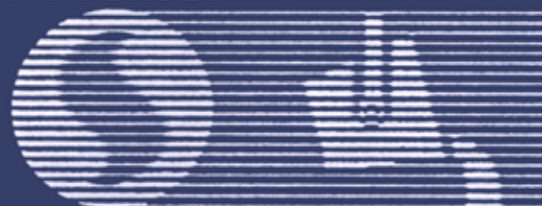


# SESA INDUSTRIES LIMITED

## 16th Annual Report

### 2008-2009

SESA GROUP





## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Sixteenth Annual General Meeting of SESA INDUSTRIES LIMITED will be held on Thursday, 13th August, 2009 at 10.00 a.m. at Dinanath Mangeshkar Kala Mandir Auditorium, at Kala Academy, Panaji, Goa, to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2009 and the Profit & Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Amit Pradhan who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

### SPECIAL BUSINESS

4. To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:

“RESOLVED that pursuant to the provisions of Sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby accords its approval to the re-appointment of Mr. Prasun Kumar Mukherjee, as Managing Director of the Company for the period from 1st April, 2009 to 31st March, 2012 on a remuneration of Re.1/- (Rupee One) per annum.”

By Order of the Board  
SESA INDUSTRIES LIMITED

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

**M. DEVJANI**  
Company Secretary

## Notes:

- a) The relative Explanatory Statement as required by Section 173 of the Companies Act, 1956, in regard to the Special Business entered under Item No. 4 is annexed.
- b) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- c) The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, 11th August, 2009 to Thursday, 13th August, 2009 (both days inclusive).
- d) The particulars of Mr. A. Pradhan and Mr. P. K. Mukherjee who are proposed to be re-appointed are given below:
- i) Name : Mr. Amit Pradhan  
 Age : 54 years  
 Qualifications : M.Sc. (Physics) from IIT Delhi.  
 Expertise : 31 years of experience in Materials Management  
 Shareholding : NIL  
 Other Directorships/ :  
 Committee Memberships

Sr. No.	Name of the Company	Position held	Committee Type	Membership Status
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1.	Sesa Goa Limited	Wholetime Director	-	-
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- ii) Name : Mr. Prasun Kumar Mukherjee  
 Age : 53 years  
 Qualifications : Fellow Member of the Institute of Chartered Accountants of India & Associate Member of the Institute of Cost and Works Accountants of India.  
 Expertise : 29 years of experience in Finance, Accounts, Costing, Taxation, Legal and Management.  
 Shareholding : NIL  
 Other Directorships/Committee Memberships :

Sr. No.	Name of the Company	Position held	Committee Type	Membership Status
1.	Sesa Goa Ltd.	Managing Director	Shareholders/ Investors Grievance Committee	Member
2.	Sesa Community Development Foundation	Director	-	-
3.	Navelim Iron Pvt. Ltd.	Director	-	-

## ANNEXURE TO NOTICE

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

#### ITEM NO. 4

The Board of Directors of the Company, at its Meeting held on 30th March, 2009 re-appointed Mr. Prasun Kumar Mukherjee as Managing Director of the Company effective from 1st April, 2009 for a period of three years subject to the approval of the Shareholders at the ensuing Annual General Meeting of the Company on remuneration of Re. 1/- (Rupee one) per annum as recommended by the Remuneration Committee. Mr. Prasun Kumar Mukherjee is a nominee of Sesa Goa Limited pursuant to Article 111 of the Articles of Association of the Company.

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

Mr. Prasun Kumar Mukherjee is holding the position of Managing Director in Sesa Goa Ltd. the holding Company since 1st April, 2006 and his term has been extended for further three years. The Board of Directors, therefore, consider it, in the interest of efficient and economical management of the

two companies, to have a common Managing Director. Mr. Prasun Kumar Mukherjee, however, shall not be paid any remuneration by the Company except nominal sum of Re. 1/- (Rupee one) per annum.

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

Copy of the existing Contract of Mr. Prasun Kumar Mukherjee is available for inspection at the Registered Office of the Company on any working day during office hours.

