

# SESA GOA LIMITED

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## REGISTERED OFFICE:

Sesa Ghor, 20 EDC Complex, Patto, Panaji, Goa - 403 001

## DIRECTORS:

S. D. Kulkarni	Chairman
P. G. Kakodkar	
G. D. Kamat	
K. K. Kaura	
A. Pradhan	Wholetime Director
H. P. U. K. Nair	Wholetime Director
A. K. Rai	Wholetime Director
P. K. Mukherjee	Managing Director

## SECRETARY:

C. D. Chitnis

## AUDITORS:

M/s. Deloitte Haskins & Sells  
Chartered Accountants  
Mumbai

## BANKERS:

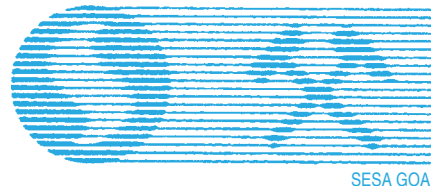
Canara Bank  
State Bank of India  
ICICI Bank Limited

## MINING AND OTHER ESTABLISHMENTS:

In the states of Goa, Karnataka and Orissa of India



## SESA GROUP



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# NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Forty-Fourth Annual General Meeting of SESA GOA LIMITED will be held on Thursday, 13th August, 2009 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, 2009 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. P. G. Kakodkar who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. A. Pradhan 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.

## SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without modification(s) the following resolutions as Ordinary Resolutions:

6. "RESOLVED that pursuant to the provisions of Sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby accords its approval to the re-appointment of Mr. Prasun Kumar Mukherjee, as Managing Director of the Company for a period of three years with effect from 1st April, 2009 and to the payment of remuneration with base salary of Rs.4,65,000/- per month in the scale of Rs.4,00,000/- to Rs.8,00,000/- more particularly set out in the Explanatory Statement attached to the Notice convening this Annual General Meeting, with a liberty to the Board of Directors to alter and vary such terms and conditions including remuneration so as not to exceed the limits specified in Part I, i.e. in case of profit and Part II, i.e. in case of inadequacy of profit of Schedule XIII to the Companies Act, 1956 or any amendments thereto as may be agreed to by the Board of Directors and Mr. P. K. Mukherjee during the aforesaid period."
7. "RESOLVED that pursuant to the provisions of Sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby accords its approval to the re-appointment of Mr. Arun Kumar Rai as Wholtime Director of the Company effective from 1st February, 2009 upto 31st July, 2011 and to the payment of remuneration with base salary of Rs.2,00,000/- per month in the scale of Rs.1,50,000/- to Rs.5,00,000/- more particularly set out in the Explanatory Statement attached to the Notice convening this Annual General Meeting with a liberty to the Board of Directors to alter and vary such terms and conditions including remuneration so as not to exceed the limits specified in Part

I, i.e. in case of profit and Part II, i.e. in case of inadequacy of profit of Schedule XIII to the Companies Act, 1956 or any amendments thereto as may be agreed to by the Board of Directors and Mr. A. K. Rai during the aforesaid period."

8. "RESOLVED that pursuant to the provisions of Sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby accords its approval to the re-appointment of Mr. Hari Prasad Unni Krishnan Nair as Wholtime Director of the Company effective from 1st February, 2009 upto 30th September, 2009 and to the payment of remuneration with base salary of Rs.1,80,000/- per month in the scale of Rs.1,50,000/- to Rs.5,00,000/- more particularly set out in the Explanatory Statement attached to the Notice convening this Annual General Meeting with a liberty to the Board of Directors to alter and vary such terms and conditions including remuneration so as not to exceed the limits specified in Part I, i.e. in case of profit and Part II, i.e., in case of inadequacy of profit of Schedule XIII to the Companies Act, 1956 or any amendments thereto as may be agreed to by the Board of Directors and Mr. H. P. U. K. Nair during the aforesaid period."
9. "RESOLVED that pursuant to the provisions of sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby accords its approval to the appointment of Mr. M. D. Phal as Wholtime Director of the Company effective from 21st December, 2008 upto 30th April, 2009 and to the payment of remuneration with base salary of Rs.1,55,000/- per month in the scale of Rs.1,50,000/- to Rs.5,00,000/- more particularly set out in the Explanatory Statement attached to the Notice convening this Annual General Meeting with a liberty to the Board of Directors to alter and vary such terms and conditions including remuneration so as not to exceed the limits specified in Part I, i.e. in case of profit and Part II, i.e., in case of inadequacy of profit of Schedule XIII to the Companies Act, 1956 or any amendments thereto as may be agreed to by the Board of Directors and Mr. M. D. Phal during the aforesaid period."

To consider and, if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

10. "RESOLVED that pursuant to Sections 309(4) and 310 of the Companies Act, 1956, authority be and is hereby accorded to the Board of Directors to decide payment of commission to the Non-Wholtime Directors of the Company resident in India, not being Managing/Wholtime Directors (in such manner as the Board of Directors may from time to time determine) upto Rs. 50 lakhs per annum computed in the manner laid down in Section 198 (1) of the Companies Act, 1956."

By Order of the Board  
SESA GOA LIMITED

Place: Panaji-Goa  
Dated: 11th June, 2009

C.D. CHITNIS  
Secretary & GM - Legal

## NOTES:

- a) The relative Explanatory Statement as required by Section 173 of the Companies Act, 1956, in regard to the Special Business entered under Items 6 to 10 is annexed hereto.
- b) 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.
- c) The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, 4th August, 2009 to Thursday, 6th August, 2009 (both days inclusive).
- d) 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, 3rd August, 2009. Members are requested to notify immediately any change in their address.
- e) 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, 2001 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.
- f) 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, 2002 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, 2002 or any subsequent financial years are therefore requested to make their claim to the Company without delay.
- g) Members are requested to bring their Admission Slips along with copy of the Report and Accounts to the Annual General Meeting.
- h) Members, who wish to obtain any information on the Company or view the accounts for the Financial Year ended 31st March, 2009 may visit the Company's corporate website [www.sesagoa.com](http://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.
- i) The information as required to be provided under the Listing Agreement with the Stock Exchanges, regarding the Directors who are proposed to be appointed/re-appointed is given hereunder:
  - i) Name : Mr. Pandurang Ghanasham Kakodkar
  - Age : 72 years
  - Qualifications : M.A. (Economics)
  - Expertise : Retired Chairman of State Bank of India, the biggest Commercial Bank in the Country. He is currently I.T. and Banking Consultant.
  - Shareholding : NIL
  - Other Directorships/Committee Memberships :

Sr. No.	Name of the Company	Position held	Committee Type	Membership Status
1.	Goa Carbon Ltd.	Director	Audit Remuneration	Member Member
2.	Uttam Galva Steel Ltd.	Director	Audit	Member
3.	Financial Technologies (India) Ltd.	Director	Audit	Member
4.	Fomento Resorts and Hotels Ltd.	Director	-	-
5.	Centrum Finance Ltd.	Director	-	-
6.	Sesa Industries Limited	Director	Remuneration	Chairman
7.	Auditime Information Systems (I) Private Limited	Director	-	-
8.	SBI Funds Management Pvt. Ltd.	Director	-	-
9.	Multi Commodity Exchange of India Ltd.	Director	-	-
10.	IBX Forex Ltd.	Director	-	-
11.	Anand Rath Financial Services Ltd.	Director	-	-

- ii) Name : Mr. Amit Pradhan  
 Age : 54 years  
 Qualifications : M.Sc. (Physics) from IIT Delhi.  
 Expertise : 31 years of experience in Materials Management  
 Shareholding : 1340 shares  
 Other Directorships/Committee Memberships :

Sr. No.	Name of the Company	Position held	Committee Type	Membership Status
1.	Sesa Industries Limited	Director	Audit & Remuneration	Member

- iii) Name : Mr. Prasun Kumar Mukherjee  
 Age : 53 years  
 Qualifications : Fellow Member of the Institute of Chartered Accountants of India & Associate Member of the Institute of Cost & Works Accountants of India.  
 Expertise : 29 years of experience in Finance, Accounts, Costing, Taxation, Legal and Management.  
 Shareholding : 4000 shares

Sr. No.	Name of the Company	Position held	Committee Type	Membership Status
1.	Sesa Industries Ltd.	Managing Director		
2.	Sesa Community Development Foundation	Director	-	-
3.	Navelim Iron Pvt. Ltd.	Director	-	-

- iv) Name : Mr. Arun Kumar Rai  
 Age : 57 Years  
 Qualifications : B.Sc in Mining Engineering from Banaras Hindu University.  
 Expertise : 33 years experience in the field of Mining.  
 Shareholding : 2640 shares  
 Other Directorships/Committee Memberships : NIL

- v) Name : Mr. Hari Prasad Unni Krishnan Nair  
 Age : 59 Years  
 Qualifications : B.Tech (Metallurgy) from I.I.T Madras  
 Expertise : 36 years of experience in Metallurgical Industry  
 Shareholding : NIL  
 Other Directorships/Committee Memberships :

Sr. No.	Name of the Company	Position held	Committee Type	Membership Status
1.	Sesa Industries Limited	Director	Audit & Remuneration	Member
2.	Navelim Iron Pvt. Ltd.	Director	-	-

- vi) Name : Mr. Madhukar Dattatray Phal  
 Age : 60 years  
 Qualifications : M.A. in Personnel Management & Industrial Relations from Tata Institute of Social Sciences, Mumbai  
 Expertise : 34 years of experience in Human Resources function  
 Shareholding : NIL  
 Other Directorships/Committee Memberships :

Sr. No.	Name of the Company	Position held	Committee Type	Membership Status
1.	Sesa Industries Limited	Director	-	-
2.	Sesa Community Development Foundation	Director	-	-

# Annexure to Notice

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

### ITEM NO. 6

The Board of Directors of the Company, at its Meeting held on 30th March, 2009 re-appointed Mr. Prasun Kumar Mukherjee as Managing Director of the Company effective from 1st April, 2009 for a period of three years subject to the approval of the Shareholders at the ensuing Annual General Meeting of the Company on a base salary of Rs.4,65,000/- per month in the scale of Rs.4,00,000/- to Rs.8,00,000/- as recommended by the Remuneration Committee. Mr. P. K. Mukherjee is a nominee of Finsider International Co. Ltd., pursuant to the provisions of Article 111 of the Articles of Association of the Company.

Mr. Prasun Kumar Mukherjee, during last three years, as Managing Director has driven the affairs of the Company making it financially strong more particularly in current recession period also. The Board commends passing of the resolution, as the experience of Mr. Prasun Kumar Mukherjee will help in growth of the business in future.

Mr. P. K. Mukherjee is a Fellow Member of the Institute of Chartered Accountants of India and also an Associate Member of the Institute of Cost & Works Accountants of India with 29 years of experience in Finance, Accounts, Costing, Taxation and Legal. Mr.P.K. Mukherjee has made valuable contribution in increasing the shareholders value and strategic planning for the growth of Sesa Group.

The remuneration proposed and reproduced herein below is within the norms to the Schedule XIII of the Companies Act, 1956 as amended:

- (A) Salary : Rs.4,65,000/- per month (in the scale of Rs.4,00,000/- to Rs.8,00,000/-). Salary shall normally be subject to review for competitiveness periodically thereafter, being adjusted as appropriate and as approved by the Board.
- (B) Commission : At 1% of the net profits of the Company, computed in the manner laid down under Section 309 (5) of the Companies Act, 1956, subject to a ceiling of 100% of the salary per annum, whichever is less.
- (C) Perquisites : This shall be allowed in addition to salary and commission. Such perquisites are classified under 3 categories as under:

#### Category A

- i) Housing – As per rules of the Company. The house will be fully furnished.
- ii) Medical Reimbursement - Expenses incurred for self and family will be as per the rules of the Company.

- iii) Leave Travel Concession – For self and family once in a year in accordance with the rules of the Company.
- iv) Leave – Five weeks leave inclusive of travel time for each year of completed service. The availment/accumulation and encashment of leave will be as per rules of the Company.
- v) Club Fees – Annual membership and entrance fees shall be borne by the Company for upto two clubs. However, life membership fees will not be paid by the Company.
- vi) Personal Accident Insurance – Coverage by Policy for Rs. 25,00,000/-.

For the purpose of Category A “Family” means wife, dependent children and dependent parents.

#### Category B

The Company's contribution to Provident Fund and Superannuation Fund will be as per rules of the Company.

Gratuity - As per the rules of the Company and from the date of commencement of employment with the Company.

#### Category C

The Company shall provide two cars with driver, mobile phone for business/personal use and telephone/fax/internet facility at the official place of residence.

In case of loss or inadequacy of profits, in any year, remuneration shall be payable within the ceiling mentioned in Part II of Schedule XIII of the Companies Act, 1956 or any amendments thereto.

Mr. P.K. Mukherjee will not be entitled to sitting fees for attending Board/ Committee Meetings of the Company.

The remuneration is subject to the provisions of the Income Tax Act, as applicable from time to time.

Mr. P.K. Mukherjee is interested in the Resolution, which if passed, will benefit him. No other Director is interested in this item.

Copy of the existing contract of Mr. P.K. Mukherjee is available for inspection at the Registered Office of the Company on any working day during office hours.

The Board comments passing of the resolution.

### ITEM NO. 7

The Board of Directors of the Company, at its Meeting held on 27th January, 2009, re-appointed Mr. Arun Kumar Rai as Wholetime Director of the Company, effective from 1st February, 2009 up to 31st July, 2011 subject to the approval of the Shareholders at the ensuing Annual General Meeting

of the Company on a base salary of Rs.2,00,000/- per month in the scale of Rs.1,50,000/- to Rs.5,00,000/- as recommended by the Remuneration Committee. Mr. A.K. Rai is a nominee of Finsider International Co. Ltd., pursuant to the provisions of Article 111 of the Articles of Association of the Company.

Mr. A.K. Rai is B.Sc in Mining Engineering holding 33 years experience in the field of Mining.

The remuneration proposed and reproduced herein below is within the norms to the Schedule XIII of the Companies Act, 1956 as amended:

- (A) Base Salary : Rs.2,00,000/- per month (in the scale of Rs.1,50,000/- to Rs.5,00,000/-). Salary shall normally be subject to review for competitiveness periodically thereafter, being adjusted as appropriate and as approved by the Board.
- (B) Executive Allowance : 20% of monthly Base Salary payable each month.
- (C) Performance linked pay : Eligible for variable performance payments, normally made once annually following the end of the preceding fiscal year. Payments will be linked to individual, team and business performance achieved that year and may range upto 100% of annual salary paid as approved by the Board.
- (D) Perquisites : In addition to Base Salary, Performance linked pay and Executive Allowance are classified in 3 categories as under:

## Category A

- i) Housing – As per rules of the Company.
- ii) Medical Reimbursement – Expenses incurred for self and family will be as per the rules of the Company.
- iii) Leave Travel Concession – For self and family once in a year in accordance with the rules of the Company.
- iv) Leave – Five weeks leave inclusive of travel time for each year of completed service. The availment/accumulation and encashment of leave will be as per rules of the Company.
- v) Club Fees – Annual membership and entrance fees shall be borne by the Company for upto two clubs. However, life membership fees will not be paid by the Company.
- vi) Personal Accident Insurance – Coverage by Policy for Rs.25,00,000/-.

For the purpose of Category A “Family” means wife, dependent children and dependent parents.

## Category B

The Company’s contribution to Provident Fund and Superannuation Fund will be as per rules of the Company.

Gratuity – As per the rules of the Company and from the date of commencement of employment with the Company.

## Category C

The Company shall provide a car, driver and mobile phone for business and personal use and telephone/ fax/ internet facility at the principal place of residence.

In case of loss or inadequacy of profits, in any year, remuneration shall be payable within the ceiling mentioned in Part II of Schedule XIII of the Companies Act, 1956 or any amendments thereto.

Mr. A.K. Rai will not be entitled to sitting fees for attending Board/Committee Meetings of the Company.

The remuneration is subject to the provisions of the Income Tax Act, as applicable from time to time.

Mr. A.K. Rai is interested in the Resolution, which if passed, will benefit him. No other Director is interested in this item.

Copy of the existing contract of Mr. A. K. Rai is available for inspection at the Registered Office of the Company on any working day during office hours.

The Board commends passing of the resolution.

## ITEM NO. 8

The Board of Directors of the Company, at its Meeting held on 27th January, 2009, re-appointed Mr. Hari Prasad Unni Krishnan Nair as Wholtime Director of the Company, effective from 1st February, 2009 upto 30th September, 2009 subject to the approval of the Shareholders at the ensuing Annual General Meeting of the Company on a base salary of Rs. 1,80,000/- per month in the scale of Rs.1,50,000/-to Rs.5,00,000/- as recommended by the Remuneration Committee.

Mr. H.P.U.K. Nair is B. Tech (Metallurgy) from I.I.T Madras with 36 years of experience in Metallurgical Industry.

The remuneration proposed and reproduced herein below is within the norms to the Schedule XIII of the Companies Act, 1956 as amended:

- (A) Base Salary : Rs.1,80,000/- per month (in the scale of Rs.1,50,000/-to Rs.5,00,000/-). Salary shall normally be subject to review for competitiveness periodically thereafter, being adjusted as appropriate and as approved by the Board.
- (B) Executive Allowance : 20% of monthly Base Salary payable each month.
- (C) Performance linked pay : Eligible for variable performance payments, normally made once annually following the end of the preceding fiscal year. Payments will be linked to individual, team and business performance achieved that year and may range upto 100% of annual salary paid as approved by the Board.
- (D) Perquisites : In addition to Base Salary, Performance linked pay and Executive Allowance are classified in 3 categories as under:



## Category A

- i) Housing – As per rules of the Company.
  - ii) Medical Reimbursement – Expenses incurred for self and family will be as per the rules of the Company.
  - iii) Leave Travel Concession – For self and family once in a year in accordance with the rules of the Company.
  - iv) Leave – Five weeks leave inclusive of travel time for each year of completed service. The availment/accumulation and encashment of leave will be as per rules of the Company.
  - v) Club Fees – Annual membership and entrance fees shall be borne by the Company for upto two clubs. However, life membership fees will not be paid by the Company.
  - vi) Personal Accident Insurance – Coverage by Policy for Rs.25,00,000/-.
- For the purpose of Category A “Family” means wife, dependent children and dependent parents.

## Category B

The Company’s contribution to Provident Fund and Superannuation Fund will be as per rules of the Company.

Gratuity – As per the rules of the Company and from the date of commencement of employment with the Company.

## Category C

The Company shall provide a car, driver and mobile phone for business and personal use and a telephone/ fax/ internet facility at the principal place of residence.

In case of loss or inadequacy of profits, in any year, remuneration shall be payable within the ceiling mentioned in Part II of Schedule XIII of the Companies Act, 1956 or any amendments thereto.

Mr. H.P.U.K. Nair will not be entitled to sitting fees for attending Board/ Committee Meetings of the Company.

The remuneration is subject to the provisions of the Income Tax Act, as applicable from time to time.

Mr. H.P.U.K. Nair is interested in the Resolution, which if passed, will benefit him. No other Director is interested in this item.

Copy of the existing contract of Mr. H.P.U.K. Nair is available for inspection at the Registered Office of the Company on any working day during office hours.

The Board commends passing of the resolution.

## ITEM NO. 9

The Board of Directors of the Company, at its Meeting held on 27th January, 2009, appointed Mr. Madhukar Dattatray Phal as Wholetime Director of the Company, effective from 21st December, 2008 up to 30th April, 2009 subject to the approval of the Shareholders at the ensuing

Annual General Meeting of the Company on a base salary of Rs.1,55,000/- per month in the scale of Rs.1,50,000/-to Rs.5,00,000/- as recommended by the Remuneration Committee.

Mr. M. D. Phal is M.A. in Personnel Management & Industrial Relations from Tata Institute of Social Sciences, Mumbai with 34 years of experience in Personnel Management.

The remuneration proposed and reproduced herein below is within the norms to the Schedule XIII of the Companies Act, 1956 as amended:

- (A) Base Salary : Rs. 1,55,000/- per month (in the scale of Rs. 1,50,000/- to Rs. 5,00,000/-). Salary shall normally be subject to review for competitiveness periodically thereafter, being adjusted as appropriate and as approved by the Board.
- (B) Executive Allowance : 20% of monthly Base Salary payable each month.
- (C) Performance linked pay : Eligible for variable performance payments, normally made once annually following the end of the preceding fiscal year. Payments will be linked to individual, team and business performance achieved that year and may range upto 100% of annual salary paid as approved by the Board.
- (D) Perquisites : In addition to Base Salary, Performance linked pay and Executive Allowance are classified in 3 categories as under:

## Category A

- i) Housing – As per rules of the Company.
  - ii) Medical Reimbursement – Expenses incurred for self and family will be as per the rules of the Company.
  - iii) Leave Travel Concession – For self and family once in a year in accordance with the rules of the Company.
  - iv) Leave – Five weeks leave inclusive of travel time for each year of completed service. The availment/accumulation and encashment of leave will be as per rules of the Company.
  - v) Club Fees – Annual membership and entrance fees shall be borne by the Company for upto two clubs. However, life membership fees will not be paid by the Company.
  - vi) Personal Accident Insurance – Coverage by Policy for Rs. 25,00,000/-.
- For the purpose of Category A “Family” means wife, dependent children and dependent parents.

## Category B

The Company’s contribution to Provident Fund and Superannuation Fund will be as per rules of the Company.

Gratuity – As per the rules of the Company and from the date of commencement of employment with the Company.



## Category C

The Company shall provide a car, driver and mobile phone for business and personal use and a telephone/ fax/ internet facility at the principal place of residence.

In case of loss or inadequacy of profits, in any year, remuneration shall be payable within the ceiling mentioned in Part II of Schedule XIII of the Companies Act, 1956 or any amendments thereto.

Mr. M.D. Phal will not be entitled to sitting fees for attending Board/ Committee Meetings of the Company.

The remuneration is subject to the provisions of the Income Tax Act, as applicable from time to time.

Mr. M.D. Phal is interested in the Resolution, which if passed, will benefit him. No other Director is interested in this item.

Copy of the existing contract of Mr. M.D. Phal is available for inspection at the Registered Office of the Company on any working day during office hours.

The Board commends passing of the resolution.

## ITEM NO. 10

Section 309(4) of the Companies Act, 1956 provides that a Director who is neither in the wholetime employment of the Company nor a Managing Director may be paid remuneration by way of commission, if the Company by special resolution, authorizes such payment.

As authorized by the Shareholders at the Annual General Meeting held on 22nd December, 2006, the Company had obtained Central Government approval for paying the commission to the Directors, resident in India, other than Managing/Wholetime Directors upto Rupees Forty Lakhs per annum for a period of three years w.e.f 1.4.2006 and the same is valid till 31.3.2009. The shareholders have witnessed the growth of the Company to which the contributions of Non Executive Resident Indian Directors has been vital. The recent trend of globalisation of business, corporate governance, risk assessment requirement and international competition has made the role of Non Executive Resident Indian Directors more imperative. It is, therefore, recommended to approve payment of commission upto Rupees 50 lakhs per annum in addition to the fees for attending the meetings of the Board for period of three years with effect from 1st April, 2009.

All the Directors of the Company other than Managing/Wholetime Directors are deemed to be interested in the Resolution to the extent the commission is payable to them in accordance with the proposed resolution.

By Order of the Board  
SESA GOA LIMITED

Place : Panaji-Goa  
Dated: 11th June, 2009

C.D. CHITNIS  
Secretary & GM - Legal

# 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 2009.

The merger of the subsidiary company, Sesa Industries Ltd. (SIL) with the Company was approved by the Single Judge of the Bombay High Court at Goa. However, based on the appeal made by the objector to the Division Bench of the same Court, the Order of the Single Judge was set aside. Sesa Industries Limited 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

	2008 -2009 (Rs. in crore)	2007 -2008 (Rs. in crore)
Profit before provisions for depreciation and tax	2674.80	2279.52
(Less): Depreciation	(44.10)	(42.58)
Provision for Tax		
- Current Tax	(684.00)	(742.90)
- Deferred Tax	(3.46)	(1.40)
- Fringe Benefit Tax	(0.75)	(0.64)
Profit after depreciation and tax	1942.49	1492.00
Add: Balance brought forward from the preceding year	60.31	50.54
Profit available for appropriation	2002.80	1542.54
<b>Appropriations</b>		
Interim dividend	-	59.04
Proposed dividend/final dividend	177.13	118.09
Tax on distributed profit	30.10	30.10
General Reserve	1700.00	1275.00
Balance carried to Balance Sheet	95.57	60.31
	2002.80	1542.54

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 2009 is Rs.1,994.89 crore as against Rs.1,548.93 crore for the previous year. The earnings per share (of Re.1 each) (excluding minority interest) works out to Rs.25.26 on the increased capital after issue of bonus shares in the ratio of 1 equity share for every 1 equity share held, as against Rs.19.58 for the previous year.

## Sub Division (Split) of Equity Shares and Bonus Shares

During the year the equity share of the Company of the face value of Rs.10 has been sub-divided into face value of Re.1 each and bonus shares in the ratio of one equity share for one equity share held have been allotted.

## Dividend

The Board of Directors has recommended a dividend of Rs.2.25 per share of Re.1 each for the year 2008-09 representing 225% of the face value of the shares on the enhanced number of shares post bonus post split.

As we had 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 and 31st March 2008.

## Operations

A summary of the sales turnover and the working results is given below:

	2008 – 2009		2007 – 2008	
	Qty. in million tonnes	Value in Rs. crore	Qty. in million tonnes	Value in Rs. crore
(All money values are net of freight)				
Sale of Iron Ore	15.103	4282	12.391	3242
Direct Exports	14.089	4077	10.181	2820
Indirect Exports (through local exporters)	0.405	50	1.406	241
Other Sales	0.609	155	0.804	181
Sale of metallurgical coke	0.217	465	0.260	309
Profit after Tax		1942		1492

The recession, especially in the developed economies in the second half of 2008-09, had a negative impact on the global steel industry. The iron ore industry that feeds the steel industry saw a sharp fall in demand. Sesa Goa continues to focus on increasing its volume of exports and building strong customer relationships. In spite of the demand downturn, the Company's tonnage sales increased from 12.4 million MTs in 2007-08 to 15.1 million MTs in 2008-09.

Besides the subdued demand for iron ore in global markets and softening of prices, the Company was also faced with the following adverse factors in its business environment:

- increase in export duty: An ad valorem duty of 15% was imposed on all grades of ore export in June 2008, as against a specific duty applicable earlier. This has however been modified and there is now a 5% ad valorem duty on lump ore only since December 2008
- increase in railway freight: Series of increases in railway freights. However, in the last quarter for some sectors the freight rates were reduced

Your Company's geographical distribution of iron ore sales during 2008-09 was:

	2008-09
China	84%
Japan	6%
Korea	2%
India	4%
Pakistan	2%
Europe	2%

Sesa's total material handling increased from 27.5 million MTs in 2007-08 to 36.5 million MTs in 2008-09. The Company has delivered results even in recessionary conditions due to its aggressive policy and efforts for successfully increasing production at its mines at Goa, Karnataka and Orissa. This was supported by well managed logistic activities 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 trans-shipper vessel, M.V. Orissa.

The metallurgical coke business continued to make profit in 2008-09. However, MetCoke production was curtailed from December 2008 to February 2009 owing to inventory built up in pig iron plant. Sales for 2008-09 were 0.217 million MT as against 0.26 million MT in 2007-08.

The Company was issued Carbon Credits of 43130 CERs for the crediting period 1st June 2007 to 31st March 2008 for its project "Sesa Waste Heat Recovery based Power Generation" by UNFCCC, which have been sold.

## Outlook

The Price settlement is yet to be finalized between big three suppliers and major buyers. While several positions have been taken, closure is getting delayed. Today, only Chinese Steel Mills are buying iron ore in a big way in the spot market by disregarding long term contracts. Australian and Brazilian suppliers who have sold mostly in long term contracts have no other way but to desperately approach all traders and small mills in China and flood them with the ores that big mills are not buying on term contract. This phenomenon is occurring for the first time in Chinese Iron ore purchasing history. This has brought spot prices down drastically and current spot prices are approximately 50% below the 2008 contract prices.

The Metallurgical Coke business is expected to continue under cost pressure with the margins thinning between end-product price and price of its main raw material, i.e. coal.

## ISO Certification

All the certificates under ISO : 9001-2000, ISO: 14001-2004 and OHSAS 18001-1999 for Quality Management, Environment Management and Occupational Health and Safety Management, respectively, are being maintained by the Company after periodical surveillance audits.

## Subsidiary Company

Operations of Sesa Industries Limited (SIL) have resulted in a net post tax profit of Rs.57.67 crore in 2008-09, as against Rs.62.59 crore for the previous year. Production of pig iron was at 0.217 million MT as against 0.271 million MT for the previous year and sales at 0.224 million MT as against 0.266 million MT. The lower level of operations were due to a

scheduled relining of one Blast Furnace during the first quarter and shut down of one Blast Furnace from November 2008 to February 2009 on account of adverse market conditions.

Sesa Industries Limited has been nominated for the prestigious British Safety Council Award for the year 2008.

## 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.5.12 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 continues to improve the ecology and the environment. Its mine reclamation efforts have significantly improved the bio-diversity of the working as well as reclaimed mines. Successful replication of proven biotechnologies for mine land reclamation has become an integral part of the Company's resource planning process. Trials have been also conducted to utilise the reject dump area for floriculture and the cultivation of other forest products.

According to the approved Plantation Management Plan of reclaimed Sanquelim mine, the Company does only the selective felling of trees. Simultaneously, different species of bamboo and rattan saplings have been planted. The Plantation Management Plan will be implemented in a phased manner over a period of three years to improve the bio-diversity of the area. The Company set up a Butterfly Park and Bamboo Pavilion during 2008-09.

During the monsoon, about 67603 saplings of different native species have been planted in and around various establishments of the Company.

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.

Company accords top most priority to the safety of its employees. Conscious efforts were made to improve safety practices across all the units. DuPont Safety Services, Internationally best known consultant in safety, were engaged to undertake the safety culture assessment across all the units.

Company had published Sustainable Development Report for the year 2007-2008 based on International Guidelines G3 with A+ level and has plans to publish at same level for the year 2008-09.

Company continued its focus on CSR activities with strong commitment in Stake holder engagement to understand the community needs. Company has associated with reputed CSR partners to implement the CSR programs. Notably among them is University of Agricultural Sciences Dharwad for Alternative Livelihood Methods for the communities around

A. Narain Mine, Chitradurga, Karnataka, Gram Nirman-Codli with Mineral Foundation of Goa and Government of Goa.

## AWARDS

The Company received several prestigious awards during 2008-09 of which the following are the notable:

Overall First Prize for Corporate Social Responsibility, received during the 6th National Conference on Occupational Safety, Health and Environment, organised by Inspectorate of Factories and Boilers Govt of Goa, Ministry of Labour, Govt of India and Green Triangle Society, Goa.

Prizes received during Mines Environment and Mineral Conservation (MEMC) week celebrations in Goa: In the Very Large Mechanised Mines category, the Codli Group of Mines won awards for afforestation and reclamation and rehabilitation, while also winning the 1st Prize for Overall Performance.

The CII-ITC Sustainability Award 2008 (Commendation for Strong Commitment among Large Business Organisations for the year 2008).

Sesa Goa Limited, was declared winner of the Greentech Environmental Excellence Gold award and has been awarded individual gold awards in the Mining and MetCoke categories and has been awarded silver award in the engineering category for the Shipbuilding Division.

19 Awards won during the Mines Safety Week – 2008, organised by Mines Safety & Productivity Council.

The Codli Mine won the 1st Prize in both Overall Performance (Mining) and Overall Performance (Engineering). It also won 1st Prizes in Lowest Accident Frequency Rate – 2008, Welfare Amenities & Health Protection, Maintenance of Records, Safety Exhibition and the 2nd Prize in Opencast Workings.

Sesa Goa ranked 55th in BT 500 – India's Most Valuable Companies by Business Today.

Sesa Goa Limited won the prestigious Outlook Money NDTV Profit Awards 2008 in the Best Value Creator (Large Cap) category.

Sesa Goa Limited ranked 10th in the country's most investor friendly companies in the survey conducted by Business Today magazine.

Sesa Goa Limited received the "Sustainable Asia Mining Project of the Year Award" at the Asia Mining Congress held at Singapore.

## Fixed Deposits

As reported in 2007-08, the Company has discontinued renewal of its fixed deposits on maturity. As on 31st March, 2009, all fixed deposits had matured. 22 deposits amounting to Rs.0.03 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 both the frequency and severity of accidents. The Company's safety performance based on FSI is given below:

Division	FSI	
	2008-09	2007-08
Mining	1.451	1.880
Shipping Division	0.391	0.173
Shipbuilding Division	0.096	0.100
Metallurgical Coke Division	0.152	0.141
SGL Group	1.505	1.435

## 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 the Group Companies
1.	Agarwal Galvanising Private Ltd
2.	Anil Agarwal Foudation (formerly Vedanta Foundation)
3.	Dino Trading and Investment Corporation
4.	Public and Political Awareness Trust
5.	Sesa Community Development Foundation
6.	Sterlite Foundation
7.	Sterlite Infrastructure Holdings Private Limited
8.	Sterlite Infrastructure Private Limited
9.	Sterlite Iron and Steel Company Limited
10.	Sterlite Metal Rolling Mills Private Limited
11.	Sterlite Shipping Ventures Private Limited
12.	Sterlite Technologies Limited
13.	Twinstar Infrastructure Limited
14.	Twinstar Investments Limited
15.	Twinstar Overseas Limited
16.	Vedanta Medical Research Foundation
17.	Vedanta University/ Vedanta Mahavidyalay
18.	Volcan Investments Limited
19.	Bharat Aluminium Company Limited ('BALCO')
20.	Copper Mines Of Tasmania Pty Limited ('CMT')
21.	Hindustan Zinc Limited ('HZL')
22.	The Madras Aluminium Company Limited('MALCO')
23.	Monte Cello BV ('MCBV')
24.	Monte Cello Corporation NV (MCNV')
25.	Konkana Copper Mines PLC ('KCM')
26.	Sesa Industries Limited
27.	Sterlite Energy
28.	Sterlite Industries (India) Limited ('Sterlite')
29.	Sterlite Opportunities and Venture Limited (SOVL')
30.	Sterlite Paper Limited ('SPL')
31.	Thalanga Copper Mines Pty Limited ('TCM')
32.	Twin Star Holding Limited ('Twin Star')
33.	Vedanta Aluminium Limited ('VAL')
34.	Vedanta Resources Holding Limited ('VRHL')
35.	Vedanta Resources Finance Limited ('VRFL')
36.	Vedanta Resources Cyprus Limited ('VRCL')
37.	Vedanta Finance (Jersey) Limited ('VFJL')
38.	WelterTrading Limited
39.	Finsider International
40.	Richter Holding Limited
41.	Westglobe Limiterd
42.	Vedanta Resources Investments Limited ('VRIL')
43.	Lakomasko BV
44.	THL KCM Limited
45.	THL Aluminium Limited
46.	KCM Holding Limited
47.	Sterlite (USA) Inc.
48.	Talwandi Sabo Power Limited
49.	Fujairah Gold

## Directors Responsibility Statement

Your Directors confirm that:

- the applicable accounting standards have been followed along with proper explanations relating to material departures, if any, for preparation of the annual accounts;
- 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 31 March 2009 and of the profits of the Company for that year;
- 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;
- the annual accounts have been prepared on a going concern basis.

