

# Corporate Information

## Board of Directors:

D. D. Jalan

P. K. Mukherjee

A. K. Rai

S. L. Bajaj

Pramod Unde

Whole Time Director

## Auditors:

M/s. Deloitte Haskins & Sells

Chartered Accountants,

Chennai

## Registered Office:

Sesa Mining Corporation Limited

Sesa Ghor, 20 EDC Complex,

Patto, Panaji,

Goa - 403 001, INDIA.

## Bankers:

State Bank of India

Kotak Mahindra Bank

HDFC Bank

Bank of India

## Mining and other establishments:

Goa, India

# Directors' Report

To the Members,

The Board of Directors presents the 43rd Annual Report of the Company together with the Audited Statement of Accounts for the Financial Year ended March 31, 2012.

## 1. FINANCIAL RESULTS:

|   | ₹ in crore |            |
|---|------------|------------|
|   | 2011 -2012 | 2010 -2011 |
| <b>Profit before Depreciation &amp; Taxes</b> |            |            |
| Profit before Depreciation & Taxes            | 63.75      | 23.79      |
| Less: Depreciation                            | 7.67       | 2.74       |
| Provision for Taxes                           |            |            |
| Current                                       | 14.05      | 6.20       |
| Deferred                                      | 4.13       | 0.96       |
| Fringe Benefit Tax                            | -          | -          |
| Tax relating to earlier years                 | 0.01       | (0.16)     |
| Profit after Tax                              | 37.89      | 14.05      |
| Surplus/(Loss) Brought forward                | 108.48     | 94.43      |
| Balance Carried forward                       | 146.37     | 108.48     |

## 2. DIVIDEND

With a view to conserve resources for future operations, your Directors do not recommend any dividend for the financial year ended March 31, 2012.

## 3. BUSINESS PERFORMANCE AND OUTLOOK:

During the year iron ore sales volumes decreased from 2.13 million tonnes in 2010-11 to 1.96 million tonnes in 2011-12. The sales revenue increased from ₹ 178.23 crores in 2010-11 to ₹ 235.78 crores in 2011-12 mainly due to increased iron ore prices and consequently profit after tax (PAT) also increased from ₹ 14.05 crores to ₹ 37.89 crores as compared with previous year.

During the year, some external developments affected SMCL's operations such as:

Ministry of Mines, Government of India constituted the Shah Commission for inquiry into aspects of compliances for iron ore mining across India. The Company was subjected to investigations by the Shah Commission and has provided all the requisite information to the Commission during their visit to Goa.

The Mines and Minerals Development and Regulation Bill have been proposed to replace the existing Mines and Minerals (Development and Regulation) Act, 1957. The bill proposes a number of changes to mining regulation including introduction of auction for allocation of leases, and a proposed imposition of additional cost in terms of social contribution equivalent to the royalty (currently 10% advalorem).

### OUTLOOK

The Company will continue to maintain these levels of operations and is cautiously optimistic about contributing to Sesa's growth plans in 2012-13.

## 4. ISO CERTIFICATION

During the year, Sesa Mining Corporation has received the certification on OHSAS 18001-2007 standard.

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

## 5. DIRECTORS

Mr. S.L Bajaj, Director, retires by rotation at the ensuing Annual General Meeting and, being eligible, offers himself for re-appointment.

## Sesa Mining Corporation Limited

**6. AUDITORS**

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

**7. AWARDS**

Your Company was awarded with the following prestigious awards during the year 2011-12

During the 23rd Mines Environment & Mineral Conservation Week your Company won several awards under the very large & medium mechanised mines category like:

- First prize in Dust suppression Arrangements
- First prize in Publicity & Propaganda

Following awards were received by the company during the Mines Safety week under mechanised mines Group E -2011:

- First prize in Material Preparation for its Bicholim Mines
- Second prize in Transportation, Dust suppression, Pit Dewatering for its Bicholim Mines
- Second prize in Housekeeping & Organisation for its Bicholim Mines

**8. SAFETY**

The FSI is an index which simultaneously takes into Account both the frequency and severity of accidents. The Company's safety performance is given below:

|            | 2011 -2012   | 2010 -2011 |
|------------|--------------|------------|
| <b>FSI</b> | <b>0.099</b> | 0.155      |

**9. DIRECTORS RESPONSIBILITY STATEMENT:**

Your Directors confirm that:

- (i) In the preparation of the annual accounts, applicable accounting standards have been followed along with proper explanation relating to material departures.
- (ii) Selected accounting policies were applied consistently. Reasonable and prudent judgment and estimates were made to give a true and fair view of the state of affairs of the Company as on March 31, 2012, and of the profit/loss for the year ended on that date.
- (iii) Proper and sufficient care has been taken in maintaining 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 and other irregularities.
- (iv) The annual accounts of the Company have been prepared on a going concern basis.

**10. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Information as required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988, viz. a report on conservation of energy, technology absorption, foreign exchange earnings and outgo are given in the Annexure-A attached hereto and form part of this report.

**11. PARTICULARS OF EMPLOYEE - U/S 217(2A):**

A statement giving prescribed information relating to employees pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are given in Annexure-B attached hereto and form part of this report.

**12. COMPLIANCE CERTIFICATE:**

The Secretarial Audit Report for the financial year ended March 31, 2012, is provided in the Annual Report

**13. 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. They would also like to thank the Central and State Governments for their support. And, finally, Sesa Mining Corporation recognizes and appreciates the cooperation and support from its holding Company Sesa Resources Limited and its principal shareholders Sesa Goa Limited.

**For and on behalf of the Board of Directors**

Place: Panaji, Goa  
Dated: April 20, 2012

**Pramod Unde**  
Whole-time Director

**S. L Bajaj**  
Director

## 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 March 31, 2012.

### A. CONSERVATION OF ENERGY

Fuel consumption and engine emission levels of the barge fleet, transport vehicles and earth moving equipment, together with the optimization of electrical energy consumption in all activities, remains a focus area for the Company.

### B. TECHNOLOGICAL ABSORPTION

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

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

Nil

#### Technology Absorption, Adaptation and Innovation:

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

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

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

- a) Improved mining efficiencies and product quality control.
- b) Improvement in pollution control system
- c) Improved and sustainable resource and environment management

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

The Company's foreign exchange outgo is on account of import of spare and capital items.

Total foreign exchange used and earned:

|                           |            |
|---------------------------|------------|
| Foreign Exchange Earnings | Nil        |
| Foreign Exchange Outgo    | 44.23 Crs. |

For and on behalf of the Board of Directors

Place: Panaji, Goa  
Dated: April 20, 2012

**Pramod Unde**  
Whole-time Director

**S. L Bajaj**  
Director

## 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 March 31, 2012

| Sr. No.  | Name of the Employee | Designation/ Nature of Duties | Gross Remuneration (₹ In Crs.) | 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  | Pramod Unde          | Whole Time Director           | 1.60                           | BE (Mechanical), AMIE, ICWA(INTER ) | 30                  | 03/08/2009                         | 49                          | KCM, Zambia                                     |
| <b>(B) Employed for part of the financial year</b> |                      |                               |                                |                                     |                     |                                    |                             |   |
| NA*  |                      |                               |                                |                                     |                     |                                    |                             |   |

\*NA – Not Applicable

Notes:

- The Gross Remuneration received / receivable is inclusive of Salaries, Bonus, Commission to Directors, Company's Contribution towards Provident Fund, House. Assistance, Superannuation Fund, Medical and other benefit, Leave Travel Assistance and Allowances as applicable in accordance with the Company's Rules.
- The Company Contribution to a separate Gratuity Trust Fund for future payment of retirement Gratuity to its employees. The trust has taken a Group Gratuity-CumLife Insurance Corporation of India Limited. The liability pertaining to Individual Employee is not ascertainable and therefore has not been included.
- The nature of Employment is Contractual.
- No employee holds by himself or along with his/her spouse and dependent children, 2% or more equity shares of the Company.