The above statement under Item 4 may also be regarded as abstract of the terms and conditions and memorandum of interest under Section 302 of the Companies Act, 1956.

By Order of the Board  
SESA INDUSTRIES LIMITED

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

**M. DEVJANI**  
Company Secretary

## DIRECTORS' REPORT

To the Members,

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

### Financial Results

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

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

### Appropriation of Profit

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

### Operations

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

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

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

### Outlook

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

### Directors' Responsibility Statement

Your Directors confirm that:

- (i) the applicable accounting standards have been followed along with proper explanations relating to material departures, if any, for preparation of the annual accounts;
- (ii) the accounting policies have been selected and applied consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March 2009 and of the profits of the Company for that year;
- (iii) proper and sufficient care has been taken to maintain adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud or other irregularities;
- (iv) the annual accounts have been prepared on a going concern basis.

## Quality/Environment/ISO and Safety Certifications

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

## Awards

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

## Safety

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

FSI	
2008-09	2007-08
0.109	0.100

## Directors

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

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

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

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

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

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

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

## Conservation of Ecology

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

## Auditors

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

## Employees/Stake Holders

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

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

For and on behalf of the Board of Directors

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

P.G. KAKODKAR  
CHAIRMAN

## ANNEXURE-A TO DIRECTORS' REPORT

Information as per Section 217 (1)(e) read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March 2009.

### (A) Conservation of Energy

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

### (B) Technology Absorption

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

Research and Development (R & D):

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

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

Improvement of product quality with consequent improved revenue/cost reduction are the results of above activities.
3. Future plans of action:
 

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

### 4. Expenditure on R&D:

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

### Technology Absorption, Adaptation and Innovation

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

The Company maintains a close contact and continuous interaction with other Pig Iron Producers, other consultants, its foreign associates and more importantly the niche customers (to be an inseparable partner in their value chain).
2. Benefits derived as a result of the above efforts:
  - a) Improvements in the cost effective technology for the manufacture of superior quality Low Phosphorus / Low Sulphur Foundry Grade Pig Iron to a consistent quality at consistently high productivity levels.
  - b) Modifications and improvements in the design of blast furnace lining for achieving longer campaign life.
  - c) Higher productivity.

### (C) Foreign Exchange Earnings and Outgo

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

For and on behalf of the Board of Directors

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

P.G. KAKODKAR  
CHAIRMAN

## Annexure - B to Directors' Report

Particulars of Employees pursuant to Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, forming part of the Directors' Report for the year ended 31st March, 2009.

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

### Notes:

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

For and on behalf of the Board of Directors

Place : Panaji  
Dated: 20th April, 2009

P. G. KAKODKAR  
Chairman

## REPORT ON CORPORATE GOVERNANCE

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

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

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

### 2. Board of Directors

The composition of the Board of Directors is as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

**Table 2: Directors' Profile**

Sr. No.	Name	Age	Qualification	Experience	Other Directorships*
i.	P. G. Kakodkar DIN: 00027669	72	M. A. (Economics)	Appointed as Director on 28th January, 2004.  Over 40 years experience in State Bank of India, Retd. as Chairman of SBI. He is currently I.T. and Banking Consultant.	<ul style="list-style-type: none"> <li>Goa Carbon Ltd.</li> <li>Uttam Galva Steel Ltd.</li> <li>Financial Technologies (India) Ltd.</li> <li>Fomento Resorts and Hotels Ltd.</li> <li>Centrum Finance Ltd.</li> <li>Sesa Goa Limited</li> <li>Multi Commodity Exchange of India Ltd.</li> <li>IBX Forex Ltd.</li> <li>Anand Rathi Financial Services Ltd.</li> </ul>
ii.	M. D. Phal DIN: 00016742	60	M.A. in Personnel Management & Industrial Relations from Tata Institute of Social Sciences, Mumbai	Appointed as Director on 1st January, 2002.  34 years of experience in Human Resources function.	<ul style="list-style-type: none"> <li>Sesa Goa Limited</li> </ul>
iii.	A. Pradhan DIN: 00128568	54	M.Sc. (Physics) from I.I.T. Delhi	Appointed as Director on 1st July, 2000.  31years of experience in Materials/Project Management.	<ul style="list-style-type: none"> <li>Sesa Goa Limited</li> </ul>
iv.	H. P. U. K. Nair DIN: 00016948	59	B.Tech (Metallurgy) from I.I.T. Madras	Appointed as Director on 1st February, 1999  36 years of experience in Metallurgical Industry	<ul style="list-style-type: none"> <li>Sesa Goa Limited</li> </ul>
v.	P. K. Mukherjee DIN: 00015999	53	B.Com. (Hons.) F.C.A., A.I.C.W.A.	Appointed as Director on 1st July, 2000 and Managing Director from 1st April, 2006.  29 years experience in Finance, Accounts, Costing Taxation. Legal and Management	<ul style="list-style-type: none"> <li>Sesa Goa Limited</li> </ul>

