

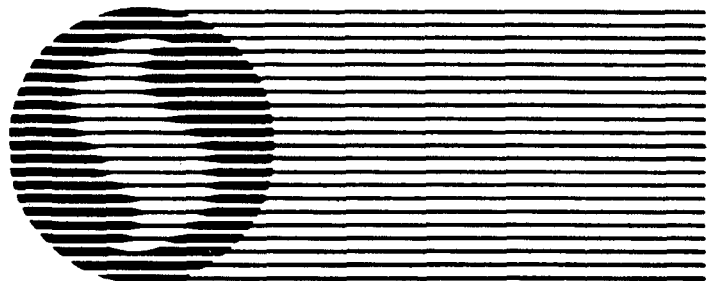
# **SESA GOA LIMITED**

## **41st Annual Report**

### **2005-2006**

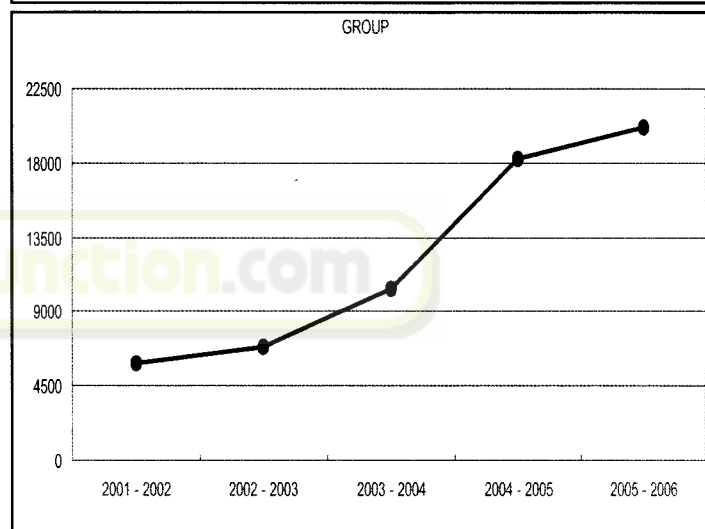
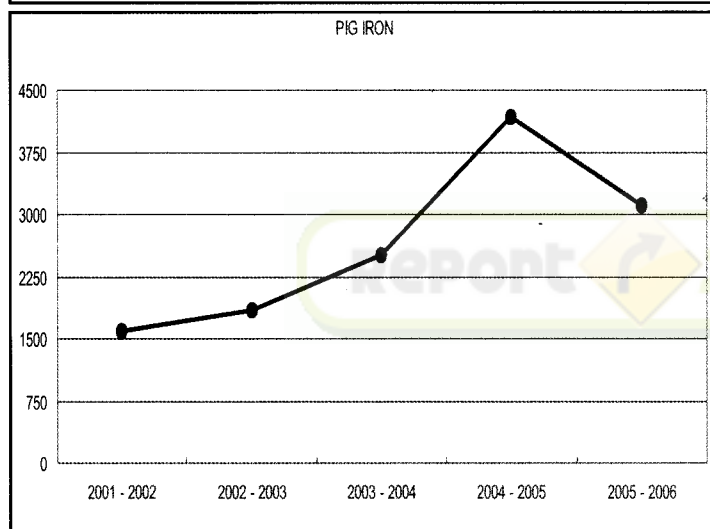
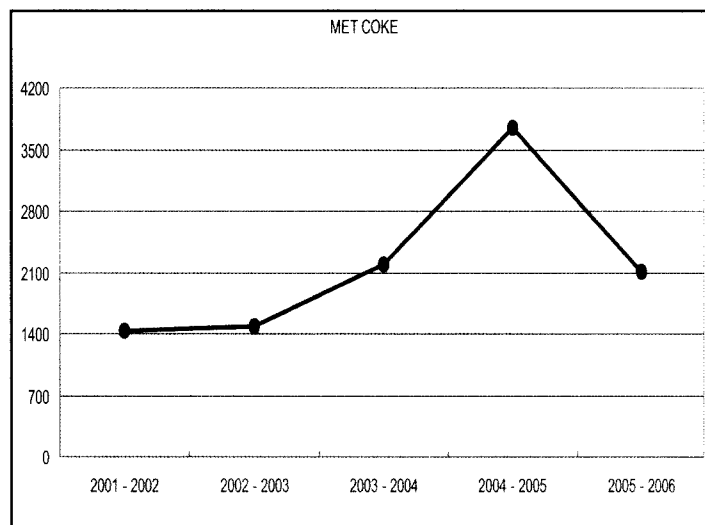
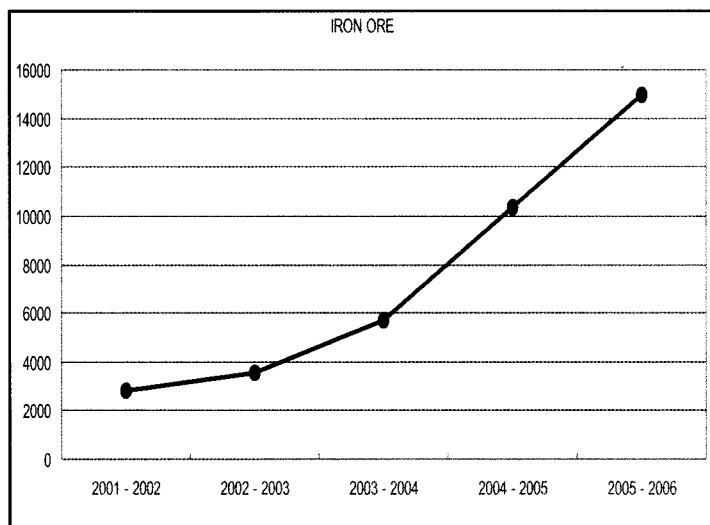
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**SESA GROUP**

