FOCUSED ON
DELIVERY
LONG TERM VALUE
PEOPLE
A SUSTAINABLE FUTURE

Sesa Goa Limited Annual Report 2010


# SESA GOA LIMITED ANNUAL REPORT 2010

## Our vision

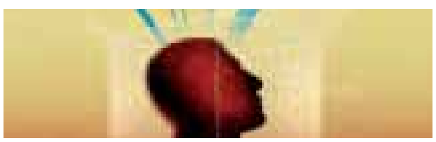
# To be one of the top four iron ore mining companies in the world

## Mission

- To maximise stakeholder wealth by exploiting core skills of iron ore mining, coke and iron making
- To constantly seek high levels of productivity and technical efficiency; to maintain technological superiority over competitors
- To aggressively seek additional resources
- To maintain costs in the lowest quartile globally
- To be an organisation with best-in-class people and a performance driven culture by attracting and retaining quality manpower
- To continue to maintain pre-eminent position in safety, environment and quality control management in the respective industry sectors
- To contribute to the development of the communities that the Company operates in or have influence on its business activities

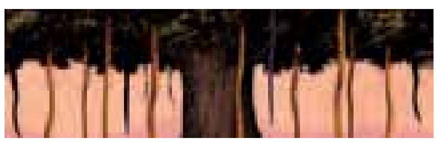
## Our Values

### Entrepreneurship



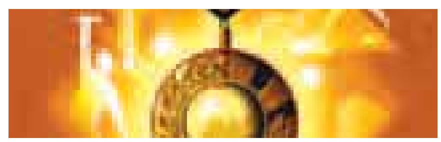
We foster an entrepreneurial spirit throughout our businesses and value the ability to foresee business opportunities early in the cycle and act on them swiftly. Whether it be developing organic growth projects, making strategic acquisitions or creating entrepreneurs from within, we ensure an entrepreneurial spirit at the heart of our workplace.

### Growth



We continue to deliver growth and generate significant value for our shareholders. Moreover, our organic growth pipeline is strong as we seek to continue to deliver significant growth for shareholders in the future. We have pursued growth across all our businesses and into new areas, always on the basis that value must be delivered.

### Excellence

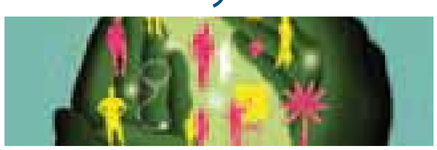


Achieving excellence in all that we do is our way of life. We strive to consistently deliver projects ahead of time at industry-leading costs of construction and within budget. We are constantly focused on it with aspiring to achieve a top decile cost of production in each of our businesses. To achieve this, we follow a culture of best practice benchmarking.

### Trust

The trust that our stakeholders place in us is key to our success. We recognise that we must responsibly deliver on the promises we make to earn that trust. We constantly strive to meet stakeholder expectations of us and deliver ahead of expectations without compromising our other values.

### Sustainability



We practice sustainability within the framework of well defined governance structures and policies and with the demonstrated commitment of our management and employees. We aim not only to minimise damage to the environment from our projects but to make a net positive impact on the environment wherever we work.

## Company Overview

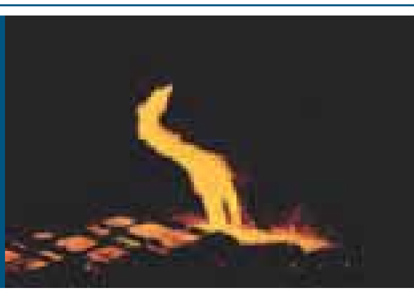


## Business Review



## Sustainability





## Corporate Governance



## Financial Statements



Company Overview
Business Review
Sustainability
Corporate Governance
Financial Statements

# Highlights

## Financial Highlights

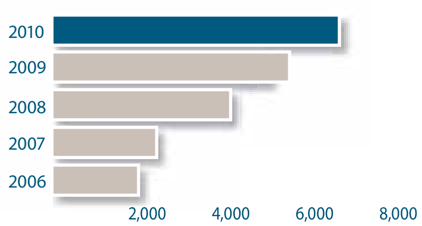
- Operating profit before depreciation interest and tax (PBDIT) increased by 24% to Rs. 3,153 crore in 2009-10.
- Profit after tax (PAT after minority interest) rose by 32% to Rs. 2,629 crore in 2009-10.
- Earnings per Share (EPS-diluted) increased from Rs. 25.26 in 2008-09 to Rs. 31.62 in 2009-10.
- Declared a 325% dividend or Rs. 3.25 for every Re. 1 share.
- Strong liquidity on the balance sheet with cash and cash equivalents worth Rs. 6,952 crore as on 31st March 2010.
- Raised US$500 million through foreign currency convertible bonds (FCCB).

## Operational Highlights

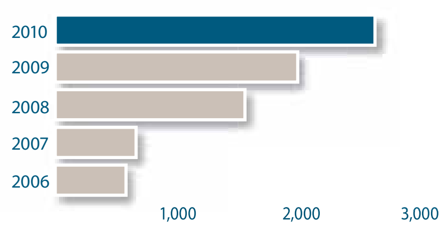
- Record iron ore production of 17.8 million tonnes from Sesa Goa's standalone operations.
- With the integration of Dempo's operations with Sesa Goa, another 3.6 million tonnes of iron ore production was added over a period of approximately ten months taking consolidated iron ore production to 21.4 million tonnes – a significant increase of 34% over 2008-09.
- Record production of 280,000 tonnes of pig iron and 263,000 tonnes of metallurgical coke (met coke).
- Acquisition of Dempo's mining assets in Goa on a debt-free and cash-free basis for Rs. 1,750 crore (based on normative working capital) which was financed through internal accruals.
- Exploration activities yielded positive results: net increase of 43 million tonnes in reserves and resources during 2009-10, net of depletion of 21 million tonnes of saleable iron ore production.

## Delivering Sustainable Shareholder Value

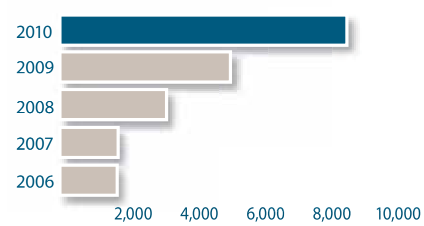
Total Revenues Rs. in Crore



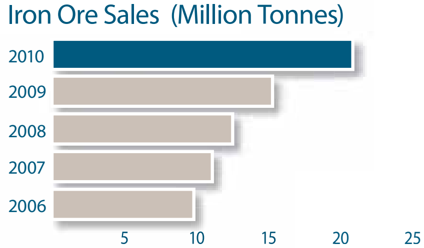

Profit After Tax Rs. in Crore



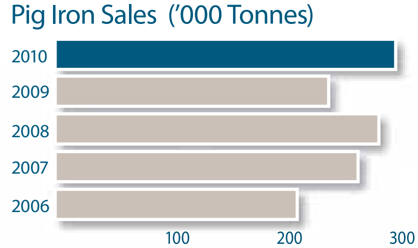

Net Worth Rs. in Crore



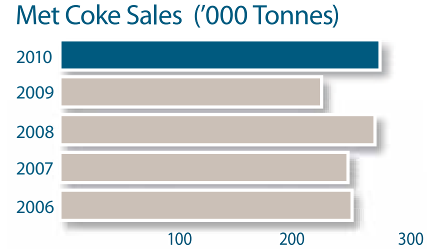

Iron Ore Sales (Million Tonnes)




Pig Iron Sales ('000 Tonnes)



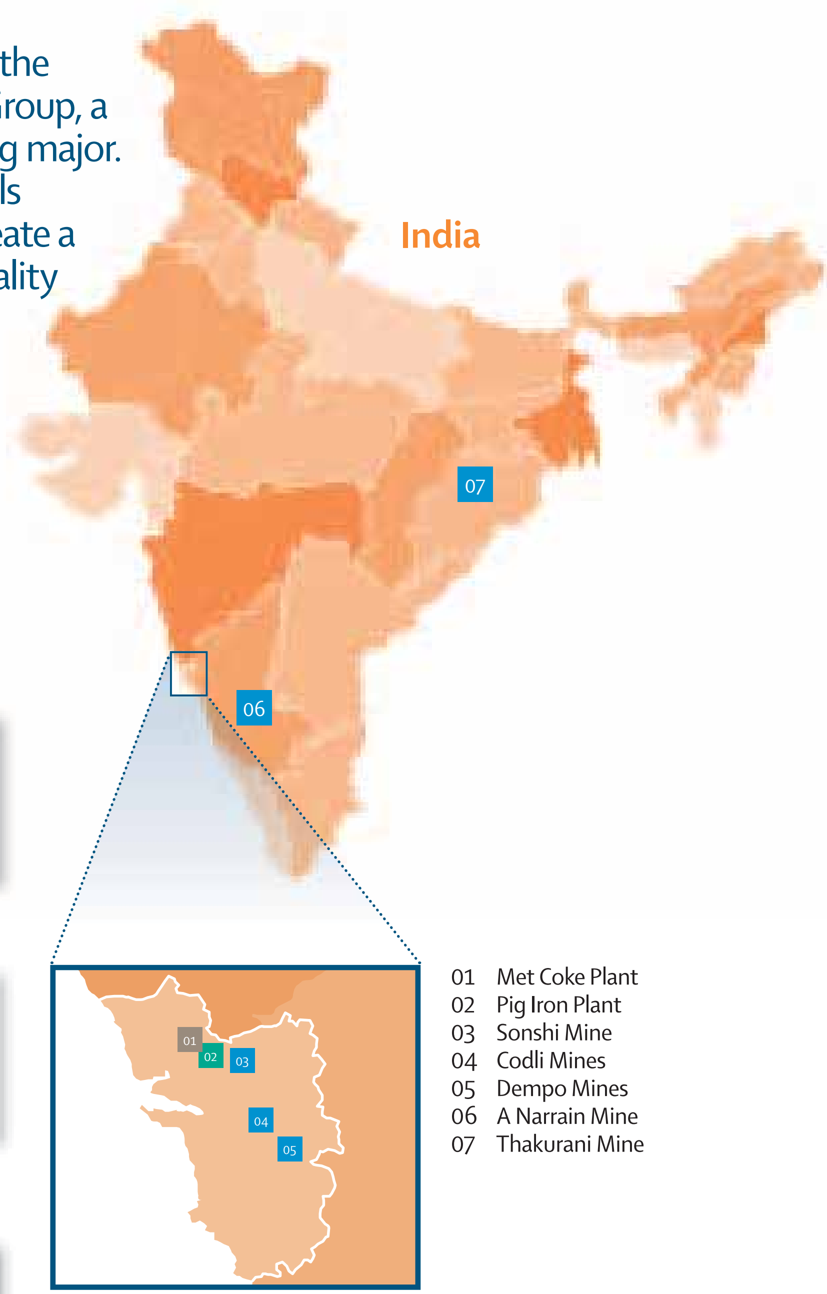

Met Coke Sales ('000 Tonnes)



# Sesa Goa at a Glance

Sesa Goa Limited (or 'Sesa Goa' or 'the Company') is part of the Vedanta Group, a diversified global metals and mining major. It drives the Group's ferrous minerals business with a commitment to create a world class enterprise with high quality assets, low cost production and superior returns to stakeholders.

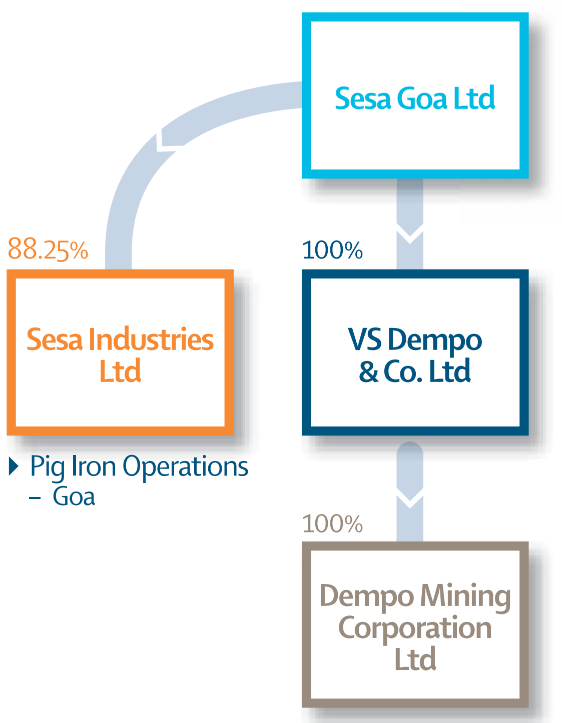
Sesa Goa is today India's largest private sector iron ore producer and exporter. Apart from iron ore, it also produces pig iron and metallurgical coke. The Company also provides proprietary technology in coke manufacturing.




01 Met Coke Plant
02 Pig Iron Plant
03 Sonshi Mine
04 Codli Mines
05 Dempo Mines
06 A Narrain Mine
07 Thakurani Mine

- Iron Ore Operations
- Met Coke Operations
- Pig Iron Operations

## Sesa Goa's Group Structure

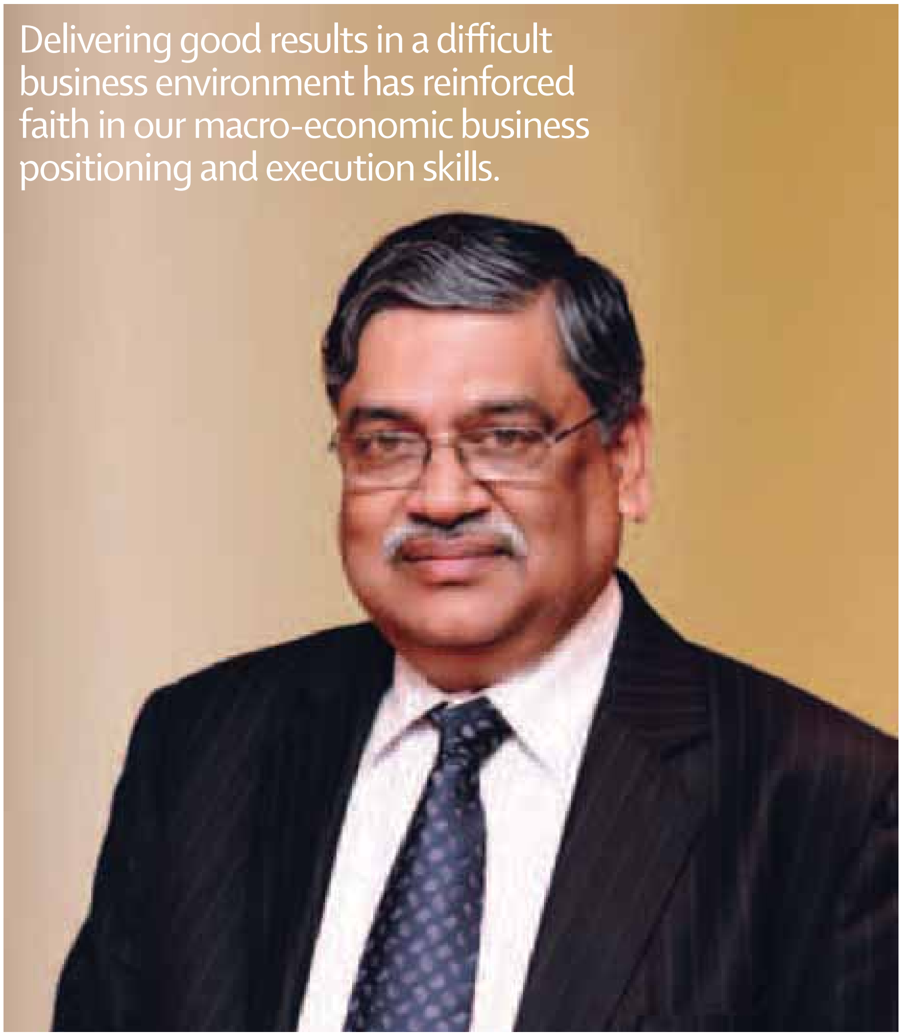



Sesa Industries Ltd
- Pig Iron Operations
  – Goa

Dempo Mining Corporation Ltd
- Iron Ore Operations
  – Goa
  – Karnataka
  – Orissa
- Met Coke Operations
  – Goa

Note: Map not to scale.
Major operating mines are shown in the map.

# Chief Executive's Statement




**Dear Shareholder,**
2009-10 was a testing time for two fundamental convictions that have underpinned Sesa Goa's business in the last few years. First, the faith that the Company has on the growth potential of emerging economies like India and China. In fact, it's vision of becoming a major global enterprise is based largely on leveraging opportunities emerging from demand growth in these markets. Second, the Company believes that it has the internal ability to continuously deliver value and sustain long term growth.

Despite the difficult global business conditions, it pleases me to inform you that the Company succeeded on both these fronts in 2009-10. Let me elucidate.

### Macro-Economic Perspective

As you would recall, given the events of the global financial markets in 2008, most of us were expecting the worst at the beginning of 2009-10. Several developed economies, including the US had gone into recession. Even rapidly growing emerging economies including China and India were witnessing a slowdown. However, it was heartening to see positive signals emerge as one progressed through 2009-10. As the global financial system began to stabilise, one saw renewed capital flow especially to emerging economies. In the third quarter of 2009, USA came out of its economic contraction and registered positive quarter-on-quarter growth, which has continued for the next three quarters.

## The Highlights of Sesa Goa's performance in 2009-10 are:

- Total consolidated revenues increased by 21% to Rs. 6,284 crore in 2009-10.
- PAT (consolidated, net of minority interest) grew by 32% to Rs. 2,629 crore
- Consolidated earnings per share (EPS-diluted) rose from Rs. 25.26 in 2008-09 to Rs. 31.62 in 2009-10.
- The Company finished the year with liquidity in cash and cash equivalent worth Rs. 6,952 crore.
- There were all time high productions of iron ore (21.4 million tonnes), pig iron (280,000 tonnes) and met coke (263,000 tonnes)
- Through its exploration activities, there was a net addition of 43 million tonnes to its iron ore reserves and resources, post depletion of 21 million tonnes of saleable iron ore production.

It does seem that the world economy has started recovering from the lows of 2008-09.

Having said so, it is important to understand that there are still some concerns. Although the US is expected to grow its real GDP by a bit over 3% in 2010, the same cannot be said about most of the developed world. Most countries in the Euro zone recorded negative or very low GDP growth in the same period. There are also some concerns with sovereign deficits in these countries. Clearly, there are considerable uncertainties about the economic prospects of these advanced countries.

Simultaneously, one is witnessing a clear shift in economic plays across geographies. Despite a slow first half and expectations of a sharp drop in growth, China achieved 8.7% GDP growth in 2009, and is forecasted to grow at around 9.7% in 2010. India is estimated to grow by 7.4% in 2009-10, and then cross 8.4% in 2010-11. Brazil is stated to grow at over 5.5% in 2010. These three major emerging economies have not only emerged out of the slowdown, but are also expected to deliver significantly higher GDP growth in the next few years. From a macroeconomic point of view these developments reinforce the strength in Sesa Goa's business strategy for emerging economies.

## Business Perspective

While strategic positioning is important, the mettle of an enterprise is best judged when its execution skills pass the tests in difficult business conditions. On the one hand, it is true that India and China are back on their high economic growth trajectory. Equally, on the other hand, it is important to note that the first six months of 2009-10 saw very subdued economic activity and demand in these countries. It is in the second half that the growth momentum picked up. In this business environment, your Company's performance speaks for its execution skills.

Sesa Goa had adopted an aggressive growth oriented business model since becoming a part of the Vedanta group in 2007. Since then, year on year, your Company has been delivering significantly higher revenues, profits and returns to shareholders. With the performance in 2009-10, Sesa Goa's total revenues have grown at a compounded annual growth rate (CAGR) of 41% since 2006-07, while PAT has grown at a CAGR of 60% over the last three years – a testament to the Company's continuously delivering results.

## Organic Growth

With a share of 88% of total external sales, iron ore is the Company's primary business segment. The iron ore business thrives on low cost production and transportation of the ore for export to the Chinese market. As discussed earlier, while there were positive movements in demand in the second half of 2009-10, prices have still not recovered to the days of the pre-economic crisis. Sesa Goa had to operate in a difficult and fiercely competitive market.

To offset the lower price realisations, the Company had to significantly increase its ore output and sales. There was an 11.6% increase in volume sales of iron ore from Sesa Goa's existing business, while revenues dropped by 1%. Production and sales growth could have been higher if not for longer monsoons and cyclonic conditions in Goa, forest permit related issues in Karnataka and logistics problems in Orissa.

The same price-volume equation was seen in the met coke business – where volume of sales increased by 22% but revenues fell by 23%. So too, in pig iron, where sales volume grew by 25%, while revenues dipped by 5%.

Clearly, in subdued markets, Sesa Goa had to work on much higher production and sales volumes to maintain revenues at last year's levels for its existing businesses. It also focused on cost control and productivity to generate better profits. In addition, the Company gained from the strategic acquisition of Dempo.

# Chief Executive's Statement continued


## Acquisition

While there has been organic growth, a significant portion of the growth in 2009-10 has come from the acquisition. Sesa Goa views acquisition of quality assets that fit its low cost production theme as an important component of its growth oriented strategy. For this purpose, it has always maintained healthy levels of cash and cash equivalents in its balance sheet, and continues to do so.

In June 2009, your Company acquired the mining assets of V.S.Dempo and Company Private Limited ('VSD' or 'Dempo') and its subsidiaries and associates. The acquisition of Dempo's mining assets in Goa on a debt-free and cash-free basis for Rs. 1,750 crore (based on normative working capital) which was financed through internal accruals. Dempo is a logical and strategic fit with Sesa's existing iron ore business. While integration is continuing, your Company has already started leveraging synergies to create significant long term value for all shareholders. Some areas where work is progressing are:

- Utilisation of Sesa Goa's mining and project management skills to develop and optimise Dempo's operations;
- Further exploration of Dempo's longer life mining assets; and
- Synergising Dempo's operations with Sesa Goa's to create mining and logistics efficiencies.

The integration process is moving as planned and in doing so, there has been a significant growth in production of saleable ore for Dempo. These added to the consolidated growth of Sesa Goa.

Dempo has been the first major acquisition by your Company. And the success of the post-merger fit has given us confidence to pursue the acquisition route for growth in coming years.

I urge you to read the details of developments in markets and operations in the chapter on Management Discussion and Analysis. Here, I will touch upon some strategic and broader issues.

## Vision

Over the last few years, Sesa Goa has been growing profitably, and at a rapid pace. The lessons learnt and the experience developed has given your Company the conviction to set a time bound target for aggressive growth.

The goal is to be the fourth largest iron ore producer in the world by 2012-13 with an annual production of 50 million tonnes. This is the vision that your Company has adopted to guide its activities in the next three years.

With a total consolidated production of 21.4 million tonnes in the 2009-10, Sesa Goa has become the 13th largest iron ore producing company in the world. The three major players – Vale, Rio Tinto and BHP Billiton – stand out with productions of 227 million tonnes, 218 million tonnes and 137 million tonnes respectively. Clearly, their scales of operations are much larger than any of the other players, with very different sets of challenges and risks.

Sesa Goa believes that an annual production of 50 million tonnes will give it the right mix of global scale with the positioning of a 'low cost producer' with flexible operations. Equally, the Company recognises that the task is challenging. According to the plan, in a span of three years, total production and transportation of iron ore has to grow 2-3 times.

Such a large increase in production and transportation of iron ore over a short span of time will need aggressive investments and concerted efforts not only at the mines but also in developing the associated logistics infrastructure. The Company intends to invest around US$ 500 million to support this plan. The investments would be in machinery including improved processing plants and higher capacity heavy earth moving equipment (HEMM). On the logistics front, this includes developing access roads, port handling facilities, railway siding and the barge fleet.

It is an aggressive goal but given the focused approach across departments and the history of delivery in the recent past, I am confident of your Company's success on this score subject to regulatory and community supports.

### Sustainability

Sesa Goa remains committed to sustainable development, which focuses on maintaining a pre-eminent position in Health, Safety and Environment (HSE) practices, and contributing to the development of communities that it operates.

On sustainable development, annual targets are set and monitored in line with your Company's HSE and social policies with a clear focus on integrating HSE aspects in the decision-making process. All locations are certified for ISO 9001, ISO 14001 and OHSAS 18001 except Orissa operations and OHSAS for Dempo operations. Your Company's community development work through the Sesa Community Development Foundation, Mineral Foundation of Goa and specific need based initiatives continues to focus on social projects in line with its over-all sustainability objectives.

### Outlook

It is clear that the primary markets – India and China – are moving back to a relatively high growth trajectory. Chinese imports of iron ore continue to grow. Iron ore prices have recovered from the lows of 2009 and is expected to be buoyant on the back of strong demand for China and India. On the cost front, royalty rates have gone up in India, railway freight costs too are increasing, and there are always risks of export levies. In this milieu, while Sesa Goa is committed to its long term growth objective, it is aware of the critical role that internal efficiencies and operational productivity will play for the future fortunes of your Company. Your Company remains cautiously optimistic of overcoming the obstacles and delivering a strong performance in 2010-11.

> Over the last few years, Sesa Goa has been growing profitably, and at a rapid pace. The lessons learnt and the experience developed has given your Company the conviction to set a time bound target for aggressive growth.

### Corporate Governance

At this juncture, as your Company is poised for aggressive growth, it has had a minor setback. During 2009-10, it was subjected to investigation by the Serious Fraud Investigation Office (SFIO), Ministry of Corporate Affairs, New Delhi. The investigation is in progress. From the order, the Company understands that the investigation was initiated pursuant to a report of the Registrar of Companies, and originates from a complaint filed by one of the shareholders against Sesa Goa Limited, the Company and their directors in 2003 prior to the acquisition of the holding company, Sesa Goa Limited by Vedanta in April 2007. Sesa Goa and Sesa Industries Limited are fully cooperating with the inquiry, and providing all the necessary information. Given the high standards of corporate governance practiced by the companies under scrutiny, I am confident that the issues will be favourably sorted out fairly soon.

Let me take this opportunity to thank you – our shareholders – for reposing faith in our business. And, to all our employees and associates, let me extend my congratulations for taking Sesa Goa forward in a challenging business environment. Your Company has an ambitious vision. It has the execution capabilities. And it is confident of delivering the targets.

**Prasun K. Mukherjee**
Chief Executive Officer /
Managing Director

# Board of Directors

### 1. Sudhakar D. Kulkarni
**Chairman**

Sudhakar D. Kulkarni is the non-executive Chairman of the Board and an independent Director of SGL. Mr. Kulkarni holds a Bachelor of Commerce (Hons) degree from Bombay University and is a fellow member of the Institute of Chartered Accountants of India.

Mr. Kulkarni joined the Board with effect from 31st March 2000. He has over 40 years of experience in managing various functions and has led large manufacturing and engineering organizations such as Voltas Limited and Larsen & Toubro. Mr. Kulkarni retired as Managing Director and Chief Executive Officer of Larsen & Toubro in April 1999. Mr. Kulkarni's other directorships include those for Syngenta India Limited and Bharat Forge Limited.

### 2. Pandurang G. Kakodkar
**Non-executive Director**

Pandurang G. Kakodkar is a non-executive independent Director of SGL. He holds a post graduate in M.A. (Economics) from Bombay University and was appointed as Director of SGL on 31st March 2000.

He has over 40 years of experience in the State Bank of India, retiring as the Chairman in 1997. He is currently a private information technology and banking consultant. His other directorships include: Goa Carbon Ltd., Uttam Galva Steel Ltd., Financial Technologies (India) Ltd., Mastek Ltd., Fomento Resorts and Hotels Ltd., Centrum Finance Ltd., Sesa Industries Limited, Multi Commodity Exchange of India Ltd., IBX Forex Ltd. and Anand Rathi Financial Services Ltd.

### 3. Gurudas D. Kamat
**Non-executive Director**

Gurudas D. Kamat is a non-executive independent Director of SGL. Mr. Kamat retired as Chief Justice of Gujarat High Court in January 1997. Mr. Kamat is engaged in judicial work relating to arbitration and conciliation. Mr. Kamat was appointed as Director of SGL on 23rd December 2005.

He has over 45 years of experience in the field of legal practice and judiciary, having practiced in Bombay as well as in Goa in various branches of law. Mr. Kamat was prosecutor for the Government of Goa from 1967 to 1969. From 1980 onwards, Mr. Kamat was an advocate for the Customs and Central Excise Departments of the Government of India.

Mr. Kamat was a member of the senate and faculty of law of Bombay University from 1978 to 1980. Mr. Kamat was appointed as a judge of the Bombay High Court on 29 November 1983.

### 4. Kuldip K. Kaura
**Non-executive Director**

Kuldip K. Kaura is a non-executive Director of SGL. Mr. Kaura retired as the Chief Executive Officer of Vedanta in September 2008. Mr Kaura was appointed as Director of SGL on 30th October 2007.

He holds a Bachelor of Engineering (Hons) in Mechanical Engineering from Birla Institute of Technology & Science, Pilani in 1968. Prior to his appointment as Director and the Chief Executive Officer of Vedanta in March 2005, Mr. Kaura was Chief Operating Officer Of Vedanta and the Managing Director of Sterlite Industries (I) Ltd. During his tenure with the Vedanta Group, Mr. Kaura was also the Managing Director of Hindustan Zinc Limited from April 2002 to March 2004.

Mr. Kaura is currently an advisor to Vedanta and also serves on the boards of some group companies. Before joining the Vedanta group, Mr. Kaura served at ABB India for 18 years and was the Managing Director and Country Manager from 1998 to 2001. He has served as member of National Council of Confederation of Indian Industries and is office bearer of such professional bodies.

### 5.Prasun K. Mukherjee

**CEO / Managing Director**

Prasun K. Mukherjee is the Managing Director of SGL since April 2006. Mr. Mukherjee holds a Bachelor of Commerce (Hons) degree from Calcutta University. He is a fellow member of the Institute of Chartered Accountants of India and an associate member of the Institute of Cost and Works Accountants of India.

He has around 31 years of experience in finance, accounts, costing, taxation, legal and general management.

Mr. Mukherjee was rated as one of India's Best Chief Financial Officers (CFOs) in the year 2005 by Business Today magazine and in 2009, Business World magazine declared Mr. Mukherjee as India's most 'Value'able CEO.

### 6. Arun K. Rai

**Whole Time Director**

Arun K. Rai is a Whole Time Director of SGL. Mr. Rai holds a degree in Mining Engineering from Banaras Hindu University. Mr. Rai was appointed as Director of SGL on 1st February 1999.

He has 34 years of experience in the field of Mining and allied areas. Mr. Rai was re-appointed as Whole Time Director of the Company effective from 1st February 2009.

### 7. Amit Pradhan

**Whole Time Director, Director - Iron & Coke**

Amit Pradhan is a Whole Time Director of SGL. Currently responsible for the Group's business in Pig Iron, Coke and Power. Mr. Pradhan joined SGL in January 1990 as Manager - Purchase. Mr Pradhan holds a post graduate in M.Sc. (Physics) from the Indian Institute of Technology, Delhi Mr. Pradhan was appointed as Director of SGL on 1st July 2000.

He has 32 years of experience in materials/project management with a stint in Business Development. Mr. Pradhan was appointed as Whole Time Director of the Company effective from 1st May 2006.

# Business Review

## Delivery and Long Term Growth

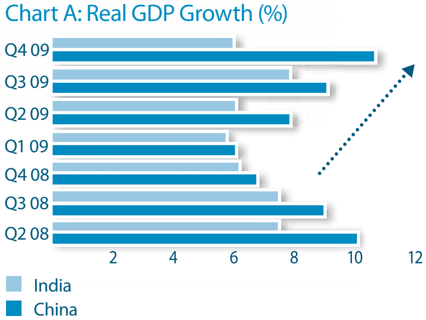
Sesa Goa's ability to continuously deliver value to its stakeholders and build capabilities and capacities to foster growth in the long term is governed by its ability to:

- Understand the dynamics of the business environment.
- Strategically position itself to maximise opportunities in this environment.
- Excellence in execution.
- Maintain financial prudence and invest in right capacities and capabilities.

In this section, Sesa Goa's business in 2009-10 is analysed in terms of these broad fundamentals.

## Business Environment

Chart A: Real GDP Growth (%)




Source: CSO, National Bureau of Statistics, China

### Macro-Economic Developments

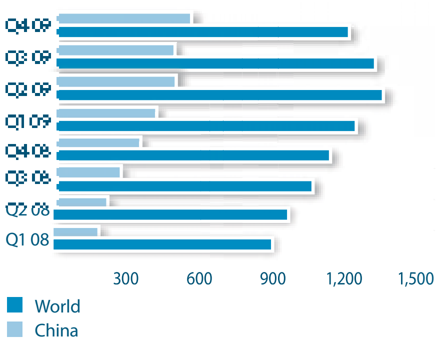
Sesa Goa primarily caters to the global steel market, and being a core industrial product, steel consumption has a strong correlation with economic growth.

By the second half of 2009-10, the global economy was on a recovery mode. Not so much in Europe, or even the US; but certainly the developing countries, especially China, India and Brazil. Chart A plots the real GDP growth data of the two fastest growing emerging economies – China and India.

After three quarters of reduction, China's economic growth improved steadily from Q2, 2009, to finally post 8.7% GDP growth for calendar year 2009. India too recovered from a slump and the Central Statistical Organisation (CSO) estimates a growth of 7.4% for the financial year 2009-10. Both these countries have come out of the slowdown and are poised to regain a higher growth momentum.

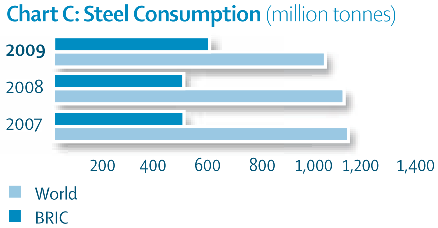
# The Global Steel Scenario

Chart B: Steel Prodction (million tonnes)




Source: Metalytics

Chart C: Steel Consumption (million tonnes)




Source: International Irone and Steel Institute (IISI)

Over the last five to seven years, given the lower cost structures, global steel production has been shifting away from developed countries to emerging economies, particularly China. Chart B shows how China's production has been growing at a much faster pace than global output over the last eight quarters.

Post the financial and economic crisis of 2008, steel demand is also shifting towards the emerging economies. Chart C shows this very clearly, with steel consumption in the emerging economies of Brazil, Russia, India and China (BRIC) increasing by 3.2% in 2008 and 19.2% in 2009. China alone witnessed a massive 27.4% increase in steel consumption in 2009. Growth in steel demand is now emanating from emerging economies.

This changing landscape of the global iron and steel industry in terms of demand and supply has resulted in new opportunities and challenges. Fundamentally, given that China, Brazil, India and other emerging economies are in different phases of development compared to the advanced world, there is a re-alignment in favour of costs and towards more value-driven products. Consequently, competitive pricing and effective utilisation of resources are increasingly becoming key strategic objectives for steel producers.

# Business Review continued


**21,400 ktpa**
Iron ore production

**88% share**
of total revenue
(Iron ore)

**353 million MT**
Total reserves + resources

**+17.8%**
Revenue increase
(Consolidated)

## Sesa Goa's Strategic Positioning

Sesa Goa, over the years has created 'Sesa' brand of iron ore which speaks of assured quality and timely supply, and caters primarily to the rapidly growing emerging economies of India and China. While this is true across the Sesa Group's and the Company's different business segments – iron ore, pig iron and met coke, there are variations among the businesses in terms of their relative focus on China and India.

**Iron Ore**
With over 80% of its sales in China, this business is focusing on mining different grades of ore in India and is exported mainly to China. With its cost competitive ore base and mine locations having relatively good accessibility to China, Sesa Goa has a niche positioning in the Chinese sea-borne iron ore business.

**Pig Iron**
This business, which was an initiative in moving up the iron-ore value chain, focuses on the domestic Indian market, especially in western and southern India, and caters to steel mills and foundries.

**Metallurgical Coke (Met Coke)**
The metallurgical coke business is primarily a backward integration initiative to support the pig iron business. The Company utilises its specialised coke making technology to build efficiencies in this business. Some of the production is sold externally based on market conditions and internal requirements.

While there are differences in market positioning and scale of operations, all business segments are tied together by the Company's continuous endeavour to increase productivity, sweat assets, and maintain on-time deliveries to provide the highest value proposition to customers. The focus on revenue growth with tight control on costs has contributed to greater internal accruals and a large cash reserve. Sesa Goa believes that it must maintain these cash reserves as a 'war chest' to promote inorganic growth as and when such opportunities arise.

## Dempo Acquisition

# Realising maximum potential

In June 2009, Sesa Goa signed a definitive share purchase agreement under which the Company acquired all the outstanding common shares of VS Dempo and Company Private Limited ('VSD' or 'Dempo'), which in turn, also held 100% equity shares of Dempo Mining Corporation Private Limited and 50% equity shares of Goa Maritime Private Limited. The deal was signed for a total consideration of Rs. 1,750 (equivalent to US$368 million), on a debt-free and cash-free basis, and included net normative working capital of Rs. 145 crore (equivalent to US$31 million). The acquisition was wholly financed by Sesa Goa's own cash resources.

With this acquisition, the Company got access to VSD's mining assets in Goa. VSD either owns or has the rights to mineable reserves and resources estimated at 70 million tonnes of iron ore in Goa. In addition, VSD's mining assets in Goa includes processing plants, barges, jetties, transhippers and loading capacities at Mormugoa port. In 2008-09, VSD sold 4.36 million tonnes of iron ore, which included its own production and purchased ore.

Not only has the acquisition added to Sesa Goa's resources but has also given the Company access to VSD's customer base. At the time of acquisition

VSD was one of the largest exporters of iron ore from Goa with exports of around 4 million tonnes.

During the course of the year, Sesa Goa has already started leveraging several synergies between the two Companies. These include:

- **Exploration:** With Sesa Goa's focus on exploration, impetus has been given to understand the resources at Dempo, and a composite exploration plan has been worked out.

- **Mine planning and operations:** With a central planning cell, the focus is on optimizing resources in all mines, particularly those with the same ore-body.
- **Processing and grade optimisation:** Process flows at Dempo mines are being reviewed to increase recovery.
- **Logistic (land and river fleet operation):** With both companies having mines and river jetties in close vicinity, efforts are on to rationalize transport, with a view to reducing unit costs, increasing throughput and improving logistic efficiencies.
- **Port operations:** The acquisition has resulted in additional stacking capacities and optimum utilisation of Dempo's transhipper
- **Centralisation of common services:** This includes integration of functions like marketing , HR, procurement, mine planning, logistics, etc.

While these are parts of an ongoing process, Sesa Goa has succeeded in optimising the Dempo business in 2009-10. This is reflected in the financial performance of the Company in 2009-10.

# Financial Highlights

**Table 1: Abridged Profit and Loss Statement (Consolidated) for Sesa Goa**

| Rs. in crore | 2009-10 | 2008-09 |
|---|---|---|
| **Income** | | |
| Sales/Income from Operations | **6,719** | 5,338 |
| Less: Excise duty | **44** | 73 |
| Less: Ocean freight | **812** | 304 |
| **Net Income from Operations** | **5,863** | 4,961 |
| **EXPENDITURE** | | |
| Production and operational expenses | **2,617** | 2,350 |
| Administration expenses | **93** | 67 |
| **Operating PBDIT** | **3,153** | 2,544 |
| Interest and other charges | **56** | 4 |
| Depreciation | **75** | 52 |
| **Operating PBT** | **3,023** | 2,488 |
| Interest dividend and other income | **421** | 222 |
| **PBT** | **3,445** | 2,710 |
| Less: Provision for taxation | | |
| Current tax | **801** | 710 |
| Deferred tax | **4** | 4 |
| Fringe benefit tax | **-** | 1 |
| **PAT** | **2,639** | 1,995 |
| Less: Minority interests | **10** | 7 |
| **Consolidated PAT after minority interest** | **2,629** | 1,988 |

Table 1 gives the abridged profit and loss account of Sesa Goa, on a consolidated basis. While much of the growth in 2009-10 has come from the acquisition of Dempo, whose ten months (approx.) attributable operations have directly impacted the revenues and profits of Sesa, on a consolidated basis, it is also important to note how it successfully maintained revenue levels and profits in its existing business. It is also important to note that profit margins have actually improved for the consolidated entity in 2009-10.

The strong financial performance, which was achieved through a mix of top-line growth (organic and inorganic), improvement in margins and better asset utilisation, has further strengthened the Company's balance sheet. Even after declaring a dividend of Rs. 3.25 for every Re. 1 share, Sesa Goa's net worth, on a consolidated basis, increased by 68% from Rs. 4,716 crore as on 31st March 2009 to Rs. 7,918 crore as on 31st March 2010.

As discussed earlier, Sesa Goa believes in maintaining a strong cash reserves for its prudent utilisation. Given the market dynamics and the depletion of cash after the Dempo acquisition, the management considered it prudent to issue 5,000 Foreign Currency Convertible Bonds (FCCBs) of US$100,000 each (totalling US$500 million corresponding INR value Rs. 2,400.50 crore) in October 2009, over and above in July 2009, the Company issued 33,274,000 equity shares of Re. 1 each at a premium of Rs. 160.46 per share on a preferential basis, aggregating to Rs. 537.24 crore.

The FCCBs are valid for five years and have a coupon rate of 5% per annum (net to the bond holder) with an option of conversion into equity shares of the Company on or after 9th December 2009 at a rate of Rs. 346.88 per share (fixed exchange rate of US$1=Rs. 48).

As on 31st March 2010, 755 bonds have been converted into 1.05 crore equity shares of Re. 1 each. The paid up equity capital of the Company, after considering the FCCB conversions and preferential share allotment of 3.33 crore equity shares of Re. 1 each increased from Rs. 78.72 crore as on 31st March 2009 to Rs. 83.10 crore as on 31st March 2010.

With proceeds from the FCCB, preferential allotment and internal accruals generated during the year, Sesa Goa's cash and cash equivalents as on 31st March 2010 was Rs. 6,952 crore. Of this, Rs. 4,565 crore is in debt mutual funds and Rs. 2,354 crore is in fixed deposits with banks. The Company follows a conservative investment policy and invests in high quality debt instruments. Mutual fund investments are based on rating advice from CRISIL.

The Company remains well funded to explore growth oriented investment and acquisition opportunities.

## Salient features of Sesa's financial performance are:

- Net income from operations grew by 18% – from Rs. 4,961 crore in 2008-09 to Rs. 5,863 crore in 2009-10.
- Operating PBDIT margin (Operating PBDIT/Net income from operations) increased from 51% in 2008-09 to 54% in 2009-10. This coupled with revenue growth, contributed to Operating PBDIT rising by 24% to Rs. 3,153 crore in 2009-10.
- Operating PBT increased by 22% to Rs. 3,023 crore in 2009-10.
- PAT (after minority interest) increased by 32% to Rs. 2,629 crore in 2009-10.
- Earnings per Share (EPS-diluted) increased from Rs. 25.26 in 2008-09 to Rs. 31.62 in 2009-10.

Chart D: Share of Sesa's consolidated external revenues

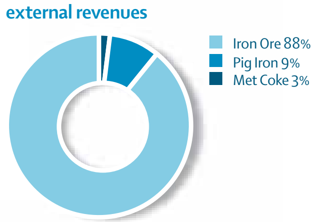
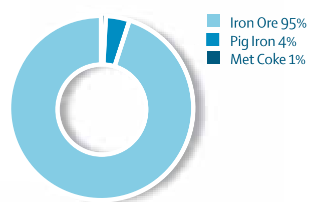



Chart E: Share of Sesa's segment profits




### Business Segments

Sesa Goa and its subsidiaries operate across three business segments. Chart D and E give the share of each business in Sesa Goa's consolidated external revenues and consolidated segment profits (profit before tax, interest, dividend and non-allocable items) respectively.

The contribution of different business segments to Sesa Goa's business performance are:

- Iron ore: This is the primary business. It contributed 88% of total external revenues and 95% of segment profits in 2009-10.
- Pig iron: This business is carried out through the subsidiary company Sesa Industries Limited (SIL). It contributed 9% to total external revenues, while its share in segment profits were 4% in 2009-10.
- Metallurgical (Met Coke): This business is larger than what it seems from its 3% contribution to external sales. This is because 63% of its sales is to the pig iron business which are adjusted for in the inter-segment revenues.

The next few sections, review the different businesses.