## Directors

Mr. P. G. Kakodkar and Mr. Amit Pradhan, Directors, retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment.

Mr. K.R.V. Subrahmanian resigned as Director of the Company at the Board meeting held on 22nd October, 2008 upon attaining the age of superannuation. The Board placed on record its appreciation for the valuable services rendered by Mr. Subrahmanian during his tenure as Director of the Company.

The Board of Directors, at the meeting held on 27th January 2009, reappointed Mr.A.K. Rai and Mr.H.P.U.K. Nair as Wholetime Directors of the Company with effect from 1st February, 2009 upto 31st July 2011 and 30th September, 2009, respectively, and appointed Mr.M.D. Phal as Wholetime Director of the Company with effect from 21st December, 2008 upto 30th April, 2009.

Further the Board of Directors, at the meeting held on 30th March, 2009 reappointed Mr.P.K. Mukherjee as Managing Director of the Company with effect from 1st April, 2009 for a period of three years.

Necessary resolutions for appointment and remuneration of the aforesaid Directors are being put to the shareholders for their approval.

Mr. D.D. Jalan and Mr. A Joshi resigned as Directors at the Board Meeting held on 30th March, 2009. The Board placed on record its appreciation for the valuable services rendered by Mr. D.D. Jalan and Mr. A Joshi during their tenures as Directors of the Company.

## Auditors

The Company's Auditors, Messrs. 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 2008-09 have been paid.

## Employees

Your Directors express their deep appreciation for the unrelenting co-operation and support rendered by the employees at all levels of the Company. Your Directors have laid emphasis on safe working culture in the organization and have urged all the employees to follow safety standards.

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

Place :

Dated: 20th April, 2009

Panaji Goa  
S.D. KULKARNI  
Chairman



# 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 31 March 2009.

## (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 of 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):

- 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 optimisation of blend of various grades to achieve customer satisfaction and to conserve the iron ore resource.

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 technology is continuously upgraded through various initiatives.

The Company is setting up a laboratory for testing and research for coal blends optimisation.

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

Reductions in operating cost and environmental control improvement, besides optimising the product mix as well as conservation of resource are the results of the above activities. The coke business will also be reaping benefits through upgrading of technology.

- Future plans of action:

Developmental work will continue to be carried out in all the above areas. The coke making technology would be under continuous focus for further improvement.

- Expenditure on R&D:

	2008-2009 (Rs. in crore)	2007-2008 (Rs. in crore)
a) Capital	0.65	0.46
b) Recurring (revenue)	1.95	1.36
c) Total	2.60	1.82
d) Total R & D expenditure as a Percentage of total turnover	0.052%	0.049%

### Technology Absorption, Adaptation and Innovation:

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

The Company maintains a close contact and continuous interaction 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.

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

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

- On completion of the research project conducted in association with the Microbiology Dept. of Goa University, Goa, mine land reclamation will become further 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.4083 crore and outgo (including dividend remittance) Rs.594 crore (details are given in Schedule 17). Hence, the net foreign exchange earning was Rs.3489 crore.

For and on behalf of the Board of Directors

Place : Panaji, Goa  
Dated: 20th April, 2009

S.D. KULKARNI  
Chairman



## 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, 2009.

Sr. No.	Name of the Employee	Designation/ Nature of Duties	Gross Remuneration (Rs. in crores)	Qualification	Experience in years	Date of Commencement of Employment	Age of the Employee (Years)	Last Employment held before joining the Company
1	2	3	4	5	6	7	8	9
<b>(A) Employed throughout the financial year</b>								
1	Mukherjee P. K.	Managing Director	1.33	B.Com (Hons.) F.C.A., A.I.C.W.A.	29	14-04-1987	53	Ceat Tyres of India Ltd., Calcutta.
2	Nair H.P.U.K.	Wholtime Director	0.71	B. Tech Metallurgy	36	01-03-1995	59	Managing Director Sesa Kembia Coke. Co. Ltd., Panaji
3	Rai A.K.	Wholtime Director	0.93	B.Sc. Mining Engg. 1st Class Mine Manager Certificate	33	14-04-1975	57	Sr. General Manager, Pig Iron Plant, Sesa Industries Ltd., Amona
4	Pradhan Amit	Wholtime Director	0.76	M.Sc. (Physics)	31	15-01-1990	54	Wholtime Director Sesa Industries Ltd.
5	Larry Joseph Giegerich	Head - Mining Operations	1.22	B.Sc. Mining Engineering	20	25-02-2008	45	European Minerals Corporation, Kazakhstan
6	Robin Michael Vivian	Head - Mining Exploration	1.11	B.Sc. Mining Engineering	32	25-02-2008	58	Territory Resources Limited, Australia
7	Joshi A. N.	Chief Marketing Officer	0.29	B.Tech (Mining Engg) 1st Class Mine Manager's Certificate	31	03-07-1993	54	Visakhapatnam Steel Plant
8	Afonso Lalita C.	Chief Finance Officer	0.26	B.Com, F.C.A	22	01-06-1990	46	Wimco Limited
<b>(B) Employed for part of the financial year</b>								
1.	Phal M. D.	Wholtime Director	0.14	B. A. (Econ.) M. A. Personnel Management & Industrial Relations	34	03-05-1990	60	Wholtime Director Sesa Industries Limited Ltd., Panaji
2	Bhatiker N. N.	G M - Medical Services	0.27	MBBS	36	01-04-1977	61	Private Practice
3	Krishna Behera	A G M - River Fleet & Shipping	0.20	Diploma in Mining Engineering	33	07-10-1982	61	Pandurang Timblo Industries
4	Rao B. R.	G M - Maintenance	0.28	BE (Mechanical)	38	19-03-1984	61	M/s. Chougule & Co. Pvt. Ltd.
5	Naik Faraj	Mines Manager	0.06	Diploma in Mining Engineering, 1st Class Certificate of Competency	20	07-10-1991	43	M/s. Chougule & Co. Pvt. Ltd.
6	Rao N. B.	Manager - Mines	0.04	Diploma in Mining Engg. 1st Class Certificate of Competency	27	06-10-2003	50	M/s. Dempo Group of Companies Panaji - Goa
7	Rathod Dipak	A G M - Mining	0.07	M.Sc. M.Tech	14	01-04-2006	37	Tata Steel Titania Prospect, Chennai

Notes:

- 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 accommodation, medical and other facilities, wherever applicable, as per contracts of service.
- In addition the Wholtime Directors/employees are entitled to Gratuity and they are also covered under Group Personal Accident Insurance Policy.
- None of the employees mentioned above is a relative of any Director of the Company.
- The nature of employment is contractual.
- No employee holds by himself or alongwith his/her spouse and dependant children, two percent or more of the equity shares of the Company.

Place: Panaji  
Dated: 20th April, 2009

For and on behalf of the Board of Directors  
S. D. KULKARNI  
Chairman

## CEO / CFO Certification

We, P.K. Mukherjee, Managing Director and Lalita Correia-Afonso, Chief Financial Officer, 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 31st March, 2009 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 needs 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.

(Lalita Correia Afonso)  
Chief Financial Officer

(P.K. Mukherjee)  
Managing Director

Panaji, Goa

Date: 20th April, 2009

# 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 in 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, employees 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.

## 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, 2009 the Company has nine Directors on its Board, of which five 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:

Name of the Directors	Category	No. of Board meetings during the year 2008-09		Whether attended last AGM held on 23rd July, 2008	Number of Directorships in other public companies*	Number of Committee positions held in public companies *	
		Held	Attended			Member	Chairman
S.D Kulkarni (Chairman)	Independent Director	5	4	Yes	3	3	2
P.G. Kakodkar	Independent Director	5	3	Yes	9	3	2
K.R.V. Subrahmanian (resigned w.e.f. 22nd October, 2008)	Independent Director	3	3	Yes	6	2	4
G. D. Kamat	Independent Director	5	5	Yes	-	1	-
K. K. Kaura	Non-Executive Director	5	5	Yes	2	-	-
D. D. Jalan (resigned w.e.f. 30th March, 2009)	Non-Executive Director	5	5	Yes	4	2	-
A. Joshi (resigned w.e.f. 30th March, 2009)	Non-Executive Director	5	3	No	-	-	-
M. D. Phal (NED upto 20th December, 2008)	Whole-time Director	5	5	Yes	1	-	-
A. Pradhan	Whole-time Director	5	5	Yes	1	1	-
H.P.U.K. Nair	Whole-time Director	5	5	Yes	1	1	-
A.K. Rai	Whole-time Director	5	5	Yes	-	-	-
P.K. Mukherjee	Managing Director	5	5	Yes	1	1	-

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

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 2008-09, the Company did not have any material pecuniary relationship or transactions with Non-Executive Directors.

### iii. Number of Board Meetings

Five Board meetings were held during the year 2008-09 and the gap between two meetings did not exceed four months. The dates on which the Board meetings were held were as follows: 28th April 2008, 22nd July 2008, 22nd October 2008, 27th January 2009 and 30th March 2009.

### 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 DIN:00007167	74	B.Com. (Hons.), F.C.A.	Appointed as Director and Chairman on 31st March, 2000. 40 years experience with Voltas Ltd. and L & T. Retired as MD & CEO of L & T in April 1999.	o Syngenta India Ltd. o Bharat Forge Ltd. o Voltas Ltd.
ii.	P.G. Kakodkar DIN: 00027669	72	M.A.(Economics)	Appointed as Director on 31st March, 2000. Over 40 years experience in State Bank of India, Retired as Chairman of SBI. He is currently I.T. and Banking Consultant.	o Goa Carbon Ltd. o Uttam Galva Steel Ltd. o Financial Technologies (India) Ltd. o Fomento Resorts and Hotels Ltd. o Centrum Finance Ltd. o Sesa Industries Limited o Multi Commodity Exchange of India Ltd. o IBX Forex Ltd. o Anand Rath Financial Services Ltd
iii.	G.D. Kamat DIN: 00015932	74	B.A., L.L.B.	Appointed as Director on 22nd December, 2005. Over 44 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.	-
iv.	K. K. Kaura DIN: 00006293	62	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 Country 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.	o Vedanta Alumina Ltd o Sterlite Energy Ltd.

Sr. No.	Name	Age	Qualification	Experience	Other Directorships*
v.	M.D. Phal DIN: 00016742	60	M.A. in Personnel Management & Industrial Relations from Tata Institute of Social Sciences, Mumbai	Appointed as Director on 1st January, 2002. 34 years experience in Human Resources function.	o Sesa Industries Limited
vi.	A. Pradhan DIN: 00128568	54	M.Sc. (Physics) from I.I.T. Delhi	Appointed as Director on 1st July, 2000. 31 years experience in Materials/Project Management.	o Sesa Industries Limited
vii.	H.P.U.K. Nair DIN: 00016948	59	B.Tech (Metallurgy) from I.I.T. Madras	Appointed as Director on 15th February, 2005. 36 years experience in Metallurgical Industry	o Sesa Industries Limited
viii.	A.K. Rai DIN: 00016060	57	B.Sc. in Mining Engineering from Banaras Hindu University	Appointed as Director on 1st February, 1999. 33 years experience in the field of Mining.	-
ix.	P.K. Mukherjee DIN: 00015999	53	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. 29 years experience in Finance, Accounts, Costing Taxation, Legal and Management.	o Sesa Industries 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

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- 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.
- 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.
- Reviewing with management, performance of statutory and internal auditors, adequacy of the internal control systems.
- 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.
- 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, 2009, 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 2008-09	
		Held	Attended
P G Kakodkar - Chairman	Independent Director	5	3
S D Kulkarni	Independent Director	5	4
G D Kamat	Independent Director	5	5
D D Jalan*	Non-Executive Director	5	5

\*resigned w.e.f. 30th March, 2009

Five Audit Committee Meetings were held during the financial year ended 31st March, 2009 and the gap between two meetings did not exceed four months. The dates on which the Audit Committee meetings were held are as follows: 28th April 2008, 22nd July 2008, 22nd October 2008, 27th January 2009 and 30th March 2009.

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 present at the last Annual General Meeting of the Company held on 23rd July, 2008.

## 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, 2009, the three member Remuneration Committee comprised of Non-Executive Directors, of whom two 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 2008-09	
		Held	Attended
S D Kulkarni - Chairman	Independent Director	2	2
P G Kakodkar	Independent Director	2	1
K K Kaura	Non-Executive Director	2	2

Two Remuneration Committee meetings were held during the year 2008-09 on 28th April 2008 and 27th January, 2009.

The Chairman of the Remuneration Committee, Mr. S.D.Kulkarni, was present at the Annual General Meeting of the Company held on 23rd July, 2008.

### 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). Mr. K.K. Kaura, Mr. D. D. Jalan and Mr. A. Joshi, Non-Executive Directors, have 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 or till superannuation whichever is earlier
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	0.44	0.44	0.06	0.39	1.33
A. K. Rai	0.56	-	0.12	0.25	0.93
H.P.U.K. Nair	0.49	-	0.11	0.11	0.71
A. Pradhan	0.50	-	0.11	0.15	0.76
M. D. Phal (from 21.12.2008 to 31.03.2009)	0.07	-	0.04	0.03	0.14

### b. Non-Executive Director:

Rs. in crore

Name	Sitting Fees	Commission
S. D. Kulkarni	0.01	0.09
P.G. Kakodkar	0.01	0.08
K.R.V. Subrahmanian	0.003	0.05
G. D. Kamat	0.01	0.08

## 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, 2009.

## 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 held during the year 2008-09	
		Held	Attended
P G Kakodkar - Chairman	Independent Director	4	3
P K Mukherjee	Managing Director	4	4
D D Jalan*	Non-Executive Director	4	4
Sushil Gupta**	Director Finance - Designate	-	-

Note: \*resigned w.e.f. 30th March, 2009. \*\* appointed on 27th January, 2009



Four meetings of the Committee were held during the year 2008-09 which are as follows: 28th April 2008, 22nd July 2008, 22nd October 2008 and 27th January 2009.

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, 20 EDC Complex, Patto, Phone: + 91 832 2460720  
Panaji – Goa Fax : + 91 832 2460721  
Email: cdchitnis@sesagoa.com

Details of investor complains received and redressed:

Sr. No.	Nature of Complaint	Opening Balance	Received	Disposed off	Pending
1.	Non receipt of Dividend	0	68	68	0
2.	Non receipt of share certificates	0	42	42	0
3.	Non receipt of Annual Report	0	17	17	0
4.	Non receipt of securities after transfer	0	5	5	0
	Total	0	132	132	0

There were no outstanding complaints as on 31st March, 2009.

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*
2001-2002	1st August, 2002	25th September, 2009

\* 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:

- Mr. P.K. Mukherjee - Managing Director
- Mr. A. K Rai - Executive Director
- Mr. Amit Pradhan - Executive Director
- Mr. M. D. Phal - Executive Director (NED upto 20.12.2008)
- Mr. Sushil Gupta - Director Finance (Designate) (w.e.f 27th January, 2009)

As on 31 March 2009, three instruments of transfer for 41,400 equity shares were 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 held during the year 2008-09	
		Held	Attended
P G Kakodkar - Chairman	Independent Director	3	2
D D Jalan*	Non-Executive Director	3	3
P K Mukherjee	Managing Director	3	3
Lalita Correia Afonso	Chief Finance Officer	3	3
Sushil Gupta**	Director Finance (Designate)	-	

\*resigned w.e.f. 30th March, 2009. \*\*appointed w.e.f 27th January, 2009.

Three Banking and Authorisation Committee meetings were held during the financial year 2008-09; on 22nd July 2008, 22nd October 2008 and 27th January 2009.

### iii. Bonus Committee

The Board has constituted a Bonus Committee to consider issues on bonus shares including allotment.

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

Name of the Member	Category	No. of meetings held during the year 2008-09	
		Held	Attended
G D Kamat - Chairman	Independent Director	2	2
D D Jalan	Non-Executive Director	2	-
H P U K Nair	Whole-time Director	2	2
P K Mukherjee	Managing Director	2	2

Two Bonus Committee Meetings were held during the year 2008-09 on 30th June, 2008 and 25th August, 2008.

## 7. General Body Meetings

### i. General meeting

#### a. Annual General Meeting:

Year	Meeting	Location	Date	Time
2005-2006	AGM	Goa Marriott Resort, Miramar, Panaji Goa	22 December 2006*	11.00 A.M
2006-2007	AGM	Dinanath Mangeshkar Kala Mandir Auditorium at Kala Academy, Panaji, Goa	29 September 2007	11.00 A.M.
2007-2008	AGM	Dinanath Mangeshkar Kala Mandir Auditorium at Kala Academy, Panaji, Goa	23 July, 2008	11.00 A.M.

\* Necessary approval was received from Registrar of Companies, Goa, for extension of time for holding this Annual General Meeting.

#### b. Extraordinary General Meeting:

No Extraordinary General Meeting of the members was held during the year

### ii. Postal ballot

The resolutions put through postal ballot during the year ended 31 March, 2009 and the results of voting are as under:

#### a. Dated 30th June, 2008:

Sr. No.	RESOLUTION	ASSENT		DISSENT		INVALID		TOTAL	
		No. of Shares	% of total shares received through postal ballot	No. of Shares	% of total shares received through postal ballot	No. of Shares	% of total shares received through postal ballot	No. of Shares	% of total shares received through postal ballot
1	Ordinary Resolution under Section 94 of the Companies Act, 1956 for Sub-division of shares of nominal value of Rs. 10/- each to nominal value of Re. 1/- each.	22337980	99.94	8742	0.04	5337	0.02	22352059	100.00
2	Ordinary Resolution under Section 94 of the Companies Act, 1956 for increase of the Authorised Share Capital.	22342316	99.95	1423	0.01	8317	0.04	22352056	100.00
3	Ordinary Resolution under Sections 13 and 16 of the Companies Act, 1956 for alteration of capital clause of the Memorandum of Association.	22340548	99.95	2002	0.01	9471	0.04	22352021	100.00
4	Ordinary resolution for capitalization of share premium and/or free reserves by issue of bonus shares in the ratio of 1:1.	22343196	99.96	941	0.00	7877	0.04	22352014	100.00
5	Ordinary Resolution for issue of Shares under the Scheme of Amalgamation.	22332975	99.91	8253	0.04	10788	0.05	22352016	100.00

b. Dated 17th November, 2008:

Sr. No.	RESOLUTION	ASSENT		DISSENT		INVALID	
		No. of Shares	% of total shares received through postal ballot	No. of Shares	% of total shares received through postal ballot	No. of Shares	% of total shares received through postal ballot
1	Special Resolution pursuant to section 17 of the Companies Act, 1956 for amendment to the Object Clause of the Memorandum of Association of the Company.	489359304	99.96	54809	0.01	152916	0.03
2	Special Resolution pursuant to section 149(2A) of the Companies Act, 1956 for commencement of business.	489183508	99.92	55832	0.01	327738	0.07

### 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
8 May 2006	2	<ol style="list-style-type: none"> <li>Approval pursuant to Section 163 of the Companies Act, 1956 to the keeping and maintaining of Register of Members, Index of Members, etc., with immediate effect, together with the certificates and documents with Registrar and Transfer Agent Karvy Computershare Private Limited at Hyderabad instead of Bangalore.</li> <li>Amendment to Articles of Association of the Company to empower the Board of Directors to appoint/re-appoint any of the Board Members as Managing/Whole time Director (s) by substituting Article 110 (b) and deleting proviso in Article 130 subject to the approval of the Central Government.</li> </ol>
22 December 2006	1	<ol style="list-style-type: none"> <li>Approval for increase in Commission to the Non-Whole time Directors of the Company resident in India up to Rs.0.4 crore per year.</li> </ol>

## 8. Disclosures

### i. 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. While Sesa Industries Limited is not a “material non-listed Indian subsidiary” as per this definition, two of Sesa Goa’s independent Directors, Mr. P.G. Kakodkar and Mr. K.R.V. Subrahmanian (upto 22.10.2008) serve as independent Director on Sesa Industries Limited’s Board.

### ii. 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. 24 of Schedule 18 to the Accounts in the Annual Report. In the

opinion of the Board, the transactions during 2008-09 between Sesa Goa and its subsidiary, Sesa Industries Limited, have been done at arm’s length.

### iii. 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.

### iv. CEO/ CFO certification

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

### v. Whistle Blower Policy

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

### vi. 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](http://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.

### ii. Financial Calendar

Financial year: 1st April to 31st March

For the year ended 31 March	2009	2010 (Tentative)
Financial results for Q.E. June	22 July 2008	End July 2009
Financial results for Q.E. Sept.	22 October 2008	End October 2009
Financial results for Q.E. Dec.	27 January 2009 30 March, 2009	End January 2010
Financial results for Q.E. March	20 April 2009	End April 2010
Annual General Meeting	13 August, 2009	July 2010

### iii. Book Closure

The dates of book closure are from Tuesday, 4th August, 2009 to Thursday, 6th August, 2009 (both days inclusive)

### iv. Dividend Payment

A dividend of Rs. 2.25 per equity share will be paid on 24th August, 2009, subject to approval by the shareholders at the Annual General Meeting to be held on 13th August, 2009

### 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

During the year the face value of Shares were sub-divided from Rs. 10/- to Re. 1/-. The Company also issued Bonus Shares in the ratio of 1:1.

The new ISIN code of the Company pursuant to change in face-value from Rs. 10/- to Re. 1/- is INE205A01025.

The quarterly, half-yearly and annual results are published in the Economic Times, Mumbai edition, 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: Thursday, 13th August, 2009

Time: 11.00 A.M.

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

### v. Listing

At present, the equity shares of the Company are listed on The Stock Exchange, Mumbai (BSE) and the National Stock Exchange of India (NSE). The annual listing fees for the financial year 2008-09 to BSE and NSE has been paid.

## vii. Market Price Data

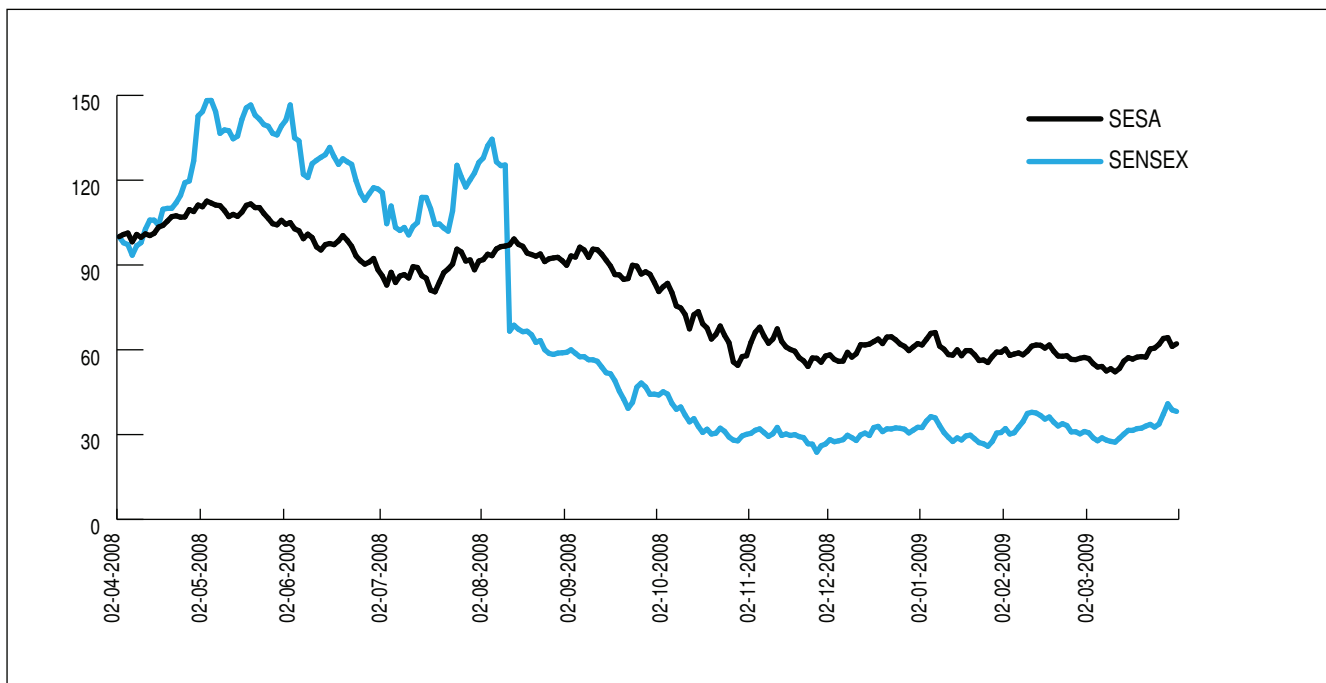
High, Low (based on the closing prices) and the number of shares traded during each month during the year 2008-09 on the National Stock Exchange Limited and the Bombay Stock Exchange Limited

	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 2008	4360.00	2644.00	0.76	2655.53	4361.00	2640.00	0.33	1159.78
May 2008	4400.00	3870.00	0.87	3601.67	4390.00	3875.05	0.39	1611.85
June 2008	4330.00	3160.00	0.91	3338.52	4310.00	3175.00	0.44	1586.08
July 2008	3446.80	2650.00	1.04	3195.42	3542.00	2651.00	0.50	1545.11
August 2008	3620.00	151.00*	6.02	2025.46	3623.00	151.00*	2.59	927.06
September 2008	158.90	99.30	21.21	2599.90	158.90	99.00	10.39	1268.73
October 2008	122.45	71.20	10.51	0.01	121.90	63.60	5.01	460.28
November 2008	92.35	60.15	12.17	0.01	92.40	60.00	5.34	405.06
December 2008	88.60	68.00	9.52	0.01	91.00	68.15	4.11	331.30
January 2009	98.25	66.15	8.64	0.01	98.10	67.25	3.66	299.43
February 2009	103.20	77.55	10.93	0.01	103.40	77.70	3.83	346.91
March 2009	110.40	71.05	12.85	0.01	110.10	71.10	4.59	418.14

\*Ex-SPLIT/BONUS after subdivision of shares from face value of Rs. 10/- to face value of Re. 1/- and Bonus in the ratio of 1:1

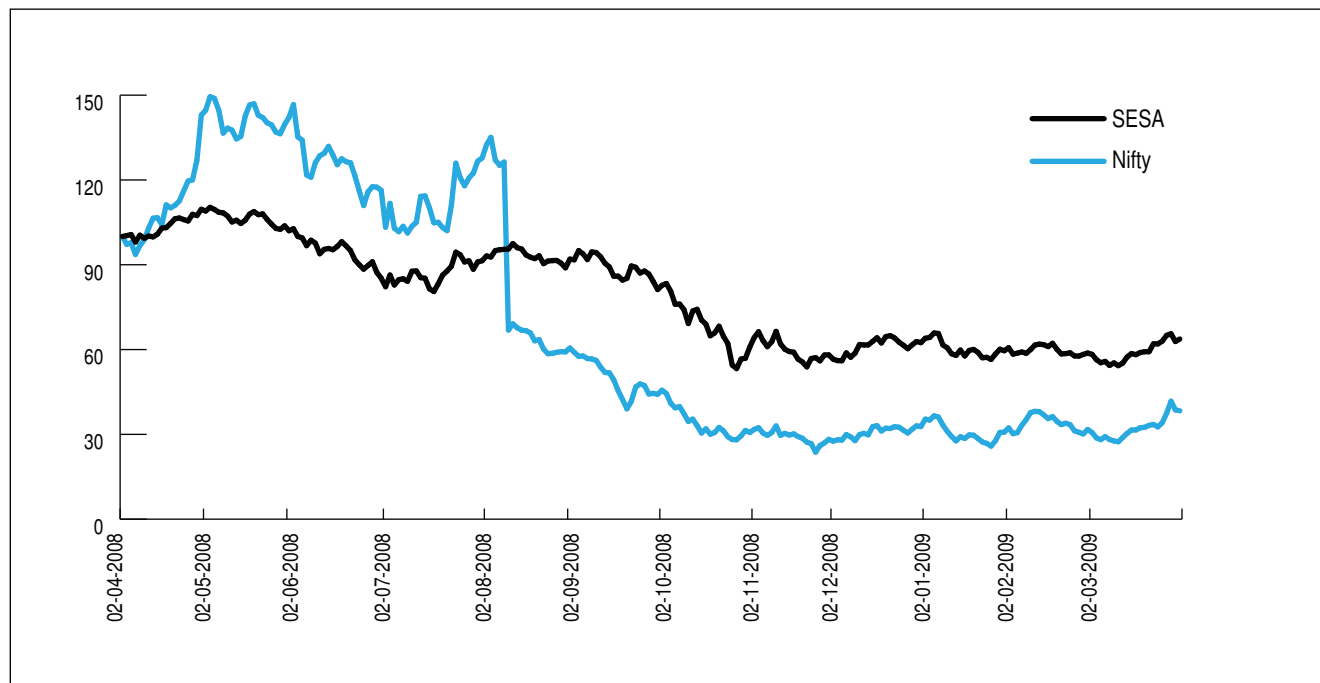
## viii. Performance of the share price of the Company

Chart A: Company's Share Performance versus BSE Sensex



Note: Both the BSE Sensex and Sesa Goa are indexed to 100 as on 1 April 2008

Chart B: Company's Share Performance versus NSE Nifty



Note: Both the NSE Nifty and Sesa Goa are indexed to 100 as on 1 April 2008

## ix. Registrar and Transfer Agent

Karvy Computershare Private Limited  
"KARVY HOUSE"  
46, Avenue 4, Street No. 1,  
Banjara Hills,  
Hyderabad – 500 034.

## 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 31 March 2009 is given below:

## Shareholding pattern by size

Shareholding of Nominal value of Re. 1/- and Rs. 10/-	31st March, 2009			
	Face value Re. 1/-			
	No. of share-holders	% of Total share-holders	Amount in Rs. crore	% of Amount
UPTO 5000	208539	97.71	6.68	8.48
5001 – 10000	3075	1.44	2.32	2.95
10001 – 20000	1048	0.49	1.50	1.91
20001 – 30000	255	0.12	0.63	0.80
30001 – 40000	165	0.08	0.57	0.73
40001 – 50000	59	0.03	0.27	0.34
50001 – 100000	103	0.05	0.73	0.93
100001 and above	191	0.09	66.02	83.86
TOTAL	213435	100.00	78.72	100.00

Paid up capital as on March 31, 2008 was Rs. 393,620,200/- and on March 31, 2009 was Rs. 787,240,400/- and during financial year 2008-09, shares were subdivided from face value of Rs. 10/- to face value of Re. 1/-per share and Bonus in the ratio of 1:1

## Shareholding Pattern by ownership

Sr. No.	Category	March 31, 2009	
		No. of shares held	Percentage of shareholding
		Face value Rs. 1/-	
a.	Promoter's holding	402925500	51.18
b.	Banks, Mutual funds, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/ Non-Govt. Institutions)	40444425	5.14
c.	FII's	155255705	19.72
d.	Private Corporate Bodies	63552412	8.07
e.	Indian Public	114339195	14.52
f.	NRI's /OCBs	2434308	0.31
g.	Trust	681281	0.09
h.	H U F	2050051	0.26
i.	Clearing Members	5557523	0.71
	Grand Total	787240400	100.00

Paid up capital as on March 31, 2008 was Rs. 393,620,200/- and on March 31, 2009 was Rs. 787,240,400/- and during financial year 2008-09, shares were subdivided from face value of Rs. 10/- to face value of Re. 1/- per share and Bonus in the ratio of 1:1

### xii. De-materialisation of shares

Trading in equity shares of the Company is permitted only in dematerialised form w.e.f. 31 May 1999 as per notification issued by the Securities and Exchange Board of India (SEBI). Some 94.08 % of the equity shares of the Company (except the promoters' holding) have been dematerialised as on 31 March 2009.

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

None.

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

None.

### xv. Company's Registered Office Address

**Sesa Goa Limited,**  
Sesa Ghor,  
20 EDC Complex,  
Patto,  
Panaji, Goa 403 001,  
India

### Plant Locations

- Mining establishments at Goa, Karnataka and Orissa
- Metallurgical Coke (MetCoke) 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 500 034, India.

or  
The Secretarial Department  
Sesa Goa Limited  
Sesa Ghor, 20 EDC Complex, Patto,  
Panaji, Goa 403 001, 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 2008-09.

For Sesa Goa Limited

Panaji  
Date: 20th April, 2009

Sd/-  
P. K. Mukherjee  
Managing Director

### 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, for the year ended on 31st March, 2009, 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 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

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

Place: Mumbai  
Date: 20th April, 2009

## MANAGEMENT DISCUSSION AND ANALYSIS

### OVERVIEW

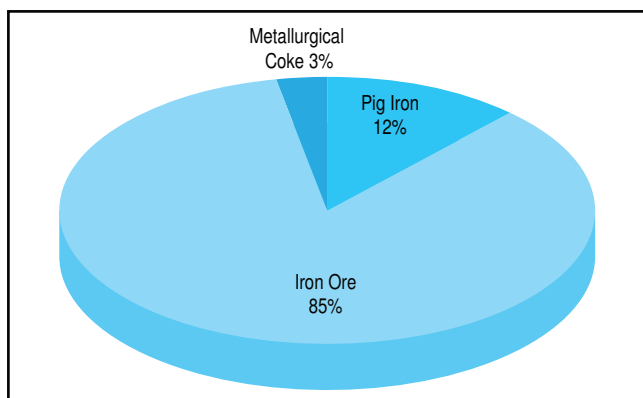
Sesa Goa Limited ('Sesa Goa' or 'the Company') is India's largest private sector iron ore producer and exporter, with mining and processing facilities at various locations in India. It currently has access to 240 million metric tons (MT) reserves and resources of iron ore. It is a part of the Vedanta group's diversified global business interests in the metals and mining industry. With operations in India, Australia and Zambia, the Vedanta group is a global player in zinc, aluminium, lead and copper.

The Company has three major inter-related business segments, which are:

- **Iron ore:** This is Sesa Goa's core business, and it binds together all its other businesses.
- **Pig iron:** The Company entered the pig iron sector in the early nineteen nineties. This was an initiative in forward integration to go up the iron ore value chain and introduce value added products to its basic iron ore business. This business is carried out through its subsidiary company Sesa Industries Limited (SIL)
- **Met coke:** The metallurgical coke business was launched as a backward integration initiative to streamline met coke supply for the pig iron plant. Today, while it transacts with SIL on an arm's length basis, this business also caters to primarily an Indian client base.

Iron ore is the Company's primary business, with a share of 85% in total consolidated external revenue from operations, net of duties and freight (see Chart A). Pig iron accounts for 12% of the business, while metallurgical coke contributes the remaining 3%. However, the size of the met coke business is larger than indicated above, essentially because around 70% of its sales are captive, being utilised by the pig iron business (recorded as inter-segmental transactions) and not captured in external sales.