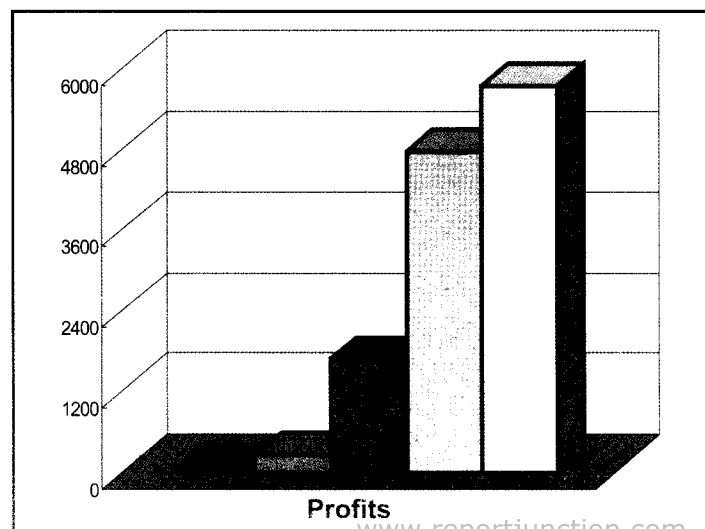
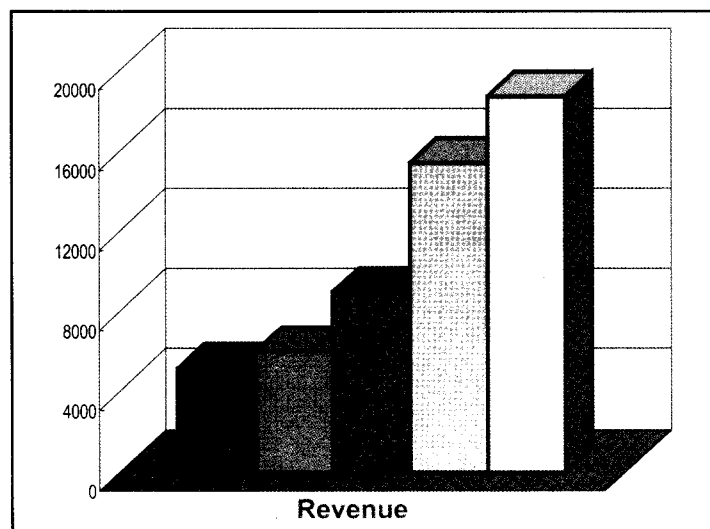


