

## **INDEPENDENT AUDITOR'S 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, 2016, 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 Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to 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 principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act, as applicable.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under section 143 (11) of the Act.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with 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 auditor's judgment, including the 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 financial control relevant to the Company's preparation of the





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financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the financial statements.

## 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, of the state of affairs of the Company as at March 31, 2016, and its loss and its cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:
  - a) We have sought and 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
  - 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 aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act, as applicable.
  - e) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:



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- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 24 of the financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm's Registration No. 008072S)



A handwritten signature in black ink, appearing to read "C. R. Rajagopal".

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

CHENNAI, April 25, 2016



**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

**Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **SESA MINING CORPORATION LIMITED** ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.





We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

## Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.


## Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.



CHENNAI, April 25, 2016

For DELOITTE HASKINS & SELLS  
Chartered Accountants  
(Firm's Registration No. 008072S)

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



**ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT**

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
- (b) The fixed assets of the Company are physically verified by the management in accordance to a phased programme designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets had been physically verified by the management during the previous year. According to the information and explanations given to us, the Company has not verified any fixed assets during the year pursuant to the program of verification.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deeds/ transfer deeds/conveyance deeds provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date except the following:

Particulars of the land and building	Gross Block as at the March 31, 2016 Rs. in crore	Net Block as at the March 31, 2016 Rs. in crore	Remarks
Freehold land (68 cases)	13.92	13.92	The title deeds are in the name of M/s Dempo Mining Corporation Private Limited, the erstwhile Company and wholly owned subsidiary of erstwhile M/s V. S. Dempo & Company Private Limited (now Sesa Resources Limited) whose entire shares were purchased by the erstwhile Sesa Goa Limited (now Vedanta Limited), vide Share Purchase Agreement dated June 11, 2009. Consequently the Company became a step down subsidiary of Sesa Goa Limited and name of the Company changed to 'Sesa Mining Corporation Limited'.





With regard to the buildings constructed on freehold land the title to such assets is implied by way of the title of the freehold land being held in the name of the Company.

- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured companies, firms, Limited Liability Partnerships or other parties listed in the register maintained under section 189 of the Companies Act, 2013
- (iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the CARO 2016 is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) 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, income-tax, sales tax, service tax, value added tax, cess and other material statutory dues applicable to it with the appropriate authorities.

There were no undisputed amounts payable in respect of provident fund, income-tax, sales tax, service tax, value added tax, cess and other material statutory dues in arrears as at March 31, 2016 for a period of more than six months from the date they became payable.

We have been informed that no dues were payable in respect of employees' state insurance, customs duty and excise duty.
  - (b) Details of dues of Income-tax which have not been deposited as on March 31, 2016 on account of disputes are given below: We have been informed that there are no disputed dues of sales tax, service tax, customs duty, excise duty and value added tax:





Name of Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount (Rs. in crore) #
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeal) - Panaji	AY 2010-11	1.76
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeal) - Panaji	AY 2011-12	7.86
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeal) - Panaji	AY 2012-13	5.43

#: Entire disputed amount is unpaid.

- (viii) The Company has not taken any loans from banks, financial institutions, government or borrowed any sums against issue of debentures. Hence reporting under clause (viii) of CARO 2016 is not applicable to the Company.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not paid any amount by way of managerial remuneration during the year and hence reporting under clause (xi) of the CARO 2016 Order is not applicable.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards. The provisions of section 177 of the Companies Act, 2013 are not applicable to the Company.





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- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

For DELOITTE HASKINS & SELLS  
Chartered Accountants  
(Firm's Registration No. 008072S)



A handwritten signature in black ink, appearing to read "E. R. Rajagopal".

E. R. Rajagopal  
(Partner)

(Membership No. 23418)

CHENNAI, April 25, 2016



**SESA MINING CORPORATION LIMITED**  
Balance Sheet as at March 31, 2016

Particulars	Note	March 31, 2016 Rs. in crore	March 31, 2015 Rs. in crore
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	11.50	11.50
Reserves and surplus	4	(56.68)	5.28
		<u>(45.18)</u>	<u>16.78</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities (Net)	5	-	-
Long-term provisions	6	0.97	0.90
		<u>0.97</u>	<u>0.90</u>
<b>Current liabilities</b>			
Short-term borrowings	7	268.25	218.28
Trade payables			
- Total outstanding dues of Micro enterprises and small enterprises	8	0.02	0.08
- Total outstanding dues of creditors other than Micro enterprises & small enterprises	8	30.01	15.51
Other current liabilities	9	43.53	24.87
Short-term provisions	10	4.83	5.64
		<u>346.64</u>	<u>264.38</u>
<b>Total</b>		<u><u>302.43</u></u>	<u><u>282.06</u></u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Tangible assets	11	131.63	139.66
Intangible assets	11	25.19	25.68
Capital work-in-progress		13.15	15.00
Non-current investments	12	0.00	0.00
Long-term loans and advances	13	78.71	10.70
		<u>248.68</u>	<u>191.04</u>
<b>Current assets</b>			
Inventories	14	27.85	1.75
Trade receivables	15	10.13	0.03
Cash and cash equivalents	16	0.03	0.27
Short-term loans and advances	17	15.74	88.97
		<u>53.75</u>	<u>91.02</u>
<b>Total</b>		<u><u>302.43</u></u>	<u><u>282.06</u></u>

