

**FOCUSED ON
DELIVERY
LONG TERM VALUE
PEOPLE
A SUSTAINABLE FUTURE**



2010



CONTENTS

- 01** Directors' Report
- 03** Annexure-A to Directors' Report
- 04** Annexure-B to Directors' Report

Financial Statements

- 05** Auditors' Report
- 06** Annexure to the Auditors' Report
- 08** Balance Sheet
- 09** Profit and Loss Account
- 10** Schedules Annexed to and Forming Part of the Balance Sheet
- 14** Schedules Annexed to and Forming Part of the Profit Loss and Account
- 16** Notes Forming Part of the Accounts
- 23** Balance Sheet Abstract and Company's General Business Profile
- 24** Cash Flow Statement

Directors' Report

To the Members,

The **FORTY FIRST ANNUAL REPORT** of the Company together with the Audited Statement of Accounts for the Financial Year ended 31st March 2010 is presented herewith.

1. Financial Results:

	2009-10 (Rs. in Lakhs)	2008-09 (Rs. in Lakhs)
Profit before Depreciation & Taxes	1961.31	3109.52
Less: Depreciation	253.85	267.03
Provision for Taxes		
Current Tax	515.36	1021.00
Deferred Tax	(37.19)	(6.25)
Fringe Benefit Tax	-	40.00
Tax relating to earlier years	(0.35)	(0.93)
Profit after Tax	1,229.64	1,788.67
Surplus/(Loss) Brought forward	8,213.30	6,424.62
Balance Carried forward	9,442.94	8,213.30

2. Dividend

With a view to conserve resources for future operations, your Directors do not recommend any dividend for the financial year ended 31st March 2010.

3. Performance and outlook

While there was a marginal drop in iron ore sales from Rs.147.3 crore in 2008-09 to Rs.140.8 crore in 2009-10, due to lower price realizations, profit after tax (PAT) reduced from Rs.17.9 crore in 2008-09 to Rs.12.3 crore in 2009-10.

During the year under review, the operations of the Company have been streamlined and integrated with that of Sesa Goa. The Company will continue to maintain these levels of operations and is fairly optimistic about contributing to Sesa Goa's growth plans in 2010-11.

4. Directors

Mr. P.K. Mukherjee, Director, retires by rotation at the ensuing Annual General Meeting and, being eligible, offers himself for re-appointment.

Mr. Pramod Unde was appointed as an Additional Director and Wholtime Director of the Company, at the Board Meeting held on 20th October, 2009, effective from 1st November, 2009 for a period of three years, subject to the approval of the shareholders at the ensuing Annual General Meeting. Mr. Pramod Unde ceases to hold office at the ensuing Annual General Meeting, in terms of Section 260 of the Companies Act, 1956 but being eligible offers himself for re-appointment.

5. Auditors

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

6. Awards

After being acquired by Sesa Goa in 2009-10, the operations of the Company's businesses are being integrated with that of Sesa Goa. Consequently, the Company has contributed to several awards received by Sesa.

7. Safety

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

Particulars	2009-10	2008-09
FSI	0.101	-

Directors' Report continued

8. 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 judgments and estimates have been made that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31 March 2010 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.

9. ISO Certification

The company continues to focus on adopting efficient quality systems and environmental practices. During the year under review, your Company has maintained ISO-9001:2000 and ISO-14001:2004 certifications.

10. Particulars of employees - u/s. 217(2A)

A statement giving prescribed information relating to employees pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is annexed to this Report.

11. Acknowledgement

The Directors would like to thank the employees and employee unions, shareholders, customers, suppliers, bankers, regulatory authorities and all the other business associates of the Company for their confidence and support to its Management. It would also like to thank the Central and State Governments for their support. And, finally, Dempo Mining Corporation recognizes and appreciates the cooperation and support from its holding Company VS Dempo limited and its principal shareholders Sesa Goa.

For and on behalf of the Board of Directors

Pramod Unde

Whole Time Director

Sushil Gupta

Director

Place: Panaji, Goa

Dated : 19th April 2010

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 2010.

(A) Conservation of Energy

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

(B) Technological Absorption

Particulars with respect to Technology Absorption are given below:

Research and Development (R&D):

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

The Company is looking for new process designs and applications of efficient machinery for iron ore beneficiation and mining on a continuous basis. Focus is also on towards process development work on the recovery of iron from tailings along with optimization of blend of various grades to achieve customer satisfaction and to conserve the iron ore resource.

During 2009-10, specifically, the Company invested in developing anti friction liner – 'UHMWPE Polyslick', along with its hardware to reduce choking in iron ore flow while processing.

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

The benefits include reductions in operating costs; improvements in environmental control; optimization of the product mix; and conservation of resources. The coke business will also be reaping benefits through upgrading of technology.

3. Future plans of action:

Developmental work will continue to be carried out in all the above areas with a focus on cost reduction and quality improvement.

4. Expenditure on R&D:

	2009-10 (Rs. in crore)	2008-09 (Rs. in crore)
a) Capital	0.00	0.00
b) Recurring (revenue)	0.03	0.00
c) Total	0.03	0.00
d) Total R & D expenditure as a Percentage of total turnover	0.02%	-

Technology Absorption, Adaptation and Innovation:

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

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

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

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

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

(C) Foreign Exchange Earnings and Outgo

There were no foreign exchange earnings and outgo during the year under review.

For and on behalf of the Board of Directors

Pramod Unde
Whole Time Director

Sushil Gupta
Director

Place: Panaji, Goa
Dated : 19th April 2010

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, 2010

Sr.No.	Name of the Employee	Designation/ Nature of Duties	Gross Remuneration (Rs. In Lakhs)	Qualification	Experience In Years	Date of Commencement of Employment	Age of the Employee (Years)	Last Employment held before joining the Company
1	2	3	4	5	6	7	8	9
(A) Employed throughout the financial year - NIL								
(B) Employed for part of the financial year								
1	Dempo Soiru V.	Managing Director	8.11	B.A	40	01-11-1969	66	NA*
2	Pramod Unde	Whole Time Director	41.04	BE(Mechanical), AMIE, ICWA(Inter)	28	03-08-2009	47	KCM, Zambia

*NA- Not Applicable

Notes:

- 1 The Gross Remuneration received / receivable is inclusive of Salaries, Bonus, Commission to Directors, Company's Contribution towards Provident Fund, House .Assistance, Superannuation Fund, Medical and other benefit, Leave Travel Assistance and Allowances as applicable in accordance with the Company's Rules
- 2 The Company Contribution to a separate Gratuity Trust Fund for future payment of retirement Gratuity to its employees.The trust has taken a Group Gratuity -Cum Life Insurance Corporation of India Limited.The liability pertaining to Individual Employee is not ascertainable and therefore has not been included.
- 3 The nature of Employment is Contractual.
- 4 Mr.Soiru V.Dempo is related to Mr.Shrinivas V Dempo, Chairman of the Company who resigned w.e.f 11th June, 2009.

