

# Corporate Information

## Board of Directors:

D. D. Jalan

P. K. Mukherjee

A. K. Rai

S. L. Bajaj

Pramod Unde

Wholetime 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 44<sup>th</sup> Annual Report of the Company together with the Audited Statement of Accounts for the Financial Year ended March 31, 2013.

## 1. Financial Results

Particulars	₹ in crore	
	2012 -13	2011 - 12
<b>Profit before Depreciation &amp; Taxes</b>	<b>5.09</b>	<b>63.75</b>
Less: Depreciation	19.82	7.67
Provision for Taxes		
Current	-	14.05
Deferred	(4.50)	4.13
Tax relating to earlier years	-	0.01
<b>Profit / (Loss) after Tax</b>	<b>(10.23)</b>	<b>37.89</b>
Add: Surplus brought forward from previous year	146.37	108.48
<b>Balance Carried forward</b>	<b>136.14</b>	<b>146.37</b>

## 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, 2013.

## 3. Business Performance

The business environment for the Iron industry deteriorated during 2012-13. In September / October 2012, the Iron ore mining operations in Goa were brought a complete halt by an abrupt imposition of ban on mineral extraction and transportation by the State Government and subsequently by the Supreme Court.

The one-up parent company has filed an application before the Supreme Court seeking modification or vacation of the aforesaid order. The hearing in the Court is yet to commence effectively.

Faced with these extraordinarily challenging circumstances, the volumes have significantly declined during the year from 1.96 million tonnes in 2011-12 to 0.70 million tonnes in 2012-13.

Spot prices witnessed a significant drop from August due to drop in demand reaching a low of \$83/t (63% Fe FOB India) in early September from ~\$130/t at the start of the year. With the improved sentiment in China, the iron ore spot prices experienced a sharp recovery December onwards reaching above \$140/t in February 2013 before showing slight softening in March to reach \$125/t on March 31, 2013. The average spot iron ore price for 2012-13 was ~20% lower at \$120/t (63% grade FOB price) level, compared to ~\$150/t in 2011-12.

Driven by the low volume due to cessation of operations for major part of the year, the sales revenue decreased

from ₹ 235.78 crore in 2011-12 to ₹ 90.49 crore in 2012-13. The Company posted a loss of ₹ 10.23 crore in 2012-13 against a profit of ₹ 37.89 crore in 2011-12. The decline is mainly due to loss of volume coupled with impact of increase in export duty in December 2011.

## 4. Outlook

The Iron ore mining industry continues to face increasing challenges with social licensing as a result of the competition for resources, and high prices increasing social pressure on the extractive industries to share more and more benefits with the society.

As far as the Overall Iron Ore market is concerned, the theme of the emerging market super cycle remains unchanged on the demand front notwithstanding temporary glitches. Supply forecasts continue to remain complex on account of Supply disruptions from regulatory events such as in India, weather related disruptions such as in Australian ports; continued structural challenges from Cost inflations & grade depletion and large uncertainty of project timelines and cost blowouts. However, in the longer term, prices are forecast to be under pressure as and when supply picks up with several new investments coming on stream.

## 5. ISO Certification

The Company continues to focus on adopting efficient quality systems and environmental practices. During the year under review, your Company has maintained ISO-9001:2008, ISO-14001:2004 and OHSAS-18001:2007 certifications.

Bicholim mine has been certified for implementing “5S Workplace Management System” from Quality Circle Forum of India, Hyderabad.

## 6. Directors

Mr. Arun Kumar Rai, Director, retires by rotation at the ensuing Annual General Meeting and, being eligible, offer himself for re-appointment.

## 7. 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.

## 8. Awards

During the year, your Company participated in various awards through our one up parent company Sesa Goa which has won several accolades in various categories from Quality, Innovation (RFID), Community and Environment.

In 2012-13 your company was awarded with an award in Corporate Social Responsibility i.e.

- CSR Excellence Award given jointly by Green Triangle Society and Goa Chamber of Commerce & Industry in the category of Education

## 9. Safety

The safety performance for the Financial Year 2012–2013 is as under:

Particulars	2012 -13	2011 - 12
FSI	0.292	0.099
LTIFR	1.380	0.340

FSI - Frequency severity incidence.

LTIFR - Lost Time Injury Frequency Rate

## 10. 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 judgement and estimates were made to give a true and fair

view of the state of affairs of the Company as on March 31, 2013, 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.

## 11. 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.

## 12. 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.

## 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. Sesa Mining Corporation recognises 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      **Pramod Unde**  
Date: April 23, 2013      Wholetime 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, 2013.

### A. Conservation of Energy

Fuel consumption and engine emission levels of the transport vehicles and earth moving equipment, together with the optimisation 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:

