay scale and 3% increment rate with no predetermined stages | Para 2 (vi) & Para 5 of O.M. dtd.26.11.2008 | | |
| 3. | Fitment to be given only once, no revision during currency of pay revision | Para 1 (I) of O.M. dtd.26.11.2008 | | |
| 4. | Perks & Allowances limited to 50% of Basic Pay | Para 10 of O.M. dtd.26.11.2008 | | |
| 5. | Only four specified allowances will be outside the purview of ceiling of 50% of basic pay. No other allowances/perks to be kept outside 50% limit. | Para 10 of O.M. dated 26.11.2008 | | |
| 6. | PMS in place with 'Beli Curve Approach' (not more than 15% graded as 'outstanding' and 10% to be graded as below par (no PRP for below par') | Annex-III (Iii) of O.M. dtd.26.11.2008 | | |
| 7. | Constitution of Remuneration Committee headed by Independent Director (for PRP purpose) | Annex-III (iv) of O.M. dtd.26.11.2008 | | |
| 8. | Company's car can be allowed to Executive Director (GM only if they head the projects. | Para 14 of O.M. dtd. 26.11.2006 | | |
| 9. | Allowances are allowed w.e.f. the date of issue of Presidential Directive or w.e.f. 26.11.2008 (if the Presidential Directive is issued by 01.05.2009 | Para 17 & Para 2 (v) dtd.26.11.2008 and 02.04.2009 | | |
| 10. | No conflict between officers pay revision and wage revision of work men. | Para (viii) of O.M. dtd. 09.11.2006 | | |

PROFORMA - II**Switch over from CDA to IDA**

(This will be applicable to CPSEs having employees under CDA pattern pay scales)

| Sl. No. | Provisions to be implemented | Relevant para/O.M. | Whether complied | |
|---------|---|---------------------------------------|------------------|----|
| | | | Yes | No |
| 1. | Whether provisions of DPE O.M. dated 12.06.1990 read with clarificatory O.M. 10.08.2009 are being followed strictly. | O.M.s dated 12.06.1990 and 10.09.2009 | | |
| 2. | Whether CDA pattern employees appointed (which includes promotion) on or after 01.01.1989 have been switched over to IDA pay pattern. | Para 3 (iii) of O.M. dated 12.06.1990 | | |
| 3. | Whether it is being ensured that CDA pattern employees not getting IDA perks & allowances including PRP. | Para 2 (c) of O.M. dated 08.06.2009 | | |
| 4. | Whether the CPSE created after 01.01.1989 is following IDA scales of pay and not CDA scales. | O.M. dated 12.06.1990 | | |

PART IV

COMMITMENTS/ASSISTANCE FROM THE GOVERNMENT

To assist the Company in regard to:

- (a) obtaining Mining Lease for Ramanadurg and other Iron Ore deposits in Karnataka.
- (b) obtaining Mining Lease/Prospecting Licence for Iron Ore Deposits in other States;
- (c) obtaining major quantity of Iron Ore Fines from M/s. NMDC Ltd., for Pellet Plant operation;
- (d) allotment of required number of rakes by Railways for movement of raw material for the Pellet plant.
- (e) Obtaining permission to draw water from the Lakya Dam and Pump through existing arrangement to Mangalore.
- (f) continuance of extension of EOU benefits under Customs and Central Excise for all equipment, spares & consumables for production activities;
- (g) continuance of freedom for arranging shipment of imported consignments directly instead of going through the Ministry of Surface Transport (TRANSCART);
- (h) any other issues of vital importance to the Company;

by taking up the matter with the appropriate Ministries/Departments of the Government of India/Karnataka, wherever necessary.