See accompanying notes forming part of the financial statements

1 - 39

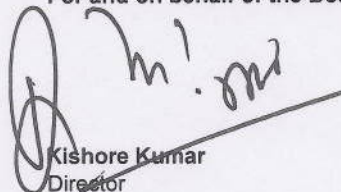
In terms of our report attached

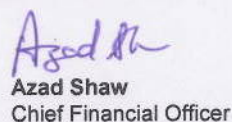
For Deloitte Haskins & Sells  
Chartered Accountants

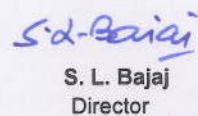
  
C. R. Rajagopal  
Partner



For and on behalf of the Board of Directors

  
Kishore Kumar  
Director

  
Azad Shaw  
Chief Financial Officer

  
S. L. Bajaj  
Director

  
Tina Lakhani  
Company Secretary

Place: Chennai  
Date: 25th April 2016

Place: Panaji - Goa  
Date: 25th April 2016





**SESA MINING CORPORATION LIMITED**  
**Statement of Profit and Loss for the year ended March 31, 2016**

Particulars	Note	March 31, 2016 Rs. in crore	March 31, 2015 Rs. in crore
<b>INCOME</b>			
Revenue from operations	18	21.72	5.05
Other income	19	0.08	0.23
<b>Total</b>		<b>21.80</b>	<b>5.28</b>
<b>EXPENSES</b>			
Changes in inventories of finished goods and stock-in-trade	20	(26.28)	-
Employee benefits expense	21	25.40	26.70
Finance costs	22	20.97	14.80
Depreciation and amortisation expense	11	11.99	12.03
Other expenses	23	43.33	12.90
<b>Total</b>		<b>75.41</b>	<b>66.43</b>
<b>Profit/(Loss) before exceptional items and tax</b>		<b>(53.61)</b>	<b>(61.15)</b>
Exceptional item	37	8.35	-
<b>Loss before tax</b>		<b>(61.96)</b>	<b>(61.15)</b>
Less: Tax expense		-	0.01
Deferred tax		-	0.01
<b>Loss for the year</b>		<b>(61.96)</b>	<b>(61.16)</b>
Earnings per equity share of Rs. 100 each			
Basic and diluted	33	(538.78)	(531.83)
See accompanying notes forming part of the financial statements	1 - 39		

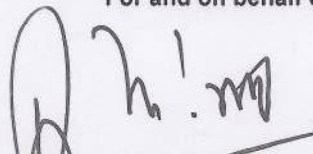
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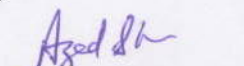
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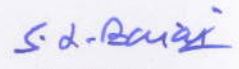


  
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Partner

For and on behalf of the Board of Directors

  
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Director

  
Tina Lakhani  
Company Secretary

Place: Chennai  
Date: 25th April 2016

Place: Panaji - Goa  
Date: 25th April 2016





SESA MINING CORPORATION LIMITED

Cash Flow Statement for the year ended March 31, 2016

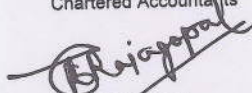
Particulars	March 31, 2016 Rs. in crore	March 31, 2015 Rs. in crore
<b>A. Cash flow from operating activities</b>		
Loss before tax	(61.96)	(61.15)
<u>Adjustments for:</u>		
Depreciation and amortisation expense	11.99	12.03
Finance costs	20.97	14.80
Profit on sale of fixed assets (net)	(0.04)	(0.22)
Profit on sale of current investments (net)	(0.04)	(0.01)
Operating loss before working capital changes	(29.08)	(34.55)
<u>Changes in working capital:</u>		
<u>Adjustments for (increase) / decrease in operating assets:</u>		
Inventories	(26.10)	2.52
Trade receivables	(10.10)	0.13
Short-term loans and advances	73.23	(16.75)
Long-term loans and advances	(67.96)	0.44
<u>Adjustments for increase / (decrease) in operating liabilities:</u>		
Trade payables	14.44	(0.50)
Other current liabilities	1.37	3.41
Short-term provisions	(0.81)	1.26
Long-term provisions	0.07	-
	(15.86)	(9.49)
Cash generated from operations	(44.94)	(44.04)
Income taxes paid	(0.13)	(0.11)
<b>Net cash flow from / (used in) operating activities (A)</b>	<b>(45.07)</b>	<b>(44.15)</b>
<b>B. Cash flow from investing activities</b>		
Capital expenditure on fixed assets, including capital advances	(3.20)	(1.53)
Proceeds from sale of fixed assets	0.12	0.40
Purchase of current investments	(14.65)	(3.31)
Redemption of current investments	14.69	3.33
<b>Net cash flow from / (used in) investing activities (B)</b>	<b>(3.04)</b>	<b>(1.11)</b>
<b>C. Cash flow from financing activities</b>		
Proceeds from short term borrowing	49.97	46.65
Finance costs	(2.10)	(1.50)
<b>Net cash flow (used in) / from financing activities (C)</b>	<b>47.87</b>	<b>45.15</b>
<b>Net (decrease) / increase in Cash and cash equivalents (A+B+C)</b>	<b>(0.24)</b>	<b>(0.11)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>0.27</b>	<b>0.38</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>0.03</b>	<b>0.27</b>
Cash on hand	-	-
Balances with banks	0.03	0.27
On current account	0.03	0.27