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

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

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

- ii) 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

Total foreign exchange used and earned

Foreign Exchange Earnings : Nil

Foreign Exchange Outgo : Nil

For and on behalf of the Board of Directors

Place: Panaji - Goa

**Pramod Unde**

**S.L. Bajaj**

Date: April 23, 2013

Wholetime Director

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, 2013

Sr. No.	Name of the Employee	Designation/ Nature of Duties	WGross Remuneration (₹. 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
A	Employed throughout the financial year							
B	Employed for part of the financial year							
1	De Souza Agnelo I	AM - Purchase	0.36	B.A., D.B.M.(Marketing)	21	10-01-1991	53	Vilman Packaging Ltd Panaji
2	Mandrekar Santosh B	Mechanic II	0.29	Std VII	31	10-01-1981	50	-
3	Gaspar Fernandes O	Sr.Engineer (Mining)	0.28	Diploma (Mining)	20	08-12-1991	52	Damodar Mangalji & Co. Codli.
4	Shetye Vallabh P	Sr. Engineer (Mechanical)	0.28	Diploma (Mechanical)	19	11-01-1993	42	-
5	Mandrekar Sadanand B	Hyd Excavator Op I	0.26	SSC	30	02-01-1982	50	-
6	Gauns Gajanan	Truck Driver (10-20 T)-I	0.25	Std IX	31	10-01-1981	51	-
7	Kudchadkar Darshan S	Jr.Executive (Costing)	0.22	B.Com	27	06-01-1985	50	-
8	Amonkar Santosh M	Engineer (Mechanical)	0.22	Diploma (Mechanical)	19	27-07-1992	44	-
9	Sawant Shamba G	Mechanic -I	0.20	ITI (Fitter)	28	27-09-1983	53	-
10	Kumbhar Pradeep B	Engineer (Electrical)	0.20	Diploma (Electrical)	18	02-01-1994	40	-
11	Chari Shamsunder B	Mechanic II	0.19	Std VIII	30	17-08-1981	54	-
12	Naik Suryakant A	AM - Plant	0.19	Diploma (Mechanical)	11	06-04-2001	41	Goa Marriott, Panaji
13	Pethkar Anand R	Computer Operator Cum Clerk I	0.18	B.Com	22	20-11-1989	52	Shetye Rolling Meel - Bicholim
14	Govekar Jitendra D	Sr. Mines Foeman	0.18	Diploma (Mining & Mines Survey)	17	06-01-1995	39	V.G. Keni Mine Sonshi
15	Pilgaonkar Suresh T	Truck Driver (10-20 T)	0.18	Std IX	26	28-10-1985	53	-
16	Kamat Dayanand M	Sr. Clerk-I	0.15	B.Com	31	04-01-1981	55	-
17	Nagvenkar Laxmikant R	Sr. Officer - Purchase	0.15	B.A.	28	11-01-1984	55	-
18	Sardessai Shailesh R	Jr. Engineer (Mechanical)	0.15	Diploma (Mechanical)	18	12-01-1994	40	-
19	Gad Krishna Y	Wheel Loader / Operator	0.15	Std VIII	27	12-05-1985	51	-

&gt; Directors' Report

## Annexure - B to Directors' Report (Contd.)

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, 2013

Sr. No.	Name of the Employee	Designation/ Nature of Duties	WGross Remuneration (₹. 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
A	Employed throughout the financial year							
B	NIL							
	Employed for part of the financial year							
20	Gaonkar Devidas M	Tyre Fitter	0.15	Std VIII	26	01-02-1986	48	-
21	Naik Chandrakant R	Jr. Mechanic I	0.14	Std VII	26	26-10-1985	54	-
22	Govekar Kashinath A	Mechanic	0.14	Std IX	25	04-07-1986	53	-
23	Komarpanth Dilikush S	Plantman III	0.14	Std V	26	04-04-1986	52	-
24	Khanoikar Avdhoot J	Supervisor II	0.14	SSC	25	16-12-1986	45	-
25	D'Souza Johnson	Supervisor II	0.14	SSC	25	11-02-1987	46	-
26	Gaonkar Dasharat D	Mechanic II	0.13	Std IX	32	12-01-1980	56	Chowgule & Co. Poira Mine
27	Parab Gokuldas S	Helper (Selection Grade)	0.13	Std VIII	26	01-02-1986	54	-
28	Naik Babai S	Helper II	0.13	Std IX	26	15-04-1986	45	-
29	Manerikar Vinay N	Plantman I	0.13	SSC,ITI	25	27-10-1986	48	-
30	Gadekar Ashok B	Supervisor II	0.13	Std XI	23	23-11-1988	48	-
31	Manjrekar Santosh V	Officer (P & IR)	0.12	B.A., Diploma (Personnel Management & IR)	26	06-01-1986	49	-
32	Kawalekar Vishwamber B	Helper II	0.12	Std VIII	25	11-03-1987	47	-
33	Chodankar Prakash R	Auto Electrician Cum Winder	0.11	Std VIII	37	11-09-1974	58	-
34	Priolkar Amrut D	Sr. Plantman I	0.11	ITI (Fitter)	27	04-12-1984	56	-
35	Pilligaonkar Hemant T	Supervisor II	0.11	HSSC (Arts)	20	11-04-1992	44	-
36	Kauthankar Avdhoot V	Sr Mines Foreman	0.11	Diploma (Mining & Mines Survey)	8	03-01-2004	37	-
37	Mutakekar Chandrabas B	Sr. Medical Officer	0.11	MBBS, D.O.I.H	3	14-01-2009	52	Glenmark Pharmaceutical Ltd.
38	Gauns Satyawar G	Mine Mate I	0.10	SSC, Mining Mate Certificate	37	11-12-1974	58	-
39	Kallyani Bassavraj S	Sr. Hyd. Exc.Optr.	0.10	SSC	31	15-04-1981	57	-
40	D'Silva Anthony	Jr. Mechanic I	0.10	ITI (Fitter)	19	20-10-1992	46	-
41	Naik Rama G	Sr. Mechanic	0.08	Std VI	37	18-10-1973	58	-
42	Mandrekar Tulshidas R	L V Driver-I	0.08	Std VII	35	18-12-1975	58	-