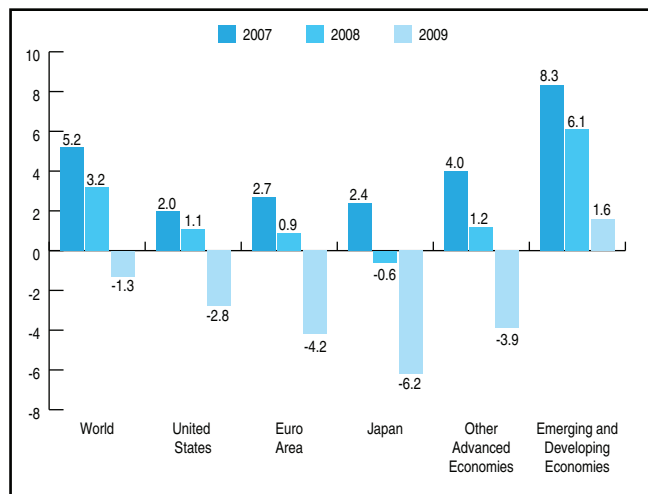
**Chart A: Share of business segments in net external revenues of Sesa Goa (consolidated)**



While these are different business segments for Sesa Goa, they are all linked to steel manufacturing. Thus, their demand and market prices are intrinsically linked to the fortunes of the global steel industry. In 2008-09, tumultuous economic developments across the world have had a significant impact on the steel industry.

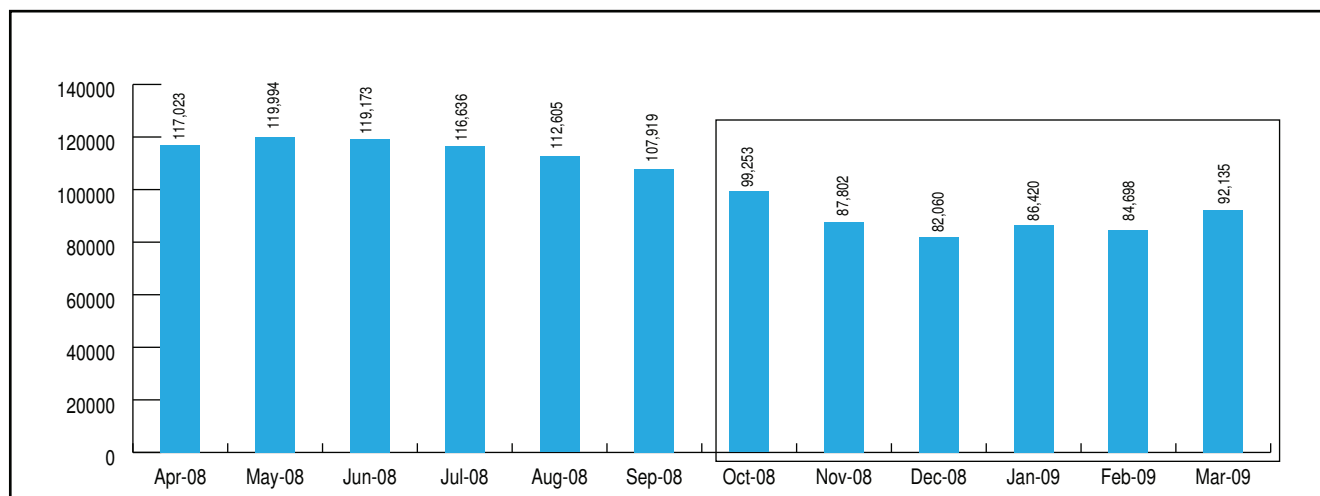
The global financial turmoil, which started with the sub-prime problem in the second-half of 2007 became a full blown meltdown in September 2008, and quickly extended to the real economy. Every major developed country — led by the US, Europe, Japan and the UK — moved into recession. Global trade collapsed; as did industrial and consumer demand. As Chart B shows, world output growth reduced from 5.2% in 2007 to 3.2% in 2008 and is expected to become negative 1.3% in 2009. The USA, Europe, Japan and other advanced economies are all expected to be in recession during 2009.

**Chart B: World output growth (%), IMF estimates**



Given the slowdown in global economies, it is not surprising that the steel industry witnessed a sharp drop in demand during the second half of 2008-09. That led to equally sharp reduction in steel production. Chart C plots the monthly world crude steel output for 2008-09. Total world crude steel output fell by 23.2% from 693 million MT in the first half (April 2008-September 2008) to 532 million MT in the second half (October 2008-March 2009).

Chart C: World crude steel output ('000 MT)



Source: World Steel Association

This sharp decline in steel production resulted in a contraction in demand for iron ore. Pig iron markets, too, dropped with reduced economic activity. And, with this came a significant price correction for both iron ore and pig iron. Therefore, from the point of view of markets, Sesa Goa was operating on the downswing of a business cycle by the second half of 2008-09.

Having been in the iron ore business for several decades, Sesa Goa has had the experience in dealing with different phases of a business cycle. The Company always recognised that being a commodity producer it will remain a price taker in international markets. Thus, the efforts have always been concentrated on streamlining operations to be a highly flexible, low cost producer — one that can cater to the up-sides as quickly as it can hedge the risks of a downturn. There are three elements to its business approach. These are:

- Increasing the scale of operations:** The focus is on continuously producing more and selling more. With this business objective, Sesa Goa has laid considerable emphasis on increasing its volume share in the global iron ore trade. Apart from the benefits of economies of scale, emphasis on volume growth has several benefits. In depressed markets it helps offset price reductions. There is also greater scope of reaching out to customers and building longer term relationships and improved reputation.
- Continuously focusing on cost reduction:** Sesa Goa believes that it is imperative to gear business processes towards maximum levels of productivity and profitability. In last year's annual report, too, the Company stressed on how it focused on reducing wastages and enhancing process quality. These initiatives are intrinsic to the

Company's operations. There is a constant endeavour on securing ore at the lowest possible costs and optimally managing the supply chain to remain a highly competitive player in the global iron ore market.

- Steadily building the ore asset base:** Ownership of reserves and access to ores are the main determinants of long-term and sustainable business prospects in this industry. Sesa Goa, therefore, has always focused on increasing its reserves and access to ores. In 2008-09, too, it increased its iron ore reserves by 54 million MT through brown-field exploration. Today, the Company has a strong cash position and is actively exploring opportunities for acquiring mines/additions to its resource base — both organic and inorganic - at a time when the depressed global economic scenario offers cost effective opportunities in that direction.

This three-pronged approach to executing business in the mining sector and dealing with market cycles has helped Sesa Goa deliver relatively good results even in such adverse business conditions. This is reflected in the financial performance of the Company in 2008-09.

## PERFORMANCE HIGHLIGHTS

The consolidated operations of Sesa Goa comprise the iron ore and met coke operations of the parent company and the pig iron operations under the subsidiary company SIL.

In keeping with the integrated nature of business operations, it was proposed to merge SIL into Sesa Goa in 2005-06. Consequently, after prolonged legal proceedings, the Scheme of Amalgamation of the

subsidiary company SIL with SGL was approved by a single judge of the High Court of Bombay at Goa in December 2008. However, based on an appeal, this judgement has been set aside by the Division Bench of the same court in February 2009. While a Special Leave Petition has been

filed in the Supreme Court against the order of February 2009, the two companies continue to operate as separate entities with distinct standalone financials. However, the performances of both the companies are reflected in the consolidated results of Sesa Goa.

The abridged consolidated profit and loss of the Company and financial highlights are given below:

## Abridged Profit and Loss statement of Sesa Goa (Consolidated)

in Rs. Crore	2008-09	2007-08	Growth
<b>INCOME</b>			
Sales /Income from operations	5,337.57	3,906.50	
Less: Excise duty	73.18	79.04	
Less: Ocean freight	303.71	0.17	
<b>Net Income from Operations</b>	<b>4960.68</b>	<b>3,827.29</b>	<b>29.6%</b>
<b>EXPENDITURE</b>			
Production and operational expenses	2,349.83	1,478.37	58.9%
Administration expenses	67.20	41.04	63.7%
<b>Operating PBDIT</b>	<b>2,543.65</b>	<b>2,307.88</b>	<b>10.2%</b>
Interest and other charges	4.27	2.75	55.3%
Depreciation	51.67	49.96	3.4%
<b>Operating PBT</b>	<b>2,487.71</b>	<b>2,255.17</b>	<b>10.3%</b>
Interest dividend and other income	222.45	69.77	96.8%
<b>PBT</b>	<b>2,710.16</b>	<b>2,324.94</b>	<b>16.6%</b>
Less: Provision for taxation			
Current tax	710.00	773.80	-8.2%
Deferred tax	4.46	1.50	197.3%
Fringe benefit tax	0.81	0.71	14.1%
<b>PAT</b>	<b>1,994.89</b>	<b>1,548.93</b>	<b>28.8%</b>
Less: Minority interests	6.76	7.35	-8.0%
<b>Consolidated PAT after minority interest</b>	<b>1,988.13</b>	<b>1,541.58</b>	<b>29.0%</b>

### Sesa Goa's Financial Highlights on a consolidated basis

- Net income from operations increased by 29.6% to Rs. 4,960.68 crore in 2008-09. Gross income was Rs. 5,338 crore — making Sesa Goa a company that has crossed a revenue of US\$ 1 billion.
- Despite lower operating margins, volume growth resulted in operating PBDIT increasing by 10.2% to Rs. 2,543.65 crore in 2008-09. Even then, operating PBDIT margin remained high at 51.3%.
- Profit after tax net of minority interests (PAT) increased by 29% to Rs.1,988.1 crore in 2008-09.
- Cash/cash equivalents on hand increased by 100.1% to Rs. 4,139.23 crore.
- Return on average capital employed (ROCE) was 63.4% in 2008-09.
- Return on net worth (RONW) was 51.5%.
- Earnings per share (EPS) increased from Rs. 19.58 in 2007-08 to Rs.25.26 in 2008-09 on post bonus post split capital.

Such financial performance under difficult times bears testimony to the Company's ability to efficiently execute business and deliver results even in extremely challenging business environments. In recognition of its ability to generate sustained returns to shareholders over a period of time, Sesa Goa received the recognition of **'Best Value Creator (in the Large Cap Category) at the Outlook Money-NDTV Profit Awards 2008.**

We now analyse the developments and the performance of the Company's different business segments: iron ore, pig iron and metallurgical coke.

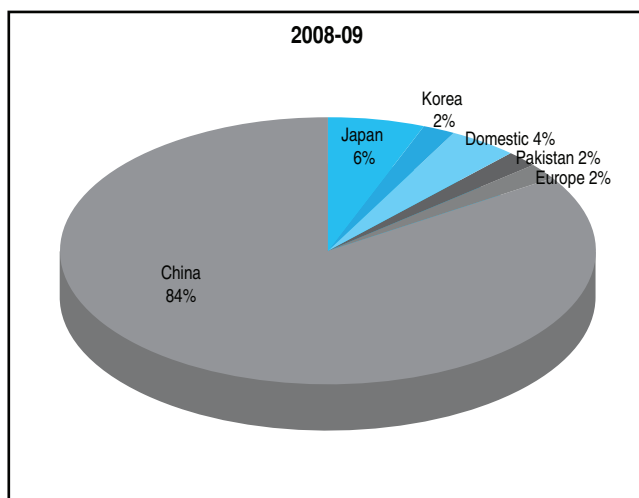
## IRON ORE

- Net revenues from iron ore operations increased by 32% from Rs. 3,208.8 crore in 2007-08 to Rs. 4,235.5 crore in 2008-09.
- Profits before interest, tax, dividends and other non-recurring or non-allocable incomes from the iron ore operations increased by 6.1% to Rs. 2,206.07 crore in 2008-09.
- The Company aggressively pushed volumes to generate revenue growth and deliver higher profits in 2008-09.

## MARKETS

Exports continue to be the focus area for the Company. In 2008-09, China continued to dominate with a share of 84% of iron ore revenue, followed by Japan (6%), and then Korea, Pakistan and Europe (a little over 2% each).

**Chart D: Geographic Distribution of Sesa Goa's total iron ore sales, by value, 2008-09**



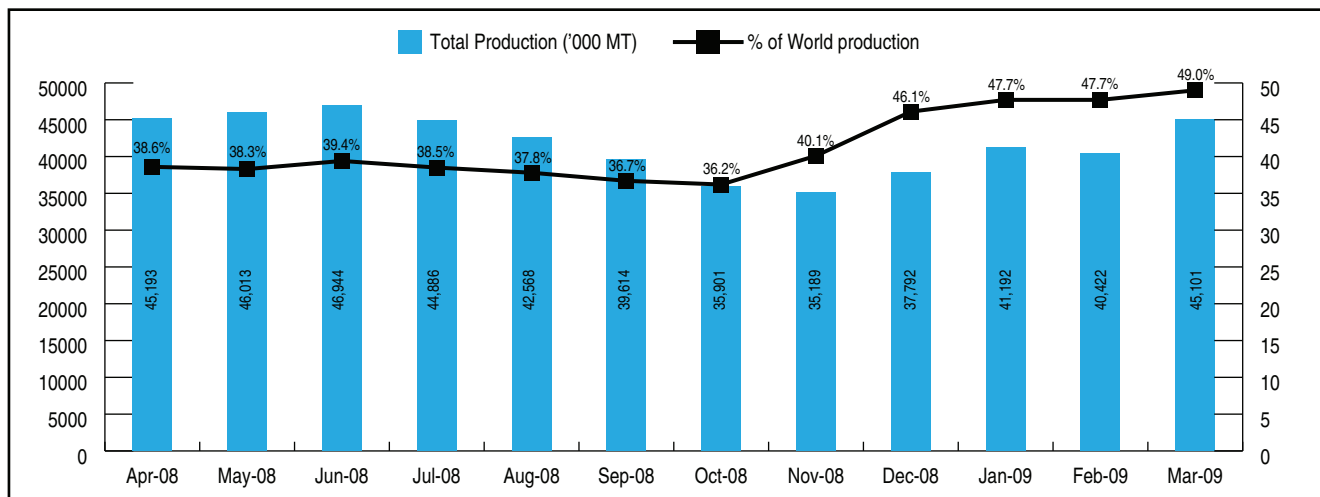
As discussed in last year's Annual Report, much of Sesa Goa's growth has been fuelled by its ability to tap the growing demand from Chinese iron ore imports and/or vast market of imported ore on China. This trend continued in 2008-09 and China's share in the Company's total iron ore revenues increased from 66% in 2007-08 to 84% in 2008-09.

## THE CHINESE MARKET

Is this large dependence on the Chinese iron ore market a significant risk in Sesa Goa's business model? While the Company does accept that any market concentration has an element of risk and is framing a long-term de-risking strategy, it does believe that given the global macro-economic scenario, China is better positioned than many other countries to dominate world steel production. And, there continues to be considerable scope for Sesa Goa to develop exports to China. This needs a more detailed explanation.

First, it is important to appreciate the strength of China as a producer of steel in the global market. From a world market share of 17% in 2001, China now produced 501 million MTs of crude steel and accounted for 40.9% of global production in 2008-09. Not only is China the world's largest steel producing nation, but also its industry has been the fastest to recover from the fall in demand in the middle of 2008 — as Chart E clearly shows.

**Chart E: Month-wise Crude Steel Production in China (2008-09)**



Source: World Steel Association

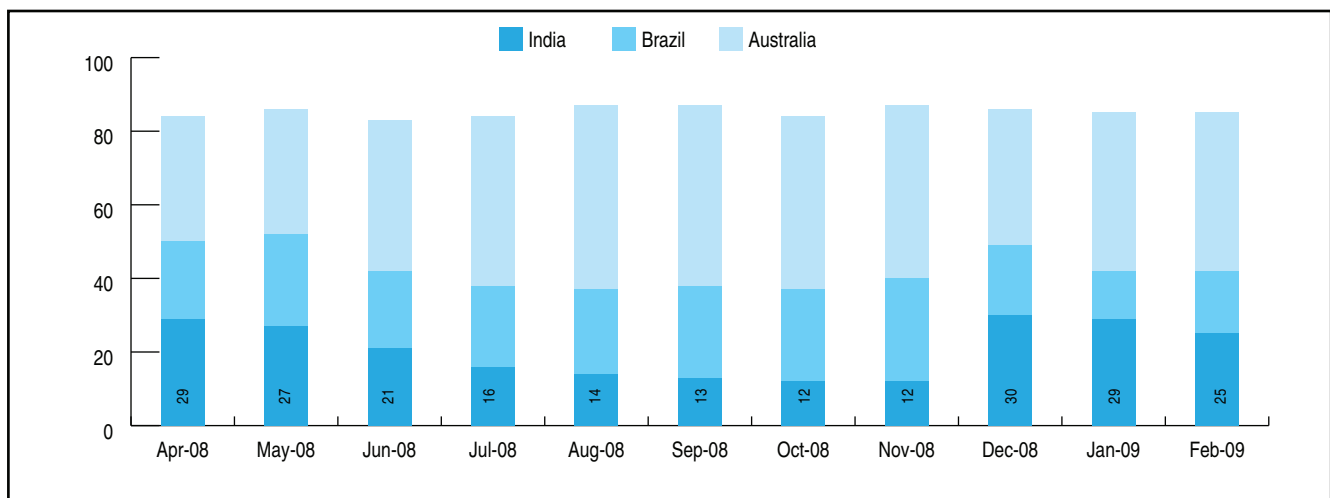
With lower cost of production, Chinese steel mills have outperformed most units in other parts of the world and consequently gained some market share. More important, with a low fiscal deficit and a huge economic stimulus package of RMB 4 trillion (approximately US\$ 586 billion) over 2009 and 2010, China has the fundamentals in place for a quicker recovery than most other economies of the world. The Chinese have already started taking such measures. Bank loan disbursement has risen rapidly to RMB 1.2 trillion in January 2009 following strong growth in November 2008 (RMB 477 billion) and December 2008 (RMB 772 billion). Government-led investments are accelerating and urban disposable income is still on the rise. The steady growth in steel output in China witnessed since November 2008 is attributable to these improved conditions.

Second, it is important to understand the strategic position that Sesa Goa enjoys in the Chinese market for iron ore. To meet its growing steel

production, China needs a huge supply of iron ore — Sesa Goa has a geographic advantage being closer to China and has the right quality of medium and low grade ores to feed Chinese mills.

Given the lower-grade and consequently higher net costs of tapping domestic deposits, Chinese steel producers prefer imported iron ore — which has been leveraged by Australian, Brazilian and Indian exporters. Chart F shows that Indian iron ore exporters have regained much of the share lost in China during the middle of 2008-09. In April 2008 India's share was 29%, which fell to a low of 12% in October-November 2008. Since then it has gained pace to close at 25% in February 2009. Much of India's share of Chinese imports is fine ores with iron content below 63.5% — the grade that is offered by Sesa Goa. Much of Brazil's exports to China constitute higher grade of ores.

**Chart F: Share of Indian Iron Ore to China is gradually Recovering**



Thus, Sesa Goa's China focus has macroeconomic merit. The Company is well positioned geographically and in terms of product cost and quality to continue penetrating the Chinese market. It has been developing its brand identity in the Chinese market and building long-term customer relations. As Chinese steel output continues to pick up, Sesa Goa will be well poised to further push its iron ore sales.

## OTHER MARKET ISSUES

Given global market conditions, it was natural that iron ore prices reduced sharply in 2008-09. The free on board (FOB) price of reference grade Indian iron ore (Fe 63.5%) dropped from US\$ 140-US\$ 145 per MT in the beginning of August 2008 to US\$ 52 in March 2009.

The long-term price settlement for 2009 has also got delayed. As and when the benchmark price is settled, it will most likely rule at 30% to 40% below the 2008 level. Consequently, global iron ore trade may see radically new price trends in 2009, driven by lower production and volatile market conditions. Indian ore prices are likely to follow a similar trend. Flexible buyer-seller contracts are replacing fixed annual settlements and options are being worked on to re-adjust prices against spot rates.

In this market, Sesa Goa has concentrated on increasing its customer base and contact points to push even higher volumes of ore. The tonnage sales of the Company increased by 22% — from 12.39 million MT in 2007-08 to over 15 million MT in 2008-09. Sesa Goa continues to focus on

maintaining high product quality levels and timely delivery to build its brand across a large customer base and benefit from a differentiated positioning in a very competitive and price sensitive market.

Most of Sesa Goa's sales are done after monsoons. Since the world steel market collapsed in September 2008, the bulk of the long-term contracts under-performed. The Company switched its focus on the spot market to capture higher volume and consequential incremental bottom line.

2008-09 also saw increases in inland logistics costs. There were several hikes in railway tariffs during the year, which affected the cost of transporting iron ore from the mines to ports. In the last quarter, however, there were some reductions. The first half of the year also witnessed a surge in fuel oil and diesel prices affecting operating costs of trucks and barges. This surge subsided in the last quarter.

The other negative was the export duty. Sesa Goa primarily produces and exports ore with iron content below 63.5%. Until June 2008, there was a specific export tax on ores. In June 2008, the Union Government modified this tax structure and imposed a 15% ad valorem tax on all grades of ore. This put pressure on profit margins. The export duty structure was subsequently modified in November and December 2008, with the export duty being levied only on iron ore lumps at a 5% ad valorem rate at present. Even so, much of 2008-09 saw pressure from higher export duties. The impact of export duty however is expected to be lower in the coming year.



## OPERATIONS

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 operated mines.

Sesa Goa's sales from different states are given in Table 2.

**Table 2: SGL's State-wise Iron Ore Sales, million MT**

Region	2008-09	2007-08
Goa	10.102	8.076
Karnataka	3.031	2.308
Orissa	1.970	2.007
<b>Total</b>	<b>15.103</b>	<b>12.391</b>

There are primarily two dimensions to Sesa Goa's operations. First, is to effectively ramp up production of ore in the most cost effective manner. Second, is to efficiently manage the entire supply chain — from the mines to the port and then to the final customer. As Table 2 shows, in 2008-09, the amount of iron ore handled increased significantly to above 15 million MT.

The Company has focused on securing ore at the lowest possible costs. The other critical operational challenge is to manage the logistics for exporting iron ore. There has been a concerted focus to develop infrastructure facilities to improve efficiency and better manage the entire supply chain including record level of utilization of the captive barge fleet.

Export Oriented Unit (EOU) status was granted for the Karnataka and Amona plants during 2008-09. This has resulted in a reduction in the effective income tax rate for the Company.

On the positive side, the four-lane 'mineral bridge' at North Goa's Usgaon was inaugurated during 2008-09. This bridge, built at a total cost of Rs.24 crore with contributions from the mining companies of Goa and Karnataka including Sesa Goa, will help in significantly improving ore logistics. The Company's trans-shipper vessel at Goa, MV Orissa, handled higher quantities than the previous year, which helped reduce cost. Even the Company's own barges carried higher quantities helping Sesa Goa manage its cost of distribution. On the negative side, however, the last quarter of 2008-09 saw port operations in Haldia-Paradip used for export of ore from Orissa mines affected by high congestion and slow turnaround of ships. The vessel waiting period, in certain cases, was over two months.

Some developmental work being undertaken on the logistics front includes:

- Building a railway siding in Orissa: In principle approval has been obtained from the Indian Railways and the land procurement process has been initiated.
- Haldia Port: To overcome the draft restrictions, the Company is arranging to do barge loading at Haldia, which will then be transhipped to vessels anchored further away. This should remove bottlenecks at the Haldia port and reduce vessel turnaround time.

On the exploration front, in line with the Vedanta group's focus on augmenting its resource base, 28,000 metres of drilling was carried out at Sesa Goa. There was significant success. In 2008-09, gross reserves and resources increased by 54 million MT, prior to a depletion of 16 million MT. Total reserves and resources as on 31st March, 2009 were 240 million MT.

Sesa Goa has taken steps in executing the highest standards of quality, environment health and safety (QEHS) management systems across its operations. All its mines and their support services in Goa and Karnataka are certified to be compliant with ISO 14001-2004 Environment

Management System, ISO 9001-2000 Quality Management System and OHSAS 18001-1999 Safety and Health Management System compliant.

Being in the mining industry, the Company is aware of the risks of potential environmental damage. Preserving the environment is an important element of Sesa Goa's corporate activities. It has launched special initiatives in Clean Development Mechanisms (CDM). During 2008-09, Sesa Goa's CDM activities were approved by the Executive Board of the United Nations Framework for the Convention on Climate Change (UNFCCC) for the issuing of carbon emission rights (CER's). CERs are traded in the global market. The Company was issued 43,130 CERs by the UNFCCC for the crediting period 1st June, 2007 to 31st March, 2008 for its project, 'Sesa Waste Heat Recovery Based Power Generation', which has been sold.

## PIG IRON

The pig iron business is undertaken by the Company's subsidiary, Sesa Industries Limited (SIL). SIL started operations in 1994 and Sesa was the first to introduce low phosphorous foundry grade pig iron in India. Today, it produces several grades of pig iron, including basic grade, foundry grade and spheroidal (nodular) grade.

SIL's facilities are located at the village of Amona, in Bicholim Taluka, North Goa. It consists of two blast furnaces, each with a working volume of 173 cubic metres with a combined annual capacity of 0.250 mill MT of pig iron.

- Net external revenue from pig iron operations increased by 15.7% to Rs. 582.7 crore in 2008-09.
- Because of significantly lower prices, profits before interest, tax, dividends and other non-recurring or non-allocable incomes reduced from Rs. 89.5 crore in 2007-08 to Rs. 77.9 crore in 2008-09.

SIL's pig iron business is concentrated primarily in India — especially foundries and other allied industries in the west and south-west. With a significant slowdown in automobile and engineering sectors in India during the second half of 2008-09, there was a major fall in demand for steel and foundry products which feed these industries. The market price for pig iron, which had risen to Rs. 32,500 per MT in mid-August 2008, declined sharply to the range of Rs.17,000-Rs.19,000 per MT by March 2009.

Thus, the pig iron business was subdued, especially in the second half of 2008-09.

Production reduced from 0.271 million MT in 2007-08 to 0.217 million, MT in 2008-09. This was primarily due to two reasons. First, there was a scheduled shut down of one blast furnace in the first quarter due to planned maintenance and relining work. Second, one of the blast furnaces was shut down for over three months from November 2008 to deal with the demand slow-down and build up of finished goods inventory.

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. It has been nominated for the prestigious British Council Award for safety in 2008.

## MET COKE

Sesa Goa had set up its met coke facility primarily to supply the right quality of coke to SIL's pig iron plant. Today, it also sells additional coke to other customers.

- Gross revenue from sales increased by 46.9% to Rs.472.6 crore, and net external revenues from met coke operations increased by 24.1% to Rs.142.5 crore in 2008-09.



- Profits before interest, tax, dividends and other non-recurring or non-allocable incomes increased by 135.7% to Rs. 204.7 crore in 2008-09.

However, it needs to be stated that much of this growth was in the first half of 2008-09. Market conditions turned adverse in the second half. The market price for foundry grade coke, which had risen to Rs.32,800 per MT in mid-August 2008, declined to a range of Rs.16,900-Rs.21,650 per MT by March 2009. In line with the demand downturn, met coke production was curtailed from December 2008 to February 2009. Consequently, production fell from 0.263 million MT in 2007-08 to 0.224, million MT in 2008-09.

## HUMAN RESOURCES (HR)

While Sesa Goa's business is highly dependent on material flows, its corporate ethos is people centric. The Company believes that its management and workforce determine the failure or success of the enterprise. Sesa Goa advocates and promotes good HR practices and has been developing it as a major competitiveness building tool.

With its continued focus on people development –to infuse fresh talent and create a leadership pipeline, in 2008-09 Sesa Goa undertook various initiatives to recruit graduates, engineers and management trainees. Emphasis was laid at the recruitment stage — by adopting procedures to ensure the induction of right talent at the very beginning. Considerable work was done to create the right processes for the hiring of first-timers; as well as for measuring and developing leadership potential and improving role challenges.

Following the success of previous year's focus at operational improvement, Sesa Goa has created a continuous improvement cell and implemented 'Project Josh' — which involves the participation of youngsters in suggesting improvements and undertaking independent projects. In addition, the 5S quality system is being implemented in two units. This will be extended to all other operational SBUs in 2009-10.

Sesa Goa implemented the 'Accelerated Competency Tracking and Upgradation Program (ACT UP)' in March 2008 to identify and nurture top talent — a process that is followed across the Vedanta Group. The Company has identified 32 'Stars of Business' in the two ACTUP exercises.

Consistent with the Vedanta group objective of developing the potential inherent within the wider management group, 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. Under the same, the Company's performance is measured in terms of Total Shareholder Return ('TSR')( being the movement in the Company's share price plus re-invested dividends) which is compared over the performance period with the performance of the companies defined in the scheme from the date of grant. The extent to which an award vests will depend on the Company's TSR rank against a group of peer companies (adapted comparator group) at the end of the performance period. The LTIP facilitates reasonable alignment of the interests of the wider management group including young high potential future leaders with those of the shareholders, and is considered a strong motivational and retention tool for the high calibre people.

The Company's organisation has been recast into independent SBUs with greater empowerment. There is emphasis on independent responsibility for greater agility in achieving business goals, and accountability for business results with decentralised business functions. Also, specific teams for logistics, business development, exploration and infrastructure have been formed for focused efforts in these areas to aid growth plans and achieve business targets.

Negotiations have been concluded with Sesa Goa Workers Union, Goa and Sesa Goa Limited Employees' Union, Karnataka for wage settlement with effect from 1st April, 2008 for four years. The Company had no loss of man days due to industrial relations issues.

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

While focusing on creating sustainable value for shareholders, Sesa Goa follows business practices that are value driven and promote good corporate citizenship. As a mining Company, it is exposed to several communities that get directly or indirectly related to its operations. Protecting and developing these communities lie at the heart of Sesa Goa's CSR initiatives. Some of these include:

- Sesa Community Development Foundation, which has continued with its tradition of delivering high quality technical trainees from the Sesa Technical School and Young Footballers from Sesa Football Academy. A Senior Football Academy infrastructure is in progress at Sirsaim. The senior footballers from the Sesa Football Academy finished in the top half of the eight teams that participated in the Goa Professional League — in its very first year of play.
- The Company has associated with reputed CSR partners. Notable among them is the University of Agricultural Sciences, Dharwad, for alternative livelihood methods for communities around its Karnataka mines and Project Gram Nirmaan 2010 for Codli village with the Mineral Foundation of Goa and Government of Goa.
- A community medical centre was inaugurated at Madikeripura, Karnataka in July 2008.
- Publishing the Sustainable Development Report for 2007-08 based on International Guidelines G3 with A+ level, with plans to publish a similar report for 2008-09.
- Having all its mines and support services in Goa and Karnataka certified to ISO 14001-2007 (Environment Management System), ISO 9001-2008 (Quality Management System) and OHSAS 18001-2007 (Safety and Health Management System).
- Having the pig iron and coke plant certified to ISO: 14001-2000 (Environment Management System), ISO 9001-2008 (Quality Management System) and OHSAS 18001-2007 (Safety and Health Management System).

Some of the awards and recognitions received by the Company have been:

- Sustainable Asia Mining Project of the Year Award, at the Asia Mining Congress held at Singapore.
- CII-ITC Sustainability Award (Commendation for Strong Commitment among Large Business Organisation) for 2008.
- First prize for Corporate Social Responsibility by Inspectorate of Factories and Boilers, Ministry of Labour (Government of India), the Government of Goa and the Green Triangle Society, Goa.
- Golden Peacock Award won by the pig iron plant for Occupational Health and Safety, 2008.
- National Award for Excellence in Water Management 2008 by CII-Godrej Green Business Centre and First Prize for the National Sustainability Award by the Indian Institute of Metals.
- Greentech Environment Excellence Awards 2008:
  - o Codli Mines – Gold
  - o MetCoke – Gold

- o Pig Iron Plant – Silver
- o Shipbuilding – Silver

## 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, 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, and for maintaining accountability of assets.

## RISKS

In the near term, Sesa Goa's business strategy for iron ore is focused on exports to China. The Company has already acquired a reasonable customer base in China; it has also developed a good reputation as a quality supplier. It intends to leverage its penetration into China, focus on supply chain initiatives and have cost efficient operations to generate cash and further grow the business to a global scale.

There are five headline risks that the Company faces while implementing its strategic intent. These are:

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

**Market risks:** Sesa Goa exports 96% of its iron ore production and 84% of revenues is accounted for by exports to China. Chinese steel production has increased rapidly over the last decade. Even so, a downturn in this industry is a significant risk to Sesa Goa, given its huge reliance on the Chinese market. However, as explained earlier, the Chinese steel sector is very large and Sesa Goa is still not a major player in terms of share in China's imports. There remain several opportunities in China for Sesa Goa to capture a greater share of the market.

**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 2009, Sesa Goa has total reserves and resources at 239.8 million MT spread over mines in Goa, Karnataka and Orissa. However, if the Company rapidly expands production, as it did in 2007-08, the reserves may not last that long.

Sesa Goa, therefore, will have to focus on securing more mining assets — either in India or abroad. There are some risks here, especially in India. The allocation of mines in India is under the dual jurisdictions of the Government of India (GoI) and state governments. The continuous delays by the state governments and 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.

The Company is aware of this risk. Thus, with a debt-free balance sheet and healthy cash position, it has started actively evaluating opportunities to acquire/discover reserves in India and abroad (both organic and inorganic), subject to getting the right valuations for such assets.

The Company is also focused on brown field exploration in its existing mines, for determination of further ore reserves.

**Industry Risks:** This arises 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 70% 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. The focus will be on the spot markets, which are not traditionally a major source of revenues for the big three. By following this differentiated positioning approach; Sesa Goa hopes to establish itself as a significant player in the global iron ore space.

**Regulatory Risks:** There are two major regulatory risks. The first is related to iron ore exports. There has been several policy reversals regarding the export duty imposed on iron ore from India. In June 2008, the government had imposed 15% ad valorem export duty on ore fines and lumps. However, in November 2008, with the sharp fall in global iron ore prices, the government changed it to a specific levy of Rs. 200 per MT. This was again changed to 8% ad valorem in the same month. With the iron ore market in deep trouble, the duty was again changed in December 2008 — reducing the ad valorem export duty on fines to 0% and that on lumps to 5%. These frequent changes have created uncertainties in long-term planning.

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

The Company believes that there will not be any significantly positive change on the global economic landscape in the near future — and that it will have to operate in a market with depressed demand and prices. The global market for iron ore is expected to remain in surplus in the short to medium term, primarily due to steel mills being operated at reduced capacity. As a result of these market conditions, spot prices of iron ore are expected to remain soft in the short to medium term while long-term benchmark price is expected to reduce significantly. The Company has also observed that there has been a build up in iron ore inventory in China.

However, the Company believes that China and India will be the economies that will recover the fastest. Consequently, Sesa Goa will have enough opportunities to use its competitive cost structure to penetrate markets, especially in China and gain share in its imports. It will continue to focus on minimising costs and aggressively pushing volumes to customers and increase its share in the global iron ore trade.

## 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.*

## AUDITORS' REPORT TO THE MEMBERS OF SESA GOA LIMITED

1. We have audited the attached Balance Sheet of SESA GOA LIMITED as at 31st March, 2009, and the Profit and Loss Account and the Cash Flow Statement of the Company for year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
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 check 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 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, (the Order) issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable to the Company.
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 comply with 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 accounts 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, 2009;
    - (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
    - (iii) in the case of the Cash Flow Statement of the cash flows for the year ended on that date.
5. On the basis of written representations received from the directors as on 31st March, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 from being appointed as Director of the Company in terms of Clause (g) of sub section (1) of section 274 of the Companies Act, 1956.