**For and on behalf of the Board of Directors**

Place: Panaji, Goa  
Dated: April 20, 2012

**Pramod Unde**                      **S.L Bajaj**  
Whole-time Director              Director

**COMPLIANCE CERTIFICATE**

CIN: U13209GA1969PLC000091

Nominal Capital: ₹ 11,50,00,000/-

Paid up Capital : ₹ 11,50,00,000/-

To,

The Members,

M/S. SESA MINING CORPORATION LIMITED

I have examined the registers, records, books and papers of M/S. SESA MINING CORPORATION LIMITED as required to be maintained under the Companies Act, 1956, and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on March 31, 2012. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made thereunder.
3. The Company being a Public Limited Company, comments are not required.
4. The Board of Directors duly met FIVE times respectively on 21.04.2011, 19.07.2011, 17.10.2011, 20.01.2012 and 16.03.2012 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company was not required to close its Register of Members or Debenture holders during the financial year.
6. The Annual General Meeting for the year ended on March 31, 2011 was held on 21st July, 2011 after giving due notice to the members of the Company and other concerned and the resolutions passed thereat were duly recorded in Minute Book maintained for the purpose.
7. No Extra-Ordinary General Meeting was held during the financial year.
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under section 295 of the Act.
9. The Company has duly complied with the provisions of Section 297 of the Act in respect of contracts specified in that Section.
10. The Company has made necessary entries in the Register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, members or Central Government.
12. The Company has not issued any duplicate share certificates during the financial year.
13. The Company has:
  - (i) There was no allotment/ transfer/ transmission of securities during the financial year.
  - (ii) The Company has not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
  - (iii) The Company was not required to post warrants to any member of the Company as no dividend was declared during the financial year.
  - (iv) There were no instances of unpaid dividends required to be transferred to Investor Education and Protection Fund.
  - (v) The Company has duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and the appointment of director to fill casual vacancy has been duly made.
15. The Company has not appointed any Managing Director / Whole – time Director/ Manager during the financial year.
16. The Company has not appointed any sole selling agents during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies and/or such authorities prescribed under the various provisions of the Act during the financial year.
18. The Directors have disclosed their interest in other firms / Companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has not issued any shares, debentures or other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of preference shares or debentures during the financial year.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.

## Sesa Mining Corporation Limited

23. The Company has not invited / accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
24. The Company has not made any borrowings during the financial year.
25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one state to another during the financial year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the financial year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to Share Capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the financial year.
31. There was/ were no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the company during the financial year, for offences under the Act.
32. The Company has not received any moneys as security from its employees during the year.
33. The Company has deposited both employee's and employer's contribution to provident fund with prescribed authorities pursuant to section 418 of the Act.

Place: Panaji, Goa

Dated: April 20, 2012

**SADASHIV.V.SHET**

Company Secretary

C.P. NO.2540

**ANNEXURE A**

| Sr. No. | Name of The Register   | Applicable Section of the Companies Act |
|---------|--|---|
| 1.      | Register of charges  | 143                                     |
| 2.      | Register of members  | 150                                     |
| 3.      | Copies of Annual Returns   | 163                                     |
| 4.      | Minutes of Board of Directors meeting  | 193                                     |
| 5.      | Minutes of General meeting   | 193                                     |
| 6.      | Register of contracts, companies & firms in which the Directors are interested | 301                                     |
| 7.      | Register of Directors  | 303                                     |
| 8.      | Register of Directors Shareholding   | 307                                     |
| 9.      | Register of Share Transfers  | 108                                     |

**ANNEXURE B**

Forms and Returns as filed by the Company with Registrar of Companies, Regional Director, Central Government or other authorities during the year ended March 31, 2012.

| Sr. No. | Document                            | Section  | Particulars   | Filing details |            |
|---------|-------------------------------------|--|---|----------------|------------|
|         |                                     |  |   | Receipt        | Date       |
| 1.      | Form No. 20B                        | 159  | Annual Return for the year ended 31.03.2011.  | P70589924      | 19.09.2011 |
| 2.      | Form No. 23AC - XBRL & 23ACA - XBRL | 220 of the Companies Act, 1956 & Companies (Filing of documents and forms in eXtensible Business Reporting Language) Rules, 2011 | Balance Sheet & Profit and Loss Account for the Financial Year ended 31.03.2011 in XBRL mode. | P81477523      | 29.11.2011 |
| 3.      | Form No. 32                         | 262  | Appointment of Director for filling in casual vacancy.  | B31690886      | 10.02.2012 |

## Auditors' Report

### To the Members of Sesa Mining Corporation Limited

1. We have audited the attached Balance Sheet of SESA MINING CORPORATION LIMITED ("the Company") as at March 31, 2012, the Statement of Profit and Loss and the Cash Flow Statement of the Company for year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
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 Statement of Profit and Loss 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 Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
  - (e) in our opinion and to the best of our information and according to the explanations given to us, the said financial statements give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;
    - (ii) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on March 31, 2012; and
    - (iii) in the case of the Cash Flow Statement of the cash flows for the year ended on March 31, 2012.
5. On the basis of written representations received from the directors as on March 31, 2012, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2012 from being appointed as a director in terms of section 274(1)(g) of the Companies Act, 1956.

For **Deloitte Haskins & Sells**  
Chartered Accountants  
(Registration No. 008072S)

**C. R. Rajagopal**  
Partner  
(Membership No.23418)

Place: Panaji, Goa

Date: April 20, 2012



## Annexure to the Auditors' Report

(Referred to in paragraph 3 of our report of even date)

- (i) In respect of the Company's fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
  - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
  - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (ii) In respect of the Company's inventories:
  - (a) As explained to us, the inventories were physically verified during the year by the management at reasonable intervals.
  - (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iii) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (v) 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.
- (vi) According to the information and explanations given to us, the Company has not accepted any deposits from the public during the year.
- (vii) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the management have been commensurate with the size of the Company and the nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of Iron Ore and are of the opinion that prima facie the prescribed accounts and records have been maintained. We have however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.
- (ix) According to the information and explanations given to us in respect of statutory dues:
  - (a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
  - (b) There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at March 31, 2012 for a period of more than six months from the date they became payable.

- (c) There were no disputed dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on March 31, 2012.
- (x) 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.
- (xi) 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.
- (xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of paragraph 4(xii) of the Order are not applicable to the Company.
- (xiii) The Company is not a chit fund, nidhi, or a mutual benefit society.
- (xiv) 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.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- (xvi) According to the information and explanations given to us, the Company has not availed any term loans during the year.
- (xvii) 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, not been used during the year for long term investment.
- (xviii) 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.
- (xix) 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.
- (xx) According to the information and explanations given to us, the Company has not raised any money by public issue during the year.
- (xxi) To the best of our knowledge and according to the information and explanations given to us, we report that no material fraud on or by the Company has been noticed or reported during the year.