1 Figures in brackets represent outflows

2 See accompanying notes forming part of the financial statements (1 - 39)

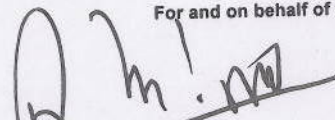
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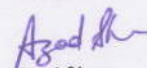
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For and on behalf of the Board of Directors

  
Kishore Kumar  
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Chief Financial Officer

Place: Panaji - Goa  
Date: 25th April 2016

  
S. L. Bajaj  
Director

  
Tina Lakhani  
Company Secretary



Place: Chennai  
Date: 25th April 2016



## SESA MINING CORPORATION LIMITED

Notes forming part of the financial statements as at and for the year ended March 31, 2016

### 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

#### (a) Basis of preparation

The financial statements of the Company have been prepared on an accrual basis under historical cost convention and in accordance with Generally Accepted Accounting Principles in India ('Indian GAAP') to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") as applicable. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

#### (b) 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. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/materialise.

#### (c) Inventories

Inventories are valued at lower of cost (on weighted average basis) and the 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. Net realisable value is determined based on estimated selling price, less further costs expected to be incurred to completion and disposal.

#### (d) Cash flow statement

Cash flows are reported using indirect method as set out in Accounting Standard (AS) -3 "Cash Flow Statement", 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.

#### (e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short term balances (with an original maturity of three months or less from the date of acquisition), liquid investments that are readily convertible into cash and which are subject to insignificant risk of changes in value.

#### (f) Depreciation and amortisation

Depreciable amount for assets is the cost of an asset, on other amount substituted for cost, less its estimated residual value.

Depreciation on tangible fixed assets has been provided on the straight line method as per the useful lives prescribed in Schedule II to the Companies Act, 2013 and Managements assessment of the technical evaluation / advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes etc.

Individual items of assets costing upto Rs. 5,000 are fully depreciated in the year of acquisition.





## SESA MINING CORPORATION LIMITED

Notes forming part of the financial statements as at and for the year ended March 31, 2016

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 and other statutory levies for renewal of owned mining leases are amortised over the operating period of lease.

The estimated useful lives of the tangible and intangible assets and the depreciation / amortisation period are reviewed at the end of each financial year and the depreciation / amortisation period is revised to reflect the changed pattern, if any.

### (g) 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 goods have been delivered to the shipping agent / customer and it can be reliably measured and it is reasonable to expect ultimate collection. Revenue from operations includes sale of goods, services, scrap and are net of sales tax/value added tax and rebates and discounts.

#### Income from services:

Revenue in respect of contracts for services is recognised when the services are rendered and related costs are incurred.

#### 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.

### (h) Tangible fixed assets

Fixed assets are carried at historical cost (net of MODVAT / CENVAT / VAT) less accumulated depreciation / amortisation and impairment losses, if any. Costs include non refundable taxes and duties, borrowing costs and other expenses incidental to the acquisition and installation upto the date the asset is ready for intended use.

The Company's mining leases having ore reserves are not valued, however, amounts in the nature of stamp duties and other statutory levies paid to government authorities towards renewal of owned mining leases are capitalized as a part of mining rights.

Fixed assets retired from active use and held for sale are stated at the lower of their net book value and net realisable value and are disclosed separately under "Other current assets".

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.

#### Expenditure during construction period:

All costs attributable to the construction of project or incurred in relation to the project under construction, net of income, during the construction period, are aggregated under expenditure during construction period to be allocated to individual identified assets on completion.

### (i) Intangible assets

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of intangible assets 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.

### (j) 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. In case of monetary items which are hedged by derivative instruments, the valuation is done in accordance with accounting policy on derivative instruments. Non-monetary items are carried at historical cost. Exchange differences arising on restatement or settlement of monetary items are charged to the Statement of Profit and Loss.





**SESA MINING CORPORATION LIMITED**

**Notes forming part of the financial statements as at and for the year ended March 31, 2016**

**(k) 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.

**(l) 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 plan:

*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 plan:

*Gratuity Fund:*

The Company accounts for the net actuarial liability of its obligations for gratuity benefits based on an independent actuarial valuation determined on the basis of the projected unit credit method carried out 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.

*Provident fund:*

The Company's contribution to the provident fund paid / payable during the year is debited to the Statement of Profit and Loss when services are rendered by the employees. Contributions are made to the Company's Employees Provident Fund Trust in accordance with the Trust rules. The shortfall in provident fund, if any, between the return guaranteed by the statute and actual earnings of the Trust is provided for by the Company and contributed to the Trust. 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.

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.

**(m) 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 cost attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets upto the date when such assets are ready for their intended use. Other borrowing costs are charged as expense in the year in which they are incurred. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during the extended periods when active development on the qualifying assets is interrupted.