# Iron Ore

- Net revenues from iron ore operations increased by 22% from Rs. 4,235.5 crore in 2008-09 to Rs. 5,169.7 crore in 2009-10.
- Profits before interest, tax, dividends and other non-recurring or non-allocable incomes from the iron ore segment grew by 33% from Rs. 2,206.1 crore in 2008-09 to Rs. 2,925.9 crore in 2009-10.
- Much of the growth was contributed by strong operating performance. Driven by the additional operations of Dempo, Sesa Goa achieved its highest ever annual sales and production of iron ore, in 2009-10.

After a relatively muted first two quarters, demand picked up from Q3, 2009-10; and, the Company recorded all time high sales and production in Q4, 2009-10. For the year, there was a 36% growth in sales volumes to 20.5 million tonnes in 2009-10. Sales realisation also increased over the course of 2009-10.

On the cost front, there were some developments that adversely affected Sesa Goa's operations. During the Q2 of 2009-10, the Government of India changed the basis of royalty levies on iron ore from specific rates being levied earlier to an ad-valorem basis of 10%. This was effective from 13th August 2009. Also, in December 2009, the export duty on iron ore lumps was increased from 5% to 10%, along with the re-introduction of export duty on iron ore fines @ 5%. Despite these factors, Sesa Goa generated higher profits from its iron ore business in 2009-10 compared to 2008-09.

Table 2 shows that with a share of 94% of total volume sales, exports continue to be the prime driver of Sesa Goa's sales. With the World seaborne iron ore trade being China-centric, the share of the Company's exports to China has increased from 81% in 2008-09 to 85% in 2009-10, while that of Japan has reduced from 6% in 2008-09 to 4% in 2009-10. Exports to Pakistan became negligible, whereas Korea's share increased by one percentage point.

### Table 2: Share of Sesa Goa's Total Consolidated Iron Ore Sales

| | 2009-10 | 2008-09 |
|---|---|---|
| China | 85% | 81% |
| Europe | 2% | 2% |
| Japan | 4% | 6% |
| Pakistan | – | 2% |
| South Korea | 3% | 2% |
| India-Domestic | 6% | 7% |

## Markets

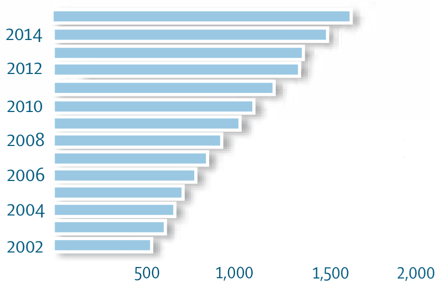
**Mid to Long Term Perspective**

Mid-term market estimates suggest a steady growth in demand for iron ore driven primarily by the emerging economies, especially China. On the supply side, enhanced exploration activities and increased production from mines is already taking place. And supply-side constraints of the past are expected to change by 2014.

Much of the growth in demand is expected from China. Though China has its own source of iron ore, the deposits are of a quality that makes extraction expensive. Importing iron ore from Australia, Brazil and India is often more viable in an economic sense. What this means is that while the world may see an over-supply condition by 2014 at the macro level, it will also witness a rapid growth in sea-borne iron ore trade (see Chart F), driven primarily by exports to China.

In fact, seaborne trade has become dominant, and shapes the market by accounting for 95% of international iron ore trade and 55% of world iron ore consumption. The seaborne share of all iron ore consumed is estimated to rise by almost two-thirds by 2017. Chart F suggests that sea borne iron ore trade is expected to grow over the next 5-10 years, and Sesa Goa intends to develop its business by increasing its share in this growing market.

Chart F: World Sea Borne Iron Ore Trade – Estimates & Forecasts (million tonnes)

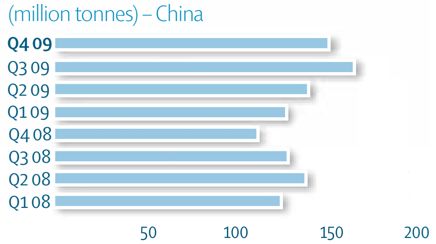



Source: Metalytics

## Developments in 2009-10

Among all metals and minerals, iron ore is staging the best recovery from the global economic crisis, not only in price, but also in market fundamentals. While there continues to be some uncertainty, China's economy and steel sector have exceeded all expectations. In fact, with significant increase in output since Q3, 2010, Chinese crude steel production grew by 14% to 568 million tonnes in 2009 (see Chart G).

Chart G: Crude Steel Production (million tonnes) – China

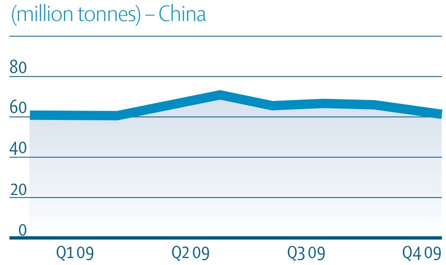



Source: Metalytics

In line with the increase in steel production, China has considerably increased its iron ore imports. With 628 million tonnes, China imported 41% more iron ore in 2009 compared to 2008.

While imports have grown in China, most of the ore has actually been consumed in the steel production process, and there have not been any major inventory build-up across the supply chain. As Chart H shows, iron ore stocks at Chinese ports have remained stable between 60 and 70 million tonnes during the course of 2009-10. Thus, imported iron ore demand in China did not grow artificially out of speculation based activities, but was actually driven by real demand from consumption in steel manufacturing.

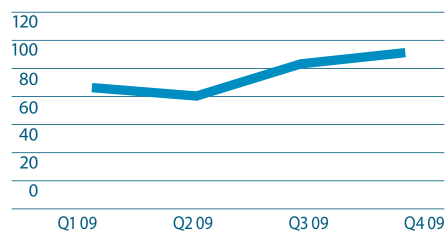
Chart H: Iron Stocks at Port (million tonnes) – China




Source: Metalytics

The prevailing market conditions have resulted in firming up of prices in the second half of 2009-10. Spot prices for 63.5% Fe iron ore imports into China increased steadily through 2009 (see Chart I). In fact there has been over 30% increase in these prices between Q1,2009 and Q4,2009. This helped Sesa Goa secure higher average sales realisation in the second half of 2009-10.

Chart I: Spot Iron Ore import price (US$/dmt) – China




Source: Metalytics

There is also a move towards change in the way prices are set. Traditionally, the big three players in the iron ore business – Rio Tinto, Vale and BHP Billiton – used a benchmark system of annually negotiated prices with Chinese steel mills, as they did in other countries. The rise in prominence of China's spot market and the huge disparity between spot and contract prices has resulted in a move towards overhauling this system. Market dynamics is leading to a middle path between spot prices and annual contracted benchmark prices. There have already been developments in creating quarterly set price contracts. In essence, the concept of long term contracts is shifting from fixed prices to prices fixed for three months.

# Iron Ore continued


Consequently, players like Sesa Goa who operated in the spot market because of a lack of scale and experience in dealing with very long term contracts can now shift its emphasis to quarterly contracts which, being over a shorter period, significantly reduces challenges and risks. This provides the Company an opportunity to move from being a pure spot market player to operating through a combination of spot and quarterly contracts.

In addition, to develop better customer relations and gain more insights into Sesa Goa's primary market, the Company established an office in China.

## Operations

Sesa Goa's growth is dependent on its positioning as a world class 'low cost' iron ore producer. With the objective of cost control and asset optimisation, the Company focused on the following aspects.

- Improving operations to maximise throughput and thus achieving production increases at existing facilities with minimum capital expenditure.
- Executing initiatives to reduce logistics costs and maintain on-time deliveries.
- Reducing energy costs and consumption by investment in advanced technologies to reduce power consumption in the production processes.
- Increasing automation to reduce the manpower required per tonne of output.
- Improving recovery ratios so that more finished product is obtained from a given amount of raw material.
- Reducing purchase costs through long-term contracts for raw materials and optimising the mix of raw material sourcing.
- Promoting sustainable business practices and reducing greenhouse gas emissions from the different operations sites.

Sesa Goa operates mines in Goa, Karnataka and Orissa. While for most of them the Company has direct ownership in the form of mining leases from the government, some are third-party mines operated by Sesa Goa. Overall, production volumes increased by 34% from 15.99 million tonnes in 2008-09 to 21.41 million tonnes in

2009-10, of this, 11.4% growth came from pure Sesa Goa operations and an additional 3.6 million tonnes was generated from the operations of Dempo during the attributable period of approx. ten months. Table 3 gives the Company's production data across different states.

### Table 3: State-Wise Production Volumes (million tonnes)

| | 2009-10 | 2008-09 |
|---|---|---|
| Goa (excl. Dempo) | 11.97 | 11.19 |
| Karnataka | 3.96 | 2.80 |
| Orissa | 1.88 | 2.00 |
| Dempo | 3.60 | – |
| **Total** | **21.41** | 15.99 |

The Company continues to invest in developing logistics infrastructure. These include:

- In Goa: Widening of mine to jetty routes and exploring the possibility of deployment of high capacity trucks. Also set up new partially and fully dedicated road corridors.
- In Karnataka: New railway siding and dedicated road corridor.
- In Orissa: New railway siding.

### Exploration

Sesa continues to lay emphasis on its exploration activities, especially on four areas.

- To fully explore the Company's existing mines in Goa and Karnataka.
- To focus on deep-seated ore bodies.
- To optimise exploration of Dempo's existing mines.
- To undertake GIS studies for quick assessment of new areas.

During 2009-10, there were nine drilling rigs deployed across leases in Goa and Karnataka. By 31st March 2010, over 56,000 metres were drilled. There have been several cost reduction initiatives in the exploration process. These include introduction of competition with the appointment of three contractors, introduction of multi-purpose rigs and price renegotiations. Table 4 gives the Company's reserves & resources increase for last two years.

### Table 4: Reserves and Resources (million tonnes)

| | 2009-10 | 2008-09 |
|---|---|---|
| Net Addition | 43 | 54 |
| Acquisition | 70 | – |
| **Total R&R** | **353** | 240 |

Ongoing exploration activities yielded results in 2009-10 with the net addition of 43 million tonnes to reserves and resources (R&R). Total R&R as on 31st March 2010 stood at 353 million tonnes (for the mines that the Company holds on lease and/or right to mine), compared with 240 million tonnes a year earlier. The reserves and resources position has been independently reviewed and certified as per Joint Ore Reserves Committee (JORC) standards.

# Pig Iron

Sesa Industries' facility consists of two blast furnaces, each with a working volume of 173 cubic metres.

- Production volumes increased by 29% from 217,000 tonnes in 2008-09 to 280,000 tonnes in 2009-10 – record production since inception of the pig iron business.
- Sales volumes increased by 25% from 224,000 tonnes in 2008-09 to 279,000 tonnes in 2009-10 – record sales since inception of the pig iron business.
- However, external sales revenues reduced by 5.3% from Rs. 583 crore in 2008-09 to Rs. 552 crore in 2009-10.
- Given lower input costs and efficiency gains, profits before interest, tax, and other non-recurring or non-allocable incomes for the pig iron business increased by 50% from Rs. 78 crore in 2008-09 to Rs. 117 crore in 2009-10.

Sesa Goa's pig iron business is undertaken by the Company's subsidiary, Sesa Industries Limited (SIL), where it owns ~ 88% stake. Having commenced operations in 1992, SIL was the first to introduce low sulphur foundry grade pig iron in India.

Today, SIL produces several grades of pig iron, including basic, foundry and spheroidal (nodular) grades that cater to steel mills and foundries, mainly in India. It also produces slag, which is dried to 2% moisture and sold to the cement industry.

During Q2, 2009-10, Sesa Goa announced setting up of new integrated project for the additional capacity in pig iron production by 0.375 million tonnes per annum (mtpa) by setting up of a new blast furnace of 450 cubic metres of working volume.

SIL's facility, located in the village of Amona, in Bicholim Taluka, North Goa, consists of two blast furnaces, each with a working volume of 173 cubic metres with a combined annual capacity of 250,000 tonnes of pig iron and 60,000 tonnes of slag. The pig iron plant strictly adheres to the best standards of quality, environment, health and safety. It is certified to ISO–9001, ISO–14001 and OHSAS–18001 systems for quality, environment and safety respectively, through a third party certification agency, Bureau Veritas Certification (India) Pvt. Ltd., formerly known as BVQI.

The share of foundry grade pig iron in total sales volume increased by 33% in 2009-10 as compared to 2008-09, also the share of basic pig iron increased by 9%in 2009-10.

SIL's research and development activities in technology continue to result in reductions in operating costs, improvement of product quality and development of new products for downstream industries. It has developed additional special grades of pig iron to cater to the fast growing niche market of ductile iron castings in India.

During Q2, 2009-10, Sesa Goa announced setting up of new integrated project for the additional capacity in pig iron production by 0.375 million tonnes per annum (mtpa) by setting up of a new blast furnace of 450 cubic metres of working volume.

The Company also announced the setting up of a new sinter plant of 75 square metres, a new non recovery coke plant of 0.28 mtpa based on its own patented coke-making technology. A 30 MW power plant utilising the waste heat from the new coke plant and excess blast furnace gas from the new blast furnace facilities is also coming up. Post commissioning of the new projects, Sesa will be the only producer/ manufacturer of pig iron in the secondary sector in India, with almost total backward integration.

Total investment in these projects is estimated at Rs. 605 crore (equivalent to US$125 million). This will be funded through a combination of debt and internal accruals. The project, expected to be completed by Q1, 2011-12 is being executed as per schedule.

# Met Coke

Sesa Goa has adopted state of the art technology at its met coke facility.

- Production volumes increased by 17% from 224,000 tonnes in 2008-09 to 263,000 tonnes in 2009-10.
- Sales volumes increased by 22% from 217,000 tonnes in 2008-09 to 265,000 tonnes in 2009-10.
- However, external sales revenues increased by only 1% to Rs. 144 crore in 2009-10.
- Profits before interest, tax, dividends and other non-recurring or non-allocable incomes for the met coke business reduced by 83% to Rs. 34 crore in 2009-10.

Sesa Goa's metallurgical coke division is operated independently. The business was primarily a backward integration initiative to support the pig iron operations. 63% of the met coke division's output was consumed internally in 2009-10.

In line with the new project announced for the integrated pig iron facility, the Company is also setting up of a new non recovery coke plant of 0.28 mtpa based on its own patented coke-making technology, which will increase the total met-coke production capacity to 0.56mtpa.

The met coke plant at Amona produces a range of coke fractions from +70 mm for foundries, 20 mm to 60 mm for blast furnaces, and 6 mm to 25 mm for the Ferro alloy industries. The product is mainly of low ash coke and the principal input - low ash coking coal – is imported each year from Australia. To ensure a stable coking coal supply, the Company enters into long-term procurement contracts with reputed coal mining companies in Australia.

The cost of the input coal blend is the most important component in the production of coke. The coking coal is carefully blended with an aim to optimise the coal blend cost and the coke ovens operated with accurate process controls to produce the desired high quality low ash metallurgical coke. The technology used is the cost-effective Sesa Energy Recovery Coke Making Technology.

This process produces excellent quality coke fully compliant to current pollution control standards in India.

While the Company continued to grow its sales volumes and register higher external sales, the profit margin was down primarily impacted by high input cost of coking coal and lower realisation on sales of met coke. While this improved the profits of the pig iron business, met coke profits suffered. Prices have started rising from Q4, 2009-10.

In line with the new project announced for the integrated pig iron facility, the Company is also setting up of a new non recovery coke plant of 0.28 mtpa based on its own patented coke-making technology, which will increase the total met-coke production capacity to 0.56mtpa.

It is important to note that Sesa Goa has developed a technology for energy recovery in coke making. This is environment friendly, characterised by low capital and operating costs, high levels of energy recovery and capability of producing high quality metallurgical coke with the process of coke making compliant to global emission norms. The met coke division has also set up a state-of-the art coal carbonization laboratory with pilot coke ovens for coal characterization and evaluation of coals for blend optimisation to achieve the desired coke quality.

# Internal Controls and their Adequacy

Sesa Goa has a well defined and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposition, and those transactions are authorised, recorded and reported correctly.

The internal control is supplemented by an extensive programme of internal audits by reputed international audit firm, review by management, and documented policies, guidelines and procedures. The internal control is designed to ensure that financial and other records are reliable for preparing financial information and other data for maintaining accountability of assets.

## Risks

With focus on exports to China, Sesa Goa is aggressively implementing a strategy to evolve into a company with global scales. While the Company pursues its business, there are six headline risks that the Company faces. These are:

- Market Risks
- Production Risks
- Industry Risks
- Regulatory Risks
- Currency Risks

**Market risks:** Sesa Goa exports over 90% of its iron ore production, with over 80% being exported to China. While Chinese steel production continues to grow rapidly, any adversities in the Chinese economy will severely affect the Company's business. However, as explained earlier, the Chinese steel sector is very large and Sesa Goa still does not have a major share in China's imports. There continues to be several opportunities in China for Sesa Goa to leverage its low operations cost and capture a greater share of the market. However, Sesa is continuously on the look out for new and existing market's (excl. China) enhanced share.

**Production risks:** Iron ore is an exhaustible mineral product. For any company to expand rapidly, it needs to secure its reserves. As of

31 March 2010, Sesa Goa has total reserves and resources at 353 million tonnes spread over mines in Goa, Karnataka and Orissa. However, if the Company rapidly expands production, as it has been doing in the last few years, the reserves may not last that long.

The internal control is supplemented by an extensive programme of internal audits, review by management, and documented policies, guidelines and procedures

Sesa Goa continues to aggressively promote its exploration activities. While the acquisition of Dempo gave the Company access to around 70 million tonnes of reserves through brown field exploration activities, the Company added 43 million tonnes of reserves (net of depletions) during 2009-10.

While these are positive steps, the allocation of mines in India is under the jurisdiction of the Government of India (GoI) and respective State Governments. Any potential delay by the GoI in the allocation of mines or the adoption of a favourable policy towards allocation of captive iron ore mines to steel manufacturers could affect the mining and production plans of Sesa Goa.

**Industry risks:** These arise from the fact that while iron production sites are fragmented, much of the sea-borne iron ore trade is concentrated in a few hands. The three top producers – Vale, Rio Tinto and BHP Billiton – together account for over 73% of the global sea-borne iron ore trade. Their scale allows them to affect competition; and they can be threats to Sesa Goa's exports to China.

Recognising this, the Company is focusing on building relationships with Chinese importers and on leveraging the flexibilities of a smaller enterprise to attend to the needs of a loyally served, niche clientele.

**Regulatory risks:** There are regulatory risks in India and abroad. In India, given pressure lobbies, the Government continues to change its stance on duties on iron ore exports. It has also changed royalty rates for ore extraction. As mentioned earlier in Q2, 2009-10, the GoI changed the basis of royalty-levies on iron from specific rates being levied earlier to an ad-valorem basis of 10%. This change in duty was effective from 13th August 2009 and impacted Company's realisations. The Company is focusing on significantly ramping up on internal efficiencies to offset any such rise in production costs of iron ore.

**Currency risks:** With the high dependency on exports, Sesa Goa is exposed significantly to exchange rate fluctuations.

## Outlook

While there are some positive signs with USA recording two consecutive quarters of positive growth, there will continue to be considerable uncertainties and negative surprises form the developed world. However, the Company believes that China and India are on the recovery path. There are no indications of any sharp reduction in steel production or iron ore imports in China. In the near future iron ore prices are expected to increase and remain firm. In this milieu, there should be opportunities for Sesa Goa to leverage its competitive cost structure to penetrate markets, especially in China, and gain share in its imports. It will have to continue to focus on minimising costs and aggressively pushing volumes to customers and increase its share in the global iron ore trade. The Company remains cautiously optimistic about its prospects in 2010-11.

# Sustainability

## Human Resources (HR)

People are valued assets and integral to Sesa Goa's business strategy. From a HR standpoint, the Company's vision is to build a flexible, agile and flat organisation with world-class capabilities and a high-performance culture, based on a philosophy that promotes respect for the individual, values diversity, fosters entrepreneurship, and ensures an enabling environment that develops a "Can Do" attitude among its people.

In the last year, a major development on the HR front has been the addition of about 1,200 employees of Dempo. Various initiatives were taken to ensure smooth integration of the new workforce into the Sesa Goa fold, such as forming cross-unit teams in visioning workshops and improvement projects, communication workshops at units, central and common training including the erstwhile Dempo employees, and rolling out common HR policies.

As a concrete step towards the aspirational target of 50 million tonnes per annum by 2012-13, the organisation was recast with the major SBUs further strengthened under the charge of a business manager with emphasis on independent responsibility to achieve business goals and be held accountable for results. Each business unit is internally supported with decentralised logistics, commercial, projects and other support functions; and centrally by a marketing and chartering function.

The Company continued to lay emphasis on people development, especially identifying and nurturing leadership talent in the organisation. Assessment centres were conducted to identify Stars of Business. Individual Development Plans were formulated to ensure career progression with challenging roles and assignments. A special leadership development initiative – GOLD (Gen-Next Operational Leadership Development) programme – was launched to groom high potential talent to take up next-level leadership positions.

Equity-based award plans in the form of long-term incentive plans (LTIP) are offered to recognized employees of the Company through its parent company, Vedanta Resources Plc. The LTIP facilitates reasonable alignment of the interests of the wider

management group, including younger high potential future leaders, with those of the shareholders, and is considered a strong motivational and retention tool for high calibre people.

With an objective to understand and learn global best practices in iron ore mining and associated functions, teams were sent to the world-class iron-ore mines in Australia and Sweden to observe their processes and practices. On returning, they shared their learning with larger groups in the Company.

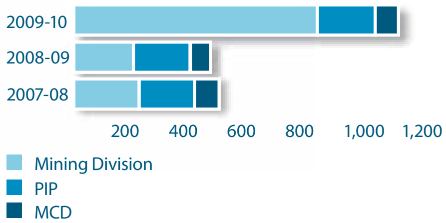
Learning and development continued to be a major area of focus. Some initiatives in the last year included:

- **Management Development Programmes for Graduate Engineer Trainees (GETs) :** The Company tied up with a reputed management institute in Goa, among the top 20 in the country, to equip its young engineers with necessary tools and techniques to make them effective frontline managers. Various areas such as communication, team building and project management were covered.
- **Training on Structured Problem Solving Approach:** Sesa Goa started an initiative through which it seeks to equip employees with the tools and techniques of Structured Problem Solving, which apart from helping to solve chronic problems in work areas, is expected to help in identifying improvement opportunities.
- **Proactive Work Ethos and Attitudinal Change Programme:** The programme was targeted at workmen and aimed to motivate them to align their personal values to that of the organisations. Inputs were provided on behaviours and attitudes in both personal and professional contexts. Over 300 employees of Dempo were covered under this initiative, along with workmen from other Sesa Goa units.
- **Communities of Practice:** The Company has created a Community of Practice in Mining for its employees as an effort towards shared learning, specifically for employees who have an educational background in mining and are involved in mining operations including exploration, mine planning and logistics. The forum is used to share experiences and knowledge, discuss new trends, solve work-related problems, learn and share best practices and develop additional technical skills. This concept will soon be extended to logistics.
- **Technical Training:** To accelerate the learning and derive maximum synergies from – the young professionals spread across the Company, Sesa Goa started an initiative to provide modular training on the various technical aspects of the business to professionals with less than five years of experience. The training covers the basics of Sesa Goa's mining, pig iron and met coke business, and is delivered by in-house technical experts. All new recruits hired as freshers from various campuses are given this training as a part of their induction programme.
- **Self Nomination:** To ensure that employees are given a chance to direct their own learning and development, Sesa Goa has started an initiative where each staff member can nominate himself for various training programmes by sending a e-mail directly to Corporate HR. This has allowed employees to plan their training in advance keeping in mind their work schedules, thus also improving participation and overall effectiveness of the programmes.

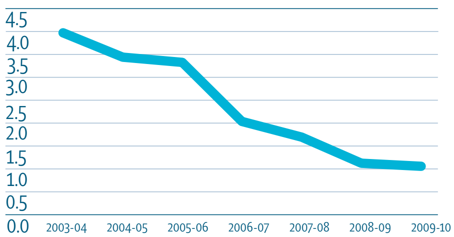
The Company had no loss of man days due to industrial relations problems.

# Sustainability continued

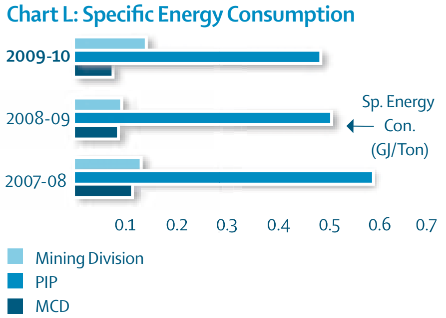
Chart J: Statutory Medical Examinations (numbers)



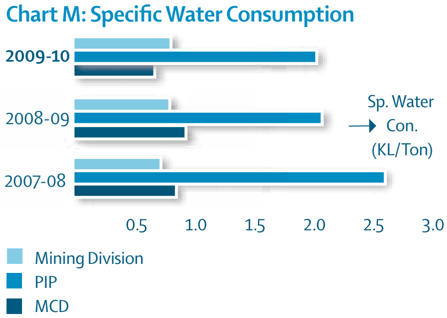

## Chart K: LTIFR at Sesa Goa




## Chart L: Specific Energy Consumption




## Chart M: Specific Water Consumption




## Our Approach towards Sustainable Development

**Environmental Stewardship**
Respect for nature, enhanced resource conservation, mine land reclamation and use of environment friendly technology are fundamental to our working.

**Health and Safety**
We are committed to providing a safe, secure and healthy workplace by using best technology and practices.

**Nurturing People**
Building a flexible, flat and learning organization with an engaged and high performing work force; we believe in nurturing and mentoring leaders from within. Growth is based on meritocracy, performance and integrity.

**Empowering Communities**
Communities are integral to our business. We are committed to enhancing the quality of life of the communities near our operations and creating self-sustaining communities. We work to gain and nurture our social license to operate in the host communities.

## Health, Safety and Environment

A key element of Sesa Goa's focus on sustainability is its strong emphasis on Health, Safety and Environment (HSE). In the mining industry, HSE challenges are enormous. The Company continuously seeks to address these challenges through efforts that include:

– Mining in environmentally responsible and cleaner ways through (i) adoption of new and efficient technologies, (ii) modernisation of equipment, (iii) new ways of operating to minimise the negative environmental impacts, and (iv) conserving natural resources through efficient use.
– Eliminating occupational illness by providing a workplace that is free from occupational health risk and hygiene hazard.

Creating safe workplaces and implementing safety management systems that provide injury-free working environment for our employees and contract workmen.

The Company has a well defined policy in Safety, Health, Environment & Quality (SHEQ) for all its operating units. Sesa Goa's corporate HSE department and the management review committee frame the HSE policy and guidelines, and periodically review their effectiveness. The management review committee guides the Company's sustainable development endeavours, sets annual targets and monitors progress in line with the HSE and social policies – with a focus on integrating HSE in decision-making process.

All our locations are certified for ISO 9001, ISO 14001 and OHSAS 18001 except Orissa operations and OHSAS for Dempo operations.

The HSE committee's agenda is taken forward by the senior management at each site; and they are supported by HSE professionals.

Regarding health, the Company aims to eliminate occupational illness by providing a workplace that is free from occupational health and hygiene hazards. In-house facilities for occupational health monitoring are available in the mines and industry sites in Goa. The Company's doctors impart awareness about health education and related issues to the employees and local communities including school children around its mining establishments, stressing the need for maintaining health and hygiene and preventing communicable diseases. Chart J gives data on statutory medical examinations carried out in past three years.

Sesa Goa's objective on safety is to operate with zero injuries and zero accidents. The Company believes that any work-related injury is preventable. If an incident or accident occurs, it should never happen again. All employees are expected to develop learning's to make this come true.

The Company has a well established system of reporting any incidents including the near-misses. After reporting of an incident, proper investigation is done to put preventative measures in place. Chart K plots the reduction in lost time injury frequency rate (LTIFR) over the last few years. The system of giving awards to contributors of safety suggestions, weekly safety con-call and punishment to erring employees are in place to prevent any safety related issues.

## Energy Consumption

To ensure that energy conservation is always a top priority in all Sesa Goa units, the Company has established and implemented clear objectives under environment management systems. There has been a reduction in total specific energy consumption in mining and the pig iron division. Chart L plots the data.

Continuous reduction in specific energy consumption is a focus area from an environmental as well as economic perspective. Over the years, it has helped Sesa Goa to improve performance across its operations. The Company considers energy conservation targets of 3% to 5% at all locations as part of the business plan. Projects for energy conservation are identified and undertaken in a systematic manner and are reviewed every quarter to ensure the benefits and targets of the projects are actually achieved.

## Water Consumption

Our main focus on water management is to reduce fresh water consumption, increase the use of harvested rain water, and to recycle and reuse the treated effluent. We follow the concept of zero discharge. We have a system to undertake and monitor water conservation targets every quarter, with targets of 5% to 10% being part of our annual business plan. Specific water consumption declined in mining and the pig iron division, as shown in Chart L. Again, the exception was the met coke division.

## Green House Gas Emissions

We have taken up several initiatives of formal monitoring of $CO_2$ emissions. Carbon footprint assessment studies have been conducted across all Sesa Goa units by a third party. A 30 MW power plant based on waste heat of the met coke plant and the flue gas of blast furnaces, which is a CDM project, began operations during 2007-08 under the ownership of a third party on BOO basis. About 93,555 CERs have been accrued during the 2009-10. The installation of hot blast stoves at the pig iron plant has resulted in a significant reduction of coke rate in the blast furnaces which, in turn, has reduced $CO_2$ emissions.

# Corporate Social Responsibility (CSR)

## While the principal objective of Sesa Goa's business remains creating sustainable value for its stakeholders, the Company remains steadfast in its role as a responsible corporate citizen.

Initiatives fostering community development are implemented through the Sesa Community Development Foundation. In addition, the Company undertakes some need based initiatives, both directly and in association with the Mineral Foundation of India.

**Sesa Community Development Foundation (SCDF):** This foundation runs the Sesa Technical School which provides technical training to local students; and the Sesa Football Academy which nurtures future footballers from Goa. The junior football academy and the technical school is built on the reclaimed mine site at Sanquelim – an example of both environmental conservation and community development work.

**The Sesa Technical School (STS)** has become a leading vocational training institute in Goa and has a reputation of identifying and nurturing potential excellence of young Goans. For the last several years it has maintained 100% results in the Industrial Training Institute (ITI) trade examinations. An important accessory of Sesa Goa in its CSR initiatives, STS has lived up to the expectations by imparting rigorous training in the trades of fitters, machinists, instrument mechanics and electricians. In 2009, all the 54 trainees passed the ITI trade test with flying colours. Among them, three were top rankers. As a result of excellent training; it has became a practice of the prospective employers of surrounding industries to visit the school for campus interviews to choose their manpower requirement. The school arranges campus interviews and ensures that all the trainees get absorbed in industries after completion of the course.

**The Sesa Football Academy** has two centres. There is a junior level academy, which began functioning from June 1999 at Sanquelim, Goa; and a senior academy, which started from June 2008 at Sirsaim, Goa. The Company started its junior residential football academy in 1999 in its reclaimed mine site at Sanquelim with a beautiful football ground, a well established gymnasium, and a complete hostel facility

along with a recreation centre. It presently houses 36 boys. SFA is the only residential academy of Goa which trains the boys for four years besides allowing them to pursue their regular academic studies. All the expenses including the trainee's academic studies are taken care by the SFA. When Sesa Goa decided to start the senior academy true to its style, it created a full-fledged football infrastructure for the senior team. So, the seniors, along with their coaches, are housed under one roof with full scale facilities, such as nutritious food in the canteen, gymnasium, steam sauna as well as recreational and indoor game options.

The Company started its junior residential football academy in 1999 in its reclaimed mine site at Sanquelim with a beautiful football ground, a well established gymnasium, and a complete hostel facility along with a recreation centre. It presently houses 36 boys.

The new infrastructure at Sirsaim was inaugurated on 14 February 2010 by Mr. Anil Agarwal, Chairman Vedanta Resources plc, Mr. Digambar Kamat, the Hon'ble Chief Minister of Goa, Mr. Pratap Singh Raoji Rane, the Hon'ble Legislative Speaker of Goa and Mr. P.K. Mukherjee, Managing Director of Sesa Goa Limited.

**The Mineral Foundation of Goa (MFG)** is an NGO established by the major mining companies of Goa, for implementation of social and environmental activities in the mining belt of the state. The MFG's work centres on projects which are aimed to develop environmental and social infrastructure. The main thrust is to create livelihood options for rural youth through various training programmes like bed side nursing, food and beverage, plumbing, and others. The MFG has crafted social infrastructures like community resource centres and balwadis; it has been involved in watershed development through construction of check dams, establishing self help groups, and educational programmes like scholarship for professional education.

Sesa Goa and the MFG in association with the Government of Goa are jointly implementing a project "**Gram Nirman 2010**" aimed at overall development of the village. These are at Codli and Mayem – one each in south and north Goa respectively. The first phase of the project has been completed involving agriculture, education and social infrastructure development.

We continuously seek partnership and collaboration with government bodies and NGOs to pursue our social mission. Some of the initiatives and achievements during 2009-10 were:

## Health

- Started four new community medical centres at Piligaon, Mulgaon, Surla and Panchawadi in Goa.
- Constructed a Neuro Rehab Centre for neurologically challenged children at the Goa Medical College.
- Organised specialised medical camps like paediatric camps, diabetes and hypertension detection camps, general health camps at schools, *balwadi* health campaigns, etc.
- Conducted various health camps like anaemia detection, cataract detection and subsequent treatment. In addition, urology detection camps for the spouses of employees were organised.
- Sustained awareness campaign for cancer, swine flu and malaria.
- More than 240 employees donated blood on World AIDS Day.

## Social Infrastructure

- Construction of *balwadis, anganwadis*, village resource centres, panchayat halls, as well as platforms and steps for idol immersion.
- Building metal roads around business areas, construction of bus stops, public toilets, crematoriums, and development of gardens.
- Construction of compound walls at schools, and reconstruction of religious buildings for beautification and protection.
- Provision of library infrastructure and gymnasium equipment, and play equipment for public parks, school grounds, and *panchayat* areas.

## Water Supply

- Open tube wells were provided in villages and local schools for drinking and irrigation.
- Commenced a drinking water project for facilitating residents of Kirlapal-Dabal *panchayat* under Gram Nirman Phase II.
- Along with MFG, carried out de-silting of lakes and streams for protection of natural water resource.
- Construction of *bandharas* on natural water streams for storage and irrigation.

## Education

- Constructed 12 Modern anganwadis in collaboration with MFG across the mining belt.
- Trained balwadi teachers in Montessori methods.
- Provided play equipment to balwadi and primary schools.
- Distributed books and study materials to over 73 schools.
- Organised coaching classes for over 70 students of Bicholim and Sattari taluka.
- Adopted mid-day meal schemes in Government High Schools that benefits 100 students daily.
- Renovated school building and libraries
- Provided scholarship to meritorious students.
- Conducted school health and education improvement programmes in association with an NGO called Manthan.
- Conducted free vocational tuition classes for 10th standard students around our Karnataka mines in association with Sri Taralabalu Jagadguru Educational Institution, Sirigere.
- Adopted the Residential School for Child Labour, run by an NGO called SPEECH at Karnataka.

# Corporate Social Responsibility (CSR) continued

## Agriculture and Livelihood

- Brought under cultivation nearly 146 hectares of agricultural land near our mines by providing the assistance to the farmers at Vagona, Codli, Cudnem, Amona, Navelim, and Betki. Some 600 families benefitted from the programme
- Provided incentives like construction of *bandharas*, provision of power tillers, tractors, fertilizers and improved seeds for farmers to restart farming near our mining areas.
- Imparted skilled development programmes in the latest techniques of coconut harvesting, mushroom cultivation, grafting and organic farming for youth, in association of the Government of Goa's Department of agriculture.
- Signed MoU with the Betki Kandhola Panlot Sangh and the Amona Panlot Sangh for watershed activities and agriculture improvement programmes.
- Constructed *bandharas* to store water for irrigation in 12 locations in association with the MFG.
- Trained women in different livelihood skills like stitching, bamboo crafts, coconut shell items, catering and imitation jewellery, and established 40 self-help groups.

## Awards and Recognitions

### Health Safety and Environment

- Sesa Industries received the National Award for Excellence in Water Management 2009 as a "Water Efficient Unit" organised by Confederation of Indian Industry (CII) by CII-Sohrabji Godrej Green Business Centre.
- The Company's reclaimed Sanquelim mine was awarded the "Certificate of Appreciation for Plantation Management" by CII), Western Region.

- In January 2010, the Company secured the following awards: Afforestation - 1st Prize; Waste Dump Management – 1st Prize; Top Soil Management – 2nd Prize; Systematic Development, Reclamation and Rehabilitation – 2nd Prize; Management of Sub Grade Minerals – 2nd Prize; Installation and use of Mechanical Beneficiation Plant – 2nd Prize; Publicity and Propaganda – 1st Prize. Apart from these, Sesa Goa secured the first prize for overall performance.
- In April 2010, Sesa Industries Ltd and Sesa Goa's Met Coke Division won the International Safety Award for 2009 by the British Safety Council.
- During the 47th National Maritime Celebration, Sesa Goa was adjudged as the best Barge operator in Goa (2009-10).

### Corporate Social Responsibility

- Sesa Goa won the overall first prize for Corporate Social Responsibility (CSR) during the 7th National conference on Occupational Safety, Health and Environment, organized by Inspectorate of Factories and Boilers, Govt. of Goa, held in February 2010.

### Cautionary Statement

*Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations include a downtrend in the steel and iron ore sector, significant changes in political and economic environment in India, exchange rate fluctuations, tax laws, litigation, changes in environment regulations, labour relations and interest costs.*

# Directors' Report

To the Members,

The Board of Directors presents the Annual Report of the Company together with the Audited Statements of Account for the financial year ended 31st March 2010.

The merger of the subsidiary Company, Sesa Industries Limited (SIL) with the Company was approved by the single judge of the Bombay High Court at Goa. However, based on the appeal by the objector to the Division Bench of same Court, the Order of the Single Judge was set aside. SIL has filed Special Leave Petition in the Supreme Court of India against the Order of the Division Bench.

This report, therefore, is drawn for the Company on a stand-alone basis.

## Financial Results

| | 2009-10 (Rs. in crore) | 2008-09 (Rs. in crore) |
|---|---|---|
| Profit before provisions for depreciation and tax | 2,715.47 | 2,674.80 |
| Less: Depreciation | (57.38) | (44.10) |
| Provision for Tax | | |
| – Current Tax | (538.00) | (684.00) |
| – Deferred Tax | (2.00) | (3.46) |
| – Fringe Benefit Tax | – | (0.75) |
| Profit after depreciation and tax | 2,118.09 | 1,942.49 |
| Add: Balance brought forward from the preceding year | 95.57 | 60.31 |
| Profit available for appropriation | 2,213.66 | 2,002.80 |
| **Appropriations** | | |
| Interim dividend | – | – |
| Proposed dividend/final dividend | 270.06 | 177.13 |
| Tax on distributed profit | 45.90 | 30.10 |
| General Reserve | 1,600.00 | 1,700.00 |
| Balance carried to Balance Sheet | 297.70 | 95.57 |
| | 2,213.66 | 2,002.80 |

In accordance with the requirements of the Listing Agreement, a consolidated Financial Statement of the Company is included in this Annual Report. The consolidated profit after tax for the group for the year ended 31st March 2010 is Rs. 2,639.04 crore as against Rs. 1,994.89 crore for the previous year. The earnings per share of Re. 1 each (excluding minority interest) works out to be Rs. 31.62 as against Rs. 25.26 for the previous year.

## Dividend

The Board of Directors has recommended a dividend of Rs. 3.25 per share of Re. 1 each for the year 2009-10.

As stated in the earlier reports, the same amount of dividend per share will also be paid to the recipients of the Company's shares upon merger of SIL with the Company out of the appropriable profits of the merged Company. Such distribution of dividend will also be required to be made out of the appropriable profits of the merged Company for the earlier years, viz., years ended 31st March 2006, 31st March 2007, 31st March 2008 and 31st March 2009.

## Acquisition

In June 2009, through a definitive Share Purchase Agreement, Sesa Goa acquired all the outstanding common shares of VS Dempo & Co. Private Limited ("VSD"), which in turn, also holds 100% equity shares of Dempo Mining Corporation Private Limited and 50% equity shares of Goa Maritime Private Limited for a total consideration of Rs. 1,750 crore (based on normative working capital) on debt-free and cash-free basis. The working capital on the acquisition date, thereafter, was determined and audited, and accordingly the final consideration amounted to Rs. 1,713 crores. The transaction was funded by Sesa Goa from its existing cash resources. At the time of acquisition it was estimated that VSD owned or had the rights to mineable reserves and resources of 70 million tonnes of iron ore in Goa. VSD's Goa mining assets include processing plants, barges, jetties, transhippers and loading capacities at Mormugoa port.

## Operations

A summary of the sales turnover and the working results on standalone basis, is given below:

| (All money values are net of freight) | 2009–10 Qty. in million tonnes | 2009–10 Value in Rs. crore | 2008–09 Qty. in million tonnes | 2008–09 Value in Rs. crore |
|---|---|---|---|---|
| Sale of Iron Ore | 16.875 | 4,238 | 15.103 | 4,282 |
| Direct Exports | 15.735 | 4,027 | 14.089 | 4,077 |
| Indirect Exports (through local exporters) | 0.009 | 1 | 0.405 | 50 |
| Other Sales | 1.131 | 210 | 0.609 | 155 |
| Sale of metallurgical coke | 265 | 357 | 0.217 | 465 |
| Profit after Tax | | 2,118 | | 1,942 |

Sesa Goa confronted difficult market conditions in the first two quarters. With rising Chinese imports, demand started picking up from Q3 of, 2009-10. And in Q4 of 2009-10, the Company recorded all time high sales and production. With this rally in the second half, annual sales volumes increased by 12% from 15.1 million tonnes in 2008-09 to 16.9 million tonnes in 2009-10. While high levels of price remained below what was attained in the pre-economic slowdown days, sales realisation also increased steadily over the course of 2009-10. The combination of sales volumes and improved realisation helped propel Sesa Goa's performance in 2009-10.

On the cost front, there were some external developments that adversely affected Sesa Goa's operations. During Q2, 2009-10, the Government of India (GoI) changed the basis of royalty-charges on iron ore to ad-valorem (10%) basis from specific rates being levied earlier. This change in royalty was effective from 13th August 2009. Also, in December 2009, the export duty for iron ore lumps was increased from 5% to 10% along with the re-introduction of export duty on iron ore fines by 5%. Despite, these adversities increasing the Company's cost base, Sesa Goa increased its profits in 2009-10 as compared to 2008-09. This was achieved through higher sales volume, better price realisation and productivity improvements.

During 2009-10 your Company's geographical distribution of iron ore sales on standalone basis is given below:

| Particulars | 2009-10 |
|---|---|
| China | 83% |
| Europe | 3% |
| Japan | 3% |
| Pakistan | – |
| South Korea | 4% |
| India-Domestic | 7% |
| Total | 100% |

With 83% share China continues to be the primary market for Sesa Goa. While 93% of its iron ore revenues are from exports, 7% is sold in the domestic Indian market.

The total material handled by Sesa increased from 36.5 million tonnes in 2008-09 to 49.1 million tonnes in 2009-10. The Company delivered good results even in difficult conditions. This is a result of its aggressive policy and successful efforts to increase production at its mines at Goa, and Karnataka. This was supported by well managed logistics activities, which includes land transportation, barge management and port activities at Mormugao, New Mangalore, Paradip and Haldia. The Company has surpassed all past records in terms of tonnage handled at mines and by the transhipper vessel, M.V. Orissa.

## Exploration Success

While production is important, Sesa Goa lays great emphasis on developing assets. With this objective, Your Company is focused on adding more iron ore resources through its exploration activities. During 2009-10, there were 9 drilling rigs deployed across leases in Goa and Karnataka. By 31st March 2010, over 56,000 metres have been drilled which has resulted in a net addition of 43 million tonnes to reserves and resources, post depletion of 24 million tonnes through production activities.

As on 31st March 2010, total consolidated reserves and resources stand at 353 million tonnes (at the mines that the Company holds on lease and/or right to mine) as compared with 240 million tonnes as on 31st March 2009 and 70 million tonnes of reserves and resources from

# Directors' Report continued

Dempo which was acquired in the month of June 2009. The reserves and resources position has been independently reviewed and certified as per Joint Ore Reserve Committee (JORC) standard.