Place: Panaji - Goa  
Date: April 20, 2012

For **Deloitte Haskins & Sells**  
Chartered Accountants  
(Registration No. 008072S)

**C. R. Rajagopal**  
Partner  
(Membership No.23418)

Sesa Mining Corporation Limited

**Balance Sheet**

as at March 31, 2012

₹ in crore

| Particulars   | Note   | March 31, 2012 | March 31, 2011 |
|---|--------|----------------|----------------|
| <b>EQUITY AND LIABILITIES</b>                                   |        |                |                |
| <b>Shareholders' funds</b>                                      |        |                |                |
| Share capital   | 3      | 11.50          | 11.50          |
| Reserves and surplus  | 4      | 150.63         | 112.74         |
|   |        | <b>162.13</b>  | <b>124.24</b>  |
| <b>Non-current liabilities</b>                                  |        |                |                |
| Deferred tax liabilities (Net)                                  | 5      | 3.07           | -              |
| Other long term liabilities                                     | 6      | 0.05           | 0.04           |
| Long-term provisions  | 7      | 3.82           | 2.97           |
|   |        | <b>6.94</b>    | <b>3.01</b>    |
| <b>Current liabilities</b>                                      |        |                |                |
| Trade payables  | 8      | 45.91          | 24.82          |
| Other current liabilities                                       | 9      | 19.03          | 13.69          |
| Short-term provisions   | 10     | 1.43           | 0.39           |
|   |        | <b>66.37</b>   | <b>38.90</b>   |
|   |        | <b>235.44</b>  | <b>166.15</b>  |
| <b>ASSETS</b>   |        |                |                |
| <b>Non-current assets</b>                                       |        |                |                |
| Fixed assets  |        |                |                |
| Tangible assets   | 11     | 154.37         | 68.06          |
| Capital work-in-progress  | 11     | 11.04          | 10.56          |
| Non-current investments   | 12     | 0.00           | 0.00           |
| Deferred tax assets (net)                                       | 5      | -              | 1.06           |
| Long-term loans and advances                                    | 13     | 9.27           | 34.82          |
|   |        | <b>174.68</b>  | <b>114.50</b>  |
| <b>Current assets</b>   |        |                |                |
| Current investments   | 14     | -              | 12.12          |
| Inventories   | 15     | 42.80          | 22.63          |
| Trade receivables   | 16     | -              | 4.06           |
| Cash and cash equivalents                                       | 17     | 1.21           | 3.09           |
| Short-term loans and advances                                   | 18     | 16.75          | 9.74           |
| Other current assets  | 19     | 0.00           | 0.01           |
|   |        | <b>60.76</b>   | <b>51.65</b>   |
|   |        | <b>235.44</b>  | <b>166.15</b>  |
| See accompanying notes forming part of the financial statements | 1 - 37 |                |                |

In terms of our report attached

For **Deloitte Haskins & Sells**  
Chartered Accountants**C. R. Rajagopal**  
PartnerPlace: Panaji - Goa  
Date: April 20, 2012

For and on behalf of the Board of Directors

**Pramod Unde**  
Whole Time Director**S. L. Bajaj**  
DirectorPlace: Panaji - Goa  
Date: April 20, 2012

## Statement of Profit and Loss

for the year ended March 31, 2012

₹ in crore

| Particulars   | Note   | March 31, 2012 | March 31, 2011 |
|---|--------|----------------|----------------|
| Revenue from operations   | 20     | 236.29         | 178.78         |
| Other income  | 21     | 0.28           | 1.69           |
| <b>Total revenue</b>  |        | <b>236.57</b>  | <b>180.47</b>  |
| <b>EXPENSES</b>   |        |                |                |
| Changes in inventories of finished goods, work in progress and stock-in-trade | 22     | (19.52)        | 2.60           |
| Employee benefits expense   | 23     | 34.85          | 25.14          |
| Finance costs   | 24     | 0.05           | 0.06           |
| Depreciation and amortisation expense   | 11     | 7.67           | 2.74           |
| Other expenses  | 25     | 157.44         | 128.88         |
| <b>Total expenses</b>   |        | <b>180.49</b>  | <b>159.42</b>  |
| <b>PROFIT BEFORE TAX</b>  |        | <b>56.08</b>   | <b>21.05</b>   |
| Tax expense   |        |                |                |
| Current tax expenses for current year   |        | 14.05          | 6.20           |
| Current tax expenses relating to prior period                                 |        | 0.01           | (0.16)         |
| Net current tax expenses  |        | 14.06          | 6.04           |
| Deferred tax  |        | 4.13           | 0.96           |
| <b>Total tax expenses</b>   |        | <b>18.19</b>   | <b>7.00</b>    |
| <b>PROFIT FOR THE YEAR</b>  |        | <b>37.89</b>   | <b>14.05</b>   |
| Earnings per equity share of ₹ 100 each Basic and diluted ( ₹ )               |        | 329            | 122            |
| See accompanying notes forming part of the financial statements               | 1 - 37 |                |                |

In terms of our report attached

For **Deloitte Haskins & Sells**  
Chartered Accountants

**C. R. Rajagopal**  
Partner

Place: Panaji - Goa  
Date: April 20, 2012

For and on behalf of the Board of Directors

**Pramod Unde**  
Whole Time Director

**S. L. Bajaj**  
Director

Place: Panaji - Goa  
Date: April 20, 2012

## Cash Flow Statement

for the year ended March 31, 2012

| Particulars   | ₹ in crore     |                |
|---|----------------|----------------|
|   | March 31, 2012 | March 31, 2011 |
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                   |                |                |
| <b>Profit before tax</b>  | 56.08          | 21.05          |
| Adjustments for:  |                |                |
| Depreciation and amortisation                                   | 7.67           | 2.74           |
| Finance costs   | 0.00           | -              |
| Interest income   | (0.06)         | (0.24)         |
| Dividend income   | (0.08)         | (0.60)         |
| Profit on sale of fixed assets (net)                            | (0.02)         | (0.01)         |
| Profit on sale of current investments (net)                     | (0.00)         | (0.05)         |
| Operating profit before working capital changes                 | 63.59          | 22.89          |
| Changes in working capital:                                     |                |                |
| Adjustments for (increase) / decrease in operating assets:      |                |                |
| Inventories   | (20.18)        | 0.73           |
| Trade receivables   | 4.06           | 0.40           |
| Short-term loans and advances                                   | (3.98)         | (2.59)         |
| Long-term loans and advances                                    | 1.74           | (3.22)         |
| Adjustments for increase / (decrease) in operating liabilities: |                |                |
| Trade payables  | 21.11          | 2.50           |
| Other current liabilities                                       | 5.34           | 13.09          |
| Other long-term liabilities                                     | 0.01           | 0.04           |
| Short-term provisions   | 1.03           | 0.39           |
| Long-term provisions  | 0.85           | 1.19           |
| Cash generated from operations                                  | 73.57          | 35.42          |
| Taxes paid  | (17.09)        | (3.98)         |
| <b>Net cash flow from / (used in) operating activities (A)</b>  | 56.48          | 31.44          |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>                   |                |                |
| Purchase of fixed assets  | (70.65)        | (85.03)        |
| Proceeds from sale of fixed assets                              | 0.03           | 0.02           |
| Movement in restricted deposits ( Margin money)                 | (0.00)         | 2.40           |
| (Purchase) / redemption of current investments                  | 12.12          | 52.59          |
| Interest received   | 0.06           | 0.54           |
| Dividend received   | 0.08           | 0.60           |
| <b>Net cash flow from / (used in) investing activities (B)</b>  | (58.36)        | (28.88)        |