For and on behalf of the Board of Directors

Pramod Unde
Whole Time Director

Sushil Gupta
Director

Place: Panaji
Dated : 19th April 2010

Auditors' Report

To the members of Dempo Mining Corporation Limited

1. We have audited the attached Balance Sheet of DEMPO MINING CORPORATION LIMITED ("the Company") as at 31st March, 2010, the Profit and Loss Account and the Cash Flow Statement of the Company for year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, (CARO) issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (a) we have obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) the Balance Sheet, the 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 are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - (e) in our opinion and to the best of our information and according to the explanations given to us, the said financial statements give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended 31st March, 2010; and
 - (iii) in the case of the Cash Flow Statement of the cash flows for the year ended 31st March, 2010.
5. On the basis of written representations received from the directors as on 31st March, 2010, and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of section 274(1)(g) of the Companies Act, 1956.

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

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

Place: Panaji, Goa
Dated : 19th April 2010

Annexure to the Auditors' Report (Referred to in paragraph 3 of our report of even date)

- (i) Having regard to the nature of the Company's business/activities/result, clauses (xiii) and (xiv) of CARO are not applicable.
- (ii) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
 - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii) In respect of its inventories:
 - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
 - (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iv) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- (v) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (vi) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
 - (a) The particulars of contracts or arrangements referred to Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
 - (b) Where each of such transaction is in excess of Rs.5 lakhs in respect of any party, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time except for sales of Iron Ore to V.S. Dempo & Company Limited. The Company has sold the entire stock of finished goods of iron ore to its holding company, at agreed rates as per the long term bilateral agreement for which corresponding market rates for similar transactions are not ascertainable.
- (vii) According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year.
- (viii) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the management have been commensurate with the size of the Company and the nature of its business.
- (ix) In our opinion and according to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of the Company's products.
- (x) According to the information and explanations given to us in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2010 for a period of more than six months from the date they became payable.
 - (c) There were no disputed dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on 31st March, 2010.
- (xi) 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.
- (xii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks, financial institutions and debenture holders.

Annexure to the Auditors' Report continued (Referred to in paragraph 3 of our report of even date)

- (xiii) In our opinion, the Company has maintained adequate records where it has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiv) In our opinion and according to the information and explanations given to us, the Company has not given guarantees, for the loans taken by others from banks or financial institutions during the year.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not availed any term loans during the year.
- (xvi) According to the information and explanation given to us and on an overall examination of the Balance Sheet of the Company, we report that, funds raised on short term basis have, not been used during the year for long term investment.
- (xvii) 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.
- (xviii) 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.
- (xix) According to the information and explanations given to us, the Company has not raised any money by public issue during the year.
- (xx) 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 has been noticed or reported during the year.

For Deloitte Haskins & Sells

Chartered Accountants
(Registration No. 008072S)

C.R. Rajagopal

Partner
(Membership No.23418)

Place: Panaji, Goa

Dated : 19th April 2010

Balance Sheet

as at 31st March 2010

Particulars	Sch No.	As at 31st March 2010		As at 31st March 2009	
		Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS					
Shareholders' funds					
Share capital	1	115,000,000		115,000,000	
Reserves and surplus	2	986,928,601		863,964,788	
			1,101,928,601		978,964,788
Loan funds					
Secured loans	3	-		21,593,499	
Unsecured loans		-		-	
					21,593,499
Total			1,101,928,601		1,000,558,287
APPLICATION OF FUNDS					
Fixed assets	5				
Gross block		704,217,929		714,000,227	
Less: Depreciation		507,676,816		516,572,575	
Net Block		196,541,113		197,427,652	
Capital work-in-progress			68,562,348		25,863,069
			265,103,461		223,290,721
Investments	6		646,717,866		2,294,520
Deferred tax Asset	4		20,183,188		16,464,361
Current assets, loans and advances					
Inventories	7	233,611,186		466,175,043	
Sundry debtors	8	44,580,174		193	
Cash and bank balances	9	29,309,014		360,511,587	
Other current assets		3,115,251		711,485	
Loans and advances	10	106,313,391		80,842,935	
		416,929,016		908,241,243	
Less: Current liabilities and provisions					
Current liabilities	11	233,074,215		106,360,578	
Provisions	12	13,930,715		43,371,980	
		247,004,930		149,732,558	
Net current assets			169,924,086		758,508,685
Total			1,101,928,601		1,000,558,287
Notes to accounts	17				

Per our report attached of even date attached.

For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the Board of Directors

C.R.Rajagopal
Partner

Pramod Unde
Whole Time Director

Sushil Gupta
Director

Rahul Tibrewal
Company Secretary

Place: Goa
Dated: 19th April 2010

Place: Panaji – Goa
Dated: 19th April 2010

Profit and Loss Account

For the year ended 31st March 2010

Particulars	Sch No.	Year ended 31st March 2010		Year ended 31st March 2009	
		Rs.	Rs.	Rs.	Rs.
INCOME					
Sales of ore		1,408,430,821		1,472,614,431	
Miscellaneous income	13	30,996,303		10,222,836	
			1,439,427,124		1,482,837,267
EXPENDITURE					
Production and operational expenses	14	1,233,249,508		1,145,625,531	
Administration expenses	15	9,782,853		24,466,621	
Interest and other charges	16	263,235		1,793,245	
Depreciation		25,385,202		26,703,063	
			1,268,680,798		1,198,588,460
Profit before tax			170,746,326		284,248,807
Less: Provision for taxation					
Current tax			(51,536,200)		(102,100,000)
Deferred tax			3,718,827		625,561
Fringe benefit tax			-		(4,000,000)
Prior year taxes			34,860		93,013
Profit after taxes			122,963,813		178,867,381
Balance brought forward			821,329,598		642,462,217
			944,293,411		821,329,598
Surplus carried to reserve and surplus			944,293,411		821,329,598
Earnings per share – basic and diluted (Refer Note No. 12 of Schedule 17)			106.93		155.54
Nominal value per share			100.00		100.00
Notes to accounts	17				

Per our report attached of even date attached.