**(n) 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.





**SESA MINING CORPORATION LIMITED**

**Notes forming part of the financial statements as at and for the year ended March 31, 2016**

**(o) Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss after tax (including the post tax effect of extraordinary items, if any) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss after tax (including the post tax effect of extraordinary items, if any) for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares, if any.

**(p) Taxes on income**

Tax expenses for the year, comprising of current and deferred tax are included in the determination of net profit or loss of the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the prevailing tax laws.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset, if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the Statement of Profit and Loss.

**(q) Impairment of assets**

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment, if any indication of impairment exists.

If the carrying amount of the assets exceed the estimated recoverable amount, impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Net selling price is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. Net selling price is determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset, including any expansion prospects, and its eventual disposal, using assumptions that an independent market participant may take into account. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.



**SESA MINING CORPORATION LIMITED**

**Notes forming part of the financial statements as at and for the year ended March 31, 2016**

**(r) Provisions, contingent liabilities and contingent assets**

A provision is recognised when the Company has a present obligation as a result of past events 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 the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised but are disclosed in the financial statements. Contingent assets are neither recognised nor disclosed in the financial statements.

**(s) Operating cycle**

Based on the nature of the products/activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.





**SESA MINING CORPORATION LIMITED**

Notes forming part of the financial statements as at and for the year ended March 31, 2016

**3 Share capital**

Particulars	March 31, 2016		March 31, 2015	
	Number of shares	Rs. in crore	Number of shares	Rs. in crore
<b>Authorised</b>				
Equity shares of Rs. 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 Rs. 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 the 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 Rs.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, 2016		March 31, 2015	
	Number of Shares	% of Holding	Number of Shares	% of Holding
Sesa Resources Limited (Holding Company)	1,150,000	100	1,150,000	100

**4 Reserves and surplus**

Particulars	March 31, 2016 Rs. in crore	March 31, 2015 Rs. 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	1.02	62.20
Less: Loss for the year	(61.96)	(61.16)
Less: Depreciation consequent to revision in useful lives on tangible fixed asset with Nil remaining useful life (net of deferred tax)	-	(0.02)
Balance as at the end of the year	(60.94)	1.02
<b>Total</b>	<b>(56.68)</b>	<b>5.28</b>



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**SESA MINING CORPORATION LIMITED**

Notes forming part of the financial statements as at and for the year ended March 31, 2016

**5 Deferred tax liabilities (net)**

Particulars	March 31, 2016 Rs. in crore	March 31, 2015 Rs. in crore
<b>Deferred tax liabilities:</b>		
Depreciation allowance	13.24	14.37
	<b>13.24</b>	<b>14.37</b>
<b>Deferred tax assets:</b>		
Compensated absence	1.34	1.64
Unabsorbed depreciation (Refer footnote)	5.92	3.03
Others	5.98	9.70
	<b>13.24</b>	<b>14.37</b>
<b>Deferred tax liabilities (Net)</b>	<b>-</b>	<b>-</b>

The recognition of deferred tax assets on unabsorbed depreciation and carry forward business loss has been restricted to the extent of deferred tax liability on account of timing difference in respect of depreciation, the reversal of which is virtually certain. As at the year end, the Company also has additional deferred tax assets on carry forward business losses which have not been recognised.

**6 Long term provisions**

Particulars	March 31, 2016 Rs. in crore	March 31, 2015 Rs. in crore
Provision for mine closure (Refer note 34)	0.97	0.90
<b>Total</b>	<b>0.97</b>	<b>0.90</b>





**SESA MINING CORPORATION LIMITED**

Notes forming part of the financial statements as at and for the year ended March 31, 2016

**7 Short term borrowings**

Particulars	March 31, 2016 Rs. in crore	March 31, 2015 Rs. in crore
Unsecured:		
Loans and advances from related parties (Refer note 32)	268.25	218.28
<b>Total</b>	<b>268.25</b>	<b>218.28</b>

(a) The above loan is repayable on demand

(b) The loan carries an interest rate of 8.5% p.a.

(c) The Company has not defaulted in the repayment of the loan, however interest amounting to Rs.32.17 crore was due and not paid as on Balance Sheet date which has been disclosed under other current liabilities as "Interest accrued and due on borrowings".

**8 Trade payables**

Particulars	March 31, 2016 Rs. in crore	March 31, 2015 Rs. in crore
Other than acceptances		
Micro and small enterprises (Refer note 29)	0.02	0.08
Others	30.01	15.51
<b>Total</b>	<b>30.03</b>	<b>15.59</b>
Trade payable others include:		
Accrued expenses	24.40	9.88

**9 Other current liabilities**

Particulars	March 31, 2016 Rs. in crore	March 31, 2015 Rs. in crore
Interest accrued and due on borrowings	32.17	13.30
Current accounts with banks	0.88	-
Other payables		
Statutory liabilities including withholding taxes	2.56	2.00
Payables on account of fixed assets	0.58	2.16
Trade and security deposits received	0.19	1.05
Advances from customers	1.58	1.21
Other liabilities (Footnote)	5.57	5.15
<b>Total</b>	<b>43.53</b>	<b>24.87</b>
<u>Footnote:</u>		
Other liabilities include:		
Accrued payroll	5.34	4.92