## Annexure - B to Directors' Report (Contd.)

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, 2013

Sr. No.	Name of the Employee	Designation/ Nature of Duties	WGross Remuneration (₹. 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
A	Employed throughout the financial year							
	NIL							
B	Employed for part of the financial year							
43	Shetkar Gopal B	Mechanic II	0.08	Std VII	30	17-07-1981	58	-
44	Porob Vamon S	Jr. Mechanic II	0.07	Std V	39	27-11-1971	58	-
45	Assulkar Babu J	Truck Driver(10-20 T) <sup>H</sup>	0.07	Std VI	30	25-11-1981	58	-
46	Morajkar Shantaram P	Helper III	0.06	Std II	36	09-10-1974	58	-
47	Tilve Vinayak	Supervisor I	0.06	Std VIII	34	03-05-1976	58	-
48	Naik Manohar P	Sr.Plantman	0.06	Std V	34	06-07-1976	58	-
49	Pikulkar Shankar N	Helper I	0.06	Std VI	35	06-08-1976	58	-
50	Gawas Vasant V	Computer Operator Cum Clerk I	0.06	SSC	30	10-01-1981	58	-
51	Azgaonkar Shabi L	Helper I	0.06	Std VIII	27	06-04-1984	58	-
52	Kerkar Gurudas B	Dumper Operator (35 T& Above)	0.06	Std V	27	09-02-1985	57	-
53	Chari Prakash K	Blacksmith / Fitter -I	0.06	Std I	21	07-01-1991	51	-
54	Sawant Ramesh	Jr. Mechanic I	0.05	Std VI	33	06-07-1977	33	-
55	Gaonkar Tulshidas S	Dumper Operator (35 T & Above))	0.05	Std V	20	27-06-1991	48	-

### Notes:

- 1 Remuneration as shown above includes Salary, House Rent Allowance, Performance Pay, Company's Contribution to Provident Fund & Annuity Fund, Leave Assistance and expenditure by the Company on accommodation, Travel medical and other facilities, wherever applicable, as per contracts of service and payments under Voluntary Retirement Scheme. In addition the employees are entitled to Gratuity and they are also covered under Group Personal Accident Insurance Policy.
- 2 None of the employees mentioned above is a relative of any Director of the Company.
- 3 The nature of employment is contractual.
- 4 No employee holds by himself or alongwith his/her spouse and dependent children, two percent or more equity shares of the Company.

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

Place: Panaji

Date: April 23, 2013

**Mr. Pramod Unde**  
Wholetime Director

**Mr. S. L. Bajaj**  
Director

## Independent Auditors' Report to the members of Sesa Mining Corporation Limited

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of SESA MINING CORPORATION LIMITED (the "Company") which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

### MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the

manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required under provisions of Section 227(3) of the Act, 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, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.
  - (e) On the basis of written representations received from the Directors as on March 31, 2013 taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2013 from being appointed as a Director in terms of Section 274(1)(g) of the Act.

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

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

Place: Chennai  
Date: April 23, 2013



## Anexure to the Independent Auditors' Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section 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) Some of the fixed assets were physically verified during the year by the Management in accordance with a 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 need 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 deposit 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 cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that, *prima facie*, the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine 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 statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Wealth Tax, Service Tax, Custom Duty, Cess and other material statutory dues applicable to it with the appropriate authorities. We have been informed that no sums were payable in respect of Investor Education and Protection Fund, Sales Tax and Excise Duty.
  - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Wealth Tax, Service Tax, Customs Duty, Cess and other material statutory dues in arrears as at March 31, 2013 for a period of more than six months from the date they became payable.
  - (c) There were no disputed dues of Income-tax, Wealth Tax, Service Tax, Custom Duty and Cess which have not been deposited as on March 31, 2013.
- (x) The Company does not have any accumulated losses and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not taken any loan from banks, financial institutions or borrowed any sums against issue of debentures.

- (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 taken any term loans during the year.
- (xvii) In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that funds aggregating ₹ 35.27 crore, raised on short-term basis have, *prima facie*, 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, 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, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

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

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

Place: Chennai  
Date: April 23, 2013

**Balance Sheet** as at March 31, 2013

₹ in crore

Particulars	Note	March 31, 2013	March 31, 2012
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	11.50	11.50
Reserves and surplus	4	140.40	150.63
		<b>151.90</b>	<b>162.13</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities (net)	5	-	3.07
Other long term liabilities	6	-	0.05
Long-term provisions	7	0.96	0.96
		<b>0.96</b>	<b>4.08</b>
<b>Current liabilities</b>			
Trade payables	8	26.98	45.91
Other current liabilities	9	98.91	19.03
Short-term provisions	10	4.19	4.29
		<b>130.08</b>	<b>69.23</b>
<b>Total</b>		<b>282.94</b>	<b>235.44</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	11	157.66	154.37
Intangible assets	11	1.28	-
Capital work-in-progress		13.88	11.04
Non-current investments	12	0.00	0.00
Deferred tax assets (net)	5	1.43	-
Long-term loans and advances	13	13.88	12.66
		<b>188.13</b>	<b>178.07</b>
<b>Current assets</b>			
Current investments	14	11.35	-
Inventories	15	71.82	42.80
Trade receivables	16	0.12	-
Cash and cash equivalents	17	0.28	1.21
Short-term loans and advances	18	11.24	13.36
		<b>94.81</b>	<b>57.37</b>
<b>Total</b>		<b>282.94</b>	<b>235.44</b>
See accompanying notes forming part of the financial statements	1 - 38		

In terms of our report attached

For **Deloitte Haskins & Sells**  
Chartered Accountants**C. R. Rajagopal**  
PartnerPlace: Chennai  
Date: April 23, 2013

For and on behalf of the Board of Directors

**Pramod Unde**  
Wholetime DirectorPlace: Panaji - Goa  
Date: April 23, 2013**S. L. Bajaj**  
Director**Mahesh Devjani**  
Company Secretary