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

### 3. Board Level Committees

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

#### Audit Committee

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

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

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

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

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

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

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

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

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

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

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

#### Remuneration Committee

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

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

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

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

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

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

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

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

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

#### Remuneration policy:

##### Non-Executive Directors

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

##### Sitting Fees

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

## Managing and Executive Directors

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

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

#### Managing Director:

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

#### Executive Director:

Period of contract	:	5 years
Termination of the contract	:	By either party giving the other six months notice. If he ceases to hold the office of Director, he shall ipso facto and immediately cease to be Executive Director and the Contract shall come to an end without any obligation on either party.
Severance fees	:	Nil, except for pay in case of shorter notice.

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

Rupees in Crores

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

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

(Rupees)

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

## 4. Banking and Authorization Committee

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

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

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

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

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

## 5. Share Transfer Committee

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

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

The Committee meets monthly to approve the share transfers.

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

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

### Shareholders

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

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

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

## 6. General Body Meetings

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

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

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

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

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

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

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

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

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

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

## 8. Means of Communication

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

## 9. General Shareholders' Information

- i. **Annual General Meeting:**
  - Date and Time: Thursday, 13th August, 2009 10.00 a.m.
  - Venue: Dinanath Mangeshkar Kala Mandir Auditorium, at Kala Academy, Panaji, Goa
- ii. **Book closure date** Tuesday, 11th August, 2009 to Thursday, 13th August, 2009 (both days inclusive).
- iii. **Registrar and Transfer Agents** In house facility at its Registered Office at:  
(Share transfers & Communication Sesa Industries Limited  
regarding share certificates, dividends 'Sesa Ghor', 20 EDC Complex ,  
and change of address) Patto, Panaji Goa 403001
- iv. **Share Transfer System** Share transfer requests are processed and despatched to the shareholders within an average period of 35 days from the date of receipt.  
Share Transfer Committee Meetings are held once in a month.
- v. **Distribution of Shareholding as on 31st March, 2009**

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

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

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

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

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

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

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

1. We have audited the attached Balance Sheet of SESA INDUSTRIES LIMITED as at 31st March, 2009, and the Profit and Loss Account and the Cash Flow Statement of the Company for year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test check basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, (the Order) issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable to the Company.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - (a) we have obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) in our opinion, proper books of account as required by law have been kept by the Company, so far as it appears from our examination of those books;
  - (c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
  - (e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and, give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
    - (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
    - (iii) in the case of the Cash Flow Statement of the cash flows for the year ended on that date.
5. On the basis of the written representations received from the directors as on 31st March, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 from being appointed as Director of the Company in terms of clause (g) of sub-Section (1) of Section 274 of the Companies Act, 1956.