For DELOITTE HASKINS & SELLS,  
Chartered Accountants

SANJIV V. PILGAONKAR  
Partner  
Membership No. 39826

Place: Mumbai  
Date: 20th April, 2009

## ANNEXURE TO THE AUDITORS' REPORT (Referred to in paragraph 3 of our report of even date)

1. In respect of the Company's fixed assets:
  - (a) In our opinion and according to the information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and location of its fixed assets.
  - (b) According to the information and explanations given to us, the fixed assets of the Company covering all locations have been physically verified by the management during the year in accordance with the programme of verification. In our opinion, the program provides for physical verification of all fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - (c) During the year, the assets disposed off by the Company do not, in our opinion, constitute a substantial part of its fixed assets.
2. In respect of its inventories:
  - (a) As explained to us, inventories were physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
  - (b) In our opinion and according to the information and explanations 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 verification between the inventories physically verified and the book records.
3. According to the information and explanations given to us, the Company has not granted or taken any secured or unsecured loan to or from companies, firms and other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. Consequently the provisions of paragraph 4(iii)(a) to 4(iii)(g) of the Order are not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have neither come across nor have we been informed about any instances of major weaknesses in the aforesaid internal control systems.
5. 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.
6. The Company has not accepted deposits from the public, hence the provisions of paragraph 4(vi) of the Order is not applicable to the Company.
7. In our opinion, the internal audit function 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.
8. To the best of our information and according to the information and explanation 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.
9. According to the information and explanations given to us in respect of statutory and other dues:
  - (a) During the year, the Company has been regular in depositing undisputed statutory dues relating to provident fund, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it. We have been informed that no sums were payable in respect of investor education and protection fund.
  - (b) During the year, the Company was generally regular in depositing dues relating to employees' state insurance.
  - (c) According to the information and explanations given to us, no undisputed statutory dues were payable in respect of provident fund, investor education and protection fund, employees' state insurance, wealth tax, service tax, customs duty, cess, royalty and income tax which were in arrears for a period of more than six months from the date they became payable.

- (d) As at 31st March, 2009 according to the information and explanations given to us, the following are particulars of disputed statutory dues and amounts that have not been deposited:

Name of the Statute	Nature of dues	Amount (Rupees in crores)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	0.45	Assessment Year 2005-06	Commissioner of Income Tax (Appeals), Panaji
Sales Tax Act	Sales Tax	0.53	1987-88 to 1990-91	Administrative Tribunal for Goa
Sales Tax Act	Sales Tax	0.63	1977 – 98 to 2000-01	Additional Commissioner of Sales Tax

10. 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.
11. 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 is not applicable to the Company.
12. According to the information and explanations given to us and the records examined by us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other investments. Therefore, the provisions of paragraph 4(xii) of the Order are not applicable to the Company.
13. In our opinion and according to the information and explanations given to us, the Company is not a chit fund, niddhi or a mutual benefit society. Therefore the provisions of paragraph 4(xiii) of the Order are not applicable to the Company.
14. 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.
15. According to the information and explanations given to us, and the records examined by us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. To the best of our knowledge and belief and according to the information and explanations given to us, there were no amounts pending application in respect of term loans outstanding as at the beginning of the year nor were there any additional amounts availed against term loans during the year. Therefore the provisions of paragraph 4(xvi) of the Order are not applicable to the Company.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that, funds raised on short term basis have, prima facie, not been used during the year for long term investment.
18. 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.
19. According to the information and explanations given to us and the records examined by us, the Company has not issued any debentures that were outstanding at any time during the year.
20. According to the information and explanations given to us and the records examined by us, the Company has not raised money by public issues during the year.
21. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For DELOITTE HASKINS & SELLS,  
Chartered Accountants

SANJIV V. PILGAONKAR  
Partner  
Membership No. 39826

Place: Mumbai  
Date: 20th April, 2009



## Balance Sheet as at 31st March, 2009

(Rupees in crore)

	Schedule No.	As at 31st March, 2009	As at 31st March, 2008
<b>SOURCES OF FUNDS</b>			
Shareholders' Funds			
Share Capital	1	78.72	39.36
Reserves and Surplus	2	4,439.06	2,751.77
		4,517.78	2,791.13
Loan Funds			
Secured Loans	3	1.91	–
Unsecured Loans		–	–
		1.91	–
Deferred Tax Liability	4	52.53	53.50
Total		4,572.22	2,844.63
<b>APPLICATION OF FUNDS</b>			
Fixed Assets	5		
Gross Block		739.27	637.82
Less: Depreciation		281.27	239.73
Net Block		458.00	398.09
Capital Work-in-progress		48.19	15.85
		506.19	413.94
Investments	6	3,019.68	2,000.44
Current Assets, Loans and Advances			
Inventories	7	231.70	263.52
Sundry Debtors	8	256.73	443.07
Cash and Bank balances	9	12.17	13.16
Loans and Advances	10	1,099.00	50.35
		1,599.60	770.10
Less: Current Liabilities and Provisions			
Current Liabilities	11	313.93	162.50
Provisions	12	239.32	177.35
		553.25	339.85
Net Current Assets		1,046.35	430.25
Total		4,572.22	2,844.63
Notes to Accounts	18		

Per our report of even date attached

For and on behalf of the Board of Directors

Deloitte Haskins & Sells  
Chartered Accountants

Mr. Sanjiv V. Pilgaonkar  
Partner  
Membership No. 39826

P.K. Mukherjee  
Managing Director

A.K. Rai  
Director

C.D. Chitnis  
Company Secretary

Place: Mumbai  
Dated: 20th April, 2009

Place: Panaji - Goa  
Dated: 20th April, 2009

## Profit and Loss Account for the year ended 31st March, 2009

(Rupees in crore)

	Schedule No.	Year ended 31st March, 2009		Year ended 31st March, 2008	
<b>INCOME</b>					
Sales of Ore		4,585.80		3,242.19	
Less: Ocean Freight		303.38		–	
		4,282.42		3,242.19	
Sales of Metallurgical Coke		464.71		309.42	
Less: Ocean Freight		0.01		–	
		464.70		309.42	
Hire of Ship and Transhipper		7.76		–	
Services and Other proceeds	13	24.20		50.55	
Miscellaneous Income	14	217.15		70.25	
			4,996.23		3,672.41
<b>EXPENDITURE</b>					
Production and Operational Expenses	15	2,261.46		1,358.03	
Administration Expenses	16	56.59		33.35	
Interest and Other charges	17	3.38		1.51	
Depreciation		44.10		42.58	
			2,365.53		1,435.47
Profit Before Tax			2,630.70		2,236.94
Less: Provision for Taxation					
Current Tax			684.00		742.90
Deferred Tax			3.46		1.40
Fringe Benefit Tax			0.75		0.64
Profit After Taxes			1,942.49		1,492.00
Balance Brought Forward			60.31		50.54
			2,002.80		1,542.54
<b>APPROPRIATIONS</b>					
Interim Dividend		–		59.04	
Proposed Dividend		177.13		118.09	
Dividend Tax		30.10		30.10	
General Reserve		1,700.00		1,275.00	
			1,907.23		1,482.23
Surplus carried to Reserve and Surplus			95.57		60.31
Earnings per share – Basic and Diluted (Refer Note No. 23 of Schedule 18)			24.68		18.95
Nominal value per share			1.00		1.00
Notes to Accounts	18				

Per our report attached of even date attached

For and on behalf of the Board of Directors

Deloitte Haskins & Sells  
Chartered Accountants

Mr. Sanjiv V. Pilgaonkar  
Partner  
Membership No. 39826

P.K. Mukherjee  
Managing Director

A.K. Rai  
Director

C.D. Chitnis  
Company Secretary

Place: Mumbai  
Dated: 20th April, 2009

Place: Panaji - Goa  
Dated: 20th April, 2009



## Schedules Annexed to and Forming Part of the Balance Sheet as at 31st March, 2009

(Rupees in crore)

	As at 31st March, 2009	As at 31st March, 2008
<b>SCHEDULE 1: SHARE CAPITAL</b>		
<b>Authorised</b>		
1,000,000,000 Equity Shares of Re. 1 each		
(Previous year 50,000,000 Equity Shares of Rs. 10 each)	100.00	50.00
<b>Issued and subscribed</b>		
787,240,400 Equity Shares of Re. 1 each fully paid-up		
(Previous year 39,362,020 Equity Shares of Rs. 10 each)	78.72	39.36
<b>Total</b>	<b>78.72</b>	<b>39.36</b>
Out of the above shares:		
401,496,480 (Previous year 20,074,824) Shares are held by Finsider International Co. Ltd. U.K., the holding Company a subsidiary of Vedanta Resources plc. the ultimate holding company.		
1,429,020 (Previous year 71,451) shares held by West globe Limited Mauritius a subsidiary of Vedanta Resources plc.		
1,925,000 Shares of Rs.10 each were allotted 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. of the above 393,620,200 shares of Re. 1 each were allotted as fully paid-up bonus shares by capitalisation of reserves during the year.		

## Schedules Annexed to and Forming Part of the Balance Sheet as at 31st March, 2009

(Rupees in crore)

	As at 31st March, 2009		As at 31st March, 2008	
	Rs. in crore	Rs. in crore	Rs. in crore	Rs. in crore
<b>SCHEDULE 2: RESERVES AND SURPLUS</b>				
<b>Share Premium Account</b>				
As per last balance sheet	17.50		17.50	
Less: Amount capitalised during the year for issue of bonus shares	17.50		-	
		-		17.50
<b>Capital Reserve</b>		0.25		0.25
<b>General Reserve</b>				
As per last Balance Sheet	2,673.71		1,398.71	
Add: Transfer from Profit and Loss Account	1,700.00		1,275.00	
Add: Transitional provision adjustment - Forward Contracts (net of tax) (Refer Note No. 11 of Schedule 18)	0.47		-	
Less: Amount capitalised during the year for issue of bonus shares	21.86		-	
		4,352.32		2,673.71
<b>Hedging Reserve</b> (Refer Note No. 11 of Schedule 18)				
In respect of outstanding forward contracts as at 1st April, 2008	(3.44)		-	
Net addition during the year	(5.64)		-	
In respect of outstanding forward contracts as at 31st March, 2009		(9.08)		-
<b>Profit and Loss Account</b>				
As per annexed account		95.57		60.31
<b>Total</b>		<b>4,439.06</b>		<b>2,751.77</b>

	As at 31st March, 2009		As at 31st March, 2008	
<b>SCHEDULE 3: SECURED LOANS</b>				
<b>From banks</b>				
Cash Credit				
(Secured against hypothecation of Ore stocks, consumables, stores, bookdebts and lodgement of Letter of Credit)		1.91		-
<b>Total</b>		<b>1.91</b>		<b>-</b>

	As at 31st March, 2009		As at 31st March, 2008	
<b>SCHEDULE 4: DEFERRED TAX</b>				
<b>Deferred Tax Liabilities</b>				
on temporary timing differences				
- in respect of depreciation allowance		61.87		57.48
<b>Deferred Tax Assets</b>				
- in respect of provision for leave encashment	3.53		2.48	
- Others	5.81	9.34	1.50	3.98
<b>Net deferred tax liability</b> (Refer Note No. 11 of Schedule 18)		<b>52.53</b>		<b>53.50</b>

## Schedules Annexed to and Forming Part of the Balance Sheet as at 31st March, 2009

### SCHEDULE 5: FIXED ASSETS

	Original Cost				Depreciation / Amortisation			Net Value	
	Opening as at 1st April, 2008	Additions	Deductions	Closing as at 31st March, 2009	Upto 31st March, 2008	For the Year	On Deductions	As at 31st March, 2009	As at 31st March, 2008
<b>Tangible Assets</b>									
Mining Leases (Footnote 1)	27.47	-	-	27.47	7.39	4.43	-	15.65	20.08
Mining Concessions	0.68	-	-	0.68	0.65	-	-	0.03	0.03
Land Plots (Footnote 2)	11.03	0.63	-	11.66	0.05	-	-	11.61	10.98
Road and Bunders	0.65	-	-	0.65	0.23	0.01	-	0.41	0.42
Buildings	39.67	7.27	0.14	46.80	9.39	1.20	0.14	36.35	30.28
Machinery and Equipment	398.84	91.16	1.46	488.54	162.78	29.98	1.45	297.23	236.06
Aircraft (Footnote 3)	1.46	-	-	1.46	0.22	0.08	-	1.16	1.24
Vehicles	7.27	2.38	0.46	9.19	4.17	1.21	0.37	4.18	3.10
Riverfleet	51.73	0.06	-	51.79	9.52	1.73	-	40.54	42.21
Ship	95.31	1.53	0.52	96.32	43.38	5.06	0.52	48.40	51.93
Furniture and Equipment	3.71	1.08	0.08	4.71	1.95	0.40	0.08	2.44	1.76
<b>Total</b>	<b>637.82</b>	<b>104.11</b>	<b>2.66</b>	<b>739.27</b>	<b>239.73</b>	<b>44.10</b>	<b>2.56</b>	<b>458.00</b>	<b>398.09</b>
<b>Previous year</b>	<b>596.78</b>	<b>59.30</b>	<b>18.26</b>	<b>637.82</b>	<b>213.87</b>	<b>42.58</b>	<b>16.72</b>	<b>398.09</b>	<b>382.91</b>
<b>Capital work-in-progress</b>									
Constructions in progress								42.45	10.94
Capital advances (Refer Note. No. 3 (vi)(h) of Schedule 18)								5.74	4.91
<b>Total</b>								<b>48.19</b>	<b>15.85</b>

Notes:

1. Amount includes Rs. 10.87 crore paid to the forest department, Kamataka towards net present value (NPV) against mining lease at Karnataka.
2. Land plots include under Perpetual Lease Rs. 1.99 crore (Previous year Rs. 1.99 crore).
3. Represents 50% undivided interest in a P68C Aircraft.

## Schedules Annexed to and Forming Part of the Balance Sheet as at 31st March, 2009

(Rupees in crore)

	As at 31st March, 2009	As at 31st March, 2008
<b>SCHEDULE 6 : INVESTMENTS</b>		
Current Investment (at lower of cost and market value)		
Non-Trade, Unquoted:		
In Mutual Funds (Refer Note No. 10 of Schedule 18)		
Birla Floating Rate Fund - Long Term - Institutional - Growth	100.00	-
Birla Medium Term Plan - Institutional - Quarterly Dividend Payout	200.00	-
Birla Sun Life Fixed Term Plan - Institutional - Series - AN - Growth	75.00	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 Interval Income Fund - Institutional - Quarterly - Series 2 - Dividend Payout	-	100.00
Birla Sun Life Quarterly Interval - Series 6 - Dividend Payout	-	20.00
Birla Sun Life Savings Fund - Institutional Growth	151.73	-
Canara Robeco FM13 Series 1 - Growth	-	25.00
DSP BlackRock FMP - 12 1/2 M - Series 1 - Institutional Growth	50.00	50.00
DSP BlackRock FMP - 13M - Series 1 - Institutional Growth	45.00	45.00
DSP BlackRock FMP - 3M - Series 6 - Institutional - Dividend	-	22.00
HDFC FMP 18M November 2007 (VI) - Wholesale Growth Option	20.00	20.00
HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale - Daily Dividend	-	200.80
HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale - Growth	382.30	-
HDFC FMP 15M March 2007 (5) - Wholesale Plan Growth	-	25.00
HDFC Quarterly Interval Fund - Plan B - Wholesale Dividend Payout	-	50.00
HDFC Quarterly Interval Fund - Plan C - Wholesale Dividend Payout	-	60.00
ICICI Prudential - Flexible Income Plan Dividend - Daily	-	179.66
ICICI Prudential - Flexible Income Plan Premium - Growth	357.15	-
ICICI Prudential FMP Series 34 - One Year Plan B - Institutional Growth	-	25.00
ICICI Prudential FMP Series 38 - One Year Plan A - Institutional Growth	-	22.00
ICICI Prudential FMP Series 47 - One Year Plan B - Institutional Growth	100.00	-
ICICI Prudential Interval Fund II Quarterly Interval Plan B - Retail Dividend - Pay Dividend	-	50.00
ICICI Prudential Interval Fund II Quarterly Interval Plan C - Retail Dividend - Pay Dividend	-	105.72
ICICI Prudential Interval Fund IV Quarterly Interval Plan B Institutional Dividend - Pay Dividend	50.00	-
ING Fixed Maturity Fund Series 34 - Institutional - Dividend Payout	-	10.00
ING Fixed Maturity Fund Series 41 - Institutional - Dividend Payout	-	20.00
Kotak Flexi Debt Scheme - Daily Dividend	-	10.89
Kotak FMP 13M Series 3 - Institutional Growth	30.00	30.00
Kotak FMP 13M Series 5 - Growth	50.00	-
Kotak FMP 14M Series 2 - Institutional Growth	-	75.00
Kotak FMP 14M Series 4 - Institutional Growth	15.00	15.00
Kotak FMP 15M Series 3 - Institutional Growth	-	21.00
Kotak FMP 15M Series 4 - Institutional Growth	30.00	30.00
Kotak Quarterly Interval Plan Series 2 - Dividend	70.00	-
Kotak Quarterly Interval Plan Series 3 - Dividend Payout	-	38.00
Kotak Quarterly Interval Plan Series 5 - Dividend Payout	-	70.00
Kotak Quarterly Interval Plan Series 6 - Dividend Payout	-	45.00
Kotal Floater Long Term - Growth	385.19	-
Reliance Fixed Horizon Fund III - Annual Plan Series I - Institutional Growth Plan	-	50.00
Reliance Liquid Plus Fund - Money Manager Fund - Daily Dividend Plan	-	185.85
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	-
Reliance Medium Term Fund - Retail Plan - Growth Option	136.36	-
Reliance Quarterly Interval Fund - Series II- Institutional Dividend Plan	-	52.00

## Schedules Annexed to and Forming Part of the Balance Sheet as at 31st March, 2009 (Rupees in crore)

	As at 31st March, 2009		As at 31st March, 2008	
SBI Debt Fund Series - 13 Months - 10 - Institutional Growth	150.00		-	
SBI Debt Fund Series - 90 Days-20 - (26-Feb-08) - Dividend	-		100.00	
SBI Debt Fund Series - 90 Days-21 - (04-Mar-08) - Dividend	-		25.00	
SBI-SHF-Liquid Plus - Short term fund - Institutional Plan - Daily Dividend	-		105.57	
Tata Fixed Horizon Fund Series 18 Scheme B - Institutional Plan Growth	50.00	2,977.73	-	1,958.49
Long-term Investments (at cost less provision for diminution):				
Non-Trade, Unquoted Shares:				
In Subsidiary Company:				
Sesa Industries Limited				
17,650,284 equity shares of Rs.10 each fully paid-up		41.92		41.92
In Others:				
Sesa Ghor Premises Holders' Maintenance Society Limited	-		-	
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	-		-	
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	-		-	
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	-		-	
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	-		-	
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	-		-	
500 equity shares of Rs. 10 each fully paid-up [Rs. 5,000 (Previous year Rs. 5,000)]				
Goa Shipyard Limited	0.03		0.03	
62,707 equity shares of Rs. 10 each fully paid-up (including 34,837 bonus shares)				
The Mapusa Urban Cooperative Bank Limited	-		-	
40 equity shares of Rs. 25 each fully paid-up [Rs. 1,000 (Previous year Rs. 1,000)]				
		0.03		0.03
Total Cost		3,019.68		2,000.44
Provision for Doubtful Investment		-		-
Total		3,019.68		2,000.44
Aggregate amount of mutual fund investments at net asset value		3,031.58		1,989.56
Aggregate amount of unquoted investments at cost [including mutual funds Rs. 2,977.73 crores (previous year Rs. 1,958.49 crores)]		3,019.68		2,000.44

## Schedules Annexed to and Forming Part of the Balance Sheet as at 31st March, 2009 (Rupees in crore)

	As at 31st March, 2009		As at 31st March, 2008	
<b>SCHEDULE 7: INVENTORIES</b>				
Stocks of (at lower of cost and net realisable value):				
Raw Material		52.66		125.59
Finished Goods				
Metallurgical Coke	11.67		4.50	
Iron Ore	131.78	143.45	100.97	105.47
Consumables stores and spares [including goods in transit Rs. 0.11 crore (Previous year Rs. 0.11 crore)]		33.96		31.29
Work-in-progress		1.63		1.17
Total		231.70		263.52

	As at 31st March, 2009		As at 31st March, 2008	
<b>SCHEDULE 8: SUNDRY DEBTORS</b>				
Debts outstanding for a period exceeding six months				
Unsecured and Considered Good	31.95		–	
Considered Doubtful	–		0.78	
		31.95		0.78
Other debts, unsecured and considered good [including dues from subsidiary company Rs. 15.53 crore (Previous year Rs. 35.32 crore)]		224.78		443.07
Less: Provision for doubtful debts		–		0.78
Total		256.73		443.07

	As at 31st March, 2009		As at 31st March, 2008	
<b>SCHEDULE 9: CASH AND BANK BALANCES</b>				
Cash in hand [including cheques and demand drafts on hand Rs. 4.65 crore (Previous year Rs. 2.76 crore )]		4.73		2.85
Demand drafts in transit		0.52		0.52
Balances with Scheduled Banks:				
On Current Account	3.32		6.41	
On EEFC Account	0.07		0.04	
Unpaid Dividend Account	3.53		3.34	
		6.92		9.79
Total		12.17		13.16

## Schedules Annexed to and Forming Part of the Balance Sheet as at 31st March, 2009 (Rupees in crore)

	As at 31st March, 2009	As at 31st March, 2008
<b>SCHEDULE 10: LOANS AND ADVANCES</b>		
Unsecured Considered Good unless otherwise stated		
Advances recoverable in cash or in kind or for value to be received	82.27	40.09
Intercompany Deposits	1,000.00	–
Balances with port trusts, customs, excise authorities etc.	3.03	3.07
Loans and Advances to Staff (Refer Note No. 7 of Schedule 18)	0.64	0.85
Prepaid Expenses	4.76	2.37
Deposits	8.30	3.97
<b>Total</b>	<b>1,099.00</b>	<b>50.35</b>

	As at 31st March, 2009	As at 31st March, 2008
<b>SCHEDULE 11: CURRENT LIABILITIES</b>		
Sundry Creditors		
(i) Due to Micro and Small Enterprises (Refer Note No. 8 Schedule 18)	0.01	0.18
(ii) Due to others *	285.91	135.92
	285.92	136.10
Advances from Customers	5.83	9.37
Liability towards Investor Education and Protection Fund not due		
Unclaimed Dividend	3.53	3.34
Unclaimed Matured Deposits	0.03	0.05
Unclaimed Interest on Deposits	0.01	–
	3.57	3.39
Other Liabilities	18.61	13.64
<b>Total</b>	<b>313.93</b>	<b>162.50</b>
* Includes Rs. 0.74 crore due to the Directors (Previous year 0.65 crore)		

	As at 31st March, 2009	As at 31st March, 2008
<b>SCHEDULE 12: PROVISIONS</b>		
For Income Tax [net of advance tax Rs. 1,416.44 crore (Previous year Rs. 1,585.35 crore)]	17.27	30.24
For Fringe Benefit Tax [net of advance tax Rs. 2.80 crore (Previous year Rs. 1.21 crore )]	0.05	0.06
For Proposed Dividend	177.13	118.09
For Dividend Tax	30.10	20.07
For Gratuity	4.23	1.18
For Leave Encashment Benefit on Retirement	10.54	7.71
<b>Total</b>	<b>239.32</b>	<b>177.35</b>



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

for the year ended 31st March, 2009

(Rupees in crore)

	Year ended 31st March, 2009		Year ended 31st March, 2008	
<b>SCHEDULE 13: SERVICES AND OTHER PROCEEDS</b>				
Sale of Material		3.78		1.27
Sale of Gases		3.64		3.45
Technology Licence Fee		–		4.30
Sale of Carbon Credits		2.76		–
Barge hire charges [Tax deducted at source Rs. 0.16 crore (Previous year Rs. 0.06 crore)]		2.54		1.04
Proceeds from various services [Tax Deducted at Source Rs. 0.50 crore (Previous year Rs. 0.25 crore)]		11.48		10.01
Repairs of vessels by Shipyard [Tax Deducted at Source Rs. Nil (Previous year Rs. 0.01 crore)]		–		0.10
Difference in Rate of Exchange (Net)		–		30.38
<b>Total</b>		<b>24.20</b>		<b>50.55</b>

	Year ended 31st March, 2009		Year ended 31st March, 2008	
<b>SCHEDULE 14: MISCELLANEOUS INCOME</b>				
Interest on Intercompany Deposits [Tax Deducted at Source Rs. 9.68 crore (Previous year Rs. Nil)]	42.72		–	
Interest others	0.11		0.09	
Dividends		42.83		0.09
On Current Investments	142.70		65.17	
On Long-term Investments	0.03		0.01	
		142.73		65.18
Profit (net) on Sale of Current Investments		30.10		0.33
Profit on Sale of Assets (net)		0.06		0.12
Other Receipts [Tax deducted at source Rs. 0.25 crore (Previous year Rs. 0.08 crore)]		1.43		3.41
Provision for Doubtful Debts Written Back		–		1.12
<b>Total</b>		<b>217.15</b>		<b>70.25</b>

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

for the year ended 31st March, 2009

(Rupees in crore)

	Year ended 31st March, 2009	Year ended 31st March, 2008
<b>SCHEDULE 15: PRODUCTION AND OPERATIONAL EXPENSES</b>		
Increase/Decrease in stock of ore, finished goods and Work-in-progress		
Opening stock		
Iron Ore	100.97	74.71
Metallurgical Coke	4.50	1.38
Work-in-progress	1.17	1.35
	106.64	77.44
Less: Closing Stock		
Iron Ore	131.78	100.97
Metallurgical Coke	11.67	4.50
Work-in-progress	1.63	1.17
	145.08	106.64
	(38.44)	(29.20)
Consumption of Raw Material	228.83	200.50
Consumption of Stores [includes cost of supplies to contractors of the value of Rs. 51.88 crore (Previous year Rs. 37.62 crore)]	169.27	123.34
Purchase of Ore	264.08	237.04
Personnel (Refer Note No. 13 of Schedule 18)		
Salaries, Wages, Bonus and Allowances	51.30	38.05
Contributions to Provident and Other funds	2.53	2.06
Contributions to Gratuity and Annuity funds	4.41	1.92
Staff Welfare Expenses	4.41	3.04
	62.65	45.07
Repairs and Maintenance (Refer Note No. 5 of Schedule 18)		
Plant Machinery	1.89	1.79
Buildings	0.06	0.07
Others	0.15	0.23
	2.10	2.09
Contractors for hired Trucks and Other services	503.47	284.83
Hire Charges of barges	41.98	31.17
Wharfage, Tonnage, Handling and Shipping Expenses	112.36	72.34
Railway Freight	470.78	190.05
Rents	1.52	2.11
Export Duty	215.64	159.13
Royalty and Cess	13.49	9.89
Rates and Taxes	8.06	1.73
Insurance	4.82	3.40
Electricity and Water Charges	10.57	10.55
Demurrage over Despatch	17.42	8.97
Commission and Service Charges on sales	10.16	18.05
Analysis of Ore	5.07	2.03
Maintenance of Offices	0.28	0.13
Printing and Stationery	0.37	0.27
Travelling and Representation Expenses	1.84	2.11
Maintenance of Vehicles	0.26	0.23
General Expenses	19.10	12.15
Difference in Exchange Rate (net)	164.15	—
Provision for Mine Closure Expenses (Refer Note No. 6 of Schedule 18)	0.25	0.16
	2,290.08	1,388.14
Less: Extraction and processing costs recovered	28.62	30.11
Total	2,261.46	1,358.03

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

for the year ended 31st March, 2009

(Rupees in crore)

	Year ended 31st March, 2009		Year ended 31st March, 2008	
<b>SCHEDULE 16: ADMINISTRATION EXPENSES</b>				
Personnel (Refer Note No. 13 of Schedule 18)				
Salaries, Wages, Bonus, Allowances and Commission	18.93		8.83	
Contributions to Provident and Other funds	0.53		0.43	
Contributions to Gratuity and Annuity funds	1.43		0.66	
Staff Welfare Expenses	0.96		0.99	
		21.85		10.91
Maintenance of Offices and Equipments		1.38		0.67
Printing and Stationery		0.61		0.33
Postage, Telephone, Cables and Telex Charges		1.49		0.64
Fees to Auditors				
Audit Fees	0.18		0.09	
Tax Audit and Export profit certificates	-		0.04	
Other Certification Fees	0.32		0.08	
Reimbursement of Expenses	0.03		-	
		0.53		0.21
Sitting Fees and Commission to Non-Wholetime Directors		0.33		0.37
Travelling and Representation Expenses [includes travelling expenses of directors Rs. 0.84 crore (Previous year Rs. 1.08 crore)]		4.22		4.41
Professional and Legal Charges		23.56		16.35
Maintenance of Vehicles		1.56		0.50
Donations and Contributions		5.53		1.98
Bad Debts	0.78		0.01	
Less: Provision for Doubtful Debts	0.78	-	0.01	-
Miscellaneous Expenses		3.60		2.77
		64.66		39.14
Recovery from Subsidiary Company		8.07		5.79
Total		56.59		33.35

	Year ended 31st March, 2009		Year ended 31st March, 2008	
<b>SCHEDULE 17: INTEREST AND OTHER CHARGES</b>				
Interest Others		0.81		0.02
Discounting Charges		0.18		0.01
Other Charges		2.39		1.48
Total		3.38		1.51

## SCHEDULE 18:

### NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009

#### 1. Significant Accounting Policies

##### i) Basis of Accounting

The financial statements have been prepared on accrual basis 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 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. 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.

##### 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 out annually. 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.

#### 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 materials, consumable stores and spares 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 appropriate proportion of 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 foreign currency transactions are translated at the year end rates. Exchange difference arising on restatement or settlement is charged to profit and loss account.

##### viii) Foreign Currency forward contracts

The Company enters into forward derivative financial instrument 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 income statement.

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 income statement in the periods when the hedged item is recognised in the income statement.

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 income statement 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 net profit or loss 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), freight and pre-operative expenses, if any, including interest on borrowing 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 was 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. Amount paid to Government authorities towards renewal of forest clearances in respect of owned mining leases are capitalized under fixed assets.

## 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 the rate of 20%, 10% and 30% respectively to bring it in line with the useful life of the assets. Railway wagons procured under Wagon Investment Scheme (WIS) have been charged @ 10% on SLM. The value of mining leases capitalised are amortized under depreciation in line with actual quantity of ore extracted there from. Amount paid towards renewal of forest clearances in respect of owned mining lease are amortized over the operating period of the lease. Assets costing less than Rs. 5,000 are charged off completely 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 & 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 the companies' 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.

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 a 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.
3. **Contingent Liabilities:**
  - i) Guarantees (excluding the liability for which provisions have been made) amounting to Rs. 13.31 crore (Previous year Rs. 14.73 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. 62.63 crore (Previous year Rs.1.27 crore).
  - iii) Bonds executed in favour of customs authorities in respect of export of iron ore Rs. 1,281.97 crore (Previous year Rs. 583.71 crore).
  - iv) Claims by custom authorities (under dispute) relating to differential export duty on export shipments Rs. 49.13 crore (Previous year Rs. 18.79 crore). The said amount is also included under bonds executed detailed in point 3 (iii) above.
  - v) Bills discounted under letters of credit with banks Rs. 269.68 crore (Previous year Rs. 65.02 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. 6.08 crore (Previous year Rs. 5.20 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. Based on the legal opinion, the Company does not expect any liability on this account.
    - e) Disputed sales tax demand of Rs. 0.98 crore (Previous year Rs. 0.98 crore) including interest and penalty of Rs. 0.14 crore (Previous year Rs. 0.14 crore) appealed before Appellate Authority. Based on legal opinion obtained the Company does not expect any liability on this account.
    - f) Disputed income tax demand of Rs. 3.85 crore (Previous year Rs. 8.42 crore) including interest of Rs. 0.01 crore (Previous year including interest and penalty of Rs. 2.26 crore), appealed before Appellate Authority. Based on the legal opinion obtained, the company does not expect any liability on this account.
    - 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. Based on the legal opinion obtained, the company does not expect any liability on this account.
    - h) The Company's metallurgical coke division has made an advance payment of Rs. 1.59 crore (Previous year Rs. 1.59 crore) towards acquisition of leasehold land through State Government. A deed of lease in respect of 0.04 crore sq. meters of land valued at Rs. 0.58 crore (Previous year Rs. 0.58 crore) was executed. Some of the interested parties have legally disputed the quantum of compensation received and any further liability that may arise in future is not ascertainable.
    - i) Disputed forest development tax amounting to Rs. 29.88 crore (Previous year Rs. Nil) levied by Government of Karnataka challenged by writ petition filed in the High Court of Karnataka and stay granted.
    - j) 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. Nil).
    - k) 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. 21.17 crore (Previous year Rs. Nil) challenged by way of writ petition in the High Court of Bombay, Panjim Bench.
    - l) Claim for non-performance of contract of affreightment amounting to Rs. 12.74 crore (Previous year Rs. Nil) under arbitration.
4. Estimated amount of contracts (net of advances) remaining to be executed on capital account Rs. 19.14 crore (Previous year Rs. 17.33 crore).

5. 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	0.26	8.97	0.04	9.27
	(0.15)	(7.18)	(0.03)	(7.36)
b) Consumption of stores	1.13	44.55	0.40	46.08
	(0.63)	(40.21)	(0.17)	(41.01)
c) Contractors for various services	8.89	14.47	0.40	23.76
	(1.58)	(29.43)	(0.27)	(31.28)
d) Others	-	0.19	-	0.19
	(-)	(0.13)	-	(0.13)
Total	10.28	68.18	0.84	79.30
	(2.36)	(76.95)	(0.47)	(79.78)

(Figures in bracket relate to previous year).

6. 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, 2009 is as under:

(Rs. in crore)

Nature of obligation	2008-09	2007-08
Mines Closure Provision		
Opening carrying amount	1.25	1.09
Additional provisions made during the year	0.25	0.16
Amounts used during the year	-	-
Unused amounts reversed during the year	-	-
Closing carrying amount	1.50	1.25

7. Advances recoverable in cash or kind or for value to be received as shown in Schedule 10 include the following amount due from:

(Rs. in crore)

	2008-2009		2007-2008	
	As at 31st March, 2009	Maximum amount during the year	As at 31st March, 2008	Maximum amount during the year
Directors Travel/LTA Advance	-	0.02	-	0.03

8. 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.		2008-09	2007-08
1.	The principal amount remaining unpaid to supplier as at the end of accounting year.	0.01	0.08
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.