**10 Short term provisions**

Particulars	March 31, 2016 Rs. in crore	March 31, 2015 Rs. in crore
Provision for employee benefits		
Compensated absence	4.06	4.95
Gratuity	0.77	0.69
<b>Total</b>	<b>4.83</b>	<b>5.64</b>



11 Fixed assets

Particulars	Balance as at April 01, 2015		Gross block		Balance as at Mar 31, 2016		Depreciation / Amortisation		Balance as at Mar 31, 2016		Net Block	
	Rs. in crore	Rs. in crore	Rs. in crore	Rs. in crore	Rs. in crore	Rs. in crore	Rs. in crore	Rs. in crore	Rs. in crore	Rs. in crore	Rs. in crore	Rs. in crore
<b>Tangible assets</b>												
Land	81.79 (81.80)	- (-)	- (-)	- (0.01)	81.79 (81.79)	0.23 (0.18)	0.05 (0.06)	- (0.01)	- (-)	0.28 (0.23)	81.51 (81.56)	81.56 (81.62)
Road and bunders	2.27 (2.27)	- (-)	- (-)	- (-)	2.27 (2.27)	1.59 (1.23)	0.37 (0.36)	- (-)	- (-)	1.96 (1.59)	0.31 (0.68)	0.68 (1.04)
Buildings	2.97 (3.12)	0.02 (-)	0.02 (-)	- (0.15)	2.99 (2.97)	1.27 (1.38)	0.04 (0.04)	- (0.15)	- (-)	1.31 (1.27)	1.68 (1.70)	1.70 (1.74)
Plant and equipment	117.90 (121.81)	1.45 (0.29)	3.00 (4.20)	3.00 (4.20)	116.35 (117.90)	63.38 (58.61)	8.77 (8.87)	2.92 (4.10)	- (-)	69.23 (63.38)	47.12 (54.52)	54.52 (63.20)
Furniture and fixtures	0.52 (0.52)	- (-)	- (-)	- (-)	0.52 (0.52)	0.30 (0.27)	0.03 (0.03)	- (-)	- (-)	0.33 (0.30)	0.19 (0.22)	0.22 (0.25)
Vehicles	3.55 (3.56)	0.01 (-)	- (0.01)	- (0.01)	3.56 (3.55)	2.70 (2.37)	0.16 (0.14)	- (-0.19)	- (-)	2.86 (2.70)	0.70 (0.85)	0.85 (1.19)
Office equipment	0.50 (0.90)	0.07 (-0.37)	0.05 (0.03)	0.05 (0.03)	0.52 (0.50)	0.37 (0.35)	0.08 (0.14)	0.05 (0.15)	- (0.03)	0.40 (0.37)	0.12 (0.13)	0.13 (0.55)
<b>Total</b>	<b>209.50</b> <b>(213.98)</b>	<b>1.55</b> <b>(-0.08)</b>	<b>3.05</b> <b>(4.40)</b>	<b>3.05</b> <b>(4.40)</b>	<b>208.00</b> <b>(209.50)</b>	<b>69.84</b> <b>(64.39)</b>	<b>9.50</b> <b>(9.64)</b>	<b>2.97</b> <b>(4.22)</b>	<b>-</b> <b>(0.03)</b>	<b>76.37</b> <b>(69.84)</b>	<b>131.63</b> <b>(139.66)</b>	<b>139.66</b> <b>(149.59)</b>
<b>Intangible assets</b>												
Computer software	1.38 (1.38)	- (-)	- (-)	- (-)	1.38 (1.38)	0.86 (0.48)	0.38 (0.38)	- (-)	- (-)	1.24 (0.86)	0.14 (0.52)	0.52 (0.90)
Mining rights	40.00 (40.00)	2.00 (-)	- (-)	- (-)	42.00 (40.00)	14.84 (12.83)	2.11 (2.01)	- (-)	- (-)	16.95 (14.84)	25.05 (25.16)	25.16 (27.17)
<b>Total</b>	<b>41.38</b> <b>(41.38)</b>	<b>2.00</b> <b>(-)</b>	<b>-</b> <b>(-)</b>	<b>-</b> <b>(-)</b>	<b>43.38</b> <b>(41.38)</b>	<b>15.70</b> <b>(13.31)</b>	<b>2.49</b> <b>(2.39)</b>	<b>-</b> <b>(-)</b>	<b>-</b> <b>(-)</b>	<b>18.19</b> <b>(15.70)</b>	<b>25.19</b> <b>(25.68)</b>	<b>25.68</b> <b>(28.07)</b>
<b>Grand Total</b>	<b>250.88</b> <b>(255.36)</b>	<b>3.55</b> <b>(-0.08)</b>	<b>3.05</b> <b>(4.40)</b>	<b>3.05</b> <b>(4.40)</b>	<b>251.38</b> <b>(250.88)</b>	<b>85.54</b> <b>(77.70)</b>	<b>11.99</b> <b>(12.03)</b>	<b>2.97</b> <b>(4.22)</b>	<b>-</b> <b>(0.03)</b>	<b>94.56</b> <b>(85.54)</b>	<b>156.82</b> <b>(165.34)</b>	<b>165.34</b> <b>(177.66)</b>

Footnotes:

- Land plots include under perpetual lease Rs. 1.55 Crore ( Previous year Rs. 1.55 Crore )
- Figures in brackets relate to previous year