For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the Board of Directors

C.R.Rajagopal
Partner

Pramod Unde
Whole Time Director

Sushil Gupta
Director

Rahul Tibrewal
Company Secretary

Place: Goa
Dated: 19th April 2010

Place: Panaji – Goa
Dated: 19th April 2010

Schedules Annexed to and Forming Part of the Balance Sheet

Schedule 1: Share capital

Particulars	As at 31st March 2010		As at 31st March 2009	
	Rs.	Rs.	Rs.	Rs.
Authorised				
1,150,000 equity shares of Rs. 100/- each (Previous year 1,150,000 equity shares of Rs. 100/- each)		115,000,000		115,000,000
Issued and Subscribed				
1,150,000 equity shares of Rs. 100/- each (Previous year 1,150,000 equity shares of Rs. 100/- each)		115,000,000		115,000,000
Total		115,000,000		115,000,000

Notes:

- All the above equity shares are held by V.S.Dempo & Co. Limited, the holding company and a subsidiary of Sesa Goa Limited; Vedanta Resources Plc being the ultimate holding Company.
- Out of the above equity shares, 25,636 equity shares of Rs. 100/- each were allotted as fully paid up Bonus shares by way of capitalisation of General Reserve.

Schedule 2: Reserves and surplus

Particulars	As at 31st March 2010		As at 31st March 2009	
	Rs.	Rs.	Rs.	Rs.
Capital reserve		6,635,190		6,635,190
General reserve				
As per last balance sheet		36,000,000		36,000,000
Profit and loss account – Surplus				
As per annexed account		944,293,411		821,329,598
Total		986,928,601		863,964,788

Schedule 3: Secured loans

Particulars	As at 31st March 2010		As at 31st March 2009	
	Rs.	Rs.	Rs.	Rs.
From Others				
Overdraft account [Secured by lien on Fixed Deposits aggregating Rs.Nil (Previous year Rs. 24,044,381)]		-		21,593,499
Total		-		21,593,499

Schedule 4: Deferred tax

Particulars	As at 31st March 2010		As at 31st March 2009	
	Rs.	Rs.	Rs.	Rs.
Deferred tax liabilities				
on temporary timing differences – in respect of gratuity		-		2,611,797
Deferred tax assets				
– in respect of depreciation allowance	11,456,047		10,064,144	
– in respect of compensated absences	5,554,982		6,143,223	
– in respect of provision for slow/non moving inventory	1,861,364		-	
– in respect of mine closure expenses	1,310,795		-	
– Others	-	20,183,188	2,868,791	19,076,158
Net deferred tax Asset	-	20,183,188		16,464,361

Schedule 5: Fixed assets

Particulars	Original Cost				Depreciation/Amortisation				Net Value	
	Opening as at 1st April 2009 Rs.	Additions Rs.	Deductions Rs.	Closing as at 31st March 2010 Rs.	Opening as at 1st April 2009 Rs.	For the Year Rs.	On Deductions Rs.	Up to 31st March 2010 Rs.	As at 31st March 2010 Rs.	As at 31st March 2009 Rs.
Tangible Assets										
Land Plots (Note)	100,206,571	-	-	100,206,571	6,000	-	-	6,000	100,200,571	100,200,571
Roads & Bunders	22,700,322	-	-	22,700,322	10,125,880	725,688	-	10,851,568	11,848,754	12,574,442
Buildings	20,538,511	2,385,003	641,765	22,281,749	11,969,962	743,284	625,535	12,087,711	10,194,038	8,568,549
Plant and Machinery	538,858,113	20,873,374	27,336,996	532,394,491	474,147,714	20,819,077	26,723,971	468,242,820	64,151,671	64,710,399
Vehicles	28,716,451	3,406,340	7,341,299	24,781,492	17,808,410	2,855,285	5,639,647	15,024,048	9,757,444	10,908,041
Furniture and Fittings	2,980,259	165,145	1,292,100	1,853,304	2,514,609	241,868	1,291,808	1,464,669	388,635	465,650
TOTAL	714,000,227	26,829,862	36,612,160	704,217,929	516,572,575	25,385,202	34,280,961	507,676,816	196,541,113	197,427,652
Previous year	669,202,598	48,472,977	3,675,348	714,000,227	493,201,934	26,703,063	3,332,422	516,572,575		
Capital Work In Progress									38,156,506	25,863,069
Capital advances									30,405,842	-
Grand Total									265,103,461	223,290,721

Note:
Land Plots include under Perpetual Lease Rs. 6,000 (Previous year Rs. 6,000).

Schedule 6: Investments

Particulars	As at 31st March 2010		As at 31st March 2009	
	Rs.	Rs.	Rs.	Rs.
Long-term Investments (at cost less provision for diminution):				
Non-Trade, quoted shares: (Fully paid up)				
Nil (Previous year 112,500) Equity Shares of Rs. 10/- each in IL&FS Investment Managers Ltd.	-		1,250,000	
Nil (Previous year 303) Equity Shares of Rs. 10/- each in The Great Eastern Shipping Co. Ltd.	-		18,148	
Nil (Previous year 42) Equity Shares of Rs. 10/- each in Mahindra Gesco Developers Ltd.	-		2,578	
Nil (Previous year 75) Equity Shares of Rs. 10/- each in Great Offshore Ltd.	-		4,491	
Nil (Previous year 22) Equity Shares of Rs. 10/- each in Pfizer Ltd.	-		10,073	
Nil (Previous year 100) Equity Shares of Rs. 10/- each in The Baroda Rayon Corporation Ltd.	-		108,470	
			-	1,393,760
Current Investment (at lower of cost and market value)				
Non-trade, unquoted (Fully paid up):				
In Mutual Funds				
21,369,004 (Previous Year Nil) units of Rs. 10 each Birla Saving Fund Institutional - Growth Option	373,545,156		-	
13,507,210 (Previous Year Nil) units of Rs. 10 each HDFC Treasury Advantage Plan - Wholesale Growth	272,665,950		-	
50,000 (Previous year 50,000) units of Rs. 10 each Principal PNB Term Equity Fund 3 plan series II Growth Plan	500,000		500,000	
Nil (Previous year 50,000) units of Rs. 10 each in Taurus Mutual Fund The Starshare	-		500,000	
	646,711,106			1,000,000