9. Interest received comprises of the following:

(Rs in crore)

	2008-09	2007-08
- On Inter corporate deposits	42.72	-
- On others	0.11	0.09
Interest (per Schedule 14)	42.83	0.09



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

Name of the Fund	Balance as on 1st April, 2008		Purchased during the year*		Redemption during the year		Balance as on 31st March, 2009	
	Units	Amount (Rs in crore)	Units	Amount (Rs in crore)	Units	Amount (Rs in crore)	Units	Amount (Rs in crore)
Canara Robeco FM13 Series 1 - Growth	25,000,000	25.00	-	-	25,000,000	25.00	-	-
Reliance Liquidity Fund - Daily Dividend Reinvestment Option	-	-	1,168,533,895	1,168.90	1,168,533,895	1,168.90	-	-
Reliance Liquid Plus Fund - Institutional Option - Daily Dividend Plan (Money Manager Fund)	1,856,389	185.85	8,107,205	811.64	9,963,594	997.49	-	-
Reliance Medium Term Fund - Daily Dividend Plan	-	-	303,801,531	519.36	303,801,531	519.36	-	-
Reliance Medium Term Fund - Retail Plan - Growth Option	-	-	75,068,762	136.36	-	-	75,068,762	136.36
Reliance Fixed Horizon Fund III - Annual Plan Series I - Institutional Growth Plan	50,000,000	50.00	-	-	50,000,000	50.00	-	-
Reliance Quarterly Interval Fund - Series II - Institutional Dividend Plan	52,000,000	52.00	-	-	52,000,000	52.00	-	-
Reliance Fixed Horizon Fund - VIII - Series 7 - Institutional Dividend Payout Plan	-	-	90,000,000	90.00	90,000,000	90.00	-	-
Reliance Fixed Horizon Fund - X - Series 14 - Institutional Dividend Payout Plan	-	-	100,000,000	100.00	100,000,000	100.00	-	-
Reliance Fixed Horizon Fund X - Series 2 - Super Institutional Growth Plan	-	-	150,000,000	150.00	-	-	150,000,000	150.00
Reliance Fixed Horizon Fund XI - Series 2 - Super Institutional Dividend Plan	-	-	50,000,000	50.00	50,000,000	50.00	-	-
Reliance Fixed Horizon Fund XII - Series 4 - Super Institutional Growth	-	-	300,000,000	300.00	-	-	300,000,000	300.00
SBI Premier Liquid Fund - Institutional Daily Dividend	-	-	249,251,578	250.06	249,251,578	250.06	-	-
SBI - SHF - Liquid Plus - Institutional Plan - Daily Dividend (Short term fund)	105,515,950	105.57	313,936,459	314.09	419,452,409	419.66	-	-
SBI Debt Fund Series - 90 Days-20-(26-Feb-08) - Dividend	100,000,000	100.00	-	-	100,000,000	100.00	-	-
SBI Debt Fund Series - 90 Days-21-(04-Mar-08) - Dividend	25,000,000	25.00	-	-	25,000,000	25.00	-	-
SBI Debt Fund Series - 90 Days-25-Dividend (June)	-	-	75,000,000	75.00	75,000,000	75.00	-	-
SBI Debt Fund Series - 90 Days-29-Dividend (September)	-	-	75,000,000	75.00	75,000,000	75.00	-	-
SBI Debt Fund Series - 13 Months - 10 - Institutional Growth	-	-	150,000,000	150.00	-	-	150,000,000	150.00
Kotak Liquid (Institutional Premium) - Daily Dividend	-	-	1,313,841,516	1,606.58	1,313,841,516	1,606.58	-	-
Kotak Flexi Debt Scheme - Daily Dividend	10,856,150	10.89	312,538,502	313.51	323,394,652	324.40	-	-
Kotak Flexi Debt Scheme - Institutional - Daily Dividend	-	-	761,100,314	764.72	761,100,314	764.72	-	-
Kotak Floater Long Term - Daily Dividend	-	-	370,217,308	373.17	370,217,308	373.17	-	-
Kotak Floater Long Term - Growth	-	-	277,233,470	385.19	-	-	277,233,470	385.19
Kotak FMP 14M Series 2 Institutional Growth	75,000,000	75.00	-	-	75,000,000	75.00	-	-
KOTAK FMP 15M Series 3 - Institutional Growth	21,000,000	21.00	-	-	21,000,000	21.00	-	-
Kotak Quarterly Interval Plan Series 3 - Dividend Payout	38,000,000	38.00	61,974,363	62.00	99,974,363	100.00	-	-
Kotak Quarterly Interval Plan Series 5 - Dividend Payout	70,000,000	70.00	-	-	70,000,000	70.00	-	-
Kotak Quarterly Interval Plan Series 6 - Dividend Payout	45,000,000	45.00	-	-	45,000,000	45.00	-	-
Kotak FMP 14M Series 4 - Institutional Growth	15,000,000	15.00	-	-	-	-	15,000,000	15.00
Kotak FMP 13M Series 3 - Institutional Growth	30,000,000	30.00	-	-	-	-	30,000,000	30.00
Kotak FMP 15M Series 4 - Institutional Growth	30,000,000	30.00	-	-	-	-	30,000,000	30.00
Kotak FMP 13M Series 5 - Growth	-	-	50,000,000	50.00	-	-	50,000,000	50.00
Kotak Quarterly Interval Plan Series 2 - Dividend	-	-	70,000,000	70.00	-	-	70,000,000	70.00
Kotak Quarterly Interval Plan Series 4 - Dividend Payout	-	-	74,982,754	75.00	74,982,754	75.00	-	-
Kotak Quarterly Interval Plan Series 8 - Dividend Payout	-	-	50,000,000	50.00	50,000,000	50.00	-	-
HDFC Cash Management Fund - Savings Plan - Daily Dividend Reinvestment	-	-	957,202,882	1,018.12	957,202,882	1,018.12	-	-
HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale - Daily Dividend	200,170,576	200.80	1,535,660,162	1,540.50	1,735,830,738	1,741.30	-	-
HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale - Growth	-	-	199,005,026	382.30	-	-	199,005,026	382.30
HDFC FMP 15M March 2007 (5)- Wholesale Plan Growth	25,000,000	25.00	-	-	25,000,000	25.00	-	-
HDFC Quarterly Interval Fund - Plan C - Wholesale Dividend Payout	59,950,442	60.00	-	-	59,950,442	60.00	-	-
HDFC FMP 18M November 2007 (VI) - Wholesale Growth Option	20,000,000	20.00	-	-	-	-	20,000,000	20.00
HDFC Quarterly Interval Fund - Plan B Wholesale Dividend Payout	49,861,883	50.00	-	-	49,861,883	50.00	-	-
HDFC FMP 90D June 2008 (VIII) (3) - Wholesale Plan Dividend Payout	-	-	30,000,000	30.00	30,000,000	30.00	-	-

Name of the Fund	Balance as on 1st April, 2008		Purchased during the year*		Redemption during the year		Balance as on 31st March, 2009	
	Units	Amount (Rs in crore)	Units	Amount (Rs in crore)	Units	Amount (Rs in crore)	Units	Amount (Rs in crore)
HDFC FMP 90D August 2008 (IX) (3) - Wholesale Dividend	-	-	100,000,000	100.00	100,000,000	100.00	-	-
HDFC FMP 90D August 2008 (IX) (4) - Wholesale Plan Dividend Payout	-	-	75,000,000	75.00	75,000,000	75.00	-	-
HDFC FMP 181D August 2008 (VIII) (1) - Wholesale Plan Dividend Payout	-	-	30,000,000	30.00	30,000,000	30.00	-	-
HDFC FMP 90D September 2008 (IX) (1) - Wholesale Plan Dividend Payout	-	-	50,000,000	50.00	50,000,000	50.00	-	-
HDFC FMP 90D September 2008 (IX) (2) - Wholesale Plan Dividend Payout	-	-	50,000,000	50.00	50,000,000	50.00	-	-
HDFC FMP 90D September 2008 (IX) (3) - Wholesale Plan Dividend Payout	-	-	30,000,000	30.00	30,000,000	30.00	-	-
ICICI Prudential Institutional Liquid Plan - Super Institutional Daily Dividend	-	-	675,430,426	675.46	675,430,426	675.46	-	-
ICICI Prudential - Flexible Income Plan Dividend - Daily	169,918,095	179.66	902,711,036	954.48	1,072,629,130	1,134.14	-	-
ICICI Prudential - Flexible Income Plan Premium - Growth	-	-	219,190,374	357.14	-	-	219,190,374	357.15
ICICI Prudential FMP Series 34 - One Year Plan B Institutional Growth	25,000,000	25.00	-	-	25,000,000	25.00	-	-
ICICI Prudential FMP Series 38 - One Year Plan A - Institutional Growth	22,000,000	22.00	-	-	22,000,000	22.00	-	-
ICICI Prudential Interval Fund II Quarterly Interval Plan B - Retail Dividend - Pay Dividend	50,000,000	50.00	-	-	50,000,000	50.00	-	-
ICICI Prudential Interval Fund II Quarterly Interval Plan C - Retail Dividend - Pay Dividend	105,726,600	105.73	-	-	105,726,600	105.73	-	-
ICICI Prudential FMP Series 44 - Three Month Plan A Retail Dividend - Pay Dividend	-	-	50,000,000	50.00	50,000,000	50.00	-	-
ICICI Prudential FMP Series 44 - Three Month Plan D Retail Dividend - Pay Dividend	-	-	50,000,000	50.00	50,000,000	50.00	-	-
ICICI Prudential Interval Fund II Quarterly Interval Plan E - Retail Dividend - Pay Dividend	-	-	50,000,000	50.00	50,000,000	50.00	-	-
ICICI Prudential Interval Fund II Quarterly Interval Plan E - institutional - Pay Dividend	-	-	50,000,000	50.00	50,000,000	50.00	-	-
ICICI Prudential FMP Series 44 - Three Month Plan E Retail Dividend - Pay Dividend	-	-	30,000,000	30.00	30,000,000	30.00	-	-
ICICI Prudential FMP Series 47 - three Months Plan B Retail Dividend - Pay dividend	-	-	50,000,000	50.00	50,000,000	50.00	-	-
ICICI Prudential Interval Fund II Quarterly Interval Plan D - Institutional - Pay Dividend	-	-	50,000,000	50.00	50,000,000	50.00	-	-
ICICI Prudential FMP Series 47 - One Year Plan B Institutional Growth	-	-	100,000,000	100.00	-	-	100,000,000	100.00
ICICI Prudential Interval Fund IV Quarterly Interval Plan B Institutional Dividend - Pay Dividend	-	-	50,000,000	50.00	-	-	50,000,000	50.00
BSL Cash Plus - Institutional - Daily Dividend Reinvestment	-	-	1,034,738,534	1,117.76	1,034,738,534	1,117.76	-	-
BSL Savings Fund - Institutional Daily Dividend Reinvestment (Liquid Plus)	-	-	1,310,336,896	1,311.23	1,310,336,896	1,311.23	-	-
BSL Savings Fund - Institutional Growth	-	-	91,237,101	151.73	-	-	91,237,101	151.73
BSL Interval Income Fund - Institutional - Quarterly - Series 2 - Dividend Payout	100,000,000	100.00	-	-	100,000,000	100.00	-	-
BSL Quarterly Interval - Series 6 - Dividend Payout	20,000,000	20.00	30,000,000	30.00	50,000,000	50.00	-	-
BSL Fixed Term Plan - Institutional - Series - AN - Growth	75,000,000	75.00	-	-	-	-	75,000,000	75.00
BSL Interval Income Fund - Institutional - Quarterly - Series 3 - Dividend Payout	-	-	75,000,000	75.00	75,000,000	75.00	-	-
BSL Interval Income Fund - Institutional - Quarterly - Series 1 - Dividend Payout	-	-	100,000,000	100.00	100,000,000	100.00	-	-
BSL Quarterly Interval - Series 3 - Dividend Payout	-	-	50,000,000	50.00	50,000,000	50.00	-	-
BSL Quarterly Interval - Series 9 - Dividend Payout	-	-	40,000,000	40.00	40,000,000	40.00	-	-
BSL Quarterly Interval - Series 2 - Dividend Payout	-	-	40,000,000	40.00	40,000,000	40.00	-	-
BSL Fixed Term Plan - Institutional Series BD - Growth	-	-	65,000,000	65.00	-	-	65,000,000	65.00
BSL Fixed Term Plan - Retail - Series BD - Growth	-	-	15,000,000	15.00	-	-	15,000,000	15.00

Name of the Fund	Balance as on 1st April, 2008		Purchased during the year*		Redemption during the year		Balance as on 31st March, 2009	
	Units	Amount (Rs in crore)	Units	Amount (Rs in crore)	Units	Amount (Rs in crore)	Units	Amount (Rs in crore)
Birla Floating Rate Fund - Long Term - Institutional - Growth	-	-	99,979,004	100.00	-	-	99,979,004	100.00
DSP BlackRock FMP - 3M - Series 6 - Institutional - Dividend	22,000,000	22.00	-	-	22,000,000	22.00	-	-
DSP BlackRock FMP - 13M - Series 1 - Institutional - Growth	45,000,000	45.00	-	-	-	-	45,000,000	45.00
DSP BlackRock FMP - 12 1/2 M - Series 1 - Institutional - Growth	50,000,000	50.00	-	-	-	-	50,000,000	50.00
DSP BlackRock FMP - 3M - Series 9 - Institutional - Growth - Reinvestment Dividend	-	-	30,000,000	30.00	30,000,000	30.00	-	-
Tata Fixed Horizon Fund Series 17 Scheme E - Institutional Plan Periodic Dividend	-	-	40,000,000	40.00	40,000,000	40.00	-	-
Tata Income Plus Fund (Option A) - Bonus/ Income	-	-	142,873,471	150.00	142,873,471	150.00	-	-
Tata Income Plus Fund (Option B) - Bonus/ Income	-	-	142,597,751	150.00	142,597,751	150.00	-	-
Tata Fixed Horizon Fund Series 19 Scheme E - Institutional Plan Periodic Dividend	-	-	80,000,000	80.00	80,000,000	80.00	-	-
Tata Fixed Horizon Fund Series 18 Scheme B - Institutional Plan Growth	-	-	50,000,000	50.00	-	-	50,000,000	50.00
ING Fixed Maturity Fund Series 41 - Institutional - Dividend Payout	20,000,000	20.00	-	-	20,000,000	20.00	-	-
ING Fixed Maturity Fund Series 34 - Institutional - Dividend Payout	10,000,000	10.00	-	-	10,000,000	10.00	-	-
ING FMP-49 Institutional Dividend	-	-	30,000,000	30.00	30,000,000	30.00	-	-
ING Interval Fund - Quarterly-B - Institutional Dividend Regular	-	-	15,000,000	15.00	15,000,000	15.00	-	-
<b>Total</b>	<b>1,763,856,085</b>	<b>1,958.50</b>	<b>15,516,550,321</b>	<b>17,604.30</b>	<b>14,853,692,669</b>	<b>16,585.08</b>	<b>2,426,713,737</b>	<b>2,977.73</b>
Previous year	814,083,047	825.86	6,906,826,551	7,584.66	595,705,313	6,452.03	1,763,856,085	1,958.49
* includes dividend reinvested								

11. The Company has applied hedge accounting principles in respect of forward exchange contracts as set out in Accounting Standard (AS) 30 - Financial Instruments: Recognition and Measurement, issued by the Institute of Chartered Accountants of India. Accordingly, all such contracts as on 31st March, 2009 are marked to market and a loss aggregating to Rs. 9.08 crore (net of deferred tax aggregating Rs. 4.59 crore) arising on contract that were designated and effective as hedges of future cash flows, has been directly recognised in the reserves, to be ultimately recognised in the Profit and Loss Account depending on the exchange rate fluctuation till and when the underlying transaction occurs. As a result of this change, the profit for the year is higher and reserves for the year lower by Rs. 9.08 crore.

12. Research and development expenditure of Rs. 1.95 crore (Previous year Rs. 1.36 crore) has been charged to profit and loss account under specific heads of accounts, while Rs. 0.65 crore has been incurred as capital cost for research and development.

### 13. 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 "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)

	2008-09	2007-08
Fair value of plans	17.61	17.00
Present value of commitment	(21.84)	(18.18)
Net gratuity liability	(4.23)	(1.18)
Defined benefit commitment		
Balance at start of the year	18.18	16.50
Current service cost	1.02	1.33
Benefits paid	(1.69)	(0.98)
Interest cost	1.45	1.24
Actuarial (gains)/losses	2.88	0.09
Balance at end of year	21.84	18.18
Plan assets		
Balance at start of the year	17.00	14.50
Contribution received	1.16	2.00
Benefits paid	(1.69)	(0.98)
Return on scheme assets	1.31	1.48
Actuarial gains/(losses)	(0.17)	-
Balance at end of year	17.61	17.00

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.

(Rs. in crore)

Return on plan assets	2008-09	2008-09
Expected return on plan assets	1.31	1.48
Actuarial gain/(loss)	(0.17)	-
Actual return on plan assets	1.14	1.48

Expenses on defined benefit plan recognised in the profit and loss account.

(Rs. in crore)

	2008-09	2007-08
Current service cost	1.04	1.33
Actuarial (gains)/losses	3.05	0.09
Expected return on plan assets	(1.31)	(1.48)
Interest cost	1.45	1.24
Total expenses/(income) accounted in the profit and loss account	4.23	1.18

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	2008-09	2007-08
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%	-
Mortality rates	LIC (1994-96) Ultimate Table	LIC (1994-96) Ultimate Table

## Experience Adjustment

(Rs. in crore)

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

The contributions expected to be made by the company during the financial year 2009-10 are Rs. 4.23 crore.

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. The above information is actuarially determined upon which reliance is placed by the auditors.

## 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. 4.67 crore (Previous year Rs. 3.89 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	2008-09	2007-08
Provident fund and family pension fund	3.06	2.49
Annuity fund	1.61	1.40
	4.67	3.89

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

	Iron Ore		Metallurgical Coke	
	Quantity	Value	Quantity	Value
	(MMT)	(Rs.in crore)	(MMT)	(Rs.in crore)
Installed capacity	-	-	0.280	N.A.
			(0.280)	N.A.
Opening Stock as on 1.4.2008	2.747	100.97	0.005	4.50
	(2.219)	(74.71)	(0.002)	(1.38)
Production (Foot Note 1)	10.689	281.46	0.224	259.50
	(7.754)	(178.22)	(0.263)	(230.48)
Purchases (Foot Note 1)	4.485	264.08	-	-
	(5.165)	(231.37)	(-)	(-)
Sales	15.103	4,282.42	0.217	464.70
	(12.391)	(3,242.19)	(0.260)	(309.42)
Closing Stock as on 31.3.2009	2.818	131.78	0.011	11.67
	(2.747)	(100.97)	(0.005)	(4.50)

Notes:

- Net of processing and handling loss on ore handled and processed/reprocessed during the year.
- The closing stock of ore excludes 0.061 million metric tonnes (Previous year 0.084 million metric tonnes) received on loan basis.
- Figures in brackets relate to previous year.
- Figures of quantity are in dry metric tonnes.

ii) Consumption of Raw Materials

	Quantity (MMT)	Value (Rs. in crore)
Coal	0.291 (0.340)	228.76 (199.77)
Coar tar pitch	— (0.001)	0.07 (0.11)

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. 11.48 crore (Previous year Rs. 10.11 crore).

## 15. 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
<b>Revenue</b>				
- Sales/Income from Operations	4,306.59	472.49		4,779.08
(net of duties and ocean freight)	(3,280.58)	(321.58)		(3,602.16)
- Other Income	1.37	0.12		1.49
	(4.49)	(0.16)		(4.65)
Net Revenue from operations	4,307.96	472.61		4,780.57
	(3,285.07)	(321.74)		(3,606.81)
Add : Interest Income			42.83	42.83
			(0.09)	(0.09)
Add : Dividend			142.73	142.73
			(65.18)	(65.18)
Add : Profit on sale of Investment			30.10	30.10
			(0.33)	(0.33)
Enterprise revenue				4,996.23
				(3,672.41)
Segment Result before tax, Interest, dividend and other non-recurring/Unallocable income	2,203.70	212.33		2,416.03
	(2,084.53)	(86.84)		(2,171.37)
Less: Interest Expenses			0.99	0.99
			(0.03)	(0.03)
Add: Interest Income			42.83	42.83
			(0.09)	(0.09)
Add: Dividend Income			142.73	142.73
			(65.18)	(65.18)
Add: Profit on sale of Investment			30.10	30.10
			(0.33)	(0.33)
Profit before Taxation				2,630.70
				(2,236.94)
Segment Assets	904.61	201.18	4,019.68	5,125.47
	(900.08)	(283.96)	(2,000.44)	(3,184.48)
Segment Liabilities	267.19	59.85	280.65	607.69
	(160.70)	(10.69)	(221.96)	(393.35)
Capital Expenditure	126.96	9.49		136.45
	(53.78)	(5.43)		(59.21)
Depreciation	34.95	9.15		44.10
	(34.00)	(8.58)		(42.58)
Significant Non-Cash Expenses other than depreciation	0.56	—	—	0.56
	(0.46)	(—)	(—)	(0.46)

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

(Rs. in crore)

	2008-09	2007-08
Segment revenue:		
India	692.82	783.52
Outside India	4,087.75	2,823.29
Segment assets:		
India	884.90	857.92
Outside India	220.89	326.12
Capital expenditure:		
India	135.97	59.21
Outside India	0.48	—

16. i) **Managerial Remuneration**

(Rs. in crore)

	2008-09	2007-08
- Salaries	2.06	1.47
- Provident fund	0.14	0.10
- Gratuity fund	0.59	0.42
- Annuity fund	0.19	0.12
- Perquisites	0.45	0.40
- Sitting fees	0.04	0.04
- Commission	0.74	0.65
[Including Rs. 0.30 crore (Previous year Rs. 0.33 crore) payable to non-wholetime Indian directors]		
	4.21	3.20

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

(Rs. in crore)

	2008-09	2007-08
Profit before taxes	2,630.70	2,236.94
Less: Profit on redemption of investments	30.10	0.33
Profit per Section 349	2,600.60	2,236.61
Add: Directors' remuneration	4.21	3.20
Profit under Section 198	2,604.81	2,239.81
- Commission payable to wholetime directors @ 1% of net profit restricted to	0.44	0.32
- Commission to non-wholetime directors @ 1% of net profit restricted to	0.30	0.33

17. **Donations and Contributions include payment to the following political parties**

(Rs.in crore)

	2008-09	2007-08
- Bhartiya Janata Party	—	0.28
- Goa Pradesh Congress Committee	—	0.28
- Nationalist Congress Party	—	0.05
- Maharashtrawadi Gomantak Party	—	0.05
- Save Goa Front	—	0.05
- Shiv Sena	—	0.01

## 18. CIF Value of Imports and Consumption of Spares

(Rs.in crore)

	2008-2009	2007-2008
i) Value of imports on CIF basis in respect of		
a) Raw materials	151.85	173.42
b) Components and spare parts	14.80	13.61
c) Capital goods	14.82	19.90
ii) Consumption of imported raw materials, Stores, spare parts & components 60.98 % (Previous year 61.70%)	242.78	199.80
iii) Consumption of indigenous raw materials, stores, spare parts and components 39.02 % (Previous year 38.30 %)	155.32	124.04

## 19. 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:-

Particular	2008-09		2007-08	
	Rs. in crore	Fx million	Rs. in crore	Fx million
Export of goods and services	224.19	USD 44	276.82	USD 69

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

Particular	2008-09		2007-08	
	Rs. in crore	Fx million	Rs. in crore	Fx million
Import of Goods and services	88.54	USD 17.3	14.36	USD 3.6
		JPY 3		JPY 9.3
		SGD -		SGD 1
		EURO -		EURO -

Note: Fx = Foreign currency; USD = US Dollar; JPY= Japanese Yen; SGD = Singapore Dollar

### 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 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. crore)
31st March, 2009	10	21	106.99

## 20. Expenditure incurred in Foreign Currency (including difference in rate of exchange)

(Rs. in crore)

	2008-2009	2007-2008
- Analysis of ore at destination	5.07	2.03
- Foreign travel expenses	0.75	0.75
- Demurrage	22.80	10.83
- Books and periodicals	0.11	0.11
- Ocean freight on vessels	303.38	-
- Commission and service charges on sales	10.16	15.81
- Insurance premium	3.23	1.08
- Maintenance of ship's machinery	0.63	15.77
- Port disbursement	0.52	1.33
- Salaries and wages	-	0.35
- China office expenses – revenue	0.70	-
- Others	5.15	5.09



## 21. Earnings in Foreign Currency (including difference in rate of exchange):

(Rs. in crore)

	2008-2009	2007-2008
On exports of iron ore on FOB basis	4,077.69	2,851.18
Despatch money	5.38	1.78

## 22. Remittance of Dividends in Foreign Currency

	2008-2009	2007-2008
Dividend for the year		
Number of Non-resident shareholders	2	2
Number of shares held (in crore)	40.29	2.01
Amount remitted (Rs. in crore)	60.44	50.37

	2008-2009	2007-2008
Interim dividend for the year		
Number of Non-resident shareholders	–	2
Number of shares held (in crore)	–	2.01
Amount remitted (Rs. in crore)	–	30.22

## 23. Earnings Per Share

	2008-2009	2007-2008
Net profit after tax (Rs. in crore)	1,942.49	1,492.00
Weighted average no. of equity shares (in crore)	78.72	3.94
Nominal value of each equity shares	Re.1	Rs.10
Basic and diluted EPS (in Rs.)	24.68	18.95

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

## 24. 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
  - Richter Holding Limited
  - Westglobe Limited
  - Vedanta Resources Plc

Holding Company  
Holding Companies of Finsider  
International Company Limited  
Ultimate Holding Company
- ii) Subsidiary of the Company  
Sesa Industries Limited
- iii) Fellow Subsidiaries:  
With whom transactions have taken place during the year
  - Bharat Aluminum Company Limited
  - Sterlite Industries (India) Limited
  - The Madras Aluminum Company Limited
  - Vedanta Aluminum Limited
  - Hindustan Zinc 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
  - Mr. M.D. Phal (Appointed from 21.12.2008)
- v) 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
<b>1. Sales &amp; Services</b>				
Sesa Industries Limited	Sales & Services	-	412.36	-
		(-)	(290.85)	(-)
Vedanta Aluminum Limited	Interest on ICD	-	-	42.72
		(-)	(-)	(-)
Sterlite Industries (I) Limited	Sale of Coke	-	-	0.08
		(-)	(-)	(-)
Hindustan Zinc Limited	Sale of Coke	-	-	0.14
			(-)	(-)
<b>2. Purchase &amp; Other services</b>				
Hindustan Zinc Ltd.	Administration Expenses	-	-	0.30
		(-)	(-)	(1.14)
Bharat Aluminum Co. Ltd.	Administration Expenses	-	-	0.14
		(-)	(-)	(-)
Vedanta Aluminum Co. Ltd.	Administration Expenses	-	-	1.06
		(-)	(-)	(0.03)
The Madras Aluminum Co. Ltd.	Administration Expenses	-	-	0.03
		(-)	(-)	(-)
Sterlite Industries Ltd.	Administration Expenses	-	-	5.06
		(-)	(-)	(0.26)
Vedanta Resources Plc.	Administration Expenses	0.05	-	-
		(-)	(-)	(-)
Finsider International Co. Ltd.	Dividend remittance	60.22	-	-
		(50.19)	(-)	(-)
West Globe Ltd.	Dividend remittance	0.22	-	-
		(0.18)	(-)	(-)
Mitsui & Co. Ltd. (up to 23.4.2007)	Sales Commission	-	-	-
		(0.12)	(-)	(-)
Sesa Industries Ltd.	Purchases & Other services	-	38.93	-
		(-)	(12.60)	(-)
<b>3. Inter Corporate Deposits</b>				
Vedanta Aluminium Limited		-	-	1,000.00
		(-)	(-)	(-)
<b>4. Bad Debts Written Off</b>				
		(-)	(-)	(-)
<b>5. Outstanding receivables/payables (-)</b>				
Sesa Industries Ltd.		-	15.53	-
		(-)	(35.32)	(-)
Hindustan Zinc Ltd.		-	-	-
		(-)	(-)	(-0.22)
Bharat Aluminum Co. Ltd.		-	-	-
		(-)	(-)	(-)
Vedanta Aluminum Co. Ltd.		-	-	-
		(-)	(-)	(-0.01)
The Madras Aluminum Co. Ltd.		-	-	-
		(-)	(-)	(-)
Sterlite Industries Ltd.		-	-	-1.57
		(-)	(-)	(-0.08)

Figures in brackets relate to previous year.

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

(Rs. in crore)

Remuneration (Executive Directors)	2008-09	2007-08
Mr. P. K. Mukherjee	1.33	0.95
Mr. A. K. Rai	0.93	0.73
Mr. A. Pradhan	0.76	0.58
Mr. H. P. U .K. Nair	0.71	0.57
Mr. M.D. Phal	0.14	-
	3.87	2.83

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

(Rs in crore)

	2008-09	2007-08
Donation	5.12	1.00
Recovery – rent and electricity charges	0.02	0.02

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

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

<b>I) Registration Details</b>			
Registration No.			44/G
State Code			24
Balance Sheet Date			31.3.2009
<b>II) Capital Rose during the year:</b>			(Rs. in crore)
Public Issue			NIL
Rights Issue			NIL
Bonus Issue			39.36
Private Placement			NIL
<b>III) Position of Mobilization &amp; Deployment of Funds:</b>			(Rs. in crore)
Total Liabilities			4572.22
Total Assets			4572.22
<b>Sources of Funds:</b>			
Paid-up Capital			78.72
Reserves & Surplus			4439.06
Secured Loans			1.91
Unsecured Loans			—
Deferred Tax liability			52.53
<b>Application of Funds:</b>			
Net Fixed Assets			506.19
Investments			3019.68
Net Current Assets			1046.35
Accumulated Losses			NIL
<b>IV) Performance of Company:</b>			(Rs. in crore)
Turnover			4996.23
Total Expenditure			2365.53
Profit before Tax			2630.70
Profit after Tax			1942.49
Earning per Share (in Rs.)			24.68
Dividend rate (%)			225
<b>V) Generic Names of Principal Products/Services of Company (as per monetary terms)</b>			
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  
Managing Director

A.K. Rai  
Director

C.D. Chitnis  
Company Secretary

Place: Panaji - Goa  
Dated: 20th April, 2009

## Cash Flow Statement for the year ended 31st March, 2009

Rs. in crore

	Year ended 31st March, 2009	Year ended 31st March, 2008
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net profit before tax	2,630.70	2,236.94
Adjustments for:		
Depreciation	44.10	42.58
Provision for doubtful debts written back	–	(1.12)
Interest/dividend (net)	(184.57)	(65.24)
(Profit)/loss on sale of assets	(0.06)	(0.12)
(Profit)/loss on redemption of investments	(30.10)	(0.33)
Unrealised exchange (gain)/loss	0.56	0.46
Operating profit before working capital changes	2,460.63	2,213.17
Adjustments for:		
Trade and other receivables	138.64	(232.96)
Inventories	31.82	(8.51)
Trade payables	144.31	54.09
Cash generated from operations	2,775.40	2,025.79
Taxes paid	(697.73)	(719.50)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>2,077.67</b>	<b>1,306.29</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of fixed assets	(136.45)	(59.21)
Proceeds from sale of fixed assets	0.16	1.66
(Purchase)/redemption of current investments [net of dividend reinvested Rs. 74.49 crore (previous year Rs. 19.06 crore)]	(914.35)	(1,113.24)
Interest received	42.83	0.09
Dividend received	67.94	46.12
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(939.87)</b>	<b>(1,124.58)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Inter Corporate Deposits	(1,000.00)	–
Interest paid	(0.99)	(0.03)
Dividend and taxes paid thereon	(137.97)	(183.57)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(1,138.96)</b>	<b>(183.60)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(1.16)</b>	<b>(1.89)</b>
Cash and cash equivalents - opening balance	9.82	11.72
Effect of exchange gain/(Loss) on cash and cash equivalents	(0.02)	(0.01)
Cash and cash equivalents - closing balance	8.64	9.82
Notes:		
1 Cash and bank balances as per Schedule 9	12.17	13.16
Less: Un-paid dividend account	(3.53)	(3.34)
Cash and cash equivalents as per the cash flow statement	8.64	9.82
2 Figures in brackets represent outflows		
3 For notes to accounts refer Schedule 18		

Per our report attached of even date attached

For and on behalf of the Board of Directors

Deloitte Haskins & Sells  
Chartered Accountants

Mr. Sanjiv V. Pilgaonkar  
Partner  
Membership No. 39826

P.K. Mukherjee  
Managing Director

A.K. Rai  
Director

C.D. Chitnis  
Company Secretary

Place: Mumbai  
Dated: 20th April, 2009

Place: Panaji - Goa  
Dated: 20th April, 2009

## TEN YEAR RECORD

(Rupees in crore)

Year ending 31st March	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Fixed Assets	173.54	170.96	174.15	183.67	194.74	287.45	329.05	398.85	413.94	506.19
Investments	69.73	69.73	68.59	58.98	66.95	345.96	516.16	867.81	2000.44	3019.68
Net Current Assets	174.95	192.06	188.80	169.09	162.92	156.40	296.54	291.80	430.25	1046.35
Total Capital Employed	418.22	432.74	431.54	411.73	424.61	789.81	1141.75	1558.46	2844.63	4572.22
Shareholder's Equity	238.24	250.04	231.93	238.93	315.51	724.25	1084.13	1506.36	2791.13	4517.78
Sales & Other Income	246.90	289.49	270.31	362.78	573.21	1423.84	1734.76	2049.44	3672.41	4996.23
Profit before tax	5.95	21.31	23.29	17.99	142.78	687.42	807.08	899.85	2236.94	2630.70
Tax for the year	(0.03)	(3.00)	(7.70)	(5.40)	(44.00)	(225.04)	(267.68)	(293.44)	(744.94)	(688.21)
Adjustments	1.31	-	-	-	-	-	-	-	-	-
Total Earnings	7.23	18.31	15.59	12.58	98.78	462.37	539.40	606.41	1492.00	1942.49
Dividends/Dividend Tax	(3.28)	(6.51)	(5.90)	(5.55)	(22.20)	(100.93)	(179.53)	(182.45)	(207.23)	(207.23)
Retained Earnings	3.95	11.80	9.69	7.03	76.58	361.44	359.87	423.96	1284.77	1735.26
Earnings per Share - Rs.	3.67	9.30	7.92	6.39	50.19	117.47	137.04	154.06	379.06	24.68*
Dividends %	15.00	30.00	30.00	25.00	100.00	225.00	400.00	400.00	450.00	225.00
No. of Shareholders	39,492	37,510	37,479	30,460	29,948	61,313	43,418	43,032	90,875	209,605

- 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 share holders 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 2009.
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 is post split and bonus.
- \* EPS on nominal value of Re.1/-.

## Statement Pursuant to Section 212 of the Companies Act, 1956 Relating to Subsidiary Company

1. Name of the Subsidiary Company : Sesa Industries Limited
2. The financial year of the Subsidiary Company ended on : 31st March, 2009
3. Extent of interest of Sesa Goa Limited in the capital of the Subsidiary at the end of the financial year of the Subsidiary : 17,650,284 Equity Shares of Rs.10 each fully paid-up in total of 20,000,000 Equity Shares.
4. The net aggregate amount of Profit/Loss of the Subsidiary so far as it concerns the members of Sesa Goa Limited
  - a) Not dealt with in the Company's accounts for the year ended : 31st March, 2009 amounted to
    - i) For the Subsidiary's financial year ended as in (2) above : Profit Rs.50.89 crores
    - ii) For the previous financial years of the Subsidiary since it became the holding Company's Subsidiary : Profit Rs. 160.23 crores
  - b) Dealt with in Company's accounts for the year ended 31st March, 2009 amounted to
    - i) For Subsidiary's financial year ended as in (2) above : Nil
    - ii) For the previous financial years of the Subsidiary since it became the holding Company's Subsidiary : Nil
5. The provisions of Section 212(5) of the Companies Act,1956 are not applicable as the financial year of the Subsidiary Company coincides with that of the Company.