### Expansion Project

During Q2, 2009-10, Sesa Goa announced setting up of new integrated project to increase the pig iron production capacity by 0.375 million tonnes per annum (mtpa) by setting up a new blast furnace of 450 cubic metres working volume. The Company also announced the setting up of a new sinter plant of 75 square metres, a new non recovery coke plant of 0.280 mtpa based on its own patented coke-making technology. A 30 MW power plant utilising the waste heat from the new coke plant and excess blast furnace gas from the new blast furnace facilities is also coming up. Post commissioning of the new projects, Sesa will be the only producer/manufacturer of pig iron in the secondary sector in India, with almost total backward integration.

Total investment in these projects is estimated at Rs.605 crore (equivalent to US$125 million). This will be funded through a combination of debt and internal accruals. The project, expected to be completed by Q1, 2011-12 is being executed as per schedule.

### Outlook

While there are some positive signs with USA recording two consecutive quarters of positive growth, there will continue to be considerable uncertainties and negative surprises from the developed world. However, the Company believes that China and India are well on the recovery path. There are no indications of any sharp reduction in steel production or iron ore imports in China. In fact, in the near future iron ore prices are expected to remain firm. In this milieu, there will be several opportunities for Sesa Goa to leverage its competitive cost structure to penetrate markets, especially in China, and gain share in its imports. It will have to continue to focus on minimising costs and aggressively pushing volumes to customers and increase its share in the global iron ore trade. The Company remains cautiously optimistic about its prospects in 2010-11.

### ISO Certification

All the certificates under ISO : 9001-2008, ISO: 14001-2004, OHSAS 18001-2007 for Quality Management, Environment Management and Occupational Health and Safety Management, respectively, are being maintained by the Company after regular periodical surveillance audits.

### Subsidiary Companies

Operations of Sesa Industries Limited (SIL) have resulted in a net profit of Rs. 84.30 crore in 2009-10, as against Rs. 57.67 crore for the previous year. Production was at record high of 0.280 million tonnes as against 0.217 million tonnes for the previous year and sales at 0.279 million tonnes as against 0.224 million tonnes.

The operations of Dempo's have resulted in a net profit of Rs. 493 crore in 2009-10. The increase in profitability was mainly driven by higher operational efficiencies and increased iron ore prices. Saleable iron ore production and sales during the attributable period of post 11th June 2009 in 2009-10 was at 3.600 million tonnes and 3.647 million tonnes respectively.

Pursuant to the Accounting Standards AS-21 issued by the Institute of Chartered Accountants of India, the consolidated financial statements presented by the Company includes financial information of its subsidiaries. The Company has made an application to the Government of India seeking exemption under Section 212(8) of the Companies Act, 1956, from attaching/including the balance sheet, profit and loss account and other documents of the subsidiary companies to the Annual Accounts and Annual Reports of the Company. The Company will make available these documents/details upon request by any member of the Company, if the same application is granted.

### Sesa Community Development Foundation

The Foundation runs two units, viz. the Sesa Technical School (STS) and the Sesa Football Academy (SFA). The Company's contribution during the year was Rs. 3.53 crore to the Foundation.

### Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

Particulars prescribed under Section 217(1) (e) of the Companies Act, 1956, are given in Annexure A, which forms part of this Report.

### Ecology and Social Development

The Company has a strong focus on preservation of environment and adaption of new technologies that are environment friendly. The Company has successfully integrated biotechnological approach in its plantation programmes; this approach was developed in collaboration with Goa University. The Company has made further progress on improving the mine land reclamation practices by developing Bamboo pavilion on reclaimed site. The Company has developed Butterfly Park to further enhance the recreational aspects of the site.

The Plantation Management Plan of the reclaimed Sanquelim mine is being implemented in a phased manner over a period of three years. The objective is to improve the bio-diversity of the area.

During the monsoon, about 135,831 saplings of different native species have been planted in and around various establishments of the Company.

The Company accords the highest priority to safety of its employees. Conscious efforts were made to improve safety practices across all the units. World renowned safety consultant, DuPont Safety Services, were engaged to undertake the safety culture assessment across all the units and its recommendations are being implemented.

Sesa Goa continued its CSR activities with a strong commitment to stakeholder engagement and understanding of community needs. The Company further developed its association with the reputed CSR partners to implement its CSR programmes. Apart from the University of Agricultural Sciences, Dharwad for Alternative Livelihood Methods for the communities around A. Narain Mine, Chitradurga, Karnataka and Gram Nirman-Codli in association with

Mineral Foundation of Goa and Government of Goa, the Company also partnered with Mathruchaya, Bedki Panlot Sangh, Bedki Khandola Panlot Sangh and SPEECH.

For the fourth successive year the Company had published Sustainable Development Report for the year 2008-2009 based on International Guidelines G3 with A+ level and has plans to publish at same level for the year 2009-10.

More on the Company's CSR and sustainable development initiatives are given in the chapter on Management Discussion and Analysis that forms a part of this Annual Report.

## Awards

Your Company was awarded with the following prestigious awards during the year:

- Sesa Goa Limited – Reclaimed Sanquelim Mine was awarded the "Certificate of Appreciation for Plantation Management" by Confederation of Indian Industry (CII) during 6th CII Western Region Safety, Health and Environment (CII WR SHE).
- At the ANML – MEMCA week held in January 2010, the Company secured the following awards: Afforestation – 1st Prize; Waste Dump Management – 1st Prize; Top Soil Management – 2nd Prize; Systematic Development, Reclamation & Rehabilitation – 2nd Prize; Management of Sub Grade Minerals – 2nd Prize; Installation and use of Mechanical Beneficiation Plant – 2nd Prize; Publicity and Propaganda – 1st Prize. Apart from these Sesa Goa secured the first prize for overall performance.
- Sesa Goa's Met Coke Division won the International Safety Award for 2009 by British Safety Council.
- During the 47th National Maritime Celebration, Sesa Goa was adjusted as the best Barge operator in Goa (2009-10).
- Sesa Goa won the overall first prize for Corporate Social Responsibility (CSR) during the 7th National conference on Occupational Safety, Health and Environment, organized by Inspectorate of Factories and Boilers, Govt. of Goa, held in February 2010.

## Fixed Deposits

As reported last year, the Company has discontinued renewal of its fixed deposits on maturity. As on 31st March 2010, all fixed deposits had matured. 16 deposits amounting to Rs. 0.02 crore remained unclaimed. All these depositors are regularly advised about maturity of their deposits and urged to claim these as soon as they can.

## Safety

The FSI is an index which simultaneously accounts for the frequency and the severity of accidents. The Company's safety performance is given below:

| Division FSI | 2009-10 | 2008-09 |
|---|---|---|
| Mining | 0.308 | 1.451 |
| Shipping Division | 0 | 0.391 |
| Shipbuilding Division | 1.019 | 0.096 |
| Metallurgical Coke Division | 0 | 0.152 |
| Sesa Goa Limited | 0.319 | 1.505 |

It is evident from the above data that there is substantial reduction i.e. 79% reduction in FSI compared to the last year.

## Group Structure

The Agarwal Group being a group defined under the Monopolies and Restrictive Trade Practices Act, 1969, controls the Company. A list of its group entities is given below:

| Sr. No | Name of Group Companies |
|---|---|
| 1. | Volcan Investments Limited, Bahamas |
| 2. | Vedanta Resources Plc, United Kingdom |
| 3. | Vedanta Finance Jersey Limited, Jersey |
| 4. | Vedanta Resources Holdings Limited, United Kingdom |
| 5. | Twinstar Holdings Limited, Mauritius |
| 6. | Welter Trading Limited, Cyprus |
| 7. | Vedanta Resources Finance Limited, United Kingdom |
| 8. | Vedanta Resources Cyprus Limited, Cyprus |
| 9. | Richter Holding Limited, Cyprus |
| 10. | Westglobe Limited, Mauritius |
| 11. | Finsider International Company Limited, United Kingdom |
| 12. | Hindustan Zinc Limited, India |
| 13. | Sesa Industries Limited, India |
| 14. | Konkola Copper Mines Plc, Zambia |
| 15. | Vedanta Aluminium Limited, India |
| 16. | Sterlite Industries (India) Limited, India |
| 17. | Sterltie Paper Limited, India |
| 18. | Sterlite Opportunities and Ventures Limited, India |
| 19. | The Madras Aluminium Company Limited, India |
| 20. | Bharat Aluminium Company Limited, India |
| 21. | THL KCM Limited, Mauritius |
| 22. | KCM THL Limited, Mauritius |
| 23. | Vedanta Resources Investments Limited, United Kingdom |
| 24. | THL Aluminum Limited, Mauritius |
| 25. | Monte Cello BV, Netherlands |
| 26. | Sterlite Energy Limited, India |
| 27. | Copper Mines of Tasmania Pty Limited, Australia |
| 28. | Fujairah Gold FZE, UAE |
| 29. | Thalanga Copper Mines Pty Limited., Australia |
| 30. | Monte Cello NV, Netherlands Antilles |
| 31. | Vedanta Resources Jersey Limited |
| 32. | Vedanta Resources Jersey II Limited |
| 33. | Vedanta Jersey Investment Limited. |
| 34. | Mr. Anil Agarwal |

# Directors' Report continued

## Directors Responsibility Statement

Your Directors confirm that:

(i) the applicable accounting standards have been followed along with proper explanations relating to material departures, if any, for preparation of the annual accounts;

(ii) the accounting policies have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March 2010 and of the profits of the Company for that year;

(iii) proper and sufficient care has been taken to maintain 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 or other irregularities;

(iv) the annual accounts have been prepared on a going concern basis.

## Directors

Mr. G. D. Kamat and Mr. K. K. Kaura, Directors, retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment.

## Auditors

The Company's Auditors, M/s. Deloitte Haskins & Sells, Chartered Accountants retire at the ensuing Annual General Meeting and are eligible for re-appointment.

## Compliance Certificate

A certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is attached to this Report along with report on Corporate Governance.

## Listing

As stipulated under Clause 32 of the Listing Agreement, the names and addresses of Stock Exchange on which the Company's equity shares are listed are:

1) Bombay Stock Exchange Limited
   Phiroze Jeejeebhoy Towers
   Dalal Street
   Mumbai – 400 001

2) National Stock Exchange of India Ltd.
   Exchange Plaza
   Bandra Kurla Complex
   Bandra East
   Mumbai – 400 051

Your Company confirms that Annual Listing Fees for the year 2009-10 have been paid.

## Employees

Your Directors express their deep appreciation for the unrelented co-operation and support rendered by the employees at all levels of the Company. Your Directors wish to lay emphasis on safe working culture in the organization and urge all the employees to not only follow safety standards but also to excel in all safety parameters.

Statement of Particulars of Employees as required in terms of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975, is annexed hereto.

## Acknowledgement

The Directors would like to thank the employees and employee unions, shareholders, customers, suppliers, bankers, regulatory authorities and all the other business associates of the Company for their confidence and support to its Management.

For and on behalf of the Board of Directors

**S.D. Kulkarni**
Chairman

Dated: 19th April 2010

# Annexure-A To Directors' Report



Information as per Section 217 (1) (e) read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March 2010.

### (A) Conservation of Energy

Fuel consumption and engine emission levels of the barge fleet, transport vehicles and earth moving equipment, together with the optimisation of electrical energy consumption in all activities, remains a focus area for the Company. Waste heat from the coke ovens is being utilised in the power plant to generate clean electrical energy.

### (B) Technological Absorption

Particulars with respect to Technology Absorption are given below in the prescribed Form B:

### Research and Development (R&D):

1. Specific areas in which R&D have been carried out by the Company:

   The Company is looking for new process designs and applications of efficient machinery for iron ore beneficiation and mining on a continuous basis. Focus is also on towards process development work on the recovery of iron from tailings along with optimization of blend of various grades to achieve customer satisfaction and to conserve the iron ore resource.

   While the Company holds a patent in India for the system of producing metallurgical coke by the non recovery method based on the technology that it has developed, the European Patent Office has cleared the innovation for grant of patent in Europe. The technology is continuously upgraded through various initiatives.

   The US Patent Office has allowed issuance of patent on company's latest innovation titled "Reduction of Sulphur-containing gases during conversion of coal into metallurgical coke".

   The Company has set up a state-of-the art Coal Carbonization Laboratory that is equipped with 1-ton pilot non recovery coke oven, developed in-house and is first of its kind in the non recovery coke oven category, apart from modern facilities for coal characterization and coke quality evaluation. The facility is used for coal selection and optimization of coal blend.

2. Benefits derived as a result of the above R & D:

   The benefits include reductions in operating costs; improvements in environmental control; optimization of the product mix; and conservation of resources. The coke business will also be reaping benefits through upgrading of technology.

3. Future plans of action:

   Developmental work will continue to be carried out in all the above areas with a focus on cost reduction and quality improvement. The coke-making technology would be under continuous focus for further design improvements with an objective to reduce capital cost. Pilot oven facilities shall be used for maximizing cheaper semisoft coal through coal blend optimization tests

4. Expenditure on R&D:

| | 2009-10 (Rs. in crore) | 2008-09 (Rs. in crore) |
|---|---|---|
| a) Capital | – | 0.65 |
| b) Recurring (revenue) | 0.29 | 1.95 |
| c) Total | 0.29 | 2.60 |
| d) Total R & D expenditure as a percentage of total turnover | 0.006% | 0.052% |

### Technology Absorption, Adaptation and Innovation:

1. Efforts made towards technology absorption, adaptation and innovation are outlined below:

   The Company maintains close contact and regularly interacts with its principal shareholder, other consultants, its foreign associates, customers as well as with the suppliers of specialised equipment.

   Various innovative initiatives undertaken for enhancement of ecology have been detailed elsewhere above.

2. Benefits derived as a result of the above efforts are inter alia:

   a) Improved mining efficiencies and product quality control.
   b) Improvement in pollution control system.
   c) New design of coke ovens with better combustion control and improved conservation of heat energy.
   d) Improved sustainable resource and environment management.

3. On completion of the research project conducted in association with the Microbiology Dept. of Goa University, Goa, mine land reclamation will become even more effective.

### (C) Foreign Exchange Earnings and Outgo

The Company's major foreign exchange earnings and outgo are on account of export of iron ore and import of coking coal respectively. During the year, foreign exchange earnings were Rs. 4,037 crore and outgo (including dividend remittance) Rs. 953 crore (details are given in Schedule 19). Hence, the net foreign exchange earning was Rs. 3,084 crore.

For and on behalf of the Board of Directors

**S.D. Kulkarni**
Chairman

Dated: 19th April 2010

# Annexure-B to Directors Report

Particulars of Employees pursuant to Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, forming part of the Directors Report for the year ended 31st March 2010

| Sr. No. 1 | Name of the employee 2 | Designation/nature of duties 3 | Gross remuneration (Rs. in crore) 4 | Qualification 5 | Experience in years 6 | Date of commencement of employment 7 | Age of the employee (Years) 8 | Last employment held before the joining the Company 9 |
|---|---|---|---|---|---|---|---|---|
| **(A)** | **Employed throughout the financial year** | | | | | | | |
| 1 | Mukherjee P.K. | Managing Director | 1.73 | B.Com (Hons.) F.C.A., A.I.C.W.A. | 30 | 14-04-1987 | 54 | Ceat Tyres of India Ltd., Calcutta |
| 2 | Rai A.K. | Wholetime Director | 1.10 | B.Sc. Mining Engg. 1st class Mine Manager Certificate | 34 | 14-04-1975 | 58 | Pig Iron Plant Sesa Industries Ltd. Goa |
| 3 | Pradhan Amit | Wholetime Director | 0.86 | M.Sc.(Physics) | 32 | 15-01-1990 | 55 | Sesa Industries Ltd., Goa |
| 4 | Joshi A.N. | Chief Marketing Officer | 0.32 | B.Tech (Mining Engg.) 1st Class Mine Manager's Certificate | 32 | 03-07-1993 | 55 | Visakhapatnam Steel Plant |
| 5 | Afonso Lalita C. | Chief Financial Officer | 0.33 | B.Com F.C.A. | 23 | 01-06-1990 | 47 | Wimco Limited |
| 6 | Chitnis C.D. | Co.Sec & GM Legal | 0.27 | B.Com L.L.B., F.C.S. | 28 | 15-02-1994 | 54 | Herdilia Chemicals Ltd., Bombay |
| 7 | Lotlikar U.D. | GM – IT | 0.26 | B.Com A.C.A. | 29 | 04-01-1999 | 56 | Phil Corporation Ltd., Goa |
| 8 | Krishnagopal Rajanala | GM – HR | 0.27 | B.Sc. M B A Marketing | 16 | 01-11-1999 | 39 | SAIL Bokaro Steel Plant, Bokaro City |
| 9 | Patil M.K. | GM – HSEC | 0.28 | M.Sc.(Agriculture) | 21 | 15-04-1991 | 46 | Zuari Agro Chemicals Ltd., Goa |
| 10 | Garudanagiri Y.S. | GM – Engg.Services & Projects | 0.29 | Operations Research Machine Tool Tech. SQC | 30 | 31-07-1995 | 53 | VISL Bhadravati |
| 11 | Kamath G.P. | BM – Metcoke | 0.28 | B E M.Tech | 33 | 03-05-1996 | 57 | SAIL Bokaro Steel Plant, Bokaro City |
| 12 | Singh S.C. | Head – Business Development | 0.33 | B.Tech (Mining) 1st Class Manager's Certificate of Competancy | 29 | 03-06-2002 | 51 | khondbond Iron Mine Jharkhand |
| **(B)** | **Employed for part of the financial year** | | | | | | | |
| 1 | Phal M.D. | Wholetime Director | 0.34 | B.A.(Econ.) M.A. Personnel Management & Industrial Relations | 34 | 03-05-1990 | 60 | Sesa Industries Ltd., Goa |
| 2 | Nair H.P.U.K. | Wholetime Director | 0.76 | B.Tech Metallurgy | 37 | 01-03-1995 | 60 | Sesa Kembla Coke Co. Ltd., Goa |
| 3 | Larry Joseph Giegerich | Head – Mining Operations | 0.57 | B.Sc. Mining Engineering | 21 | 25-02-2008 | 46 | European Minerals Corporation, Khazakhstan |
| 4 | Robin Michael Vivian | Head – Mining Exploration | 1.60 | B.Sc. Mining Engineering | 33 | 25-02-2008 | 59 | Territory Resources Limited, Australia |
| 5 | Tilve U.S. | BM – Mining (South Goa) | 0.28 | M.Sc. (Geology) | 36 | 22-08-1977 | 60 | MRF Mansfield Tisca Usgao Goa |
| 6 | Dessai A.B. | GM – Shipping | 0.22 | Marine Engineering | 35 | 08-11-2004 | 60 | Costal Marine Mumbai |
| 7 | Patnaik Tapan | BM – Mining Eastern Region | 0.23 | B.Sc. Engg (Met) | 30 | 20-09-1990 | 53 | Pig Iron Plant Sesa Industries Ltd. Goa |

Notes:
1 Remuneration as shown above includes Salary, House Rent Allowance, Performance Pay, Commission (in case of Managing Director), Company's Contribution to Provident Fund & Annuity Fund, Leave Travel Assistance and expenditure by the Company on accomodation, medical and other facilities, wherever applicable, as per contracts of service. In addition the Whole Time Directors/ employees are entitled to Gratuity and they are also covered under Group Personal Accident Insurance Policy.
2 None of the employees mentioned above is a relative of any Director of the Company.
3 The nature of employment is contractual.
4 No employee holds by himself or along with his/her spouse and dependent children, 2% or more equity shares of the Company.

For and on behalf of the Board of Directors

**S.D.Kulkarni**
Chairman

Dated: 19th April 2010

# CEO/CFO Certification

We, P.K. Mukherjee, Managing Director and Sushil Gupta, Director Finance, responsible for the finance function, certify that:

(a) We have reviewed the financial statements, read with the cash flow statement of Sesa Goa Limited for the year ended March 31 2010 and that to the best of our knowledge and belief, we state that;

(i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading;

(ii) these statements present a true and fair view of the Company's affairs and are in compliance with current accounting standards, applicable laws and regulations.

(b) To the best of our knowledge and belief, there are no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the Company's code of conduct.

(c) We accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have not noticed any deficiency that need to be rectified or disclosed to the Auditors and the Audit Committee.

(d) During the year under reference-

(i) there were no significant changes in the internal control over financial reporting;

(ii) No significant changes in accounting policies were made that require disclosure in the notes to the financial statements; and

(iii) No instance of significant fraud and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting, has come to our notice.

**(P.K. Mukherjee)**
Managing Director

**(Sushil Gupta)**
Director Finance

Place: Panaji Goa
Dated: 19th April 2010

# Report on Corporate Governance

The Securities and Exchange Board of India (SEBI) regulates corporate governance practices of companies listed on the Indian Stock Exchanges. These regulations are notified under Clause 49 of the Listing Agreements of all the Stock Exchanges in the country. They specify the standards that Indian companies have to meet and the disclosures that they have to make, with regard to corporate governance. Sesa Goa Limited ('Sesa Goa' or 'the Company') has established systems and procedures to comply in letter and spirit with the provisions of Clause 49 of the Listing Agreement. This chapter, along with the chapters on Additional Shareholders Information and Management Discussion and Analysis, reports Sesa Goa's compliance in this regard.

## 1. Company's Philosophy on Corporate Governance

Sesa Goa is committed to executing sustainable business practices and creating long-term value for all its stakeholders. To pursue this objective, the Company remains steadfast in its value systems that incorporate integrity, transparency and fairness across all its business activities.

The Company continues to focus on its commitments towards the development of the community where it operates. It has adopted best practices towards preserving the environment and adherence to the highest safety standards remains a focus area across all operations. Sesa Goa's value systems are based on the foundation of fair and ethical practices in all its dealings with stakeholders including customers, vendors, contractors, suppliers and all others who are part of the Company's business value chain.

Towards this end, all Directors and Senior Management are committed to the Company's Code of Conduct, the compliance to which is periodically reviewed.

## 2. Board of Directors

### i. Composition of the Board

The Company has a Non-Executive, non promoter Chairman and the number of Independent Directors is equivalent to one-third of the total number of Directors. As on 31st March 2010 the Company has seven Directors on its Board, of which three are Executive Directors and four Non-Executive Directors. Three of the Non-Executive Directors are independent.

### ii. Directors' attendance record and Directorship held

The names and categories of the Directors on the Board, their attendance at Board meetings during the year and at the last Annual General Meeting, as also the number of Directorships and Committee memberships held by them in other companies are given below:

| | | No. of Board meetings during the year 2009-10 | | | | Number of Committee positions held in public companies [1] | |
|---|---|---|---|---|---|---|---|
| Name of the Directors | Category | Held | Attended | Whether attended last AGM held on 13th August 2009 | Number of Directorships in other public companies[1] | Member | Chairman |
| S. D Kulkarni (Chairman) | Independent Director | 7 | 2 | No | 2 | 2 | 2 |
| P. G. Kakodkar | Independent Director | 7 | 2 | No | 9 | 3 | 3 |
| G. D. Kamat | Independent Director | 7 | 7 | Yes | 1 | 1 | – |
| K. K. Kaura | Non-Executive Director | 7 | 5 | Yes | 1 | 1 | – |
| M. D. Phal (Resigned w.e.f. 1st May 2009) | Whole-time Director | 1 | 1 | NA[2] | 1 | – | – |
| A. PradhanWhole-time Director | | 7 | 6 | Yes | 1 | 1 | – |
| H. P.U.K. Nair (Resigned w.e.f. 1st October 2009) | Whole-time Director | 4 | 4 | Yes | 1 | 1 | – |
| A.K. Rai | Whole-time Director | 7 | 7 | Yes | 2 | – | – |
| P. K. Mukherjee | Managing Director | 7 | 7 | Yes | 3 | 1 | – |

1 Excluding private limited companies, foreign companies and Companies under Section 25 of the Companies Act, 1956.
2 NA – Not applicable.

None of the Directors on the Board is a member of more than ten Committees and Chairman of more than five Committees (as specified in Clause 49), across all the companies in which he is a Director. The necessary disclosures regarding Committee positions have been made by the Directors.

Dates for the Board Meetings in the ensuing year are decided well in advance and communicated to the Directors. The agenda along with the explanatory notes are sent in advance to the Directors. Additional meetings of the Board are held when deemed necessary by the Board.

The information as required under Annexure IA to Clause 49 is being made available to the Board.

The Board periodically reviews compliance reports of all laws applicable to the Company. Steps are taken by the Company to rectify instances of non-compliance, if any.

During 2009-10, the Company did not have any material pecuniary relationship or transactions with Non-Executive Directors.

### iii. Number of Board Meetings

Seven Board meetings were held during the year 2009-10 and the gap between two meetings did not exceed four months. The dates on which the Board meetings were held were as follows: 20th April 2009, 11th June 2009, 22nd June 2009, 29th July 2009, 20th October 2009, 18th January 2010 and 25th March 2010.

### iv. Code of conduct

The Company has adopted the Sesa Goa Code of Conduct for Executive and Non-Executive Directors, Senior Management Personnel and other executives of the Company. The Company has received confirmations from the Executive and Non-Executive Directors, as well as Senior Management Personnel regarding compliance of the Code during the year under review. The Code of Conduct is posted on the website of the Company.

### v. Directors Profile

| Sr.No. | Name | Age | Qualification | Experience | Other Directorships* |
|---|---|---|---|---|---|
| i. | S.D. Kulkarni<br>DIN:00007167 | 75 | B.Com. (Hons.), F.C.A. | Appointed as Director and Chairman on 31st March 2000.<br><br>40 years experience with Voltas Ltd. and L & T. Retired as MD & CEO of L & T in April 1999. | – Syngenta India Ltd.<br>– Bharat Forge Ltd. |
| ii. | P.G. Kakodkar<br>DIN: 00027669 | 73 | M.A.(Economics) | Appointed as Director on 31st March 2000.<br><br>Over 40 years experience in State Bank of India (SBI), Retired as Chairman of SBI. He is currently IT and Banking Consultant. | – Goa Carbon Ltd.<br>– Uttam Galva Steel Ltd.<br>– Financial Technologies (India) Ltd.<br>– Fomento Resorts and Hotels Ltd.<br>– Centrum Finance Ltd.<br>– Sesa Industries Limited<br>– Multi Commodity Exchange of India Ltd.<br>– IBX Forex Ltd.<br>– Anand Rathi Financial Services Ltd. |
| iii. | G.D. Kamat<br>DIN: 00015932 | 75 | B.A., L.L.B. | Appointed as Director on 22nd December 2005.<br><br>Over 45 years experience in the field of Legal Practice and Judiciary. Retired as Chief Justice of Gujarat High Court in 1996. Presently engaged in Judicial work relating to Arbitration and Conciliation. | – Sesa Industries Ltd. |

# Report on Corporate Governance continued

| | | | | | |
|---|---|---|---|---|---|
| iv. | K. K. Kaura<br>DIN: 00006293 | 63 | BE (Hons) Mechanical Engg | Director since 30th October 2007. 18 years of experience at ABB India at various operations & business management positions. He was a member of Directors of ABB India from 1996 and was Managing Director and County Manager of ABB from 1998 to 2001. In 2002 joined Sterlite and was Managing Director of Hindustan Zinc Ltd and became the Chief Operating Officer of Vedanta Resources plc since its inception. He was a Director of Hindustan Zinc Ltd, Vedanta Alumina and Copper Mines Tasmania Pty Ltd and became Chief Executive Officer, Vedanta Resources plc, also Managing Director of Sterlite and Deputy Chairman of Konkola Copper Mines. | – ACC Ltd. |
| v | A. Pradhan<br>DIN: 00128568 | 55 | M.Sc. (Physics) from I.I.T. Delhi | Appointed as Director on 1st July 2000.<br>32 years experience in Materials/ Project Management. | – Sesa Industries Limited |
| vi. | A.K. Rai<br>DIN: 00016060 | 58 | B.Sc. in Mining Engineering from Banaras Hindu University | Appointed as Director on 1st February 1999.<br>34 years experience in the field of Mining. | – V.S.Dempo & Co. Limited<br>– Dempo Mining Corporation Limited |
| viii* | P.K. Mukherjee<br>DIN: 00015999 | 54 | B.Com (Hons.)F.C.A., A.I.C.W.A. | Appointed as Director on 1st July 2000 and Managing Director from 1st April 2006.<br>31 years experience in Finance, Accounts, Costing, Taxation, Legal and Management. | – Sesa Industries Limited<br>– V.S.Dempo Co. Limited<br>– Dempo Mining Corporation Limited |

* Excluding private limited companies, foreign companies and Companies under Section 25 of the Companies Act, 1956.

## 3. Audit Committee

The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreements with the Stock Exchanges read with Section 292A of the Companies Act, 1956.

### i. Terms of reference

a. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.

b. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditors and fixation of audit fees.
Approval of payment to statutory auditors for any other services rendered by the statutory auditors.

c. Reviewing with management the annual financial statements before submission to the Board, focussing primarily on:
   - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956;
   - Changes, if any, in accounting policies and practices and reasons for the same;
   - Major accounting entries involving estimates based on the exercise of judgement by management;
   - Qualifications in draft audit report;
   - Significant adjustments arising out of audit;
   - Compliance with listing and legal requirement concerning financial statements;
   - Disclosure of any related party transactions.

d. Reviewing with management, performance of statutory and internal auditors, adequacy of the internal control systems.

e. Reviewing the adequacy of internal audit function, including structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

f. Discussion with internal auditors any significant findings and follow up thereon.
g. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
h. Discussion with statutory auditors before the audit commences, nature and scope of audit as well as have post audit discussion to ascertain any area of concern.
i. To look into the reasons for substantial defaults in payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
j. Reviewing with management, the quarterly financial statements before submission to the Board for approval.
k. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
l. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

**ii. Composition, names of members and attendance during the year**

As on 31st March 2010, the Audit Committee comprised of three Independent Directors. The composition of the Audit Committee and the details of meetings attended by the members of the Audit Committee are give below:

| Name of the Member | Category | No. of Meetings during the year 2009-10 | |
|---|---|---|---|
| | | Held | Attended |
| P.G. Kakodkar – Chairman | Independent Director | 4 | 2 |
| S.D. Kulkarni | Independent Director | 4 | 2 |
| G.D. Kamat | Independent Director | 4 | 4 |
| K.K. Kaura | Non-Executive Director | 4 | 2 |

Four Audit Committee Meetings were held during the financial year ended 31st March 2010 and the gap between two meetings did not exceed four months. The dates on which the Audit Committee meetings were held are as follows: 20th April 2009, 29th July 2009, 20th October 2009 and 18th January 2010. Necessary quorum was present at the above meetings.

The Audit Committee Meetings are usually held at the Corporate Office of the Company and are attended by the Managing Director, Director Finance (Designate), Chief Financial Officer and the representatives of Statutory Auditors and Internal Auditors. The Company Secretary & General Manager (Legal) acts as the Secretary to the Audit Committee.

The Chairman of the Audit Committee, Mr. P.G. Kakodkar, was not present at the last Annual General Meeting of the Company held on 13th August 2009 due to ill health.

## 4. Remuneration Committee

**i. Terms of reference**

The Company has constituted a remuneration committee of Directors in September 2000. The broad terms of reference of the Committee are to appraise the performance of Managing/Executive Directors, determine and recommend to the Board, compensation payable to them, details of which are included in this report.

**ii. Composition, names of members and attendance during the year**

As of 31st March 2010, the four member Remuneration Committee comprised of Non-Executive Directors, of whom three were Independent. The composition of the Remuneration Committee and the details of meetings held and attended by the member of the Remuneration Committee are given below:

| Name of the Member | Category | No. of Meetings during the year 2009-10 | |
|---|---|---|---|
| | | Held | Attended |
| S.D. Kulkarni – Chairman | Independent Director | 2 | 1 |
| P.G. Kakodkar | Independent Director | 2 | 1 |
| G.D. Kamat (w.e.f. 25th March 2010) | Independent Director | 1 | 1 |
| K.K. Kaura | Non-Executive Director | 2 | 2 |

Two Remuneration Committee meetings were held during the year 2009-10 on 20th April 2009 and 25th March 2010.

The Chairman of the Remuneration Committee, Mr. S.D. Kulkarni, was not present at the Annual General Meeting of the Company held on 13th August 2009, due to ill health.

# Report on Corporate Governance continued

### iii. Remuneration Policy

Non-Executive Directors

Remuneration of the Non-Executive Directors of the Company by way of sitting fees and commission is decided by the Board of Directors. Payment of commission to any individual Non-Executive Director is determined by the Board and is broadly based on attendance, contribution at the Board Meetings and various Committee Meetings as well as time spent on various issues other than at these meetings.

Sitting Fees

The Company pays sitting fees of Rs. 10,000 per meeting for attending Board and Committee meetings to the Directors other than the Managing and the Whole-time Directors (including the Whole-time Directors of the subsidiary Company, Sesa Industries Limited, V.S. Dempo & Co. Limited and Dempo Mining Corporation Limited). Mr. K.K. Kaura, Non-Executive Director, has waived the payment of Sitting Fees for attending Board/Committee meetings.

Managing and Executive Directors

The Company pays remuneration to its Managing Director by way of salary, commission and perquisites and to its Executive Directors by way of salary, executive allowance, performance linked pay and perquisites. The remuneration is approved by the Board of Directors and is within the overall limits approved by shareholders of the Company.

Service Contracts, Severance Fees and notice period with Managing and Executive Directors:

**Managing Director:**

| | |
|---|---|
| Period of contract: | 3 years |
| Termination of the contract: | By either party giving the other six months notice. If he ceases to hold the office of Director, he shall ipso facto and immediately cease to be Managing Director and the Contract shall come to an end without any obligation on either party. |
| Severance fees: | Nil, except for short notice pay. |

**Executive Directors:**

| | |
|---|---|
| Period of contract: | 5 years |
| Termination of the contract: | Same as that of the Managing Director |
| Severance fees: | Nil, except for short notice pay. |

### iv. Remuneration

a. Managing Director and Executive Directors:

| | Rs. in crore | | | | |
|---|---|---|---|---|---|
| Name | Salary | Commission | Perquisites | Retirement Benefits | Total |
| P.K. Mukherjee | 0.56 | 0.56 | 0.20 | 0.41 | 1.73 |
| A.K. Rai | 0.66 | – | 0.20 | 0.24 | 1.10 |
| H.P.U.K. Nair (up to 30th September 2009) | 0.37 | – | 0.24 | 0.15 | 0.76 |
| A. Pradhan | 0.57 | – | 0.17 | 0.12 | 0.86 |
| M. D. Phal (up to 30th April 2009) | 0.18 | – | 0.13 | 0.03 | 0.34 |

b. Non-Executive Director:

| | Rs. in crore | |
|---|---|---|
| Name | Sitting Fees | Commission |
| S. D. Kulkarni | 0.005 | 0.10 |
| P.G. Kakodkar | 0.008 | 0.09 |
| G. D. Kamat | 0.014 | 0.09 |

### v. Shares and convertible instruments held by the Non-Executive Directors

None of the Non-Executive Directors have shareholding in the Company, except for Mr.S.D. Kulkarni (Chairman and Independent Director), who held 13,360 shares of Re 1/- each as on 31st March 2010.

## 5. Shareholders/Investor Grievance Committee

The Company has constituted a Shareholders/Investor Grievance Committee of Directors to look into the redressal of complaints of investor such as transfer or credit of shares, non-receipt of dividend/notices/annual reports, etc.

The composition of the Shareholders/Investor Grievance Committee and details of meetings attended by its members are given below:

| Name of the Member | Category | No. of Meetings during the year 2009-10 Held | Attended |
|---|---|---|---|
| P.G. Kakodkar – Chairman | Independent Director | 4 | 2 |
| P.K. Mukherjee | Managing Director | 4 | 4 |
| S.Gupta | Director Finance – Designate | 4 | 4 |

Four meetings of the Committee were held during the year 2009-10 which are as follows: 20th April 2009, 29th July 2009, 20th October 2009 and 18th January 2010.

The Committee reviews investor related issues and recommends measures to improve investor services. Minutes of the Shareholders/ Investors Grievance Committee Meetings are circulated to the members of the Board.

Name, designation and address of compliance officer:
Mr. C.D. Chitnis, Company Secretary and General Manager – Legal
Sesa Ghor, Patto,
Panaji – Goa

Phone: + 91 832 2460720
Fax : + 91 832 2460721
Email: cdchitnis@sesagoa.com

Details of investor complaint received and redressed:

| Sr. No. | Nature of Complaint | Opening Balance | Received | Disposed off | Pending |
|---|---|---|---|---|---|
| 1. | Non receipt securities | 0 | 1 | 1 | 0 |
| 2. | Non receipt of dividend | 0 | 2 | 2 | 0 |
| **Total** | | **0** | **3** | **3** | **0** |

There were no outstanding complaints as on 31st March 2010.

Pursuant to Section 205A read with Section 205C of the Companies Act, 1956, the Company is required to transfer inter alia dividends, remaining unclaimed and unpaid for a period of 7years from the due date, to the Investor Education and Protection Fund (IEPF) set up by the Central Government.

Following is the due date for transfer of unclaimed and unpaid dividend to the IEPF by the Company in the current year:

| Financial year | Dividend payment date | Due Date for Transfer to IEPF* |
|---|---|---|
| 2002-03 | 25th September 2003 | 19th November 2010 |

* Indicative date, actual date may vary.

## 6. Other Committees

### i. Share Transfer Committee

The transfer of equity shares of the Company are approved by the Share Transfer Committee, which meets fortnightly to approve share transfers. The Committee comprises of the following Executive and Non-Executive Directors of the Company:

- P.K. Mukherjee - Managing Director
- A.K. Rai - Executive Director
- A. Pradhan - Executive Director
- S. Gupta - Director Finance (Designate)

# Report on Corporate Governance continued

As on 31st March 2010, one instrument of transfer for 160 equity shares was lying with share transfer agents. These have all since been processed and sent.

**ii. Banking and Authorisation Committee**
The Board has constituted the Banking and Authorisation Committee to consider banking, investment and other related issues on a case to case basis.

The composition, names of members and the attendance of members for the Banking and Authorisation Committee meetings is given below:

| Name of the Member | Category | No. of Meetings during the year 2009-10 Held | Attended |
|---|---|---|---|
| P.G. Kakodkar – Chairman | Independent Director | 4 | 1 |
| P.K. Mukherjee | Managing Director | 4 | 4 |
| Lalita Correia Afonso | Chief Finance Officer | 4 | 4 |
| S. Gupta | Director Finance (Designate) | 4 | 4 |

Four Banking and Authorisation Committee meetings were held during the financial year 2009-10; on 29th July 2009, 20th October 2009, 5th December 2009 and 18th January 2010.

**iii. Preferential Allotment Committee**
The Board has constituted Preferential Allotment Committee to consider issues on allotment of preferential issue of 33,274,000 Equity Shares of Re. 1/- each to promoter's entity Twin Star Holdings Limited.

The composition, names of the members and the number of meetings held of the Allotment committee are given below:

| Name of the Member | Category | No. of Meetings during the year 2009-10 Held | Attended |
|---|---|---|---|
| Mr. G. D. Kamat | Independent Director | 1 | 1 |
| Mr. A. K Rai | Executive Director | 1 | 1 |
| P.K. Mukherjee | Managing Director | 1 | – |

One Preferential Allotment Committee Meeting was held during the year 2009-10 on 22nd July 2010.

**iv. Foreign Currency Convertible Bonds Committee**
The Board has constituted Foreign Currency Convertible Bonds (FCCBs) Committee to approve issues of (FCCBs).

The composition, names of the members and the number of meetings held of the committee are given below:

| Name of the Member | Category | No. of Meetings during the year 2009-10 Held | Attended |
|---|---|---|---|
| Mr. A. Pradhan | Executive Director | 1 | 1 |
| Mr. A. K Rai | Executive Director | 1 | 1 |
| Mr. P. K. Mukherjee | Managing Director | 1 | 1 |

One Committee Meeting was held during the year 2009-10 on 24th September 2009.

**v. Committee for allotment of equity shares on conversion of Foreign Currency Convertible Bonds (FCCBs)**
The Board has constituted an Allotment Committee to consider allotment of equity shares on conversion of Foreign Currency Convertible Bonds (FCCBs).

The composition, names of the members and the number of meetings held of the Allotment committee are given below:

| Name of the Member | Category | No. of Meetings during the year 2009-10 Held | Attended |
|---|---|---|---|
| P.K. Mukherjee | Managing Director | 2 | 2 |
| A. K Rai | Executive Director | 2 | 2 |
| A. Pradhan | Executive Director | 2 | 2 |

Two Allotment Committee Meetings were held during the year 2009-10 on 14th January 2010 and 15th March 2010.

## 7. General Body Meetings

### i. General meeting

#### a. Annual General meeting:

| Year | Meeting | Location | Date | Time |
|---|---|---|---|---|
| 2006-2007 | AGM | Dinanath Mangeshkar Kala Mandir Auditorium at Kala Academy, Panaji, Goa | 29th September 2007 | 11.00 A.M. |
| 2007-2008 | AGM | Dinanath Mangeshkar Kala Mandir Auditorium at Kala Academy, Panaji, Goa | 23rd July 2008 | 11.00 A.M. |
| 2008-2009 | AGM | Dinanath Mangeshkar Kala Mandir Auditorium at Kala Academy, Panaji, Goa | 13th August 2009 | 11.00 A.M. |

#### b. Extraordinary General Meeting:

Two Extraordinary General Meetings of the members were held during the year 2009-2010 on 9th July 2009 and 20th October 2009 as under:

| Year | Meeting | Location | Date | Time |
|---|---|---|---|---|
| 2009-2010 | EGM | Vivanta Taj, Panaji, Goa | 9th July 2009 | 10.00 A.M. |

Approval under Section 81(1A) to create, offer, issue and allot upto 33274000 (Three Crores Thirty Two Lakhs Seventy Four Thousand) Equity Shares of Re. 1/- each (Rupee One) to Promoters and its associates

| Year | Meeting | Location | Date | Time |
|---|---|---|---|---|
| 2009-2010 | EGM | Dinanath Mangeshkar Kala Mandir Auditorium at Kala Academy, Panaji, Goa | 20th October 2009 | 9.30 A.M. |

1. Approval for borrowing upto Rs. 6,000 crores by way of Foreign Currency Convertible Bonds, Qualified Institutional Placements and other securities and under 293 (1)(a) creating charge on the assets and empowering the Board to take necessary actions to implement the resolutions
2. Approval in terms of Section 293 (1) (d) of the Companies Act, 1956 to borrow in excess of paid-up capital and free reserves but not to exceed limit of Rs. 6000/- crores.

### ii. Postal ballot

No Special Resolution was put through Postal Ballot for the year 2009-2010 and nor is any resolution proposed for this year through Postal Ballot.

# Report on Corporate Governance continued

### iii. Special Resolutions

Details of special resolutions passed in the General Meetings during the last three financial years are as follows:

| Date of General Meeting | Number of Special Resolutions passed | Details of the Special Resolutions |
|---|---|---|
| 17th November 2008, through Postal Ballot | 2 | 1. Approval pursuant to section 17 of the Companies Act, 1956 for amendment to the Object Clause of the Memorandum of Association of the Company.<br>2. Approval pursuant to section 149(2A) of the Companies Act, 1956 for commencement of business. |
| 9th July 2009 | 1 | Approval under Section 81(1A) to create, offer, issue and allot upto 33274000 (Three Crores Thirty Two Lakhs Seventy Four Thousand) Equity Shares of Re. 1/- each (Rupee One) to Promoters and its associates. |
| 13th August 2009 | 1 | Approval for increase in commission to the Non- Wholetime Directors of the Company resident in India upto Rupees Five million per year. |
| 20th October 2009 | 1 | Approval for borrowing upto Rs. 6,000 crores by way of Foreign Currency Convertible Bonds, Qualified Institutional Placements, QIP and other securities and under 293 (1)(a) creating charge on the assets and empowering the Board to take necessary actions to implement the resolutions. |

### iv. Subsidiary Companies

The revised Clause 49 defines a "material non-listed Indian subsidiary" as an unlisted subsidiary, incorporated in India, whose turnover or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year. As per this definition none of the subsidiaries of Sesa Goa Limited viz. Sesa Industries Limited, V.S. Dempo & Co Limited and Dempo Mining Corporation Limited are material non-listed Indian subsidiaries.

## 8. Disclosures

### i. Materially Significant Related Party Transactions

The Board has received disclosures from Key Managerial Personnel relating to material financial and commercial transactions where they and or their relatives have personal interest.

