



## 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

#### 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.

<b>Composition of the Board</b>	<b>Designation</b>
Shri K. Ranganath Shri TMGK Bhat Shri M. B. Padiyar	Chairman-cum Managing Director Director (Finance) Director (P & P)
Shri B. S. Meena 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**

**DETAILS OF BOARD MEETINGS HELD DURING THE FINANCIAL YEAR 2008-09, 7 (SEVEN) MEETINGS OF THE BOARD WERE HELD, THE DETAILS WHICH ARE AS FOLLOWS:**

Sl. No.	Meeting No.	Date of Meeting(s)	Place
1	179th	15-04-2008	New Delhi
2	180th	29-05-2008	New Delhi
3	181st	21-07-2008	New Delhi
4	182nd	01-09-2008	Goa
5	183rd	19-12-2008	New Delhi
6	184th	31-01-2009	New Delhi
7	185th	30-03-2009	New Delhi

**NOTE: 1. DURING THE YEAR 2008-09, 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.**

**DETAILS OF BOARD MEETINGS HELD DURING THE FINANCIAL YEAR 2009-10  
(UP TO 30TH SEPT 2009):**

1	186 <sup>th</sup>	24-04-2009	Mumbai
2	187 <sup>th</sup>	06-05-2009	New Delhi
3	188 <sup>th</sup>	25-06-2009	New Delhi
4	189 <sup>th</sup>	22-07-2009	New Delhi
5	190 <sup>th</sup>	24-09-2009	Bangalore
6	191 <sup>st</sup>	12-11-2009	Bangalore

**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:**

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 31.03.2009 THE AUDIT COMMITTEE MET FIVE TIMES ON 27-05 2008, 19-07-2008, 23-08-2008, 17-12-2008 AND 21-03-2009.

**THE ATTENDANCE OF MEMBERS OF THE AUDIT COMMITTEE MEETINGS DURING THE FINANCIAL YEAR 2008-09 WAS AS FOLLOWS:**

<b>Name</b>	<b>Meeting held during respective tenure of Director</b>	<b>No. of Meetings attended</b>
Shri BK Bhattacharya (upto 18-10-2008)	3	2
Shri NR Mohanty (upto 08-11-2008)	3	3
Shri S Ravi	5	3
Dr. Sukumar Devotta	5	2
Shri Sreeman NS (w.e.f. 19-12-2008)	1	1

**SUB – COMMITTEE**

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.

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**

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**

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
2007-2008	Registered Office, Bangalore	30.08.2008	12.00 hrs
2006-2007	Registered Office, Bangalore	20.09.2007	12.30 hrs.
2005-2006	Registered Office, Bangalore	29.09.2006	12.15 hrs.

## **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,  
4<sup>TH</sup> 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.