PART V

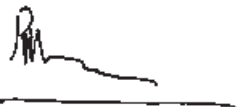
ACTION PLAN FOR IMPLEMENTATION AND MONITORING OF THE MOU

ACTION PLAN FOR IMPLEMENTATION OF THE MOU

1. The Company has drawn-up monthly production plan for Pellets. Every effort will be made to adhere to this plan.
2. The Company has also prepared a shipment plan in consultation with the offshore/domestic buyers for despatch of Pellets. Efforts will be made to ensure production of required quality and quantity to meet the despatch plan. The Company will be in touch with buyers regularly to ensure timely nomination of ships.
3. Every effort will be made for conservation of energy to adhere to the Targets.
4. The Company is making lot of efforts in the area of maintaining pollution free environment and preservation of ecology. These efforts will be intensified.
5. The Company has drawn up short & long term action plans for its future operations. Actual implementation of these plans will largely depend on extraneous factors and assistance from the State Government and the Administrative Ministry. Notwithstanding this, the Company will put in vigorous efforts to make these plans a reality.
6. In terms of the directives of the Hon'ble Supreme Court, the Company has stopped mining at Kudremukh w.e.f. 01-01-2006. The Pellet Plant at Mangalore is now being run from Iron Ore sourced from NMDC and from other sources. In order to achieve the production target of the Pellet Plant, it is necessary to procure Ore from outside source. The Company is planning to procure Iron Ore Fines from M/s NMDC and from other sources for Pellet Plant operation. This has to materialise in order to achieve the targeted production of 3.0 million tonnes of Pellets at 'Excellent' level.

MONITORING OF THE MOU

1. Half-yearly Review Meetings will be held at Government level to monitor performance.
2. KIOCL shall submit to the Ministry quarterly reports on performance monitored against the targets indicated in this MOU.
3. The Board of Directors of KIOCL, at every meeting, shall monitor the performance of the Company against the targets indicated in this MOU.



(PK Misra)

Secretary to the Govt. of India
Ministry of Steel



(K Ranganath)