**SESA MINING CORPORATION LIMITED**

Notes forming part of the financial statements as at and for the year ended March 31, 2016

**12 Non current investments**

Particulars	March 31, 2016 Rs. in crore	March 31, 2015 Rs. in crore
Long term investments (at cost)		
Other Investments		
Investment in Equity instruments (unquoted)	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>

**13 Long term loans and advances**

Particulars	March 31, 2016 Rs. in crore	March 31, 2015 Rs. in crore
Capital advances		
Considered good	3.99	4.07
Prepaid expenses	1.26	1.57
Claims and other receivables (Refer note 31)	49.92	-
Deposit with government authorities pursuant to a Court order	18.34	-
Advance income tax (net of provision for income tax)	5.20	5.07
<b>Total</b>	<b>78.71</b>	<b>10.70</b>



**SESA MINING CORPORATION LIMITED**

Notes forming part of the financial statements as at and for the year ended March 31, 2016

**14 Inventories**

Particulars	March 31, 2016 Rs. in crore	March 31, 2015 Rs. in crore
At lower of cost and net realisable value		
Finished goods		
Iron ore (Refer note 26)	26.28	-
Consumables, stores and spares	1.57	1.75
<b>Total</b>	<b>27.85</b>	<b>1.75</b>

**15 Trade receivables**

Particulars	March 31, 2016 Rs. in crore	March 31, 2015 Rs. in crore
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	0.01	-
Other trade receivables		
Unsecured, considered good	10.12	0.03
<b>Total</b>	<b>10.13</b>	<b>0.03</b>





**SESA MINING CORPORATION LIMITED**

Notes forming part of the financial statements as at and for the year ended March 31, 2016

**16 Cash and cash equivalents**

Particulars	March 31, 2016 Rs. in crore	March 31, 2015 Rs. in crore
Cash on hand	-	-
Balances with banks In current account	0.03	0.27
<b>Total</b>	<b>0.03</b>	<b>0.27</b>
Of the above, the balances that meet the definition of cash and cash equivalents as per AS 3 Cash Flow Statements is	0.03	0.27

**17 Short term loans and advances**

Particulars	March 31, 2016 Rs. in crore	March 31, 2015 Rs. in crore
Unsecured, considered good unless otherwise stated		
Loans and advances to employees	0.01	-
Prepaid expenses	0.90	1.31
Balances with government authorities		
VAT credit receivable	2.04	3.01
Others	-	18.34
Advances to suppliers	2.57	0.14
Claims and other receivables (Refer note 31)	10.22	66.17
<b>Total</b>	<b>15.74</b>	<b>88.97</b>



**SESA MINING CORPORATION LIMITED**

Notes forming part of the financial statements as at and for the year ended March 31, 2016

**18 Revenue from operations**

Particulars	March 31, 2016 Rs. in crore	March 31, 2015 Rs. in crore
<b>a. Sale of products</b>		
Sale of iron ore	15.40	-
<b>b. Sale of services</b>		
Hire of barges and jetties	1.99	2.64
Proceeds from other services	1.20	1.92
	3.19	4.56
<b>c. Other operating revenues</b>		
Sale of materials	0.13	0.18
Unclaimed liabilities written back	3.00	0.31
	3.13	0.49
<b>Total</b>	<b>21.72</b>	<b>5.05</b>

**19 Other income**

Particulars	March 31, 2016 Rs. in crore	March 31, 2015 Rs. in crore
Profit on sale of current investments (net)	0.04	0.01
Profit on sale of fixed assets (net)	0.04	0.22
<b>Total</b>	<b>0.08</b>	<b>0.23</b>





**SESA MINING CORPORATION LIMITED**

Notes forming part of the financial statements as at and for the year ended March 31, 2016

**20 Changes in inventories of finished goods and stock in trade**

Particulars	March 31, 2016 Rs. in crore	March 31, 2015 Rs. in crore
Inventories at the beginning of the year		
Finished goods - Ore	-	66.17
Less : Inventory reclassified to receivable	-	(66.17)
Inventories at the end of the year		
Finished goods - Ore	(26.28)	-
<b>Net decrease / (increase)</b>	<b>(26.28)</b>	<b>-</b>

**21 Employee benefits expense**

Particulars	March 31, 2016 Rs. in crore	March 31, 2015 Rs. in crore
Salaries, wages and incentives	22.30	23.84
Contributions to provident and other funds	2.19	2.32
Staff welfare expenses	0.91	0.54
<b>Total</b>	<b>25.40</b>	<b>26.70</b>

**22 Finance costs**

Particulars	March 31, 2016 Rs. in crore	March 31, 2015 Rs. in crore
Interest expense		
- On Loans	20.97	14.79
Other borrowing costs	-	0.01
<b>Total</b>	<b>20.97</b>	<b>14.80</b>



**SESA MINING CORPORATION LIMITED**

Notes forming part of the financial statements as at and for the year ended March 31, 2016