For DELOITTE HASKINS & SELLS,  
Chartered Accountants  
SANJIV V. PILGAONKAR  
Partner  
Membership No. 39826

Place: Mumbai  
Date: 20th April, 2009

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

1. In respect of the Company's fixed assets:
  - (a) In our opinion and according to the information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and location of its fixed assets.
  - (b) According to the information and explanations given to us, the fixed assets of the Company covering all locations have been physically verified by the management during the year in accordance with the programme of verification. In our opinion, the program provides for physical verification of all fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - (c) During the year, the assets disposed off by the Company do not, in our opinion, constitute a substantial part of its fixed assets.
2. In respect of its inventories:
  - (a) As explained to us, inventories were physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
  - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on verification between the inventories physically verified and the book records.
3. According to the information and explanations given to us, the Company has not granted or taken any secured or unsecured loan to or from companies, firms and other parties covered in the Register maintained under section 301 of the Companies Act, 1956. Consequently the provisions of paragraph 4(iii)(a) to 4(iii)(g) of the Order are not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have neither come across nor have we been informed about any instances of major weaknesses in the aforesaid internal control systems.
5. According to the information and explanations given to us, the Company has not entered into any contract or arrangement with other parties, which needs to be entered in the Register maintained under section 301 of the Companies Act, 1956.
6. The Company has not accepted deposits from the public, hence the provisions of paragraph 4(vi) of the Order is not applicable to the Company.
7. In our opinion, the internal audit function carried out during the year by a firm of Chartered Accountants appointed by the management have been commensurate with the size of the Company and the nature of its business.
8. To the best of our information and according to the information and explanation given to us, the Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of the Company's product.
9. According to the information and explanations given to us in respect of statutory and other dues:
  - (a) During the year, the Company has been regular in depositing undisputed statutory dues including dues on account of provident fund, employees' state insurance, wealth tax, customs duty, excise duty, cess and other material statutory dues. We have been informed that no sums were payable in respect of investor education and protection fund.
  - (b) According to the information and explanations given to us, no undisputed statutory dues were payable in respect of provident fund, investor education and protection fund, employees' state insurance, wealth tax, service tax, customs duty, cess, royalty and income tax which were in arrears for a period of more than six months from the date they became payable.
  - (c) As at 31st March, 2009 according to the information and explanations given to us, the following are particulars of disputed statutory dues and amounts that have not been deposited:

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

10. The Company does not have any accumulated losses. The Company has not incurred cash losses during the current financial year and in the immediately preceding financial year.
11. According to the information and explanations given to us, the Company has not taken any term loan from a bank or financial institution or borrowed any sum against issue of debentures. Therefore, the provisions of paragraph 4(xi) of the Order are not applicable to the Company.
12. According to the information and explanations given to us and the records examined by us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other investments. Therefore, the provisions of paragraph 4(xii) of the Order are not applicable to the Company.
13. In our opinion and according to the information and explanations given to us, the Company is not a chit fund, niddhi or a mutual benefit society. Therefore the provisions of paragraph 4(xiii) of the Order are not applicable to the Company.
14. In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in shares securities or debentures and other investments. Therefore the provisions of paragraph 4(xiv) of the Order are not applicable to the Company.
15. According to the information and explanations given to us, and the records examined by us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. To the best of our knowledge and belief and according to the information and explanations given to us, there were no amounts

pending application in respect of term loans outstanding as at the beginning of the year nor were there any additional amounts availed against term loans during the year.

17. According to the information and explanation given to us and on an overall examination of the Balance Sheet of the Company, we report that, funds raised on short term basis have, prima facie, not been used during the year for long term investment.
18. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956 during the year.
19. According to the information and explanations given to us, and the records examined by us, the Company has not issued any debentures that were outstanding at any time during the year.