**SESA GROUP: BUSINESS PERFORMANCE****SEGMENT WISE REVENUE (Including Inter-Segment)**

Rupees in Million

**SESA GROUP: CONSOLIDATED BUSINESS PERFORMANCE**

Rupees in Million



# SESA GOA LIMITED

## REGISTERED OFFICE :

Sesa Ghor, 20 EDC Complex, Patto, Panaji, Goa – 403 001

## DIRECTORS :

S. D. Kulkarni	Chairman
K. R. V. Subrahmanian	
P. G. Kakodkar	
G. D. Kamat	
A. Tanaka	
H. Takani	
I. Funaki	
M. D. Phal	
A. Pradhan	Wholetime Director
H. P. U. K. Nair	Wholetime Director
A. K. Rai	Wholetime Director
P. K. Mukherjee	Managing Director

## SECRETARY :

C. D. Chitnis

## AUDITORS :

S. J. Thaly & Co.  
Chartered Accountants  
Panaji, Goa – 403 001

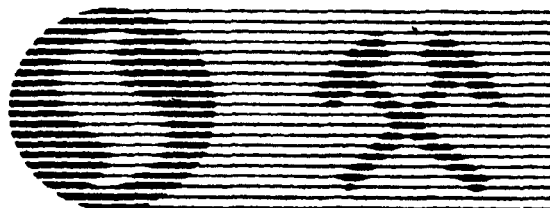
## BANKERS :

Canara Bank  
State Bank of India  
ICICI Bank Limited  
UTI Bank Limited  
Corporation Bank

## MINING AND OTHER ESTABLISHMENTS :

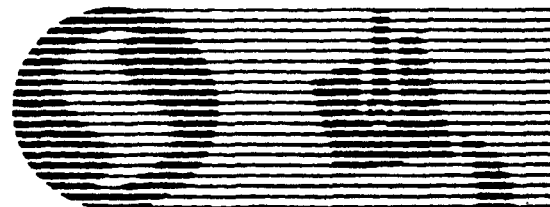
In the states of Goa, Karnataka and Orissa of India

### SESA GROUP



SESA GOA

### SESA GROUP



SESA INDUSTRIES

## CONTENTS

### Page Nos.

Notice	3
Directors Report	9
Corporate Governance	19
Management Discussion & Analysis	30
Auditor's Report	39
Accounts	42
Cash Flow Statement	68
Ten-Year Highlights	69
Statement Pursuant to Section 212	70
<b>Subsidiary Company</b>	
Sesa Industries Limited	71
<b>Consolidated Accounts</b>	
Auditor's Report	103
Accounts	104
Attendance/Proxy	127



# SESA GOA LIMITED

Registered Office: Sesa Ghor, 20 EDC Complex, Patto, Panaji, Goa – 403 001

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Forty-First Annual General Meeting of SESA GOA LIMITED will be held on Friday, 22nd December, 2006 at 11.00 a.m. at Goa Marriott Resort, Miramar, Panaji, Goa, to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2006 and the Profit & Loss Account for the year ended on that date and the Report of the Directors and Auditors thereon.
2. To declare a Dividend.
3. To appoint a Director in place of Mr. S. D. Kulkarni who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. K. R. V. Subrahmanian who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Mr. H. Takani who retires by rotation and being eligible offers himself for re-appointment.
6. 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

To consider and, if thought fit, to pass with or without modification(s) the following resolutions as Ordinary Resolutions:

7. "RESOLVED that pursuant to the provisions, of Sections 198, 269, 309, and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby accords its approval to the appointment of Mr. Amit Pradhan, as Wholtime Director of the Company effective from 1st May, 2006 for a period of 5 Years and to the payment of remuneration with base salary of Rs.1,00,000/- per month in the scale of Rs. 54,000/- to Rs. 2,00,000/- more particularly set out in the Explanatory Statement attached to the Notice convening this Annual General Meeting, with a liberty to the Board of Directors to alter and vary such terms and conditions including remuneration so as not to exceed the limits specified in Part I; i.e. in case of profit, and Part II, i.e. in case of inadequacy of profit, of Schedule XIII to the Companies Act, 1956 or any amendments thereto as may be agreed to by the Board of Directors and Mr. Amit Pradhan during the aforesaid period."
8. "RESOLVED that Mr. Akira Tanaka, who was appointed as an Additional Director by the Board of Directors at their Meeting held on 29th April, 2006 and who ceases to hold office at this Annual General Meeting pursuant to Section 260 of the Companies Act, 1956 and who is eligible for appointment and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