## Cash Flow Statement (contd.)

for the year ended March 31, 2012

| Particulars   | ₹ in crore     |                |
|---|----------------|----------------|
|   | March 31, 2012 | March 31, 2011 |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>                            |                |                |
| Finance costs   | (0.00)         | 0.00           |
| <b>Net cash flow from / (used in) financing activities (C)</b>            | <b>(0.00)</b>  | <b>0.00</b>    |
| <b>Net (decrease) / increase in Cash and cash equivalents (A+B+C)</b>     | <b>(1.88)</b>  | <b>2.56</b>    |
| <b>Cash and cash equivalents at the beginning of the year</b>             | <b>2.64</b>    | <b>0.08</b>    |
| <b>Cash and cash equivalents at the end of the year</b>                   | <b>0.76</b>    | <b>2.64</b>    |
| <b>Reconciliation of Cash and cash equivalents with the Balance Sheet</b> |                |                |
| Cash and cash equivalents as per Balance Sheet (Refer Note 17)            | 1.21           | 3.09           |
| Less: Restricted deposits ( Margin money)                                 | 0.45           | 0.45           |
| Cash and cash equivalents at the end of the year*                         | 0.76           | 2.64           |
| * comprises   |                |                |
| Cash on hand  | 0.00           | 0.00           |
| Balances with banks   |                |                |
| On current account  | 0.76           | 2.64           |
|   | 0.76           | 2.64           |
| Figures in brackets represent outflows                                    |                |                |
| See accompanying notes forming part of the financial statements (1 - 37)  |                |                |

In terms of our report attached

For **Deloitte Haskins & Sells**  
Chartered Accountants

**C. R. Rajagopal**  
Partner

Place: Panaji - Goa  
Date: April 20, 2012

**For and on behalf of the Board of Directors**

**Pramod Unde**  
Whole Time Director

**S. L. Bajaj**  
Director

Place: Panaji - Goa  
Date: April 20, 2012

## Notes forming part of the financial statements

as at and for the year ended March 31, 2012

### 1 COMPANY INFORMATION

Sesa Mining Corporation Limited (the "Company") is engaged in the business of mining and sale of iron ore. The Company's mining operations are all situated in Goa.

### 2 SIGNIFICANT ACCOUNTING POLICIES

#### i) Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared on accrual basis under the historical cost convention in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 and the relevant provisions thereof.

#### ii) Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities (including contingent liabilities) on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and the estimates are recognised in the period in which the results are known /materialised.

#### iii) Inventories

Inventories are valued at lower of cost (on weighted average basis) and net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale including octroi and other levies, transit insurance and receiving charges. Finished goods and work in progress include apportionment of fixed and variable overheads.

#### iv) Cash flow statement

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

#### v) Depreciation and amortisation

Depreciation has been provided for on the straight line method (SLM) as per the rates prescribed in Schedule XIV to the Companies Act, 1956, except in respect of the following assets.

- Vehicles, furniture and computers are depreciated at an annual rate of 20%, 10% and 30% respectively to bring in line with the useful life of the assets.
- Individual items of assets costing upto ₹ 5,000 are fully depreciated in the year of acquisition.

Depreciation is 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.

Intangible assets are amortised over their estimated useful life not exceeding a period of ten years.

#### vi) Revenue recognition

##### Sale of goods

Revenue is recognized when significant risks and rewards of ownership of the goods sold are transferred to the customer and the commodity has been delivered to the shipping agent/customer. Revenue represents the invoice value of goods and services provided to third parties net of discounts, sales taxes/value added tax and adjustments arising on analysis variances.

##### Income from services

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

## Notes forming part of the financial statements (contd.)

as at and for the year ended March 31, 2012

### Other income

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

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

### vii) Tangible fixed assets

Fixed assets are carried at historical cost (exclusive of available Central and State VAT credit) less accumulated depreciation / amortisation and impairment losses, if any. Costs include expenses incidental to the installation of assets, attributable borrowing and financing costs incurred upto the date the asset is ready for its intended use.

### Machinery spares

Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets.

### Capital work in progress

Projects under which assets are not ready for their intended use and other capital work in progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

### viii) Intangible assets

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates.

### ix) Foreign currency transactions and translations

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

### x) Government grants, subsidies and export incentives

Government grants and subsidies are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants / subsidy will be received.

Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

### xi) Investments

Long term investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments, if any. Current investments are carried individually, at lower of cost and fair value.

### xii) Employee benefits

#### Short term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service.

#### Long term employee benefits

Defined Contribution plans:

#### *Provident fund:*

The Company's contribution to the provident fund and pension fund paid / payable during the year is debited to the Statement of Profit and Loss. The shortfall in provident fund, if any, between the return guaranteed by the statute and actual earnings of the Fund is provided for by the Company and contributed to the Fund. The net actuarial liability of the Company's obligation for interest rate guarantee has been determined at the year end based on an independent actuarial valuation and the shortfall, if any, recognised in the Statement of Profit and Loss.



## Notes forming part of the financial statements

as at and for the year ended March 31, 2012

### *Superannuation 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.

### Defined benefit plans:

#### *Gratuity Fund:*

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

### Compensated absence:

The liability in respect of compensated absence 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 Statement of Profit and Loss.

### **xiii) Borrowing costs**

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. 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 to the extent regarded as an adjustment to the interest costs are charged to Statement of Profit and Loss and included under "Finance costs".

### **xiv) Segment reporting**

The Company primarily operates in the business segment of mining and sale of iron ore. As per the management's perspective, the risks and returns from its sales do not materially vary geographically. Accordingly, there are no other reportable segments as required to be reported under Accounting Standard No. 17.

### **xv) Taxes on income**

The Company's income taxes include taxes on the Company's taxable profits, adjustment attributable to earlier periods and changes in deferred taxes. Valuation of all tax liabilities and receivables are carried at current amounts and in accordance with the enacted tax laws and in the case of deferred taxes, at rates that have been substantively enacted. Deferred tax is calculated to correspond to the tax effect arising when final tax is determined. Deferred tax corresponds to the net effect of tax on all timing differences which occur as a result of items being allowed for income tax purposes during a period different from when they were recognised in the financial statements.

### **xvi) Impairment of assets**

The carrying values of 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 Statement of Profit and Loss.

### **xvii) 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.

## Notes forming part of the financial statements

as at and for the year ended March 31, 2012

### 3. SHARE CAPITAL

| Particulars   | March 31, 2012   |              | March 31, 2011   |              |
|---|------------------|--------------|------------------|--------------|
|   | Number of Shares | ₹ in crore   | Number of Shares | ₹ in crore   |
| <b>Authorised</b>   |                  |              |                  |              |
| Equity shares of ₹ 100/- each, with voting rights               | 1,150,000        | 11.50        | 1,150,000        | 11.50        |
| <b>Issued, subscribed and fully paid-up</b>                     |                  |              |                  |              |
| Equity shares of ₹ 100/- each fully paid up, with voting rights | 1,150,000        | 11.50        | 1,150,000        | 11.50        |
| <b>Total</b>  | <b>1,150,000</b> | <b>11.50</b> | <b>1,150,000</b> | <b>11.50</b> |

a. There has been no movement in equity shares outstanding at the beginning and at the end of the year.

b. **Terms/rights attached to equity shares**

The Company has only one class of equity shares having a par value of ₹100. The equity shares have rights, preferences and restrictions which are in accordance with the provisions of law, in particular the Companies Act, 1956.