Chairman-cum-Managing Director
KIOCL Limited

New Delhi, dated: 13th March, 2012

APPENDIX

TRENDS OF CPSE'S PERFORMANCE ON FINANCIAL PARAMETERS FOR THE LAST FIVE YEARS

| Sl. No. | Particulars | Unit | 2007-08 | | 2008-09 | | 2009-10 | | 2010-11 | | 2011-12 | | | 2012-13 | | | | |
|---------|--|----------------|----------------|---------------------------------------|----------------|---------------------|------------------|----------------|--------------------|-----------------|--------------------|-----------------|-----------------|-------------------------|-------------------------|--------------------|--------------------|--------------------|
| | | | MOU targets | Actual achievements excluding BF Unit | MOU targets | Actual achievements | MOU Targets Good | Actuals | MOU Targets - Good | Actuals | MOU Targets - Good | Actuals Sept 11 | RE for 2011-12 | MOU Targets - Excellent | MOU Targets - Very Good | MOU Targets - Good | MOU Targets - Fair | MOU Targets - Poor |
| (1) | (2) | (3) | (4) | | (5) | | (6) | | (7) | | (8) | | | (9) | (10) | (11) | (12) | (13) |
| | Production | | | | | | | | | | | | | | | | | |
| | Pellets | Mil tonnes | 2.600 | 1.927 | 2.850 | 1.316 | 2.650 | 1.273 | 2.780 | 2.124 | 3.000 | 0.764 | 3.000 | 3.000 | 2.750 | 2.500 | 2.380 | 2.250 |
| | Pig Iron | Mil tonnes | - | - | 0.196 | 0.118 | 0.170 | 0.062 | 0.100 | - | - | - | - | - | - | - | - | - |
| | | | | | | | | | | | | | | | | | | |
| | Gross Sales | ₹ crore | 1006.63 | 1173.85 | 1948.10 | 1228.98 | 1948.10 | 992.72 | 1,755.14 | 1,803.46 | 2,643.98 | 684.72 | 2,472.14 | 2,782.89 | 2,550.99 | 2,319.08 | 2,207.76 | 2,087.17 |
| | Gross Margin | ₹ crore | 78.14 | 192.95 | 169.97 | 62.25 | 195.69 | -134.64 | 66.38 | 162.61 | 108.46 | 53.39 | 160.06 | 230.07 | 195.67 | 162.30 | 140.44 | 118.40 |
| | Profit before tax | ₹ crore | 52.79 | 155.91 | 128.30 | 24.18 | 147.79 | -194.95 | 31.48 | 99.95 | 74.85 | 33.93 | 120.41 | 195.87 | 161.47 | 128.10 | 106.24 | 84.20 |
| | Gross Block | ₹ crore | 1211.70 | 1186.68 | 1500.07 | 1502.64 | 1560.14 | 1503.12 | 1,506.64 | 1,538.10 | 1,598.12 | 1,537.86 | 1,648.43 | 1,671.93 | 1,671.93 | 1,671.93 | 1,671.93 | 1,671.93 |
| | Less: Depreciation &DRE | ₹ crore | 1029.50 | 1016.62 | 1186.08 | 1150.57 | 1202.49 | 1180.88 | 1,214.66 | 1,223.32 | 1,241.66 | 1,242.50 | 1,262.97 | 1,299.14 | 1,299.14 | 1,299.14 | 1,299.14 | 1,257.52 |
| | Net Block | ₹ crore | 182.20 | 170.06 | 313.99 | 352.07 | 357.65 | 322.24 | 291.98 | 314.78 | 356.46 | 295.36 | 385.46 | 372.79 | 372.79 | 372.79 | 372.79 | 414.41 |
| | Share capital of CPSE | ₹ crore | 634.51 | 634.51 | 634.51 | 634.51 | 634.51 | 634.51 | 634.51 | 634.51 | 634.51 | 634.51 | 634.51 | 634.51 | 634.51 | 634.51 | 634.51 | 634.51 |
| | Reserves & Surplus of CPSE | ₹ crore | 1328.01 | 1468.30 | 1463.27 | 1483.50 | 1597.19 | 1306.23 | 1,254.01 | 1,364.00 | 1,371.67 | 1,386.57 | 1,426.10 | 1,526.40 | 1,508.79 | 1,491.70 | 1,480.51 | 1,469.22 |