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: 20th April, 2009



## SESA INDUSTRIES LIMITED

(SUBSIDIARY COMPANY)

### REGISTERED OFFICE

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: Sesa Ghor, 20 EDC Complex, Patto, Panaji, Goa - 403 001

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### DIRECTORS

---

: P. G. Kakodkar Chairman  
H. P. U. K. Nair  
A. Pradhan  
P. K. Mukherjee Managing Director

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### SECRETARY

---

: M. Devjani

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### AUDITORS

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: M/s. Deloitte Haskins & Sells  
Chartered Accountants  
Mumbai

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### BANKERS

---

: Canara Bank  
Bank of India  
Punjab National Bank

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### FACTORY

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: Navelim/Amona Village, Bicholim Taluka, Goa, India

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## DIRECTORS' REPORT

To the Members,

The Annual Report of the Company together with the Audited Statement of Accounts for the Financial Year ended 31st March 2009 is presented herewith.

### Financial Results

	2008-2009 (Rs. in crore)	2007-2008 (Rs. in crore)
Profit/(Loss) for the year, before provisions for depreciation and tax	92.30	101.04
(Less): Depreciation	(7.57)	(7.38)
Provision for Taxation		
- Current Tax	(26.00)	(30.90)
- Deferred tax	(1.00)	(0.10)
- Fringe Benefit Tax	(0.06)	(0.07)
Profit after Depreciation and Tax	57.67	62.59
Balance brought forward from the previous year	141.51	78.92
Balance carried to Balance Sheet	199.18	141.51

The merger of the Company with Holding Company, Sesa Goa Limited was approved by the Single Judge of the Bombay High Court at Goa. However, on appeal made by a shareholder to the Division Bench of the same Court, the Order of the Single Judge was set aside. The Company has filed Special Leave Petition in the Supreme Court of India against the order of the Division Bench. The Directors report of the Company is therefore being presented to its shareholders.

### Appropriation of Profit

In view of pending merger of the Company with the Holding Company, Sesa Goa Limited, the Board of Directors have decided neither to recommend any dividend for the year 2008-09 nor to transfer any amount to General Reserve.

### Operations

The pig iron business caters mainly to the domestic steel and foundry industries. The global economic downturn has had its recessionary impacts on the Indian Industry. This has led to a slowdown in several major industries like automobiles and engineering. Consequently, pig iron demand slowed down considerably in the second half of 2008-09. Consequently, production reduced from 0.271 million MT in 2007-08 to 0.217 million MT in 2008-09.

Due to the demand slowdown, one blast furnace was stopped from November 2008 to February 2009. There was also a scheduled shutdown of one Blast Furnace during the first quarter of the year for relining and maintenance. The international prices of coke and iron ore, being the two main inputs for production of pig iron, dropped sharply. However, this did

not translate into higher profitability due to demand slackening for pig iron itself, resulting in a downward price correction.

### Outlook

While prices are expected to remain subdued, there are signs of a slight improvement in demand particularly in the auto sector, in agriculture machinery sector and induction furnace segment catering to construction sector. The market seems to have bottomed out and prices are stabilized. The agricultural machinery segment and construction rebar segments are doing well.

### Directors' Responsibility Statement

Your Directors confirm that:

- the applicable accounting standards have been followed along with proper explanations relating to material departures, if any, for preparation of the annual accounts;
- the accounting policies have been selected and applied consistently and made judgments and estimates 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 2009 and of the profits of the Company for that year;
- 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;
- the annual accounts have been prepared on a going concern basis.

## Quality/Environment/ISO and Safety Certifications

The certifications under ISO:9001-2000, ISO: 14001-2004 and OHSAS: 18001- 1999 for Quality Management, Environment Management and Safety Management respectively have been maintained.

## Awards

The Company was awarded the prestigious British Safety Council Award. It secured the National Award for Excellence in Water Management 2008 and the Golden Peacock Award 2008 for excellence in Occupational Health and Safety from World Environment Foundation. In addition, it secured the Greentech Environment Excellence Silver Award and the National Sustainability Award by Indian Institute of Metals.

## Safety

The FSI is an index, which considers both the frequency rate of accidents and severity rate of accidents. The safety performance in terms of the FSI was as under:

FSI	
2008-09	2007-08
0.109	0.100

## Directors

Mr. Amit Pradhan, Director will retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

Mr.K.R.V. Subrahmanian resigned as Director of the Company on 22nd October, 2008 upon attaining the age of superannuation. The Board placed on record its appreciation for the valuable services rendered by Mr. Subrahmanian during his tenure as Director of the Company.

Mr.M.D. Phal resigned as Wholtime Director of the Company with effect from 21st December, 2008. Mr Phal will however continue to be associated with the Company as a non-executive nominee Director of the Company until 30th April, 2009.

The Board of Directors, at the meeting held on 30th March, 2009 reappointed Mr.P.K. Mukherjee as Managing Director of the Company with effect from 1st April, 2009 for a period of three years.

Necessary resolution for appointment and remuneration of Mr. P.K. Mukherjee as Managing Director is put to the shareholders for their approval.

## 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.

## Conservation of Ecology

Under the tree plantation programme, about 879 saplings were planted around the plant at Amona. The dust suppression system installed in earlier year contributes towards improvement of the environment in and around the plant. The Furnace exhaust gas is utilized to produce clean electrical energy. All industrial waste water is re-used after treating.

## Auditors

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

## Employees/Stake Holders

The Directors record their hearty appreciation for the cooperation and supported rendered by the employees at all the levels of the Company. The Directors thank the employee union, shareholders, customers, suppliers, bankers, government authorities, local bodies around the plant area and all the other business associates for their support to the Company and its Management.

Particulars of employees as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are given in Annexure B.

For and on behalf of the Board of Directors

Place: Panaji, Goa  
Dated: 20th April, 2009

P.G. KAKODKAR  
CHAIRMAN

## 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 2009.

### (A) Conservation of Energy

The company has achieved an overall 1.5% reduction in specific energy consumption during the year, compared to that of last year. This is a result of various energy conservation measures including automations, installation of VFDs for various applications, resizing of pumps/fans etc. The specific coke consumption has reduced by 1.5% due to various measures like Air pre-heater for HBS at Bf-2 and modification in furnace relining. With the stabilization of the power plant set up on BOO basis, all the blast furnace gas is being fully utilized for generation of power.

### (B) Technology Absorption

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

Research and Development (R & D):

- Specific areas in which R & D carried out by the Company:

The efforts are underway to develop an in-house Hot metal De-phosphorisation unit for production of extra low phos pig Iron. Mortar injection pump was developed in house for mortar injection into the BF shell to improve the lining life. A Blow pipe fixing machine also was developed to reduce BF maintenance time.

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

Improvement of product quality with consequent improved revenue/cost reduction are the results of above activities.

- Future plans of action:

Developmental work is being actively pursued to reduce the costs of production and further improvement in quality of the pig iron produced.

- Expenditure on R&D:

	2008-09 (Rs. in crore)	2007-08 (Rs. in crore)
a) Capital	-	-
b) Recurring (revenue)	0.07	-
c) Total	0.07	-
d) Total R & D expenditure as a percentage of total turnover	0.01	-

### Technology Absorption, Adaptation and Innovation

- Efforts made towards technology absorption, adaptation and innovation:

The Company maintains a close contact and continuous interaction with other Pig Iron Producers, other consultants, its foreign associates and more importantly the niche customers (to be an inseparable partner in their value chain).

- Benefits derived as a result of the above efforts:

- Improvements in the cost effective technology for the manufacture of superior quality Low Phosphorus / Low Sulphur Foundry Grade Pig Iron to a consistent quality at consistently high productivity levels.
- Modifications and improvements in the design of blast furnace lining for achieving longer campaign life.
- Higher productivity.

### (C) Foreign Exchange Earnings and Outgo

The Foreign Exchange earnings and outgo of the Company during the year under report amounted to Rs.5.01 crore and Rs.1.51 crore (Details given in Schedule 17) respectively.

For and on behalf of the Board of Directors

Place: Panaji, Goa  
Dated: 20th April, 2009

P.G. KAKODKAR  
CHAIRMAN

## 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, 2009.

Sr. No.	Name of the Employee	Designation/ Nature of Duties	Gross Remuneration (Rs. in crores)	Qualification	Experience in yrs.	Date of Commencement of Employment	Age of the Employee (Years)	Last Employment held before joining the Company
1	2	3	4	5	6	7	8	9
<b>(A) Employed throughout the financial year</b>								
1	Patnaik Tapan	G M - Pig Iron Plant	0.26	B. Sc. Engg. (Met)	21	20-09-1990	52	Orissa Sponge Iron Ltd.
<b>(B) Employed for part of the financial year</b>								
1.	Phal M. D.	Whole-time Director	0.55	B. A. (Econ.) M. A. Personnel Management and Industrial Relations	34	03-05-1990	60	General Manager Human Resources, Sesa Goa Ltd., Panaji

### Notes:

- Remuneration as shown above includes Salary, House Rent Allowance, Performance pay, Company's Contribution to Provident Fund & Annuity Fund, Leave Travel Assistance and expenditure by the Company on accommodation, medical and other facilities, wherever applicable, as per contracts of service.
- In addition the Whole-time Director is entitled to Gratuity and also covered under Group Personal Accident Insurance Policy.
- None of the Employees mentioned above is a relative of any Director of the Company.
- The nature of employment is contractual.
- The above employees do not hold by themselves or along with his/her spouse and dependant children, two per cent or more of the equity shares of the Company.

For and on behalf of the Board of Directors

Place : Panaji  
Dated: 20th April, 2009

P. G. KAKODKAR  
Chairman

## REPORT ON CORPORATE GOVERNANCE

### 1. Company's Philosophy on Code of Corporate Governance

Sesa Industries Limited (SIL) is an unlisted subsidiary of Sesa Goa Limited. It remains committed to the principles of good corporate governance in line with Sesa Goa's philosophy of corporate governance. This chapter is SIL's voluntary disclosure on corporate governance practices. As an unlisted entity, it is not bound by the

guidelines of Clause 49 of the listing agreement, yet it is developing structures and systems that make it compliant in practice and spirit.

### 2. Board of Directors

The composition of the Board of Directors is as follows:

- 1 promoter, executive Director
- 4 non-executive Directors, one of whom is an independent Director, who is also the Chairman of the Board

**Table 1: Attendance of each Director at the Board of Directors' Meetings during the year and at the last AGM is as follows:**

Name of Directors	Category	No. of Meetings held	Attendance Particulars		Number of other Directorships and Committee Memberships		
			Board Meeting	Last AGM	Other Director-Ships *	Committee Member-ships**	Committee Chairman-Ship**
1	2	3	4	5	6	7	8
P. G. Kakodkar	C- ID	4	3	Yes	9	3	3
K. R. V. Subrahmanian (resigned w.e.f. 22nd October, 2008)	NED	3	3	Yes	6	2	4
H. P. U. K. Nair	NED	4	4	Yes	1	1	–
A. Pradhan	NED	4	4	Yes	1	1	–
M. D. Phal (ceased as WTD w.e.f 21st December, 2008)	NED	4	4	Yes	1	–	–
P. K. Mukherjee	MD	4	4	Yes	1	1	–

C: Chairman, NED: Non-Executive Director, WTD: Whole-time Director, MD: Managing Director. ID: Independent Director

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

\*\* Memberships/Chairmanships of only the Audit Committees and Shareholders/Investors Grievance Committees of all public limited companies have been considered.

**None of the Directors on the Company's Board is a member of more than Ten Committees and Chairman of more than Five Committees across all the Companies in which he is a Director. All the Directors have made necessary disclosures regarding Committee positions held by them in other Public Companies. None of the Directors hold the office of Director in more than Fifteen Companies.**

**Number of Board Meetings held, and the dates on which held**

4 Board meetings were held during the financial year ended 31st March, 2009.

The dates on which the Board Meetings were held are 28th April, 2008, 22nd July, 2008, 22nd October, 2008 and 30th March, 2009.

**Shareholdings of Non-Executive Directors as on 31st March, 2009 are as under:-**

Name	No. of Equity shares held	% of Paid-up Capital
Mr. H. P. U. K. Nair	100	–

Table 2 below gives a brief description of the Directors on the Board of SIL.

**Table 2: Directors' Profile**

Sr. No.	Name	Age	Qualification	Experience	Other Directorships*
i.	P. G. Kakodkar DIN: 00027669	72	M. A. (Economics)	Appointed as Director on 28th January, 2004.  Over 40 years experience in State Bank of India, Retd. as Chairman of SBI. He is currently I.T. and Banking Consultant.	<ul style="list-style-type: none"> <li>Goa Carbon Ltd.</li> <li>Uttam Galva Steel Ltd.</li> <li>Financial Technologies (India) Ltd.</li> <li>Fomento Resorts and Hotels Ltd.</li> <li>Centrum Finance Ltd.</li> <li>Sesa Goa Limited</li> <li>Multi Commodity Exchange of India Ltd.</li> <li>IBX Forex Ltd.</li> <li>Anand Rath Financial Services Ltd.</li> </ul>
ii.	M. D. Phal DIN: 00016742	60	M.A. in Personnel Management & Industrial Relations from Tata Institute of Social Sciences, Mumbai	Appointed as Director on 1st January, 2002.  34 years of experience in Human Resources function.	<ul style="list-style-type: none"> <li>Sesa Goa Limited</li> </ul>
iii.	A. Pradhan DIN: 00128568	54	M.Sc. (Physics) from I.I.T. Delhi	Appointed as Director on 1st July, 2000.  31years of experience in Materials/Project Management.	<ul style="list-style-type: none"> <li>Sesa Goa Limited</li> </ul>
iv.	H. P. U. K. Nair DIN: 00016948	59	B.Tech (Metallurgy) from I.I.T. Madras	Appointed as Director on 1st February, 1999  36 years of experience in Metallurgical Industry	<ul style="list-style-type: none"> <li>Sesa Goa Limited</li> </ul>
v.	P. K. Mukherjee DIN: 00015999	53	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.  29 years experience in Finance, Accounts, Costing Taxation. Legal and Management	<ul style="list-style-type: none"> <li>Sesa Goa Limited</li> </ul>

\* excluding foreign companies, Private Limited Companies and Companies under Section 25 of the Companies Act, 1956.

### 3. Board Level Committees

There are four Board Level Committees. This includes the Audit Committee, the Remuneration Committee, the Banking and Authorisation Committee and the Share holders' Grievance Committee.

#### Audit Committee

The Audit Committee comprises the following 3 Non-Executive Directors and the Chairman is an independent Director:

- P. G. Kakodkar - Chairman  
(Chairman w.e.f. 22.10.2008)
- H. P. U. K. Nair
- Amit Pradhan

Mr. K. R. V. Subrahmanian ceased to be the Chairman and Member of the Audit Committee with effect from 22.10.2008 following his resignation from the Company's Board on superannuation.

Mr. P. G. Kakodkar, Chairman, has accounting and related financial management expertise. The other members of the Audit Committee have wide exposure in the respective areas.

Four Audit Committee Meetings were held during the financial year ended 31st March, 2009. The dates on which the said meetings were held are 28th April, 2008, 22nd July, 2008, 22nd October, 2008 and 30th March, 2009.

**Table 3: Attendance record of Company's Audit Committee**

Name of the Member	Position	Status	No. of Meetings held	No. of Meetings Attended
P. G. Kakodkar*	Chairman	ID	1	–
A. Pradhan	Member	NED	4	4
H. P. U. K. Nair	Member	NED	4	4
K. R. V. Subrahmanian **	Member	NED	3	3

Note: ID : Independent Director NED: Non-Executive Director\* appointed as chairman and member at Board Meeting held on 22nd October, 2008. \*\* ceased to be member from 22nd October, 2008 consequent to his resignation from Board.

The representatives of Statutory Auditors, Internal Auditors and Mr. P. K. Mukherjee, Managing Director, attended all the meetings as invitees.

Mr. M. Devjani, Company Secretary, acts as the Secretary to the Committee.

All the members of the Audit Committee were present at the last Annual General Meeting of the Company held on 23rd July, 2008.

- H. P. U. K. Nair
- A. Pradhan  
(member w.e.f 30.03.2009)

Mr. K. R. V. Subrahmanian ceased to be the Chairman and Member of the Remuneration Committee with effect from 22nd October, 2008 following his resignation from the Company's Board on superannuation.

## Remuneration Committee

The Remuneration Committee comprises the following 3 Non-Executive Directors and the Chairman is an independent Director:

- P. G. Kakodkar – Chairman  
(Member from 22.10.2008)

The Remuneration Committee is responsible for recommending the compensation payable to the Whole-time Directors, based on defined performance criteria.

One Meeting of the Remuneration Committee was held during the financial year ended 31st March, 2009 i.e. on 28th April, 2008.

**Table 4: Attendance record of Company's Remuneration Committee**

Name of the Member	Position	Status	No. of Meetings held	No. of Meetings Attended
K. R. V. Subrahmanian *	Member	ID	1	1
P. G. Kakodkar**	Chairman	ID	1	1
H. P. U. K. Nair	Member	NED	1	1
A. Pradhan #	Member	NED	–	–

Note: ID : Independent Director NED: Non-Executive Director\* ceased to member from 22nd October, 2008 consequent to his resignation from Board. \*\* appointed as chairman and member at Board Meeting held on 22nd October, 2008. # appointed as member at Board Meeting held on 30th March, 2009

## Remuneration policy:

### Non-Executive Directors

The Company did not have any pecuniary relationship or transactions with the Non-Executive Directors during financial year 2008-2009 apart from the sitting fees paid for attending different Board level meetings

### Sitting Fees

The Company pays sitting fees to Non-Executive Directors for attending the meetings of the Board and Committee.



## Managing and Executive Directors

The Company pays remuneration to its Managing Director by way of salary and to its Executive Directors by way of salary, executive allowance, performance linked pay and perquisites. The salary is approved by the Board of Directors on recommendation of the Remuneration Committee and the salary is paid within the overall limits approved by the members of the Company. The Board on the recommendation of Remuneration Committee approves the annual increment effective 1st April each year.

### 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

#### Executive Director:

Period of contract	:	5 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 Executive Director and the Contract shall come to an end without any obligation on either party.
Severance fees	:	Nil, except for pay in case of shorter notice.

Details of remuneration to Managing/Wholetime Directors for the year are as under:

Rupees in Crores				
Name	Salary	Perquisites	Retirement Benefits	Total
P. K. Mukherjee	Re. 1	–	–	Re. 1
M. D. Phal Upto 20.12.2008)	0.36	0.10	0.09	0.55

The sitting fees paid to the Directors for attending Board meetings and Committee meetings during the year 2008-09 are as under:

(Rupees)	
Name	Sitting Fees
P. G. Kakodkar	60,000
K. R. V. Subrahmanian	70,000

## 4. Banking and Authorization Committee

The Board had also constituted a Banking and Authorisation Committee to consider banking, investment and other related issues as and when the need arises. This Committee comprises of Mr. P. G. Kakodkar (Chairman), Mr. P. K. Mukherjee (MD), Mr. H. P. U. K. Nair (NED) and Ms. Lalita Correia Afonso.

The Committee met three times during the financial year ended 31st March, 2009. The dates on which the said meetings were held are 22nd July, 2008, 22nd October, 2008 and 23rd March, 2009.

Table 5: Attendance record of Company's Banking and Authorization Committee

Name of the Member	Position	Status	No. of Meetings held	No. of Meetings Attended
P. G. Kakodkar	Chairman	NED	3	2
P. K. Mukherjee	Member	MD	3	3
H. P. U. K. Nair	Member	NED	3	3
Lalita Correia Afonso	Member	–	3	3

NED : Non-executive Director. MD: Managing Director.

## 5. Share Transfer Committee

The Company has a Share Transfer Committee to approve the share transfers. Share Transfer Committee comprises one Executive Director and three non-executive Directors as follows:

- P.K. Mukherjee – Managing Director
- H.P.U.K. Nair – Non-Executive Director
- Amit Pradhan – Non-Executive Director
- M. D. Phal – Non-Executive Director  
(Executive Director upto 20.12.2008)

The Committee meets monthly to approve the share transfers.

The Committee also reviews investor related issues and recommends measures to improve investor services.

Details of number of complaints received and disposed off during the year are as under:

### Shareholders

Sr. No.	Nature of Complaints	Opening Balance	Received	Disposed Off	Pending
i.	Non-receipt of Dividend	0	3	3	0
ii.	Non-receipt of Share Certificates	0	3	3	0
iii.	Merger	0	2	2	0
iv.	Change in address	0	1	1	0
v.	Correction in name	0	1	1	0
vi.	Non receipt of Annual Report	0	5	5	0
	Total	0	15	15	0

Outstanding complaints as on 31st March, 2009 were Nil.

The number of pending share transfers as on 31st March, 2009 were Nil.

## 6. General Body Meetings

Location and time, where last three Annual General Meetings were held :

Year	AGM	Location	Date	Time
2005-2006	AGM	Goa Marriott Resort, Miramar, Panaji Goa	22-12-2006*	10.00 a.m.
2006-2007	AGM	Dinanath Mangeshkar Kala Mandir Auditorium at Kala Academy, Panaji, Goa	29-9-2007	10.00 a.m.
2007-2008	AGM	Dinanath Mangeshkar Kala Mandir Auditorium at Kala Academy, Panaji, Goa	23-7-2008	10.00 a.m.

\* Necessary approval was received from Registrar of Companies, Goa for extension of time for holding Annual General Meeting up to 27/12/2006.

No special resolution was put through postal ballot during the year ended on 31st March, 2009.

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
29 September, 2007	1	Approval to commence and carry on all or any of the business set out in Clauses 52 (a), 52 (b) and 52 (c) of the 'Other Objects' Clause III (C) of the Memorandum of Association of the Company.

## 7. a. Disclosures on materially significant related party transactions i.e. transactions of the cCompany of material nature, with its promoters, the directors or the management, their subsidiaries or the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the company at large.

Transactions with related parties are disclosed in Note No.15 of Schedule 17 to the Accounts in the Annual Report.

## b. Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

No penalty or stricture was imposed on the Company on any matter relating to capital markets during the last three years.

## 8. Means of Communication

The Company is a Subsidiary of Sesa Goa Limited and derives benefits of economy of scale and shares common central services as a part of the Sesa Group. The shareholders are kept informed through system of common administration of the Sesa Group and a common system of information and feedback. The Corporate website of the Company is [www.sesagoa.com](http://www.sesagoa.com).

## 9. General Shareholders' Information

- i. **Annual General Meeting:**
  - Date and Time: Thursday, 13th August, 2009 10.00 a.m.
  - Venue: Dinanath Mangeshkar Kala Mandir Auditorium, at Kala Academy, Panaji, Goa
- ii. **Book closure date** Tuesday, 11th August, 2009 to Thursday, 13th August, 2009 (both days inclusive).
- iii. **Registrar and Transfer Agents** In house facility at its Registered Office at:  
(Share transfers & Communication Sesa Industries Limited  
regarding share certificates, dividends 'Sesa Ghor', 20 EDC Complex ,  
and change of address) Patto, Panaji Goa 403001
- iv. **Share Transfer System** Share transfer requests are processed and despatched to the shareholders within an average period of 35 days from the date of receipt.  
Share Transfer Committee Meetings are held once in a month.

### v. Distribution of Shareholding as on 31st March, 2009

Shareholding of Nominal value of Rs. 10/-	No. of share holders	% of Total shareholders	Amount in Rs. crores	% of Amount
UPTO 5000	18620	98.57	1.88	9.41
5001 - 10000	180	0.95	0.14	0.70
10001 - 20000	53	0.28	0.08	0.40
20001 - 30000	13	0.07	0.03	0.17
30001 - 40000	5	0.03	0.02	0.09
40001 - 50000	5	0.03	0.02	0.12
50001 - 100000	7	0.04	0.05	0.23
100001 AND ABOVE	7	0.04	17.78	88.89
<b>TOTAL</b>	<b>18890</b>	<b>100.00</b>	<b>20.00</b>	<b>100.00</b>

### According to Categories of shareholders as at 31st March, 2009

Category	No. of shares held	Percentage of shareholding
a. Promoter's holding	17650284	88.25
b. Banks, Mutual funds, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/ Non-Govt. Institutions)	1140	0.01
c. Private Corporate Bodies	51142	0.26
d. Indian Public	2294856	11.47
e. NRI's	2578	0.01
<b>Grand Total</b>	<b>20000000</b>	<b>100.00</b>

The equity shares of the Company are not listed on Stock Exchange.

**Corporate Identity No. (CIN) is U27105GA1993PLC001355**

- vi. **Plant locations** Navelim/Amona Village,  
Bicholim Taluka – Goa.
- vii. **Address for correspondence** Secretarial Department  
(in respect of share transfers and any other Sesa Industries Limited  
query relating to the shares of the Sesa Ghor, 20 EDC Complex,  
Company) Patto, Panaji Goa 403 001.

## AUDITORS' REPORT TO THE MEMBERS OF SESA INDUSTRIES LIMITED

1. We have audited the attached Balance Sheet of SESA INDUSTRIES LIMITED as at 31st March, 2009, and the Profit and Loss Account and the Cash Flow Statement of the Company for year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
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 check 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 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, (the Order) issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable to the Company.
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 comply with 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 accounts 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, 2009;
    - (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
    - (iii) in the case of the Cash Flow Statement of the cash flows for the year ended on that date.
5. On the basis of the written representations received from the directors as on 31st March, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 from being appointed as Director of the Company in terms of clause (g) of sub-Section (1) of Section 274 of the Companies Act, 1956.

For DELOITTE HASKINS & SELLS,  
Chartered Accountants

SANJIV V. PILGAONKAR  
Partner  
Membership No. 39826

Place: Mumbai  
Date: 20th April, 2009

## ANNEXURE TO THE AUDITORS' REPORT (Referred to in paragraph 3 of our report of even date)

1. In respect of the Company's fixed assets:
  - (a) In our opinion and according to the information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and location of its fixed assets.
  - (b) According to the information and explanations given to us, the fixed assets of the Company covering all locations have been physically verified by the management during the year in accordance with the programme of verification. In our opinion, the program provides for physical verification of all fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - (c) During the year, the assets disposed off by the Company do not, in our opinion, constitute a substantial part of its fixed assets.
2. In respect of its inventories:
  - (a) As explained to us, inventories were physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
  - (b) In our opinion and according to the information and explanations 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 verification between the inventories physically verified and the book records.
3. According to the information and explanations given to us, the Company has not granted or taken any secured or unsecured loan to or from companies, firms and other parties covered in the Register maintained under section 301 of the Companies Act, 1956. Consequently the provisions of paragraph 4(iii)(a) to 4(iii)(g) of the Order are not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have neither come across nor have we been informed about any instances of major weaknesses in the aforesaid internal control systems.
5. 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.
6. The Company has not accepted deposits from the public, hence the provisions of paragraph 4(vi) of the Order is not applicable to the Company.
7. In our opinion, the internal audit function 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.
8. To the best of our information and according to the information and explanation 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 product.
9. According to the information and explanations given to us in respect of statutory and other dues:
  - (a) During the year, the Company has been regular in depositing undisputed statutory dues including dues on account of provident fund, employees' state insurance, wealth tax, customs duty, excise duty, cess and other material statutory dues. We have been informed that no sums were payable in respect of investor education and protection fund.
  - (b) According to the information and explanations given to us, no undisputed statutory dues were payable in respect of provident fund, investor education and protection fund, employees' state insurance, wealth tax, service tax, customs duty, cess, royalty and income tax which were in arrears for a period of more than six months from the date they became payable.
  - (c) As at 31st March, 2009 according to the information and explanations given to us, the following are particulars of disputed statutory dues and amounts that have not been deposited:

Name of the Statute	Nature of dues	Amount (Rupees in crores )	Period to which the amount relates	Forum where the dispute is pending
Customs Act, 1962	Customs Duty	1.40		Customs, Excise and Service Tax Appellate Tribunal

10. 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.
11. 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.
12. According to the information and explanations given to us and the records examined by us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other investments. Therefore, the provisions of paragraph 4(xii) of the Order are not applicable to the Company.
13. In our opinion and according to the information and explanations given to us, the Company is not a chit fund, niddhi or a mutual benefit society. Therefore the provisions of paragraph 4(xiii) of the Order are not applicable to the Company.
14. 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.
15. According to the information and explanations given to us, and the records examined by us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. To the best of our knowledge and belief and according to the information and explanations given to us, there were no amounts pending application in respect of term loans outstanding as at the beginning of the year nor were there any additional amounts availed against term loans during the year.
17. According to the information and explanation given to us and on an overall examination of the Balance Sheet of the Company, we report that, funds raised on short term basis have, prima facie, not been used during the year for long term investment.
18. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956 during the year.
19. According to the information and explanations given to us, and the records examined by us, the Company has not issued any debentures that were outstanding at any time during the year.

For DELOITTE HASKINS & SELLS,  
Chartered Accountants

SANJIV V. PILGAONKAR  
Partner  
Membership No. 39826

Place: Mumbai  
Date: 20th April, 2009

# SESA INDUSTRIES LIMITED

## Balance Sheet as at 31st March, 2009

(Rupees in crore)

	Schedule No.	As at 31st March, 2009		As at 31st March, 2008	
<b>SOURCES OF FUNDS</b>					
Shareholders' Funds					
Share Capital	1	20.00		20.00	
Reserves and Surplus	2	264.23		206.56	
			284.23		226.56
Deferred Tax Liability	3		13.90		12.90
Total			298.13		239.46
<b>APPLICATION OF FUNDS</b>					
Fixed Assets	4				
Gross Block		145.78		130.53	
Less: Depreciation		59.73		52.62	
Net Block		86.05		77.91	
Capital Work-in-progress		0.74		5.62	
			86.79		83.53
Investments	5		147.44		92.48
Current Assets, Loans and Advances					
Inventories	6	43.49		54.00	
Sundry Debtors	7	56.96		64.71	
Cash and Bank Balances	8	5.55		7.86	
Loans and Advances	9	4.20		8.64	
		110.20		135.21	
Less: Current Liabilities and Provisions					
Current Liabilities	10	39.19		68.21	
Provisions	11	7.11		3.55	
		46.30		71.76	
Net Current Assets			63.90		63.45
Total			298.13		239.46
Notes to Accounts	17				

Per our Report attached of even date attached

Deloitte Haskins & Sells  
Chartered Accountants

Mr. Sanjiv V. Pilgaonkar  
Partner  
Membership No. 39826

Place: Mumbai  
Dated: 20th April, 2009

For and on behalf of the Board of Directors

P.K. Mukherjee  
Managing Director

H. P. U. K. Nair  
Director

Mahesh Devjani  
Company Secretary

Place: Panaji - Goa  
Dated: 20th April, 2009



# SESA INDUSTRIES LIMITED

## Profit and Loss Account for the year ended 31st March, 2009

(Rupees in crore)

	Schedule No.	Year ended 31st March, 2009		Year ended 31st March, 2008	
<b>INCOME</b>					
Sale of Pig Iron		646.07		575.60	
Less: Excise Duty		73.18		79.04	
		572.89		496.56	
Less: Ocean Freight		0.32		0.17	
		572.57		496.39	
Services and Other Proceeds	12	10.54		7.78	
Miscellaneous Income	13	7.06	590.17	4.34	508.51
<b>EXPENDITURE</b>					
Production and Operational Expenses	14	486.37		398.53	
Administration Expenses	15	10.61		7.70	
Interest and Other Charges	16	0.89		1.24	
Depreciation		7.57	505.44	7.38	414.85
Profit before Taxes			84.73		93.66
Less: Provision for Taxation					
Current Tax			26.00		30.90
Deferred Tax			1.00		0.10
Fringe Benefit Tax			0.06		0.07
Profit after Taxes			57.67		62.59
Balance Brought Forward			141.51		78.92
Balance carried to Schedule 2			199.18		141.51
Earnings per Share - Basic and Diluted (Refer Note No.14 of Schedule 17)			28.84		31.29
Nominal value per share			10.00		10.00
Notes to Accounts	17				

FINANCIAL STATEMENTS

Per our Report attached of even date attached

For and on behalf of the Board of Directors

Deloitte Haskins & Sells  
Chartered Accountants

Mr. Sanjiv V. Pilgaonkar  
Partner  
Membership No. 39826

P.K. Mukherjee  
Managing Director

H. P. U. K. Nair  
Director

Mahesh Devjani  
Company Secretary

Place: Mumbai  
Dated: 20th April, 2009

Place: Panaji - Goa  
Dated: 20th April, 2009

# SESA INDUSTRIES LIMITED

## Schedules Annexed to and Forming Part of the Balance Sheet as at 31st March, 2009

(Rupees in crore)

	As at 31st March, 2009		As at 31st March, 2008	
<b>SCHEDULE 1: SHARE CAPITAL</b>				
Authorised:				
20,000,000 Equity Shares of Rs. 10 each		20.00		20.00
Issued and Subscribed :				
20,000,000 Equity Shares of Rs.10 each fully paid-up				
[of the above 17,650,284 shares are held by Sesa Goa Limited, the Holding Company, the ultimate holding company being Vedanta Resources Plc.		20.00		20.00
Total		20.00		20.00

	As at 31st March, 2009		As at 31st March, 2008	
<b>SCHEDULE 2: RESERVES AND SURPLUS</b>				
Share Premium Account		25.00		25.00
General Reserve				
As per last Balance Sheet		40.05		40.05
Profit and Loss Account				
As per Annexed Account		199.18		141.51
Total		264.23		206.56

	As at 31st March, 2009		As at 31st March, 2008	
<b>SCHEDULE 3: DEFERRED TAX</b>				
Deferred tax liabilities				
on temporary timing differences				
- in respect of depreciation allowance		14.70		13.53
Deferred tax assets				
- in respect of provision for leave encashment	0.72		0.51	
- Others	0.08	0.80	0.12	0.63
Total		13.90		12.90

## Schedules Annexed to and Forming Part of the Balance Sheet as at 31st March, 2009

### SCHEDULE 4: FIXED ASSETS

(Rupees in crore)

	Original Cost			Depreciation/Amortisation			Net Value	
	Opening As at 1st April, 2008	Additions	Deductions	Closing As at 31st March, 2009	Upto 31-03-2008	For the Year	On Deductions	Upto 31st March, 2009
<b>Tangible Assets</b>								
Land Plots	0.05	–	–	0.05	–	–	–	–
Road and Bunders	3.58	0.24	–	3.82	0.26	0.06	–	0.05
Buildings	3.80	0.81	–	4.61	0.75	0.09	–	3.50
Plant and Machinery	121.31	14.07	0.40	134.98	50.72	7.11	0.40	3.77
Vehicles	1.45	0.37	0.06	1.76	0.75	0.25	0.06	77.55
Furniture and Office equipment	0.34	0.22	–	0.56	0.14	0.06	–	0.82
<b>Total</b>	130.53	15.71	0.46	145.78	52.62	7.57	0.46	0.36
<b>Total</b>	123.84	8.55	1.86	130.53	47.10	7.38	1.86	86.05
Capital Work-in-Progress								77.91
Constructions in Progress								76.74
Capital Advances								0.74
								–
								5.02
								0.60
								5.62