c. **Details of shareholders holding more than 5 % shares in the Company**

| Name of Shareholder                       | March 31, 2012        |           | March 31, 2011        |           |
|---|-----------------------|-----------|-----------------------|-----------|
|   | Number of Shares held | % holding | Number of Shares held | % holding |
| Sesa Resources Limited ( Holding company) | 1,150,000             | 100       | 1,150,000             | 100       |

### 4. RESERVES AND SURPLUS

| Particulars  | ₹ in crore     |                |
|--|----------------|----------------|
|  | March 31, 2012 | March 31, 2011 |
| <b>Capital reserve</b>                                 |                |                |
| Balance as at the beginning and at the end of the year | 0.66           | 0.66           |
| <b>General reserve</b>                                 |                |                |
| Balance as at the beginning and at the end of the year | 3.60           | 3.60           |
| <b>Surplus in the Statement of Profit and Loss</b>     |                |                |
| Balance as at the beginning of the year                | 108.48         | 94.43          |
| Add: Profit for the year                               | 37.89          | 14.05          |
| Balance as at the end of the year                      | 146.37         | 108.48         |
| <b>Total</b>   | <b>150.63</b>  | <b>112.74</b>  |

### 5. DEFERRED TAX ASSETS AND LIABILITIES (NET)

| Particulars   | ₹ in crore     |                |
|---|----------------|----------------|
|   | March 31, 2012 | March 31, 2011 |
| Deferred tax :                                      |                |                |
| Deferred tax liabilities:                           |                |                |
| Depreciation allowance                              | 4.87           | 0.05           |
|   | 4.87           | 0.05           |
| Deferred tax assets:                                |                |                |
| Compensated absence                                 | 1.07           | 0.80           |
| Disallowances under 43B of the Income tax Act, 1961 | 0.73           | 0.31           |
|   | 1.80           | 1.11           |
| <b>Total</b>  | <b>(3.07)</b>  | <b>1.06</b>    |

## Notes forming part of the financial statements (contd.)

as at and for the year ended March 31, 2012

| <b>6. OTHER LONG TERM LIABILITIES</b> |                | ₹ in crore     |  |
|---------------------------------------|----------------|----------------|--|
| Particulars                           | March 31, 2012 | March 31, 2011 |  |
| Security deposits received            | 0.05           | 0.04           |  |
| <b>Total</b>                          | <b>0.05</b>    | <b>0.04</b>    |  |

  

| <b>7. LONG TERM PROVISIONS</b>  |                | ₹ in crore     |  |
|---------------------------------|----------------|----------------|--|
| Particulars                     | March 31, 2012 | March 31, 2011 |  |
| Provision for employee benefits |                |                |  |
| Compensated absence             | 2.86           | 2.01           |  |
| Provision - Others              |                |                |  |
| Provision for mine closure      | 0.96           | 0.96           |  |
| <b>Total</b>                    | <b>3.82</b>    | <b>2.97</b>    |  |

  

| <b>8. TRADE PAYABLES</b>                    |                | ₹ in crore     |  |
|---|----------------|----------------|--|
| Particulars                                 | March 31, 2012 | March 31, 2011 |  |
| Other than acceptances                      |                |                |  |
| Micro and small enterprises (Refer note 31) | -              | -              |  |
| Due to others                               | 45.91          | 24.82          |  |
| <b>Total</b>                                | <b>45.91</b>   | <b>24.82</b>   |  |
| Trade payable others includes:-             |                |                |  |
| Accrued payroll                             | 2.83           | 2.27           |  |
| Accrued expenses                            | 33.09          | 14.71          |  |

  

| <b>9. Other current liabilities</b>              |                | ₹ in crore     |  |
|--|----------------|----------------|--|
| Particulars                                      | March 31, 2012 | March 31, 2011 |  |
| Other payables                                   |                |                |  |
| Statutory deductions including withholding taxes | 0.49           | 0.41           |  |
| Payables on account of fixed assets              | 3.61           | 1.65           |  |
| Trade and security deposits received             | 0.71           | 0.92           |  |
| Advances from customers                          | 13.82          | 10.51          |  |
| Other deductions                                 | 0.22           | 0.20           |  |
| Gratuity   | 0.18           | -              |  |
| <b>Total</b>                                     | <b>19.03</b>   | <b>13.69</b>   |  |

  

| <b>10. Short term provisions</b> |                | ₹ in crore     |  |
|----------------------------------|----------------|----------------|--|
| Particulars                      | March 31, 2012 | March 31, 2011 |  |
| Provision for employee benefits  |                |                |  |
| Compensated absence              | 0.43           | 0.39           |  |
| Provident fund                   | 1.00           | -              |  |
| <b>Total</b>                     | <b>1.43</b>    | <b>0.39</b>    |  |

## Notes forming part of the financial statements (contd.)

as at and for the year ended March 31, 2012

### 11. FIXED ASSETS

| Particulars              | Gross block                 |           | Balance as at March 31, 2012 | Depreciation / Amortisation |                             | Net block    |                                  |                              |
|--------------------------|-----------------------------|-----------|------------------------------|-----------------------------|-----------------------------|--------------|----------------------------------|------------------------------|
|                          | Balance as at April 1, 2011 | Additions |                              | Disposals                   | Balance as at April 1, 2011 | For the year | Eliminated on disposal of assets | Balance as at March 31, 2012 |
| Tangible assets          |                             |           |                              |                             |                             |              |                                  |                              |
| Land (Note a)            | 40.05                       | 32.74     | -                            | 0.03                        | 0.05                        | -            | 72.71                            | 40.02                        |
| Roads and bunders        | 2.27                        | -         | -                            | 1.14                        | 0.03                        | -            | 1.10                             | 1.13                         |
| Buildings                | 2.47                        | 0.29      | -                            | 1.24                        | 0.04                        | -            | 1.48                             | 1.23                         |
| Plant and equipment      | 72.78                       | 59.95     | -                            | 48.96                       | 7.14                        | -            | 76.63                            | 23.82                        |
| Furniture and fixtures   | 0.33                        | 0.16      | -                            | 0.14                        | 0.06                        | -            | 0.29                             | 0.19                         |
| Vehicles                 | 3.03                        | 0.66      | 0.18                         | 1.72                        | 0.32                        | 0.17         | 1.64                             | 1.31                         |
| Office equipment         | 0.61                        | 0.19      | -                            | 0.25                        | 0.03                        | -            | 0.52                             | 0.36                         |
| <b>Total</b>             | 121.54                      | 93.99     | 0.18                         | 53.48                       | 7.67                        | 0.17         | 154.37                           | 60.98                        |
| Previous year            | 70.42                       | 51.15     | 0.03                         | 50.77                       | 2.74                        | 0.03         | 11.04                            | 68.06                        |
| Capital work-in-progress |                             |           |                              |                             |                             |              | 165.41                           | 10.56                        |
| <b>Total</b>             |                             |           |                              |                             |                             |              |                                  | 78.62                        |

a. Land plots include under perpetual lease ₹ 1.55 Cr. (Previous year ₹ 1.55 Cr.)