Transactions with related parties are disclosed in note no. 25 of Schedule 19 to the Accounts in the Annual Report. In the opinion of the Board, the transactions during 2009-10 between Sesa Goa and its subsidiaries Viz Sesa Industries Limited, V.S. Dempo & Co Limited and Dempo Mining Corporation Limited have been done at arm's length.

As per this definition none of the subsidiaries of Sesa Goa Limited viz. Sesa Industries Limited, V.S. Dempo & Co Limited and Dempo Mining Corporation Limited are material non-listed Indian subsidiaries.

### ii. Non compliance

The Company has complied with all the requirements of regulatory authorities. No penalties or strictures were imposed on it by the stock exchanges or SEBI or any statutory authority on any matter related to capital market during the last three years.

The Company is subjected to investigation by Serious Fraud Investigation Office (SFIO), Ministry of Corporate Affairs, New Delhi and the investigation is in progress. The Company is providing all information to SFIO and extended co-operation. The Company understands from the order that this investigation has been initiated pursuant to a report of the Registrar of Companies that recommended such an investigation and the order directs inquiry into allegations made in certain complaints. The investigation originates from the complaint filed by one of the shareholders of Sesa Industries Limited (SIL) against SIL, the Company and their directors in 2003 prior to the acquisition of the Company by Vedanta in April 2007.

### iii. CEO/CFO certification

The CEO and CFO certification of the financial statements for the year is enclosed after Annexure-B of the Directors' Report.

**iv. Whistle Blower Policy**
The Company has a Whistle Blower Policy to deal with any complaint relating to fraud and other financial irregularities.

**v. Adoption of Non-Mandatory Requirements**
The Company has fulfilled the following non-mandatory requirements as prescribed in Annexure 1D to Clause 49 of the Listing Agreement with the stock exchanges.

- The Company has set up a Remuneration Committee which complies with the requirements laid down in the Code of Corporate Governance. Refer Para 4.i. for the broad terms of reference of the Committee.
- The quarterly and half-yearly results of the Company are posted on the Company's website.
- The Company has adopted and implemented Whistle Blower Policy.

## 9. Means of Communication

All financial disclosures are available on the Company's website www.sesagoa.com. The Company has had informal meetings with media and institutional investors. Authorised persons of Sesa Goa also respond to queries telephonically and by letters.

The quarterly, half-yearly and annual results are published in the Economic Times, Mumbai edition and an English and Konkani/Marathi Daily in Goa. The results, along with official news releases, are also posted on the Company's website.

A Management Discussion and Analysis statement is a part of the Company's Annual Report.

## 10. General Shareholder Information

**i. Annual General Meeting**

Date: Monday 19th July 2010

Time: 11.00 A.M.

Venue: Dinanath Mangeshkar Kala Mandir Auditorium at Kala Academy, Panaji, Goa

**ii. Financial Calendar**
Financial year: 1st April to 31st March

| For the year ended 31st March | 2010 | 2011 (Tentative) |
|---|---|---|
| Financial results for Q.E. June | 29 July 2009 | End July 2010 |
| Financial results for Q.E. Sept. | 20 October 2009 | End October 2010 |
| Financial results for Q.E. Dec. | 18 January 2010 | End January 2011 |
| Financial results for Q.E. March | 19 April 2010 | End April 2011 |
| Annual General Meeting | 19 July 2010 | July 2011 |

**iii. Book Closure**
The dates of book closure are from Tuesday 6th July 2010 to Thursday 8th July 2010 (both days inclusive).

**iv. Dividend Payment**
A dividend of Rs. 3.25 per equity share will be paid on 30th July 2010, subject to approval by the shareholders at the Annual General Meeting to be held on 19th July 2010.

**v. Listing**
At present, the equity shares of the Company are listed Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE). The annual listing fees for the financial year 2009-10 to BSE and NSE has been paid.

On 30 October 2009, the Company issued 5,000 Foreign Currency Convertible Bonds (FCCBs), which are listed and traded on the Singapore Exchange Securities Trading Limited (SGX-ST) of which 4,245 bonds were outstanding as on 31 March 2010

# Report on Corporate Governance continued

### vi. Stock Codes

Sesa Goa's Stock Exchange Codes

| Name of the Stock Exchange | Stock Code |
|---|---|
| The National Stock Exchange of India | SESAGOA EQ |
| The National Stock Exchange of India, DEMAT | SESAGOA AE |
| The Stock Exchange, Mumbai | 295 |
| The Stock Exchange, Mumbai, DEMAT | 500295 |
| Singapore Exchange Securities Trading Limited | 141031 |

The ISIN code of the Company for equity shares is INE205A01025.

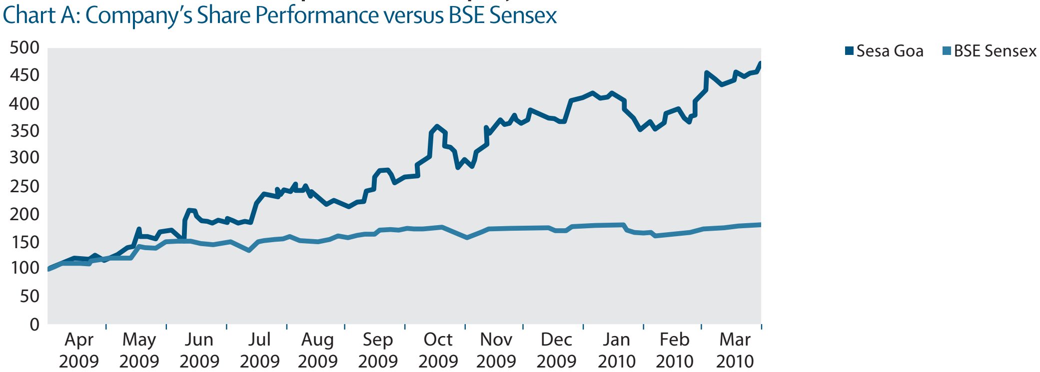
### vii. Market Price Data

High, Low (based on the closing prices) and the number of shares traded during each month during the year 2009-10 on the National Stock Exchange Limited and the Bombay Stock Exchange Limited

| | NSE | | | | BSE | | | |
|---|---|---|---|---|---|---|---|---|
| | High (Rs.) | Low (Rs.) | No. of shares traded | Monthly Turnover (Rs. in crore) | High (Rs.) | Low (Rs.) | No. of shares traded | Monthly Turnover (Rs. in crore) |
| April 2009 | 126.90 | 97.10 | 12.24 | 1,388.32 | 127.10 | 98.40 | 4.59 | 521.86 |
| May 2009 | 184.70 | 115.00 | 38.39 | 4,786.82 | 182.00 | 114.95 | 4.65 | 670.11 |
| June 2009 | 225.90 | 150.00 | 31.32 | 5,862.98 | 215.50 | 150.30 | 9.55 | 1,807.35 |
| July 2009 | 247.40 | 175.05 | 18.21 | 3,894.49 | 247.50 | 175.25 | 6.74 | 1,438.42 |
| August 2009 | 258.75 | 210.00 | 18.49 | 4,321.20 | 258.80 | 210.10 | 6.16 | 1,439.42 |
| September 2009 | 284.80 | 208.00 | 16.90 | 4,171.78 | 284.85 | 208.55 | 5.97 | 1,478.81 |
| October 2009 | 365.00 | 261.40 | 21.52 | 6,692.98 | 362.80 | 260.00 | 7.21 | 2,253.76 |
| November 2009 | 382.70 | 280.00 | 15.15 | 5,209.64 | 382.90 | 280.60 | 4.94 | 1,689.92 |
| December 2009 | 439.70 | 362.20 | 8.65 | 3,341.75 | 418.30 | 353.90 | 2.79 | 1,078.67 |
| January 2010 | 424.00 | 332.15 | 7.73 | 3,052.97 | 424.40 | 333.30 | 2.13 | 840.59 |
| February 2010 | 404.95 | 338.20 | 7.52 | 2,797.68 | 404.00 | 338.05 | 1.92 | 712.83 |
| March 2010 | 473.95 | 400.00 | 10.57 | 4,711.70 | 475.00 | 403.00 | 2.66 | 1,186.23 |

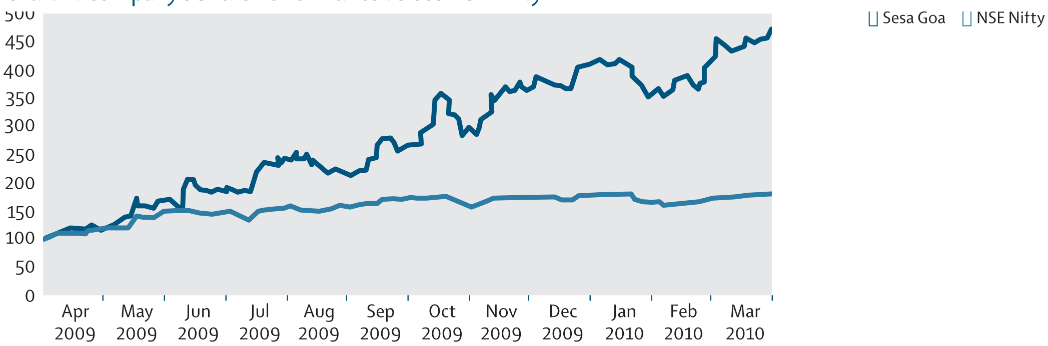
### viii. Performance of the share price of the Company

Chart A: Company's Share Performance versus BSE Sensex




Note: Both the BSE Sensex and Sesa Goa are indexed to 100 as on 1st April 2009

Chart B: Company's Share Performance versus NSE Nifty




Note: Both the NSE Nifty and Sesa Goa are indexed to 100 as on 1st April 2009

**ix. Registrar and Transfer Agent**

Karvy Computershare Private Limited
"KARVY HOUSE"
46, Avenue 4, Street No. 1,
Banjara Hills,
Hyderabad – 500034.

**x. Share Transfer System**

The Registrar and Share Transfer Agents, Karvy Computershare Pvt. Ltd., Hyderabad, are authorised by the Board for processing of share transfers which are approved by the Company's Share Transfer Committee.

Share Transfer Committee Meetings are held fortnightly. Share transfer requests are processed and despatched to the shareholders generally within 20 days from the date of receipt. All valid requests for dematerialisation of shares are processed and confirmation given to the depositories within 21 days.

Pursuant to Clause 47(c) of the Listing Agreement with the Stock Exchanges, on half-yearly basis, certificates have been issued by a Company Secretary-in-Practice for due compliance of share transfer formalities by the Company. Also, pursuant to Regulation 55A of SEBI (Depositories and Participants) Regulations, 1996, certification is done by a Company Secretary-in-Practice regarding timely dematerialisation of the shares of the Company. Further, secretarial audit is done on a quarterly basis for reconciliation of the share capital of the Company

**xi. Distribution of shareholding**

The distribution of the shareholding of the equity shares of the company by size and by ownership class as on 31st March 2010 is given below:

Shareholding pattern by size

| | 31st March 2010 Face value Re. 1/– | | | |
|---|---|---|---|---|
| Shareholding of Nominal value of Rs. 1/- | No. of shareholders | % of Total shareholders | Amount Rs. in crore | % of Amount |
| 1 – 5000 | 140,745 | 97.07 | 4.74 | 5.70% |
| 5001 – 10000 | 2,626 | 1.81 | 1.98 | 2.38% |
| 10001 – 20000 | 904 | 0.62 | 1.29 | 1.56% |
| 20001 – 30000 | 208 | 0.15 | 0.50 | 0.61% |
| 30001 – 40000 | 142 | 0.10 | 0.50 | 0.60% |
| 40001 – 50000 | 47 | 0.03 | 0.21 | 0.25% |
| 50001 – 100000 | 92 | 0.06 | 0.68 | 0.82% |
| 100001 & Above | 224 | 0.16 | 73.19 | 88.08% |
| TOTAL | 144,988 | 100.00% | 83.10 | 100.00% |

# Report on Corporate Governance continued

## Shareholding Pattern by ownership

| | | 31st March 2010 | |
|---|---|---|---|
| | | No. of shares held | Percentage of shareholding |
| Sr. No. | Category | Face value Re. 1/– | |
| a. | Promoter's holding | 473,868,619 | 57.03 |
| b. | Banks, Mutual funds, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/Non-Govt. Institutions) | 28,489,278 | 3.43 |
| c. | FIIs | 219,012,968 | 26.36 |
| d. | Private Corporate Bodies | 9,511,392 | 1.14 |
| e. | Indian Public | 89,290,466 | 10.75 |
| f. | NRIs/OCBs | 1,584,599 | 0.19 |
| g. | Trust | 630,835 | 0.08 |
| h. | H U F | 1,367,445 | 0.16 |
| i. | Clearing Members | 5,493,975 | 0.66 |
| j. | Foreign Corporate Bodies | 1,711,225 | 0.21 |
| | Grand Total | 830,961,802 | 100.00 |

Paid up capital as on 31st March 2009 was Rs. 787,240,400/- and on 31st March 2010 was Rs. 830,961,802/-.

**xii. De-materialisation of shares**

Trading in equity shares of the Company is permitted only in dematerialised form w.e.f. 31st May 1999 as per notification issued by the Securities and Exchange Board of India (SEBI). Some 94.40% of the equity shares of the Company (except the promoters' holding) have been dematerialised as on 31st March 2010.

**xiii. Outstanding GDRs/ADRs/Warrants/Options**

The Company has issued 5,000 Foreign Currency Convertible Bonds (FCCBs) aggregating to USD 500 million. The FCCBs are convertible by Bondholders into Shares, at any time on and after 9th December 2009, up to the close of business on 24th October 2014 or, if the Bonds shall have been called for redemption before the relevant Maturity Date, then up to the close of business on a date no later than seven business days prior to the date fixed for redemption thereof.

The Company had received notice for conversion of 755 bonds into 10,447,402 equity shares upto 31st March 2010 and equity shares have been allotted.

As on 31st March 2010 there are 4,245 Foreign Currency Convertible Bonds (FCCB) outstanding, which are convertible to 58,740,790 Equity Shares, out of which 637 bonds have been further converted into 8,814,567 equity shares on 5th April 2010.

**xiv. Details of Public Funding Obtained in the last three years**

On 22nd July 2009, the Company allotted 33,274,000 Equity Shares of Rs. 1 each to promoter entity Twin Star Holdings Limited at a premium of Rs. 160.46 per share aggregating to Rs. 5,372,420,040.

On 30th October 2009 the Company had issued 5,000 Foreign Currency Convertible Bonds (FCCBs) aggregating to USD 500 million, which are listed and traded on Singapore Exchange Securities Trading Limited (the "SGX-ST") of which 755 bonds were converted into 10,447,402 equity shares of Re. 1 each at a premium of Rs. 345.88 per share.

| Financial Year | Amt. raised through Public Funding | Effect on paid up Equity Share Capital |
|---|---|---|
| 2007-08 | NIL | NIL |
| 2008-09 | NIL | NIL |
| 2009-10 | Issue of 33,274,000 Equity Shares of Re. 1 each to promoter entity Twin Star Holdings Limited at a premium of Rs. 160.46 per share aggregating to Rs. 5,372,420,040 | The number of paid up equity shares of the Company increased from 787,240,400 shares of Re. 1 each to 820,514,400 shares of Re. 1 each. |
| 2009-10 | Issue of 5,000 Foreign Currency Convertible Bonds (FCCBs) aggregating to USD 500 million | The number of paid up equity shares of the Company increased from 820,514,400 shares of Re. 1 each to 830,961,802 shares of Re. 1 each. |

**xv. Company's Registered Office Address**
Sesa Goa Limited,
Sesa Ghor,
20 EDC Complex,
Patto,
Panaji, Goa 403001,
India

**Plant Locations**
- Mining establishments at Goa, Karnataka and Orissa
- Metallurgical Coke (Met Coke) Division at Amona, Goa

**xvi. Address for correspondence on share issues**
Karvy Computershare Private Limited
"KARVY HOUSE"
46, Avenue 4, Street No. 1,
Banjara Hills,
Hyderabad 500034, India.
or
The Secretarial Department
Sesa Goa Limited
Sesa Ghor, 20 EDC Complex, Patto,
Panaji, Goa 403001, India

**Annual Declaration by the Managing Director Pursuant to Clause 49(I)(D)(ii) of the Listing Agreement**

As the Managing Director of Sesa Goa Limited and as required by Clause 49(I)(D)(ii) of the Listing Agreement with the Stock Exchanges, I hereby declare that all the Board members and senior management personnel of the Company have affirmed compliance with the Company's Code of Conduct for the Financial Year 2009-10 .

For Sesa Goa Limited
Sd/–

**P.K. Mukherjee**
Managing Director

Place: Panaji-Goa
Dated: 19th April 2010

SESA GOA LIMITED

# Auditors' Certificate on Compliance of Conditions of Corporate Governance

To,
The Members of Sesa Goa Limited

We have examined the compliance of conditions of Corporate Governance by **SESA GOA LIMITED** ("the Company"), for the year ended on 31st March, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of Corporate Governance as stipulated in the said Clause. 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 and the representations made by the Directors and the management, we certify that the Company has complied in all material respects with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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

**For DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No. 117366W)

**Sanjiv V. Pilgaonkar**
Partner
(Membership No.39826)

MUMBAI
19th April 2010

# Auditors' report
## To the members of SESA GOA LIMITED

1. We have audited the attached Balance Sheet of SESA GOA LIMITED ("the Company") as at 31st March, 2010, the Profit and Loss Account and the Cash Flow Statement of the Company for year ended on that date, both 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.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we 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.

3. As required by the Companies (Auditor's Report) Order, 2003, ("CARO") issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of CARO.

4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:

   (a) we have obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

   (d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;

   (e) in our opinion and to the best of our information and according to the explanations given to us, the said financial statements give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

      (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;

      (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on 31st March, 2010; and

      (iii) in the case of the Cash Flow Statement of the cash flows for the year ended on 31st March, 2010.

5. On the basis of written representations received from the directors as on 31st March, 2010, and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of section 274(1)(g) of the Companies Act, 1956.

**For DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No. 117366W)

**Sanjiv V. Pilgaonkar**
Partner
(Membership No.39826)

MUMBAI
19th April 2010

SESA GOA LIMITED

# Annexure to the Auditors' Report
## (Referred to in paragraph 3 of our report of even date)

(i) Having regard to the nature of the Company's business/activities/result, the provisions of clause (xiii) of paragraph 4 of CARO are not applicable.

(ii) In respect of the Company's fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

(iii) In respect of the Company's inventories:

(a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.

(b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.

(iv) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.

(v) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.

(vi) According to the information and explanations given to us, the Company has not entered into any contract or arrangement with other parties, which needs to be entered in the Register maintained under section 301 of the Companies Act, 1956.

(vii) According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 58A & 58AA or any other relevant provisions of the Companies Act, 1956. According to the information and explanations given to us, no order has been passed in this respect, in the case of the Company by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal.

(viii) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the management have been commensurate with the size of the Company and the nature of its business.

(ix) In our opinion and according to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of the Company's products.

(x) According to the information and explanations given to us in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2010 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on 31st March, 2010 on account of disputes are given below:

| Statute | Nature of dues | Amount (Rs. in crore) | Period to which the amount relates | Forum where the dispute is pending |
|---|---|---|---|---|
| Income Tax Act, 1961 | Income Tax | 5.81 | Assessment Year 2006-07 | Commissioner of Income Tax (Appeals), Panaji |
| Sales Tax Act | Sales Tax | 0.63 | 1997 – 98 to 2000-01 | Additional Commissioner of Sales Tax |

(xi) The Company does not have any accumulated losses. The Company has not incurred cash losses during the current financial year and in the immediately preceding financial year.

(xii) In our opinion and according to the information and explanations given to us, the Company has not taken any term loan from a bank or financial institution or borrowed any sum against issue of debentures. Therefore, the provisions of paragraph 4(xi) of the Order are not applicable to the Company.

(xiii) In our opinion and according to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of paragraph 4(xii) of the Order are not applicable to the Company.

(xiv) In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in shares, securities or debentures and other investments. Therefore, the provisions of paragraph 4(xiv) of the Order are not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

(xvi) In our opinion and according to the information and explanations given to us, the Company has not availed any term loans during the year.

(xvii) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long- term investment.

(xviii) In our opinion and according to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.

(xix) In our opinion and according to the information and explanations given to us and records examined by us, the Company has not issued any debentures that were outstanding at any time during the year.

(xx) The Management has disclosed the end use of money raised by public issues and we have verified the same.

(xxi) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

**For DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No. 117366W)

**Sanjiv V. Pilgaonkar**
Partner
(Membership No.39826)

MUMBAI
19th April 2010

SESA GOA LIMITED

# Balance Sheet
## As at 31st March 2010

| Particulars | Sch No. | As at 31st March 2010 Rs. in crore | As at 31st March 2010 Rs. in crore | As at 31st March 2009 Rs. in crore | As at 31st March 2009 Rs. in crore |
|---|---|---|---|---|---|
| **SOURCES OF FUNDS** | | | | | |
| **Shareholders' funds** | | | | | |
| Share capital | 1 | 83.10 | | 78.72 | |
| Reserves and surplus | 2 | 7,125.61 | | 4,439.06 | |
| | | | 7,208.71 | | 4,517.78 |
| **Loan funds** | | | | | |
| Secured loans | 3 | 9.61 | | 1.91 | |
| Unsecured loans | 4 | 1,916.19 | | – | |
| | | | 1,925.80 | | 1.91 |
| **Deferred tax liability** | 5 | | 59.20 | | 52.53 |
| **Total** | | | 9,193.71 | | 4,572.22 |
| **APPLICATION OF FUNDS** | | | | | |
| **Fixed assets** | 6 | | | | |
| Gross block | | 836.80 | | 739.27 | |
| Less : Depreciation | | 324.65 | | 281.27 | |
| Net Block | | 512.15 | | 458.00 | |
| **Capital work-in-progress** | | 68.01 | | 48.19 | |
| | | | 580.16 | | 506.19 |
| **Investments** | 7 | | 5,478.64 | | 3,019.68 |
| **Current assets, loans and advances** | | | | | |
| Inventories | 8 | 408.66 | | 231.70 | |
| Sundry debtors | 9 | 278.46 | | 256.73 | |
| Cash and bank balances | 10 | 2,377.41 | | 12.17 | |
| Other current assets | | 39.27 | | – | |
| Loans and advances | 11 | 1,111.19 | | 1,099.00 | |
| | | 4,214.99 | | 1,599.60 | |
| **Less : Current liabilities and provisions** | | | | | |
| Current liabilities | 12 | 705.05 | | 313.93 | |
| Provisions | 13 | 375.03 | | 239.32 | |
| | | 1,080.08 | | 553.25 | |
| **Net current assets** | | | 3,134.91 | | 1,046.35 |
| **Total** | | | 9,193.71 | | 4,572.22 |
| Notes to accounts | 19 | | | | |

Per our report attached of even date attached.

**For Deloitte Haskins & Sells**
Chartered Accountants

For and on behalf of the Board of Directors

**Sanjiv V. Pilgaonkar**
Partner

**P.K. Mukherjee**
Managing Director

**A.K. Rai**
Director

**C.D. Chitnis**
Company Secretary

Place: Mumbai
Dated: 19th April 2010

Place: Panaji – Goa
Dated: 19th April 2010

# Profit and Loss Account
## For the year ended 31st March 2010

| Particulars | Sch No. | Year ended 31st March 2010 Rs. in crore | Year ended 31st March 2010 Rs. in crore | Year ended 31st March 2009 Rs. in crore | Year ended 31st March 2009 Rs. in crore |
|---|---|---|---|---|---|
| **INCOME** | | | | | |
| Sales of ore | | 4,909.14 | | 4,585.80 | |
| Less: Ocean freight | | 670.86 | | 303.38 | |
| | | 4,238.28 | | 4,282.42 | |
| Sales of metallurgical coke | | 356.54 | | 464.71 | |
| Less: Ocean freight | | 0.04 | | 0.01 | |
| | | 356.50 | | 464.70 | |
| Hire of ship and transhipper | | 7.55 | | 7.76 | |
| Services and other proceeds | 14 | 58.00 | | 24.20 | |
| Miscellaneous income | 15 | 409.45 | | 217.15 | |
| | | | 5,069.78 | | 4,996.23 |
| **EXPENDITURE** | | | | | |
| Production and operational expenses | 16 | 2,226.75 | | 2,262.25 | |
| Administration expenses | 17 | 73.87 | | 55.80 | |
| Interest and other charges | 18 | 53.69 | | 3.38 | |
| Depreciation | | 57.38 | | 44.10 | |
| | | | 2,411.69 | | 2,365.53 |
| Profit before tax | | | 2,658.09 | | 2,630.70 |
| Less: Provision for taxation | | | | | |
| Current tax | | | 538.00 | | 684.00 |
| Deferred tax | | | 2.00 | | 3.46 |
| Fringe benefit tax | | | – | | 0.75 |
| Profit after taxes | | | 2,118.09 | | 1,942.49 |
| Balance brought forward | | | 95.57 | | 60.31 |
| | | | 2,213.66 | | 2,002.80 |
| **APPROPRIATIONS** | | | | | |
| Proposed dividend | | 270.06 | | 177.13 | |
| Dividend tax | | 45.90 | | 30.10 | |
| General reserve | | 1,600.00 | | 1,700.00 | |
| | | | 1,915.96 | | 1,907.23 |
| Surplus carried to reserve and surplus | | | 297.70 | | 95.57 |
| Earnings per share – basic ( Refer note No. 24 of Schedule 19) | | | 26.11 | | 24.68 |
| – diluted ( Refer note No. 24 of Schedule 19) | | | 25.31 | | 24.68 |
| Nominal value per share | | | 1.00 | | 1.00 |
| Notes to accounts | 19 | | | | |

Per our report attached of even date attached.

**For Deloitte Haskins & Sells**
Chartered Accountants

For and on behalf of the Board of Directors

**Sanjiv V. Pilgaonkar**
Partner

**P.K. Mukherjee**
Managing Director

**A.K. Rai**
Director

**C.D. Chitnis**
Company Secretary

Place: Mumbai
Dated: 19th April 2010

Place: Panaji – Goa
Dated: 19th April 2010

SESA GOA LIMITED

# Schedules Annexed to and Forming Part of the Balance Sheet

## Schedule 1: Share Capital

| Particulars | As at 31st March 2010 Rs. in crore | As at 31st March 2010 Rs. in crore | As at 31st March 2009 Rs. in crore | As at 31st March 2009 Rs. in crore |
|---|---|---|---|---|
| **Authorised** | | | | |
| 1,000,000,000 Equity Shares of Re. 1 each | | | | |
| (Previous year 1,000,000,000 Equity Shares of Re. 1 each) | | 100.00 | | 100.00 |
| **Issued and Subscribed** | | | | |
| 830,961,802 Equity Shares of Re. 1 each fully paid-up | | | | |
| (Previous year 787,240,400 Equity Shares of Re. 1 each) | | 83.10 | | 78.72 |
| **Total** | | 83.10 | | 78.72 |

Out of the above Shares:

401,496,480 (Previous Year 401,496,480) Shares are held by Finsider International Co. Ltd. U.K., the holding Company a subsidiary of Vedanta Resources plc the ultimate holding company.

39,098,139 (Previous Year 1,429,020) shares held by West Globe Limited Mauritius a subsidiary of Vedanta Resources plc.

1,925,000 Shares of Rs.10 each were alloted as fully paid-up shares pursuant to a contract without payment being received in cash, consequent to amalgamation of erstwhile Mingoa Private Limited, with the Company with effect from 1-4-1979.

29,156,910 bonus shares of Rs. 10 each and 393,620,200 bonus shares of Re. 1 each were allotted pursuant to capitalisation of reserves and Share Premium Account.

33,274,000 equity shares of Re. 1 each were allotted as fully paid up shares on a preferential basis to Twinstar Holdings Limited, a subsidiary of Vedanta Resources Plc.

10,447,402 equity shares of Re. 1 each were allotted as fully paid up on conversion of 755 Foreign Currency Convertible Bonds during the year.

## Schedule 2: Reserves and surplus

| Particulars | As at 31st March 2010 Rs. in crore | As at 31st March 2010 Rs. in crore | As at 31st March 2009 Rs. in crore | As at 31st March 2009 Rs. in crore |
|---|---|---|---|---|
| **Share premium account** | | | | |
| As per last balance sheet | – | | 17.50 | |
| Less: Amount capitalised during the year for issue of bonus shares | – | | 17.50 | |
| Add: Amount received on preferential allotment of equity shares | 533.91 | | – | |
| Add: Amount received upon conversion of Foreign Currency Convertible Bonds into equity shares | 361.36 | | – | |
| Less: Expenses on issue of Foreign Currency Convertible Bonds | 19.93 | | – | |
| | | 875.34 | | – |
| **Capital reserve** | | 0.25 | | 0.25 |
| **General reserve** | | | | |
| As per last balance sheet | 4,352.32 | | 2,673.71 | |
| Add: Transfer from profit and loss account | 1,600.00 | | 1,700.00 | |
| Add: Transitional provision adjustment – Forward Contracts (net of tax) | – | | 0.47 | |
| Less: Amount capitalised during the year for issue of bonus shares | – | | 21.86 | |
| | | 5,952.32 | | 4,352.32 |
| **Hedging Reserve** | | | | |
| As per last balance sheet | (9.08) | | (3.44) | |
| Add: Amount adjusted on settlement of hedge contracts | 13.76 | | – | |
| Less: Transferred during the year | – | | (10.07) | |
| Less: Deferred tax impact on contracts | (4.68) | | 4.43 | |
| | | – | | (9.08) |
| **Profit and loss account – Surplus** | | | | |
| As per annexed account | | 297.70 | | 95.57 |
| **Total** | | 7,125.61 | | 4,439.06 |

## Schedule 3: Secured loans

| Particulars | As at 31st March 2010 Rs. in crore | Rs. in crore | As at 31st March 2009 Rs. in crore | Rs. in crore |
|---|---|---|---|---|
| **From banks** | | | | |
| Cash credit | | 9.61 | | 1.91 |
| (Secured against hypothecation of Ore stocks, consumables, stores, bookdebts and lodgement of Letter of Credit) | | | | |
| **Total** | | 9.61 | | 1.91 |

## Schedule 4: Unsecured loans

| Particulars | As at 31st March 2010 Rs. in crore | Rs. in crore | As at 31st March 2009 Rs. in crore | Rs. in crore |
|---|---|---|---|---|
| **Foreign Currency Convertible Bonds** | | 1,916.19 | | – |
| (Refer Note No: 5 of schedule 19) | | | | |
| **Total** | | 1,916.19 | | – |

## Schedule 5: Deferred tax liability

| Particulars | As at 31st March 2010 Rs. in crore | Rs. in crore | As at 31st March 2009 Rs. in crore | Rs. in crore |
|---|---|---|---|---|
| **Deferred tax liabilities** | | | | |
| on temporary timing differences | | | | |
| – in respect of depreciation allowance | | 63.78 | | 61.87 |
| **Deferred tax assets** | | | | |
| – in respect of compensated absence | 4.11 | | 3.53 | |
| – Others | 0.47 | | 5.81 | |
| | | 4.58 | | 9.34 |
| **Net deferred tax liability** | | 59.20 | | 52.53 |

SESA GOA LIMITED

# Schedules Annexed to and Forming Part of the Balance Sheet continued

## Schedule 6: Fixed assets

| | Original Cost | | | | Depreciation/Amortisation | | | | Net Value | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Opening as at 1st April 2009 Rs. in crore | Additions Rs. in crore | Deductions Rs. in crore | Closing as at 31st March 2010 Rs. in crore | Up to 31st March 2009 Rs. in crore | For the Year Rs. in crore | Up to 31st March On Deductions Rs. in crore | As at 31st March 2010 Rs. in crore | As at 31st March 2010 Rs. in crore | 2009 Rs. in crore |
| **Tangible Assets** | | | | | | | | | | |
| Mining leases | 27.47 | 1.23 | – | 28.70 | 11.82 | 4.77 | – | 16.59 | 12.11 | 15.65 |
| Mining concessions | 0.68 | – | – | 0.68 | 0.65 | – | – | 0.65 | 0.03 | 0.03 |
| Land plots (Note No: 1) | 11.66 | 3.07 | – | 14.73 | 0.05 | – | – | 0.05 | 14.68 | 11.61 |
| Road and bunders | 0.65 | – | – | 0.65 | 0.24 | 0.01 | – | 0. | 0.40 | 0.41 |
| Buildings | 46.80 | 5.26 | – | 52.06 | 10.45 | 1.29 | – | 11.74 | 40.32 | 36.35 |
| Plant and machinery | 488.54 | 96.34 | 13.79 | 571.09 | 191.31 | 42.61 | 13.61 | 220.31 | 350.78 | 297.23 |
| Aircraft (Note No: 2) | 1.46 | – | – | 1.46 | 0.30 | 0.08 | – | 0.38 | 1.08 | 1.16 |
| Vehicles | 9.19 | 2.82 | 0.37 | 11.64 | 5.01 | 1.51 | 0.34 | 6.18 | 5.46 | 4.18 |
| Riverfleet | 51.79 | 1.73 | – | 53.52 | 11.25 | 1.76 | – | 13.01 | 40.51 | 40.54 |
| Ship | 96.32 | 0.56 | – | 96.88 | 47.92 | 4.87 | – | 52.79 | 44.09 | 48.40 |
| Furniture and fittings | 4.71 | 0.76 | 0.08 | 5.39 | 2.27 | 0.48 | 0.05 | 2.70 | 2.69 | 2.44 |
| **Total** | **739.27** | **111.77** | **14.24** | **836.80** | **281.27** | **57.38** | **14.00** | **324.65** | **512.15** | **458.00** |
| Previous year | 637.82 | 104.11 | 2.66 | 739.27 | 239.73 | 44.10 | 2.56 | 281.27 | 458.00 | 398.09 |

| | | |
|---|---|---|
| **Capital Work-in-Progress** | | |
| Constructions in progress (Note No: 3) | 37.54 | 42.45 |
| Capital advances | 30.47 | 5.74 |
| **Total** | **68.01** | **48.19** |

Notes:
1. Land plots include under Perpetual Lease Rs. 1.99 crore (Previous year Rs. 1.99 crore)
2. Represents 50% undivided interest in a P68C Aircraft.
3. Amount includes Rs. 0.17 crore interest capitalised during the year.

Financial Statements

## Schedule 7: Investments

| Particulars | As at 31st March 2010 Rs. in crore | Rs. in crore | As at 31st March 2009 Rs. in crore | Rs. in crore |
|---|---|---|---|---|
| **Current Investment (at lower of cost and market value)** | | | | |
| **Non-trade, unquoted:** | | | | |
| In Mutual Funds (Refer Note No. 12 of Schedule 19) | | | | |
| Birla Floating Rate Fund – Long Term – Institutional – Growth | 100.00 | | 100.00 | |
| Birla Interval Income Fund Institutional (QIP) Series I – Dividend Payout | 30.00 | | – | |
| Birla Interval Income Fund Institutional (QIP) Series II – Dividend Payout | 200.00 | | – | |
| Birla Medium Term Plan – Institutional – Quarterly Dividend Payout | – | | 200.00 | |
| Birla Sun Life Fixed Term Plan – Institutional – Series – AN – Growth | – | | 75.00 | |
| Birla Sun Life Fixed Term Plan – Institutional Series BD- Growth | – | | 65.00 | |
| Birla Sun Life Fixed Term Plan – Retail – Series BD- Growth | – | | 15.00 | |
| Birla Sun Life Fixed Term Plan – Series CD (370 Days) – Growth Option | 50.00 | | – | |
| Birla Sun Life Saving Fund – Institutional Growth | 5.68 | | 151.73 | |
| Canara Robeco Treasury Advantage Fund Super Institutional Fund | 51.70 | | – | |
| DSP BlackRock FMP – 12 1/2 M – Series 1 – Institutional Growth | – | | 50.00 | |
| DSP BlackRock FMP – 13M – Series 1 – Institutional Growth | – | | 45.00 | |
| HDFC FMP 18M November 2007 (VI) – Wholesale Growth Option | – | | 20.00 | |
| HDFC Cash Management Fund – Treasury Advantage Plan – Wholesale – Growth | 118.52 | | 382.30 | |
| HDFC Quaterly Interval Fund Plan C – Dividend Payout | 65.00 | | – | |
| ICICI Prudential – Flexible Income Plan Premium – Growth | – | | 357.15 | |
| ICICI Prudential FMP Series 47 – One Year Plan B – Institutional Growth | – | | 100.00 | |
| ICICI Prudential Interval Fund IV Quarterly Interval Plan B Institutional Dividend – Pay Dividend | – | | 50.00 | |
| ICICI Prudential MF- Ultra Short Term Plan Super Premium – Growth Option | 79.01 | | – | |
| ICICI Prudential FMP Series 52 – 1 Year Plan A – Growth Option | 20.00 | | – | |
| ICICI Prudential Medium Term Premium Plus – Dividend Payout | 150.00 | | – | |
| IDFC FMP – Half Yearly Series 9 – Plan A – Dividend Payout | 100.00 | | – | |
| IDFC Money Manager Fund – Institutional Plan B – Growth Option | 363.38 | | – | |
| Kotak FMP 13M Series 3 – Institutional Growth | – | | 30.00 | |
| Kotak FMP 13M Series 5 – Growth | 50.00 | | 50.00 | |
| Kotak FMP 14M Series 4 – Institutional Growth | – | | 15.00 | |
| Kotak FMP 15M Series 4 – Institutional Growth | – | | 30.00 | |
| Kotak FMP 370 Days Series 1 – Growth | 50.00 | | – | |
| Kotak FMP Quarterly Institutional Plan Series 3 – Dividend Payout | 40.00 | | – | |
| Kotak Quarterly Institutional Plan Series 6 – Dividend Payout | 250.00 | | – | |
| Kotak Quarterly Interval Plan Series 2 – Dividend | – | | 70.00 | |
| Kotak Floater Long Term – Growth | 233.05 | | 385.19 | |
| Reliance Fixed Horizon Fund X – Series 2 – Super Institutional Growth Plan | – | | 150.00 | |
| Reliance Fixed Horizon Fund XII – Series 4 – Super Institutional Growth | 300.00 | | 300.00 | |
| Reliance Fixed Horizon Fund – XIII – Series 3 – Super Institutional Growth | 60.00 | | – | |
| Reliance Fixed Horizon Fund – XIV – Series 1 – Super Institutional Growth | 100.00 | | – | |
| Reliance Fixed Horizon Fund – XIV – Series 5 – Super Institutional Growth | 50.00 | | – | |
| Reliance Monthly Interval Fund – Series II – Institutional – Growth | 100.00 | | – | |
| Reliance Medium Term Fund – Retail Plan – Growth Option | 25.07 | | 136.36 | |
| Religare FMP – Series – II Plan B (15 Months) – Growth | 120.00 | | – | |
| Religare FMP – Series – II Plan A (13 Months) – Growth | 60.00 | | – | |
| Religare FMP – Series – II Plan C (15 Months) – Growth | 100.00 | | – | |
| Religare FMP – Series – II Plan F (13 Months) – Growth | 100.00 | | – | |
| SBI Debt Fund Series – 370 Days – Institutional Growth | 90.00 | | – | |
| SBI Debt Fund Series – 13 Months – 10 – Institutional Growth | 150.00 | | 150.00 | |
| SBI Short Horizon Debt Fund – Ultra Short Term Institutional Plan | 83.72 | | – | |
| Tata Fixed Horizon Fund Series 18 Scheme B – Institutional Plan Growth | – | | 50.00 | |
| Tata Fixed Maturity Plan Series 26 – Plan – A – Growth | 20.00 | | – | |
| Tata Floater Fund – Growth Option | 8.32 | | – | |
| UTI – Short Term Income Fund – Institutional Income Option – Dividend Payout | 200.00 | | – | |
| UTI – Fixed Income Interval Fund – Series II – QIP -V Institutional Dividend Payout | 150.00 | | – | |
| UTI – Fixed Maturity Plan – Yearly Series (YFMP 11/09) – Growth | 50.00 | | – | |
| | | 3,723.45 | | 2,977.73 |

SESA GOA LIMITED

# Schedules Annexed to and Forming Part of the Balance Sheet continued

## Schedule 7: Investments continued

| Particulars | As at 31st March 2010 Rs. in crore | As at 31st March 2010 Rs. in crore | As at 31st March 2009 Rs. in crore | As at 31st March 2009 Rs. in crore |
|---|---|---|---|---|
| **Long-term Investments ( at cost less provision for diminution):**<br>**Non-trade, unquoted shares:** | | | | |
| In Subsidiary companies:<br>Sesa Industries Limited<br>17,650,284 equity shares of Rs.10 each fully paid-up | | 41.92 | | 41.92 |
| V. S. Dempo & Co. Limited<br>1,250,000 equity shares of Rs.10 each fully paid-up [acquired during the year (Refer Note No. 3 of schedule 19)] | | 1,713.24 | | – |
| In Others: | | | | |
| Sesa Ghor Premises Holders' Maintenance Society Limited<br>200 equity shares of Rs.10 each fully paid-up [Rs. 2,000 (previous year Rs. 2,000)] | – | | – | |
| Sesa Goa Sirsaim Employees' Consumers Co-operative Society Limited<br>200 equity shares of Rs. 10 each fully paid-up [Rs. 2,000 (previous year Rs. 2,000)] | – | | – | |
| Sesa Goa Sanquelim Employees' Consumers Co-operative Society Limited<br>230 equity shares of Rs. 10 each fully paid-up [Rs. 2,300 (previous year Rs. 2,300)] | – | | – | |
| Sesa Goa Sonshi Employees' Consumers Co-operative Society Limited<br>468 equity shares of Rs. 10 each fully paid-up [Rs. 4,680 (previous year Rs. 4,680)] | – | | – | |
| Sesa Goa Codli Employees' Consumers Co-operative Society Limited<br>450 equity shares of Rs. 10 each fully paid-up [Rs. 4,500 (previous year Rs. 4,500)] | – | | – | |
| Sesa Goa Shipyard Employees' Consumers Co-operative Society Limited<br>500 equity shares of Rs. 10 each fully paid-up [Rs. 5,000 (previous year Rs. 5,000)] | – | | – | |
| Goa Shipyard Limited<br>62,707 equity shares of Rs. 10 each fully paid-up (including 34,837 bonus shares) | 0.03 | | 0.03 | |
| The Mapusa Urban Cooperative Bank Limited<br>40 equity shares of Rs. 25 each fully paid-up [Rs. 1,000 (previous year Rs. 1,000)] | – | | – | |
| | | 0.03 | | 0.03 |
| **Total Cost** | | 5,478.64 | | 3,019.68 |
| Provision for dimunition in value of investments | | – | | – |
| **Total** | | 5,478.64 | | 3,019.68 |
| Aggregate amount of mutual fund investments at net asset value | | 3,782.28 | | 3,031.58 |
| Aggregate amount of unquoted investments at cost [including mutual funds Rs. 3,723.45 crores (previous year Rs. 2,977.73 crores)] | | 5,478.64 | | 3,019.68 |

## Schedule 8: Inventories

| Particulars | As at 31st March 2010 Rs. in crore | Rs. in crore | As at 31st March 2009 Rs. in crore | Rs. in crore |
|---|---|---|---|---|
| Stocks of (at lower of cost and net realisable value): | | | | |
| Raw material | | 98.03 | | 52.66 |
| Finished goods | | | | |
| Metallurgical coke | 10.66 | | 11.67 | |
| Iron ore | 263.65 | | 131.78 | |
| | | 274.31 | | 143.45 |
| Consumables stores and spares [including goods in transit Rs. 0.11 crore (Previous year Rs. 0.11 crore)] | | 34.58 | | 33.96 |
| Work-in-progress | | 1.74 | | 1.63 |
| **Total** | | 408.66 | | 231.70 |

## Schedule 9: Sundry debtors

| Particulars | As at 31st March 2010 Rs. in crore | Rs. in crore | As at 31st March 2009 Rs. in crore | Rs. in crore |
|---|---|---|---|---|
| Debts outstanding for a period exceeding six months, unsecured and considered good | | 36.77 | | 31.95 |
| Other debts, unsecured and considered good (Refer Note) | | 241.69 | | 224.78 |
| **Total** | | 278.46 | | 256.73 |

**Note:**

| Dues from subsidiaries | | |
|---|---|---|
| – Sesa Industries Limited | 39.14 | 15.53 |
| – Dempo Mining Corporation Limited | 0.05 | – |