To consider and, if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

9. "RESOLVED that in partial modification of the Resolution passed at the Annual General Meeting held on 28th July, 2004 and pursuant to Section 309(4) and 310 of the Companies Act, 1956, authority be and is hereby accorded to the Board of Directors to decide payment of commission to the Non-Wholtime Directors of the Company resident in India, not being Managing/Wholtime Directors (in such manner as the Board of Directors may from time to time determine) upto Rupees four million per year computed in the manner laid down in Section 198 (1) of the Companies Act, 1956, for a period of three years with effect from 1st April, 2006."

By Order of the Board  
SESA GOA LIMITED

C. D. CHITNIS  
SECRETARY & GM-LEGAL

Place : Panaji, Goa – 403 001  
Dated : 27th October, 2006

**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 Nos. 7 to 9 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 Wednesday, 6th December, 2006 to Friday, 8th December, 2006 (both days inclusive).
- d) If the dividend on equity shares, as recommended by the Board of Directors, is declared at the meeting, payment thereof will be made to those members whose names appear on the Company's Register of Members as on 5th December, 2006. Members are requested to notify immediately any change in their address.
- e) In accordance with the provisions of Section 205 A of the Companies Act, 1956, the Company has from time to time, transferred unclaimed dividends relating to the years upto and including 1994-1995 to the General Revenue Account of the Central Government.
- f) In accordance with the provisions of Section 205 A (5) of the Companies Act, 1956, as amended, and with the introduction of Section 205 C by the Companies (Amendment) Act, 1999, the amount of dividends for the Financial Year ended 31st March, 1998 which remained unpaid and unclaimed for a period of 7 years from the date of transfer to the Unpaid Dividend Account of the Company has been transferred to the Investor Education and Protection Fund established by the Central Government.
- g) Pursuant to the provisions of Section 205 A (5) of the Companies Act, 1956, as amended, and with the introduction of Section 205 C by the Companies (Amendment) Act, 1999, the amount of dividends for the Financial Year ended 31st March, 1999 and thereafter which remain unpaid and unclaimed for a period of 7 years from the date of transfer to the Unpaid Dividend Account of the Company shall be transferred to the Investor Education and Protection Fund established by the Central Government. Shareholders, who have not yet encashed their dividend warrants for the Financial Year ended 31st March, 1999 or any subsequent financial years are requested to make their claim to the Company without delay. According to the relevant provisions of the Act, as amended, no claims shall lie against the said fund or the Company for the amounts of dividend so transferred to the said fund.
- h) Members are requested to bring their Admission Slips along with copy of the Report and Accounts to the Annual General Meeting.
- i) Members who wish to obtain any information on the Company or view the accounts for the Financial Year ended 31st March, 2006 may visit the Company's corporate website [www.sesagoa.com](http://www.sesagoa.com) or send their queries atleast 10 days before the Annual General Meeting to the Company Secretary at the Registered Office of the Company.
- j) The information as required to be provided under the Listing Agreement entered into with various Stock Exchanges, regarding the Directors who are proposed to be appointed/re-appointed is given hereunder:
  - i) Name : Mr. S. D. Kulkarni.
  - Age : 72 years.
  - Qualifications : Bachelor of Commerce (Hons) and Fellow Member of the Institute of Chartered Accountants of India.
  - Expertise : Over 43 years experience with Voltas Ltd. and L & T. Retired as MD & CEO of L & T in April, 1999.
  - Shareholding : 668 shares

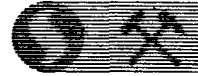


Other Directorships /  
Committee Memberships :