Schedules Annexed to and Forming Part of the Balance Sheet continued

Schedule 6: Investments continued

Non-Trade, Unquoted shares: (Fully paid up) In Co-operative Societies:

276 (Previous year 276) equity share of Rs. 10/- each in Dempo Mining Corporation Staff Consumers Co-Operative Society Ltd.	2,760	2,760
400 (Previous year 400) equity share of Rs. 10/- each in Dempo Mining Corporation Employees Co-Operative Credit Society Ltd.	4,000	4,000
	6,760	6,760
Provision for diminution in value of investments	-	106,000
Total	646,717,866	2,294,520

Notes

1. Aggregate amount of mutual fund investments at net asset value	646,764,861	1,000,000
2. Aggregate amount of unquoted investments at cost [including mutual funds Rs 646,711,106 (Previous year Rs. 1,000,000)]	646,717,866	1,006,760
3. Mutual Fund units purchased & sold during the year		

	No. of Units	Purchase Cost Rs.
a) Birla Sun Life Cash Plus Institutional Daily Dividend Reinvestment	34,580,150	373,545,156
b) HDFC Cash Management Fund –Savings Plan – Daily – Dividend Re-investment	47,954,327	510,061,405
c) HDFC Cash Management Fund – Treasury Advantage Plan – Wholesale Daily Dividend Re-investment	24,150,089	242,261,617

Schedule 7: Inventories

Particulars	As at 31st March 2010		As at 31st March 2009	
	Rs.	Rs.	Rs.	Rs.
Stocks of (at lower of cost and net realisable value):				
Finished goods – Iron ore	209,930,481		426,007,501	
Consumables stores and spares	23,680,705		40,167,542	
Total	233,611,186		466,175,043	

Schedule 8: Sundry debtors

Particulars	As at 31st March 2010		As at 31st March 2009	
	Rs.	Rs.	Rs.	Rs.
Debts outstanding for a period exceeding six months		-		-
Other debts, unsecured and considered good	44,580,174			193
Total	44,580,174			193

Schedule 9: Cash and bank balances

Particulars	As at 31st March 2010		As at 31st March 2009	
	Rs.	Rs.	Rs.	Rs.
Cash in hand		10,981		91,472
Balances with scheduled banks:				
On current account	808,604		331,983,769	
On deposit account [including on lien Rs. Nil (Previous year Rs. 24,044,381)]	28,489,429		28,421,713	
On EEFC account		-	14,633	
		29,298,033		360,420,115
Total	29,309,014		360,511,587	

Schedule 10: Loans and advances

Particulars	As at 31st March 2010		As at 31st March 2009	
	Rs.	Rs.	Rs.	Rs.
Unsecured considered good unless otherwise stated				
Advances recoverable in cash or in kind or for value to be received:				
Considered good	60,814,137		58,368,832	
Considered doubtful	-		3,973,328	
Less: Provision for doubtful advances	- 60,814,137		3,973,328	58,368,832
Loans and advances to staff	4,578,201		2,839,886	
Prepaid expenses	16,586,423		19,313,467	
Advance tax (net of provision for tax Rs. 1,635,657) (Previous year Rs.Nil)	24,105,630		-	
Deposits	229,000		320,750	
Total	106,313,391		80,842,935	

Schedule 11: Current liabilities

Particulars	As at 31st March 2010		As at 31st March 2009	
	Rs.	Rs.	Rs.	Rs.
Sundry creditors				
(i) Due to micro and small enterprises (Refer Note No. 5 of Schedule 17)	-		-	
(ii) Due to others *	227,084,577		98,372,557	
	227,084,577		98,372,557	
Other liabilities	5,989,638		7,988,021	
Total	233,074,215		106,360,578	

* Includes Rs. Nil due to the directors (Previous year Rs. 1,260,000)

Schedule 12: Provisions

Particulars	As at 31st March 2010		As at 31st March 2009	
	Rs.	Rs.	Rs.	Rs.
Provision for taxation [Net of Advance Tax Nil (Previous year Rs. 165,521,804)]		-	27,945,106	
Compensated absences	13,930,715		15,426,874	
Total	13,930,715		43,371,980	

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

Schedule 13: Miscellaneous income

Particulars	Year ended 31st March 2010		Year ended 31st March 2009	
	Rs.	Rs.	Rs.	Rs.
Interest on bank deposits [Tax deducted at source Rs. 135,466 (Previous year Rs. 671,687)]	3,570,135		2,584,864	
Interest others	316,058		164,093	
		3,886,193		2,748,957
Dividends (non-trade)				
On current investments	2,336,106		418,334	
On long-term investments	1,664	2,337,770	1,209,538	1,627,872
Profit on sale of current investments (net)		16,564,523		-
Profit on sale of assets (net)		233,253		165,893
Excess provisions written back		7,114,712		2,189,272
Other receipts		859,852		3,487,258
Difference in rate of exchange (net)		-		3,584
Total		30,996,303		10,222,836

Schedule 14: Production and operational expenses

Particulars	Year ended 31st March 2010		Year ended 31st March 2009	
	Rs.	Rs.	Rs.	Rs.
Increase/decrease in stock of ore				
Opening stock	426,007,501		494,711,556	
Less: Closing stock	209,930,481		426,007,501	
		216,077,020		68,704,055
Consumption of stores		147,270,185		189,395,820
Purchase of ore		-		200,004,899
Personnel (Refer Note No. 10 of Schedule 17)				
Salaries, wages, bonus and allowances	151,194,547		151,428,990	
Contributions to provident and other funds	9,759,664		9,632,479	
Contributions to gratuity and annuity funds	403,898		9,855,229	
Staff welfare expenses	13,463,222		34,913,812	
		174,821,331		205,830,510
Repairs and maintenance				
Plant machinery	87,936,194		80,030,723	
Buildings	1,538,625		1,758,198	
Others	5,522,769		12,489,700	
		94,997,588		94,278,621
Contractors for hired trucks and other services		283,332,694		302,228,379
Rents		3,049,491		2,589,379
Royalty and cess		236,991,442		21,544,481
Rates and taxes		2,953,288		2,527,803
Insurance		2,420,129		2,492,856
Electricity and water charges		21,598,114		20,306,496
Analysis of ore		-		54,198
Printing and stationery		607,596		666,631
Travelling and representation expenses		3,630,172		3,180,270
General expenses		41,553,019		31,821,133
Difference in exchange rate (net)		1,346		-
Provision for mine closure expenses		3,946,093		-
Total		1,233,249,508		1,145,625,531