| | Less:Capital reserve | ₹ crore | 0.09 | 0.09 | 0.09 | 0.09 | 0.09 | 0.09 | - | 0.09 | 0.09 | 0.09 | 0.09 | 0.09 | 0.09 | 0.09 | 0.09 | 0.09 |
| | Less:DRE/Pre acquisition loss | ₹ crore | - | 16.34 | - | 12.27 | - | 12.83 | - | - | - | - | - | - | - | - | - | - |
| | Less: Profit & Loss A/c | ₹ crore | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | Net Worth of CPSE | ₹ crore | 1962.43 | 2086.38 | 2097.69 | 2105.65 | 2231.61 | 1927.82 | 1,888.52 | 1,998.42 | 2,006.09 | 2,020.99 | 2,060.52 | 2,160.82 | 2,143.21 | 2,126.12 | 2,114.93 | 2,103.64 |
| | Investment | ₹ crore | - | - | 630.00 | - | 300.00 | - | - | - | - | - | - | - | - | - | - | - |
| | Sundry Debtors/Sales | ₹ crore | 83.89 | 102.68 | 18.63 | 8.13 | 187.50 | 36.61 | 73.13 | 79.24 | 110.17 | 2.80 | 48.38 | 54.69 | 50.13 | 45.57 | 43.39 | 41.02 |
| | Inventory | ₹ crore | 110.00 | 181.29 | 281.26 | 647.07 | 290.80 | 224.85 | 385.39 | 235.85 | 454.34 | 209.94 | 245.65 | 267.83 | 252.25 | 245.65 | 239.05 | 232.76 |
| | Others | ₹ crore | 1359.76 | 1483.67 | 1621.40 | 1311.23 | 1239.29 | 1543.62 | 1,239.41 | 1,621.51 | 1,543.62 | 1,699.47 | 1,621.51 | 1,561.93 | 1,561.93 | 1,561.93 | 1,561.93 | 1,561.93 |
| | Total Current Assets | ₹ crore | 1553.65 | 1767.64 | 1921.29 | 1966.43 | 1717.59 | 1805.08 | 1,697.93 | 1,936.60 | 2,108.13 | 1,912.21 | 1,915.54 | 1,884.45 | 1,864.31 | 1,853.15 | 1,844.36 | 1,835.71 |
| | Total Current Liabilities | ₹ crore | 900.00 | 252.99 | 919.00 | 227.73 | 333.31 | 233.54 | 114.81 | 328.40 | 488.54 | 266.29 | 269.56 | 238.01 | 235.48 | 241.41 | 243.82 | 288.07 |
| | Net Current Assets | ₹ crore | 653.65 | 1514.65 | 1002.29 | 1738.70 | 1384.28 | 1571.54 | 1,583.12 | 1,608.20 | 1,619.59 | 1,645.92 | 1,645.98 | 1,646.44 | 1,628.83 | 1,611.74 | 1,600.55 | 1,547.64 |
| | Capital employed (Net block +Net CA) | ₹ crore | 835.85 | 1684.71 | 1316.28 | 2090.77 | 1741.93 | 1893.78 | 1,875.10 | 1,922.98 | 1,976.05 | 1,941.28 | 2,031.44 | 2,019.23 | 2,001.62 | 1,984.53 | 1,973.34 | 1,962.05 |
| | Total Debt(Loan funds) | ₹ crore | - | - | - | - | - | - | - | - | - | - | - | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 |
| | Total Assets (Net block+net CA+Loan funds) | ₹ crore | 835.85 | 1684.71 | 1316.28 | 2090.77 | 1741.93 | 1893.78 | 1,875.10 | 1,922.98 | 1,976.05 | 1,941.28 | 2,031.44 | 2,119.23 | 2,101.62 | 2,084.53 | 2,073.34 | 2,062.05 |
| | No of employees of CPSE | Nos. | 1000 | 1642 | 1400 | 1617 | 1642 | 1362 | 1,500 | 1,347 | 1,400 | 1,329 | 1,379 | 1,379 | 1,379 | 1,379 | 1,379 | 1,379 |
| | Dividend paid(incl dividend tax) | ₹ crore | - | 25.31 | - | 7.42 | - | - | - | 18.50 | 11.54 | - | 18.64 | 30.51 | 25.15 | 19.95 | 16.55 | 13.11 |
| | Add Value (Gross Margin less Capital recovery factory 10%) | ₹ crore | -5.45 | 24.48 | 38.34 | -146.83 | 21.50 | -324.02 | (121.13) | (29.69) | (89.14) | (140.74) | (43.08) | 28.14 | (4.49) | (36.15) | (56.89) | (77.81) |