## Statement of Profit and Loss for the year ended March 31, 2013

₹ in crore			
Particulars	Note	March 31, 2013	March 31, 2012
<b>INCOME</b>			
Revenue from operations	19	94.74	236.29
Other income	20	0.91	0.28
<b>Total</b>		<b>95.65</b>	<b>236.57</b>
<b>EXPENSES</b>			
Changes in inventories of finished goods, work in progress and stock-in-trade	21	(28.36)	(19.52)
Employee benefits expense	22	31.00	34.85
Finance costs	23	0.00	0.05
Depreciation and amortisation expense	11	19.82	7.67
Other expenses	24	83.53	157.44
<b>Total</b>		<b>105.99</b>	<b>180.49</b>
<b>Profit / (Loss) before exceptional item and tax</b>		<b>(10.34)</b>	<b>56.08</b>
Exceptional item	37	4.39	-
<b>Profit / (Loss) before tax</b>		<b>(14.73)</b>	<b>56.08</b>
Less: Tax expense			
Current tax		0.00	14.05
Prior year tax		-	0.01
Deferred tax		(4.50)	4.13
		(4.50)	18.19
<b>Profit / (Loss) for the year</b>		<b>(10.23)</b>	<b>37.89</b>
Earnings per equity share of ₹ 100 each			
Basic		(88.98)	329.44
Diluted	33	(88.98)	329.44
See accompanying notes forming part of the financial statements	1 - 38		

In terms of our report attached

For **Deloitte Haskins & Sells**  
Chartered Accountants

**C. R. Rajagopal**  
Partner

Place: Chennai  
Date: April 23, 2013

For and on behalf of the Board of Directors

**Pramod Unde**  
Wholetime Director

**S. L. Bajaj**  
Director

**Mahesh Devjani**  
Company Secretary

Place: Panaji - Goa  
Date: April 23, 2013

## Cash Flow Statement for the year ended March 31, 2013

₹ in crore

Particulars	March 31, 2013	March 31, 2012
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit / (Loss) before tax</b>	(14.73)	56.08
<b>Adjustments for:</b>		
Depreciation and amortisation expense	19.82	7.67
Interest income	(0.04)	(0.06)
Dividend income	(0.17)	(0.08)
Profit on sale of fixed assets (net)	(0.68)	(0.02)
Profit on sale of current investments (net)	-	(0.00)
Operating profit before working capital changes	4.20	63.59
<b>Changes in working capital</b>		
Adjustments for (increase) / decrease in operating assets:		
Inventories	(29.02)	(20.18)
Trade receivables	(0.12)	4.06
Short-term loans and advances	2.12	(3.98)
Long-term loans and advances	0.46	1.74
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	(18.93)	21.11
Other current liabilities	79.88	5.34
Other long-term liabilities	(0.05)	0.01
Short-term provisions	(0.10)	1.88
	34.24	9.98
Cash generated from operations	38.44	73.57
Income Taxes paid	(1.55)	(17.09)
<b>Net cash flow from / (used in) operating activities (A)</b>	<b>36.89</b>	<b>56.48</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Capital expenditure on fixed assets, including capital advances	(27.97)	(70.65)
Proceeds from sale of fixed assets	1.29	0.03
Movement in restricted deposits (Margin money)	0.24	(0.00)
Purchase of current investment	(63.09)	(37.25)
Redemption of current investments	51.74	49.37
Interest received	0.04	0.06
Dividend received	0.17	0.08
<b>Net cash flow (used in) / from investing activities (B)</b>	<b>(37.58)</b>	<b>(58.36)</b>

## Cash Flow Statement (contd.) for the year ended March 31, 2013

₹ in crore

Particulars	March 31, 2013	March 31, 2012
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Cash flow from financing activities (C)	-	-
Net (decrease) / increase in Cash and cash equivalents (A+B+C)	(0.69)	(1.88)
Cash and cash equivalents at the beginning of the year	0.76	2.64
Cash and cash equivalents at the end of the year	0.07	0.76
<b>Reconciliation of Cash and cash equivalents with the Balance Sheet:</b>		
Cash and cash equivalents as per Balance Sheet (Refer note 17)	0.28	1.21
Less: Restricted deposits (Margin money)	0.21	0.45
Cash and cash equivalents at the end of the year*	0.07	0.76
* comprises		
Cash on hand	0.00	0.00
Balances with banks		
On current account	0.07	0.76
	0.07	0.76
Figures in brackets represent outflows		
See accompanying notes forming part of the financial statements (1-38)		

In terms of our report attached

For **Deloitte Haskins & Sells**  
Chartered Accountants

**C. R. Rajagopal**  
Partner

Place: Chennai  
Date: April 23, 2013

For and on behalf of the Board of Directors

**Pramod Unde**  
Wholetime Director

Place: Panaji - Goa  
Date: April 23, 2013

**S. L. Bajaj**  
Director

**Mahesh Devjani**  
Company Secretary

## Notes forming part of the financial statements as at and for the year ended March 31, 2013

### NOTE 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.

### NOTE 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 the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956.

#### ii) Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the management to make estimates and assumptions considered in the reported amount of assets and liabilities (including contingent liabilities) and the reported amount of income and expenses during the year. Future results could differ due to these estimates and the differences 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 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. Computer software expenses are amortised over the period of the license / thirty six months, as the case may be.

Amounts paid as stamp duties for renewal of owned mining leases are amortised over the operating period of lease.

#### vi) Revenue recognition

##### Sale of goods

Revenue is recognised when significant risks and rewards of ownership of the goods sold are transferred to the customer and the goods have been delivered to the shipping agent/customer. Revenue represents the invoice value of goods sold to third parties net of discounts and adjustments arising on analysis variances. Revenues exclude sales taxes and value added tax.

##### Sale of services

Revenues for services is recognised on rendering of services

##### 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) Fixed assets (Tangible and Intangible)

Fixed assets are carried at historical cost (net of available Central and State VAT credit) less accumulated depreciation and impairment losses, if any. Cost of fixed assets include purchase price, expenses incidental to making the assets ready for its intended use, attributable borrowing costs and net of any trade discounts and rebates.