## Notes forming part of the financial statements (contd.)

as at and for the year ended March 31, 2012

| <b>12. NON CURRENT INVESTMENTS</b>  |                | ₹ in crore     |  |
|---|----------------|----------------|--|
| Particulars   | March 31, 2012 | March 31, 2011 |  |
| <b>Other than trade (at cost)</b>   |                |                |  |
| Investment in equity instruments (unquoted)   |                |                |  |
| In co-operative societies   |                |                |  |
| Dempo Mining Corporation Staff Consumers Co-Operative Society Ltd.<br>276 (Previous year 276) equity shares of ₹ 10 each fully paid-up<br>[₹ 2,760 (Previous year ₹ 2,760)] | 0.00           | 0.00           |  |
| Dempo Mining Corporation Staff Consumers Co-Operative Society Ltd.<br>400 (Previous year 400) equity shares of ₹ 10 each fully paid-up<br>[₹ 4,000 (Previous year ₹ 4,000)] | 0.00           | 0.00           |  |
| <b>Total</b>  | <b>0.00</b>    | <b>0.00</b>    |  |
| Aggregate amount of unquoted investments<br>[₹ 6,760 (Previous year ₹ 6,760)]   | 0.00           | 0.00           |  |
| <b>13. LONG TERM LOANS AND ADVANCES</b>   |                | ₹ in crore     |  |
| Particulars   | March 31, 2012 | March 31, 2011 |  |
| Unsecured, considered good  |                |                |  |
| Capital advances  | 6.36           | 30.17          |  |
| Security deposits   | 0.02           | 0.02           |  |
| Prepaid expenses  | 2.89           | 1.02           |  |
| Other advances  | -              | 3.61           |  |
| <b>Total</b>  | <b>9.27</b>    | <b>34.82</b>   |  |
| <b>14. CURRENT INVESTMENTS</b>  |                | ₹ in crore     |  |
| Particulars   | March 31, 2012 | March 31, 2011 |  |
| <b>Unquoted (at lower of cost and fair value)</b>   |                |                |  |
| <b>In mutual funds</b>  |                |                |  |
| BSI Cash Plus- Institutional Premium- Growth Nil (Previous year 7,722,494) units  | -              | 12.12          |  |
| <b>Total</b>  | <b>-</b>       | <b>12.12</b>   |  |
| Net asset value   | -              | 12.12          |  |
| <b>15. INVENTORIES</b>  |                | ₹ in crore     |  |
| Particulars   | March 31, 2012 | March 31, 2011 |  |
| At lower of cost and net realisable value   |                |                |  |
| Finished goods  |                |                |  |
| Iron ore  | 37.91          | 18.39          |  |
| Consumables stores and spares   | 4.89           | 4.24           |  |
| <b>Total</b>  | <b>42.80</b>   | <b>22.63</b>   |  |

## Notes forming part of the financial statements (contd.)

as at and for the year ended March 31, 2012

| <b>16. TRADE RECEIVABLES</b> |                | ₹ in crore     |  |
|------------------------------|----------------|----------------|--|
| Particulars                  | March 31, 2012 | March 31, 2011 |  |
| Other trade receivables      |                |                |  |
| Unsecured, considered good   | -              | 4.06           |  |
| <b>Total</b>                 | -              | 4.06           |  |

| <b>17. CASH AND CASH EQUIVALENTS</b>   |                | ₹ in crore     |  |
|--|----------------|----------------|--|
| Particulars  | March 31, 2012 | March 31, 2011 |  |
| Cash on hand   | 0.00           | 0.00           |  |
| Balances with banks  |                |                |  |
| In current account   | 0.76           | 2.64           |  |
| In earmarked accounts  |                |                |  |
| Balances held as margin money  | 0.45           | 0.45           |  |
| <b>Total</b>   | 1.21           | 3.09           |  |
| Of the above, the balances that meet the definition of cash and cash equivalents as per AS 3 Cash Flow Statements is | 0.76           | 2.64           |  |

| <b>18. SHORT TERM LOANS AND ADVANCES</b>             |                | ₹ in crore     |  |
|--|----------------|----------------|--|
| Particulars  | March 31, 2012 | March 31, 2011 |  |
| Unsecured, considered good unless otherwise stated   |                |                |  |
| Loans and advances to employees                      | 0.32           | 0.45           |  |
| Prepaid expenses                                     | 1.31           | 1.89           |  |
| Balances with government authorities                 |                |                |  |
| VAT credit receivable                                | 3.99           | 3.65           |  |
| Others   | -              | 0.32           |  |
| Advance income tax (net of provision for income tax) | 3.39           | 0.35           |  |
| Advance to suppliers                                 | 7.74           | 3.08           |  |
| <b>Total</b>   | 16.75          | 9.74           |  |

| <b>19. OTHER CURRENT ASSETS</b> |                | ₹ in crore     |  |
|---------------------------------|----------------|----------------|--|
| Particulars                     | March 31, 2012 | March 31, 2011 |  |
| Interest accrued on deposits    | 0.00           | 0.01           |  |
| <b>Total</b>                    | 0.00           | 0.01           |  |

## Notes forming part of the financial statements (contd.)

as at and for the year ended March 31, 2012

| <b>20. REVENUE FROM OPERATIONS</b> |                | ₹ in crore     |  |
|------------------------------------|----------------|----------------|--|
| Particulars                        | March 31, 2012 | March 31, 2011 |  |
| a Sale of products                 |                |                |  |
| Sale of iron ore                   | 235.78         | 178.23         |  |
| b Other operating revenue          |                |                |  |
| Sale of materials                  | 0.51           | 0.55           |  |
| <b>Total</b>                       | <b>236.29</b>  | <b>178.78</b>  |  |

| <b>21. OTHER INCOME</b>                                    |                | ₹ in crore     |  |
|--|----------------|----------------|--|
| Particulars  | March 31, 2012 | March 31, 2011 |  |
| Interest   |                |                |  |
| on bank deposits   | 0.03           | 0.20           |  |
| others   | 0.03           | 0.03           |  |
| Dividend on current investments                            | 0.08           | 0.60           |  |
| Profit on sale of current investments (net)                | 0.00           | 0.05           |  |
| Profit on sale of fixed assets (net)                       | 0.02           | 0.01           |  |
| Net gain on foreign currency transactions and translations | 0.09           | -              |  |
| Other non-operating income                                 | 0.03           | 0.80           |  |
| <b>Total</b>   | <b>0.28</b>    | <b>1.69</b>    |  |

| <b>22. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE</b> |                | ₹ in crore     |  |
|--|----------------|----------------|--|
| Particulars  | March 31, 2012 | March 31, 2011 |  |
| Inventories at the beginning of the year   |                |                |  |
| Finished goods-Ore   | 18.39          | 20.99          |  |
| Inventories at the end of the year   |                |                |  |
| Finished goods-Ore   | 37.91          | 18.39          |  |
| Net (increase) / decrease  | (19.52)        | 2.60           |  |

| <b>23. EMPLOYEE BENEFITS EXPENSE</b>              |                | ₹ in crore     |  |
|---|----------------|----------------|--|
| Particulars                                       | March 31, 2012 | March 31, 2011 |  |
| Salaries and wages                                | 28.96          | 21.77          |  |
| Contributions to provident and pension funds      | 2.56           | 1.17           |  |
| Contributions to gratuity and superannuation fund | 1.88           | 0.83           |  |
| Staff welfare expenses                            | 1.45           | 1.37           |  |
| <b>Total</b>                                      | <b>34.85</b>   | <b>25.14</b>   |  |