Schedule 15: Administration expenses

Particulars	Year ended 31st March 2010		Year ended 31st March 2009	
	Rs.	Rs.	Rs.	Rs.
Personnel (Refer Note No. 10 of Schedule 17)				
Salaries, wages, bonus, allowances and commission	3,468,436		2,798,394	
Contributions to provident and other funds	196,803		172,406	
Staff welfare expenses	90,839		312,528	
		3,756,078		3,283,328
Printing and stationery		39,457		51,101
Postage, telephone, cables and telex charges		59,361		99,541
Fees to auditors				
Statutory audit fees	705,920		675,447	
Other certification fees	231,630		-	
Reimbursement of expenses	54,574		110,410	
		992,124		785,857
Sitting fees and commission to non wholetime directors		10,000		40,000
Travelling and representation expenses		-		475
Professional and legal charges	2,960,445		2,966,469	
Maintenance of vehicles		16,927		-
Donations and contributions		381,100		12,800,000
Bad debts/advances/deposits written off	1,251,049		3	
Loss on sale of current investments (net)		-		3,893,167
Assets written off		25,131		-
Miscellaneous expenses		291,181		546,680
Total		9,782,853		24,466,621

Schedule 16: Interest and other charges

Particulars	Year ended 31st March 2010		Year ended 31st March 2009	
	Rs.	Rs.	Rs.	Rs.
Interest others		235,805		1,639,221
Other charges		27,430		154,024
Total		263,235		1,793,245

Notes Forming Part of the Accounts

For the year ended 31st March 2010

Schedule 17:

1. Significant Accounting Policies:

i) Basis of accounting

The financial statements are prepared as a going concern under historical cost convention on an accrual basis and 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 management to make estimates and assumptions that affect the reported amount of assets, liabilities and the disclosure of contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period.

Difference between the actual results and the estimates are recognised in the periods in which the results are known/materialise.

iii) Revenue recognition

Revenue is recognized when significant risks and rewards of ownership of the goods sold are transferred to the customer and the commodity has been delivered to the shipping agent/customer. Revenue represents the invoice value of goods and services provided to third parties net of discounts, volume rebates, outgoing sales taxes and duties. In cases where the terms of the executed sales agreement allow for an adjustment to the sales price based on a survey of the goods by the customer (for instance an assay for mineral content), recognition of the sales revenue is based on the most recently determined estimate of product specifications.

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

Dividend income is recognised when the shareholders' right to receive payment is established by the balance sheet date. Interest income is recognised on a time proportion basis in the Profit and Loss Account.

iv) Tangible Fixed assets

Fixed assets are stated at at historical cost (exclusive of available Central and State VAT credit) less accumulated depreciation/ amortisation and impairment loss. Costs include expenses incidental to the installation of assets, attributable borrowing and financing costs. Borrowing costs include foreign currency translation differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to the interest costs.

v) Assets in the course of construction

Assets in the course of construction are reflected as Capital work in progress. At the point when an asset is operating at management's intended use the cost of construction (net of income earned during the construction period) is transferred to the appropriate category of fixed assets.

vi) Intangible fixed assets

Intangible fixed assets other than goodwill are recognised if such assets are identifiable non-monetary assets, they represent resources controlled by the Company as a result of past events, such assets are

held for use through which future economic benefits are expected to flow to the Company and their costs can be reasonably measured. Goodwill arising on a business acquisition is recognised to the extent of the excess of the amount paid over the fair value of the net assets acquired. Intangible fixed assets are stated at cost less amortisation and impairment loss if any.

vii) Depreciation and amortisation

Depreciation except as indicated below is provided for using the Straight Line Method (SLM) at the rates specified under Schedule XIV of the Companies Act, 1956 calculated for the remaining life of the assets reckoned from 1st June 2009. Hitherto, the depreciation was calculated on written down value method at the rates prescribed under same statute.

- a) vehicles, furniture and computers are depreciated at the annual rate of 20%, 10% and 30% respectively;
- b) individual items of assets costing Up to Rs. 5,000 are wholly depreciated in the year of acquisition.

Depreciation has been charged from the month of the date of purchase in the case of acquisitions made during the year. In respect of assets sold, depreciation is provided Up to the month prior to the date of sale.

viii) Impairment of assets

The carrying amounts of fixed assets are reviewed at each balance sheet date, if there is any indication of impairment based on internal/ external factors. An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is recognised in the profit and loss account where the carrying amount of an asset exceeds its recoverable amount. The impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

ix) 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 fair value, whichever is lower.

x) Inventories

- a) Stock of iron ore is valued at lower of cost and net realisable value. Material cost of finished goods is determined on a weighted average basis. Net realisable value is determined based on estimated selling price, less further costs expected to be incurred to completion and disposal.
- b) Consumable stores and spares are valued at cost determined on the basis of weighted average method.

xi) Foreign currency transactions

- a) Transactions in foreign currency are recorded at the exchange rates prevailing on the date of the transaction.
- b) Foreign currency monetary assets and liabilities denominated are translated at year end exchange rates.

- c) Exchange difference arising on settlement of transactions and translation of monetary items are recognized as income or expense in the Profit and Loss account

xii) Borrowings costs:

Borrowing Cost attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets Up to the date when such assets are ready for intended use. To the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation on that asset is determined as the actual borrowing costs incurred on that borrowing during the period less any income on the temporary investment of those borrowings. To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditure on that asset. The capitalisation rate is determined as the weighted average of the borrowing costs applicable to the borrowings of the enterprise that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. All other costs are charged to Profit and Loss Account.

xiii) Employee benefits

a) Short-term

Short-term employee benefits are recognised as an expense at the undiscounted amount expected to be paid over the period of services rendered by the employees to the Company.

b) Long-term

Provident fund: The eligible employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary. The contributions as specified under the law are paid to the provident fund and pension fund set up as irrevocable trust by the Company or to respective Regional Provident Fund Commissioner and the Central Provident Fund under the State Pension scheme. The Company is generally liable for annual contributions and any shortfall in the fund assets based on the government specified minimum rates of return or pension and recognises such contributions and shortfall, if any, as an expense in the year incurred.

The Company also contributes to a government administered provident fund in respect of its crew members of the Transfer Vessel, which is also charged to the Profit and loss account.