Sr. No.	Name of the Company	Position Held	Committee Type	Membership Status
1.	Syngenta India Ltd.	Chairman	Audit	Chairman
2.	SICOM Capital Mgmt. Ltd.	Chairman	—	—
3.	Bharat Forge Ltd.	Director	Investor Relations Audit	Chairman Member
4.	Voltas Ltd.	Director	Remuneration Audit	Chairman Member
5.	Mastek Ltd.	Director	Audit	Member

- ii) Name : Mr. Kugalar Ramasesha Venkata Subrahmanian  
 Age : 72 years.  
 Qualifications : Honours Degree in Economics from University of Madras. Management Education from Urwick Orr and Partners, U. K. and the Columbia University, U.S.A.  
 Expertise : 50 years of experience of which over a decade with Voltas Limited, a Tata Company & its affiliates and over 28 years with Colour – Chem Limited as Vice Chairman & Managing Director till retirement in September, 1995.  
 Shareholding : NIL  
 Other Directorships :  
 Committee Memberships :

Sr. No.	Name of the Company	Position Held	Committee Type	Membership Status
1.	Ing-Vysya Bank Ltd., Bangalore	Director	Audit Investors Committee	Member
2.	DSP Merrill Lynch Investment Managers, Mumbai	Director	Audit	Chairman
3.	Alkyl Amines & Chemicals Ltd.	Director	Audit	Chairman
4.	New Consolidation Construction Company Ltd.	Director	—	—
5.	Bayer Polychem (India) Pvt. Ltd.	Director	—	—
6.	Bayer Material Sciences Pvt. Ltd.	Director	—	—
7.	Sesa Industries Ltd.	Director	Audit Remuneration	Chairman Member
8.	Lanxess ABS Ltd., Vadodara	Director	Audit	Member
9.	Matrix Laboratories Ltd.	Director	Audit	Member
10.	Lanxess India Pvt. Ltd.	Director	—	—



iii) Name : Mr. Hidemi Takani  
 Age : 41  
 Qualifications : Bachelor of Law, Hitotsubashi University  
 Expertise : Over 17 years of experience in Ferrous Raw Material and Iron Ore with Mitsui & Co. Ltd. Japan & various Countries.  
 Shareholding : NIL  
 Other Directorships/Committee Memberships :

Sr. No.	Name of the Company	Position Held	Committee Type	Membership Status
-	-	-	-	-

iv) Name : Mr. Amit Pradhan  
 Age : 51 years  
 Qualifications : M.Sc. (Physics) from IIT Delhi  
 Expertise : 29 years of experience in Materials and Project Management  
 Shareholding : 668 shares  
 Other Directorships/Committee Memberships :

Sr. No.	Name of the Company	Position Held	Committee Type	Membership Status
1.	Sesa Industries Limited	Director	Audit	Member

v) Name : Mr. Akira Tanaka  
 Age : 50  
 Qualifications : Bachelor of Economics, Hitotsubashi University  
 Expertise : Over 27 years of experience in Coal/Iron & Steel with Mitsui & Co. Ltd. In Japan & Australia.  
 Shareholding : NIL  
 Other Directorships/Committee Memberships :

Sr. No.	Name of the Company	Position Held	Committee Type	Membership Status
-	-	-	-	-





## ANNEXURE TO NOTICE

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

#### ITEM NO. 7

The Board of Directors of the Company, at its Meeting held on 29th April, 2006 appointed Mr. Amit Pradhan as Wholtime Director of the Company effective from 1st May, 2006 for a period of five years on a base salary of Rs. 1,00,000/- per month. Mr. Amit Pradhan is a nominee of Finsider International Co. Ltd., pursuant to the provisions of Article 111 of the Articles of Association of the Company.

Mr. Amit Pradhan is M.Sc. (Physics) from IIT Delhi with 29 years experience in Materials and Project Management.