# SESA INDUSTRIES LIMITED

## Schedules Annexed to and Forming Part of the Balance Sheet as at 31st March, 2009

(Rupees in crore)

	As at 31st March, 2009	As at 31st March, 2008
<b>SCHEDULE 5: INVESTMENTS</b>		
Current Investment (at lower of cost and market value)		
Non-trade, unquoted:		
In Mutual Funds (Refer Note No. 6 of Schedule 17 )		
HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale - Daily Dividend	–	28.85
HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale - Growth	15.78	–
ICICI Prudential Flexible Income Plan Premium - Daily Dividend	–	10.93
ICICI Prudential Flexible Income Plan Premium - Growth	103.62	–
ICICI Prudential Interval Fund II Quarterly Interval Plan B - Retail Dividend - Pay Dividend	–	25.00
ICICI Prudential Interval Fund II Quarterly Interval Plan C - Retail Dividend - Pay Dividend	–	15.10
Kotak Flexi Debt Scheme - Daily Dividend	–	12.60
Kotak Mahindra Mutual Fund - Floater long term Growth	28.04	–
Long Term, Non-trade, unquoted Shares in:		
Sesa Ghor Premises Holder's Maintenance Co-operative Society Limited 10 equity shares of Rs. 200 each full paid up [Rs. 2,000 (Previous year Rs. 2,000)]	–	–
Total	147.44	92.48
Aggregate amount of mutual fund investments at net asset value	147.47	92.53
Aggregate amount of unquoted investments at cost [including mutual funds Rs. 147.44 crore (Previous year Rs. 92.48 crore)]	147.44	92.48

	As at 31st March, 2009	As at 31st March, 2008
<b>SCHEDULE 6 : INVENTORIES</b>		
Stocks of (at lower of cost and net realisable value)		
Raw materials	29.17	23.60
Pig iron	9.71	21.33
Consumable Stores	4.61	9.07
Total	43.49	54.00

	As at 31st March, 2009	As at 31st March, 2008
<b>SCHEDULE 7 : SUNDRY DEBTORS</b>		
Debts outstanding for a period exceeding six months		
Unsecured, considered Good	0.41	0.11
Considered Doudtful	0.04	0.02
	0.45	0.13
Other debts		
Considered Good	56.55	64.60
Considered Doudtful	0.01	–
	56.56	64.60
	57.01	64.73
Less: Provision for doubtful debts	0.05	0.02
Total	56.96	64.71

# SESA INDUSTRIES LIMITED

## Schedules Annexed to and Forming Part of the Balance Sheet as at 31st March, 2009

(Rupees in crore)

	As at 31st March, 2009	As at 31st March, 2008
<b>SCHEDULE 8: CASH AND BANK BALANCES</b>		
Cash in Hand	—	—
Demand drafts in transit	3.01	4.93
Balances with Scheduled Banks :		
On Current Account	2.42	2.81
on unpaid Dividend Accounts	0.12	2.93
<b>Total</b>	<b>5.55</b>	<b>7.86</b>

	As at 31st March, 2009	As at 31st March, 2008
<b>SCHEDULE 9: LOANS AND ADVANCES</b>		
Unsecured, considered good		
Advances recoverable in cash or in kind or for value to be received	2.67	8.05
Loans and Advances to Staff (Refer Note No. 7 of Schedule 17)	0.14	0.14
Prepaid expenses	0.22	0.16
Deposits	1.17	0.29
Advance fringe benefit Tax	—	—
<b>Total</b>	<b>4.20</b>	<b>8.64</b>

	As at 31st March, 2009	As at 31st March, 2008
<b>SCHEDULE 10: CURRENT LIABILITIES</b>		
Sundry Creditors		
(i) Dues to micro and small enterprises (Refer Note No. 8 of Schedule 17)	0.01	0.06
(ii) Due to Others	32.15	60.22
	32.16	60.28
Advance from Customers	2.42	2.28
Liability towards Investor Education and Protection Fund not due.		
Unclaimed dividend	0.12	0.12
Other Liabilities	4.49	5.53
<b>Total</b>	<b>39.19</b>	<b>68.21</b>

	As at 31st March, 2009	As at 31st March, 2008
<b>SCHEDULE 11: PROVISIONS</b>		
For Income Tax [Net of advance tax Rs. 115.94 crore (previous year Rs. 92.75 crore)]	4.25	1.45
For Fringe Benefit Tax [Net of advance tax Rs. 0.35 crore (Previous year Rs. 0.28 crore)]	—	0.01
For Gratuity	0.52	0.38
For Leave Encashment Benefit on Retirement	2.34	1.71
<b>Total</b>	<b>7.11</b>	<b>3.55</b>

# SESA INDUSTRIES LIMITED

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

for the year ended 31st March, 2009

(Rupees in crore)

	Year ended 31st March, 2009		Year ended 31st March, 2008	
<b>SCHEDULE 12: SERVICES AND OTHER PROCEEDS</b>				
Sale of Slag		3.54		2.91
Sale of Carbon Credits		0.41		-
Sale of Gases		1.04		0.53
Sale of Materials		5.05		3.35
Proceeds from Various Services		0.37		0.97
Difference in rate of exchange (net)		0.04		0.01
Sale of DEPB License		0.09		0.01
Total		10.54		7.78

	Year ended 31st March, 2009		Year ended 31st March, 2008	
<b>SCHEDULE 13: MISCELLANEOUS INCOME</b>				
Interest - Others		0.19		0.12
Dividends from Current Investments		6.57		4.05
Other Receipts		0.24		0.03
Profit on sale of Assets (Net)		0.03		0.01
Provision for Doubtful Debts written back		-		0.13
Profit on sale of Investments		0.03		-
Total		7.06		4.34

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

for the year ended 31st March, 2009

(Rupees in crore)

	Year ended 31st March, 2009		Year ended 31st March, 2008	
<b>SCHEDULE 14: PRODUCTION AND OPERATIONAL EXPENSES</b>				
Increase/Decrease in Stock of Pig Iron				
Opening Stock	21.33		10.31	
Closing Stock	(9.71)		(21.33)	
		11.62		(11.02)
Excise duty on opening/closing stocks		(2.37)		2.02
Consumption of Raw Materials		424.76		354.30
Consumption of Stores [includes cost of stores sold of Rs.1.81 crore (Previous year Rs. 1.98 crore)]		11.41		13.97
Personnel (Refer Note No. 5 of Schedule 17)				
Salaries, Wages, Bonus and allowances	12.12		9.52	
Contributions to Provident and Pension Funds	0.62		0.52	
Contributions to Gratuity and Annuity Funds	0.84		0.63	
Staff Welfare Expenses	0.66		0.66	
		14.24		11.33
Repairs and Maintenance (Refer Note No. 4 of Schedule 17)				
Plant and Machinery	6.75		1.99	
Buildings	0.17		0.12	
Others	0.03		0.05	
		6.95		2.16
Contractors for Various Services		6.63		7.58
Freight and Shipping Expenses		8.36		11.53
Rent		0.28		0.26
Rates and Taxes		0.02		0.05
Insurance		0.54		0.30
Electricity and Water Charges		1.60		3.02
Commission and Service Charges on Sales		1.26		1.64
Printing and Stationery		0.08		0.09
Travelling and Representation Expenses		0.36		0.45
Maintenance of Vehicles		0.05		0.04
General Expenses		0.58		0.81
		486.37		398.53



# SESA INDUSTRIES LIMITED

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

for the year ended 31st March, 2009

(Rupees in crore)

	Year ended 31st March, 2009		Year ended 31st March, 2008	
<b>SCHEDULE 15: ADMINISTRATION EXPENSES</b>				
Personnel (Refer Note No. 5 of Schedule 17)				
Salaries, Wages, Bonus and Allowances	1.05		0.95	
Contributions to provident and Pension Funds	0.04		0.05	
Contributions to Gratuity and Annuity Funds	0.08		0.13	
Staff Welfare Expenses	0.02		0.02	
		1.19		1.15
Maintenance of Office and Equipments		0.01		–
Printing and Stationery		0.02		0.02
Postage, Telephone, Cables and Telex Charges		0.04		0.03
Administration Expenses reimbursed to Sesa Goa Limited, the holding Company		8.07		5.79
Fees to Auditors:				
Audit Fees	0.06		0.02	
Tax Audit and Export Certification Fees	–		0.01	
Certification Fees	–	0.06	–	0.03
Sitting Fee to Non-Wholetime Directors		0.01		0.01
Travelling and Representation Expenses [Includes travelling expenses of Director Rs. 0.01 crore (Previous year Rs. 0.01 crore)]		0.04		0.04
Professional and Legal Charges		1.07		0.37
Maintenance of Vehicles		0.03		0.03
Donations and Contributions		–		0.02
Provision for Doubtful Debts		0.03		–
Bad Debts	–		0.02	
Less: Provision for Doubtful Debts	–	–	0.02	–
Miscellaneous Expenses		0.04		0.21
		10.61		7.70

	Year ended 31st March, 2009		Year ended 31st March, 2008	
<b>SCHEDULE 16: INTREST AND OTHER CHARGES</b>				
Other Charges		0.89		1.24
		0.89		1.24

## SCHEDULE 17: NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009

### 1. Significant Accounting Policies

#### i) Basic of Accounting

The financial statements have been prepared on accrual basis 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 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 recognized when significant risks and rewards of ownership of the goods sold are transferred to the 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.

#### 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 out annually. 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.

#### 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 materials, consumable stores and spares are valued at cost determined on the basis of weighted average method.

Stock of pig iron is valued at the lower of cost or net realizable value. Cost includes raw material costs and appropriate proportion of 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 foreign currency transactions are translated at the year end rates. Exchange difference arising on restatement or settlement is charged to profit and loss account.

#### viii) Fixed Assets

Fixed assets are stated at their original cost along with taxes, duties (net of cenvat availed), freight and pre-operative expenses, if any, including interest on borrowing upto the date of commissioning for operation, attributable to acquisition/ construction of the concerned assets.

#### ix) 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.

#### x) Depreciation

Depreciation except in respect of vehicles, furniture and computers 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 the rate of 20%, 10% and 30% respectively to bring it in line with the useful life of the assets. Assets costing less than Rs. 5,000 are charged off completely in the year of acquisition.

Depreciation is charged from the month of the date of purchase/commissioning of the assets acquired/installed during the year. In respect of assets sold, depreciation is provided upto the month prior to the date of sale.

## **xi) 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.

## **xii) Provisions, Contingent Liabilities and Contingent Assets**

A provision is recognised when the Company has a present legal 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.

## **xiii) Segment Reporting**

The Company is engaged in the business of manufacture and sale of pig iron which constitutes one single primary segment. Further there is no reportable secondary segment i.e. geographical segment.

## **xiv) 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.

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.

## **2. Contingent Liabilities:**

- i. Guarantees, (excluding the liability for which provisions have been made) amounting to Rs. 0.02 crore (Previous year Rs. 0.59 crore) given by the bankers in favour of various parties - none invoked.
  - ii. Letter of credit opened by the bankers in favour of suppliers amounting to Rs. 0.79 crore (Previous year Rs. 1.88 crore).
  - iii. 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. Based on the legal opinion obtained, the Company does not expect any liability on this account.
  - iv. Cess on transportation of ore 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. 0.09 crore (Previous year Rs. Nil) challenged by way of writ petition in the High Court of Bombay, Panjim Bench.
  - v. Claims related to commercial and employment contracts Rs. 0.06 crore (Previous year Rs. Nil).
3. Estimated amount of contracts (net of advances) remaining to be executed on capital accounts of Rs. 0.72 crore (Previous year Rs. 4.46 crore).

4. Expenditure on Repairs and Maintenance (other than expenditure shown in Schedule 14) included under individual heads of expenses are as under :  
(Rs. in crore)

Particulars	Repair to Building	Repair to Plant & Machinery	Repair to others	Total
Wages & Salaries	0.16	2.24	0.18	2.58
	(0.10)	(1.93)	(0.04)	(2.07)
Consumption of Stores	0.04	3.94	0.08	4.06
	(0.05)	(6.31)	(0.06)	(6.42)
Others	–	–	0.03	0.03
	(–)	(–)	(0.01)	(0.01)
<b>Total</b>	<b>0.20</b>	<b>6.18</b>	<b>0.29</b>	<b>6.67</b>
	(0.15)	(8.24)	(0.11)	(8.50)

(Figures in bracket relate to Previous year)

**5. Employee Benefit 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 "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)

	2008-09	2007-08
Fair value of plans	3.27	2.66
Present value of commitment	(3.79)	(3.04)
Net gratuity liability	(0.52)	(0.38)
<b>Defined benefit commitment</b>		
Balance at start of the year	3.04	2.52
Current service cost	0.25	0.33
Benefits paid	–	(0.05)
Interest cost	0.24	0.19
Actuarial (gains)/losses	0.26	0.05
Balance at end of year	3.79	3.04
<b>Plan assets</b>		
Balance at start of the year	2.66	2.03
Contribution received	0.38	0.49
Benefits paid	–	(0.05)
Actuarial gains/(losses)	(0.02)	–
Return on scheme assets during the year	0.25	0.19
Balance at end of year	3.27	2.66

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

Expenses on defined benefit plan recognised in Profit and Loss Account  
(Rs. in crore)

	2008-09	2007-08
Current service cost	0.25	0.33
Actuarial (gains)/losses	0.28	0.05
Expected return on plan assets	(0.25)	(0.19)
Interest cost	0.24	0.19
Expenses/(income) accounted in the Profit and Loss Account	0.52	0.38

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	2008-09	2007-08
Rate of discounting liabilities	8%	8%
Expected salary increase rate	5% and 7%	5% and 7%
Expected rate of return on scheme assets	9% and 9.3%	9.35%
Withdrawal rates	1.5%	–
Mortality rates	LIC (1994-96) Ultimate Table	LIC (1994-96) Ultimate Table

(Rs. in crore)

	2008-09	2007-08
Return on plan assets	0.25	0.19
Expected return on plan assets	–	–
Actuarial gain/(loss)	–	–
Actual return on plan assets	0.25	0.19

## Experience adjustment

	(Rs in crore)	
	2008-09	2007-08
Present value of commitment	(3.79)	(3.04)
Fair value of the plans	3.27	2.66
Surplus/(deficit)	(0.52)	(0.38)
Experience adjustment on plan liabilities	0.26	(0.08)
Experience adjustment on plan assets	-	0.32

The contributions expected to be made by the Company during the financial year 2009-10 are Rs. 0.52 crore.

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. The above information is actuarially determined upon which reliance is placed by the auditors.

### 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. 1.59 crore (Previous year Rs. 1.31 crore) has been charged to the profit and loss account in this respect, the components of which are tabulated below:

	(Rs. in crore)	
	2008-09	2007-08
Contribution to defined contribution plans		
Provident fund and family pension fund	0.66	0.57
Annuity fund	0.40	0.38
	1.06	0.95

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

	Balance as on 01-04-2008		Purchase during the year		Redemption during the year		Balance as on 31-03-2009	
	No. of Units	Rs. in crore	No. of Units	Rs. in crore	No. of Units	Rs. in crore	No. of Units	Rs. in crore
HDFC Cash Management Fund - Savings Plan - Daily Dividend Reinvestment	-	-	8,463,764	9.00	8,463,764	9.00	-	-
HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale - Daily Dividend	28,754,999	28.85	17,078,740	17.13	45,833,739	45.98	-	-
HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale - Growth	-	-	8,213,277	15.78	-	-	8,213,277	15.78
HDFC FMP 90D June 2008 (VIII) (3) - Wholesale Plan Dividend	-	-	10,000,000	10.00	10,000,000	10.00	-	-
HDFC FMP 90D September 2008 (IX) (3) - Wholesale Plan Dividend	-	-	10,000,000	10.00	10,000,000	10.00	-	-
ICICI Prudential Institutional Liquid Plan - Super Institutional Daily Dividend	-	-	93,819,161	93.82	93,819,161	93.82	-	-
ICICI Prudential Flexible Income Plan Premium - Daily Dividend	10,338,209	10.93	130,222,749	137.69	140,560,958	148.62	-	-
ICICI Prudential Flexible Income Plan Premium - Growth	-	-	63,596,048	103.62	-	-	63,596,048	103.62
ICICI Prudential Interval Fund II Quarterly Interval Plan B - Retail Dividend - Pay Dividend	25,000,000	25.00	-	-	25,000,000	25.00	-	-
ICICI Prudential Interval Fund II Quarterly Interval Plan C - Retail Dividend - Pay Dividend	15,103,800	15.10	-	-	15,103,800	15.10	-	-
ICICI Prudential Interval Fund II Quarterly Interval Plan E - Retail Dividend - Pay Dividend	-	-	10,000,000	10.00	10,000,000	10.00	-	-
ICICI Prudential Interval Fund II Quarterly Interval Plan E Institutional Dividend - Pay	-	-	10,000,000	10.00	10,000,000	10.00	-	-
ICICI Prudential FMP Series 44 - Three Month Plan D Retail Dividend - Pay Dividend	-	-	10,000,000	10.00	10,000,000	10.00	-	-
Kotak Liquid (Institutional Premium) - Daily Dividend	-	-	34,014,623	41.59	34,014,623	41.59	-	-
Kotak Flexi Debt Scheme - Daily Dividend	12,562,079	12.60	4,800,326	4.82	17,362,405	17.42	-	-
Kotak Flexi Debt Scheme Institutional - Daily Dividend	-	-	7,527,086	7.56	7,527,086	7.56	-	-
Kotal Floater Long Term - Daily Dividend	-	-	27,815,903	28.04	27,815,903	28.04	-	-
Kotak Mahindra Mutual Fund - Floater long term Growth	-	-	20,181,441	28.04	-	-	20,181,441	28.04
<b>Total</b>	<b>91,759,087</b>	<b>92.48</b>	<b>465,733,118</b>	<b>537.09</b>	<b>465,501,439</b>	<b>482.13</b>	<b>91,990,766.00</b>	<b>147.44</b>

7. Loans and advances to staff includes Rs. 0.06 crore (Previous year Rs. 0.06 crore) due from directors towards travel/LTA advance and housing loan. The maximum amount outstanding during the year was Rs.0.06 crore (Previous year Rs. 0.06 crore). The housing loan was given by the parent company Sesa Goa Ltd. and subsequently transferred to the Company, before the concerned director assumed the office of directors.
8. 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)

Particulars	2008-09	2007-08
The principal amount remaining unpaid to supplier as at the end of accounting year.	0.01	0.08
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.

9. Research and development expenditure of Rs. 0.07 crore (Previous year Rs. Nil) has been charged to profit and loss account under specific heads of accounts.

## 10. Quantitative Information:

	Year 2008-09		Year 2007-08	
	Quantity (Dry metric tons) MMT	Value (Rupees in crore)	Quantity (Dry metric tons) MMT	Value (Rupees in crore)
<b>i) Installed Capacity</b> (as certified by management)	0.250	N.A.	0.250	N.A.
<b>ii) Quantitative details of manufactured goods, i.e. Pig Iron</b>				
Opening Stock as on 1.4.2008	0.012	21.33	0.007	10.31
Production (Net of handling loss/shortage)	0.217	466.33	0.271	396.97
Sales	0.224	572.57	0.266	496.39
Closing Stock as on 31.03.2009	0.005	9.71	0.012	21.33
<b>Consumption of raw materials :</b>				
Coke	0.134	321.93	0.171	213.96
Iron Ore [Net of sale of Rs. 38.33 crore (Previous year Rs. 15.35 crore)]	0.330	98.48	0.419	133.95
Others		4.35		6.39

(Figures in brackets relate to Previous year)

## 11. i) Managerial Remuneration

(Rs. in crore)

	2008-09	2007-08
Salaries*	0.35	0.33
Provident fund	0.02	0.02
Gratuity fund	0.05	0.07
Annuity fund	0.02	0.02
Perquisites	0.11	0.08
Sitting fees	0.01	0.01
	0.56	0.53

\* includes Re. 1/- as nominal remuneration to the Managing Director

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

(Rs. in crore)

	2008-09	2007-08
Profit before taxes	84.73	93.66
Less: Profit on redemption of investments	0.03	—
Provision for doubtful debts	0.03	—
Profit as per Section 349	84.67	93.66
Add: Directors' remuneration	0.56	0.53
Profit under Section 198	85.23	94.19

## 12. CIF Value of Imports

	(Rs. in crore)	
	2008-09	2007-08
Value of imports on CIF basis in respect of:		
i) Capital goods	0.58	1.22
ii) Components and spare parts	0.89	0.94

Consumption of raw material and stores and spares:

	(Rs. in crore)	
	2008-09	2007-08
i) Consumption of imported raw materials, stores, spare parts and components 0.69% (Previous year 1.21%)	3.03	4.45
ii) Consumption of indigenous raw materials, stores spare parts and components 99.31% (Previous year 98.79%)	433.14	363.82

## 13. Expenditure and Earnings in Foreign Currency

	(Rs. in crore)	
	2008-09	2007-08
i) Expenditure incurred in Foreign currency:		
Travel expenses	0.00	0.02
Commission on export	0.03	0.03
Books and periodicals	0.01	–
ii) Foreign currency earning:		
FOB value of exports	5.01	2.13

## 14. Earnings Per Share

Particulars	2008-09	2007-08
Net profit after tax (Rs. in crore)	57.67	62.59
Weighted average number of equity shares (in crores) *	2.00	2.00
Nominal value of each equity share *	Rs. 10	Rs. 10
Basic and diluted earnings per share (in Rs.)	28.84	31.29

\* shares not listed on any stock exchange

## 15. Related Party Information:

Related party information as required by Accounting Standard (AS-18) is given below:

### A. Names of the related parties and their relationships:

#### I. Holding Companies:

- Sesa Goa Limited
- Finsider International Company Limited
- Richter Holding Limited
- Westglobe Limited
- Vedanta Resources Plc

Holding Company  
Holding Company of Sesa Goa Limited  
Holding Companies of Finsider  
International Company Limited  
Ultimate holding company

#### II. Fellow Subsidiaries:

With whom transactions have taken place during the year

- Bharat Aluminum Company Limited
- Sterlite Industries (India) Limited

#### III. Details of Key Management Personnel

Executive Directors

- Mr. P.K. Mukherjee
- Mr. M. D. Phal (ceased to be wholetime director with effect from 21st December, 2008)



(Rs. in crore)

Name of Related Party	Nature of Transaction	Holding Companies	Fellow Subsidiaries	Key Management Personnel
<b>B. Transactions with related parties:</b>				
1) Sales & Services				
Sesa Goa Limited	Sales and services	38.93	–	–
		(12.60)	(–)	(–)
Sterlite Industries (I) Limited	Sale of Pig Iron	–	2.35	–
		(–)	(–)	(–)
Bharat Aluminium Co. Ltd.	Sale of Pig Iron	–	0.06	–
		(–)	(0.24)	(–)
M. D. Phal	Interest received	–	–	0.01
		(–)	(–)	(0.01)
2) Purchase & Other services				
Sesa Goa Limited	Purchases and services	412.36	–	–
		(290.85)	(–)	(–)
3) Managerial remuneration				
Mr. M.D. Phal	Remuneration	–	–	0.54
		(–)	(–)	(0.53)
<b>C. Outstanding payables (net of receivables):</b>				
Sesa Goa Limited		15.53	–	–
		(35.02)	(–)	(–)
Sterlite Industries (I) Limited		–	0.001	–
		(–)	(–)	(–)
M.D. Phal		–	–	0.06
		(–)	(–)	(0.06)
<b>D. Amounts written off</b>				
		–	–	–
		(–)	(–)	(–)

Figures in bracket relates to previous year.

16. 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 the Company with Sesa Goa Limited (SGL) with effective from the appointed date i.e. 1st April 2005. Consequent to an appeal filed by a 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 the Company 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 SGL.

## 17. Segment Information

The Company's primary (business) segment is singular viz., "Pig Iron". Further, the Company caters mainly to the needs of the domestic market. The export turnover is not significant in the context of the total turnover. As such, there are no reportable geographic segments either. Therefore, segment information required as per Accounting Standard (AS) 17, in respect thereof is not furnished.

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

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

### I. Registration Details

Registration No.	241355
State Code	24
Balance Sheet date	31.03.2009

### II. Capital Raised during the year

(Rs. in crore)

Public Issue	Nil
Rights Issue	Nil
Bonus Issue	Nil
Private Placement	Nil

### III. Position of Mobilisation and Deployment of Funds

(Rs. in crore)

Total Liabilities	298.13
Total Assets	298.13

#### Sources of Funds

Paid-up Capital	20.00
Reserves & Surplus	264.23
Deferred Tax Liability	13.90

#### Application of Funds

Net Fixed Assets	86.79
Investments	147.44
Net Current Assets	63.90

### IV. Performance of Company

(Rs. in crore)

Turnover	590.17
Total Expenditure	505.44
Profit/(Loss) Before Tax	84.73
Profit/(Loss) After Tax	57.67

### V. Generic Name of Principal Products of Company (As per monetary terms)

Item Code No.	72011000
Product Description	Low Phosphorous Foundry Grade Pig Iron

For and on behalf of the Board of Directors

P.K. Mukherjee  
Managing Director

H. P. U. K. Nair  
Director

Mahesh Devjani  
Company Secretary

Place: Panaji - Goa  
Dated: 20th April, 2009

## Cash Flow Statement For The Year Ended 31st March 2009

Rs. in crore

	Particulars	2008-2009	2007-2008
<b>A.</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
	Net profit before tax	84.73	93.66
	Adjustments for:		
	Depreciation	7.57	7.38
	Provision /(write back of provision) for doubtful debts	0.03	(0.13)
	Interest/dividend (net)	(6.76)	(4.17)
	(Profit) / loss on sale of assets	(0.03)	(0.01)
	(Profit) / loss on redemption of investments	(0.03)	–
	Operating profit before working capital changes	85.51	96.73
	Adjustments for:		
	Trade and other receivables	12.16	(4.48)
	Inventories	10.51	(10.43)
	Trade payables and other liabilities	(28.25)	25.92
	Cash generated from operations	79.93	107.74
	Taxes paid	(23.27)	(27.97)
	<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>56.66</b>	<b>79.77</b>
<b>B.</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES :</b>		
	Addition to fixed assets	(10.83)	(9.88)
	Proceeds on sale of fixed assets	0.03	0.01
	(Purchase)/redemption of current investments [net of dividend reinvested Rs. 4.53 crore (Previous year Rs. 2.41 crore)]	(50.40)	(70.57)
	Interest received	0.19	0.12
	Dividend received	2.04	1.64
	<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(58.97)</b>	<b>(78.68)</b>
<b>C.</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES :</b>		
	Interest paid	–	–
	<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>–</b>	<b>–</b>
	<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(2.31)</b>	<b>1.09</b>
	Cash and cash equivalents at the beginning of the year	7.74	6.65
	Cash and cash equivalents at the end of the year	5.43	7.74
	Footnotes:		
	1 Cash and bank balances as per Schedule 8	5.55	7.86
	Less: Unpaid dividend account	(0.12)	(0.12)
	Cash and cash equivalents as per the cash flow statement	5.43	7.74
	2 Figures in brackets represent outflows		
	3 For notes to accounts refer Schedule 17		

Per our Report attached of even date attached

For and on behalf of the Board of Directors

Deloitte Haskins & Sells  
Chartered Accountants

Mr. Sanjiv V. Pilgaonkar  
Partner  
Membership No. 39826

P.K. Mukherjee  
Managing Director

H. P. U. K. Nair  
Director

Mahesh Devjani  
Company Secretary

Place: Mumbai  
Dated: 20th April, 2009

Place: Panaji - Goa  
Dated: 20th April, 2009

# AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF SESA GOA LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS

1. We have audited the attached Consolidated Balance Sheet of SESA GOA LIMITED ("the Company") and its subsidiary (the Company and its subsidiary constitute "the Group") as at 31st March, 2009 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for year ended on that date, 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 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 check 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 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's management in accordance with the requirements of Accounting Standard (AS) 21 on "Consolidated Financial Statements" notified under the Companies (Accounting Standard) Rules, 2006.
4. Based on our audit of separate financial statements and on the other financial information of the subsidiary and to the best of our information and according to the explanations given to us, we are of the opinion that the attached 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, 2009;
  - (ii) in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and
  - (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For DELOITTE HASKINS & SELLS,  
Chartered Accountants

SANJIV V. PILGAONKAR  
Partner  
Membership No. 39826

Place: Mumbai  
Date: 20th April, 2009

## Consolidated Balance Sheet of Sesa Goa Limited and its Subsidiary Company as at 31st March, 2009

(Rupees in crore)

	Schedule No.	As at 31st March, 2009		As at 31st March, 2008	
<b>SOURCES OF FUNDS</b>					
Shareholders' Funds					
Share Capital	1	78.72		39.36	
Reserves and Surplus	2	4,637.02		2,904.09	
			4,715.74		2,943.45
Minority Interests			33.38		26.62
Loans Funds					
Secured Loans	3	1.91		-	
Unsecured Loans		-		-	
			1.91		-
Deferred Tax Liability (Net)	4		66.43		66.40
Total			4,817.46		3,036.47
<b>APPLICATION OF FUNDS</b>					
Fixed Assets	5				
Gross Block		886.34		769.63	
Less: Depreciation		342.24		293.62	
Net Block		544.10		476.01	
Capital Work-in-progress		48.93		21.47	
			593.03		497.48
Investments	6		3,125.19		2,051.00
Current Assets, Loans and Advances					
Inventories	7	264.19		311.80	
Sundry debtors	8	298.16		472.46	
Cash and bank balances	9	17.72		21.03	
Loans and advances	10	1,103.20		59.00	
		1,683.27		864.29	
Less: Current Liabilities and Provisions					
Current Liabilities	11	337.60		195.39	
Provisions	12	246.43		180.91	
		584.03		376.30	
Net Current Assets			1,099.24		487.99
Total			4,817.46		3,036.47
Notes to Accounts	18				

Per our report of even date attached

For and on behalf of the Board of Directors

Deloitte Haskins & Sells  
Chartered Accountants

Mr. Sanjiv V. Pilgaonkar  
Partner  
Membership No. 39826

Place: Mumbai  
Dated: 20th April, 2009

P.K. Mukherjee  
Managing Director

A.K. Rai  
Director

C.D. Chitnis  
Company Secretary

Place: Panaji - Goa  
Dated: 20th April, 2009

## Consolidated Profit and Loss Account of Sesa Goa Limited and its Subsidiary Company for the year ended 31st March, 2009

(Rupees in crore)

	Schedule No.	Year ended 31st March, 2009		Year ended 31st March, 2008	
<b>INCOME</b>					
Sales of Ore/ Pig Iron/ Coke		5,294.83		3,845.10	
Less: Excise Duty		73.18		79.04	
		5,221.65		3,766.06	
Less: Ocean Freight		303.71		0.17	
		4,917.94		3,765.89	
Hire of Ship and Transhipper		7.76		–	
Services and Other proceeds	13	33.40		56.76	
Miscellaneous Income	14	224.03		74.41	
		265.19	5,183.13	131.17	3,897.06
<b>EXPENDITURE</b>					
Production and Operational Expenses	15	2,349.83		1,478.37	
Administration Expenses	16	67.20		41.04	
Interest and Other charges	17	4.27		2.75	
Depreciation		51.67		49.96	
			2,472.97		1,572.12
Profit Before Tax			2,710.16		2,324.94
Less: Provision for Taxation					
Current Tax			710.00		773.80
Deferred Tax			4.46		1.50
Fringe Benefit Tax			0.81		0.71
Profit After Taxes			1,994.89		1,548.93
Less: Minority Interests			6.76		7.35
Profit attributable to equity shareholders			1,988.13		1,541.58
Add: Balance brought forward			172.63		113.28
			2,160.76		1,654.86
<b>APPROPRIATIONS</b>					
Interim Dividend		–		59.04	
Proposed Dividend		177.13		118.09	
Taxes on distributed profits		30.10		30.10	
General Reserve		1,700.00		1,275.00	
			1,907.23		1,482.23
Surplus carried to Reserve and Surplus			253.53		172.63
Earnings per share - Basic and diluted (Refer Note No. 12 of Schedule 18)			25.26		19.58
Nominal value per share			1.00		1.00
Notes to Accounts	18				

Per our report of even date attached

For and on behalf of the Board of Directors

Deloitte Haskins & Sells  
Chartered Accountants

Mr. Sanjiv V. Pilgaonkar  
Partner  
Membership No. 39826

Place: Mumbai  
Dated: 20th April, 2009

P.K. Mukherjee  
Managing Director

A.K. Rai  
Director

C.D. Chitnis  
Company Secretary

Place: Panaji - Goa  
Dated: 20th April, 2009

## Schedules Annexed to and Forming Part of the Balance Sheet as at 31st March, 2009

CONSOLIDATED ACCOUNTS

(Rupees in crore)

	As at 31st March, 2009	As at 31st March, 2008
<b>SCHEDULE 1: SHARE CAPITAL</b>		
<b>Authorised</b>		
1,000,000,000 Equity Shares of Re. 1 each		
(Previous year 50,000,000 Equity Shares of Rs. 10 each)	100.00	50.00
<b>Issued and Subscribed</b>		
787,240,400 Equity Shares of Re. 1 each fully paid-up		
(Previous year 39,362,020 Equity Shares of Rs. 10 each)	78.72	39.36
<b>Total</b>	<b>78.72</b>	<b>39.36</b>
<b>Out of the above Shares:</b>		
401,496,480 (Previous year 20,074,824) Shares are held by Finsider International Co. Ltd. U.K., the holding Company a subsidiary of Vedanta Resources plc. the ultimate holding Company.		
1,429,020 (Previous year 71,451) shares held by West Globe Limited Mauritius a subsidiary of Vedanta Resources plc.		
1,925,000 Shares of Rs.10 each were allotted 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. Of the above 393,620,200 shares of Re. 1 each were allotted as fully paid-up bonus shares by capitalisation of reserves during the year.		