Gratuity Fund: The Company accounts for the net present value of its obligations for gratuity to employees (other than crew members of the Company's Transfer Vessel) based on an independent external actuarial valuation carried out annually and determined using the projected unit credit method. The Company makes annual contributions to funds administered by trustees and managed by insurance company for amounts notified by the said insurance company. Actuarial gains and losses are immediately recognised in the Profit and Loss Account.

Provision for gratuity to the crew members is made on a reasonable estimate basis as actuarial valuation of the liability is not possible.

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.

c) 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 year end.

xiv) Foreign currency forward contracts

The Company enters into forward derivative financial instruments to hedge its exposure to foreign currency. The Company does not hold derivative financial instruments for speculative purposes. Derivative financial instruments are initially recorded at their fair value on the date of the derivative transaction and are re-measured at their fair value at subsequent balance sheet dates.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the Profit and Loss Account.

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recorded in reserves and surplus. Amount deferred to reserves and surpluses are recycled in the income statement in the periods when the hedged item is recognised in the Profit and Loss Account.

Derivative financial instruments that do not qualify for hedge accounting are marked to market at the balance sheet date and gains or losses are recognized in the income statement immediately.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss on the hedging instrument recognised in reserves and surplus is kept in reserves and surplus until the forecast transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in reserves and surplus is transferred to net profit or loss for the year.

xv) Provisions, contingent liabilities and contingent assets

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

Notes Forming Part of the Accounts continued

For the year ended 31st March 2010

Schedule 17: continued

xvi) Segment reporting

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

xvii) Taxes on income

The Company's income taxes include taxes on the Company's taxable profits, adjustment attributable to earlier periods and changes in deferred taxes. Valuation of all tax liabilities/receivables is carried at nominal amounts and in accordance with enacted tax regulations, rates or in the case of deferred taxes those that have been substantially enacted.

Deferred tax resulting from 'timing differences' between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is reasonable certainty backed by convincing evidence that asset will be realised in future.

2. Acquisitions/disinvestments:

Pursuant to the Share purchase agreement dated 11th June 2009 between the shareholders of the Holding Company i.e. V.S. Dempo & Co. Ltd. and Sesa Goa Limited, the entire shares of the Holding Company have been purchased by Sesa Goa Limited. Consequently with effect from 11th June 2009, V. S. Dempo & Co. Ltd. has become a wholly owned subsidiary of Sesa Goa Limited; and accordingly the Company is a Public Limited Company. The consequent changes are in process and awaiting clearance from Registrar of Companies and Ministry of Corporate Affairs.

3. Contingent liabilities:

	As at 31st March 2010 (Rs.)	As at 31st March 2009 (Rs.)
i) Guarantees issued by the bankers in favour of various parties	7,735,512	11,954,722
ii) Goa Welfare Cess on transportation under the Goa Rural Development and welfare cess Act 2000 (Goa Act 29 of 2000)	158,707,222	-

The Company does not expect any liability to devolve in respect of the claims listed in (i) to (ii) above and therefore no provision has been held in the accounts.

- Estimated amount of contracts remaining to be executed on capital account and not provided for aggregated Rs. 166,302,947/- (Previous year Rs. 167,624,288/-).
- The Company has not received any intimation from 'suppliers' regarding their status under the Micro, Small and Medium, Enterprises Development Act, 2006 and hence disclosures relating to amount unpaid as at year end together with interest paid/payable under this Act have not been given.

6. Managerial Remuneration

i) Remuneration to directors

	2009-10 (Rs.)	2008-09 (Rs.)
Salary, allowances and bonus	3,548,815	2,520,000
Commission	177,500	900,000
Contribution to provident, superannuation and other funds ¹	517,185	486,000
Other benefits	671,846	354,676
Total	4,915,346	4,260,676

1 Excluding contribution to gratuity fund and encashable leave as separate valuation for the same is not available.

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

	2009-10 (Rs.)	2008-09 (Rs.)
Profit before taxes	170,746,326	284,248,807
Add: Sitting fees	10,000	40,000
Loss of sale of investments	-	3,893,167
Less: Profit on sale/redemption of investments	16,564,523	-
Profit on sale of assets	233,253	165,893
Profit under section 349	153,958,550	288,016,081
Add: Directors remuneration	4,915,346	4,260,676
Profit under Section 198	158,873,896	292,276,757
- Commission payable to Managing director @ 1%	1,588,739	2,922,768
- Commission payable to Managing director restricted to 50% of the salary	177,500	900,000

7. Quantitative information

i) Details on capacity and production

Licensed and installed capacity – Not applicable being a mining company.

ii) Details of opening stock, purchases, sales and closing stock of finished goods:

Class of products	2009-10		2008-09	
	Quantity in Metric tons	Value (Rs.)	Quantity in Metric tons	Value (Rs.)
Iron Ore				
Opening Stock	1,191,097	426,007,501	1,439,207	494,711,556
Production – Note 1	1,773,164	1,008,373,758	2,217,325	833,668,570
Purchases – Note 1	–	–	161,789	200,004,899
Sales	2,501,147	1,408,430,821	2,627,223	1,472,614,431
Closing Stock	463,115	209,930,481	1,191,097	426,007,501

Note: Net of processing and handling loss on ore handled and processed/reprocessed during the year.

8. Donations and contributions include payment to the following political parties:

Particulars	2009-10 (Rs.)	2008-09 (Rs.)
– Bharatiya Janata Party	–	1,50,000
– Shiv Sena	–	50,000
Total	–	2,00,000

9. Research & development expenditure of Rs. 2,77,590 (Previous year Rs. Nil) has been charged to Profit and Loss Account under specific heads of accounts.

10. Employee benefits:

i) Defined Contribution Plans:

The Company offers its employees benefits under defined contribution plans in the form of provident fund, family pension fund and superannuation fund. Provident fund, family pension fund and superannuation fund cover substantially all regular employees. Contributions are paid during the year into separate funds under certain statutory/fiduciary type arrangements. While both the employees and the Company pay predetermined contributions into the provident fund and pension fund, the contribution to the 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. 10,360,365 (Previous year Rs. 10,416,854) has been charged to the profit and loss account in this respect, the components of which are tabulated below:

Contribution to defined contribution plans	2009-10 (Rs.)	2008-09 (Rs.)
Provident fund and family pension fund	9,956,467	9,829,282
Superannuation fund	403,898	587,572
Total	10,360,365	10,416,854

ii) Defined Benefit Plans:

The Company offers its employee's defined benefit plans in the form of a gratuity scheme. Gratuity Scheme covers all employees as statutorily required under Payment of Gratuity Act 1972. The Company has constituted a trust recognised by Income Tax authorities for gratuity to employees. The Company contributes funds to Life Insurance Corporation of India and HDFC. 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 costs'.