The Company’s mining leases having ore reserves are not valued, however, amounts paid to government authorities towards renewal of forest clearances and stamp duties in respect of owned mining leases are capitalised as a part of mining rights

##### 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.

## Notes forming part of the financial statements as at and for the year ended March 31, 2013

### viii) Foreign currency transactions and translations

Transactions in foreign currencies are recorded at exchange rates prevailing on the date of the transaction or at rates that closely approximates the rate at the date of transaction. Monetary items outstanding at the reporting date are restated at the year end rates. Non-monetary items are carried at historical cost. Exchange differences arising on restatement or settlement are charged to the Statement of Profit and Loss.

### ix) 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.

### x) Investments

Long term investments are carried individually at cost less provision for diminution, other than temporary, in the value of investments, if any. Current investments are carried individually, at lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

### xi) 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.

##### 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.

### xii) 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".

### xiii) 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 17 Segment Reporting.

### xiv) 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.

### xv) Impairment of assets

The carrying values of assets are reviewed for impairment at each Balance Sheet date, if events or changes in circumstances indicate that the carrying value of an



## Notes forming part of the financial statements as at and for the year ended March 31, 2013

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.

### xvi) 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.

### NOTE 3 SHARE CAPITAL

Particulars	March 31, 2013		March 31, 2012	
	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 with voting rights, fully paid up	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. Rights, preferences and restrictions attached to equity shares

The Company has only one class of shares referred to as equity shares having a par value of ₹ 100 each. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend which is paid as and when declared by the Board. Repayment of capital will be in proportion to the number of equity shares held.

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

Particulars	March 31, 2013		March 31, 2012	
	Number of Shares	% of Holding	Number of Shares	% of Holding
Sesa Resources Limited (Holding Company)	1,150,000	100	1,150,000	100

### NOTE 4 RESERVES AND SURPLUS

Particulars	March 31, 2013		March 31, 2012	
		₹ in crore		₹ in crore
<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		146.37		108.48
Add / Less: Profit / (Loss) for the year		(10.23)		37.89
Balance as at the end of the year		136.14		146.37
<b>Total</b>		<b>140.40</b>		<b>150.63</b>

## Notes forming part of the financial statements as at and for the year ended March 31, 2013

### NOTE 5 DEFERRED TAX ASSETS / (LIABILITIES) (NET)

₹ in crore

Particulars	March 31, 2013	March 31, 2012
<b>Deferred tax liabilities:</b>		
Depreciation allowance	3.21	4.87
	3.21	4.87
<b>Deferred tax assets:</b>		
Unabsorbed depreciation	1.44	0.00
Compensated absences	1.42	1.07
Others	1.78	0.73
	4.64	1.80
<b>Deferred tax assets / (liabilities) (Net)</b>	<b>1.43</b>	<b>(3.07)</b>

### NOTE 6 OTHER LONG TERM LIABILITIES

₹ in crore

Particulars	March 31, 2013	March 31, 2012
Security deposits received	-	0.05
<b>Total</b>	<b>-</b>	<b>0.05</b>

### NOTE 7 LONG TERM PROVISIONS

₹ in crore

Particulars	March 31, 2013	March 31, 2012
Provision - Others		
Provision for mine closure (Refer note 34)	0.96	0.96
<b>Total</b>	<b>0.96</b>	<b>0.96</b>

### NOTE 8 TRADE PAYABLES

₹ in crore

Particulars	March 31, 2013	March 31, 2012
Other than acceptances		
Micro and small enterprises (Refer note 30)	-	-
Others	26.98	45.91
<b>Total</b>	<b>26.98</b>	<b>45.91</b>
Trade payable others includes:-		
Accrued payroll	4.11	2.83
Accrued expenses	14.01	33.09

### NOTE 9 OTHER CURRENT LIABILITIES

₹ in crore

Particulars	March 31, 2013	March 31, 2012
Other payables		
Statutory liabilities including withholding taxes	0.32	0.49
Payables on account of fixed assets	14.16	3.61
Trade and security deposits received	0.55	0.71
Advances from customers [From related party - ₹ 79.24 crore (Previous year - ₹ 11.66 crore)] (Refer note 32)	79.87	13.82
Gratuity	3.79	0.18
Other liabilities	0.22	0.22
<b>Total</b>	<b>98.91</b>	<b>19.03</b>

### NOTE 10 SHORT TERM PROVISIONS

₹ in crore

Particulars	March 31, 2013	March 31, 2012
Provision for employee benefits		
Compensated absences	4.19	3.29
Provident fund	-	1.00
<b>Total</b>	<b>4.19</b>	<b>4.29</b>