**23 Other expenses**

<u>Particulars</u>	<u>March 31, 2016</u> <u>Rs. in crore</u>	<u>March 31, 2015</u> <u>Rs. in crore</u>
Consumption of stores and spare parts	10.83	4.54
Repairs and maintenance		
Plant and equipment	0.46	0.08
Others	0.15	0.16
Contractors for hired trucks and other services	5.00	3.17
Wharfage, tonnage, handling and shipping expenses	0.04	0.06
Rent	0.84	0.87
Royalty and cess	14.85	-
Rates and taxes	0.24	0.19
Insurance	0.73	0.76
Power and fuel	1.42	1.21
Water charges	0.04	0.04
Payments to auditors		
as auditors - statutory audit	0.09	0.08
for other services	0.07	0.06
Sitting fees and commission to non wholetime directors	0.07	0.01
Travelling expenses	0.05	0.04
Professional and legal charges	0.64	0.46
Donations and contributions	0.00	0.01
Corporate social responsibility (Refer note 38)	0.13	0.15
Miscellaneous expenses	7.68	1.01
<b>Total</b>	<b>43.33</b>	<b>12.90</b>





**SESA MINING CORPORATION LIMITED**

Notes forming part of the financial statements as at and for the year ended March 31, 2016

**24 Contingent liabilities:**

Particulars	March 31, 2016 Rs. in crore	March 31, 2015 Rs. in crore
i) Guarantees issued by the bankers in favour of various parties (excluding the liability for which provisions have been made)	1.79	1.80
ii) Corporate guarantee given by Holding Company to Custom Authorities	12.57	12.57
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)	19.57	19.57
iv) Disputed income tax demands	15.05	15.05

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.

**25 Commitments**

Estimated amount of contracts remaining to be executed on capital account Rs. 12.91 crore (Previous year Rs. 13.18 crore).

**26 Details of finished goods**

Particulars	Sales value Rs. in crore	Opening Inventory Rs. in crore	Closing Inventory Rs. in crore
Finished goods Iron ore	15.40 (-)	- (66.17)	26.28 (-)

(Figures in brackets relate to previous year)

**27 Consumption of stores and spare parts**

Particulars	March 31, 2016 Rs. in crore	March 31, 2015 Rs. in crore
Imported 3.64% (Previous year 3.52%)	0.39	0.16
Indigenous 96.36% (Previous year 96.48%)	10.44	4.38

**28 Expenditure incurred in foreign currency**

Particulars	March 31, 2016 Rs. in crore	March 31, 2015 Rs. in crore
Consultancy fees	0.14	-

**29 Disclosures under section 22 of The Micro, Small and Medium Enterprises Development Act 2006**

	Particulars	March 31, 2016 Rs. in crore	March 31, 2015 Rs. in crore
1	Outstanding Principal Amount and Interest as on 31st March, 2016	0.02	0.04
	- Principal Amount	-	-
	- Interest due thereon	-	-
2	Amounts of interest paid along with the amounts of payment made beyond the appointed date	-	-
3	Amount of interest due and payable (where principal has been paid but interest has not been paid)	-	-
4	The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
5	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid for the purpose of disallowance as a deductible expenditure under section 23 of MSME Act	-	-







**SESA MINING CORPORATION LIMITED**  
Notes forming part of the financial statements as at and for the year ended March 31, 2016

Particulars	March 31, 2016	March 31, 2015
Rate on discounting liabilities	8.00%	7.80%
Expected salary increase rate	7.00%	7.00%
Expected rate of return on scheme assets	8.00%	9.25%
Withdrawal rates	2.00%	2.00%
Mortality rates	IALM (2006-08)	IALM (2006-08)

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	Rs. in crore				
	2015-16	2014-15	2013-14	2012-13	2011-12
Present value of commitment	(4.77)	7.40	(7.06)	(7.22)	(5.46)
Fair value of the plans	4.00	6.71	6.64	3.43	5.28
Surplus / (deficit)	(0.77)	(0.69)	(0.42)	(3.79)	(0.18)
Experience adjustment on plan liabilities	(0.19)	0.51	0.19	0.81	0.21
Experience adjustment on plan assets	0.21	0.08	(0.13)	(1.13)	(0.48)

The contributions expected to be made by the Company during the financial year 2015-16 are Rs. 0.77 crore.

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. The interest shortfall required to be met by the Company based on actuarial valuation of the interest rate guarantee on exempt provident fund is Rs. Nil.

**Defined Contribution Plans:**

The Company offers its employees benefits under defined contribution plans in the form of family pension fund and superannuation 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 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 Rs. 0.80 crore (Previous year Rs. 0.72 crore) has been charged to the Statement of Profit and Loss in this respect, the components of which are tabulated below:

Particulars	March 31, 2016	March 31, 2015
	Rs. in crore	Rs. in crore
Family pension fund	0.70	0.62
Superannuation fund	0.10	0.10
	0.80	0.72

- 31 The Honourable Supreme Court (Supreme Court) vide its judgment dated April 21, 2014 had lifted the ban on mining in the State of Goa, subject to certain conditions. It had also directed that out of the sale proceeds of the e-auction of excavated ore, leaseholders to be paid average cost of excavation of iron ore as determined by the State Government, and the balance amounts are to be allocated amongst various affected stakeholders and unallocated amounts to be appropriated to the State Government. In pursuance of the said judgement, the State Government of Goa on October 1, 2014 announced the Goa Grant of Mining Leases Policy, 2014 and has renewed the mining leases. The Government of Goa has vide its order dated January 15, 2015 revoked its earlier order on temporary suspension of mining operations in the State of Goa. The Company has obtained consent to operate from Goa State Pollution Control Board for all its leases and mining plan approvals from Indian Bureau of Mines. Accordingly, the Company has commenced mining from September 2015.