Notes Forming Part of the Accounts continued

For the year ended 31st March 2010

Schedule 17: continued

a) Movement in the present value of defined benefit obligation

	2009-10 (Rs.)	2008-09 (Rs.)
Obligation at the beginning of the year	47,003,498	40,409,326
Current service cost	2,919,055	2,684,656
Interest cost	3,623,508	3,249,377
Actuarial (gains) and losses	(6,793,538)	5,613,690
Benefits paid	3,218,237	4,953,551
Obligation at the end of the year	43,534,286	47,003,498

b) Movement in the fair value of plan assets

	2009-10 (Rs.)	2008-09 (Rs.)
Fair value at the beginning of the year	54,687,514	38,846,562
Expected return on the plan assets	4,246,272	4,375,007
Actuarial gains and (losses)	1,933,750	(1,898,301)
Employers' contribution	-	18,317,797
Benefits paid	3,218,237	4,953,551
Fair value at the end of the year	57,649,299	54,687,514

c) Amount recognised in the Balance Sheet

	As at 31st March 2010 (Rs.)	As at 31st March 2009 (Rs.)
Present value of the obligation at the end of the year	43,534,286	47,003,498
Fair value of the plan assets at the end of the year	57,649,299	54,687,514
Unfunded status/(Excess of funding over obligation)	(14,115,013)	(7,684,016)
Net liability/(asset) recognised in the Balance Sheet	(14,115,013)	(7,684,016)

d) Expense/Income recognised in the Profit and Loss Account

	2009-10 (Rs.)	2008-09 (Rs.)
Current service cost	2,919,055	2,684,656
Interest cost	3,623,508	3,249,377
Expected return on plan assets	(4,246,272)	(4,375,007)
Actuarial gains and (losses)	(8,727,288)	7,511,991
Total expense/income recognised in the Profit and Loss Account	(6,430,997)	9,071,017

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

e) Actual return on plan assets

	2009-10 (Rs.)	2008-09 (Rs.)
Expected return on plan assets	4,246,272	4,375,007
Actuarial gains and (losses)	1,933,750	(1,898,301)
Actual return on plan assets	6,180,022	2,476,706

f) Actuarial assumptions

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

	2009-10	2008-09
Discount rates	8.25%	8%
Expected return on plan assets	8%	8%
Salary escalations	5%	5%
Withdrawal rates	2%	2%
Mortality	LIC	LIC
	(1994-96) Ultimate	(1994-96) Ultimate

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.

g) *Experience adjustment*

	2009-10 (Rs.)	2008-09 (Rs.)
Present value of the obligation	43,534,286	47,003,498
Fair value of plan assets	57,649,299	54,687,514
Surplus/deficit in the plan	14,115,013	7,684,016
Experience adjustment on plan liabilities	(4,582,388)	5,614,090
Experience adjustment on plan assets	1,933,750	1,898,301

11. Related party disclosures

i) Names of related parties and their relationship

Sr. No. Name of the related party and relationship

a. Holding Companies V. S. Dempo & Co. Ltd. – Holding Company Sesa Goa Limited (w.e.f 11-Jun-09) – Holding Company of V.S. Dempo & Co. Ltd. Finsider International Company Limited (w.e.f 11-Jun-09) – Holding Company of Sesa Goa Limited Richter Holding Limited (w.e.f 11-Jun-09) – Holding Company of Finsider International Company Limited Westglobe Limited (w.e.f 11-Jun-09) – Holding Company of Finsider International Company Limited Vedanta Resources Plc (w.e.f 11-Jun-09) – Ultimate Holding Company Esmeralda Investments Private Limited (ceased to be a Ultimate Holding Company w.e.f 11-Jun-09)
b. Fellow subsidiaries with whom transactions have taken place Sterlite Industries (India) Limited (w.e.f 11-Jun-09)
c. Associates/Joint Ventures Dempo Industries Pvt. Ltd. Dempo Travels Pvt. Ltd., (The above ceased to be Associates w.e.f. 11th June 09)
d. Key Management Personnel Mr. Shrinivas V. Dempo – Chairman (ceased to be Chairman w.e.f. 11-Jun-09) Mr. Soiru V. Dempo – Managing Director (ceased to be Managing Director w.e.f. 11-Jun-09) Mr. Pramod Unde – Wholetime Director (w.e.f. 1st November 09)

ii) Transactions with the related parties

	Holding Companies	Subsidiaries	Fellow Subsidiaries	Associates	Key Management Personnel
a. Purchase of goods, services and other expenditure					
Purchases of goods	6,229,947 (1,961,205)	– (–)	– (–)	– (–)	– (–)
Purchases of services	– (–)	– (–)	792,870 (–)	15,192 (231,292)	– (–)
Remuneration/sitting fees	– (–)	– (–)	– (–)	– (–)	4,915,346 (4,260,676)
b. Sale of goods, services & other income					
Sales of goods	1,410,254,359 (1,474,425,537)	– (–)	– (–)	– (–)	– (–)
c. In respect of revenue transactions:					
Receivables	44,161,282 (–)	– (–)	– (–)	– (–)	– (–)
Payables	525,673 (–)	– (–)	1,239,218 (–)	– (–)	– (1,260,000)

Note: Figures in brackets relate to previous year.

Notes Forming Part of the Accounts continued

For the year ended 31st March 2010

Schedule 17: continued

iii) Details of significant transactions with related parties referred to ii) above

Nature of the transaction	Name of related party	2009-10 (Rs.)	2008-09 (Rs.)
a. Purchase of goods, services and other expenditure			
Purchase of goods	Sesa Goa Ltd.	2,313,585	-
Purchase of services	V. S. Dempo & Co. Ltd. Sterlite Industries India Ltd	- 792,870	1,961,205 -
Remuneration/sitting fees	Mr. Pramod Unde Mr. Soiru Dempo	4,104,200 811,146	-
b. Sale of goods, services & other income			
Sale of goods	V. S. Dempo & Co. Ltd.	1,410,254,359	1,474,425,537
c. In respect of revenue transactions:			
Receivables/(Payables)	V. S. Dempo & Co. Ltd.	44,161,282	(7,707,773)
Payables	Sterlite Industries India Ltd. Sesa Goa Ltd..	1,239,218 525,673	- -
d. Collaterals taken:	V. S. Dempo & Co. Ltd.	12,181,961 (49,681,961)	- (-)

12. Earnings per share

		2009-10	2008-09
a) Profit after tax	Rs.	122,963,813	178,867,381
b) Weighted average number of shares for Basic EPS	Nos.	1,150,000	1,150,000
c) Nominal value per equity share	Rs.	100	100
d) Basic Earnings Per Share	Rs.	106.93	155.54

13. Disclosures relating to Provisions:

In terms of the Mineral Concession Rules 1960 and Mineral Conservation and Development Rules (MCDR) 1988, the Company has provided a 'financial assurance' in the form of a bank guarantee to the Regional Controller of Mines, towards its mine closure obligation. The Company has made a provision for expense to the extent of the bank guarantees provided.