For DELOITTE HASKINS & SELLS,  
Chartered Accountants  
SANJIV V. PILGAONKAR  
Partner  
Membership No. 39826

Place: Mumbai  
Date: 20th April, 2009

## Balance Sheet as at 31st March, 2009

(Rupees in crore)

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

Per our Report attached of even date attached

For and on behalf of the Board of Directors

Deloitte Haskins & Sells  
Chartered Accountants

Mr. Sanjiv V. Pilgaonkar  
Partner  
Membership No. 39826

P.K. Mukherjee  
Managing Director

H. P. U. K. Nair  
Director

Mahesh Devjani  
Company Secretary

Place: Mumbai  
Dated: 20th April, 2009

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

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

(Rupees in crore)

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

Per our Report attached of even date attached

For and on behalf of the Board of Directors

Deloitte Haskins & Sells  
Chartered Accountants

Mr. Sanjiv V. Pilgaonkar  
Partner  
Membership No. 39826

P.K. Mukherjee  
Managing Director

H. P. U. K. Nair  
Director

Mahesh Devjani  
Company Secretary

Place: Mumbai  
Dated: 20th April, 2009

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

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

(Rupees in crore)

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

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

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

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

SCHEDULE 4: FIXED ASSETS

(Rupees in crore)

	Original Cost			Depreciation/Amortisation			Net Value			
	Opening As at 1st April, 2008	Additions	Deductions	Closing As at 31st March, 2009	Upto 31-03-2008	For the Year	On Deductions	Upto 31st March, 2009	As at 31st March, 2009	As at 31st March, 2008
<b>Tangible Assets</b>										
Land Plots	0.05	-	-	0.05	-	-	-	-	0.05	0.05
Road and Bunders	3.58	0.24	-	3.82	0.26	0.06	-	0.32	3.50	3.32
Buildings	3.80	0.81	-	4.61	0.75	0.09	-	0.84	3.77	3.05
Plant and Machinery	121.31	14.07	0.40	134.98	50.72	7.11	0.40	57.43	77.55	70.59
Vehicles	1.45	0.37	0.06	1.76	0.75	0.25	0.06	0.94	0.82	0.70
Furniture and Office equipment	0.34	0.22	-	0.56	0.14	0.06	-	0.20	0.36	0.20
<b>Total</b>	130.53	15.71	0.46	145.78	52.62	7.57	0.46	59.73	86.05	77.91
<b>Total</b>	123.84	8.55	1.86	130.53	47.10	7.38	1.86	52.62	77.91	76.74
Capital Work-in-Progress									0.74	5.02
Constructions in Progress									-	0.60
Capital Advances									0.74	5.62

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

(Rupees in crore)

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

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

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

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

(Rupees in crore)

	As at 31st March, 2009		As at 31st March, 2008	
<b>SCHEDULE 8: CASH AND BANK BALANCES</b>				
Cash in Hand		–		–
Demand drafts in transit		3.01		4.93
Balances with Scheduled Banks :				
On Current Account	2.42		2.81	
on unpaid Dividend Accounts	0.12	2.54	0.12	2.93
<b>Total</b>		<b>5.55</b>		<b>7.86</b>

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

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

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

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

for the year ended 31st March, 2009

(Rupees in crore)

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

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

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

for the year ended 31st March, 2009

(Rupees in crore)

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

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

for the year ended 31st March, 2009

(Rupees in crore)

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

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

## SCHEDULE 17:

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

#### 1. Significant Accounting Policies

##### i) Basic of Accounting

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

##### ii) Use of Estimates

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

##### iii) Revenue Recognition

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

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

##### iv) Employee Benefits

**a) Provident Fund:** The Company's contribution to the recognised provident fund, pension fund and employees' deposit linked insurance scheme paid/payable during the year is debited to the profit and loss account.

**b) Gratuity Fund:** The Company accounts for the net actuarial liability of its obligations for gratuity benefits based on an independent actuarial valuation determined on the basis of the projected unit credit method carried out annually. Based on the above determined obligation, the Company makes contribution to funds managed by insurance companies. Actuarial gains and losses are immediately recognised in the profit and loss account.

**c) Annuity Fund:** The Company has a defined contribution plan for certain categories of employees, wherein it annually contributes a predetermined proportion of employee's salary to an insurance company which administers the fund. The Company recognises such

contributions as an expense over the period of services rendered.

##### Compensated Absences

The liability in respect of compensated absences for employees is determined on the basis of an independent actuarial valuation carried out at the end of the year and differential liability recognised as expense in the profit and loss account.