## Schedules Annexed to and Forming Part of the Balance Sheet as at 31st March, 2009

### CONSOLIDATED ACCOUNTS

(Rupees in crore)

	As at 31st March, 2009		As at 31st March, 2008	
	Rs. in crore	Rs. in crore	Rs. in crore	Rs. in crore
<b>SCHEDULE 2: RESERVES AND SURPLUS</b>				
<b>Share Premium Account</b>				
As per last Balance Sheet	17.50		17.50	
Less: Amount capitalised during the year for issue of Bonus Shares	17.50		–	
		–		17.50
<b>Capital Reserve</b>				
As per last Balance Sheet		0.25		0.25
<b>General Reserve</b>				
As per last Balance Sheet	2,713.71		1,438.71	
Add: Transfer from Profit and Loss Account	1,700.00		1,275.00	
Add: Transitional provision adjustment - Forward Contracts (net of tax) (Refer Note No. 8 of Schedule 18)	0.47		–	
Less: Amount capitalised during the year for issue of bonus shares	21.86		–	
		4,392.32		2,713.71
<b>Hedging Reserve</b> (Refer Note No. 8 of Schedule 18)				
In respect of outstanding forward contracts as at 1st April, 2008	(3.44)		–	
Net addition during the year	(5.64)		–	
In respect of outstanding forward contracts as at 31st March, 2009		(9.08)		–
<b>Profit and Loss Account</b>				
As per annexed account		253.53		172.63
<b>Total</b>		<b>4,637.02</b>		<b>2,904.09</b>

	As at 31st March, 2009		As at 31st March, 2008	
<b>SCHEDULE 3: SECURED LOANS</b>				
<b>From Banks</b>				
Cash Credit				
(Secured against hypothecation of Ore stocks, consumables, stores, bookdebts and lodgement of Letter of Credit)		1.91		–
<b>Total</b>		<b>1.91</b>		<b>–</b>

	As at 31st March, 2009		As at 31st March, 2008	
<b>SCHEDULE 4: DEFERRED TAX</b>				
<b>Deferred Tax Liabilities</b>				
on temporary timing differences				
- in respect of depreciation allowance		76.57		71.01
<b>Deferred Tax Assets</b>				
- in respect of provision for leave encashment	(4.25)		(2.48)	
- Others	(5.89)	(10.14)	(2.13)	(4.61)
<b>Net Deferred Tax Liability</b> (Refer Note No. 8 of Schedule 18)		<b>66.43</b>		<b>66.40</b>

# Schedules Annexed to and Forming Part of the Balance Sheet as at 31st March, 2009

## SCHEDULE 5: FIXED ASSETS

(Rupees in crore)

	Original Cost			Closing as at 31st March, 2009	Depreciation / Amortisation			Net Value		
	Opening as at 1st April, 2008	Additions	Deductions		Upto 31st March, 2008	For the year	On Deductions	Upto 31st March 2009	As at 31st March, 2009	As at 31st March, 2008
Tangible Assets										
Goodwill	1.15	-	-	1.15	1.15	-	-	1.15	-	-
Mining Leases (Note 1)	27.47	-	-	27.47	7.39	4.43	-	11.82	15.65	20.08
Mining Concessions	0.68	-	-	0.68	0.65	-	-	0.65	0.03	0.03
Land Plots (Note 2)	11.09	0.63	-	11.72	0.05	-	-	0.05	11.67	11.04
Road and Bunders	4.23	0.24	-	4.47	0.50	0.07	-	0.57	3.90	3.73
Buildings	43.47	8.08	0.14	51.41	10.14	1.29	0.14	11.29	40.12	33.33
Machinery and Equipment	520.17	105.24	1.86	623.55	213.60	37.09	1.86	248.83	374.72	306.57
Aircraft (Note 3)	1.46	-	-	1.46	0.22	0.08	-	0.30	1.16	1.24
Vehicles	8.72	2.75	0.51	10.96	4.92	1.46	0.43	5.95	5.01	3.80
Riverfleet	51.73	0.06	-	51.79	9.52	1.73	-	11.25	40.54	42.21
Ship	95.31	1.53	0.52	96.32	43.38	5.06	0.53	47.91	48.41	51.93
Furniture and Equipment	4.15	1.30	0.09	5.36	2.10	0.46	0.09	2.47	2.89	2.05
Total	769.63	119.83	3.12	886.34	293.62	51.67	3.05	342.24	544.10	476.01
Previous year	721.91	67.86	20.14	769.63	262.24	49.96	18.58	293.62	476.01	459.67
Capital work-in-progress										
Constructions in progress									43.19	15.96
Capital advances (Refer Note No. 3(vi)(i) of Schedule 18)									5.74	5.51
Total									48.93	21.47

Notes:

1. Amount includes Rs. 10.87 crore paid to the Forest Department, Karnataka towards net present value (NPV) against Mining lease at Kamataka.
2. Land Plots include under Perpetual Lease Rs. 1.99 crore (Previous year Rs.1.99 crore).
3. Represents 50% undivided interest in a P68C Aircraft.

## Schedules Annexed to and Forming Part of the Balance Sheet as at 31st March, 2009

CONSOLIDATED ACCOUNTS

(Rupees in crore)

	As at 31st March, 2009	As at 31st March, 2008
<b>SCHEDULE 6: INVESTMENTS</b>		
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	–
Birla Medium Term Plan - Institutional - Quarterly Dividend Payout	200.00	–
Birla Sun Life Fixed Term Plan - Institutional - Series - AN - Growth	75.00	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 Interval Income Fund - Institutional - Quarterly - Series 2 - Dividend Payout	–	100.00
Birla Sun Life Quarterly Interval - Series 6 - Dividend Payout	–	20.00
Birla Sun Life Savings Fund - Institutional Growth	151.73	–
Canara Robeco FM13 Series 1 - Growth	–	25.00
DSP BlackRock FMP - 12 1/2 M - Series 1 - Institutional Growth	50.00	50.00
DSP BlackRock FMP - 13M - Series 1 - Institutional Growth	45.00	45.00
DSP BlackRock FMP - 3M - Series 6 - Institutional - Dividend	–	22.00
HDFC FMP 18M November 2007 (VI) - Wholesale Growth Option	20.00	20.00
HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale - Daily Dividend	–	229.65
HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale - Growth	398.08	–
HDFC FMP 15M March 2007 (5) - Wholesale Plan Growth	–	25.00
HDFC Quarterly Interval Fund - Plan B - Wholesale Dividend Payout	–	50.00
HDFC Quarterly Interval Fund - Plan C - Wholesale Dividend Payout	–	60.00
ICICI Prudential - Flexible Income Plan Dividend - Daily	–	190.59
ICICI Prudential - Flexible Income Plan Premium - Growth	460.77	–
ICICI Prudential FMP Series 34 - One Year Plan B - Institutional Growth	–	25.00
ICICI Prudential FMP Series 38 - One Year Plan A - Institutional Growth	–	22.00
ICICI Prudential FMP Series 47 - One Year Plan B - Institutional Growth	100.00	–
ICICI Prudential Interval Fund II Quarterly Interval Plan B - Retail Dividend - Pay Dividend	–	75.00
ICICI Prudential Interval Fund II Quarterly Interval Plan C - Retail Dividend - Pay Dividend	–	120.82
ICICI Prudential Interval Fund IV Quarterly Interval Plan B Institutional Dividend - Pay Dividend	50.00	–
ING Fixed Maturity Fund Series 34 - Institutional - Dividend Payout	–	10.00
ING Fixed Maturity Fund Series 41 - Institutional - Dividend Payout	–	20.00
Kotak Flexi Debt Scheme - Daily Dividend	–	23.49
Kotak FMP 13M Series 3 - Institutional Growth	30.00	30.00
Kotak FMP 13M Series 5 - Growth	50.00	–
Kotak FMP 14M Series 2 - Institutional Growth	–	75.00
Kotak FMP 14M Series 4 - Institutional Growth	15.00	15.00
Kotak FMP 15M Series 3 - Institutional Growth	–	21.00
Kotak FMP 15M Series 4 - Institutional Growth	30.00	30.00
Kotak Quarterly Interval Plan Series 2 - Dividend	70.00	–
Kotak Quarterly Interval Plan Series 3 - Dividend Payout	–	38.00
Kotak Quarterly Interval Plan Series 5 - Dividend Payout	–	70.00
Kotak Quarterly Interval Plan Series 6 - Dividend Payout	–	45.00
Kotak Floater Long Term - Growth	413.22	–

## Schedules Annexed to and Forming Part of the Balance Sheet as at 31st March, 2009

### CONSOLIDATED ACCOUNTS

(Rupees in crore)

	As at 31st March, 2009		As at 31st March, 2008	
Reliance Fixed Horizon Fund III - Annual Plan Series I - Institutional Growth Plan	–		50.00	
Reliance Liquid Plus Fund - Money Manager Fund - Daily Dividend Plan	–		185.85	
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		–	
Reliance Medium Term Fund - Retail Plan - Growth Option	136.36		–	
Reliance Quarterly Interval Fund - Series II- Institutional Dividend Plan	–		52.00	
SBI Debt Fund Series - 13 Months - 10 - Institutional Growth	150.00		–	
SBI Debt Fund Series - 90 Days-20-(26-Feb-08) - Dividend	–		100.00	
SBI Debt Fund Series - 90 Days-21-(04-Mar-08) - Dividend	–		25.00	
SBI-SHF-Liquid Plus - Short term fund - Institutional Plan - Daily Dividend	–		105.57	
Tata Fixed Horizon Fund Series 18 Scheme B - Institutional Plan Growth	50.00		–	
		3,125.16		2,050.97
Long-Term Investments (at cost less provision for diminution):				
Non-Trade, Unquoted Shares:				
Sesa Ghor Premises Holders' Maintenance Society Limited 200 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 200 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 230 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 468 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 450 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 500 Shares of Rs. 10 each fully paid-up [Rs. 5,000 (Previous year Rs. 5,000)]	–		–	
Goa Shipyard Limited 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 40 Shares of Rs. 25 each fully paid-up [Rs. 1,000 (Previous year Rs. 1,000)]	–		–	
		0.03		0.03
Total Cost		3,125.19		2,051.00
Provision for Doubtful Investment		–		–
Total		3,125.19		2,051.00
Aggregate amount of mutual fund investments at net asset value		3,179.05		2,082.09
Aggregate amount of unquoted investments at cost [including mutual funds of Rs. 3,125.16 crore (previous year Rs. 2,050.97 crore)]		3,125.19		2,051.00

## Schedules Annexed to and Forming Part of the Balance Sheet as at 31st March, 2009

### CONSOLIDATED ACCOUNTS

(Rupees in crore)

	As at 31st March, 2009	As at 31st March, 2008
<b>SCHEDULE 7: INVENTORIES</b>		
Stocks of (at lower of cost and net realisable value):		
Raw Material	70.83	146.35
Finished Goods		
Metallurgical Coke	11.67	4.50
Pig Iron	9.71	21.33
Iron Ore	131.78	98.09
	153.16	123.92
Consumables Stores and Spares [including goods in transit Rs. 0.11 crore (Previous year Rs. 0.11 crore)]	38.57	40.36
Work-in-progress	1.63	1.17
Total	264.19	311.80
Inventories are net of unrealised profits on intragroup sales		

	As at 31st March, 2009	As at 31st March, 2008
<b>SCHEDULE 8: SUNDRY DEBTORS</b>		
Debts outstanding for a period exceeding six months		
Unsecured and Considered Good	32.36	0.11
Considered Doubtful	0.04	0.80
	32.40	0.91
Other Debts		
Unsecured and Considered Good	265.80	472.35
Considered Doubtful	0.01	–
	265.81	472.35
	298.21	473.26
Less: Provision for Doubtful Debts	0.05	0.80
Total	298.16	472.46

	As at 31st March, 2009	As at 31st March, 2008
<b>SCHEDULE 9: CASH AND BANK BALANCES</b>		
Cash in hand [including cheques and demand drafts on hand Rs. 4.65 crore (Previous year Rs. 2.76 crore)]	4.73	2.85
Demand drafts in transit		
	3.53	5.45
Balances with Scheduled banks:		
On Current Account	5.74	9.23
On EEFC Account	0.07	0.04
Unpaid Dividend Account	3.65	3.46
Total	17.72	21.03

## Schedules Annexed to and Forming Part of the Balance Sheet as at 31st March, 2009

CONSOLIDATED ACCOUNTS (Rupees in crore)

	As at 31st March, 2009	As at 31st March, 2008
<b>SCHEDULE 10 : LOANS AND ADVANCES</b>		
Unsecured Considered Good unless otherwise stated		
Advances recoverable in cash or in kind or for value to be received	84.94	48.14
Intercompany Deposits	1,000.00	-
Balances with Port Trusts, Customs, Excise authorities etc.	3.03	3.07
Loans and Advances to staff	0.78	0.99
Prepaid Expenses	4.98	2.53
Deposits	9.47	4.27
<b>Total</b>	<b>1,103.20</b>	<b>59.00</b>

	As at 31st March, 2009	As at 31st March, 2008
<b>SCHEDULE 11: CURRENT LIABILITIES</b>		
Sundry Creditors		
(i) Due to Micro and Small Enterprises	0.02	0.24
(ii) Due to Others *	302.54	160.80
	302.56	161.04
Advances from Customers	8.25	11.65
Liability towards Investor Education and Protection Fund not due		
Unclaimed Dividend	3.65	3.46
Unclaimed Matured Deposits	0.03	0.05
Unclaimed Interest on Deposits	0.01	-
	3.69	3.51
Other Liabilities	23.10	19.19
<b>Total</b>	<b>337.60</b>	<b>195.39</b>
* Includes Rs. 0.74 crore due to directors (Previous year Rs. 0.65 crore)		

	As at 31st March, 2009	As at 31st March, 2008
<b>SCHEDULE 12: PROVISIONS</b>		
For Income Tax [net of advance tax Rs. 1,532.38 crore (Previous year Rs. 1,678.10 crore)]	21.52	31.69
For Fringe Benefit Tax [net of advance tax Rs. 3.15 crore (Previous year Rs. 1.49 crore)]	0.05	0.07
For Proposed Dividend	177.13	118.09
For Dividend Tax	30.10	20.07
For Gratuity	4.75	1.57
For Leave Encashment Benefit on Retirement	12.88	9.42
<b>Total</b>	<b>246.43</b>	<b>180.91</b>

for the year ended 31st March, 2009

(Rupees in crore)

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

for the year ended 31st March, 2009

### CONSOLIDATED ACCOUNTS

(Rupees in crore)

	Year ended 31st March, 2009	Year ended 31st March, 2008
<b>SCHEDULE 15: PRODUCTION AND OPERATIONAL EXPENSES</b>		
Increase/Decrease in stock of finished goods and work-in-progress		
Opening stock		
Work-in-progress	126.80	86.40
Finished Goods	1.17	1.35
	127.97	87.75
Less: Closing Stock		
Work-in-progress	1.63	1.17
Finished Goods	153.16	126.80
	154.79	127.97
	(26.82)	(40.22)
Excise Duty on Stock of Finished Goods	(2.37)	2.02
Consumption of Raw Materials	256.94	277.96
Consumption of Stores [includes cost of supplies to contractors of the value of Rs. 53.69 crore (Previous year Rs. 39.60 crore)]	178.32	135.36
Purchase of Ore	264.08	237.04
Personnel: (Refer Note. No. 10 of Schedule 18)		
Salaries, Wages, Bonus and Allowances	63.42	47.57
Contributions to Provident and Other Funds	3.15	2.58
Contributions to Gratuity and Annuity Funds	5.25	2.55
Staff Welfare Expenses	5.07	3.71
	76.89	56.41
Repairs and Maintenance (Refer Note No. 5 Schedule 18)		
Plant and Machinery	8.64	3.77
Buildings	0.23	0.19
Others	0.18	0.28
	9.05	4.24
Contractors for hired trucks and other services	511.65	294.31
Hire Charges of barges	41.98	31.17
Wharfage, Tonnage, Handling and Shipping Expenses	120.72	83.87
Railway Freight	470.78	190.05
Rents	1.62	2.18
Export Duty	215.64	159.13
Royalties	13.49	9.89
Rates and Taxes	8.08	1.78
Insurance	5.36	3.70
Electricity and Water Charges	11.92	12.50
Demurrage over Despatch	17.42	8.97
Commission and Service charges on sales	11.42	19.69
Analysis of Ore	5.07	2.03
Maintenance of Offices	0.28	0.13
Printing and Stationery	0.45	0.36
Travelling and Representation Expenses	2.11	2.57
Maintenance of Vehicles	0.31	0.23
General Expenses	19.70	12.95
Difference in Rate of Exchange (Net)	164.11	–
Provision for Mine Closure Expenses	0.25	0.16
(Refer Note No. 6 schedule 18)		
	2,378.45	1,508.48
Less: Extraction and Processing costs recovered	28.62	30.11
Total	2,349.83	1,478.37

for the year ended 31st March, 2009

## (Rupees in crore)

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## SCHEDULE 18:

### NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009

#### 1. Significant Accounting Policies

##### i) Basis of Accounting

The financial statements have been prepared on accrual basis, under the historical cost convention except for derivative financial instruments which are carried at fair value and comply in all material respects with the Generally Accepted Accounting Principles in India and the relevant provisions of the Companies Act, 1956. The accounting policies are consistent with those applied in the prior year.

##### 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 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 and its subsidiary, being the company that it controls. 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 subsidiary are prepared for the same reporting year as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist. 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.

Name of subsidiary Company	Country of Incorporation	% of voting power held on 31.03.2009 and 31.03.2008
Sesa Industries Limited (SIL)	India	88.251%

##### iv) Revenue Recognition

Revenue is recognised when significant risks and rewards of ownership of the goods sold are transferred to the 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.

##### v) 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 out annually. 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 employees salary to an insurance company which administers the fund. The Company recognises such contributions as an expense over the period of services rendered.

##### 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 materials, consumable stores and spares 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 appropriate proportion of 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 foreign currency transactions are translated at the year end rates. Exchange difference arising on restatement or settlement is charged to Profit and Loss Account.

## ix) Foreign Currency Forward Contracts

The Company enters into forward derivative financial instrument 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 income statement.

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 income statement in the periods when the hedged item is recognised in the income statement.

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 income statement 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 net profit or loss 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), freight and pre-operative expenses, if any, including interest on borrowing 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 was valued and shown as fixed assets by erstwhile A. Narraim 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. Amount paid to Government authorities towards renewal of forest clearances in respect of owned Mining Leases are capitalised under Fixed Assets.

## xi) Borrowing Costs

Borrowing costs attributable to the acquisition or construction of assets requiring a substantial period of time are capitalized. 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 the rate of 20%, 10% and 30% respectively to bring it in line with the useful life of the assets. Railway wagons procured under Wagon Investment Scheme (WIS) have been charged @ 10% on SLM. The value of Mining Leases capitalised are amortised under depreciation in line with actual quantity of ore extracted there from. Amount paid towards renewal of forest clearances in respect of owned mining lease are amortised over the operating period of the lease. Assets costing less than Rs. 5,000 are charged off completely 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.

## 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 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.

## xv) Segment Reporting

The Company is in the business of mining and sale of iron ore and manufacture and sale of metallurgical coke and pig

iron. While the Company's establishments are located in one country, i.e. India, its products are primarily exported but may also be sold in the domestic market. Therefore the Company operates in three reportable 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".

## xvi) 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.

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 Honorable High Court of Bombay, at Goa, Panaji (Bombay High Court) had approved the Scheme of Amalgamation (the "Scheme") of SIL with the Company effective from the appointed date i.e. 1st April 2005. Consequent to an appeal filed by a 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. Contingent Liabilities:

- i) Guarantees (excluding the liability for which provisions have been made) amounting to Rs. 13.33 crore (Previous year Rs. 15.32 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. 63.42 crore (Previous year Rs. 3.15 crore).
- iii) Bonds executed in favour of customs authorities in respect of export of iron ore Rs. 1,281.97 crore (Previous year Rs. 583.71 crore).

- iv) Claims by custom authorities (under dispute) relating to differential export duty on export shipments Rs. 49.13 crore (Previous Year Rs. 18.79 crore). The said amount is also included under bonds executed detailed in point 3 (iii) above.
- v) Bills discounted under letters of credit with banks Rs. 269.68 crore. (Previous Year Rs. 65.02 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. 6.14 crore (Previous Year Rs. 5.20 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. Based on the legal opinion, the company does not expect any liability on this account.
  - e) Disputed sales tax demand of Rs. 0.98 crore (Previous year Rs. 0.98 crore) including interest and penalty of Rs. 0.14 crore (Previous Year Rs. 0.14 crore) appealed before Appellate Authority. Based on legal opinion obtained the Company does not expect any liability on this account.
  - f) Disputed income tax demand of Rs. 3.85 crore (Previous Year Rs. 8.42 crore) including interest of Rs. 0.01 crore (Previous Year including interest and penalty of Rs. 2.26 crore), appealed before Appellate Authority. Based on the legal opinion obtained, the Company does not expect any liability on this account.
  - 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. Based on the legal opinion obtained, the Company does not expect any liability on this account.

- h) 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. Based on the legal opinion obtained, the Company does not expect any liability on this account.
- i) The Company's metallurgical coke division has made an advance payment of Rs. 1.59 crore (Previous Year Rs. 1.59 crore) towards acquisition of leasehold land through State Government. A deed of lease in respect of 0.04 crore sq. meters of land valued at Rs. 0.58 crore (Previous Year Rs. 0.58 crore) was executed. Some of the interested parties have legally disputed the quantum of compensation received and any further liability that may arise in future is not ascertainable.
- j) Disputed forest development tax amounting to Rs. 29.88 crore (Previous Year Rs. Nil) levied by Government of

Karnataka challenged by writ petition filed in the High Court if Karnataka and stay granted.

- 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. Nil).
- 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. 21.26 crore (Previous Year Rs. Nil) challenged by way of writ petition in the High Court of Bombay, Panjim Bench.
- m) Claim for non performance of contract of affreightment amounting to Rs. 12.74 crore (Previous Year Rs. Nil) under arbitration.

4. Estimated amount of contracts (net of advances) remaining to be executed on capital account Rs. 19.86 crore (Previous Year Rs. 21.79 crore).

5. 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	0.42	11.21	0.22	11.85
	(0.25)	(9.11)	(0.07)	(9.43)
b) Consumption of Stores	1.17	48.49	0.48	50.14
	(0.68)	(46.52)	(0.23)	(47.43)
c) Contractors for various services	8.89	14.47	0.40	23.76
	(1.58)	(29.43)	(0.28)	(31.29)
d) Others	–	0.19	0.03	0.22
	(–)	(0.13)	(0.01)	(0.14)
Total	10.48	74.36	1.13	85.97
	(2.51)	(85.19)	(0.59)	(88.29)

6. 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, 2009 is as under:

(Rs. in crore)

Nature of obligation	2008-09	2007-08
Mines Closure Provision		
Opening carrying amount	1.25	1.09
Additional provisions made during the year	0.25	0.16
Amounts used during the year	–	–
Unused amounts reversed during the year	–	–
Closing carrying amount	1.50	1.25



## 7. Interest received comprises of the following :

	2008-09	2007-08
- On Inter corporate deposits	42.72	-
- On others	0.30	0.21
Interest (per Schedule 14)	43.02	0.21

8. The Company has applied hedge accounting principles in respect of forward exchange contracts as set out in Accounting Standard (AS) 30- Financial Instruments : Recognition and Measurement, issued by the Institute of Chartered Accountants of India. Accordingly, all such contracts as on March 31, 2009 are marked to market and a loss aggregating to Rs. 9.08 crore (net of deferred tax aggregating Rs. 4.59 crore) arising on contract that were designated and effective as hedges of future cash flows, has been directly recognised in the reserves, to be ultimately recognised in the Profit and Loss Account depending on the exchange rate fluctuation till and when the underlying transaction occurs. As a result of this change, the profit for the year is higher and reserves for the year lower by Rs. 9.08 crore.

9. Research and development expenditure of Rs. 2.02 crore (Previous year Rs. 1.36 crore) has been charged to Profit and Loss Account under specific heads of accounts, while Rs. 0.65 crore has been incurred as capital cost for research and development.

## 10. 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 "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:

	2008-09	2007-08
Fair value of plans	20.88	19.65
Present value of commitment	(25.63)	(21.22)
Net gratuity liability	(4.75)	(1.57)
Defined benefit commitment		
Balance at start of the year	21.22	19.03
Current service cost	1.27	1.66
Benefits paid	(1.69)	(1.05)
Interest cost	1.69	1.45
Actuarial (gains)/losses	3.14	0.13
Balance at end of year	25.63	21.22
Plan assets		
Balance at start of the year	19.66	16.53
Contribution received	1.54	2.50
Benefits paid	(1.69)	(1.05)
Return on scheme assets	1.56	1.67
Actuarial gains/(losses)	(0.19)	-
Balance at end of year	20.88	19.65

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.

	2008-09	2008-09
Return on plan assets	1.56	1.67
Expected return on plan assets	(0.19)	-
Actual return on plan assets	1.37	1.67

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

	2008-09	2007-08
Current service cost	1.29	1.66
Actuarial (gains)/losses	3.33	0.13
Expected return on plan assets	(1.56)	(1.67)
Interest cost	1.69	1.45
Total expenses/(income) accounted in the Profit and Loss Account	4.75	1.57

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	2008-09	2007-08
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% & 9.5 %
Withdrawal rates	1.5%	-
Mortality rates	LIC (1994-96) Ultimate Table	LIC (1994-96) Ultimate Table

### Experience adjustment

	2008-09	2007-08
Present value of commitment	(25.63)	(21.22)
Fair value of the plans	20.88	19.65
Surplus/(deficit)	(4.75)	(1.57)
Experience adjustment on plan liabilities	3.14	1.03
Experience adjustment on plan assets	(0.04)	2.05

The contributions expected to be made by the company during the financial year 2009-10 are Rs. 4.75 crore.

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. The above information is actuarially determined upon which reliance is placed by the auditors.

## 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. 5.73 crore (Previous year Rs. 4.84 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	2008-09	2007-08
Provident fund and family pension fund	3.72	3.06
Annuity fund	2.01	1.78
	5.73	4.84

## 11. Foreign Currency Exposures:

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

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

Particular	2008-09		2007-08	
	Rs. in crore	Fx million	Rs. in crore	Fx million
Export of goods and services	224.19	USD 44	276.82	USD 69

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

Particular	2008-09		2007-08	
	Rs. in crore	Fx million	Rs. in crore	Fx million
Import of Goods and services	88.54	USD 17.3	14.36	USD 3.6
		JPY 3		JPY 9.3
		SGD -		SGD 1
		EURO -		EURO -

Note: Fx= Foreign currency; USD = US Dollar; JPY= Japanese Yen; SGD = Singapore Dollar

### 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. crore)
31st March, 2009	10	21	106.99

## 12. Earnings per share:

	2008-2009	2007-2008
Net profit after tax (Rs. in crore)	1,988.13	1,541.58
Weighted average no. of equity shares (in crore)	78.72	3.94
Nominal value of each equity shares	Re.1	Rs.10
Basic and diluted EPS (in Rs.)	25.26	19.58

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

## 13. Related Party Information:

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

### A. Names of the related parties and their relationships:

- i) Holding Companies:
  - Finsider International Company Limited
  - Richter Holding Limited
  - Westglobe Limited
  - Vedanta Resources Plc
- ii) Fellow Subsidiaries:
 

With whom transactions have taken place during the year

  - Bharat Aluminum Company Limited
  - Sterlite Industries (India) Limited
  - The Madras Aluminum Company Limited
  - Vedanta Aluminum Limited
  - Hindustan Zinc Limited
- iii) Details of Key Management Personnel
 

Executive directors

  - Mr. P. K. Mukherjee
  - Mr. A. K. Rai
  - Mr. A. Pradhan
  - Mr. H. P. U. K. Nair
  - Mr. M. D. Phal
- iv) 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 1(i) and (ii) above (Rs. in crore)

Name of Related Party	Nature of Transaction	Holding Companies	Fellow Subsidiaries
<b>1. Sales and Services</b>			
Vedanta Aluminium Limited	Interest on ICD	-	42.72
		(-)	(-)
Sterlite Industries (India) Limited	Sale of Coke/Pig Iron	-	2.43
		(-)	(-)
Bharat Aluminium Company Limited	Sale of Pig Iron	-	0.06
		(-)	(0.24)
Hindustan Zinc Limited	Sale of Coke	-	0.14
		(-)	(-)
<b>2. Purchase and Other Services</b>			
Hindustan Zinc Ltd.	Administration Expenses	-	0.30
		(-)	(1.14)
Bharat Aluminium Company Limited	Administration Expense	-	0.14
		(-)	(-)
Vedanta Aluminium Limited	Administration Expenses	-	1.06
		(-)	(0.04)
The Madras Aluminium Company Limited	Administration Expenses	-	0.03
		(-)	(-)
Sterlite Industries (India) Limited	Administration Expenses	-	5.06
		(-)	(0.25)
Vedanta Resources (PLC)	Administration Expenses	0.05	-
		(-)	(-)

Name of Related Party	Nature of Transaction	Holding Companies	Fellow Subsidiaries
Finsider International Company. Limited	Dividend	60.22 (50.19)	– (–)
West Globe Limited	Dividend	0.22 (0.18)	– (–)
Mitsui & Co. Limited. (up to 23.4.2007)	Sales Commission	– (2.12)	– (–)
<b>3. Inter Corporate Deposits</b>			
Vedanta Aluminium Limited		– (–)	1,000.00 (–)
<b>4. Bad Debts Written Off</b>		– (–)	– (–)
<b>5. Outstanding payables (net of receivables)</b>			
Hindustan Zinc Ltd.		– (–)	– (0.22)
Vedanta Aluminium Limited		– (–)	– (0.01)
Sterlite Industries (India) Limited		– (–)	1.58 (0.08)

(Figures in brackets relate to previous year)

b) Details relating to persons referred to in item 1(iii) above:

(Rs. in crore)

	2008-09	2007-08
i) Remuneration [Executive Directors]		
Mr. P. K. Mukherjee	1.33	0.95
Mr. A. K. Rai	0.93	0.73
Mr. A. Pradhan	0.76	0.58
Mr. H. P. U .K. Nair	0.71	0.57
Mr. M.D. Phal	0.68	0.53
	4.41	3.36
ii) Interest received		
Mr. M. D. Phal	0.01	0.01
iii) Outstanding loans from directors		
Mr. M. D. Phal	0.06	0.06

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

(Rs. in crore)

	2008-09	2007-08
Donation	5.12	1.00
Recovery – rent and electricity charges	0.02	0.02

## 14. 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.

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

	Iron Ore	Metallurgical Coke	Pig Iron	Unallocated	Total
<b>Revenue</b>					
- Sales / Income from Operations (net of duties and ocean freight)	4,306.59 (3,285.85)	472.49 (321.67)	583.06 (504.16)		5,362.14 (4,111.68)
- Other Income	1.37 (4.49)	0.12 (0.16)	0.27 (0.17)		1.76 (4.82)
	4,307.96 (3,290.34)	472.61 (321.83)	583.33 (504.33)		5,363.90 (4,116.50)
Less: Intersegment Revenue	72.49 (81.54)	330.14 (207.00)	0.59 (0.67)		403.22 (289.21)
Net Revenue from operations	4,235.47 (3,208.80)	142.47 (114.83)	582.74 (503.66)		4,960.68 (3,827.29)
Add: Interest Income				43.02 (0.21)	43.02 (0.21)
Add: Dividend				149.30 (69.23)	149.30 (69.23)
Add: Profit on sale of Investment				30.13 (0.33)	30.13 (0.33)
Enterprise revenue					5,183.13 (3,897.06)
Segment Result before tax, Interest, dividend and other non-recurring/Unallocable income	2,206.07 (2,078.87)	204.69 (86.84)	77.94 (89.49)		2,488.70 (2,255.20)
Less: Interest Expenses				0.99 (0.03)	0.99 (0.03)
Add : Interest Income				43.02 (0.21)	43.02 (0.21)
Add : Dividend Income				149.30 (69.23)	149.30 (69.23)
Add : Profit on sale of Investment				30.13 (0.33)	30.13 (0.33)
Profit before Taxation					2,710.16 (2,324.94)
Segment Assets	902.69 (893.45)	187.58 (255.28)	186.03 (213.04)	4,125.19 (2,051.00)	5,401.49 (3,412.77)
Segment Liabilities	267.19 (160.70)	59.85 (10.69)	26.40 (34.99)	298.93 (236.32)	652.37 (442.70)
Capital Expenditure	126.96 (53.78)	9.49 (5.43)	10.84 (9.89)		147.29 (69.10)
Depreciation	34.95 (34.00)	9.15 (8.58)	7.57 (7.38)		51.67 (49.96)
Significant Non-cash Expenses other than Depreciation	0.56 (0.46)	- (-)	0.03 (-)	- (-)	0.59 (0.46)
(figures in bracket relate to previous year)					

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

(Rs. in Crore)

	2008-09	2007-08
Segment revenue:		
India	867.51	1,001.87
Outside India	4,093.17	2,825.42
Segment assets:		
India	1,055.43	1,035.65
Outside India	220.88	326.12
Capital expenditure:		
India	146.81	69.10
Outside India	0.48	—

15. 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: 20th April, 2009

## Consolidated Cash Flow Statement for the year ended 31st March, 2009

(Rupees in crore)

	Year ended 31st March, 2009	Year ended 31st March, 2008
<b>A CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit before tax	2,710.16	2,324.94
Adjustments for:		
Depreciation	51.67	49.96
Provision for bad debts	0.03	-
Provision for doubtful debts written back	-	(1.26)
Interest/dividend (net)	(191.33)	(69.41)
(Profit)/loss on sale of assets	(0.09)	(0.13)
(Profit)/loss on redemption of investments	(30.13)	(0.33)
Unrealised exchange (gain)/loss	0.56	0.46
Operating Profit before working capital changes	2,540.87	2,304.22
Adjustments for:		
Trade and other receivables	131.00	(220.54)
Inventories	47.61	(13.29)
Trade payables and other liabilities	135.84	63.14
<b>Cash generated from operations</b>	<b>2,855.32</b>	<b>2,133.54</b>
Taxes paid	(720.99)	(747.47)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>2,134.33</b>	<b>1,386.07</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of fixed assets (net)	(147.29)	(69.10)
Sale of fixed assets	0.16	1.69
(Purchase)/redemption of current investments [net of dividend reinvested Rs. 79.32 crore (Previous year Rs. 21.47)]	(964.72)	(1,183.81)
Interest received	43.02	0.21
Dividend received	69.98	47.76
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(998.85)</b>	<b>(1,203.25)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Inter Corporate Deposits	(1,000.00)	-
Interest paid	(0.99)	(0.03)
Dividend and taxes paid thereon	(137.97)	(183.58)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(1,138.96)</b>	<b>(183.61)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(3.48)</b>	<b>(0.79)</b>
Cash and cash equivalents - opening balance	17.57	18.37
Effect of exchange gain/(Loss) on cash and cash equivalents	(0.02)	(0.01)
Cash and cash equivalents - Closing Balance	14.07	17.57
Notes:		
1 Cash and bank balances as per Schedule 9	17.72	21.03
Less: Unpaid dividend account	(3.65)	(3.46)
Cash and cash equivalents as per the cash flow statement	14.07	17.57
2 Figures in brackets represent outflows		
3 For notes refer schedule 18		

Per our report attached of even date attached

For and on behalf of the Board of Directors

Deloitte Haskins & Sells  
Chartered Accountants

Mr. Sanjiv V. Pilgaonkar  
Partner  
Membership No. 39826

P.K. Mukherjee  
Managing Director

A.K. Rai  
Director

C.D. Chitnis  
Company Secretary

Place: Mumbai  
Dated: 20th April, 2009

Place: Panaji - Goa  
Dated: 20th April, 2009

# 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)

DP ID

(For physical holding)

Folio No.

Client ID

No. of Share(s) held

I hereby record my presence at the 44th ANNUAL GENERAL MEETING of the Company on Thursday, 13th August, 2009 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 44th ANNUAL GENERAL MEETING of the Company to be held on Thursday, 13th August, 2009 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 \_\_\_\_\_ 2009.

Folio No./DP ID and Client ID:

Address:

**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.

Affix  
Re. 1/-  
Revenue  
Stamp

Signature

ATTENDANCE SLIP, PROXY FORM