The present mine closure provision at 31st March 2010 is as under:

Nature of obligation	2009-10 (Rs.)	2008-09 (Rs.)
Mines Closure Provision		
Opening carrying amount	3,736,888	3,736,888
Additional provisions made during the year	209,205	-
Amounts used during the year	-	-
Unused amounts reversed during the year	-	-
Closing carrying amount	3,946,093	3,736,888

14. "Other current assets" comprises of interest accrued on term deposits.

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

For and on behalf of the Board of Directors

Pramod Unde
Whole Time Director

Sushil Gupta
Director

Rahul Tibrewal
Company Secretary

Place: Panaji, Goa
Dated : 19th April 2010

Balance Sheet Abstract and Company's General Business Profile

NAME OF THE COMPANY	DEMPO MINING CORPORATION LTD.
I) REGISTRATION DETAILS	
Registration No.	G/91
State Code	24
Balance Sheet Date	31.03.2010
II) CAPITAL ROSE DURING THE YEAR:	
Public Issue	(Rs. in '000s) NIL
Rights Issue	NIL
Bonus Issue	NIL
Private Placement	NIL
III) POSITION OF MOBILIZATION & DEPLOYMENT OF FUNDS:	
Total Liabilities	(Rs. in '000s) 1,101,929
Total Assets	1,101,929
Sources of Funds:	
Paid-up Capital	115000
Reserves & Surplus	986,929
Secured Loans	NIL
Unsecured Loans	NIL
Application of Funds:	
Net Fixed Assets	265,103
Investments	646,718
Net Current Assets	169,924
Accumulated Losses	NIL
Deferred Tax Asset	20183
IV) PERFORMANCE OF COMPANY:	
Turnover	(Rs. in '000s) 1,439,427
Total Expenditure	1,268,681
Profit before Tax	170,746
Profit after Tax	122,964
Earning Per Share (in Rs.)	107
Dividend rate (%)	NIL
V) GENERIC NAMES OF PRINCIPAL PRODUCTS/SERVICES OF COMPANY (As per monetary terms)	
Item Code No. (ITC Code)	26,011,100
Product Description	Iron Ore

For and on behalf of the Board of Directors

Pramod Unde
Whole Time Director

Sushil Gupta
Director

Rahul Tibrewal
Company Secretary

Place: Panaji, Goa
Dated : 19th April 2010

Cash Flow Statement

For the year ended 31st March 2010

Particulars	Year ended 31st March 2010 Rs.	Year ended 31st March 2009 Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net profit before tax	170,746,326	284,248,807
Adjustments for:		
Depreciation	25,385,202	26,703,063
Provision for doubtful debts written back	(25,171)	(1,917,550)
Assets Written Off	25,131	-
Interest/dividend (net)	(5,988,158)	(2,737,608)
(Profit)/loss on sale of assets	(233,253)	(165,893)
(Profit)/loss on redemption of investments	(16,564,523)	3,893,167
Operating profit before working capital changes	173,345,556	311,941,536
Adjustments for:		
Trade and other receivables	(45,208,151)	(10,673,141)
Inventories	232,563,857	79,463,953
Trade payables	125,217,478	(2,737,977)
Cash generated from operations	485,918,740	376,076,821
Taxes paid	(103,552,076)	(85,437,268)
NET CASH FROM OPERATING ACTIVITIES	382,366,664	290,639,553
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(69,529,141)	(47,015,460)
Proceeds from sale of fixed assets	2,539,321	508,819
(Purchase)/redemption of current investments	(627,858,824)	38,309,784
Movements in term deposits with maturity more than 3 months	(67,716)	(1,015,229)
Interest received	770,942	2,037,472
Dividend received	2,337,770	1,627,872
NET CASH USED IN INVESTING ACTIVITIES	(691,807,649)	(5,546,742)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Loans repaid/Availed	(21,593,499)	21,593,499
Interest paid	(235,805)	(1,639,221)
Dividend and taxes paid thereon	-	-
NET CASH USED IN FINANCING ACTIVITIES	(21,829,304)	19,954,278
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(331,270,289)	305,047,089
Cash and cash equivalents – opening balance	332,089,874	27,042,785
Cash and cash equivalents – closing balance	819,585	332,089,874
Notes:		
1 Cash and bank balances as per Schedule 9	29,309,014	360,511,587
Less: Term deposits with maturity more than 3 months	(28,489,429)	(28,421,713)
Cash and cash equivalents as per the cash flow statement	819,585	332,089,874

- 2 Figures in brackets represent outflows
3 For notes to accounts refer schedule 17

Per our report attached of even date attached.

For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the Board of Directors

C.R.Rajagopal
Partner

Pramod Unde
Whole Time Director

Sushil Gupta
Director

Rahul Tibrewal
Company Secretary

Place: Goa
Dated: 19th April 2010

Place: Panaji – Goa
Dated: 19th April 2010

Corporate Information

Registered office:

Dempo Mining Corporation Limited

Sesa Ghor, 20 EDC Complex,

Patto, Panaji, Goa - 403 001

Directors:

D. D. Jalan

P. K. Mukherjee

A. K. Rai

Sushil Gupta

P. Unde

Wholetime Director

Secretary:

Rahul Tibrewal

Auditors:

M/s. Deloitte Haskins & Sells

Chartered Accountants

Chennai

Bankers:

Bank Of India

Mining and other establishments:

In the state of Goa

SESA GROUP



Dempo Mining Corporation Limited

Sesa Ghor

20 EDC Complex, Patto, Panaji,

Goa 403001 India

Tel: +91-832-2460600

www.sesagoa.com



This annual report is printed on Eco-Friendly paper