##### v) Investments

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

##### vi) Inventories

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

Stock of pig iron is valued at the lower of cost or net realizable value. Cost includes raw material costs and appropriate proportion of overheads.

##### vii) Foreign Currency Transactions

Transactions in foreign currency are recorded at exchange rates prevailing on the date of the transaction. Year end balance of foreign currency transactions are translated at the year end rates. Exchange difference arising on restatement or settlement is charged to profit and loss account.

##### viii) Fixed Assets

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

##### ix) Borrowing Costs

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

##### x) Depreciation

Depreciation except in respect of vehicles, furniture and computers is provided for on Straight Line Method (SLM) at the rates specified in Schedule XIV of the Companies Act, 1956.

In respect of vehicles, furniture and computers depreciation has been charged on SLM method at the rate of 20%, 10% and 30% respectively to bring it in line with the useful life of the assets. Assets costing less than Rs. 5,000 are charged off completely in the year of acquisition.

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

## **xi) Impairment of Assets**

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

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

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

## **xiii) Segment Reporting**

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

## **xiv) Taxes on Income**

The Company's income taxes include taxes on the Company's taxable profits, fringe benefits tax, adjustment attributable to earlier periods and changes in deferred taxes.

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

## **2. Contingent Liabilities:**

- i. Guarantees, (excluding the liability for which provisions have been made) amounting to Rs. 0.02 crore (Previous year Rs. 0.59 crore) given by the bankers in favour of various parties - none invoked.
  - ii. Letter of credit opened by the bankers in favour of suppliers amounting to Rs. 0.79 crore (Previous year Rs. 1.88 crore).
  - iii. Disputed demand from customs authorities of Rs. 1.60 crore (Previous year Rs. 1.60 crore) including penalty of Rs. 0.80 crore (Previous year Rs. 0.80 crore), for transferring imported metallurgical coke at concessional rate of duty under the provisions of Customs (Import of Goods at Concessional rate of Duty for manufacture of Excisable Goods) Rules 1996 to the erstwhile M/s. Sesa Kembla Coke Company Limited, appealed before the Appellate Authority. Based on the legal opinion obtained, the Company does not expect any liability on this account.
  - iv. Cess on transportation of ore within Goa levied by Government of Goa under the Goa Rural Development and Welfare Cess Act, 2000 (Goa Act 29 of 2000) amounting to Rs. 0.09 crore (Previous year Rs. Nil) challenged by way of writ petition in the High Court of Bombay, Panjim Bench.
  - v. Claims related to commercial and employment contracts Rs. 0.06 crore (Previous year Rs. Nil).
- 3.** Estimated amount of contracts (net of advances) remaining to be executed on capital accounts of Rs. 0.72 crore (Previous year Rs. 4.46 crore).

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

(Rs. in crore)

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

(Figures in bracket relate to Previous year)

5. **Employee Benefit Obligations:**  
**Defined benefit plans:**

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

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

(Rs. in crore)

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

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

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

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

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

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

(Rs. in crore)

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

## Experience adjustment

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

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

The estimates of future salary increases considered in the actuarial valuation take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. The above information is actuarially determined upon which reliance is placed by the auditors.

### Defined contribution plans:

The Company offers its employees benefits under defined contribution plans in the form of provident fund, family pension fund and annuity fund.

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

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

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

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

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

7. Loans and advances to staff includes Rs. 0.06 crore (Previous year Rs. 0.06 crore) due from directors towards travel/LTA advance and housing loan. The maximum amount outstanding during the year was Rs.0.06 crore (Previous year Rs. 0.06 crore). The housing loan was given by the parent company Sesa Goa Ltd. and subsequently transferred to the Company, before the concerned director assumed the office of directors.
8. The micro and small enterprises to whom amount is outstanding as at the year end and requiring disclosure under Schedule VI of the Companies Act, 1956, and the Micro Small and Medium Enterprises Development Act, 2006 are as follows:

(Rs. in crore)

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

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

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

## 10. Quantitative Information:

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

(Figures in brackets relate to Previous year)