## Schedule 10: Cash and bank balances

| Particulars | As at 31st March 2010 Rs. in crore | Rs. in crore | As at 31st March 2009 Rs. in crore | Rs. in crore |
|---|---|---|---|---|
| Cash in hand [including cheques and demand drafts on hand Rs. 2.32 crore (Previous year Rs. 4.65 crore )] | | 2.42 | | 4.73 |
| Demand drafts in transit | | 0.77 | | 0.52 |
| Balances with scheduled banks: | | | | |
| On current account | 19.74 | | 3.21 | |
| On deposit account | 2,350.00 | | – | |
| On EEFC account | 0.08 | | 0.07 | |
| Unpaid dividend account | 4.32 | | 3.53 | |
| | | 2,374.14 | | 6.81 |
| Balances with other banks: | | | | |
| On current account (Refer Note) | | 0.08 | | 0.11 |
| **Total** | | 2,377.41 | | 12.17 |

Note:

| Name of other banks | Balance (Rs. in crore) | Max. balance at any time during the year | Balance (Rs. in crore) | Max. balance at any time during the year |
|---|---|---|---|---|
| Bank of Shanghai, China | 0.08 | 0.15 | 0.11 | 0.29 |

SESA GOA LIMITED

# Schedules Annexed to and Forming Part of the Balance Sheet continued

## Schedule 11: Loans and advances

| Particulars | As at 31st March 2010 Rs. in crore | As at 31st March 2010 Rs. in crore | As at 31st March 2009 Rs. in crore | As at 31st March 2009 Rs. in crore |
|---|---|---|---|---|
| Unsecured considered good unless otherwise stated | | | | |
| Advances recoverable in cash or in kind or for value to be received | | | | |
| Considered good | 93.73 | | 82.27 | |
| Considered doubtful | 0.50 | | – | |
| Less: provision for doubtful advances | 0.50 | | – | |
| | | 93.73 | | 82.27 |
| Intercorporate deposits (Refer Note No. 25 of Schedule 19) | | 1,000.00 | | 1,000.00 |
| Balances with port trusts, customs, excise authorities etc. | | 2.36 | | 3.03 |
| Loans and advances to staff (Refer Note No. 10 of Schedule 19) | | 0.66 | | 0.64 |
| Prepaid expenses | | 5.17 | | 4.76 |
| Deposits | | 9.27 | | 8.30 |
| **Total** | | **1,111.19** | | 1,099.00 |

## Schedule 12: Current liabilities

| Particulars | As at 31st March 2010 Rs. in crore | As at 31st March 2010 Rs. in crore | As at 31st March 2009 Rs. in crore | As at 31st March 2009 Rs. in crore |
|---|---|---|---|---|
| Sundry creditors | | | | |
| (i) Due to micro and small enterprises (Refer Note No. 11 Schedule 19) | 0.40 | | 0.01 | |
| (ii) Due to others * | 595.53 | | 285.91 | |
| | | 595.93 | | 285.92 |
| Subsidiary Companies | | 13.78 | | – |
| Advances from customers | | 17.74 | | 5.83 |
| Liability towards Investor Education and Protection Fund not due | | | | |
| Unclaimed dividend | 4.32 | | 3.53 | |
| Unclaimed matured deposits | 0.02 | | 0.03 | |
| Unclaimed Interest on deposits | 0.01 | | 0.01 | |
| | | 4.35 | | 3.57 |
| Other liabilities | | 27.72 | | 18.61 |
| Interest accrued but not due on loans | | 45.53 | | – |
| **Total** | | **705.05** | | 313.93 |

* Includes Rs. 0.84 crore due to the directors (previous year Rs. 0.74 crore)

## Schedule 13: Provisions

| Particulars | As at 31st March 2010 Rs. in crore | As at 31st March 2010 Rs. in crore | As at 31st March 2009 Rs. in crore | As at 31st March 2009 Rs. in crore |
|---|---|---|---|---|
| For income tax [net of advance tax Rs. 1,924.45 crore (previous year Rs. 1,419.24 crore)] | | 43.43 | | 17.32 |
| For proposed dividend | | 270.06 | | 177.13 |
| For dividend tax | | 45.90 | | 30.10 |
| For gratuity | | 3.13 | | 4.23 |
| For compensated absence | | 12.51 | | 10.54 |
| **Total** | | **375.03** | | 239.32 |

# Schedules Annexed to and Forming Part of the Profit and Loss Account

## Schedule 14: Services and other proceeds

| Particulars | Year ended 31st March 2010 Rs. in crore | Year ended 31st March 2010 Rs. in crore | Year ended 31st March 2009 Rs. in crore | Year ended 31st March 2009 Rs. in crore |
|---|---|---|---|---|
| Sale of material | | 3.19 | | 3.78 |
| Sale of gases | | 2.30 | | 3.64 |
| Technology licence fee | | 3.86 | | – |
| Sale of carbon credits | | – | | 2.76 |
| Barge hire charges [Tax deducted at source Rs. 0.20 crore (Previous year Rs. 0.16 Crore )] | | 4.11 | | 2.54 |
| Proceeds from various services [Tax deducted at source Rs. 0.63 crore (Previous year Rs. 0.50 crore)] | | 23.76 | | 11.48 |
| Repairs of vessels by shipyard [Tax deducted at source Rs. 0.002 crore (Previous year Rs. Nil)] | | 0.04 | | – |
| Difference in rate of exchange (net) | | 20.74 | | – |
| **Total** | | 58.00 | | 24.20 |

## Schedule 15: Miscellaneous income

| Particulars | Year ended 31st March 2010 Rs. in crore | Year ended 31st March 2010 Rs. in crore | Year ended 31st March 2009 Rs. in crore | Year ended 31st March 2009 Rs. in crore |
|---|---|---|---|---|
| Interest on Intercorporate deposits [Tax deducted at source Rs. 14.18 crore (Previous year Rs. 9.68 crore)] | 95.21 | | 42.72 | |
| Interest on Fixed deposits [Tax deducted at source Rs. 0.67 crore (Previous year Rs. Nil)] | 45.93 | | – | |
| Interest others | 1.24 | | 0.11 | |
| | | 142.38 | | 42.83 |
| Dividends | | | | |
| On current investments (Non trade) | 66.66 | | 142.70 | |
| On long term investments (Non trade) | 0.04 | | 0.03 | |
| | | 66.70 | | 142.73 |
| Profit on sale of current investments (net) | | 75.21 | | 30.10 |
| Profit on sale of assets (net) | | 0.12 | | 0.06 |
| Difference in rate of exchange on Foreign Currency Convertible Bonds | | 121.91 | | – |
| Other receipts [Tax deducted at source Rs. 0.25 crore (Previous year Rs. 0.25 crore)] | | 3.13 | | 1.43 |
| **Total** | | 409.45 | | 217.15 |

SESA GOA LIMITED

# Schedules Annexed to and Forming Part of the Profit and Loss Account continued

## Schedule 16: Production and operational expenses

| Particulars | Year ended 31st March 2010 Rs. in crore | Year ended 31st March 2010 Rs. in crore | Year ended 31st March 2009 Rs. in crore | Year ended 31st March 2009 Rs. in crore |
|---|---|---|---|---|
| Increase/Decrease in stock of ore, finished goods and Work-in-progress | | | | |
| Opening stock | | | | |
| Iron ore | 131.78 | | 100.97 | |
| Metallurgical coke | 11.67 | | 4.50 | |
| Work-in-progess | 1.63 | | 1.17 | |
| | 145.08 | | 106.64 | |
| Less: Closing stock | | | | |
| Iron ore | 263.65 | | 131.78 | |
| Metallurgical coke | 10.66 | | 11.67 | |
| Work-in-progess | 1.74 | | 1.63 | |
| | 276.05 | | 145.08 | |
| | | (130.97) | | (38.44) |
| Consumption of raw materials | | 306.53 | | 228.83 |
| Consumption of stores [includes cost of supplies to contractors of the value of Rs. 59.54 crore (Previous year Rs. 51.88 crore)] | | 208.71 | | 169.27 |
| Purchase of ore | | 309.56 | | 264.08 |
| Personnel (Refer Note No. 14 of Schedule 19) | | | | |
| Salaries, wages, bonus and allowances | 70.61 | | 51.30 | |
| Contributions to provident and other funds | 3.12 | | 2.53 | |
| Contributions to gratuity and annuity funds | 3.82 | | 4.41 | |
| Staff welfare expenses | 6.00 | | 4.41 | |
| | | 83.55 | | 62.65 |
| Repairs and maintenance (Refer Note No. 8 of Schedule 19) | | | | |
| Plant machinery | 2.93 | | 1.89 | |
| Buildings | 0.22 | | 0.06 | |
| Others | 0.60 | | 0.15 | |
| | | 3.75 | | 2.10 |
| Contractors for hired trucks and other services | | 595.01 | | 503.47 |
| Hire charges of barges | | 65.60 | | 41.98 |
| Wharfage, tonnage, handling and shipping expenses | | 141.29 | | 112.36 |
| Railway freight | | 281.01 | | 470.78 |
| Rents | | 3.02 | | 1.52 |
| Export duty | | 109.75 | | 215.64 |
| Royalty and cess | | 112.80 | | 13.49 |
| Rates and taxes | | 8.27 | | 8.06 |
| Insurance | | 7.22 | | 5.61 |
| Electricity and water charges | | 11.79 | | 10.57 |
| Demurrage over despatch | | 90.62 | | 17.42 |
| Commission and service charges on sales | | 5.43 | | 10.16 |
| Analysis of ore | | 5.84 | | 5.07 |
| Maintenance of offices | | 0.46 | | 0.28 |
| Printing and stationery | | 0.58 | | 0.37 |
| Travelling and representation expenses | | 2.98 | | 1.84 |
| Maintenance of vehicles | | 0.36 | | 0.26 |
| General expenses | | 38.18 | | 19.10 |
| Difference in exchange rate (net) | | – | | 164.15 |
| Provision for mine closure expenses (Refer Note No.9 of Schedule 19) | | 0.10 | | 0.25 |
| | | 2,261.44 | | 2,290.87 |
| Less: Extraction and processing costs recovered | | 34.69 | | 28.62 |
| **Total** | | 2,226.75 | | 2,262.25 |

## Schedule 17: Administration expenses

| Particulars | Year ended 31st March 2010 Rs. in crore | Year ended 31st March 2010 Rs. in crore | Year ended 31st March 2009 Rs. in crore | Year ended 31st March 2009 Rs. in crore |
|---|---|---|---|---|
| Personnel (Refer Note No. 14 of Schedule 19) | | | | |
| Salaries, wages, bonus, allowances and commission | 31.63 | | 18.93 | |
| Contributions to provident and other funds | 0.60 | | 0.53 | |
| Contributions to gratuity and annuity funds | 1.23 | | 1.43 | |
| Staff welfare expenses | 1.44 | | 0.96 | |
| | | 34.90 | | 21.85 |
| Maintenance of offices and equipments | | 1.06 | | 1.38 |
| Printing and stationery | | 0.76 | | 0.61 |
| Postage, telephone, cables and telex Charges | | 1.29 | | 1.49 |
| Fees to Auditors | | | | |
| Audit fees | 0.20 | | 0.18 | |
| Other certification fees | 0.31 | | 0.32 | |
| Reimbursement of expenses [excludes Rs. 0.35 crore debited to share premium towards Foreign Currency Convertible Bonds issue expenses (Previous Year Rs. Nil)] | 0.03 | | 0.03 | |
| | | 0.54 | | 0.53 |
| Sitting fees and commission to non wholetime directors | | 0.31 | | 0.33 |
| Travelling and representation expenses [includes travelling expenses of directors Rs. 0.59 crore (Previous year Rs. 0.84 crore)] | | 4.38 | | 4.22 |
| Professional and legal charges | | 18.03 | | 22.77 |
| Maintenance of vehicles | | 1.88 | | 1.56 |
| Donations and contributions | | 5.99 | | 5.53 |
| Bad debts | – | | 0.78 | |
| Less: Provision for doubtful debts | – | | 0.78 | |
| | | – | | – |
| Provision for doubtful advances | | 0.50 | | – |
| Provision for claim under litigation | | 9.03 | | – |
| Miscellaneous expenses | | 4.80 | | 3.60 |
| | | 83.47 | | 63.87 |
| Recovery from subsidiary company | | 9.60 | | 8.07 |
| **Total** | | 73.87 | | 55.80 |

## Schedule 18: Interest and other charges

| Particulars | Year ended 31st March 2010 Rs. in crore | Year ended 31st March 2010 Rs. in crore | Year ended 31st March 2009 Rs. in crore | Year ended 31st March 2009 Rs. in crore |
|---|---|---|---|---|
| Interest on Foreign Currency Convertible Bonds | | 45.36 | | – |
| Interest others | | 3.66 | | 0.81 |
| Discounting charges | | 1.75 | | 0.18 |
| Other charges | | 2.92 | | 2.39 |
| **Total** | | 53.69 | | 3.38 |

SESA GOA LIMITED

# Notes Forming Part of the Accounts
## For the year ended 31st March 2010

### Schedule 19:

**1. Significant accounting policies**

i) Basis of accounting

The financial statements have been prepared on accrual basis under the historical cost convention to comply in all material respects with the Generally Accepted Accounting Principles in India and the relevant provisions of the Companies Act, 1956.

ii) Use of estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities (including contingent liabilities) on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and the estimates are recognised in the period in which the results are known /materialised.

iii) Revenue recognition

Revenue is recognised when significant risks and rewards of ownership of the goods sold are transferred to the customer and the commodity has been delivered to the shipping agent/customer. Revenue represents the invoice value of goods and services provided to third parties net of discounts, sales taxes/value added taxes, and is after considering adjustments on final invoices (arising on analysis variances) received upto the year end.

Revenue in respect of contracts for services is recognised on completion of services.

Dividend income is recognised when the right to receive dividend is established.

Interest income is recognised on a time proportion basis by reference to the principal outstanding and at the interest rate applicable.

iv) Employee benefits

a. Provident fund: The Company's contribution to the recognised provident fund, pension fund and employees' deposit linked insurance scheme paid / payable during the year is debited to the Profit and Loss Account.

b. Gratuity Fund: The Company accounts for the net actuarial liability of its obligations for gratuity benefits based on an independent actuarial valuation determined on the basis of the projected unit credit method carried as at the year end. Based on the above determined obligation, the Company makes contribution to funds managed by insurance companies. Actuarial gains and losses are immediately recognised in the Profit and Loss Account.

c. Annuity fund: The Company has a defined contribution plan for certain categories of employees, wherein it annually contributes a predetermined proportion of employee's salary to an insurance company which administers the fund. The Company recognises such contributions as an expense over the period of services rendered.

d. Compensated absences: The liability in respect of compensated absences for employees is determined on the basis of an independent actuarial valuation carried out at the end of the year and differential liability recognised as expense in the Profit and Loss Account.

v) Investments

Long term investments are stated at cost less provision for diminution. Provision for diminution is made to recognise decline (other than temporary) in the value of investments, if any. Current investments are stated at cost or market value, whichever is lower.

vi) Inventories

Raw material, consumable stores and spares are held for use in production and are valued at cost determined on the basis of weighted average method.

Work in progress, stock of iron ore and metallurgical coke are valued at lower of cost or net realisable value. Cost includes raw material and proportion of fixed and variable overheads.

vii) Foreign currency transactions

Transactions in foreign currency are recorded at exchange rates prevailing on the date of the transaction. Year end balance of monetary assets and liabilities are translated at the year end rates. Exchange difference arising on restatement or settlement is charged to the Profit and Loss Account.

viii) Foreign currency forward contracts

The Company enters into forward derivative financial instruments to hedge its exposure to foreign currency. The Company does not hold derivative financial instruments for speculative purposes. Derivative financial instruments are initially recorded at their fair value on the date of the derivative transaction and are re-measured at their fair value at subsequent balance sheet dates.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the Profit and Loss Account.

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recorded in Reserves and Surplus. Amount deferred to Reserves and Surplus are recycled in the Profit and Loss Account in the period when the hedged item is recognised in the Profit and Loss Account.

Derivative financial instruments that do not qualify for hedge accounting are marked to market at the balance sheet date and gains or losses are recognised in the Profit and Loss Account immediately.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss on the hedging instrument recognised in Reserves and Surplus is kept in reserves and surplus until the forecast transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in Reserves and Surplus is transferred to the Profit and Loss Account for the year.

ix) Fixed assets

Fixed assets except for the leasehold mine at Karnataka, are stated at their original cost along with taxes, duties (net of Modvat/Cenvat availed, if any) and freight interest on borrowings up to the date of commissioning for operation, attributable to acquisition/construction of the concerned assets.

The iron ore reserves of the leased mine located in Karnataka were valued and shown as fixed assets by erstwhile A. Narrain Mines Ltd. (ANML). The Company continues to show the value of the said mining lease as fixed assets after merger of said ANML. The Company's other mining leases having ore reserves, however, are not valued. Amounts paid to Government authorities towards renewal of forest clearances in respect of owned mining leases are capitalized as a part of mining leases.

x) Borrowing costs

Borrowing costs attributable to the acquisition or construction of assets requiring a substantial period of time are capitalised. All other borrowing costs including exchange differences on foreign currency loans are charged to revenue.

xi) Depreciation

Depreciation except on the leasehold mine at Karnataka, and in respect of vehicles, furniture, computers and railway wagons is provided for on Straight Line Method (SLM) at the rates specified in Schedule XIV of the Companies Act, 1956. In respect of vehicles, furniture and computers depreciation has been charged on SLM method at annual rate of 20%, 10% and 30% respectively to bring it in line with the useful life of the assets. The cost of railway wagons procured under Wagon Investment Scheme (WIS) is being depreciated at the rate of 10% per annum on a Straight Line basis. The value of mining leases capitalised are amortised in proportion to actual quantity of ore extracted therefrom. Amounts paid towards renewal of forest clearances in respect of owned mining lease are amortised over the operating period of the lease. Fixed assets costing less than Rs. 5,000 are wholly depreciated in the year of acquisition.

Depreciation has been charged from the month of the date of purchase in the case of acquisitions made during the year. In respect of assets sold, depreciation is provided up to the month prior to the date of sale.

xii) Impairment of assets

The carrying amounts of tangible fixed assets are reviewed for impairment, if events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If there are indicators of impairment, an assessment is made to determine whether the asset's carrying value exceeds its recoverable amount. Whenever the carrying value of an asset exceeds recoverable amount, impairment is charged to the Profit and Loss Account.

xiii) Provisions, contingent liabilities and contingent assets:

A provision is recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on best estimate required to settle the obligation at the balance sheet date. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is neither recognised nor disclosed.

xiv) Segment reporting

The Company is in the business of mining and sale of iron ore and manufacture and sale of metallurgical coke. All of the Company's establishments are located in one country i.e India. The revenues from other than sale of ore and metallurgical coke are either incidental to the above two businesses or of non-recurring nature. Therefore the Company operates in two business segments.

Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis, have been included under "Unallocated revenue / expenses / assets / liabilities"

xv) Taxes on income

The Company's income taxes include taxes on the Company's taxable profits, fringe benefits tax, adjustment attributable to earlier periods and changes in deferred taxes. Valuation of all tax liabilities/ receivables are carried at current amounts and in accordance with enacted tax regulations, rates or in the case of deferred taxes those that have been substantially enacted.

Deferred tax is calculated to correspond to the tax effect arising when final tax is determined. Deferred tax corresponds to the net effect of tax on all timing differences which occur as a result of items being allowed for income tax purposes during a period different from when they were recognised in the financial statements.

xvi) Accounting for government grants/refunds

Government grants/subsidies and refunds due from Government Authorities are accounted when there is reasonable certainty of their realisation.

**2.** By Order dated 18th December, 2008 the Single Bench of the Honourable High Court of Bombay, at Goa, Panaji (Bombay High Court) had approved the Scheme of Amalgamation (the "Scheme") of Sesa Industries Limited (SIL) with the Company effective from the appointed date i.e. 1st April 2005. Consequent to an appeal filed by an aggrieved shareholder the Order dated 18th December, 2008 was set aside by the Division Bench of the Bombay High Court vide order dated 21st February 2009. While SIL has filed an appeal against the Order of the Division Bench before the Honourable Supreme Court, the financial statements have been prepared on a standalone basis without considering the impact of the merger with SIL.

SESA GOA LIMITED

# Notes Forming Part of the Accounts continued
## For the year ended 31st March 2010

**Schedule 19:** continued

3. The Company has pursuant to a share purchase agreement dated 11th June 2009 acquired 1,250,000 equity shares of Rs. 10 each (being 100% of the issued and paid up share capital) of the V. S. Dempo & Company Private Limited ("VSD"). VSD in turn holds 1,150,000 equity shares of Rs. 100 each (being 100% of the issued and paid up share capital) of Dempo Mining Corporation Private Limited and also hold 5,000 equity shares of Rs. 10 each (being 50% of the issued and paid up share capital) of Goa Maritime Private Limited.

   The cost of the Company's investment in VSD i.e. Rs. 1,713.24 crores (including deferred and contingent components) is included as part of Investments in Schedule 7.

4. To meet its growth objectives, during the year, the Company issued 33,274,000 equity shares of Re. 1 each at a premium of Rs. 160.46 per share for cash to Twin Star Holdings Limited on a preferential basis under the applicable provisions of Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines 2000 (the "Guidelines"). A part of the proceeds aggregating Rs 101.47 crore has been utilised for the Company's capital projects. The unutilised portion of the issue proceeds amounting to Rs 435.77 crore has been invested in Mutual Funds.

5. During the year, the Company issued 5000 Foreign Currency Convertible Bonds ("FCCBs") aggregating US$ 500 million (corresponding INR value Rs. 2,400.50 crores) at a coupon rate of 5% (net to bondholder) The bondholders have an option to convert these FCCBs into shares, at a conversion price of Rs. 346.88 per share at a fixed rate of exchange on conversion of Rs. 48.00 per U.S. $ 1.00 at any time on or after 9th December, 2009. The conversion price is subject to adjustment in certain circumstances. The FCCBs may be redeemed in whole, but not in part, on or after 30th October, 2012, subject to certain conditions. Unless previously converted, redeemed or repurchased and cancelled, the FCCBs fall due for redemption on 31st October, 2014 at par. As at 31st March, 2010, 755 FCCB's have been converted into equity shares.

   The expenses incurred on the issue of the FCCB's aggregating Rs. 19.93 crores have been adjusted against the Share Premium Account of the Company.

   The changes to the liability on account of foreign exchange rate fluctuation amounting to Rs. 121.91 crores have been credited to the Profit and Loss Account. A part of the proceeds aggregating Rs. 21.70 crore has been utilised for the Company's capital projects, the construction of which is in progress. The unutilised portion of the FCCB proceeds aggregating Rs. 2,360.80 crore have been placed in term deposits/current accounts with a scheduled bank, pending utilization. Interest aggregating Rs.0.17 crores in respect of amounts utilised for the construction of capital projects has been capitalized and included as part of Capital Work in Progress. The balance interest amounting to Rs. 45.36 crores has been charged to the Profit and Loss Account.

**6. Contingent liabilities:**

i) Guarantees (excluding the liability for which provisions have been made) amounting to Rs. 9.04 crore (Previous year Rs. 13.31 crore) given by the Bankers in favour of various parties – none invoked.

ii) Letters of Credit opened by the banks in favour of suppliers amounting to Rs. 174.52 crore (Previous year Rs. 62.63 crore).

iii) Bonds executed in favour of customs authorities in respect of export of iron ore Rs. 1,003.23 crore (Previous year Rs. 1,281.97 crore).

iv) Claims by custom authorities (under dispute) relating to differential export duty on export shipments Rs. 49.13 crore (Previous year Rs. 49.13 crore). The said amount is also included under bonds executed detailed in point 6 (iii) above.

v) Bills discounted under letters of credit with banks Rs. 471.08 crore. (Previous year Rs. 269.68 crore)

vi) Provisions have also not been made in the accounts in respect of the following liabilities not acknowledged as debts for the reasons stated against them:

   a) Dead rent on deemed mining leases for the period from 20.12.1962 to 23.5.1987 amounting to Rs. 0.10 crore (Previous year Rs. 0.10 crore) and royalty for the period from 20.12.1961 to 30.9.1963 amounting to Rs. 0.12 crore (Previous year Rs. 0.12 crore) sought to be levied by the Government pursuant to the Goa, Daman & Diu Mining Concessions (Abolition & Declaration as Mining Leases) Act 1987, challenged by Special Leave Petition before Supreme Court of India.

   b) Claims related to commercial and employment contracts Rs. 7.06 crore (Previous year Rs. 6.08 crore.)

   c) Claims by Chennai Port Trust related to shortfall of throughput from Chennai Port Rs. 1.13 crore (previous year Rs. 1.13 crore).

   d) A civil suit claiming a damage of a minimum amount of Rs. 37.50 crore (Previous year Rs. 37.50 crore) towards infringement of patent has been filed against the Company.

   e) Disputed sales tax demand of Rs. 0.45 crore (Previous year Rs. 0.98 crore) including interest and penalty of Rs. 0.09 crore (Previous year Rs. 0.14 crore) appealed before Appellate Authority.

   f) Disputed income tax demand of Rs. 9.24 crore (Previous year Rs. 3.85 crore) including interest of Rs. 0.56 crore (Previous year including interest and penalty of Rs. 0.01 crore), appealed before Appellate Authority.

g) Disputed demand from customs authorities towards fine and penalty of Rs. 0.35 crore (previous year Rs. 0.35 crore) for improper documentation of equipments loaded/unloaded to/from the company's vessel M.V. Orissa and its improper use.

h) Disputed forest development tax amounting to Rs. 164.12 crore (Previous year Rs. 29.88 crore) levied by Government of Karnataka challenged by writ petition filed in the High Court of Karnataka. Hearing of writ petition before the High Court of Karnataka is pending.

i) A Notice issued by the Deputy Conservator of Forest, Chitradurga, demanding registration of a supplemental forest lease agreement by payment of stamp duty calculated on the net present value which has been challenged in the High Court of Karnataka. Estimated liability is Rs. 0.92 crore (Previous year Rs. 0.92 crore).

j) Cess on transportation of Ore, coal and coke within Goa levied by Government of Goa under the Goa Rural Development and Welfare Cess Act, 2000 (Goa Act 29 of 2000) amounting to Rs. 49.31 crore (Previous year Rs. 21.17 crore) challenged by way of writ petition in the High Court of Bombay, Panjim Bench.

k) Claim for non performance of contract of affreightment amounting to Rs. 3.74 crore (Previous year Rs. 12.74 crore) under arbitration.

The Company does not expect devolvement of any liability in respect of the above.

**7.** Estimated amount of contracts (net of advances) remaining to be executed on capital account Rs. 402.21 crore (Previous year Rs. 19.14 crore).

**8.** Direct Expenditure on Repairs and Maintenance included under major heads of expenses are as under:

(Rs. in crore)

| Particulars | Repair to Building | Repair to Plant & Machinery, Barges and Ships | Repair to Others | Total |
|---|---|---|---|---|
| a) Wages and salaries | 0.22<br>(0.26) | 11.35<br>(8.97) | 0.07<br>(0.04) | 11.64<br>(9.27) |
| b) Consumption of stores | 0.72<br>(1.13) | 51.46<br>(44.55) | 0.33<br>(0.40) | 52.51<br>(46.08) |
| c) Contractors for various services | 1.32<br>(8.89) | 17.66<br>(14.47) | 0.37<br>(0.40) | 19.35<br>(23.76) |
| d) Others | –<br>– | 1.46<br>(0.19) | 0.06<br>– | 1.52<br>(0.19) |
| Total | 2.26<br>(10.28) | 81.93<br>(68.18) | 0.83<br>(0.84) | 85.02<br>(79.30) |

(Figures in bracket relate to previous year)

SESA GOA LIMITED

# Notes Forming Part of the Accounts continued
## For the year ended 31st March 2010

### Schedule 19: continued

9. In terms of the Mineral Concession Rules 1960 and Mineral Conservation and Development Rules (MCDR) 1988, the Company has provided a "financial assurance" in the form of a bank guarantee to the Regional Controller of Mines, towards its mine closure obligation. The Company has made a provision for expense to the extent of the bank guarantees provided.

The present mine closure provision at 31st March 2010 is as under:

(Rs. in crore)

| Nature of obligation | 2009-10 | 2008-09 |
|---|---|---|
| Mines Closure Provision | | |
| Opening carrying amount | 1.50 | 1.25 |
| Additional provisions made during the year | 0.10 | 0.25 |
| Amounts used during the year | – | – |
| Unused amounts reversed during the year | – | – |
| Closing carrying amount | 1.60 | 1.50 |

The Company is defending a claim made by a vendor for breach of a contract. An estimated amount of US$ 2 million has been provided for in the Profit and Loss Account by the Company in the said regard. Litigation is also in process against the Company relating to a claim by a port authority on alleged non fulfillment of minimum guaranteed exports. There is a closing carrying amount of Rs. 0.87 crores being a provision made in earlier years in respect of the said claim. The Company believes that any further disclosure in these matters is expected to seriously prejudice its position in the dispute and therefore information usually required by the Accounting Standard (AS 29) on Provisions, Contingent liabilities and Contingent assets is not disclosed.

**10. Loans & Advances as shown in schedule 11 include the following amounts due from:**

(Rs. in crore)

| | 2009-10 | | 2008-09 | |
|---|---|---|---|---|
| | As at 31st March 2010 | Maximum amount during the year | As at 31st March 2009 | Maximum amount during the year |
| Advance recoverable in cash or kind or for value to be received | | | | |
| Directors Travel / LTA Advance | – | 0.05 | – | 0.02 |

11. The Micro and Small Enterprises to whom amount is outstanding as at the year end and requiring disclosure under Schedule VI of the Companies Act 1956, and the Micro Small and Medium Enterprises Development Act 2006 are as follows:

(Rs. in crore)

| Sr. No. | | 2009-10 | 2008-09 |
|---|---|---|---|
| 1 | The principal amount remaining unpaid to supplier as at the end of accounting year. | 0.40 | 0.01 |
| 2 | The interest due thereon remaining unpaid to supplier as at the end of accounting year. | – | – |

The above information has been compiled in respect of parties to the extent to which they could be identified as micro or small enterprises on the basis of intimation received from the "suppliers" regarding their status under the Micro Small and Medium Enterprises Development Act, 2006.

## 12. Details of movement in investments purchased/sold during the year

| | Balance as on 1st April 2009 | | Purchased during the year* | | Redemption during the year | | Balance as on 31st March 2010 | |
|---|---|---|---|---|---|---|---|---|
| Name of the fund | Units | Amount (Rs in crore) | Units | Amount (Rs in crore) | Units | Amount (Rs in crore) | Units | Amount (Rs in crore) |
| HDFC Cash Management Fund – Savings Plan –Daily Dividend Reinvest Option | – | – | 990,873,692 | 1,053.93 | 990,873,692 | 1,053.93 | – | – |
| HDFC Cash Management Fund – Treasury Advantage Plan – Wholesale – Daily Dividend Reinvest Option | – | – | 1,350,665,932 | 1,354.92 | 1,350,665,932 | 1,354.92 | – | – |
| HDFC Cash Management Fund – Treasury Advantage Plan – Wholesale – Growth Option | 199,005,026 | 382.30 | 58,718,460 | 118.52 | 199,005,026 | 382.30 | 58,718,460 | 118.52 |
| HDFC FMP 18M November ' 07(VI) – Wholesale Growth Option | 20,000,000 | 20.00 | – | – | 20,000,000 | 20.00 | – | – |
| HDFC Quarterly Interval Fund – Plan C – Dividend Payout | – | – | 65,000,000 | 65.00 | – | – | 65,000,000 | 65.00 |
| ICICI Prudential – Institutional Liquid Plan – Super Institutional Daily Dividend Reinvest Option | – | – | 543,007,453 | 725.39 | 543,007,453 | 725.39 | – | – |
| ICICI Prudential – Flexible Income Plan Premium – Dividend Reinvest Option | – | – | 994,481,786 | 1,147.19 | 994,481,785 | 1,147.19 | – | – |
| ICICI Prudential – Flexible Income Plan Premium – Growth Option | 219,190,374 | 357.14 | – | – | 219,190,374 | 357.14 | – | – |
| ICICI Prudential – Ultra Short term Plan Super Premium – Daily Dividend Reinvest Option | – | – | 185,621,700 | 186.01 | 185,621,700 | 186.01 | – | – |
| ICICI Prudential – Ultra Short Term Plan Super Premium – Growth option | – | – | 76,479,277 | 79.01 | – | – | 76,479,277 | 79.01 |
| ICICI Prudential FMP Series 47 – One Year Plan B Institutional – Growth Option | 100,000,000 | 100.00 | – | – | 100,000,000 | 100.00 | – | – |
| ICICI Prudential Interval Fund IV – Quarterly Interval Plan B – Institutional Dividend – Dividend Payout | 50,000,000 | 50.00 | – | – | 50,000,000 | 50.00 | – | – |
| ICICI Prudential Medium Term Premium Plus – Dividend Payout | – | – | 150,000,000 | 150.00 | – | – | 150,000,000 | 150.00 |
| ICICI Prudential FMP Series 52 – 1 Year Plan A – Growth Option | – | – | 20,000,000 | 20.00 | – | – | 20,000,000 | 20.00 |
| Kotak FMP 14M Series 4 – Institutional Growth Option | 15,000,000 | 15.00 | – | – | 15,000,000 | 15.00 | – | – |
| Kotak FMP 13M Series 3 – Institutional Growth Option | 30,000,000 | 30.00 | – | – | 30,000,000 | 30.00 | – | – |
| Kotak FMP 15M Series 4 – Institutional Growth Option | 30,000,000 | 30.00 | – | – | 30,000,000 | 30.00 | – | – |
| Kotak FMP 13M – Series 5 – Growth Option | 50,000,000 | 50.00 | – | – | – | – | 50,000,000 | 50.00 |
| Kotak Quarterly Interval Plan Series – 2 – Dividend Payout Option | 70,000,000 | 70.00 | – | – | 70,000,000 | 70.00 | – | – |
| Kotak Quarterly Interval Plan – Series 1 – Dividend Payout Option | – | – | 70,000,000 | 70.00 | 70,000,000 | 70.00 | – | – |
| Kotak FMP 370 Days – Series 1 – Growth Option | – | – | 50,000,000 | 50.00 | – | – | 50,000,000 | 50.00 |
| Kotak FMP Quarterly Interval Plan – Series 6 – Dividend Payout Option | – | – | 250,000,000 | 250.00 | – | – | 250,000,000 | 250.00 |
| Kotak FMP Quarterly Interval Plan – Series 3 – Dividend Payout Option | – | – | 40,000,000 | 40.00 | – | – | 40,000,000 | 40.00 |
| Kotak – Liquid Institutional Premium – Daily dividend Reinvest Option | – | – | 703,876,787 | 860.71 | 703,876,787 | 860.71 | – | – |
| Kotak – Floater Long Term – Daily Dividend Reinvest Option | – | – | 1,383,504,915 | 1,394.55 | 1,383,504,915 | 1,394.55 | – | – |
| Kotak – Floater Long Term – Growth Option | 277,233,470 | 385.19 | 159,507,528 | 233.05 | 277,233,470 | 385.19 | 159,507,528 | 233.05 |
| Reliance Fixed Horizon Fund – X – Series 2 – Super Institutional – Growth Option | 150,000,000 | 150.00 | – | – | 150,000,000 | 150.00 | – | – |
| Reliance Fixed Horizon Fund – XII – Series 4 – Super Institutional – Growth Option | 300,000,000 | 300.00 | – | – | – | – | 300,000,000 | 300.00 |
| Reliance Fixed Horizon Fund – XIII – Series 3 – Super Institutional – Growth Option | – | – | 60,000,000 | 60.00 | – | – | 60,000,000 | 60.00 |
| Reliance Fixed Horizon Fund – XIV – Series 1 – Super Institutional – Growth Option | – | – | 100,000,000 | 100.00 | – | – | 100,000,000 | 100.00 |
| Reliance Fixed Horizon Fund – XIV – Series 5 – Super Institutional – Growth Option | – | – | 50,000,000 | 50.00 | – | – | 50,000,000 | 50.00 |
| Reliance Monthly Interval Fund – Series II – Institutional – Dividend Payout Option | – | – | 99,963,014 | 100.00 | – | – | 99,963,014 | 100.00 |
| Reliance – Liquidity Fund – Daily Dividend Reinvest Option | – | – | 593,865,885 | 594.06 | 593,865,885 | 594.06 | – | – |
| Reliance – Medium Term Fund – Daily Dividend Reinvest Option | – | – | 523,832,836 | 895.52 | 523,832,836 | 895.52 | – | – |
| Reliance – Medium Term Fund – Growth Option | 75,068,762 | 136.36 | 13,138,729 | 25.07 | 75,068,762 | 136.36 | 13,138,729 | 25.07 |
| Reliance – Money Manager Fund Institutional Option – Daily Dividend Reinvest Option | – | – | 2,436,540 | 243.93 | 2,436,540 | 243.93 | – | – |
| Birla Sun Life Fixed Term Plan –Institutional – Series AN – Growth Option | 75,000,000 | 75.00 | – | – | 75,000,000 | 75.00 | – | – |
| Birla Sun Life Fixed Term Plan – Institutional – Series BD – Growth Option | 65,000,000 | 65.00 | – | – | 65,000,000 | 65.00 | – | – |
| Birla Sun Life Fixed Term Plan – Retail – Series BD – Growth Option | 15,000,000 | 15.00 | – | – | 15,000,000 | 15.00 | – | – |
| Birla Medium Term Fund – Institutional Plan – Quarterly Dividend Payout Option | 200,000,000 | 200.00 | – | – | 200,000,000 | 200.00 | – | – |
| Birla Floating Rate Fund – Long Term – Institutional – Growth Option | 99,979,004 | 100.00 | – | – | – | – | 99,979,004 | 100.00 |
| Birla Interval Income Fund – Institutional Quarterly Interval Plan – Series II – Dividend Payout Option | – | – | 200,000,000 | 200.00 | – | – | 200,000,000 | 200.00 |
| Birla Interval Income Fund – Institutional Quarterly Interval Plan – Series I – Dividend Payout | – | – | 30,000,000 | 30.00 | – | – | 30,000,000 | 30.00 |
| Birla Sun Life Fixed Term Plan – Institutional Series CD ( 370 Days ) – Growth Option | – | – | 50,000,000 | 50.00 | – | – | 50,000,000 | 50.00 |
| Birla Sunlife Cash Plus Plan – Daily Dividend Reinvest Option | – | – | 486,420,539 | 525.45 | 486,420,539 | 525.45 | – | – |
| Birla Sun Life Saving Fund – Institutional – Daily Dividend Reinvest Option | – | – | 1,042,470,538 | 1,043.18 | 1,042,470,538 | 1,043.18 | – | – |
| Birla Sun Life Saving Fund – Institutional – Growth Option | 91,237,101 | 151.73 | 3,249,708 | 5.68 | 91,237,101 | 151.73 | 3,249,708 | 5.68 |
| SBI Debt Fund Series – 13 Months – 10 – Institutional Growth Option | 150,000,000 | 150.00 | – | – | – | – | 150,000,000 | 150.00 |
| SBI Debt Fund Series – 370 Days – Growth Option | – | – | 90,000,000 | 90.00 | – | – | 90,000,000 | 90.00 |
| SBI – Magnum Insta Cash Fund – Daily Dividend Reinvest Option | – | – | 103,291,505 | 173.02 | 103,291,505 | 173.02 | – | – |
| SBI – Short Horizon Debt Fund – Ultra Short Term Plan – Institutional Daily Dividend Reinvest Option | – | – | 94,657,073 | 94.71 | 94,657,073 | 94.71 | – | – |
| SBI – Short Horizon Debt Fund – Ultra Short Term Plan – Institutional Growth Option | – | – | 69,809,352 | 83.72 | – | – | 69,809,352 | 83.72 |
| UTI – FMP – Yearly Series ( YFMP 11/09 ) – Institutional Growth Option | – | – | 50,000,000 | 50.00 | – | – | 50,000,000 | 50.00 |
| UTI – Short Term Income Fund – Institutional Income Option – Reinvestment | – | – | 198,767,641 | 200.00 | – | – | 198,767,641 | 200.00 |
| UTI – Fixed Income Interval Fund – Series II – Quaterly Interval Plan V – Institutional Dividend Plan – Payout | – | – | 149,988,001 | 150.00 | – | – | 149,988,001 | 150.00 |
| IDFC Cash Fund – Super Institutional Plan C – Daily Dividend Reinvest Option | – | – | 360,939,377 | 361.03 | 360,939,377 | 361.03 | – | – |
| IDFC Money Manager Fund – Investment Plan – Institutional Plan B – Daily Dividend Reinvest Option | – | – | 362,834,404 | 363.38 | 362,834,404 | 363.38 | – | – |
| IDFC Money Manager Fund – Investment Plan – Institutional Plan B – Growth Option | – | – | 253,582,504 | 363.38 | – | – | 253,582,504 | 363.38 |
| IDFC FMP – Half Yearly Series 9 – Plan A – Dividend Payout | – | – | 100,000,000 | 100.00 | – | – | 100,000,000 | 100.00 |
| DSP Black Rock FMP – 13M – Sereis 1 – Institutional Growth Option | 45,000,000 | 45.00 | – | – | 45,000,000 | 45.00 | – | – |
| DSP Black Roack FMP – 12 1/2 M – Series 1 – Institutional Growth Option | 50,000,000 | 50.00 | – | – | 50,000,000 | 50.00 | – | – |
| Canara Robeco Liquid Super Institutional Fund – Daily Dividend Reinvest Option | – | – | 190,746,876 | 191.53 | 190,746,876 | 191.53 | – | – |
| Canara Robeco Treasury Advantage Super Institutional Fund – Daily Dividend Reinvest Option | – | – | 58,992,944 | 73.19 | 58,992,944 | 73.19 | – | – |
| Canara Robeco Treasury Advantage Super Institutional Fund – Growth Option | – | – | 37,198,258 | 51.70 | – | – | 37,198,258 | 51.70 |

SESA GOA LIMITED

# Notes Forming Part of the Accounts continued
## For the year ended 31st March 2010

### Schedule 19: continued

| Name of the fund | Balance as on 1st April 2009 | | Purchased during the year* | | Redemption during the year | | Balance as on 31st March 2010 | |
|---|---|---|---|---|---|---|---|---|
| | Units | Amount (Rs in crore) | Units | Amount (Rs in crore) | Units | Amount (Rs in crore) | Units | Amount (Rs in crore) |
| Religare FMP – Series II – Plan C ( 15 Months ) – Growth Option | – | – | 100,000,000 | 100.00 | – | – | 100,000,000 | 100.00 |
| Religare FMP – Series II – Plan F ( 13 Months ) – Growth Option | – | – | 100,000,000 | 100.00 | – | – | 100,000,000 | 100.00 |
| Religare Liquid Fund – Super Institutional – Daily Dividend Reinvest Option | – | – | 99,945,336 | 100.01 | 99,945,336 | 100.01 | – | – |
| Religare FMP – Series II A ( 13 Months ) – Growth Option | – | – | 60,000,000 | 60.00 | – | – | 60,000,000 | 60.00 |
| Religare FMP – Series II B ( 15 Months ) – Growth Option | – | – | 120,000,000 | 120.00 | – | – | 120,000,000 | 120.00 |
| Tata Fixed Horizon Fund – Series 18 – Scheme B – Institutional Growth Option | 50,000,000 | 50.00 | – | – | 50,000,000 | 50.00 | – | – |
| Tata Fixed Maturity Plan – Series 26 – Scheme A – Growth Option | – | – | 20,000,000 | 20.00 | – | – | 20,000,000 | 20.00 |
| Tata Liqud Super High Investment Fund – Daily Dividend | – | – | 1,730,048 | 192.82 | 1,730,048 | 192.82 | – | – |
| Tata Floater Fund –Daily Dividend Reinvest Option | – | – | 249,436,690 | 250.32 | 249,436,690 | 250.32 | – | – |
| Tata Floater Fund – Growth Option | – | – | 6,062,782 | 8.32 | – | – | 6,062,782 | 8.32 |
| Total | 2,426,713,737 | 2,977.73 | 13,225,098,109 | 15,018.29 | 12,220,367,587 | 14,272.57 | 3,431,444,258 | 3,723.45 |
| Previous year | 1,763,856,085 | 1,958.50 | 15,516,550,321 | 17,604.30 | 14,853,692,669 | 16,585.08 | 2,426,713,737 | 2,977.73 |

* includes dividend reinvested

**13.** Research and development expenditure of Rs. 0.29 crore (Previous year Rs. 1.95 crore) has been charged to Profit and Loss Account under specific heads of accounts, while Rs. Nil (Previous year Rs. 0.65 crore) has been incurred as capital cost for research and development.