## Notes forming part of the financial statements (contd.)

as at and for the year ended March 31, 2012

| <b>24. FINANCE COST</b> |                | ₹ in crore     |  |
|-------------------------|----------------|----------------|--|
| Particulars             | March 31, 2012 | March 31, 2011 |  |
| Interest expense        | 0.00           | -              |  |
| Other borrowing costs   | 0.05           | 0.06           |  |
| <b>Total</b>            | <b>0.05</b>    | <b>0.06</b>    |  |

| <b>25. OTHER EXPENSES</b>                                  |                | ₹ in crore     |  |
|--|----------------|----------------|--|
| Particulars  | March 31, 2012 | March 31, 2011 |  |
| Consumption of stores and spare parts                      | 31.41          | 19.50          |  |
| Repairs and maintenance                                    |                |                |  |
| Plant and machinery  | 4.93           | 11.66          |  |
| Buildings  | 0.46           | 1.01           |  |
| Others   | 0.52           | 0.29           |  |
| Contractors for hired trucks and other services            | 49.40          | 43.49          |  |
| Wharfage, tonnage, handling and shipping expenses          | 0.03           | -              |  |
| Rent   | 1.31           | 0.69           |  |
| Royalty and cess   | 53.54          | 38.74          |  |
| Rates and taxes  | 0.11           | 0.44           |  |
| Insurance  | 0.71           | 0.41           |  |
| Power and fuel   | 2.13           | 2.30           |  |
| Water charges  | 0.09           | 0.01           |  |
| Indemnization for damages                                  | 0.03           | 3.49           |  |
| Payments to auditors                                       |                |                |  |
| as Auditors - statutory audit                              | 0.07           | 0.07           |  |
| for other services   | 0.06           | 0.05           |  |
| reimbursement of expenses                                  | 0.00           | 0.00           |  |
| Travelling expenses  | 0.89           | 1.38           |  |
| Professional and legal charges                             | 0.32           | 0.06           |  |
| Bad debts and advances written off                         | -              | 0.00           |  |
| Net loss on foreign currency transactions and translations | -              | 0.15           |  |
| Miscellaneous expenses                                     | 11.43          | 5.14           |  |
| <b>Total</b>   | <b>157.44</b>  | <b>128.88</b>  |  |



## Notes forming part of the financial statements (contd.)

as at and for the year ended March 31, 2012

| <b>26. CONTINGENT LIABILITIES:</b>  |                | ₹ in crore     |  |
|---|----------------|----------------|--|
| Particulars   | March 31, 2012 | March 31, 2011 |  |
| Guarantees issued by the bankers in favour of various parties (excluding the liability for which provisions have been made)                         | 4.84           | 3.60           |  |
| 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) | 19.62          | 15.69          |  |
| Letters of credit opened by the banks in favour of suppliers.   | -              | 0.80           |  |
| Disputed income tax demands   | -              | 0.01           |  |

The above amounts are based on the demand notices or assessment orders or notification by the relevant authorities, as the case may be, and the Company is contesting these claims with the respective authorities. Outflows, if any, arising out of these claims would depend on the outcome of the decisions of the appellate authorities and the Company's rights for future appeals before the judiciary.

27. Estimated amount of contracts remaining to be executed on capital account ₹ 4.64 crore (Previous year ₹ 31.99 crore).

| <b>28. DETAILS OF FINISHED GOODS</b> |             | ₹ in crore        |                   |
|--------------------------------------|-------------|-------------------|-------------------|
| Particulars                          | Sales value | Opening Inventory | Closing Inventory |
| Finished goods                       |             |                   |                   |
| Iron ore                             | 235.78      | 18.39             | 37.91             |
|                                      | (178.23)    | (20.99)           | (18.39)           |

| <b>29. CIF VALUE OF IMPORTS</b>             |                | ₹ in crore     |  |
|---|----------------|----------------|--|
| Particulars                                 | March 31, 2012 | March 31, 2011 |  |
| Value of imports on CIF basis in respect of |                |                |  |
| Components and spare parts                  | 0.35           | -              |  |
| Capital goods                               | 43.88          | 16.61          |  |

| <b>30. CONSUMPTION OF STORES AND SPARE PARTS</b> |                | ₹ in crore     |  |
|--|----------------|----------------|--|
| Particulars                                      | March 31, 2012 | March 31, 2011 |  |
| Imported 0.86% ( Previous year Nil)              | 0.27           | -              |  |
| Indegenous 99.14% ( Previous year 100%)          | 31.14          | 19.50          |  |

31. Due to micro and small enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management. This has been relied upon by the auditors.

## Notes forming part of the financial statements (contd.)

as at and for the year ended March 31, 2012

### 32. EMPLOYEE BENEFITS OBLIGATIONS:

#### Defined benefit plans:

The Company offers its employees defined benefit plans in the form of a gratuity schemes. Gratuity Scheme covers all employees as statutorily required under Payment of Gratuity Act 1972. The Company has constituted a trust organised by the Income tax authorities for gratuity of employees. The Company contributes funds to Life Insurance Corporation of India and Housing Development Finance Corporation Bank, which are irrevocable. Commitments are actuarially determined at the year end. The actuarial valuation is done based on the "Projected Unit Credit" method. Gains and losses of changed actuarial assumptions are charged to the Statement of Profit and Loss.

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

| Particulars                                       | ₹ in crore     |                |
|---|----------------|----------------|
|   | March 31, 2012 | March 31, 2011 |
| Fair value of plans assets                        | 5.28           | 5.54           |
| Present value of defined benefit commitment       | (5.46)         | (4.65)         |
| (Liability)/Asset recognised in the Balance Sheet | (0.18)         | 0.89           |

| Particulars                                 | ₹ in crore     |                |
|---|----------------|----------------|
|   | March 31, 2012 | March 31, 2011 |
| <b>Defined benefit commitment</b>           |                |                |
| Balance at beginning of the year            | 4.65           | 4.35           |
| Current service cost                        | 0.28           | 0.26           |
| Benefits paid                               | (0.71)         | (0.66)         |
| Interest cost                               | 0.37           | 0.35           |
| Actuarial (gains)/losses                    | 0.87           | 0.35           |
| Balance at end of the year                  | 5.46           | 4.65           |
| <b>Changes in fair value of plan assets</b> |                |                |
| Balance at beginning of the year            | 5.54           | 5.76           |
| Benefits paid                               | (0.71)         | (0.66)         |
| Return on scheme assets                     | 0.45           | 0.44           |
| Actuarial gains/(losses)                    | -              | -              |
| Balance at end of the year                  | 5.28           | 5.54           |

The Plan assets of the Company are managed by the Life Insurance Corporation of India and Housing Development Finance Corporation Bank and the details of the Investment relating to these assets is not available with the Company. Hence the composition of each major category of plan assets, the percentage or amount that each major category constitutes to the fair value of the total plan assets has not been disclosed.

| Return on plan assets          | ₹ in crore     |                |
|--------------------------------|----------------|----------------|
|                                | March 31, 2012 | March 31, 2011 |
| Expected return on plan assets | 0.45           | 0.44           |
| Actuarial gain/(loss)          | -              | -              |
| Actual return on plan assets   | 0.45           | 0.44           |

## Notes forming part of the financial statements (contd.)

as at and for the year ended March 31, 2012

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

| Particulars   | ₹ in crore     |                |
|---|----------------|----------------|
|   | March 31, 2012 | March 31, 2011 |
| Current service cost  | 0.28           | 0.26           |
| Actuarial (gains) / losses  | 0.87           | 0.35           |
| Expected return on plan assets  | (0.45)         | (0.44)         |
| Interest cost   | 0.37           | 0.35           |
| Direct payments   | 0.03           | -              |
| Total expenses / (income) accounted in the Statement of Profit and Loss | 1.10           | 0.52           |

The actuarial assumptions used to estimate defined benefit obligations and fair value of plan assets are based on the following assumptions which if changed, would affect the defined benefit commitment's size, funding requirements.