## 11. i) Managerial Remuneration

(Rs. in crore)

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

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

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

(Rs. in crore)

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

## 12. CIF Value of Imports

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

Consumption of raw material and stores and spares:

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

## 13. Expenditure and Earnings in Foreign Currency

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

## 14. Earnings Per Share

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

\* shares not listed on any stock exchange

## 15. Related Party Information:

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

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

#### I. Holding Companies:

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

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

#### II. Fellow Subsidiaries:

With whom transactions have taken place during the year

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

#### III. Details of Key Management Personnel

Executive Directors

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

(Rs. in crore)

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

Figures in bracket relates to previous year.

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

## 17. Segment Information

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

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

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

### I. Registration Details

Registration No.	241355
State Code	24
Balance Sheet date	31.03.2009

### II. Capital Raised during the year

	(Rs. in crore)
Public Issue	Nil
Rights Issue	Nil
Bonus Issue	Nil
Private Placement	Nil

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

	(Rs. in crore)
Total Liabilities	298.13
Total Assets	298.13

#### Sources of Funds

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

#### Application of Funds

Net Fixed Assets	86.79
Investments	147.44
Net Current Assets	63.90

### IV. Performance of Company

	(Rs. in crore)
Turnover	590.17
Total Expenditure	505.44
Profit/(Loss) Before Tax	84.73
Profit/(Loss) After Tax	57.67

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

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

For and on behalf of the Board of Directors

P.K. Mukherjee  
Managing Director

H. P. U. K. Nair  
Director

Mahesh Devjani  
Company Secretary

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

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

Rs. in crore

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

Per our Report attached of even date attached

For and on behalf of the Board of Directors

Deloitte Haskins & Sells

Chartered Accountants

Mr. Sanjiv V. Pilgaonkar

Partner

Membership No. 39826

P.K. Mukherjee

Managing Director

H. P. U. K. Nair

Director

Mahesh Devjani

Company Secretary

Place: Mumbai

Dated: 20th April, 2009

Place: Panaji - Goa

Dated: 20th April, 2009







# SESA INDUSTRIES LIMITED

Regd. Office: 'Sesa Ghor', 20 EDC Complex,  
Patto, Panaji, Goa - 403 001

## ATTENDANCE SLIP

PLEASE FILL THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

Folio No.

No. of Share(s) held

I hereby record my presence at the 16th ANNUAL GENERAL MEETING of the Company on Thursday, 13th August, 2009 at 10.00 a.m. at Dinanath Mangeshkar Kala Mandir Auditorium, at Kala Academy, Panaji, Goa.

Name of the equity shareholder/proxy/representative \_\_\_\_\_

Signature of the equity shareholder/proxy/representative \_\_\_\_\_

**Note:** Shareholders are requested to bring the Attendance Slip with them when they come to the meeting and hand it over at the gate after affixing their signature on it.

# SESA INDUSTRIES LIMITED

Regd. Office: 'Sesa Ghor', 20 EDC Complex,  
Patto, Panaji, Goa - 403 001

## PROXY FORM

I/We \_\_\_\_\_  
of \_\_\_\_\_ being a member/members of SESA INDUSTRIES LIMITED, hereby  
appoint \_\_\_\_\_ of \_\_\_\_\_  
of failing him \_\_\_\_\_ of \_\_\_\_\_ or failing him \_\_\_\_\_  
of \_\_\_\_\_ as my/our proxy to vote for me/us and on my/our  
behalf at the 16th ANNUAL GENERAL MEETING of the Company to be held on Thursday, 13th August, 2009 at 10.00 a.m. at Dinanath Mangeshkar  
Kala Mandir Auditorium, at Kala Academy, Panaji, Goa and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2009.

Folio No.:

Address:

Affix  
Re. 1/-  
Revenue  
Stamp

Signature

- Notes:**
1. The proxy need NOT be a member.
  2. The proxy form duly signed across revenue stamp should be submitted to the Company's Registered Office at least 48 hours before the time of the meeting.



# BOOK-POST

*If undelivered, please return to:*

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