**14. Employee benefits obligations:**

Defined benefit plans:

The Company offers its employees defined benefit plans in the form of gratuity schemes. Gratuity Scheme covers all employees as statutorily required under Payment of Gratuity Act 1972. The Company has three gratuity schemes for different categories of employees. The Company contributes funds to Life Insurance Corporation of India and ICICI Prudential Life Insurance Company Limited, which are irrevocable. Commitments are actuarially determined at the year end. The actuarial valuation is done based on the "Projected Unit Credit" method. Gains and losses of changed actuarial assumptions are charged to the Profit and Loss Account under the head 'Personnel'.

The net value of the defined benefit commitment is detailed below:

(Rs. in crore)

| | 2009-10 | 2008-09 |
|---|---|---|
| Fair value of plans | 22.45 | 17.61 |
| Present value of commitment | (25.58) | (21.84) |
| Net gratuity liability | (3.13) | (4.23) |
| **Defined benefit commitment** | | |
| Balance at start of the year | 21.84 | 18.18 |
| Current service cost | 1.26 | 1.02 |
| Benefits paid | (1.99) | (1.69) |
| Interest cost | 1.75 | 1.45 |
| Actuarial (gains)/losses | 2.72 | 2.88 |
| Balance at end of year | 25.58 | 21.84 |
| **Plan assets** | | |
| Balance at start of the year | 17.61 | 17.00 |
| Contribution received | 4.23 | 1.16 |
| Benefits paid | (1.99) | (1.69) |
| Return on scheme assets | 2.23 | 1.31 |
| Actuarial gains/(losses) | 0.37 | (0.17) |
| Balance at end of year | 22.45 | 17.61 |

The Plan assets of the Company are managed by the Life Insurance Corporation of India and ICICI Prudential Life Insurance Company Limited and the composition of the Investment relating to these assets is not available with the Company.

| Return on plan assets | 2009-10 | 2008-09 |
|---|---|---|
| | (Rs. in crore) | |
| Expected return on plan assets | 2.23 | 1.31 |
| Actuarial gain/(loss) | 0.37 | (0.17) |
| Actual return on plan assets | 2.60 | 1.14 |

Expenses on defined benefit plan recognised in the Profit and Loss Account

(Rs. in crore)

| | 2009-10 | 2008-09 |
|---|---|---|
| Current service cost | 1.26 | 1.04 |
| Actuarial (gains)/losses | 2.35 | 3.05 |
| Expected return on plan assets | (2.23) | (1.31) |
| Interest cost | 1.75 | 1.45 |
| Total expenses/(income) accounted in the Profit and Loss Account | 3.13 | 4.23 |

The actuarial calculations used to estimate defined benefit commitments and expenses are based on the following assumptions which if changed, would affect the defined benefit commitment's size, funding requirements.

| Particulars | 2009-10 | 2008-09 |
|---|---|---|
| Rate on discounting liabilities | 8% | 8% |
| Expected salary increase rate | 5% & 7% | 5% & 7% |
| Expected rate of return on scheme assets | 9% & 9.3 % | 9% & 9.35% |
| Withdrawal rates | 1.5% | 1.5% |
| Mortality rates | LIC (1994-96) Ultimate Table | LIC (1994-96) Ultimate Table |

The estimates of future salary increases considered in the actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

## Experience adjustment

(Rs. in crore)

| | 2009-10 | 2008-09 | 2007-08 |
|---|---|---|---|
| Present value of commitment | (25.58) | (21.84) | (18.18) |
| Fair value of the plans | 22.45 | 17.61 | 17.00 |
| Surplus/(deficit) | (3.13) | (4.23) | (1.18) |
| Experience adjustment on plan liabilities | 0.60 | 2.88 | 1.11 |
| Experience adjustment on plan assets | 2.99 | (0.04) | 1.73 |

The contributions expected to be made by the company during the financial year 2010-11 are Rs. 3.13 crore.

The above information is actuarially determined.

## Defined Contribution Plans:

The Company offers its employees benefits under defined contribution plans in the form of provident fund, family pension fund and annuity fund. Provident fund, family pension fund and annuity fund cover substantially all regular employees. Contributions are paid during the year into separate funds under certain statutory/fiduciary type arrangements. While both the employees and the Company pay predetermined contributions into the provident fund and pension fund, the contribution to annuity fund are made only by the Company. The contributions are normally based on a certain proportion of the employee's salary.

A sum of Rs. 5.64 crore (Previous year Rs. 4.67 crore) has been charged to the Profit and Loss Account in this respect, the components of which are tabulated below:

(Rs. in crore)

| Contribution to defined contribution plans | 2009-10 | 2008-09 |
|---|---|---|
| Provident fund and family pension fund | 3.72 | 3.06 |
| Annuity fund | 1.92 | 1.61 |
| | 5.64 | 4.67 |

SESA GOA LIMITED

# Notes Forming Part of the Accounts continued
## For the year ended 31st March 2010

**Schedule 19:** continued

### 15. i) Quantitative Information in respect of Iron Ore/Metallurgical Coke:

| | Iron Ore | | Metallurgical Coke | |
|---|---|---|---|---|
| | Quantity (MMT) | Value (Rs. in crore) | Quantity (MMT) | Value (Rs. in crore) |
| Installed capacity | – | – | 0.280 | N.A. |
| | | | (0.280) | N.A. |
| Opening Stock as on 1.4.2009 | 2.818<br>(2.747) | 131.78<br>(100.97) | 0.011<br>(0.005) | 11.67<br>(4.50) |
| Production (Foot Note 1) | 12.845<br>(10.689) | 395.02<br>(281.46) | 0.263<br>(0.224) | 339.08<br>(259.50) |
| Purchases (Foot Note 1) | 5.740<br>(4.485) | 298.80<br>(264.08) | –<br>(–) | –<br>(–) |
| Sales | 16.875<br>(15.103) | 4,238.28<br>(4,282.42) | 0.265<br>(0.217) | 356.50<br>(464.70) |
| Closing Stock as on 31.3.2010 | 4.528<br>(2.818) | 263.65<br>(131.78) | 0.009<br>(0.011) | 10.66<br>(11.67) |

Foot notes:
1. Net of processing and handling loss on ore handled and processed/reprocessed during the year.
2. The closing stock of ore excludes 0.081 million metric tonnes (Previous year 0.061 million metric tonnes) received on loan basis.
3. Figures in brackets relate to previous year
4. Figures of quantity are in wet metric tonnes

### ii) Consumption of Raw Materials

| | Quantity (MMT) | Value (Rs. in Crore) |
|---|---|---|
| Coal | 0.338<br>(0.291) | 310.56<br>(228.76) |
| Coal tar pitch | –<br>(–) | 0.06<br>(0.07) |

Foot notes:
1. Quantity figures are in dry metric tons
2. Figures in brackets relate to previous year

### iii) Services rendered to third parties towards repair of barges and machinery etc. amount to Rs. 23.76 crore (Previous year Rs. 11.48 crore)

## 16. Segment Information

As required by Accounting Standard No.17 on Segment Reporting

**i) The Company is collectively organised into two main business segments namely:**

- Iron Ore
- Metallurgical Coke

Segments have been identified and reported taking into account the nature of the product and services, the organisation structure and internal financial reporting system.

**ii) Information based on the Primary Segment (Business Segment)**

| | Iron Ore | Metallurgical Coke | Unallocated | Total |
|---|---|---|---|---|
| Revenue | | | | |
| – Sales/Income from Operations | 4,275.98 | 384.35 | | 4,660.33 |
| (net of duties and ocean frieght) | (4,306.59) | (472.49) | | (4,779.08) |
| – Other Income | 3.08 | 0.17 | | 3.25 |
| | (1.37) | (0.12) | | (1.49) |
| Net Revenue from operations | 4,279.06 | 384.52 | | 4,663.58 |
| | (4,307.96) | (472.61) | | (4,780.57) |
| Add: Interest Income | | | 142.38 | 142.38 |
| | | | (42.83) | (42.83) |
| Add: Dividend | | | 66.70 | 66.70 |
| | | | (142.73) | (142.73) |
| Add: Foreign Exchange Gain on Foreign Currency Convertible Bonds | | | 121.91 | 121.91 |
| | | | (–) | (–) |
| Add: Profit on sale of Investment | | | 75.21 | 75.21 |
| | | | (30.10) | (30.10) |
| Enterprise revenue | | | | 5,069.78 |
| | | | | (4,996.23) |
| Segment Result befotre tax, Interest,dividend and other non- recuring/Unallocable income | 2,275.88 | 26.78 | | 2,302.66 |
| | (2,203.70) | (212.33) | | (2,416.03) |
| Less: Interest Expenses | | | 50.77 | 50.77 |
| | | | (0.99) | (0.99) |
| Add: Interest Income | | | 142.38 | 142.38 |
| | | | (42.83) | (42.83) |
| Add: Dividend Income | | | 66.70 | 66.70 |
| | | | (142.73) | (142.73) |
| Add: Foreign Exchange Gain on Foreign Currency Convertible Bonds | | | 121.91 | 121.91 |
| | | | (–) | (–) |
| Add: Profit on sale of Investment | | | 75.21 | 75.21 |
| | | | (30.10) | (30.10) |
| Profit before Taxation | | | | 2,658.09 |
| | | | | (2,630.70) |
| Segment Assets | 1,190.67 | 254.48 | 8,828.64 | 10,273.79 |
| | (904.61) | (201.18) | (4,019.68) | (5,125.47) |
| Segment Liabilities | 557.95 | 168.01 | 2,339.12 | 3,065.08 |
| | (267.19) | (59.85) | (280.65) | (607.69) |
| Capital Expenditure | 128.17 | 3.42 | | 131.59 |
| | (126.96) | (9.49) | | (136.45) |
| Depreciation | 48.07 | 9.31 | | 57.38 |
| | (34.95) | (9.15) | | (44.10) |
| Significant Non-Cash Expenses other than depreciation | 0.50 | 9.03 | – | 9.53 |
| | (0.56) | (–) | (–) | (0.56) |

(Figures in bracket relate to previous year)

SESA GOA LIMITED

# Notes Forming Part of the Accounts continued
## For the year ended 31st March 2010

**Schedule 19:** continued

**iii) Information based on the Secondary Segment (Geographical Segments):**

(Rs. in crore)

| | 2009-10 | 2008-09 |
|---|---|---|
| **Segment revenue:** | | |
| India | 632.59 | 692.82 |
| Outside India | 4,030.99 | 4,087.75 |
| **Segment assets:** | | |
| India | 1,222.20 | 884.90 |
| Outside India | 222.95 | 220.89 |
| **Capital expenditure:** | | |
| India | 131.59 | 135.97 |
| Outside India | – | 0.48 |

**17. i) Managerial remuneration**

(Rs. in crore)

| | 2009-10 | 2008-09 |
|---|---|---|
| –Salaries | 2.35 | 2.06 |
| –Provident fund | 0.15 | 0.14 |
| –Gratuity fund | 0.61 | 0.59 |
| –Annuity fund | 0.18 | 0.19 |
| –Perquisites | 0.93 | 0.45 |
| –Sitting fees | 0.03 | 0.04 |
| –Commission<br>[Including Rs. 0.28 crore (Previous year Rs. 0.30 crore) payable to non-whole time Indian directors] | 0.84 | 0.74 |
| | 5.09 | 4.21 |

**ii) Computation of net profit under Section 309(5) read with Section 349 of the Companies Act, 1956.**

(Rs. in crore)

| | 2009-10 | 2008-09 |
|---|---|---|
| Profit before taxes | 2,658.09 | 2,630.70 |
| Less: Profit on redemption of investments | 75.21 | 30.10 |
| Profit per section 349 | 2,582.88 | 2,600.60 |
| Add: Directors' remuneration | 5.09 | 4.21 |
| Profit under section 198 | 2,587.97 | 2,604.81 |
| – Commission payable to whole time directors @ 1% of net profit restricted to | 0.56 | 0.44 |
| – Commission to non-whole time directors @ 1% of net profit restricted to | 0.28 | 0.30 |

**18. Donations and contributions include payment to the following political parties:**

(Rs.in crore)

| | 2009-10 | 2008-09 |
|---|---|---|
| – Bhartiya Janata Party | 0.85 | – |
| – Bhartiya Janata Party (Jharkhand Pradesh) | 0.10 | – |
| – Jharkhand Vikas Morcha | 0.10 | – |
| – Goa Pradesh Congress Committee | 0.30 | – |
| – Maharashtrawadi Gomantak Party | 0.02 | – |
| – Shiv Sena | 0.01 | – |

**19. CIF Value of Imports and Consumption of spares**

(Rs.in crore)

| | 2009-10 | 2008-09 |
|---|---|---|
| i) Value of imports on CIF basis in respect of | | |
| a) Raw materials | 343.78 | 151.85 |
| b) Components and spare parts | 14.11 | 14.80 |
| c) Capital goods | 9.82 | 14.82 |
| ii) Consumption of imported raw materials, stores, spares parts & components 61.06% (Previous year 60.98%) | 314.58 | 242.78 |
| iii) Consumption of indigenous raw materials, stores, spares parts and components 38.94% (Previous year 39.02%) | 200.66 | 155.32 |

## 20. Foreign Currency Exposures:

The year end foreign currency exposures that were not hedged by a derivative instrument or otherwise are given below.

### i. Amount receivable in foreign currency on account of the following:-

| | 2009-10 | | 2008-09 | |
|---|---|---|---|---|
| Particular | Rs. in Crore | Fx million | Rs. in Crore | Fx million |
| Export of goods and services | 218.13 | USD 48.3 | 224.19 | USD 44 |
| Bank balance | 0.08 | CY 0.12 | 0.11 | CY 0.15 |

### ii. Amount payable in foreign currency on account of the following:

| | 2009-10 | | 2008-09 | |
|---|---|---|---|---|
| Particular | Rs. in Crore | Fx million | Rs. in Crore | Fx million |
| Import of Goods and services | 254.76 | USD 56.4<br>JPY 5.2 | 88.54 | USD 17.3<br>JPY 3.0 |
| Foreign Currency Convertible bonds and Interest there on | 1,956.91 | USD 433.5 | – | – |

Note: Fx = Foreign currency; USD = US Dollar; JPY= Japanese Yen, CY= Chinese Yaun

### iii. Derivative Instruments

The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The use of foreign currency is forward contract is governed by company's strategy approved by the Board of Directors, which provide principles on the use of such forward contracts consistent with the Company's Risk Management Policy. The Company does not use forward contract for speculative purpose

Outstanding forward contract entered into by the company:-

| As at | No. of Contract | US Dollar Equivalent (million) | INR equivalent (Rs. in crore) |
|---|---|---|---|
| 31st March 2010 | Nil<br>(10) | Nil<br>(21) | Nil<br>(106.99) |

Figures in brackets relate to previous year

## 21. Expenditure incurred in Foreign currency (including difference in rate of exchange)

| | (Rs. in crore) | |
|---|---|---|
| | 2009-10 | 2008-09 |
| –Analysis of ore at destination | 5.84 | 5.07 |
| –Foreign travel expenses | 0.35 | 0.75 |
| –Demurrage | 99.36 | 22.80 |
| –Books and periodicals | 0.07 | 0.11 |
| –Ocean freight on vessels | 670.90 | 303.38 |
| –Commission and service charges on sales | 4.63 | 10.16 |
| –Insurance premium | 3.16 | 3.23 |
| –Maintenance of ship's machinery | 5.36 | 0.63 |
| –Port disbursement | 0.58 | 0.52 |
| –Salaries & Wages (LTIP) | 5.34 | – |
| –China office expenses –revenue | 1.16 | 0.70 |
| –Interest on Foreign Currency Convertible Bonds | 40.72 | – |
| –Others | 21.37 | 5.15 |

## 22. Earnings in foreign currency (including difference in rate of exchange):

| | (Rs in crore) | |
|---|---|---|
| | 2009-10 | 2008-09 |
| On exports of iron ore/met coke on FOB basis | 4,027.77 | 4,077.69 |
| Despatch money | 8.73 | 5.38 |

SESA GOA LIMITED

# Notes Forming Part of the Accounts continued
## For the year ended 31st March 2010

**Schedule 19:** continued

### 23. Remittance of dividends in foreign currency:

| Dividend for the year | 2009-10 | 2008-09 |
|---|---|---|
| Number of Non-resident shareholders | **2** | 2 |
| Number of shares held (in crore) | **41.80** | 40.29 |
| Amount remitted (Rs. in crore) | **94.05** | 60.44 |

### 24. Earnings per share:

| | 2009-10 | 2008-09 |
|---|---|---|
| Net profit after tax (Rs. in crore) | **2,118.09** | 1,942.49 |
| Weighted average no. of equity shares | **811,125,264** | 787,240,400 |
| Nominal value of each equity shares | **Re.1** | Re.1 |
| Basic Earnings Per Share (in Rs.) | **26.11** | 24.68 |
| Add: Expenses/(income) to the Profit and Loss Account on account of Foreign Currency Convertible Bonds (net of tax) | **(61.06)** | – |
| Profit after tax for Diluted Earning per share | **2,057.03** | 1,942.49 |
| Weighted average number of shares for Basic EPS | **811,125,264** | 787,240,400 |
| Add: Effect of potential equity shares on conversion of Foreign Currency Convertible Bonds | **1,716,276** | – |
| Weighted average number of shares for Diluted Earning per share | **812,841,540** | 787,240,400 |
| Diluted Earning per share (in Rs.) | **25.31** | 24.68 |

The above does not take into account the effect of the merger under litigation referred to Note no. 2 above.

### 25. Related party information:

Related party information as required by AS 18 is given below:

A. Names of the related parties and their relationships:

i) *Holding Companies:*

| | |
|---|---|
| – Finsider International Company Limited | Holding Company |
| – Richter Holding Limited | Holding Companies of Finsider International Company Limited |
| – Westglobe Limited | |
| – Vedanta Resources Plc | Ultimate Holding Company |

ii) *Subsidiaries of the Company*

Sesa Industries Limited
V. S. Dempo Limited w.e.f. 11-Jun-2009
Dempo Mining Corporation Limited w.e.f. 11-Jun-2009

iii) *Fellow Subsidiaries:*

With whom transactions have taken place during the year

– Sterlite Industries (India) Limited
– The Madras Aluminum Company Limited
– Vedanta Aluminum Limited
– Hindustan Zinc Limited
– Talwandi Sabo Power Limited
– Sterlite Technologies Limited
– Twin Star Holdings Limited

iv) *Jointly Controlled Entity:*

Goa Maritime Private Limited

v) *Details of Key Management Personnel*

Executive directors

– Mr. P.K. Mukherjee
– Mr. A.K. Rai
– Mr. A. Pradhan
– Mr. H.P.U.K. Nair (Retired from 01.10.2009)
– Mr. M.D. Phal (Retired from 01.05.2009)

vi) *Enterprise in which significant influence is exercised by Key Management Personnel*

– Sesa Community Development Foundation

B. Transactions with related parties:

*a) Details relating to parties referred to in items A (i), (ii) and (iii) above:*

(Rs. in crore)

| Name of Related Party | Nature of Transaction | Holding Companies | Subsidiaries | Fellow Subsidiaries |
|---|---|---|---|---|
| **1) Sales & Services** | | | | |
| Sesa Industries Limited | Sales & Services | – | 323.54 | – |
| | | (–) | (412.36) | (–) |
| V. S. Dempo & Co. Limited | Sales & Services | – | 11.32 | – |
| | | (–) | (–) | (–) |
| Dempo Mining Corporation Ltd. | Sales & Services | – | 0.23 | – |
| | | (–) | (–) | (–) |
| Vedanta Aluminum Limited | Interest on ICD | – | – | 95.21 |
| | | (–) | (–) | (42.72) |
| Sterlite Industries (I) Limited | Sale of Coke | – | – | – |
| | | (–) | (–) | (0.08) |
| Hindustan Zinc Limited | Sale of Coke | – | – | 1.08 |
| | | (–) | (–) | (0.14) |
| **2) Purchase & Other services** | | | | |
| Hindustan Zinc Ltd. | Administration Expenses | – | – | 0.08 |
| | | (–) | (–) | (0.30) |
| Bharat Aluminum Co. Ltd. | Administration Expenses | – | – | – |
| | | (–) | (–) | (0.14) |
| Vedanta Aluminum Ltd. | Administration Expenses | – | – | 1.25 |
| | | (–) | (–) | (1.06) |
| The Madras Aluminum Co. Ltd. | Administration Expenses | – | – | – |
| | | (–) | (–) | (0.03) |
| Sterlite Technologies Ltd. | Administration Expenses | – | – | 0.14 |
| | | (–) | (–) | (0.08) |
| Talwandi Sabo Power Ltd. | Administration Expenses | – | – | 0.03 |
| | | (–) | (–) | (–) |
| Sterlite Industries (I) Limited. | Administration Expenses | – | – | 9.75 |
| | | (–) | (–) | (5.06) |
| Vedanta Resources Plc. | Administration Expenses | 5.34 | – | – |
| | | (0.05) | (–) | (–) |
| Finsider International Co. Ltd. | Dividend remittance | 90.34 | – | – |
| | | (60.22) | (–) | (–) |
| West Globe Ltd. | Dividend remittance | 3.72 | – | – |
| | | (0.22) | (–) | (–) |
| V. S. Dempo & Co. Limited | Purchases & Other services | – | 26.90 | – |
| | | (–) | (–) | (–) |
| Sesa Industries Ltd. | Purchases & Other services | – | 37.01 | – |
| | | (–) | (38.93) | (–) |
| **3) Inter Corporate Deposits** | | | | |
| Vedanta Aluminium Limited | | – | – | 1,000.00 |
| | | (–) | (–) | (1,000.00) |
| **4) Preferential allotment of equity shares** | | | | |
| Twin Star Holdings Limited | | – | – | 537.24 |
| | | (–) | (–) | (–) |
| **5) Bad Debts Written Off** | | – | – | – |
| | | (–) | (–) | (–) |

SESA GOA LIMITED

# Notes Forming Part of the Accounts continued
## For the year ended 31st March 2010

**Schedule 19:** continued

B. Transactions with related parties: continued

(Rs. in crore)

| Name of Related Party | Holding Companies | Subsidiaries | Fellow Subsidiaries |
|---|---|---|---|
| **6) Outstanding receivables/payables (–)** | | | |
| Sesa Industries Ltd. | –<br>(–) | 39.14<br>(15.53) | –<br>(–) |
| Hindustan Zinc Ltd. | –<br>(–) | –<br>(–) | –0.04<br>(–) |
| Vedanta Aluminum Ltd. | –<br>(–) | –<br>(–) | –0.64<br>(–) |
| Sterlite Technologies Ltd. | –<br>(–) | –<br>(–) | –0.01<br>(–) |
| V. S. Dempo & Co. Ltd. | –<br>(–) | –13.78<br>(–) | –<br>(–) |
| Dempo Mining Corporation Ltd. | –<br>(–) | 0.05<br>(–) | –<br>(–) |
| Vedanta Resources Plc. | –6.45<br>(–) | –<br>(–) | –<br>(–) |
| Sterlite Industries (I) Ltd. | –<br>(–) | –<br>(–) | -0.96<br>(-1.57) |

Figures in brackets relate to previous year

*b) Details relating to persons referred to in item A (v) above:*

(Rs. in crore)

| Remuneration (Executive Directors) | 2009-10 | 2008-09 |
|---|---|---|
| Mr. P. K. Mukherjee | **1.73** | 1.33 |
| Mr. A. K. Rai | **1.10** | 0.93 |
| Mr. A. Pradhan | **0.86** | 0.76 |
| Mr. H. P. U .K. Nair | **0.76** | 0.71 |
| Mr. M.D. Phal | **0.34** | 0.14 |
| | **4.79** | 3.87 |

| Sale of Assets | 2009-10 | 2008-09 |
|---|---|---|
| Mr. H. P. U .K. Nair | **0.04** | – |

| Outstanding receivables/(payables) | 2009-10 | 2008-09 |
|---|---|---|
| Mr. P. K. Mukherjee | **(0.56)** | (0.44) |
| Mr. S. D. Kulkarni | **(0.10)** | (0.09) |
| Mr. P. G. Kakodkar | **(0.09)** | (0.08) |
| Mr. G. D. Kamat | **(0.09)** | (0.08) |
| Mr. K. R. V. Subrahmanian | **–** | (0.05) |
| | **(0.84)** | (0.74) |

*c) Details relating to persons referred to in item A (vi) above*

(Rs. in crore)

| | 2009-10 | 2008-09 |
|---|---|---|
| Donation | **3.53** | 5.12 |
| Recovery – rent and electricity charges | **0.02** | 0.02 |

*d) Additional information required the Listing Agreement:*

(Rs. in crore)

| | 2009-10 | | 2008-09 | |
|---|---|---|---|---|
| | **Outstanding as at 31st March 2010** | **Maximum amount outstanding during the year** | Outstanding as at 31st March 2009 | Maximum amount outstanding during the year |
| Inter-corporate deposits – Dues from fellow subsidiary Vedanta Aluminium Limited | **1,000.00*** | **1,000.00** | 1,000.00 | 1,000.00 |

* Inter-corporate deposits have been placed at an interest rate of 8% p.a. and are secured against a corporate guarantee from Vedanta Resources Plc., the ultimate holding company. As no cash and cash equivalents were involved in the roll-over of this Inter-corporate deposit, the same has been excluded from the Cash flow statement.

**26.** The ultimate holding company viz, Vedanta Resources Plc, ("Vedanta") offers equity-based award plans to its employees, officers and directors based on the performance conditions as set out in the scheme, duly approved by the board of directors and by the shareholders of Vedanta on 24th December 2003 and 20th January 2004 respectively. The performance condition attached to outstanding awards under the Long Term Incentive Plan (LTIP) is that of Vedanta's performance, measured in terms of Total Shareholder Return ("TSR") compared over a three year period or such period as the Board of Vedanta may determine with the performance of the companies as defined in the scheme from the date of grant. Under this scheme, initial awards under the LTIP were granted in February 2004 with further awards being made in June 2004, November 2004, February 2006, November 2007, February 2009, August 2009 and January 2010.

The fair values were calculated using a Monte Carlo model with suitable modifications to allow for the specific performance conditions of the LTIP. The inputs to the model include the share price at date of grant, exercise price, expected volatility, expected dividends and the risk free rate of interest. A progressive dividend growth policy is assumed in all fair value calculations. Expected volatility has been calculated using historical share prices over the period to date of grant that is commensurate with the performance period of the option. The share prices of the mining companies in the Adapted Comparator Group have been modeled based on historical price movements over the period to date of grant which is also commensurate with the performance period for the option. The history of share prices is used to determine the volatility and correlation of share prices for the companies in the Adapted Comparator Group and is needed for the Monte Carlo simulation of their future TSR performance relative to the Company's TSR performance. All options are assumed to be exercised six weeks after vesting.

The awards are indexed to and settled in Vedanta shares. The awards provide for a fixed exercise price denominated in Vedanta's functional currency at 10 US cents per share. Vedanta is obligated to issue the shares. On the grant date, fair value of the awards is recovered by Vedanta from the Company to the extent the awardees have been deployed at the Company.

Accordingly, Vedanta, on the basis of fair value of options granted to such employees charged a proportionate cost to the Company in the amount of Rs. 5.34 Crore (Previous year Rs. 2.37 Crore) which is charged to the Profit & Loss Account under the head "Salaries, Wages, bonus and allowances" in Schedule 16 to the financial statements.

Vedanta has obtained an overall valuation of the options granted by it to the awardees. Information related to options granted to the eligible resources deployed at the Company is not readily available and accordingly the movements in options have not been disclosed.

**27.** "Other current assets" comprise interest accrued on term deposits.

**28.** Previous year's figures have been regrouped and rearranged wherever necessary to conform to current year's classification.

For and on behalf of the Board of Directors

| | | |
|---|---|---|
| **P.K. Mukherjee** | **A.K. Rai** | **C.D. Chitnis** |
| Managing Director | Director | Company Secretary |

Place: Panaji – Goa
Dated: 19th April 2010

SESA GOA LIMITED

# Balance Sheet Abstract and Company's General Business Profile

I) Registration Details

| | |
|---|---|
| Registration No. | 44/G |
| State Code | 24 |
| Balance Sheet Date | 31.3.2010 |

II) Capital Rose during the year: (Rs. in crore)

| | |
|---|---|
| Public Issue | NIL |
| Rights Issue | NIL |
| Bonus Issue | NIL |
| Private Placement | 4.38 |

III) Position of Mobilization & Deployment of Funds: (Rs. in crore)

| | |
|---|---|
| Total Liabilities | 9,193.71 |
| Total Assets | 9,193.71 |
| **Sources of Funds:** | |
| Paid-up Capital | 83.10 |
| Reserves & Surplus | 7,125.61 |
| Secured Loans | 9.61 |
| Unsecured Loans | 1,916.19 |
| Deferred Tax liability | 59.20 |
| **Application of Funds:** | |
| Net Fixed Assets | 580.16 |
| Investments | 5,478.64 |
| Net Current Assets | 3,134.91 |
| Accumulated Losses | NIL |

IV) Performance of Company: (Rs. in crore)

| | |
|---|---|
| Turnover | 5,069.78 |
| Total Expenditure | 2,411.69 |
| Profit before Tax | 2,658.09 |
| Profit after Tax | 2,118.09 |
| Earning Per Share (in Rs.) | 26.11 |
| Diluted Earning Per Share (in Rs.) | 25.31 |
| Dividend rate (%) | 325.00 |

V) Generic Names of Principal Products/Services of Company

(As per monetary terms)

| | | | |
|---|---|---|---|
| Item Code No. (ITC Code) | 26011100 | 89011004 | 27040009 |
| Product Description | Iron Ore | Vessels | Metallurgical Coke |

For and on behalf of the Board of Directors

| | | |
|---|---|---|
| **P.K. Mukherjee** | **A.K. Rai** | **C.D. Chitnis** |
| Managing Director | Director | Company Secretary |

Place: Panaji – Goa
Dated: 19th April 2010

# Cash Flow Statement
## For the year ended 31st March 2010

| Particulars | Year ended 31st March 2010 Rs. in crore | Year ended 31st March 2009 Rs. in crore |
|---|---|---|
| **A. Cash flow from operating activities:** | | |
| Net profit before tax | **2,658.09** | 2,630.70 |
| **Adjustments for:** | | |
| Depreciation | **57.38** | 44.10 |
| Interest/dividend (net) | **(158.31)** | (184.57) |
| (Profit)/loss on sale of fixed assets (net) | **(0.12)** | (0.06) |
| (Profit)/loss on redemption of mutual fund investments (net) | **(75.21)** | (30.10) |
| Provision for doubtful advance | **0.50** | – |
| Provision for claim under litigation | **9.03** | – |
| Unrealised exchange (gain)/loss | **(125.24)** | 0.56 |
| **Operating profit before working capital changes** | **2,366.12** | 2,460.63 |
| **Adjustments for:** | | |
| Trade and other receivables | **(35.51)** | 138.64 |
| Inventories | **(176.96)** | 31.82 |
| Trade payables | **361.72** | 144.31 |
| **Cash generated from operations** | **2,515.37** | 2,775.40 |
| Taxes paid | **(511.89)** | (697.73) |
| **Net cash from operating activities** | **2,003.48** | 2,077.67 |
| **B. Cash flow from investing activities:** | | |
| Purchase of fixed assets | **(131.59)** | (136.45) |
| Proceeds from sale of fixed assets | **0.36** | 0.16 |
| Acquisition of subsidiaries | **(1,713.24)** | – |
| (Purchase)/redemption of current investments | **(670.51)** | (989.14) |
| Deposits with bank having original maturity over three months | **(2,350.00)** | – |
| Interest received | **103.11** | 42.83 |
| Dividend received | **66.70** | 142.73 |
| **Net cash used in investing activities** | **(4,695.17)** | (939.87) |

Financial Statements

SESA GOA LIMITED

# Cash Flow Statement continued
## For the year ended 31st March 2010

| Particulars | | Year ended 31st March 2010 Rs. in crore | Year ended 31st March 2009 Rs. in crore |
|---|---|---|---|
| C. | **Cash flow from financing activities:** | | |
| | Issue of Equity Shares | 537.24 | – |
| | Issue of Foreign Currency Convertible Bonds | 2,380.58 | – |
| | Inter Corporate Deposits | – | (1,000.00) |
| | Interest paid | (5.24) | (0.99) |
| | Dividend paid and dividend tax | (206.44) | (137.97) |
| | **Net cash used in financing activities** | 2,706.14 | (1,138.96) |
| | **Net increase/(decrease) in cash and cash equivalents** | 14.45 | (1.16) |
| | **Cash and cash equivalents – opening balance** | 8.64 | 9.82 |
| | Effect of exchange gain/(Loss) on cash and cash equivalents | – | (0.02) |
| | **Cash and cash equivalents – closing balance** | 23.09 | 8.64 |
| | Footnotes: | | |
| 1 | Cash and bank balances as per Schedule 10 | 2,377.41 | 12.17 |
| | Less: Deposits with bank having original maturity over three months | (2,350.00) | – |
| | Less: Unpaid dividend account | (4.32) | (3.53) |
| | **Cash and cash equivalents as per the cash flow statement** | 23.09 | 8.64 |

2 Foreign Currency Convertible Bonds converted into equity shares have not been considered in cash flow statement, being non cash transactions.
3 Figures in brackets represent outflows
4 For notes to accounts refer schedule 19

Per our report attached of even date attached.

**For Deloitte Haskins & Sells**
Chartered Accountants

For and on behalf of the Board of Directors

**Sanjiv V. Pilgaonkar**
Partner

**P.K. Mukherjee**
Managing Director

**A.K. Rai**
Director

**C.D. Chitnis**
Company Secretary

Place: Mumbai
Dated: 19th April 2010

Place: Panaji – Goa
Dated: 19th April 2010

# Sesa Goa Limited Ten Year Record

(Rs. in crore)

| Year ending 31st March | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|---|---|---|---|
| Fixed Assets | 170.96 | 174.15 | 183.67 | 194.74 | 287.45 | 329.05 | 398.85 | 413.94 | 506.19 | 580.16 |
| Investments | 69.73 | 68.59 | 58.98 | 66.95 | 345.96 | 516.16 | 867.81 | 2,000.44 | 3,019.68 | 5,478.64 |
| Net Current Assets | 192.06 | 188.80 | 169.09 | 162.92 | 156.40 | 296.54 | 291.80 | 430.25 | 1,046.35 | 3,134.91 |
| Total Capital Employed | 425.69 | 371.19 | 355.55 | 379.27 | 734.32 | 1,084.13 | 1,506.36 | 2,791.13 | 4,517.78 | 9,124.90 |
| Shareholder's Equity | 250.04 | 231.93 | 238.93 | 315.51 | 724.25 | 1,084.13 | 1,506.36 | 2,791.13 | 4,517.78 | 7,208.71 |
| Sales & Other Income | 289.49 | 270.31 | 362.78 | 573.21 | 1,423.84 | 1,734.76 | 2,049.44 | 3,672.41 | 4,996.23 | 5,069.78 |
| Profit before tax | 21.31 | 23.29 | 17.99 | 142.78 | 687.42 | 807.08 | 899.85 | 2,236.94 | 2,630.70 | 2,658.09 |
| Tax for the year | -3.00 | -7.70 | -5.40 | -44.00 | -225.04 | -267.68 | -293.44 | -744.94 | -688.21 | 540.00 |
| Adjustments | – | – | – | – | – | – | – | – | – | – |
| Total Earnings | 18.31 | 15.59 | 12.58 | 98.78 | 462.37 | 539.40 | 606.41 | 1,492.00 | 1,942.49 | 2,118.09 |
| Dividends/Dividend Tax | -6.51 | -5.90 | -5.55 | -22.20 | -100.93 | -179.53 | -182.45 | -207.23 | -207.23 | -315.96 |
| Retained Earnings | 11.80 | 9.69 | 7.03 | 76.58 | 361.44 | 359.87 | 423.96 | 1,284.77 | 1,735.26 | 1,802.13 |
| Earnings per Share - Rs. | 9.30 | 7.92 | 6.39 | 50.19 | 117.47 | 137.04 | 154.06 | 379.06 | 24.68* | 26.11* |
| Dividends % | 30.00 | 30.00 | 25.00 | 100.00 | 225.00 | 400.00 | 400.00 | 450.00 | 225.00 | 325.00 |
| No. of Shareholders | 37,510 | 37,479 | 30,460 | 29,948 | 61,313 | 43,418 | 43,032 | 90,875 | 170,222 | 205,950 |

Notes :
1. Figures for the previous years have been regrouped wherever necessary to make them comparable to those of the current year. Current years figures are subject to approval of shareholders at Annual General Meeting including dividend proposed.
2. Adjustments shown above are towards taxation adjustments of prior years.
3. Number of shareholders shown is as on the date of Annual General Meeting of the relevant years except for the year 2010.
4. The dividend % for year ending 31st March, 2005 is the effective rate on post bonus share capital (Bonus Issue @ 1:1 after interim dividend paid @ 50%).
5. During the financial 2008-09, shares were sub-divided from face value of Rs. 10/- to face value of Re. 1/- and bonus shares in ratio of 1:1 were issued. The Dividend for 2008-09 and 2009-10 is post split and bonus.
6. * EPS on nominal value of Re.1/-.

Financial Statements

SESA GOA LIMITED

# Statement Pursuant to Section 212 of the Companies Act, 1956
## Relating to Subsidiary Companies (Rs. in Crore except as stated)

| | | Sesa Industries Limited | V. S. Dempo & Company Limited | Dempo Mining Corporation Limited |
|---|---|---|---|---|
| 1 | Financial years of the Subsidiary Company ended on | 31st March 2010 | 31st March 2010 (Refer Note No.2) | 31st March 2010 (Refer Note No.2) |
| 2 | Shares of the Subsidiary Company held on the above date and extent of holding | | | |
| | a) Equity Shares | 17,650,284 | 1,250,000 | 1,150,000 |
| | b) Extent of Holding | 88.25% | 100% | 100% |
| 3 | The net aggregate amount of the Subsidiaries profit/(loss) so far as it is concerned with the members of the Sesa Goa Limited | | | |
| | i) Not dealt within the holding company's accounts | | | (Refer Note No.1) |
| | a) For the financial year of the Subsidiary | 74.39 | 420.57 | 11.39 |
| | b) For the previous financial years of the Subsidiary/since it became the Holding company's subsidiary | 211.12 | Nil | Nil |
| | ii) Dealt within the holding company's accounts | | | |
| | a) For the financial year of the Subsidiary | Nil | Nil | Nil |
| | b) For the previous financial years of the Subsidiary/since it became the Holding company's subsidiary | Nil | Nil | Nil |
| 4 | Material changes, if any between the end of the financial year of the subsidiary company and that of the Holding Company | NA | NA | NA |
| 5 | Additional information on Subsidiary Companies | | | |
| | Share Capital | 20.00 | 1.25 | 11.50 |
| | Reserves | 348.53 | 640.38 | 98.69 |
| | Total Assets | 382.43 | 676.39 | 110.19 |
| | Total Liabilities | 382.43 | 676.39 | 110.19 |
| | Investment (except incase of investment in subsidiaries) | 249.84 | 526.86 | 64.67 |
| | Turnover | 559.91 | 1,001.51 | 110.70 |
| | Profit before Taxation | 125.30 | 640.31 | 16.20 |
| | Provision for Taxation | 41.00 | 219.73 | 4.81 |
| | Profit after Taxation and write back | 84.30 | 420.57 | 11.39 |
| | Proposed Dividend (including Dividend Distribution Tax thereon) | – | – | – |

Notes:
1. Your Company had three subsidiary companies as on 31st March 2010.
2. Dempo Mining Corporation Limited is a subsidiary of V. S Dempo & Company Limited, which is 100% subsidiary of the Company.
3. The figures of the V. S. Dempo & Company Limited and Dempo Mining Corporation Limited are for the period from 12th June, 2009 to 31st March, 2010.
4. The Ministry of Corporate Affairs vide its letter No. 47/513/2010–CL-III dated 04 June 2010 has granted approval to the Company, for not attaching the financial statements of subsidiary companies to the financials of your Company for 2009-10.
5. The Annual Accounts for 2009-10 for all subsidiaries are available at Company's Registered Office. Any investor either of Holding Company or any Subsidiary Company can seek any information at any point of time by making a request in writing to the Company Secretary of the Company at Sesa Goa Limited, Sesa Ghor, 20 EDC Complex, Patto, Panaji-Goa 403001 to obtain a copy of the financial statements of the subsidiary companies. The Subsidiaries Accounts will also be available on the Website of the Company www.sesagoa.com.
6. The consolidated financial statements, in terms of Clause 32 of the Listing Agreement and in terms of Accounting Standards 21 as prescribed by Companies (Accounting Standards) Rules, 2006 issued by Ministry of Corporate Affairs vide notification no. G.S.R. 739 (E) dated 07 December 2006 also form part of this Annual Report.

SESA GOA LIMITED

# Auditors' Report
## To the board of directors of SESA GOA LIMITED



1. We have audited the attached Consolidated Balance Sheet of SESA GOA LIMITED ("the Company") and its subsidiaries (the Company and its subsidiaries constitute "the Group") as at 31st March, 2010, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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.

3. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements) as notified under the Companies (Accounting Standards) Rules, 2006.

4. Based on our audit and on consideration of the separate audit reports on the individual financial statements of the Company, and the aforesaid subsidiaries, and to the best of our information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March 2010;

   (ii) in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on 31st March 2010; and

   (iii) in the case of the Consolidated Cash Flows Statements, of the cash flows of the Group for the year ended on 31st March 2010.

**For Deloitte Haskins & Sells**
Chartered Accountants
(Registration No. 117366W)

**Sanjiv V. Pilgaonkar**
Partner
(Membership No.39826)

MUMBAI
19th April 2010

# Consolidated Balance Sheet of Sesa Goa Limited and its Subsidiary Companies
## as at 31st March 2010

| Particulars | Sch No. | As at 31st March 2010 Rs. in crore | Rs. in crore | As at 31st March 2009 Rs. in crore | Rs. in crore |
|---|---|---|---|---|---|
| **SOURCES OF FUNDS** | | | | | |
| Shareholders' funds | | | | | |
| Share capital | 1 | 83.10 | | 78.72 | |
| Reserves and surplus | 2 | 7,834.61 | | 4,637.02 | |
| | | | 7,917.71 | | 4,715.74 |
| Minority interests | | | 43.29 | | 33.38 |
| Loans funds | | | | | |
| Secured loans | 3 | 44.37 | | 1.91 | |
| Unsecured loans | 4 | 1,916.19 | | – | |
| | | | 1,960.56 | | 1.91 |
| Deferred tax liability (net) | 5 | | 75.02 | | 66.43 |
| **Total** | | | 9,996.58 | | 4,817.46 |
| **APPLICATION OF FUNDS** | | | | | |
| Fixed assets | 6 | | | | |
| Gross block | | 2,751.04 | | 886.34 | |
| Less: Depreciation | | 574.08 | | 342.24 | |
| Net block | | 2,176.96 | | 544.10 | |
| Capital work-in-progress | | | 78.74 | | 48.93 |
| | | | 2,255.70 | | 593.03 |
| **Investments** | 7 | | 4,564.85 | | 3,125.19 |
| Current assets, loans & advances | | | | | |
| Inventories | 8 | 500.94 | | 264.19 | |
| Sundry debtors | 9 | 338.12 | | 298.16 | |
| Cash and bank balances | 10 | 2,391.84 | | 17.72 | |
| Other current assets | | 39.60 | | – | |
| Loans and advances | 11 | 1,145.52 | | 1,103.20 | |
| | | 4,416.02 | | 1,683.27 | |
| Less: Current liabilities and provisions | | | | | |
| Current liabilities | 12 | 828.58 | | 337.60 | |
| Provisions | 13 | 411.41 | | 246.43 | |
| | | 1,239.99 | | 584.03 | |
| Net Current Assets | | | 3,176.03 | | 1,099.24 |
| **Total** | | | 9,996.58 | | 4,817.46 |
| Notes to Accounts | 19 | | | | |

Per our report attached of even date attached.