Contd 2

| Sl. No. | Particulars | Unit | 2007-08 | | 2008-09 | | 2009-10 | | 2010-11 | | 2011-12 | | | 2012-13 | | | | |
|---------|--|----------------|--------------|---------------------------------------|---------------|---------------------|------------------|----------------|--------------------|---------------|--------------------|-----------------|----------------|-------------------------|-------------------------|--------------------|--------------------|--------------------|
| | | | MOU targets | Actual achievements excluding BF Unit | MOU targets | Actual achievements | MOU Targets Good | Actuals | MOU Targets - Good | Actuals | MOU Targets - Good | Actuals Sept 11 | RE for 2011-12 | MOU Targets - Excellent | MOU Targets - Very Good | MOU Targets - Good | MOU Targets - Fair | MOU Targets - Poor |
| (1) | (2) | (3) | (4) | | (5) | | (6) | | (7) | | (8) | | | (9) | (10) | (11) | (12) | (13) |
| | | | | | | | | | | | | | | | | | | |
| | RATIO | | | | | | | | | | | | | | | | | |
| | Debt/Equity | | - | - | - | - | - | - | - | - | | | | - | - | - | - | - |
| | Return on Net worth | % age | 1.78 | 5.16 | 4.04 | 1.05 | 4.37 | -9.20 | 1.10 | 3.82 | 2.49 | 1.12 | 3.90 | 6.05 | 5.03 | 4.02 | 3.35 | 2.67 |
| | PBDIT/Total employment of CPSE | ₹ lacs | 7.81 | 11.75 | 12.14 | 3.85 | 11.92 | -9.89 | 4.43 | 12.07 | 7.75 | 4.02 | 11.61 | 16.68 | 14.19 | 11.77 | 10.18 | 8.59 |
| | Gross Profit/Capital Employed | % age | 6.36 | 9.48 | 9.81 | 0.90 | 8.48 | -9.72 | 1.68 | 6.53 | 3.79 | 1.75 | 5.93 | 9.70 | 8.07 | 6.46 | 5.38 | 4.29 |
| | Net Profit/Net Worth | % age | 1.78 | 5.16 | 4.04 | 1.05 | 4.37 | -9.20 | 1.10 | 3.82 | 2.49 | 1.12 | 3.92 | 6.05 | 5.03 | 4.02 | 3.35 | 2.67 |
| | | | | | | | | | | | | | | | | | | |
| | Working of Gross Margin | | | | | | | | | | | | | | | | | |
| | Net Profit (PAT) | ₹ crore | 35.02 | 107.56 | 84.69 | 22.01 | 97.56 | -177.27 | 20.78 | 76.27 | 49.99 | 22.66 | 80.41 | 130.81 | 107.84 | 85.55 | 70.95 | 56.23 |
| | Tax | ₹ crore | 17.77 | 48.35 | 43.61 | 2.17 | 50.23 | -17.68 | 10.70 | 23.68 | 24.86 | 11.27 | 40.00 | 65.06 | 53.64 | 42.55 | 35.29 | 27.97 |
| | Net profit before tax (PBT) | ₹ crore | 52.79 | 155.91 | 128.30 | 24.18 | 147.79 | -194.95 | 31.48 | 99.95 | 74.85 | 33.93 | 120.41 | 195.87 | 161.47 | 128.10 | 106.24 | 84.20 |
| | Add Prior period | ₹ crore | - | 3.72 | - | -5.42 | - | -0.24 | - | 25.59 | - | - | - | - | - | - | - | - |
| | Add Extra ordinary items | ₹ crore | - | - | - | - | - | 11.06 | - | - | - | - | - | - | - | - | - | - |
| | Profit before prior period | ₹ crore | 52.79 | 159.63 | 128.30 | 18.76 | 147.79 | -184.13 | 31.48 | 125.54 | 74.85 | 33.93 | 120.41 | 195.87 | 161.47 | 128.10 | 106.24 | 84.20 |
| | Add Interest | ₹ crore | 0.35 | 0.11 | 0.86 | 0.02 | - | - | - | - | - | - | - | - | - | - | - | - |
| | Gross Profit | ₹ crore | 53.14 | 159.74 | 129.16 | 18.78 | 147.79 | -184.13 | 31.48 | 125.54 | 74.85 | 33.93 | 120.41 | 195.87 | 161.47 | 128.10 | 106.24 | 84.20 |
| | Add Depreciation | ₹ crore | 25.00 | 25.16 | 40.81 | 31.20 | 47.90 | 30.81 | 34.90 | 30.65 | 27.20 | 16.25 | 33.24 | 34.20 | 34.20 | 34.20 | 34.20 | 34.20 |
| | Misc expendinture written off | ₹ crore | - | 8.05 | - | 12.27 | - | 18.68 | 0.00 | 6.42 | 6.41 | 3.21 | 6.41 | - | - | - | - | - |
| | Gross Margin before interest, depreication & Misc expenditure written off | ₹ crore | 78.14 | 192.95 | 169.97 | 62.25 | 195.69 | -134.64 | 66.38 | 162.61 | 108.46 | 53.39 | 160.06 | 230.07 | 195.67 | 162.30 | 140.44 | 118.40 |

Self declaration/certification by CPSE

It is hereby certified that the targets and actual achievements in respect of financial parameters have been worked out as per MoU Guidelines by adopting the norms and definitions laid down in MoU Guidelines for the year 2012-13. In case, any deviation is found at the time of appraisal of performance, DPE is free to evaluate as per audited accounts and as per MoU Guidelines. CPSE has no right of claim in this regard.



Authorised Signatory