## Notes forming part of the financial statements as at and for the year ended March 31, 2013

### Notes forming part of the financial statements as at and for the year ended March 31, 2013

#### NOTE 11 FIXED ASSETS

Particulars	Gross block			Depreciation / Amortisation			Net Block		
	Balance as at April 1, 2012	Additions	Disposals	Balance as at March 31, 2013	For the year April 1, 2012	Eliminated on disposal of assets	Balance as at March 31, 2013	As at March 31, 2013	As at March 31, 2012
<b>Tangible assets</b>									
Land (Refer footnote a)	72.79 (40.05)	9.01 (32.74)	- (-)	81.80 (72.79)	0.05 (0.05)	- (-)	0.13 (0.08)	81.67 (72.71)	72.71 (40.02)
Roads and bunders	2.27 (2.27)	- (-)	- (-)	2.27 (2.27)	0.03 (0.03)	- (-)	1.20 (1.17)	1.07 (1.10)	1.10 (1.13)
Buildings	2.76 (2.47)	0.36 (0.29)	- (-)	3.12 (2.76)	0.05 (0.04)	- (-)	1.33 (1.28)	1.79 (1.48)	1.48 (1.23)
Plant and equipment	132.73 (72.78)	2.85 (59.95)	14.15 (-)	121.43 (132.73)	8.25 (7.14)	13.54 (-)	50.81 (56.10)	70.62 (76.63)	76.65 (23.82)
Furniture and fixtures	0.49 (0.33)	0.06 (0.16)	0.03 (-)	0.52 (0.49)	0.06 (0.06)	0.03 (-)	0.23 (0.20)	0.29 (0.29)	0.29 (0.19)
Vehicles	3.51 (3.03)	0.45 (0.66)	0.15 (0.18)	3.81 (3.51)	0.42 (0.32)	0.15 (0.17)	2.14 (1.87)	1.67 (1.64)	1.64 (1.31)
Office equipment	0.80 (0.61)	0.06 (0.19)	- (-)	0.86 (0.80)	0.03 (0.03)	- (-)	0.31 (0.28)	0.55 (0.52)	0.52 (0.36)
<b>Total</b>	215.35 (121.54)	12.79 (93.99)	14.33 (0.18)	213.81 (215.35)	8.89 (7.67)	13.72 (0.17)	56.15 (60.98)	157.66 (154.37)	154.37 (68.06)
<b>Intangible assets</b>									
Computer software	- (-)	1.38 (-)	- (-)	1.38 (-)	0.10 (-)	- (-)	0.10 (-)	1.28 (-)	- (-)
Mining rights	- (-)	10.83 (-)	- (-)	10.83 (-)	10.83 (-)	- (-)	10.83 (-)	- (-)	- (-)
<b>Total</b>	- (-)	12.21 (-)	- (-)	12.21 (-)	10.93 (-)	- (-)	10.93 (-)	1.28 (-)	- (-)
<b>Grand Total</b>	215.35 (121.54)	25.00 (93.99)	14.33 (0.18)	226.02 (215.35)	19.82 (7.67)	13.72 (0.17)	67.08 (60.98)	158.94 (154.37)	154.37 (68.06)

Notes:

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

b. Figures in brackets relate to previous year

## Notes forming part of the financial statements as at and for the year ended March 31, 2013

### NOTE 12 NON CURRENT INVESTMENTS

₹ in crore

Particulars	March 31, 2013	March 31, 2012
<b>Long term investments (at cost)</b>		
<b>Other investments</b>		
Investment in equity instruments (unquoted)		
In co-operative societies		
Dempo Mining Corporation Staff Consumers Co-Operative Society Ltd. 276 (Previous year 276) equity shares of ₹ 10 each fully paid-up [₹ 2,760 (Previous year ₹ 2,760)]	0.00	0.00
Dempo Mining Corporation Staff Consumers Co-Operative Society Ltd. 400 (Previous year 400) equity shares of ₹ 10 each fully paid-up [₹ 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 [₹ 6,760 (Previous year ₹ 6,760)]	0.00	0.00

### NOTE 13 LONG TERM LOANS AND ADVANCES

₹ in crore

Particulars	March 31, 2013	March 31, 2012
<b>Unsecured, considered good</b>		
Capital advances	6.49	6.36
Security deposits	0.02	0.02
Prepaid expenses	2.43	2.89
Advance income tax (net of provision for income tax)	4.94	3.39
<b>Total</b>	<b>13.88</b>	<b>12.66</b>

### NOTE 14 CURRENT INVESTMENTS

₹ in crore

Particulars	March 31, 2013	March 31, 2012
<b>Unquoted (at lower of cost and fair value)</b>		
<b>In mutual funds</b>		
Birla Sun Life Cash Plus- Daily Dividend Reinvestment Plan 11,33,035 (Previous year Nil) units	11.35	-
<b>Total</b>	<b>11.35</b>	<b>-</b>
Aggregate amount of unquoted investments	11.35	-

### NOTE 15 INVENTORIES

₹ in crore

Particulars	March 31, 2013	March 31, 2012
At lower of cost and net realisable value		
Finished goods		
Iron ore	66.27	37.91
Consumables, stores and spares	5.55	4.89
<b>Total</b>	<b>71.82</b>	<b>42.80</b>

### NOTE 16 TRADE RECEIVABLES

₹ in crore

Particulars	March 31, 2013	March 31, 2012
Other trade receivables		
Unsecured, considered good	0.12	-
<b>Total</b>	<b>0.12</b>	<b>-</b>

## Notes forming part of the financial statements as at and for the year ended March 31, 2013

<b>NOTE 17 CASH AND CASH EQUIVALENTS</b>		₹ in crore	
Particulars	March 31, 2013	March 31, 2012	
Cash on hand	0.00	0.00	
Balances with banks			
In current account	0.07	0.76	
In earmarked accounts			
Balances held as margin money	0.21	0.45	
<b>Total</b>	<b>0.28</b>	<b>1.21</b>	
a. Of the above, the balances that meet the definition of cash and cash equivalents as per AS 3 Cash Flow Statements is	0.07	0.76	
b. Includes deposits with remaining maturity of more than 12 months from the Balance Sheet date	0.03	0.08	

<b>NOTE 18 SHORT TERM LOANS AND ADVANCES</b>		₹ in crore	
Particulars	March 31, 2013	March 31, 2012	
Unsecured, considered good unless otherwise stated			
Loans and advances to employees	0.10	0.32	
Prepaid expenses	1.67	1.31	
Balances with government authorities			
VAT credit receivable	4.10	3.99	
Advance to suppliers	5.37	7.74	
<b>Total</b>	<b>11.24</b>	<b>13.36</b>	