The remuneration proposed is within the norms to the Schedule XIII of the Companies Act, 1956 as amended and reproduced herebelow:

- A) Base Salary : Rs. 1,00,000/- per month (in the scale of Rs. 54,000/- to Rs. 2,00,000/-). Salary shall normally be subject to review for competitiveness periodically thereafter, being adjusted as appropriate and as approved by the Board.
- B) Executive Allowance : 20% of monthly Base Salary payable each month.
- C) Performance linked pay : Eligible for variable performance payments, normally made once annually following the end of the preceding fiscal year. Payments will be linked to individual, team and business performance achieved that year and may range upto 100% of annual salary paid as approved by the Board.
- D) Perquisites : In addition to Base Salary, Performance linked pay and Executive Allowance, entitled to Perquisites which are classified in 3 categories as under:

#### Category A

- i) Housing – As per rules of the Company.
- ii) Medical Reimbursement – Expenses incurred for self and family will be as per the rules of the Company.
- iii) Travel Concession – For self and family once in a year in accordance with the rules of the Company.
- iv) Leave – Five weeks leave inclusive of travel time for each year of completed service. The availment/accumulation and encashment of leave will be as per rules of the Company.
- v) Club Fees – Annual membership and entrance fees shall be borne by the Company for upto two clubs. However, life membership fees will not be paid by the Company.
- vi) Personal Accident Insurance – Coverage by Policy for Rs. 25,00,000/-.

For the purpose of Category A "Family" means wife, dependent children and dependent parents.

#### Category B

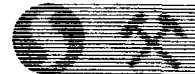
The Company's contribution to Provident Fund and Superannuation Fund will be as per rules of the Company.

Gratuity – As per the rules of the Company and from the date of commencement of employment with the Company.

#### Category C

The Company shall provide a car, driver and mobile phone for business and personal use and a telephone/fax/internet facility at the principal place of residence.

In case of loss or inadequacy of profits, in any year, remuneration shall be payable within the ceiling mentioned in Part II of Schedule XIII of the Companies Act, 1956 or any amendments thereto.



Mr. Amit Pradhan will not be entitled to sitting fees for attending Board/Committee Meetings of the Company.

The Remuneration is subject to the provisions of the Income tax Act, as applicable from time to time.

Mr. Amit Pradhan 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. Amit Pradhan is available for inspection at the Registered Office of the Company on any working day during office hours.

#### **ITEM NO. 8**

Mr. Akira Tanaka has been appointed as an Additional Director by the Board of Directors, at their meeting held on 29th April, 2006 and he holds the office upto this Annual General Meeting. Mr. Akira Tanaka is Bachelor of Economics, Hitotsubashi University, Japan. He is currently Deputy General Manager, Iron Ore Division of Mitsui & Co. Ltd, Japan.

His continuation on the Board will enable the Company to gain from his considerable experience and expertise in relation to the Company's business. The Company has received a Notice in writing from a member under Section 257 of the Companies Act, 1956 alongwith a deposit of Rs.500/- proposing the candidature of Mr. Akira Tanaka for the office of Director. The Board recommends his appointment.

No Director of the Company other than Mr. Akira Tanaka is interested in the Resolution.

#### **ITEM NO. 9**

Section 309(4) of the Companies Act, 1956 provides that a Director who is neither in the wholetime employment of the Company nor a Managing Director may be paid remuneration by way of commission, if the Company by special resolution, authorizes such payment.

As authorized by the Shareholders at the Annual General Meeting held on 28th July, 2004, the Company had obtained Central Government approval for paying the commission to the Directors, resident in India, other than Managing/Wholtime Directors upto Rupees Two million for a period of three years w.e.f 1-4-2004 and the same is valid till 31-3-2007. The shareholders have witnessed the growth of the Company to which the contributions of Non Executive Resident Indian Directors has been vital. The recent trend of globalisation of business, corporate governance, risk assessment requirement and international competition has made the role of Non Executive Resident Indian Directors more imperative. It is, therefore, considered desirable to increase payment of commission upto Rupees four million in addition to the fees for attending the meetings of the Board for period of three years with effect from 1st April, 2006. The proposed resolution seeks authority for such payments subject to approval of Central Government, if necessary.

All the Directors of the Company other than Managing/Wholtime Directors and Non-Resident Directors are deemed to be interested in the Resolution to the extent the commission is payable to them in accordance with the proposed resolution.

By Order of the Board  
SESA GOA LIMITED

Place : Panaji, Goa – 403 001  
Dated : 27th October, 2006

C. D. CHITNIS  
SECRETARY & GM – LEGAL