Pursuant to the judgment of the Supreme Court dated April 21, 2014, in determining the average cost of excavation as referred above, the Directorate of Mines and Geology (DMG) of the State of Goa has on September 2, 2015, notified Rs. 250 per ton as the average cost of excavation payable to the respective lease holders, sister concerns or traders. Based on a legal opinion, the management of the Company is exploring future course of action in this regard and is of the view that no provision is considered necessary and the entire amount of Rs. 60.14 crore as recorded in the books of accounts as at March 31, 2016, is recoverable.



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*  
Volcan Investments Limited  
*Intermediaries*  
Vedanta Limited (formerly known as Sesa Sterlite Limited)  
Vedanta Resources Plc.  
Vedanta Resources Holdings Limited  
Twinstar Holding Limited  
Finsider International Company Limited  
Westglobe Limited  
Welter Trading Limited  
Richter Holdings Limited  
Vedanta Resources Finance Limited  
Vedanta Resources Cyprus Limited

B Transactions with related parties:

[a] Details relating to parties referred to in items A (i) & (ii)

Particulars	Rs. in crore	
	March 31, 2016	March 31, 2015
1) Income		
a) Revenue from operations		
Vedanta Limited	18.88	3.79
b) Recovery of Expenses		
Vedanta Limited	1.19	1.33
Sesa Resources Limited	0.04	0.02
2) Expenses		
a) Expenses reimbursed		
Sesa Resources Limited	0.07	0.05
Vedanta Limited	1.74	0.77
b) Interest on Inter corporate deposit		
Sesa Resources Limited	20.97	14.78
3) Purchase / Sale of Fixed Assets		
a) Purchase		
Vedanta Limited	0.01	-
4) Short Terms Borrowing - Inter corporate deposit		
a) Taken during the year		
Sesa Resources Limited	49.97	46.65
5) Advances Taken		
a) Taken during the year		
Vedanta Limited	1.20	3.21
b) Repaid during the year		
Vedanta Limited	-	2.05
c) Advance against Ore Sale		
Sesa Resources Limited	0.28	-
6) Outstanding receivable / (payable) as at the end of the year		
Sesa Resources Limited	(302.64)	(233.00)
Vedanta Limited	7.55	(2.07)
7) Collaterals taken		
Sesa Resources Limited	12.57	12.57





**SESA MINING CORPORATION LIMITED**  
Notes forming part of the financial statements as at and for the year ended March 31, 2016

**33 Earnings per share:**

Particulars	March 31, 2016	March 31, 2015
Loss after tax (Rs. in crore)	(61.96)	(61.16)
Weighted average no. of equity shares	1,150,000	1,150,000
Nominal value of each equity shares	Rs.100	Rs.100
Basic and Diluted earnings per share (in Rs.)	(538.78)	(531.83)

34 In terms of the Mineral Concession Rules 1960(replaced by Mineral Concession Rules 2016 w.e.f 04-03-2016) 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, 2016 is as under:

Nature of obligation	March 31, 2016 Rs. in crore	March 31, 2015 Rs. in crore
Provision for mine closure		
Opening carrying amount	0.90	0.90
Additional provision made during the year	0.07	-
Amount used during the year	-	-
Unused amount reversed during the year	-	-
Closing carrying amount	0.97	0.90

**35 Foreign Currency Exposures:**

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

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

Particulars	March 31, 2016		March 31, 2015	
	Rs. in crore	Fx million	Rs. in crore	Fx million
Advances to Suppliers	-	-	0.03	CAD 0.01

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

Particulars	March 31, 2016		March 31, 2015	
	Rs. in crore	Fx million	Rs. in crore	Fx million
Trade payables	-	-	0.13	CAD 0.03

Footnote: Fx = Foreign currency; CAD= Canadian Dollar

36 During the year, the Company has incurred a net loss of Rs. 61.96 crore as against share capital and reserves aggregating to Rs. 15.10 crore, resulting into erosion of net worth of the Company as at March 31, 2016. Further, the Company's current liabilities exceed the current assets by Rs. 292.89 crore as at March 31, 2016. The said losses leading to net worth erosion during the year were principally due to non-operation of the Company's mines in Goa. The Company has resumed mining activities effective September, 2015. Considering the business plans of the Company, the expected cash flows from operating activities which are expected to be profitable and the financial support extended by the ultimate holding company, the going concern assumption is considered appropriate for the year ended March 31, 2016.

**37 Exceptional item includes:**

a. Rs. 8.35 crore incurred during the year under the Voluntary Retirement Scheme.

**38 Corporate Social Responsibility**

The Company has incurred an amount of Rs. 0.13 crore towards Corporate Social Responsibility as per Section 135 of the Companies Act, 2013

39 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

Kishore Kumar  
Director

S.L.Bajaj  
Director

Azad Shaw  
Chief Financial Officer

Tina Lakhani  
Company Secretary



Place: Panaji - Goa  
Date: 25th April, 2016