<b>NOTE 19 REVENUE FROM OPERATIONS</b>		₹ in crore	
Particulars	March 31, 2013	March 31, 2012	
<b>a. Sale of products</b>			
Sale of iron ore	90.49	235.78	
<b>b. Other operating revenue</b>			
Sale of materials	3.45	0.51	
Credit balances written back	0.80	-	
<b>Total</b>	<b>94.74</b>	<b>236.29</b>	

<b>NOTE 20 OTHER INCOME</b>		₹ in crore	
Particulars	March 31, 2013	March 31, 2012	
<b>Interest</b>			
on bank deposits	0.03	0.03	
others	0.01	0.03	
<b>Dividends</b>			
on current investments	0.17	0.08	
Profit on sale of fixed assets (net)	0.68	0.02	
Net gain on foreign currency transactions and translations	-	0.09	
Other non-operating income	0.02	0.03	
<b>Total</b>	<b>0.91</b>	<b>0.28</b>	

## Notes forming part of the financial statements as at and for the year ended March 31, 2013

### NOTE 21 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE

₹ in crore

Particulars	March 31, 2013	March 31, 2012
Inventories at the beginning of the year		
Finished goods-Ore	37.91	18.39
Inventories at the end of the year		
Finished goods-Ore	66.27	37.91
<b>Net (increase) / decrease</b>	<b>(28.36)</b>	<b>(19.52)</b>

### NOTE 22 EMPLOYEE BENEFITS EXPENSE

₹ in crore

Particulars	March 31, 2013	March 31, 2012
Salaries, wages and incentives	24.94	28.96
Contributions to provident and other funds	4.97	4.42
Staff welfare expenses	1.09	1.47
<b>Total</b>	<b>31.00</b>	<b>34.85</b>

### NOTE 23 FINANCE COSTS

₹ in crore

Particulars	March 31, 2013	March 31, 2012
Other borrowing costs	-	0.05
<b>Total</b>	<b>0.00</b>	<b>0.05</b>

### NOTE 24 OTHER EXPENSES

₹ in crore

Particulars	March 31, 2013	March 31, 2012
Consumption of stores and spare parts	26.90	31.41
Repairs and maintenance		
Plant and equipment	2.03	4.93
Buildings	0.01	0.46
Others	0.83	0.52
Contractors for hired trucks and other services	25.11	49.40
Wharfage, tonnage, handling and shipping expenses	0.02	0.03
Rent	0.94	1.31
Royalty and cess	7.91	53.54
Rates and taxes	0.19	0.11
Insurance	0.82	0.71
Power and fuel	1.46	2.13
Water charges	0.20	0.09
Indemnisation for damages	-	0.03
Payments to auditors		
as Auditors - statutory audit	0.07	0.07
for other services	0.06	0.06
Travelling expenses	0.48	0.89
Professional and legal charges	5.48	2.19

**Notes** forming part of the financial statements as at and for the year ended March 31, 2013**NOTE 24 OTHER EXPENSES (CONTD.)**

₹ in crore

Particulars	March 31, 2013	March 31, 2012
Donations and contributions	0.74	0.51
Corporate social responsibility	2.51	4.23
Net loss on foreign currency transactions and translations	0.01	-
Miscellaneous expenses	7.76	4.82
<b>Total</b>	<b>83.53</b>	<b>157.44</b>

**NOTE 25 CONTINGENT LIABILITIES**

₹ in crore

Particulars	March 31, 2013	March 31, 2012
i) Guarantees issued by the bankers in favour of various parties (excluding the liability for which provisions have been made)	4.84	4.84
ii) Corporate guarantee given by Holding Company to Custom Authorities	12.57	12.53
iii) 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)	20.65	19.62
iv) Demand for compensation under section 166 and 140 of the Motor Vehicles Act, 1940	0.10	-
v) Disputed income tax demands	1.76	-

The above amounts are based on the demand notices or assessment orders or notifications 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.

**NOTE 26** Estimated amount of contracts remaining to be executed on capital account ₹ 7.40 crore (Previous year ₹ 4.64 crore).

**NOTE 27 DETAILS OF FINISHED GOODS**

₹ in crore

Particulars	Sales value	Opening inventory	Closing inventory
Finished goods			
Iron ore	90.49	37.91	66.27
	(235.78)	(18.39)	(37.91)

(Figures in brackets relate to previous year)

**NOTE 28 CIF VALUE OF IMPORTS**

₹ in crore

Particulars	March 31, 2013	March 31, 2012
Value of imports on CIF basis in respect of		
Components and spare parts	-	0.35
Capital goods	-	43.88

**NOTE 29 CONSUMPTION OF STORES AND SPARE PARTS**

₹ in crore

Particulars	March 31, 2013	March 31, 2012
Imported 0% (Previous year 0.86%)	-	0.27
Indigenous 100% (Previous year 99.14%)	26.90	31.14

## Notes forming part of the financial statements as at and for the year ended March 31, 2013

**NOTE 30** 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.

### NOTE 31 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, 2013	March 31, 2012
Fair value of plan assets	3.43	5.28
Present value of defined benefit commitment	(7.22)	(5.46)
(Liability)/Asset recognised in the Balance Sheet	(3.79)	(0.18)
<b>Defined benefit commitment</b>		
Balance at beginning of the year	5.46	4.65
Current service cost	0.30	0.28
Benefits paid	(2.40)	(0.71)
Interest cost	0.44	0.37
Actuarial (gains)/losses	3.42	0.87
Balance at end of the year	7.22	5.46
<b>Changes in fair value of plan assets</b>		
Balance at beginning of the year	5.28	5.54
Contribution received	0.19	-
Benefits paid	(2.40)	(0.71)
Return on plan assets	0.36	0.45
Actuarial gains/(losses)	-	-
Balance at end of the year	3.43	5.28

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.