**For Deloitte Haskins & Sells**
Chartered Accountants

For and on behalf of the Board of Directors

**Sanjiv V. Pilgaonkar**
Partner

**P.K. Mukherjee**
Managing Director

**A.K. Rai**
Director

**C.D. Chitnis**
Company Secretary

Place: Mumbai
Dated: 19th April 2010

Place: Panaji – Goa
Dated: 19th April 2010

SESA GOA LIMITED

# Consolidated Profit and Loss Account of Sesa Goa Limited and its Subsidiary Companies
## For the year ended 31st March 2010

| Particulars | Sch. No. | Year ended 31st March 2010 Rs. in crore | Year ended 31st March 2010 Rs. in crore | Year ended 31st March 2009 Rs. in crore | Year ended 31st March 2009 Rs. in crore |
|---|---|---|---|---|---|
| **INCOME** | | | | | |
| Sales of Ore/pig iron/coke | | 6,654.30 | | 5,294.83 | |
| Less: Excise duty | | 44.34 | | 73.18 | |
| | | 6,609.96 | | 5,221.65 | |
| Less: Ocean freight | | 812.16 | | 303.71 | |
| | | 5,797.80 | | 4,917.94 | |
| Hire of ship and transhipper | | 5.25 | | 7.76 | |
| Services and other proceeds | 14 | 55.24 | | 33.40 | |
| Miscellaneous income | 15 | 425.97 | | 224.03 | |
| | | 486.46 | | 265.19 | |
| | | | 6,284.26 | | 5,183.13 |
| **EXPENDITURE** | | | | | |
| Production and operational expenses | 16 | 2,617.02 | | 2,349.83 | |
| Administration expenses | 17 | 92.64 | | 67.20 | |
| Interest and other charges | 18 | 55.51 | | 4.27 | |
| Depreciation | | 74.50 | | 51.67 | |
| | | | 2,839.67 | | 2,472.97 |
| **Profit before tax** | | | 3,444.59 | | 2,710.16 |
| Less: Provision for taxation | | | | | |
| Current tax | | | 801.16 | | 710.00 |
| Deferred tax | | | 4.39 | | 4.46 |
| Fringe benefit tax | | | – | | 0.81 |
| **Profit after taxes** | | | 2,639.04 | | 1,994.89 |
| Less: Minority interests | | | 9.91 | | 6.76 |
| **Profit attributable to equity shareholders** | | | 2,629.13 | | 1,988.13 |
| Add: Balance brought forward | | | 253.53 | | 172.63 |
| | | | 2,882.66 | | 2,160.76 |
| **APPROPRIATIONS** | | | | | |
| Proposed dividend | | 270.06 | | 177.13 | |
| Taxes on distributed profits | | 45.90 | | 30.10 | |
| General Reserve | | 1,600.00 | | 1,700.00 | |
| | | | 1,915.96 | | 1,907.23 |
| Surplus carried to Reserve and Surplus | | | | 966.70 | 253.53 |
| Earnings per share – Basic (Refer Note No. 13 of Schedule 19) | | | 32.41 | | 25.26 |
| – Diluted (Refer Note No. 13 of Schedule 19) | | | 31.62 | | 25.26 |
| Nominal value per share | | | 1.00 | | 1.00 |
| Notes to accounts | 19 | | | | |

Per our report attached of even date attached.

**For Deloitte Haskins & Sells**
Chartered Accountants

**Sanjiv V. Pilgaonkar**
Partner

Place: Mumbai
Dated: 19th April, 2010

For and on behalf of the Board of Directors

**P.K. Mukherjee** — Managing Director
**A.K. Rai** — Director
**C.D. Chitnis** — Company Secretary

Place: Panaji - Goa
Dated: 19th April, 2010

# Schedules Annexed to and Forming Part of the Balance Sheet

## Schedule 1: Share capital

| Particulars | As at 31st March 2010 Rs. in crore | As at 31st March 2010 Rs. in crore | As at 31st March 2009 Rs. in crore | As at 31st March 2009 Rs. in crore |
|---|---|---|---|---|
| **Authorised** | | | | |
| 1,000,000,000 Equity Shares of Re. 1 each | | | | |
| (Previous year 1,000,000,000 Equity Shares of Rs. 1 each) | | 100.00 | | 100.00 |
| **Issued and Subscribed** | | | | |
| 830,961,802 Equity Shares of Re. 1 each fully paid-up | | | | |
| (Previous year 787,240,400 Equity Shares of Re. 1 each) | | 83.10 | | 78.72 |
| **Total** | | **83.10** | | **78.72** |

Out of the above Shares:

401,496,480 (Previous Year 401,496,480) Shares are held by Finsider International Co. Ltd. U.K., the holding Company a subsidiary of Vedanta Resources plc the ultimate holding company.

39,098,139 (Previous Year 1,429,020) shares held by West Globe Limited Mauritius a subsidiary of Vedanta Resources plc.

1,925,000 Shares of Rs.10 each were alloted as fully paid-up shares pursuant to a contract without payment being received in cash, consequent to amalgamation of erstwhile Mingoa Private Limited, with the Company with effect from 1-4-1979.

29,156,910 bonus shares of Rs. 10 each and 393,620,200 bonus shares of Re. 1 each were allotted pursuant to capitalisation of reserves and Share Premium Account.

33,274,000 equity shares of Re. 1 each were allotted as fully paid up shares on a preferential basis to Twinstar Holdings Limited, a subsidiary of Vedanta Resources Plc.

10,447,402 equity shares of Re. 1 each were allotted as fully paid up on conversion of 755 Foreign Currency Convertible Bonds during the year.

## Schedule 2: Reserves and surplus

| Particulars | As at 31st March 2010 Rs. in crore | As at 31st March 2010 Rs. in crore | As at 31st March 2009 Rs. in crore | As at 31st March 2009 Rs. in crore |
|---|---|---|---|---|
| **Share Premium Account** | | | | |
| As per last balance sheet | – | | 17.50 | |
| Less: Amount capitalised during the year for issue of bonus shares | – | | 17.50 | |
| Add: Amount received on preferential allotment of equity shares | 533.91 | | – | |
| Add: Amount received upon conversion of Foreign Currency Convertible Bonds into equity shares | 361.36 | | – | |
| Less: Expenses on issue of Foreign Currency Convertible Bonds | 19.93 | | – | |
| | | 875.34 | | – |
| **Capital Reserve** | | | | |
| As per last Balance Sheet | | 0.25 | | 0.25 |
| **General Reserve** | | | | |
| As per last balance sheet | 4,392.32 | | 2,713.71 | |
| Add: Transfer from profit and loss account | 1,600.00 | | 1,700.00 | |
| Add: Transistional provision adjustment – Forward Contracts (net of tax) | – | | 0.47 | |
| Less: Amount capitalised during the year for issue of bonus shares | – | | 21.86 | |
| | | 5,992.32 | | 4,392.32 |
| **Hedging Reserve** | | | | |
| As per last balance sheet | (9.08) | | (3.44) | |
| Add: Amount adjusted on settlement of hedge contracts | 13.76 | | – | |
| Less: Transferred during the year | – | | (10.07) | |
| Less: Deferred tax impact on contracts | (4.68) | | 4.43 | |
| | | – | | (9.08) |
| **Profit and Loss Account** | | | | |
| As per annexed account | | 966.70 | | 253.53 |
| **Total** | | **7,834.61** | | **4,637.02** |

## Schedule 3: Secured loans

| Particulars | As at 31st March 2010 Rs. in crore | As at 31st March 2010 Rs. in crore | As at 31st March 2009 Rs. in crore | As at 31st March 2009 Rs. in crore |
|---|---|---|---|---|
| **From banks** | | | | |
| Cash credit | | 9.61 | | 1.91 |
| (Secured against hypothecation of Ore stocks, consumables, Stores, bookdebts and lodgement of Letter of Credit) | | | | |
| **Term Loan** | | 25.28 | | – |
| (Secured by specific charge on transfer vessel) | | | | |
| [Due within a year Rs. 6.32 crores (previous year Rs. Nil)] | | | | |
| **From others** | | | | |
| Term Loan | | 9.48 | | – |
| (Secured against future export proceeds) | | | | |
| **Total** | | 44.37 | | 1.91 |

## Schedule 4: Unsecured loans

| Particulars | As at 31st March 2010 Rs. in crore | As at 31st March 2010 Rs. in crore | As at 31st March 2009 Rs. in crore | As at 31st March 2009 Rs. in crore |
|---|---|---|---|---|
| Foreign Currency Convertible Bonds | | 1,916.19 | | – |
| (Refer Note No. 5 of schedule 19) | | | | |
| **Total** | | 1,916.19 | | – |

## Schedule 5: Deferred tax liability

| Particulars | As at 31st March 2010 Rs. in crore | As at 31st March 2010 Rs. in crore | As at 31st March 2009 Rs. in crore | As at 31st March 2009 Rs. in crore |
|---|---|---|---|---|
| **Deferred tax liabilities** | | | | |
| on temporary timing differences | | 83.39 | | 76.57 |
| – in respect of depreciation allowance | | | | |
| **Deferred tax assets** | | | | |
| – in respect of compensated absence | (6.04) | | (4.25) | |
| – Others | (2.33) | | (5.89) | |
| | | (8.37) | | (10.14) |
| **Net deferred tax liability** | | 75.02 | | 66.43 |

SESA GOA LIMITED

# Schedules Annexed to and forming part of the Balance Sheet continued

## Schedule 6: Fixed assets

| | Original Cost | | | | | Depreciation/Amortisation | | | | | Net Value | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Opening as at 1st April 2009 | Additions On acquisition | Additions Other | Deductions | Closing as at 31st March 2010 | Up to 31st March 2009 | On acquisition | For the year | On Deductions | Up to 31st March 2010 | As at 31st March 2010 | As at 31st March 2009 |
| | Rs. in crore | Rs. in crore | Rs. in crore | Rs. in crore | Rs. in crore | Rs. in crore | | Rs. in crore | Rs. in crore | Rs. in crore | Rs. in crore | Rs. in crore |
| **Tangible Assets** | | | | | | | | | | | | |
| Goodwill | 1.15 | 1,473.39 | – | – | 1,474.54 | 1.15 | – | – | – | 1.15 | 1,473.39 | – |
| Mining leases | 27.47 | – | 1.23 | – | 28.70 | 11.82 | – | 4.77 | – | 16.59 | 12.11 | 15.65 |
| Mining concessions | 0.68 | – | – | – | 0.68 | 0.65 | – | – | – | 0.65 | 0.03 | 0.03 |
| Land plots (Note No: 1) | 11.72 | 15.68 | 3.07 | – | 30.47 | 0.05 | – | – | – | 0.05 | 30.42 | 11.67 |
| Road and bunders | 4.47 | 2.73 | – | – | 7.20 | 0.57 | 1.31 | 0.16 | – | 2.04 | 5.16 | 3.90 |
| Buildings | 51.41 | 5.39 | 8.04 | – | 64.84 | 11.29 | 1.60 | 1.51 | – | 14.40 | 50.44 | 40.12 |
| Plant and Machinery | 623.55 | 177.73 | 108.11 | 15.93 | 893.46 | 248.83 | 133.13 | 55.74 | 15.60 | 422.10 | 471.36 | 374.72 |
| Aircraft (Note No: 2) | 1.46 | – | – | – | 1.46 | 0.30 | – | 0.08 | – | 0.38 | 1.08 | 1.16 |
| Vehicles | 10.96 | 3.81 | 3.94 | 0.70 | 18.01 | 5.95 | 2.27 | 2.17 | 0.63 | 9.76 | 8.25 | 5.01 |
| Riverfleet | 51.79 | 9.50 | 1.73 | – | 63.02 | 11.25 | 8.02 | 2.07 | – | 21.34 | 41.68 | 40.54 |
| Ship (Note No: 3) | 96.32 | 63.97 | 0.56 | – | 160.85 | 47.91 | 26.81 | 7.36 | – | 82.08 | 78.77 | 48.41 |
| Furniture and fittings | 5.36 | 1.10 | 1.74 | 0.39 | 7.81 | 2.47 | 0.70 | 0.64 | 0.27 | 3.54 | 4.27 | 2.89 |
| **Total** | **886.34** | **1,753.30** | **128.42** | **17.02** | **2,751.04** | **342.24** | **173.84** | **74.50** | **16.50** | **574.08** | **2,176.96** | **544.10** |
| Previous year | 769.63 | – | 119.83 | 3.12 | 886.34 | 293.62 | – | 51.67 | 3.05 | 342.24 | 544.10 | 476.01 |

| | 31st March 2010 | 31st March 2009 |
|---|---|---|
| **Capital work-in-progress** | | |
| Constructions in progress (Note No: 4) | 44.35 | 43.19 |
| Capital advances | 34.39 | 5.74 |
| **Total** | **78.74** | **48.93** |

Notes:
1. Land Plots include under Perpetual Lease Rs. 1.99 crore (Previous year Rs.1.99 Crore)
2. Represents 50% undivided interest in a P68C Aircraft.
3. Includes Rs. 36.49 crores, being 50% undivided interest in a Transhipper Vessel named "Goan Pride".
4. Amount includes Rs. 0.17 crore interest capitalised during the year.

## Schedule 7: investments

| Particulars | As at 31st March 2010 Rs. in crore | As at 31st March 2010 Rs. in crore | As at 31st March 2009 Rs. in crore | As at 31st March 2009 Rs. in crore |
|---|---|---|---|---|
| **Current Investment (at lower of cost and market value)** | | | | |
| **Non-trade, unquoted:** | | | | |
| In Mutual Funds. | | | | |
| Birla Floating Rate Fund – Long Term – Institutional – Growth | 100.00 | | 100.00 | |
| Birla Interval Income Fund – Institutional Quarterly Interval Plan – Series II – Dividend Payout | 200.00 | | – | |
| Birla Interval Income Fund – Institutional Quarterly Interval Plan – Series I – Dividend Payout | 100.00 | | – | |
| Birla Medium Term Plan – Institutional – Quarterly Dividend Payout | – | | 200.00 | |
| Birla Sun Life Fixed Term Plan – Institutional Series CD (370 Days) – Growth Option | 50.00 | | – | |
| Birla Sun Life Fixed Term Plan – Institutional Series BD- Growth | – | | 65.00 | |
| Birla Sun Life Fixed Term Plan – Retail – Series BD- Growth | – | | 15.00 | |
| Birla Sun Life Fixed Term Plan – Institutional – Series – AN – Growth | – | | 75.00 | |
| Birla Sun Life Savings Fund – Institutional Growth | 82.06 | | 151.73 | |
| Canara Robeco Treasury Advantage Super Institutional Fund – Growth Option | 51.70 | | – | |
| DSP BlackRock FMP – 12 1/2 M – Series 1 – Institutional Growth | – | | 50.00 | |
| DSP BlackRock FMP – 13M – Series 1 – Institutional Growth | – | | 45.00 | |
| HDFC FMP 18M November 2007 (VI) – Wholesale Growth Option | – | | 20.00 | |
| HDFC Cash Management Fund – Treasury Advantage Plan – Wholesale – Growth | 298.26 | | 398.08 | |
| HDFC Quarterly Interval Fund – Plan C – Dividend Payout | 65.00 | | – | |
| ICICI Prudential FMP Series 52 – 1 Year Plan A – Growth Option | 20.00 | | – | |
| ICICI Prudential – Flexible Income Plan Premium – Growth | 68.22 | | 460.77 | |
| ICICI Prudential – Ultra Short Term Plan Super Premium – Growth option | 208.92 | | – | |
| ICICI Prudential FMP Series 47 – One Year Plan B – Institutional Growth | – | | 100.00 | |
| ICICI Prudential FMP Series 51 – 1 Year Plan B – Grwoth Option | 20.00 | | – | |
| ICICI Prudential Interval Fund IV Quarterly Interval Plan B Institutional Dividend – Pay Dividend | – | | 50.00 | |
| ICICI Prudential Medium Term Premium Plus – Dividend Payout | 150.00 | | – | |
| IDFC FMP – Half Yearly Series 9 – Plan A – Dividend Payout | 100.00 | | – | |
| IDFC Money Manager Fund – Investment Plan – Institutional Plan B – Growth Option | 363.38 | | – | |
| Kotak Floater Long Term – Growth | 254.20 | | 413.22 | |
| Kotak FMP 13M Series 3 – Institutional Growth | – | | 30.00 | |
| Kotak FMP 13M Series 5 – Growth | 50.00 | | 50.00 | |
| Kotak FMP 15M Series 4 – Institutional Growth | – | | 30.00 | |
| Kotak FMP 14M Series 4 – Institutional Growth | – | | 15.00 | |
| Kotak FMP 370 Days – Series 1 – Growth Option | 50.00 | | – | |
| Kotak FMP 370 Days Series 3 – Growth Option | 50.00 | | – | |
| Kotak FMP Quarterly Interval Plan – Series 3 – Dividend Payout Option | 100.00 | | – | |
| Kotak FMP Quarterly Interval Plan – Series 6 – Dividend Payout Option | 250.00 | | – | |
| Kotak Quarterly Interval Plan Series 2 – Dividend | – | | 70.00 | |
| PNB Principal Term equity Fund 3 plan series II Growth Plan | 0.05 | | – | |
| Reliance Medium Term Fund – Retail Plan – Growth Option | 100.97 | | 136.36 | |
| Reliance Fixed Horizon Fund – XIII – Series 3 – Super Institutional – Growth Option | 60.00 | | – | |
| Reliance Fixed Horizon Fund – XIV – Series 5 – Super Institutional – Growth Option | 50.00 | | – | |
| Reliance Fixed Horizon Fund – XIV – Series 1 – Super Institutional – Growth Option | 100.00 | | – | |
| Reliance Fixed Horizon Fund X – Series 2 – Super Institutional Growth Plan | – | | 150.00 | |
| Reliance Fixed Horizon Fund XII – Series 4 – Super Institutional Growth | 300.00 | | 300.00 | |
| Reliance Monthly Interval Fund – Series II – Institutional – Dividend Payout Option | 100.00 | | – | |
| Religare FMP – Series II – Plan F (13 Months) – Growth Option | 100.00 | | – | |
| Religare FMP – Series II – Plan C (15 Months) – Growth Option | 100.00 | | – | |
| Religare FMP – Series II A (13 Months) – Growth Option | 100.00 | | – | |
| Religare FMP – Series II B (15 Months) – Growth Option | 170.00 | | – | |
| SBI Debt Fund Series – 13 Months – 10 – Institutional Growth | 150.00 | | 150.00 | |
| SBI Debt Fund Series – 370 Days – Growth Option | 90.00 | | – | |
| SBI – Short Horizon Debt Fund – Ultra Short Term Plan – Institutional Growth Option | 83.72 | | – | |
| Tata Fixed Horizon Fund Series 18 Scheme B – Institutional Plan Growth | – | | 50.00 | |
| Tata Fixed Maturity Plan – Series 26 – Scheme A – Growth Option | 20.00 | | – | |
| Tata Floater Fund – Growth Option | 8.32 | | – | |
| UTI – Short Term Income Fund – Institutional Income Option – Reinvestment | 200.00 | | – | |
| UTI – Fixed Income Interval Fund – Series II – Quaterly Interval Plan V – Institutional Dividend Plan – Payout | 150.00 | | – | |
| UTI – FMP – Yearly Series (YFMP 11/09) – Institutional Growth Option | 50.00 | | – | |
| | | 4,564.80 | | 3,125.16 |

SESA GOA LIMITED

# Schedules Annexed to and forming part of the Balance Sheet continued

| Particulars | As at 31st March 2010 Rs. in crore | Rs. in crore | As at 31st March 2009 Rs. in crore | Rs. in crore |
|---|---|---|---|---|
| **Long-term Investments (at cost less provision for diminution):** | | | | |
| **Non-trade, unquoted shares:** | | | | |
| In Co-operative societies. | | | | |
| Sesa Ghor Premises Holders' Maintenance Society Limited<br>200 equity shares of Rs.10 each fully paid –up [Rs. 2,000 (previous year Rs. 2,000)] | – | | – | |
| Sesa Goa Sirsaim Employees' Consumers Co-operative Society Limited<br>200 equity shares of Rs. 10 each fully paid-up [Rs. 2,000 (previous year Rs. 2,000)] | – | | – | |
| Sesa Goa Sanquelim Employees' Consumers Co-operative Society Limited<br>230 equity shares of Rs. 10 each fully paid-up [Rs. 2,300 (previous year Rs. 2,300)] | – | | – | |
| Sesa Goa Sonshi Employees' Consumers Co-operative Society Limited<br>468 equity shares of Rs. 10 each fully paid-up [Rs. 4,680 (previous year Rs. 4,680)] | – | | – | |
| Sesa Goa Codli Employees' Consumers Co-operative Society Limited<br>450 equity shares of Rs. 10 each fully paid-up [Rs. 4,500 (previous year Rs. 4,500)] | – | | – | |
| Sesa Goa Shipyard Employees' Consumers Co-operative Society Limited<br>500 equity shares of Rs. 10 each fully paid-up [Rs. 5,000 (previous year Rs. 5,000)] | – | | – | |
| V.S.Dempo Surla Mine Staff Co-operative Credit Society Ltd.<br>250 equity shares of Rs. 10 each fully paid up (Rs. 2,500) | – | | – | |
| V.S.Dempo Surla Mine Staff Consumer Co-operative Society Ltd.<br>250 equity shares of Rs. 10 each fully paid up (Rs. 2,500) | – | | – | |
| The Mapusa Urban Cooperative Bank Limited<br>40 equity shares of Rs. 25 each fully paid-up [Rs. 1,000 (previous year Rs. 1,000)] | – | | – | |
| In other companies. | | | | |
| Goa Shipyard Limited<br>62,707 equity shares of Rs. 10 each fully paid-up (including 34,837 bonus shares) | 0.03 | | 0.03 | |
| Goa Infrastructure Development Company Private Limited<br>5,000 equity shares of Rs. 100 each fully paid up. | 0.01 | | – | |
| Goa Maritime Private Limited<br>5,000 equity shares of Rs. 10 each fully paid up. | 0.01 | | – | |
| | | 0.05 | | 0.03 |
| **Total Cost** | | 4,564.85 | | 3,125.19 |
| Provision for dimunition in value of investments | | – | | – |
| **Total** | | 4,564.85 | | 3,125.19 |
| Aggregate amount of mutual fund investments at net asset value | | 4,624.67 | | 3,179.05 |
| Aggregate amount of unquoted investments at cost [including mutual funds of Rs. 4,564.80 crore (previous year Rs. 3,125.16 crore)] | | 4,564.85 | | 3,125.19 |

## Schedule 8: Inventories

| Particulars | As at 31st March 2010 Rs. in crore | As at 31st March 2010 Rs. in crore | As at 31st March 2009 Rs. in crore | As at 31st March 2009 Rs. in crore |
|---|---|---|---|---|
| Stocks of (at lower of cost and net realisable value): | | | | |
| Raw material | | 113.94 | | 70.83 |
| Finished goods | | | | |
| Metallurgical Coke | 10.66 | | 11.67 | |
| Pig Iron | 12.38 | | 9.71 | |
| Iron Ore | 315.61 | | 131.78 | |
| | | 338.65 | | 153.16 |
| Consumables stores and spares [including goods in transit Rs. 0.11 crore (Previous year Rs. 0.11 crore)] | | 46.61 | | 38.57 |
| Work-in-progress | | 1.74 | | 1.63 |
| **Total** | | 500.94 | | 264.19 |

Inventories are net of unrealised profits on intragroup sales.

## Schedule 9: Sundry Debtors

| Particulars | As at 31st March 2010 Rs. in crore | As at 31st March 2010 Rs. in crore | As at 31st March 2009 Rs. in crore | As at 31st March 2009 Rs. in crore |
|---|---|---|---|---|
| Debts outstanding for a period exceeding six months | | | | |
| Unsecured and considered good | 39.56 | | 32.36 | |
| Considered doubtful | 2.68 | | 0.04 | |
| | | 42.24 | | 32.40 |
| Other debts | | | | |
| Unsecured and considered good | 298.56 | | 265.80 | |
| Considered doubtful | – | | 0.01 | |
| | | 298.56 | | 265.81 |
| | | 340.80 | | 298.21 |
| Less: Provision for doubtful debts | | 2.68 | | 0.05 |
| **Total** | | 338.12 | | 298.16 |

SESA GOA LIMITED

# Schedules Annexed to and forming part of the Balance Sheet continued

## Schedule 10: Cash and bank balances

| Particulars | As at 31st March 2010 Rs. in crore | Rs. in crore | As at 31st March 2009 Rs. in crore | Rs. in crore |
|---|---|---|---|---|
| Cash in hand [including cheques and demand drafts on hand Rs. 2.51 crore (previous year Rs. 4.65 crore )] | | 2.61 | | 4.73 |
| Demand drafts in transit | | 6.76 | | 3.53 |
| Balances with scheduled banks: | | | | |
| On current account | 24.12 | | 5.63 | |
| On deposit account [(Including on lien Rs. 0.85 crores (Previous year Rs. Nil)] | 2,353.71 | | – | |
| On EEFC account | 0.12 | | 0.07 | |
| Unpaid dividend account | 4.44 | | 3.65 | |
| | | 2,382.39 | | 9.35 |
| Balances with other banks: | | | | |
| On current account (Refer Note) | | 0.08 | | 0.11 |
| **Total** | | **2,391.84** | | 17.72 |

**Note:**

| Name of other banks | Balance (Rs. in crore) | Max. balance at any time during the year | Balance (Rs. in crore) | Max. balance at any time during the year |
|---|---|---|---|---|
| Bank of Shanghai, China | 0.08 | 0.15 | 0.11 | 0.29 |

## Schedule 11: Loans and advances

| Particulars | As at 31st March 2010 Rs. in crore | Rs. in crore | As at 31st March 2009 Rs. in crore | Rs. in crore |
|---|---|---|---|---|
| Unsecured considered good unless otherwise stated | | | | |
| Advances recoverable in cash or in kind or for value to be received | | | | |
| Considered good | 118.28 | | 84.94 | |
| Considered doubtful | 0.50 | | - | |
| Less: provision for doubtful advances | 0.50 | | - | |
| | | 118.28 | | 84.94 |
| Intercorporate deposits (Refer Note No. 14 of Schedule 19) | | 1,000.00 | | 1,000.00 |
| Balances with port trusts, customs, excise authorities etc. | | 3.48 | | 3.03 |
| Loans and advances to staff | | 1.47 | | 0.78 |
| Prepaid expenses | | 11.57 | | 4.98 |
| Deposits | | 10.72 | | 9.47 |
| **Total** | | **1,145.52** | | 1,103.20 |

Financial Statements

## Schedule 12: Current liabilities

| Particulars | As at 31st March 2010 Rs. in crore | As at 31st March 2010 Rs. in crore | As at 31st March 2009 Rs. in crore | As at 31st March 2009 Rs. in crore |
|---|---|---|---|---|
| Sundry creditors | | | | |
| (i) Due to micro and small enterprises | 0.60 | | 0.02 | |
| | | | – | |
| (ii) Due to others * | 724.62 | | 303.76 | |
| | | 725.22 | | 303.78 |
| Advances from customers | | 19.89 | | 8.25 |
| Liability towards Investor Education and Protection Fund not due. | | | | |
| Unclaimed dividend | 4.44 | | 3.65 | |
| Unclaimed matured deposits | 0.02 | | 0.03 | |
| Unclaimed Interest on deposits | 0.01 | | 0.01 | |
| | | 4.47 | | 3.69 |
| Other liabilities | | 33.46 | | 21.88 |
| Interest accrued but not due on loans | | 45.54 | | - |
| **Total** | | 828.58 | | 337.60 |

* Includes Rs. 0.96 crore due to directors (Previous year Rs. 0.74 crore)

## Schedule 13: Provisions

| Particulars | As at 31st March 2010 Rs. in crore | As at 31st March 2010 Rs. in crore | As at 31st March 2009 Rs. in crore | As at 31st March 2009 Rs. in crore |
|---|---|---|---|---|
| For income tax [net of advance tax Rs. 2,294.65 crore (Previous year Rs. 1,535.53 crore)] | | 73.68 | | 21.57 |
| For proposed dividend | | 270.06 | | 177.13 |
| For dividend tax | | 45.90 | | 30.10 |
| For gratuity | | 3.72 | | 4.75 |
| For compensated absence | | 18.05 | | 12.88 |
| **Total** | | 411.41 | | 246.43 |

# Schedules Annexed to and forming part of the Profit and Loss Account

## Schedule 14: Services and other proceeds

| Particulars | Year ended 31st March 2010 Rs. in crore | Year ended 31st March 2010 Rs. in crore | Year ended 31st March 2009 Rs. in crore | Year ended 31st March 2009 Rs. in crore |
|---|---|---|---|---|
| Sale of material | | 5.47 | | 8.66 |
| Sale of gases | | 2.89 | | 3.98 |
| Sale of slag | | 4.42 | | 3.54 |
| Technology licence fee | | 3.86 | | – |
| Sale of carbon credits | | – | | 3.17 |
| Barge hire charges [Tax deducted at source Rs. 0.23 crore (Previous year Rs. 0.16 Crore )] | | 0.08 | | 2.54 |
| Proceeds from various services [Tax deducted at source Rs. 0.63 crore (Previous year Rs. 0.50 crore)] | | 18.04 | | 11.51 |
| Shipping agency fees [Tax deducted at source Rs. 0.01 crore (Previous year Rs. Nil)] | | 0.08 | | – |
| Difference in rate of exchange (net) | | 20.40 | | – |
| **Total** | | 55.24 | | 33.40 |

## Schedule 15: Miscellaneous income

| Particulars | Year ended 31st March 2010 Rs. in crore | Year ended 31st March 2010 Rs. in crore | Year ended 31st March 2009 Rs. in crore | Year ended 31st March 2009 Rs. in crore |
|---|---|---|---|---|
| Interest on Intercorporate deposits [Tax deducted at source Rs. 14.18 crore (Previous year Rs. 9.68 crore)] | 95.21 | | 42.72 | |
| Interest on Fixed deposits [Tax deducted at source Rs. 0.68 crore (Previous year Rs. Nil)] | 46.21 | | – | |
| Interest others | 1.43 | | 0.30 | |
| | | 142.85 | | 43.02 |
| Dividends | | | | |
| On current investments (Non trade) | 78.96 | | 149.27 | |
| On long term investments (Non trade) | 0.04 | | 0.03 | |
| | | 79.00 | | 149.30 |
| Profit on sale of current investments (net) | | 75.30 | | 30.13 |
| Profit on sale of assets (net) | | 0.18 | | 0.09 |
| Difference in rate of exchange on Foreign Currency Convertible Bonds | | 121.91 | | – |
| Other receipts [Tax deducted at source Rs. 0.25 crore (Previous year Rs. 0.25 crore)] | | 4.49 | | 1.49 |
| Excess provision written back | | 2.21 | | – |
| Provision for doubtful debts written back | | 0.03 | | – |
| **Total** | | 425.97 | | 224.03 |

Financial Statements

## Schedule 16: Production and operational expenses

| Particulars | Year ended 31st March 2010 Rs. in crore | Rs. in crore | Year ended 31st March 2009 Rs. in crore | Rs. in crore |
|---|---|---|---|---|
| Increase/Decrease in stock of finished goods and work in progress | | | | |
| Opening stock | | | | |
| – Work in progress | 1.63 | | 126.80 | |
| – Finished goods | 153.16 | | 1.17 | |
| | 154.79 | | 127.97 | |
| – On acquisition | 64.48 | | – | |
| | 219.27 | | 127.97 | |
| Less: Closing Stock | | | | |
| – Work in progress | 1.74 | | 1.63 | |
| – Finished goods | 338.65 | | 153.16 | |
| | 340.39 | | 154.79 | |
| | | (121.12) | | (26.82) |
| Excise duty on stock of finished goods | | 0.20 | | (2.37) |
| Consumption of raw materials | | 345.86 | | 256.94 |
| Consumption of stores [includes cost of supplies to contractors of the value of Rs. 61.42 crore (Previous year Rs. 53.69 crore)] | | 243.68 | | 178.32 |
| Purchase of ore | | 309.56 | | 264.08 |
| Personnel: (Refer Note. No. 11 of Schedule 19) | | | | |
| Salaries, wages, bonus and allowances | 111.67 | | 63.42 | |
| Contributions to provident and other funds | 5.26 | | 3.15 | |
| Contributions to gratuity and annuity funds | 4.07 | | 5.25 | |
| Staff welfare expenses | 8.84 | | 5.07 | |
| | | 129.84 | | 76.89 |
| Repairs and maintenance (Refer Note No. 8 Schedule 19) | | | | |
| – Plant and machinery | 20.73 | | 8.64 | |
| – Buildings | 0.72 | | 0.23 | |
| – Others | 10.08 | | 0.18 | |
| | | 31.53 | | 9.05 |
| Contractors for hired trucks and other services | | 661.14 | | 511.65 |
| Hire charges of barges | | 81.77 | | 41.98 |
| Wharfage, tonnage, handling & shipping expenses | | 159.64 | | 120.72 |
| Railway freight | | 281.01 | | 470.78 |
| Rents | | 4.03 | | 1.62 |
| Export duty | | 147.58 | | 215.64 |
| Royalties | | 160.72 | | 13.49 |
| Rates and taxes | | 8.84 | | 8.08 |
| Insurance | | 8.89 | | 5.36 |
| Electricity and water charges | | 16.86 | | 11.92 |
| Demurrage over despatch | | 111.16 | | 17.42 |
| Commission and service charges on sales | | 11.58 | | 11.42 |
| Analysis of ore | | 7.17 | | 5.07 |
| Maintenance of offices | | 0.46 | | 0.28 |
| Printing and stationery | | 0.70 | | 0.45 |
| Travelling and representation expenses | | 3.85 | | 2.11 |
| Maintenance of vehicles | | 0.38 | | 0.31 |
| General Expenses | | 46.20 | | 19.70 |
| Difference in rate of exchange (net) | | – | | 164.11 |
| Provision for mine closure expenses | | 0.18 | | 0.25 |
| (Refer Note No. 9 schedule 19) | | 2,651.71 | | 2,378.45 |
| Less: Extraction and processing costs recovered | | 34.69 | | 28.62 |
| **Total** | | 2,617.02 | | 2,349.83 |

SESA GOA LIMITED

# Schedules Annexed to and forming part of the Profit and Loss Account continued

## Schedule 17: Administration expenses

| Particulars | Year ended 31st March 2010 Rs. in crore | Year ended 31st March 2010 Rs. in crore | Year ended 31st March 2009 Rs. in crore | Year ended 31st March 2009 Rs. in crore |
|---|---|---|---|---|
| Personnel: (Refer Note. No. 11 of Schedule 19) | | | | |
| Salaries, wages, bonus, allowances and commission | 35.40 | | 19.98 | |
| Contributions to provident and other funds | 0.77 | | 0.57 | |
| Contributions to gratuity and annuity funds | 1.29 | | 1.51 | |
| Staff welfare expenses | 1.76 | | 0.98 | |
| | | 39.22 | | 23.04 |
| Maintenance of offices & equipments | | 1.07 | | 1.39 |
| Printing and stationery | | 0.85 | | 0.63 |
| Postage, telephone, cables and telex charges | | 1.61 | | 1.53 |
| Fees to auditors | | | | |
| Audit fees | 0.41 | | 0.24 | |
| Other certificate fees | 0.46 | | 0.32 | |
| Reimbursement of expenses | 0.07 | | 0.03 | |
| [excludes Rs. 0.35 crore debited to share premium towards Foreign Currency Convertible Bonds issue expenses (Previous Year Rs. Nil)] | | 0.94 | | 0.59 |
| Sitting fees and commission to non-wholetime directors | | 0.32 | | 0.34 |
| Travelling and representation expenses [Includes travelling expenses of directors Rs. 0.61 crore (Previous year Rs. 0.85 crore)] | | 4.40 | | 4.26 |
| Professional and legal charges | | 21.26 | | 24.63 |
| Maintenance of vehicles | | 1.91 | | 1.59 |
| Donations and contributions | | 6.04 | | 5.53 |
| Provision for doubtful debts | | 0.02 | | 0.03 |
| Bad debts | – | | 0.78 | |
| Less: Provision for doubtful debts | – | | 0.78 | |
| | | – | | – |
| Provision for doubtful advances | | 0.50 | | – |
| Provision for claims under litigation | | 9.03 | | – |
| Miscellaneous expenses | | 5.47 | | 3.64 |
| **Total** | | 92.64 | | 67.20 |

## Schedule 18: Interest and other charges

| Particulars | Year ended 31st March 2010 Rs. in crore | Year ended 31st March 2010 Rs. in crore | Year ended 31st March 2009 Rs. in crore | Year ended 31st March 2009 Rs. in crore |
|---|---|---|---|---|
| Interest on Foreign Currency Convertible Bonds | | 45.36 | | - |
| Interest on term loan | | 0.85 | | - |
| Interest others | | 3.76 | | 0.81 |
| Discounting Charges | | 1.75 | | 0.18 |
| Other Charges | | 3.79 | | 3.28 |
| **Total** | | 55.51 | | 4.27 |

SESA GOA LIMITED

# Notes Forming Part of the Accounts
## For the year ended 31st March 2010



### Schedule 19:

**1. Significant accounting policies**

i) Basis of accounting

The consolidated financial statements of Sesa Goa Limited (the "Company"), its subsidiaries and jointly controlled entity (the "Group") have been prepared on accrual basis under historical cost convention to comply in all material respects with the Generally Accepted Accounting Principles in India and the relevant provisions of the Companies Act, 1956.

ii) Use of estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities (including contingent liabilities) on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and the estimates are recognised in the period in which the results are known/materialised.

iii) Principles of consolidation

The consolidated financial information incorporates the results of the Company, its subsidiaries and its jointly controlled entity, being the companies that it controls or in respect of which it is in joint control. This control is normally evidenced when the Company is able to govern another company's financial and operating policies so as to benefit from its activities or where the Company owns, either directly or indirectly, the majority of another company's equity voting rights unless in exceptional circumstances it can be demonstrated that ownership does not constitute control.

The financial statements of the Company and its subsidiaries have been combined on a line by line basis by adding together like items of assets, liabilities, income and expenses. Interest in the jointly controlled entity is reported using proportionate consolidation. The financial statements of the subsidiaries and the jointly controlled entity are prepared for the same reporting year as the Company, using consistent accounting policies to the extent practicable. Adjustments are made to align any dissimilar accounting policies that may exist where practicable. All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Particulars of subsidiaries and the jointly controlled entity are given below:

| Name of Company | Country of Incorporation | % of voting power held on 31.3.2010 | % of voting power held on 31.03.09 |
|---|---|---|---|
| Sesa Industries Limited ("SIL") | India | 88.251% | 88.251% |
| V. S. Dempo & Company Limited ("VSD") | India | 100% | – |
| Dempo Mining Corporation Limited ("DMC") | India | 100% | – |
| Goa Maritime Private Limited ("GMPL") | India | 50% | – |

The assets, liabilities, income and expenses of GMPL are not material to the financial statements of the Group taken as a whole. Therefore, information in that respect required by the Accounting Standard (AS 27) on Financial Reporting of Interests in Joint Ventures has not been furnished.

iv) Revenue recognition

Revenue is recognised when significant risks and rewards of ownership of the goods sold are transferred to the customer and the commodity has been delivered to the shipping agent/customer.

Revenue represents the invoice value of goods and services provided to third parties net of discounts, sales taxes/value added taxes, and is after considering adjustments on final invoices (arising on analysis variances) received upto the year end.

Revenue in respect of contracts for services is recognised on completion of services.

Dividend income is recognised when the right to receive dividend is established.

Interest income is recognised on a time proportion basis by reference to the principal outstanding and at the interest rate applicable.

v) Employee benefits

a. *Provident fund:* The Group's contribution to the recognised provident fund, pension fund and employees' deposit linked insurance scheme paid/payable during the year is debited to the Profit and Loss Account.

SESA GOA LIMITED

# Notes Forming Part of the Accounts continued
## For the year ended 31st March 2010

b. *Gratuity Fund:* The Group accounts for the net actuarial liability of its obligations for gratuity benefits based on an independent actuarial valuation determined on the basis of the projected unit credit method carried as at the year end. Based on the above determined obligation, the Group makes contribution to funds managed by insurance companies. Actuarial gains and losses are immediately recognised in the Profit and Loss Account.

c. *Annuity fund:* The Group has a defined contribution plan for certain categories of employees, wherein it annually contributes a predetermined proportion of employee's salary to an insurance company which administers the fund. The Group recognises such contributions as an expense over the period of services rendered.

d. *Compensated absences:* The liability in respect of compensated absences for employees is determined on the basis of an independent actuarial valuation carried out at the end of the year and differential liability recognised as expense in the Profit and Loss Account.

### vi) Investments
Long term investments are stated at cost less provision for diminution. Provision for diminution is made to recognise decline (other than temporary) in the value of investments, if any. Current investments are stated at cost or market value, whichever is lower.

### vii) Inventories
Raw material, consumable stores and spares are held for use in production and are valued at cost determined on the basis of weighted average method.

Work in progress, stock of iron ore and metallurgical coke are valued at lower of cost or net realisable value. Cost includes raw material and proportion of fixed and variable overheads.

### viii) Foreign currency transactions
Transactions in foreign currency are recorded at exchange rates prevailing on the date of the transaction. Year end balance of monetary assets and liabilities are translated at the year end rates. Exchange difference arising on restatement or settlement is charged to the Profit and Loss Account.

### ix) Foreign currency forward contracts
The Group enters into forward derivative financial instruments to hedge its exposure to foreign currency. The Group does not hold derivative financial instruments for speculative purposes. Derivative financial instruments are initially recorded at their fair value on the date of the derivative transaction and are re-measured at their fair value at subsequent balance sheet dates.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the Profit and Loss Account.

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recorded in Reserves and Surplus. Amount deferred to Reserves and Surplus are recycled in the Profit and Loss Account in the period when the hedged item is recognised in the Profit and Loss Account.

Derivative financial instruments that do not qualify for hedge accounting are marked to market at the balance sheet date and gains or losses are recognised in the Profit and Loss Account immediately.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss on the hedging instrument recognised in Reserves and Surplus is kept in Reserves and Surplus until the forecast transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in Reserves and Surplus is transferred to the Profit and Loss Account for the year.

### x) Fixed assets
Fixed assets except for the leasehold mine at Karnataka, are stated at their original cost along with taxes, duties (net of Modvat/Cenvat availed, if any) and freight interest on borrowings up to the date of commissioning for operation, attributable to acquisition/ construction of the concerned assets.

The iron ore reserves of the leased mine located in Karnataka were valued and shown as fixed assets by erstwhile A. Narrain Mines Ltd. (ANML). The Group continues to show the value of the said mining lease as fixed assets after merger of said ANML. The Group's other mining leases having ore reserves, however, are not valued. Amounts paid to Government authorities towards renewal of forest clearances in respect of owned mining leases are capitalised as a part of mining leases.

### xi) Borrowing costs
Borrowing costs attributable to the acquisition or construction of assets requiring a substantial period of time are capitalised. All other borrowing costs including exchange differences on foreign currency loans are charged to revenue.

### xii) Depreciation
Depreciation except on the leasehold mine at Karnataka, and in respect of vehicles, furniture, computers and railway wagons is provided for on Straight Line Method (SLM) at the rates specified in Schedule XIV of the Companies Act, 1956. In respect of vehicles, furniture and computers depreciation has been charged on SLM method at annual rate of 20%, 10% and 30% respectively to bring it in line with the useful life of the assets. The cost of railway wagons procured under Wagon Investment Scheme (WIS) is being depreciated at the rate of 10% per annum on a Straight Line basis. The value of mining leases capitalised are amortised in proportion to actual quantity of ore extracted therefrom. Amounts paid towards renewal of forest clearances in respect of owned mining lease are amortised over the operating period of the lease. Fixed assets costing less than Rs. 5,000 are wholly depreciated in the year of acquisition.

**Schedule 19:** continued

Depreciation has been charged from the month of the date of purchase in the case of acquisitions made during the year. In respect of assets sold, depreciation is provided up to the month prior to the date of sale.

xiii) Impairment of assets

The carrying amounts of tangible fixed assets are reviewed for impairment, if events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If there are indicators of impairment, an assessment is made to determine whether the asset's carrying value exceeds its recoverable amount. Whenever the carrying value of an asset exceeds recoverable amount, impairment is charged to the Profit and Loss Account.

xiv) Provisions, contingent liabilities and contingent assets:

A provision is recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on best estimate required to settle the obligation at the balance sheet date. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is neither recognised nor disclosed.

xv) Segment reporting

The Group is in the business of mining and sale of iron ore and manufacture and sale of metallurgical coke and pig iron. All of the Group's establishments are located in one country i.e. India. The revenues from other than sale of ore, metallurgical coke and pig iron are either incidental to the above three businesses or of non-recurring nature. Therefore the Group operates in three business segments.

Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue, expenses, assets and liabilities which relate to the Group as a whole and are not allocable to segments on reasonable basis, have been included under "Unallocated revenue/expenses/assets/liabilities"

xvi) Taxes on income

The Group's income taxes include taxes on each entity's taxable profits, fringe benefits tax, adjustment attributable to earlier periods and changes in deferred taxes. Valuation of all tax liabilities/ receivables are carried at current amounts and in accordance with enacted tax regulations, rates or in the case of deferred taxes those that have been substantially enacted.

Deferred tax is calculated to correspond to the tax effect arising when final tax is determined. Deferred tax corresponds to the net effect of tax on all timing differences which occur as a result of items being allowed for income tax purposes during a period different from when they were recognised in the financial statements.

xvii) Accounting for government grants/refunds

Government grants/subsidies and refunds due from Government Authorities are accounted when there is reasonable certainty of their realisation.

2. By Order dated 18th December, 2008 the Single Bench of the Honourable High Court of Bombay, at Goa, Panaji (Bombay High Court) had approved the Scheme of Amalgamation (the "Scheme") of Sesa Industries Limited ("SIL") with the Company effective from the appointed date i.e. 1st April 2005. Consequent to an appeal filed by an aggrieved shareholder the Order dated 18th December, 2008 was set aside by the Division Bench of the Bombay High Court vide order dated 21st February 2009. While SIL has filed an appeal against the Order of the Division Bench before the Honourable Supreme Court, the financial statements have been prepared without considering the impact of the scheme.

3. The Company has pursuant to a share purchase agreement dated 11th June 2009 acquired 1,250,000 equity shares of Rs. 10 each (being 100% of the issued and paid up share capital) of the V. S. Dempo & Company Private Limited ("VSD"). VSD in turn holds 1,150,000 equity shares of Rs. 100 each (being 100% of the issued and paid up share capital) of Dempo Mining Corporation Private Limited ("DMC") and also hold 5,000 equity shares of Rs. 10 each (being 50% of the issued and paid up share capital) of Goa Maritime Private Limited ("GMPL").

   The cost of the Company's investment in VSD i.e. Rs. 1,713.24 crores (including deferred and contingent components) is included as part of Investments in Schedule 7.

   The consolidated figures for the year ended 31st March, 2010 are inclusive of figures for the above mentioned companies for the period from 12th June, 2009 to 31st March, 2010. In view of the said acquisition in the current year, the consolidated figures for the year ended 31st March, 2010 are not comparable with the corresponding figures of the previous year.

4. To meet its growth objectives, during the year, the Company issued 33,274,000 equity shares of Re. 1 each at a premium of Rs. 160.46 per share for cash to Twin Star Holdings Limited on a preferential basis under the applicable provisions of Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines 2000 (the "Guidelines"). A part of the proceeds aggregating Rs 101.47 crore has been utilised for the Company's capital projects. The unutilised portion of the issue proceeds amounting to Rs 435.77 crore has been invested in Mutual Funds.

SESA GOA LIMITED

# Notes Forming Part of the Accounts continued
## For the year ended 31st March 2010

5. During the year, the Company issued 5000 Foreign Currency Convertible Bonds ("FCCBs") aggregating US$ 500 million (corresponding INR value Rs. 2,400.50 crores) at a coupon rate of 5% (net to bondholder) The bondholders have an option to convert these FCCBs into shares, at a conversion price of Rs. 346.88 per share at a fixed rate of exchange on conversion of Rs. 48.00 per U.S. $ 1.00 at any time on or after 9th December, 2009. The conversion price is subject to adjustment in certain circumstances. The FCCBs may be redeemed in whole, but not in part, on or after 30th October, 2012, subject to certain conditions. Unless previously converted, redeemed or repurchased and cancelled, the FCCBs fall due for redemption on 31st October, 2014 at par. As at 31st March, 2010, 755 FCCB's have been converted into equity shares.

   The expenses incurred on the issue of the FCCB's aggregating Rs. 19.93 crores have been adjusted against the Share Premium Account of the Company.

   The changes to the liability on account of foreign exchange rate fluctuation amounting to Rs. 121.91 crores have been credited to the Profit and Loss Account. A part of the proceeds aggregating Rs. 21.70 crore has been utilised for the Company's capital projects, the construction of which is in progress. The unutilised portion of the FCCB proceeds aggregating Rs. 2,360.80 crore have been placed in term deposits/current accounts with a scheduled bank, pending utilisation. Interest aggregating Rs. 0.17 crore in respect of amounts utilised for the construction of capital projects has been capitalised and included as part of Capital Work in Progress. The balance interest amounting to Rs. 45.36 crore has been charged to the Profit and Loss Account.

6. **Contingent Liabilities:**

i) Guarantees (excluding the liability for which provisions have been made) amounting to Rs. 11.85 crore (Previous year Rs. 13.33 crore) given by the Bankers in favour of various parties – none invoked.

ii) Letters of Credit opened by the banks in favour of suppliers amounting to Rs. 179.92 crore (Previous year Rs. 63.42 crore).

iii) Bonds executed in favour of customs authorities in respect of export of iron ore Rs. 1,010.84 crore (Previous year Rs. 1,281.97 crore).

iv) Claims by custom authorities (under dispute) relating to differential export duty on export shipments Rs. 49.13 crore (Previous year Rs. 49.13 crore). The said amount is also included under bonds executed detailed in point 6 (iii) above.

v) Bills discounted under letters of credit with banks Rs. 471.08 crore. (Previous year Rs. 269.68 crore).

vi) Provisions have also not been made in the accounts in respect of the following liabilities not acknowledged as debts for the reasons stated against them:

   a) Dead rent on deemed mining leases for the period from 20.12.1962 to 23.5.1987 amounting to Rs. 0.10 crore (Previous year Rs. 0.10 crore) and royalty for the period from 20.12.1961 to 30.9.1963 amounting to Rs. 0.12 crore (Previous year Rs. 0.12 crore) sought to be levied by the Government pursuant to the Goa, Daman & Diu Mining Concessions (Abolition & Declaration as Mining Leases) Act 1987, challenged by Special Leave Petition before Supreme Court of India.

   b) Claims related to commercial and employment contracts Rs. 7.15 crore (Previous year Rs. 6.14 crore).

   c) Claims by Chennai Port Trust related to shortfall of throughput from Chennai Port Rs. 1.13 crore (previous year Rs. 1.13 Crore).

   d) A civil suit claiming a damage of a minimum amount of Rs. 37.50 crore (Previous year Rs. 37.50 crore) towards infringement of patent has been filed against the Company.

   e) Disputed sales tax demand of Rs. 0.45 crore (Previous year Rs. 0.98 crore) including interest and penalty of Rs. 0.09 crore (Previous year Rs. 0.14 crore) appealed before Appellate Authority.

   f) Disputed income tax demand of Rs. 9.92 crore (Previous year Rs. 3.85 crore) including interest and penalty of Rs. 1.24 crore (Previous year Rs. 0.01 crore), appealed before Appellate Authority.

   g) Disputed Service-tax demand of Rs. 0.38 crore (Previous year Rs. Nil) appealed before Commissioner Appeals.

   h) Disputed demand from customs authorities towards fine and penalty of Rs. 0.35 crore (Previous year Rs. 0.35 crore) for improper documentation of equipments loaded/unloaded to/from the company's vessel M.V. Orissa and its improper use.

**Schedule 19:** continued

i) Disputed demand from customs authorities of Rs. 1.60 crore (Previous year Rs. 1.60 crore) including penalty of Rs. 0.80 crore (Previous year Rs. 0.80 crore), for transferring imported metallurgical coke at concessional rate of duty under the provisions of Customs (Import of Goods at Concessional rate of Duty for manufacture of Excisable Goods) Rules 1996 to the erstwhile M/s. Sesa Kembla Coke Company Limited, appealed before the Appellate Authority.

j) Disputed forest development tax amounting to Rs. 164.12 crore (Previous year Rs. 29.88 crore) levied by Government of Karnataka challenged by writ petition filed in the High Court of Karnataka. Hearing of writ petition before the High Court of Karnataka is pending.

k) A Notice issued by the Deputy Conservator of Forest, Chitradurga, demanding registration of a supplemental forest lease agreement by payment of stamp duty calculated on the net present value which has been challenged in the High Court of Karnataka. Estimated liability is Rs. 0.92 crore (Previous year Rs. 0.92 crore).

l) Cess on transportation of Ore, coal and coke within Goa levied by Government of Goa under the Goa Rural Development and Welfare Cess Act, 2000 (Goa Act 29 of 2000) amounting to Rs. 85.49 crore (Previous year Rs. 21.26 crore) challenged by way of writ petition in the High Court of Bombay, Panjim Bench.

m) Disputed marine claims aggregating Rs. 13.57 crore and disputed income tax claims aggregating Rs. 13.69 crore in respect of a subsidiary. These claims if finally determined as Payable will be reimbursed by the erstwhile shareholders of the said subsidiary pursuant to Share Purchase Agreement dtd.11.06.2009.

n) Claim for non performance of contract of affreightment amounting to Rs. 3.74 crore (Previous year Rs. 12.74 crore) under arbitration.

The Group does not expect devolvement of any liability in respect of the above.

7. Estimated amount of contracts (net of advances) remaining to be executed on capital account Rs. 428.50 crore (Previous year Rs. 19.86 crore).

8. Direct Expenditure on Repairs and Maintenance included under major heads of expenses are as under:

(Rs. in crore)

| Particulars | Repair to Building | Repair to Plant & Machinery, Barges and Ships | Repair to Others | Total |
|---|---|---|---|---|
| a) Wages and salaries | 0.49<br>(0.42) | 14.13<br>(11.21) | 0.18<br>(0.22) | 14.80<br>(11.85) |
| b) Consumption of stores | 0.74<br>(1.17) | 56.78<br>(48.49) | 0.45<br>(0.48) | 57.97<br>(50.14) |
| c) Contractors for various services | 1.32<br>(8.89) | 17.66<br>(14.47) | 0.37<br>(0.40) | 19.35<br>(23.76) |
| d) Others | –<br>(–) | 1.46<br>(0.19) | 0.07<br>(0.03) | 1.53<br>(0.22) |
| **Total** | 2.55<br>(10.48) | 90.03<br>(74.36) | 1.07<br>(1.13) | 93.65<br>(85.97) |

(Figures in bracket relate to previous year)

SESA GOA LIMITED

# Notes Forming Part of the Accounts continued
## For the year ended 31st March 2010

**9.** In terms of the Mineral Concession Rules 1960 and Mineral Conservation and Development Rules (MCDR) 1988, the Company has provided a "financial assurance" in the form of a bank guarantee to the Regional Controller of Mines, towards its mine closure obligation. The Company has made a provision for expense to the extent of the bank guarantees provided.

The present mine closure provision at 31st March 2010 is as under:

(Rs. in crore)

| Nature of obligation | 2009-10 | 2008-09 |
|---|---|---|
| Mines Closure Provision | | |
| Opening carrying amount | 1.50 | 1.25 |
| Additional provisions made during the year | 1.15 | 0.25 |
| Amounts used during the year | – | – |
| Unused amounts reversed during the year | – | – |
| Closing carrying amount | 2.65 | 1.50 |

The Company is defending a claim made by a vendor for breach of a contract. An estimated amount of US$ 2 million has been provided for in the Profit and Loss Account by the Company in the said regard. Litigation is also in process against the Company relating to a claim by a port authority on alleged non fulfillment of minimum guaranteed exports. There is a closing carrying amount of Rs. 0.87 crores being a provision made in earlier years in respect of the said claim. The Company believes that any further disclosure in these matters is expected to seriously prejudice its position in the dispute and therefore information usually required by the Accounting Standard (AS 29) on Provisions, Contingent liabilities and Contingent assets is not disclosed.

**10.** Research and development expenditure of Rs. 0.48 crore (Previous year Rs. 2.02 crore) has been charged to Profit and Loss Account under specific heads of accounts, while Rs. Nil (Previous year Rs. 0.65 crore) has been incurred as capital cost for research and development.

**11. Employee benefits obligations:**

Defined benefit plans:

The Group offers its employees defined benefit plans in the form of gratuity schemes. Gratuity Scheme covers all employees as statutorily required under Payment of Gratuity Act 1972. The Group has five gratuity schemes for different categories of employees. The Group contributes funds to Life Insurance Corporation of India, HDFC Standard Life Insurance Co. Limited and ICICI Prudential Life Insurance Company Limited which are irrevocable. Commitments are actuarially determined at the year end. The actuarial valuation is done based on the "Projected Unit Credit" method. Gains and losses of changed actuarial assumptions are charged to the Profit and Loss Account under the head 'Personnel'.

**Schedule 19:** continued

The net value of the defined benefit commitment is detailed below:

(Rs. in crore)

| | 2009-10 | 2008-09 |
|---|---|---|
| Fair value of plans | 37.80 | 20.88 |
| Present value of commitment | (38.60) | (25.63) |
| Net gratuity liability | (0.80) | (4.75) |
| Defined benefit commitment | | |
| Balance at start of the year | 25.63 | 21.22 |
| On acquisition | 9.46 | – |
| Current service cost | 2.15 | 1.27 |
| Benefits paid | (2.55) | (1.69) |
| Interest cost | 2.79 | 1.69 |
| Actuarial (gains)/losses | 1.12 | 3.14 |
| Balance at end of year | 38.60 | 25.63 |

| | 2009-10 | 2008-09 |
|---|---|---|
| Plan assets | | |
| Balance at start of the year | 20.88 | 19.66 |
| On acquisition | 11.57 | – |
| Contribution received | 4.74 | 1.54 |
| Benefits paid | (2.55) | (1.69) |
| Return on scheme assets | 2.80 | (0.19) |
| Actuarial gains/(losses) | 0.36 | 1.56 |
| Balance at end of year | 37.80 | 20.88 |

The Plan assets of the Group are managed by the Life Insurance Corporation of India, HDFC Standard Life Insurance Co. Limited and ICICI Prudential Life Insurance Company Limited and the composition of the Investment relating to these assets is not available with the Company.

(Rs. in crore)

| Return on plan assets | 2009-10 | 2008-09 |
|---|---|---|
| Expected return on plan assets | 2.80 | 1.56 |
| Actuarial gain/(loss) | (0.05) | (0.19) |
| Actual return on plan assets | 2.75 | 1.37 |

Expenses on defined benefit plan recognised in the Profit and Loss Account

(Rs. in crore)

| | 2009-10 | 2008-09 |
|---|---|---|
| Current service cost | 2.15 | 1.29 |
| Actuarial (gains)/losses | 0.76 | 3.33 |
| Expected return on plan assets | (2.80) | (1.56) |
| Interest cost | 2.79 | 1.69 |
| Total expenses/(income) accounted in the Profit & Loss Account | 2.90 | 4.75 |

The actuarial calculations used to estimate defined benefit commitments and expenses are based on the following assumptions which if changed, would affect the defined benefit commitment's size, funding requirements.

| Particulars | 2009-10 | 2008-09 |
|---|---|---|
| Rate on discounting liabilities | 8% & 8.25% | 8% |
| Expected salary increase rate | 5% & 7% | 5% & 7% |
| Expected rate of return on scheme assets | 9% , 9.3 % & 8% | 9% & 9.35 % |
| Withdrawal rates | 1.5% | 1.5% |
| Mortality rates | LIC (1994-96) Ultimate Table | LIC (1994-96) Ultimate Table |

The estimates of future salary increases considered in the actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

**Experience adjustment**

(Rs. in crore)

| | 2009-10 | 2008-09 | 2007-08 |
|---|---|---|---|
| Present value of commitment | (38.60) | (25.63) | (21.22) |
| Fair value of the plans | 37.80 | 20.88 | 19.65 |
| Surplus/(deficit) | (0.80) | (4.75) | (1.57) |
| Experience adjustment on plan liabilities | (0.90) | 3.14 | 1.02 |
| Experience adjustment on plan assets | 3.41 | (0.04) | 2.05 |

The contributions expected to be made by the Group during the financial year 2010-11 are Rs. 3.72 crore.

The above information is actuarially determined.

SESA GOA LIMITED

# Notes Forming Part of the Accounts continued
## For the year ended 31st March 2010

**Schedule 19:** continued

Defined Contribution Plans:

The Group offers its employees benefits under defined contribution plans in the form of provident fund, family pension fund and annuity fund. Provident fund, family pension fund and annuity fund cover substantially all regular employees. Contributions are paid during the year into separate funds under certain statutory/fiduciary type arrangements. While both the employees and the Group pay predetermined contributions into the provident fund and pension fund, the contribution to annuity fund are made only by the Group. The contributions are normally based on a certain proportion of the employee's salary.

A sum of Rs. 8.49 crore (Previous year Rs. 5.73 crore) has been charged to the Profit and Loss Account in this respect, the components of which are tabulated below:

(Rs in crore)

| Contribution to defined contribution plans | 2009-10 | 2008-09 |
|---|---|---|
| Provident fund and family pension fund | 6.03 | 3.72 |
| Annuity fund | 2.46 | 2.01 |
| | 8.49 | 5.73 |

**12. Foreign Currency Exposures:**

The year end foreign currency exposures that were not hedged by a derivative instrument or otherwise are given below.

### i. Amount receivable in foreign currency on account of the following:-

| | 2009-10 | | 2008-09 | |
|---|---|---|---|---|
| Particular | Rs. in Crore | Fx million | Rs. in Crore | Fx million |
| Export of goods and services | 239.93 | USD 53.1 | 224.19 | USD 44 |
| Bank balance | 0.08 | CY 0.12 | 0.11 | CY 0.15 |

### ii. Amount payable in foreign currency on account of the following:

| | 2009-10 | | 2008-09 | |
|---|---|---|---|---|
| Particular | Rs. in Crore | Fx million | Rs. in Crore | Fx million |
| Import of Goods and services | 324.40 | USD 71.8<br>JPY 8.0 | 88.54 | USD 17.3<br>JPY 3.0 |
| Foreign Currency Convertible bonds and Interest there on | 1,956.91 | USD 433.5 | – | – |

Note: Fx= Foreign currency; USD = US Dollar; JPY= Japanese Yen, CY= Chinese Yuan

### iii. Derivative Instruments

The Group uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The use of foreign currency is forward contract is governed by Group's strategy approved by the Board of Directors, which provide principles on the use of such forward contracts consistent with the Group's Risk Management Policy. The Group does not use forward contract for speculative purpose

Outstanding forward contract entered into by the Group:-

| As at | No. of Contract | US Dollar Equivalent (million) | INR equivalent (Rs. in crore) |
|---|---|---|---|
| 31st March 2010 | Nil<br>(10) | Nil<br>(21) | Nil<br>(106.99) |

Figures in brackets relate to previous year

### 13. Earnings per share:

| | 2009-10 | 2008-09 |
|---|---|---|
| Net profit after tax (Rs in crore) | **2,629.13** | 1,988.13 |
| Weighted average no. of equity shares (in crore) | **811,125,264** | 787,240,400 |
| Nominal value of each equity shares | **Re.1** | Re.1 |
| Basic Earnings Per Share (in Rs.) | **32.41** | 25.26 |
| Add: Expenses/(income) to the Profit and Loss Account on account of Foreign Currency Convertible Bonds (net of tax) | **(58.74)** | – |
| Profit after tax for Diluted EPS | **2,570.39** | 1,988.13 |
| Weighted average number of shares for Basic EPS | **811,125,264** | 787,240,400 |
| Add: Effect of potential equity shares on conversion of Foreign Currency Convertible Bonds | **1,716,276** | – |
| Weighted average number of shares for Diluted EPS | **812,841,540** | 787,240,400 |
| Diluted EPS (in Rs.) | **31.62** | 25.26 |

The above does not take into account the effect of the merger under litigation referred to Note no. 2 above.

### 14. Related party information:

Related party information as required by AS 18 is given below:

A. Names of the related parties and their relationships:

i) *Holding Companies:*

| | |
|---|---|
| – Finsider International Company Limited | Holding Company |
| – Richter Holding Limited | Holding Companies of Finsider International Company Limited |
| – Westglobe Limited | |
| – Vedanta Resources Plc | Ultimate Holding Company |

ii) *Fellow Subsidiaries:*

With whom transactions have taken place during the year

- Sterlite Industries (India) Limited
- The Madras Aluminum Company Limited
- Vedanta Aluminum Limited
- Hindustan Zinc Limited
- Talwandi Sabo Power Limited
- Sterlite Technologies Limited
- Twin Star Holdings Limited

iii) *Jointly Controlled Entities:*

- Goa Maritime Private Limited

iv) *Details of Key Management Personnel:*

Executive directors

- Mr. P.K. Mukherjee
- Mr. A.K. Rai
- Mr. A. Pradhan
- Mr. H.P.U.K. Nair (Retired from 01.10.2009)
- Mr. M.D. Phal (Retired from 01.05.2009)

v) *Enterprise in which significant influence is exercised by Key Management Personnel:*

- Sesa Community Development Foundation

SESA GOA LIMITED

# Notes Forming Part of the Accounts continued
## For the year ended 31st March 2010

**Schedule 19:** continued

B. Transactions with related parties:

a) Details relating to parties referred to in items A (i) and (ii) above:

(Rs. in crore)

| Name of Related Party | Nature of Transaction | Holding Companies | Fellow Subsidiaries |
|---|---|---|---|
| **1) Sales & Services** | | | |
| Vedanta Aluminium Limited | Interest on ICD | – | 95.21 |
| | | (–) | (42.72) |
| Sterlite Industries (India) Limited | Sale of Pig Iron | – | 3.52 |
| | | (–) | (2.43) |
| Hindustan Zinc Limited | Sale of Coke | – | 1.08 |
| | | (–) | (0.14) |
| Bharat Aluminium Company Limited | Sale of Pig Iron | – | – |
| | | (–) | (0.06) |
| **2) Purchase & Other services** | | | |
| Hindustan Zinc Ltd. | Administration Expenses | – | 0.13 |
| | | (–) | (0.30) |
| Bharat Aluminium Company Limited. | Administration Expense | – | – |
| | | (–) | (1.14) |
| Vedanta Aluminium Limited | Administration Expenses | – | 1.25 |
| | | (–) | (1.06) |
| The Madras Aluminium Company Limited. | Administration Expenses | – | – |
| | | (–) | (0.03) |
| Talwandi Sabo Power Limited | Administration Expenses | – | 0.03 |
| | | (–) | (–) |
| Sterlite Technologies Limited | Administration Expenses | – | 0.14 |
| | | (–) | (0.08) |
| Sterlite Industries (India) Limited | Administration Expenses | – | 10.36 |
| | | (–) | (5.06) |
| Vedanta Resources Plc | Administration Expenses | 5.34 | – |
| | | (0.05) | (–) |
| Finsider International Company. Limited. | Dividend | 90.34 | – |
| | | (60.22) | (–) |
| West Globe Limited. | Dividend | 3.72 | – |
| | | (0.22) | (–) |
| **3) Inter Corporate Deposits** | | | |
| Vedanta Aluminium Limited | | – | – |
| | | (–) | (1,000.00) |
| **4) Bad Debts Written Off** | | – | – |
| | | (–) | (–) |
| **5) Outstanding receivable/payables (–) (net of receivables)** | | | |
| Vedanta Resources Plc | | -6.45 | – |
| | | (–) | (–) |
| Sterlite Industries (India) Limited | | – | -1.11 |
| | | (–) | (-1.58) |
| Vedanta Aluminium Limited | | – | -0.64 |
| | | (–) | (–) |
| Hindustan Zinc Limited | | – | -0.02 |
| | | (–) | (–) |
| Sterlite Technologies Limited | | – | -0.01 |
| | | (–) | (–) |

**Schedule 19:** continued

b) Details relating to persons referred to in item 1(iv) above:

(Rs. in crore)

| | 2009-10 | 2008-09 |
|---|---|---|
| **i) Remuneration[Executive Directors]** | | |
| Mr. P. K. Mukherjee | 1.73 | 1.33 |
| Mr. A. K. Rai | 1.10 | 0.93 |
| Mr. A. Pradhan | 0.86 | 0.76 |
| Mr. H. P. U .K. Nair | 0.76 | 0.71 |
| Mr. M.D. Phal | 0.34 | 0.68 |
| Mr. Pramod Unde | 0.41 | – |
| | 5.20 | 4.41 |
| **ii) Interest received** | | |
| Mr. M. D. Phal | – | 0.01 |
| **iii) Sale of Assets** | | |
| Mr. H. P. U .K. Nair | 0.04 | – |
| Mr. M. D. Phal | 0.04 | – |
| **(iv) Outstanding loans from directors** | | |
| Mr. M.D. Phal | – | 0.06 |
| **(v) Outstanding receivables/(payables)** | | |
| Mr. P. K. Mukherjee - | (0.56) | (0.44) |
| Mr. S. D. Kulkarni | (0.10) | (0.09) |
| Mr. P. G. Kakodkar | (0.09) | (0.08) |
| Mr. G. D. Kamat | (0.09) | (0.08) |
| Mr. K. R. V. Subrahmanian | – | (0.05) |
| | (0.84) | (0.74) |

c) Details relating to persons referred to in item A (v) above

(Rs. in crore)

| | 2009-10 | 2008-09 |
|---|---|---|
| Donation | 3.53 | 5.12 |
| Recovery – rent and electricity charges | 0.02 | 0.02 |

d) Additional information required the Listing Agreement:

(Rs. in crore)

| | 2009-10 | | 2008-09 | |
|---|---|---|---|---|
| | Outstanding as at 31st March 2010 | Maximum amount outstanding during the year | Outstanding as at 31st March 2009 | Maximum amount outstanding during the year |
| Inter-corporate deposits – Dues from fellow subsidiary Vedanta Aluminium Limited | 1,000.00* | 1,000.00 | 1,000.00 | 1,000.00 |

* Inter-corporate deposits have been placed at an interest rate of 8% p.a. and are secured against a corporate guarantee from Vedanta Resources Plc., the ultimate holding company. As no cash and cash equivalents were involved in the roll-over of this Inter-corporate deposit, the same has been excluded from the Cash flow statement.

SESA GOA LIMITED

# Notes Forming Part of the Accounts continued
## For the year ended 31st March 2010

**Schedule 19:** continued

**15.** The ultimate holding company viz, Vedanta Resources Plc, ("Vedanta") offers equity-based award plans to its employees, officers and directors based on the performance conditions as set out in the scheme, duly approved by the board of directors and by the shareholders of Vedanta on 24th December 2003 and 20th January 2004 respectively. The performance condition attached to outstanding awards under the Long Term Incentive Plan (LTIP) is that of Vedanta's performance, measured in terms of Total Shareholder Return ("TSR") compared over a three year period or such period as the Board of Vedanta may determine with the performance of the companies as defined in the scheme from the date of grant. Under this scheme, initial awards under the LTIP were granted in February 2004 with further awards being made in June 2004, November 2004, February 2006, November 2007, February 2009, August 2009 and January 2010.

The fair values were calculated using a Monte Carlo model with suitable modifications to allow for the specific performance conditions of the LTIP. The inputs to the model include the share price at date of grant, exercise price, expected volatility, expected dividends and the risk free rate of interest. A progressive dividend growth policy is assumed in all fair value calculations. Expected volatility has been calculated using historical share prices over the period to date of grant that is commensurate with the performance period of the option. The share prices of the mining companies in the Adapted Comparator Group have been modeled based on historical price movements over the period to date of grant which is also commensurate with the performance period for the option. The history of share prices is used to determine the volatility and correlation of share prices for the companies in the Adapted Comparator Group and is needed for the Monte Carlo simulation of their future TSR performance relative to the Company's TSR performance. All options are assumed to be exercised six weeks after vesting.

The awards are indexed to and settled in Vedanta shares. The awards provide for a fixed exercise price denominated in Vedanta's functional currency at 10 US cents per share. Vedanta is obligated to issue the shares. On the grant date, fair value of the awards is recovered by Vedanta from the Group to the extent the awardees have been deployed at the Group.

Accordingly, Vedanta, on the basis of fair value of options granted to such employees charged a proportionate cost to the Group in the amount of Rs. 5.34 Crores (Previous year Rs. 2.37 Crores) which is charged to the Profit & Loss Account under the head "Salaries, Wages, bonus and allowances" in Schedule 16 to the financial statements.

Vedanta has obtained an overall valuation of the options granted by it to the awardees. Information related to options granted to the eligible resources deployed at the Group is not readily available and accordingly the movements in options have not been disclosed.

**16. Segment Information**

As required by Accounting Standard No.17 on Segment Reporting

i) The Company is collectively organised into three main business segments namely:
- Iron Ore
- Metallurgical Coke
- Pig iron

Segments have been identified and reported taking into account the nature of the product and services, the organisation structure and internal financial reporting system.

**Schedule 19:** continued

ii) Information based on the Primary Segment (Business Segment)

| | Iron Ore | Metallurgical Coke | Pig Iron | Unallocated | Total |
|---|---|---|---|---|---|
| Revenue | | | | | |
| – Sales/Income from Operations (net of duties and ocean freight) | 5,234.55<br>(4,306.59) | 384.35<br>(472.49) | 551.40<br>(583.06) | | 6,170.30<br>(5,362.14) |
| – Other Income | 6.48<br>(1.37) | 0.17<br>(0.12) | 0.43<br>(0.27) | | 7.08<br>(1.76) |
| | 5,241.03<br>(4,307.96) | 384.52<br>(472.61) | 551.83<br>(583.33) | | 6,177.38<br>(5,363.90) |
| Less: Intersegment Revenue | 71.34<br>(72.49) | 240.70<br>(330.14) | 0.14<br>(0.59) | | 312.18<br>(403.22) |
| Net Revenue from operations | 5,169.69<br>(4,235.47) | 143.82<br>(142.47) | 551.69<br>(582.74) | | 5,865.20<br>(4,960.68) |
| Add: Interest Income | | | | 142.85<br>(43.02) | 142.85<br>(43.02) |
| Add: Dividend | | | | 79.00<br>(149.30) | 79.00<br>(149.30) |
| Add: Foreign Exchange Gain on Foreign Currency Convertible Bonds | | | | 121.91<br>(–) | 121.91<br>(–) |
| Add: Profit on sale of Investment | | | | 75.30<br>(30.13) | 75.30<br>(30.13) |
| Enterprise revenue | | | | | 6,284.26<br>(5,183.13) |
| Segment Result befotre tax, Interest,dividend and other non- recuring/ Unallocable income | 2,925.91<br>(2,206.07) | 34.09<br>(204.69) | 117.25<br>(77.94) | | 3,077.25<br>(2,488.70) |
| Less: Interest Expenses | | | | 51.72<br>(0.99) | 51.72<br>(0.99) |
| Add: Interest Income | | | | 142.85<br>(43.02) | 142.85<br>(43.02) |
| Add: Dividend Income | | | | 79.00<br>(149.30) | 79.00<br>(149.30) |
| Add: Foreign Exchange Gain on Foreign Currency Convertible Bonds | | | | 121.91<br>(–) | 121.91<br>(–) |
| Add: Profit on sale of Investment | | | | 75.30<br>(30.13) | 75.30<br>(30.13) |
| Profit before Taxation | | | | | 3,444.59<br>(2,710.16) |
| Segment Assets | 2,891.02<br>(902.69) | 227.18<br>(187.58) | 203.52<br>(186.03) | 7,914.85<br>(4,125.19) | 11,236.57<br>(3,412.77) |
| Segment Liabilities | 689.59<br>(267.19) | 168.01<br>(59.85) | 32.65<br>(26.40) | 2,385.32<br>(298.93) | 3,275.57<br>(652.37) |
| Capital Expenditure | 141.58<br>(126.96) | 3.42<br>(9.49) | 4.52<br>(10.84) | | 149.52<br>(69.10) |
| Depreciation | 57.29<br>(34.95) | 9.31<br>(9.15) | 7.90<br>(7.57) | | 74.50<br>(49.96) |
| Significant Non-cash Expenses Other than Depreciation | 0.61<br>(0.56) | 9.03<br>(–) | –<br>(0.03) | –<br>(–) | 9.64<br>(0.59) |

(Figures in bracket relate to previous year)

SESA GOA LIMITED

# Notes Forming Part of the Accounts continued
## For the year ended 31st March 2010

iii) Information based on the Secondary Segment (Geographical Segments):

(Rs. in crore)

| | 2009-10 | 2008-09 |
|---|---|---|
| **Segment Revenue:** | | |
| India | **1,031.26** | 867.51 |
| Outside India | **5,146.12** | 4,093.17 |
| **Segment Assets:** | | |
| India | **1,331.82** | 1,055.43 |
| Outside India | **243.48** | 220.88 |
| **Capital Expenditure:** | | |
| India | **136.11** | 146.81 |
| Outside India | **–** | 0.48 |

**17.** "Other current assets" comprise interest accrued on term deposits.

**18.** Previous year's figures have been regrouped and rearranged wherever necessary to conform to this year's classification.

For and on behalf of the Board of Directors

**P.K. Mukherjee**
Managing Director

**A.K. Rai**
Director

**C.D. Chitnis**
Company Secretary

Place: Panaji – Goa
Dated: 19th April 2010

# Consolidated Cash Flow Statement
## For the year ended 31st March 2010

| Particulars | Year ended 31st March 2010 Rs. in crore | Year ended 31st March 2009 Rs. in crore |
|---|---|---|
| **A. CASH FLOW FROM OPERATING ACTIVITIES:** | | |
| Net profit before tax | 3,444.59 | 2,710.16 |
| **Adjustments for:** | | |
| Depreciation | 74.50 | 51.67 |
| Provision for doubtful debts | 0.02 | 0.03 |
| Provision for doubtful debts written back | (0.03) | – |
| Assets written off | 0.09 | – |
| Interest/dividend (net) | (170.13) | (191.33) |
| (Profit)/loss on sale of fixed assets (net) | (0.18) | (0.09) |
| (Profit)/loss on redemption of mutual fund investments (net) | (75.30) | (30.13) |
| Provision for doubtful advance | 0.50 | – |
| Provision for claim under litigation | 9.03 | – |
| Unrealised exchange (gain)/loss | (126.54) | 0.56 |
| **Operating profit before working capital changes** | 3,156.55 | 2,540.87 |
| **Adjustments for:** | | |
| Trade and other receivables | (39.41) | 131.00 |
| Inventories | (160.96) | 47.61 |
| Trade payables | 379.49 | 135.84 |
| **Cash generated from operations** | 3,335.67 | 2,855.32 |
| Taxes paid | (764.35) | (720.99) |
| **NET CASH FROM OPERATING ACTIVITIES** | 2,571.32 | 2,134.33 |
| **B. CASH FLOW FROM INVESTING ACTIVITIES:** | | |
| Purchase of fixed assets | (149.52) | (147.29) |
| Proceeds from sale of fixed assets | 0.57 | 0.16 |
| Acquisition of subsidiaries | (1,713.24) | – |
| (Purchase)/redemption of current investments | (1,364.30) | (964.72) |
| Deposits with bank having original maturity over three months | (2,350.01) | – |
| Interest received | 103.38 | 43.02 |
| Dividend received | 79.00 | 69.98 |
| **NET CASH USED IN INVESTING ACTIVITIES** | (5,394.12) | (998.85) |

SESA GOA LIMITED

# Consolidated Cash Flow Statement
## For the year ended 31st March 2010

| Particulars | | Year ended 31st March 2010 Rs. in crore | Year ended 31st March 2009 Rs. in crore |
|---|---|---|---|
| C. | **CASH FLOW FROM FINANCING ACTIVITIES:** | | |
| | Issue of Equity Shares | 537.24 | – |
| | Issue of Foreign Currency Convertible Bonds | 2,380.58 | – |
| | Loans availed/(repaid) | (23.02) | – |
| | Inter Corporate Deposits | – | (1,000.00) |
| | Interest paid | (6.25) | (0.99) |
| | Dividend paid and dividend tax | (206.44) | (137.97) |
| | **NET CASH USED IN FINANCING ACTIVITIES** | 2,682.11 | (1,138.96) |
| | **NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS** | (140.69) | (3.48) |
| | Cash and cash equivalents – opening balance | 14.07 | 17.57 |
| | – on acquisition | 160.31 | – |
| | Effect of exchange gain/(Loss) on cash and cash equivalents | – | (0.02) |
| | Cash and cash equivalents – closing balance | 33.69 | 14.07 |
| | Footnotes | | |
| 1 | Cash and bank balances as per Schedule 10 | 2,391.84 | 17.72 |
| | Less: Deposits with bank having original maturity over three months | (2,353.71) | – |
| | Less: Unpaid dividend account | (4.44) | (3.65) |
| | Cash and cash equivalents as per the cash flow statement | 33.69 | 14.07 |

2 Foreign Currency Convertible Bonds converted into equity shares have not been considered in cash flow statement, being non cash transactions.
3 Figures in brackets represent outflows
4 For notes to accounts refer schedule 19

Per our report attached of even date attached.

**For Deloitte Haskins & Sells**
Chartered Accountants

For and on behalf of the Board of Directors

**Sanjiv V. Pilgaonkar**
Partner

**P.K. Mukherjee**
Managing Director

**A.K. Rai**
Director

**C.D. Chitnis**
Company Secretary

Place: Mumbai
Dated: 19th April 2010

Place: Panaji – Goa
Dated: 19th April 2010

SESA GOA LIMITED

# Notice of Annual General Meeting

Notice is hereby given that the Forty-Fifth Annual General Meeting of SESA GOA LIMITED will be held on Monday, 19th July, 2010 at 11.00 A.M. at Dinanath Mangeshkar Kala Mandir Auditorium at Kala Academy, Panaji, Goa, to transact the following business:

## Ordinary business

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010 and the Profit & Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.

2. To declare a Dividend.

3. To appoint a Director in place of Mr. G. D. Kamat who retires by rotation and being eligible offers himself for re-appointment.

4. To appoint a Director in place of Mr. K. K. Kaura who retires by rotation and being eligible offers himself for re-appointment.

5. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

By Order of the Board

**SESA GOA LIMITED**

**C.D. CHITNIS**
SECRETARY & GM-LEGAL

Place : Panaji- Goa
Dated: 19th April, 2010

NOTES:

a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

b) The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, 6th July, 2010 to Thursday, 8th July, 2010 (both days inclusive).

c) Payment of dividend on equity shares, as declared at the meeting, will be made to those members whose names appear on the Company's Register of Members as on Monday, 5th July, 2010. Members are requested to notify immediately any change in their address.

d) In accordance with the provisions of Section 205A (5) read with Section 205C of the Companies Act, 1956, the amount of dividend for the Financial Year ended 31st March, 2002 which remained unpaid and unclaimed for a period of 7 years from the date of transfer to the Unpaid Dividend Account of the Company has been transferred to the Investor Education and Protection Fund established by the Central Government.

e) Pursuant to the provisions of Section 205A (5) read with Section 205C of the Companies Act, 1956 the amount of dividends for the Financial Year ended 31st March, 2003 and thereafter which remain unpaid and unclaimed for a period of 7 years from the date of transfer to the Unpaid Dividend Account of the Company shall be transferred to the Investor Education and Protection Fund established by the Central Government and no claim shall lie against the said Fund or the Company for the amounts of dividend so transferred to the said Fund. Shareholders, who have not yet encashed their dividend warrants for the Financial Year ended 31st March, 2003 or any subsequent financial years are therefore requested to make their claim to the Company without delay.

f) Members are requested to bring their Admission Slips along with copy of the Report and Accounts to the Annual General Meeting.

g) Members, who wish to obtain any information on the Company or view the accounts for the Financial Year ended 31st March, 2010 may visit the Company's corporate website www.sesagoa.com or send their queries atleast 10 days before the Annual General Meeting to the Company Secretary at the Registered Office of the Company.

h) The information as required to be provided under the Listing Agreement with the Stock Exchanges, regarding the Directors who are proposed to be re-appointed is given hereunder:

i) Name: Mr. G. D. Kamat

Age: 75 years

Qualifications: B.A., L.L.B.

Expertise: Over 45 years experience in the field of Legal Practice and Judiciary. Retd. as Chief Justice of Gujarat High Court in 1996. Presently engaged in Judicial work relating to Arbitration and Conciliation.

Shareholding: Nil

Other Directorships / Committee Memberships:

| Sr. No. | Name of the Company | Position held | Committee Type | Membership Status |
|---|---|---|---|---|
| 1. | Sesa Industries Limited | Director | Audit | Member |

ii) Name: Mr. Kuldip Kumar Kaura

Age: 63 years

Qualifications: Degree in Mechanical Engineering (Honours) from BITS, Pilani & Executive education at London Business School & IFL, Sweden.

Expertise: 18 years of experience at ABB India at various operations & business management positions. He was a member of Directors of ABB India from 1996 and was Managing Director and County Manager of ABB from 1998 to 2001. In 2002 joined Sterlite and was Managing Director of Hindustan Zinc Ltd and became the Chief Operating Officer of Vedanta Resources plc since its inception. He was a Director of Hindustan Zinc Ltd, Vedanta Alumina and Copper Mines Tasmania Pty Ltd and became Chief Executive Officer, Vedanta Resources plc, also Managing Director of Sterlite and Deputy Chairman of Konkola Copper Mines.

Shareholding: Nil

Other Directorships / Committee Memberships:

| Sr. No. | Name of the Company | Position held | Committee Type | Membership Status |
|---|---|---|---|---|
| 1. | ACC Ltd. | Director | - | |

# Sesa Goa Limited

Regd. Office:
'Sesa Ghor',
20 EDC Complex,
Patto, Panaji,
Goa - 403 001

## ATTENDANCE SLIP

PLEASE FILL THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

| (For demat holding) | | (For physical holding) | |
|---|---|---|---|
| DP ID | | Folio No. | |
| Client ID | | No. of Share(s) held | |

I hereby record my presence at the 45th ANNUAL GENERAL MEETING of the Company on Monday, 19th July, 2010 at 11.00 a.m. at Dinanath Mangeshkar Kala Mandir Auditorium at Kala Academy, Panaji, Goa.

Name of the equity shareholder/proxy/representative ______________________________

Signature of the equity shareholder/proxy/representative ______________________________

Note: Shareholders are requested to bring the Attendance Slip with them when they come to the meeting and hand it over at the gate after affixing their signature on it.

# Sesa Goa Limited

Regd. Office:
'Sesa Ghor',
20 EDC Complex,
Patto, Panaji,
Goa - 403 001

## PROXY FORM

I/We ..............................................................................................................................

.............................................. of .............................................................................. being a member/members

of SESA GOA LIMITED, hereby appoint ..................................................................................

.............................................................................. of ............................................ of failing him.............................................. of

or failing him ........................................................................ of ..............................................................................

as my/our proxy to vote for me/us and on my/our behalf at the 45th ANNUAL GENERAL MEETING of the Company on Monday, 19th July, 2010 at 11.00 a.m. at Dinanath Mangeshkar Kala Mandir Auditorium at Kala Academy, Panaji, Goa and at any adjournment thereof.

Signed this .............................................................................. day of ..............................................................................2010.

Folio No./DP ID and Client ID:

Address:

**Affix**
**Re. 1/-**
**Revenue Stamp**

Signature

Notes:
1. The proxy need NOT be a member.
2. The proxy form duly signed across revenue stamp should be submitted to the Company's Registered Office at least 48 hours before the time of the meeting.

# Corporate Information

### Board of Directors:

**S. D. Kulkarni**
Chairman

**P. G. Kakodkar**

**G. D. Kamat**

**K. K. Kaura**

**A. Pradhan**
Whole Time Director
**A. K. Rai**
Whole Time Director
**P. K. Mukherjee**
Managing Director

### Secretary:

**C. D. Chitnis**

### Auditors:

**M/s. Deloitte Haskins &** Sells
Chartered Accountants,
Mumbai

### Registered Office:

**Sesa Goa Limited**
Sesa Ghor,
20 EDC Complex,
Patto, Panaji,
Goa - 403 001

### Transfer Agents

**Karvy Computershare Private Limited,**
Plot No 17-24, Vittal Rao Nagar,
Madhapar, Hyderabad – 500 081

Phone: 040 23420815-28
Fax: 040 23420814
Email: mailmanager@karvy.com
einward.ris@karvy.com
www.karvycomputershare.com

### Bankers:

Canara Bank
State Bank of India
ICICI Bank Limited

### Mining and other establishments:

In the states of Goa, Karnataka and Orissa of India

**Sesa Goa Limited**
Sesa Ghor
20 EDC Complex, Patto, Panaji,
Goa 403001 India
Tel: +91-832-2460600

www.sesagoa.com

This annual report is printed on Eco-Friendly paper