| Return on plan assets                    | ₹ in crore                      |                                 |
|--|---------------------------------|---------------------------------|
|  | March 31, 2012                  | March 31, 2011                  |
| Rate on discounting liabilities          | 8%                              | 8%                              |
| Expected salary increase rate            | 7.50%                           | 5%                              |
| Expected rate of return on scheme assets | 9.30%                           | 8%                              |
| Withdrawal rates                         | 1.50%                           | 1%-3%                           |
| Mortality rates                          | LIC (1994-96)<br>Ultimate Table | LIC (1994-96)<br>Ultimate Table |

The estimates of future salary increases considered in the actuarial valuation, take account of inflation, seniority, promotion and other relevant factors on a long term basis.

| Experience adjustment                     | ₹ in crore |         |         |         |
|---|------------|---------|---------|---------|
|   | 2011-12    | 2010-11 | 2009-10 | 2008-09 |
| Present value of commitment               | (5.46)     | (4.65)  | (4.35)  | (4.70)  |
| Fair value of the plans                   | 5.28       | 5.54    | 5.76    | 5.47    |
| Surplus / (deficit)                       | (0.18)     | 0.89    | 1.41    | 0.77    |
| Experience adjustment on plan liabilities | 0.21       | (0.25)  | (0.46)  | 0.56    |
| Experience adjustment on plan assets      | (0.48)     | (0.49)  | 0.19    | 0.19    |

The contributions expected to be made by the Company during the financial year 2012-13 are ₹ 0.18 crore

## Notes forming part of the financial statements (contd.)

as at and for the year ended March 31, 2012

### Defined Contribution Plans:

The Company offers its employees benefits under defined contribution plans in the form of provident fund, family pension fund and superannuation fund. Provident fund, family pension fund and superannuation 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 superannuation fund are made only by the Company. The contributions are based on a fixed percentage of the employee's salary prescribed in the respective scheme.

A sum of ₹ 3.34 crore (Previous year ₹ 1.48 crore) has been charged to the statement of Profit and Loss in this respect, the components of which are tabulated below:

| Particulars                            | ₹ in crore     |                |
|--|----------------|----------------|
|  | March 31, 2012 | March 31, 2011 |
| Provident fund and family pension fund | 2.56           | 1.17           |
| Superannuation fund                    | 0.78           | 0.31           |
|  | <b>3.34</b>    | <b>1.48</b>    |

The Company's provident fund is exempted under section 17 of the Employees Provident Fund Act, 1952. Conditions for grant of exemption stipulates that the employer shall make good deficiency, if any, between the return guaranteed by the statute and actual earning of the Fund.

Based on a Guidance Note from The Institute of Actuaries - Valuation of Interest Guarantees on Exempt Provident Funds under AS 15(Revised 2005) for actuarially ascertaining such interest liability, the interest shortfall that is required to be met by the Company as at March 31, 2012 is ₹ 1.00 crore, which has been provided for in the books.

### 33. RELATED PARTY DISCLOSURES

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

##### i) Holding Company

Sesa Resources Limited

##### ii) Ultimate holding company and its intermediaries

*Ultimate Holding company*

Vedanta Resources Plc

*Intermediaries*

Sesa Goa Limited

Finsider International Company Limited

Twin Star Holdings Limited

Westglobe Limited

##### iii) Fellow Subsidiaries:

(With whom transactions have taken place during the year)

Sterlite Industries (India) Limited

##### iv) Details of Key Management Personnel

Whole time director

Mr. Pramod Unde

## Notes forming part of the financial statements (contd.)

as at and for the year ended March 31, 2012

### B. Transactions with related parties:

a) Details relating to parties referred to in items A (i), (ii) & (iii)

|                                       |                         |  | ₹ in crore          |      |        |
|---------------------------------------|-------------------------|--|---------------------|------|--------|
| Name of Related Party                 | Nature of Transaction   | Holding Company, Ultimate Holding Company and its intermediaries | Fellow Subsidiaries |      |        |
| <b>1) Sales and Services</b>          |                         |  |                     |      |        |
| Sesa Resources Limited                | Sale of ore             | 235.78<br>(153.72)   | -                   | -    | (-)    |
| Sesa Goa Limited                      | Sale of ore             | -  | -                   | -    | (-)    |
| <b>2) Purchase and Other services</b> |                         |  |                     |      |        |
| Sesa Goa Limited                      | Services received       | 0.01<br>(0.09)   | -                   | -    | (-)    |
| Sterlite Industries (India) Limited   | Administration Expenses | -  | -                   | 0.18 | (0.17) |
| <b>3) Outstanding payables</b>        |                         |  |                     |      |        |
| Sesa Resources Limited                |                         | 11.66<br>(10.37)   | -                   | -    | (-)    |
| Sesa Goa Limited                      |                         | 0.01<br>(-)  | -                   | -    | (-)    |
| Sterlite Industries (India) Limited   |                         | -  | -                   | 0.23 | (0.19) |
| <b>4) Outstanding receivable</b>      |                         |  |                     |      |        |
| Sesa Goa Limited                      |                         | -  | -                   | -    | (-)    |
| <b>5) Collaterals taken</b>           |                         |  |                     |      |        |
| Sesa Resources Limited                |                         | 12.53<br>(8.76)  | -                   | -    | (-)    |

(Figures in brackets relate to previous year)

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

|                                   |                |                | ₹ in crore |  |
|-----------------------------------|----------------|----------------|------------|--|
| Remuneration (Wholetime Director) | March 31, 2012 | March 31, 2011 |            |  |
| Mr. Pramod Unde                   | 1.60           | 1.30           |            |  |
|                                   | 1.60           | 1.30           |            |  |

## Notes forming part of the financial statements (contd.)

as at and for the year ended March 31, 2012

### 34. EARNINGS PER SHARE:

| Particulars                           | ₹ in crore     |                |
|---------------------------------------|----------------|----------------|
|                                       | March 31, 2012 | March 31, 2011 |
| Profit after tax (₹ in crore)         | 37.89          | 14.05          |
| Weighted average no. of equity shares | 1,150,000      | 1,150,000      |
| Nominal value of each equity shares   | ₹ 100          | ₹ 100          |
| Basic earnings per share (in ₹)       | 329            | 122            |

35. 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 March 31 2012 is as under:

| Nature of obligation                      | ₹ in crore     |                |
|---|----------------|----------------|
|   | March 31, 2012 | March 31, 2011 |
| <b>Provision for mine closure</b>         |                |                |
| Opening carrying amount                   | 0.96           | 0.40           |
| Additional provision made during the year | -              | 0.56           |
| Amount used during the year               | -              | -              |
| Unused amount reversed during the year    | -              | -              |
| Closing carrying amount                   | 0.96           | 0.96           |

### 36. FOREIGN CURRENCY EXPOSURES:

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

Amount payable in foreign currency on account of the following:

| Particulars    | March 31, 2012 |            | March 31, 2011 |            |
|----------------|----------------|------------|----------------|------------|
|                | ₹ in crore     | Fx million | ₹ in crore     | Fx million |
| Trade payables | 0.07           | USD .02    | 0.07           | USD .02    |

37. The Revised Schedule VI has become effective from April 1, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have accordingly been regrouped / reclassified, to correspond with the current year's classification/disclosure.

For and on behalf of the Board of Directors

Place: Panaji, Goa  
Dated: April 20, 2012

**Pramod Unde**  
Whole-time Director

**S.L Bajaj**  
Director