Particulars	₹ in crore	
	March 31, 2013	March 31, 2012
Expected return on plan assets	0.36	0.45
Actuarial gain /(loss)	-	-
Actual return on plan assets	0.36	0.45

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

Particulars	₹ in crore	
	March 31, 2013	March 31, 2012
Current service cost	0.30	0.28
Actuarial (gains) /losses	3.42	0.87
Expected return on plan assets	(0.36)	(0.45)
Interest cost	0.44	0.37
Direct payments / adjustments	(0.05)	0.03
Total expenses / (income) accounted in the Statement of Profit and Loss	3.75	1.10



## Notes forming part of the financial statements as at and for the year ended March 31, 2013

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.

Particulars	₹ in crore	
	March 31, 2013	March 31, 2012
Rate on discounting liabilities	8%	8%
Expected salary increase rate	5%	7.5%
Expected rate of return on scheme assets	9.3%	9.3%
Withdrawal rates	1.50%	1.50%
Mortality rates	LIC (1994-96) Ultimate Table	LIC (1994-96) Ultimate Table

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

### Experience adjustment

Particulars	₹ in crore				
	2012-13	2011-12	2010-11	2009-10	2008-09
Present value of commitment	(7.22)	(5.46)	(4.65)	(4.35)	(4.70)
Fair value of the plans	3.43	5.28	5.54	5.76	5.47
Surplus / (deficit)	(3.79)	(0.18)	0.89	1.41	0.77
Experience adjustment on plan liabilities	0.81	0.21	(0.25)	(0.46)	0.56
Experience adjustment on plan assets	(1.13)	(0.48)	(0.49)	0.19	0.19

The contributions expected to be made by the Company during the financial year 2013-14 are ₹ 3.79 crore

### 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 ₹ 1.22 crore (Previous year ₹ 3.34 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, 2013	March 31, 2012
Provident fund and family pension fund	0.89	2.56
Superannuation fund	0.33	0.78
	<b>1.22</b>	<b>3.34</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, 2013 is ₹ Nil (Previous year ₹1 crore which has since been written back in the books).

## Notes forming part of the financial statements as at and for the year ended March 31, 2013

### NOTE 32 RELATED PARTY INFORMATION

#### 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  
Hindustan Zinc Limited

#### iv) Details of Key Management Personnel

- Wholetime Director  
Mr. Pramod Unde

#### B Transactions with related parties:

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

Particulars	₹ in crore	
	March 31, 2013	March 31, 2012
<b>1) Income</b>		
a) Revenue from operations (including taxes thereon)		
Sesa Resources Limited	77.14	235.78
Sesa Goa Limited	13.53	-
b) Recovery of Expenses		
Sesa Goa Limited	0.08	-
Hindustan Zinc Limited	0.21	-
<b>2) Expenses</b>		
a) Expenses reimbursed		
Sesa Goa Limited	0.02	0.01
Sterlite Industries (India) Limited	0.30	0.18
<b>3) Fixed Asset purchased</b>		
Sterlite Industries (India) Limited	1.38	-
<b>4) Outstanding receivable / (payable) as at the end of the year</b>		
Sesa Resources limited	(79.24)	(11.66)
Sesa Goa Limited	0.03	(0.01)
Sterlite Industries (India) Limited	(0.53)	(0.23)
Hindustan Zinc Limited	0.06	-
<b>5) Collaterals taken</b>		
Sesa Resources Limited	12.57	12.53
b) Details relating to persons referred to in item A (iv) above:		
Remuneration (Wholetime Director)		
Mr. Pramod Unde	0.00	1.60

Note: During the current year a nominal remuneration of Rupee 1 is given to Wholetime Director

## Notes forming part of the financial statements as at and for the year ended March 31, 2013

### NOTE 33 EARNINGS PER SHARE:

Particulars	March 31, 2013	March 31, 2012
(Loss) / Profit after tax (₹ in crore)	(10.23)	37.89
Weighted average no. of equity shares	1,150,000	1,150,000
Nominal value of each equity shares	₹ 100	₹ 100
Basic and Diluted earnings per share (in ₹)	(88.98)	329.44

**NOTE 34** 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, 2013 is as under:

	₹ in crore	
Nature of obligation	March 31, 2013	March 31, 2012
<b>Provision for mine closure</b>		
Opening carrying amount	0.96	0.96
Additional provision made during the year	-	-
Amount used during the year	-	-
Unused amount reversed during the year	-	-
Closing carrying amount	0.96	0.96

### NOTE 35 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, 2013		March 31, 2012	
	₹ in crore	Fx million	₹ in crore	Fx million
Trade payables	0.07	USD .02	0.07	USD .02

**NOTE 36** The Government Authorities have ordered suspension of mining operations of all mining leases in the State of Goa, stoppage of mining transport across the State of Goa and suspension of environmental clearance in September, 2012. In October, 2012 the Supreme Court has ordered suspension of all mining operations and transportation of iron ore of the mines in the State. In view of the foregoing, operations at the Company's mines in Goa remain suspended. Based on the favourable verdict of the Supreme Court lifting the suspension of iron ore mining in the State of Karnataka and the affidavit filed by the Government

of Goa in the matter of resumption of mining in Goa, the Company expects a favourable outcome in the matter.

**NOTE 37** Exceptional items for the current year pertain to expenditure in connection with the Company's Voluntary Retirement Scheme.

**NOTE 38** Previous year's figures have been regrouped / reclassified, to correspond with the current year's classification/ disclosure.

For and on behalf of the Board of Directors

Place: Panaji - Goa  
Date: April 23, 2013

**Pramod Unde**  
Wholetime Director

**S. L. Bajaj**  
Director

**Mahesh Devjani**  
Company Secretary