



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



2010



Our vision

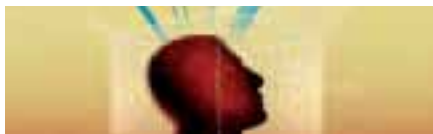
To be one of the top four iron ore mining companies in the world

Mission

- ▶ To maximise stakeholder wealth by exploiting core skills of iron ore mining, coke and iron making
- ▶ To constantly seek high levels of productivity and technical efficiency; to maintain technological superiority over competitors
- ▶ To aggressively seek additional resources
- ▶ To maintain costs in the lowest quartile globally
- ▶ To be an organisation with best-in-class people and a performance driven culture by attracting and retaining quality manpower
- ▶ To continue to maintain pre-eminent position in safety, environment and quality control management in the respective industry sectors
- ▶ To contribute to the development of the communities that the Company operates in or have influence on its business activities

Our Values

Entrepreneurship



We foster an entrepreneurial spirit throughout our businesses and value the ability to foresee business opportunities early in the cycle and act on them swiftly. Whether it be developing organic growth projects, making strategic acquisitions or creating entrepreneurs from within, we ensure an entrepreneurial spirit at the heart of our workplace.

Growth



We continue to deliver growth and generate significant value for our shareholders. Moreover, our organic growth pipeline is strong as we seek to continue to deliver significant growth for shareholders in the future. We have pursued growth across all our businesses and into new areas, always on the basis that value must be delivered.

Excellence



Achieving excellence in all that we do is our way of life. We strive to consistently deliver projects ahead of time at industry-leading costs of construction and within budget. We are constantly focused on it with aspiring to achieve a top decile cost of production in each of our businesses. To achieve this, we follow a culture of best practice benchmarking.

Trust



The trust that our stakeholders place in us is key to our success. We recognise that we must responsibly deliver on the promises we make to earn that trust. We constantly strive to meet stakeholder expectations of us and deliver ahead of expectations without compromising our other values.

Sustainability



We practice sustainability within the framework of well defined governance structures and policies and with the demonstrated commitment of our management and employees. We aim not only to minimise damage to the environment from our projects but to make a net positive impact on the environment wherever we work.



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Sustainability



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Corporate Governance



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Financial Statements



Highlights

Financial Highlights

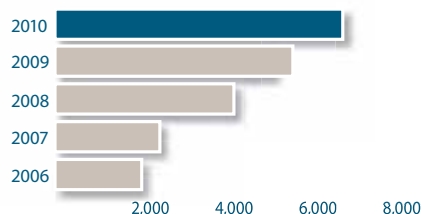
- ▼ Operating profit before depreciation interest and tax (PBDIT) increased by 24% to Rs. 3,153 crore in 2009-10.
- ▼ Profit after tax (PAT after minority interest) rose by 32% to Rs. 2,629 crore in 2009-10.
- ▼ Earnings per Share (EPS-diluted) increased from Rs. 25.26 in 2008-09 to Rs. 31.62 in 2009-10.
- ▼ Declared a 325% dividend of Rs. 3.25 for every Re. 1 share.
- ▼ Strong liquidity on the balance sheet with cash and cash equivalents worth Rs. 6,952 crore as on 31st March 2010.
- ▼ Raised US\$500 million through foreign currency convertible bonds (FCCB).

Operational Highlights

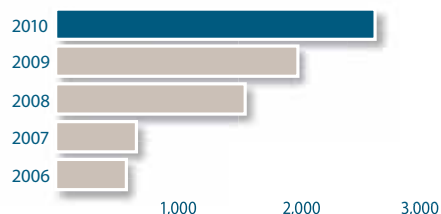
- ▼ Record iron ore production of 17.8 million tonnes from Sesa Goa's standalone operations.
- ▼ With the integration of Dempo's operations with Sesa Goa, another 3.6 million tonnes of iron ore production was added over a period of approximately ten months taking consolidated iron ore production to 21.4 million tonnes – a significant increase of 34% over 2008-09.
- ▼ Record production of 280,000 tonnes of pig iron and 263,000 tonnes of metallurgical coke (met coke).
- ▼ Acquisition of Dempo's mining assets in Goa on a debt-free and cash-free basis for Rs. 1,750 crore (based on normative working capital) which was financed through internal accruals.
- ▼ Exploration activities yielded positive results: net increase of 43 million tonnes in reserves and resources during 2009-10, net of depletion of 21 million tonnes of saleable iron ore production.

Delivering Sustainable Shareholder Value

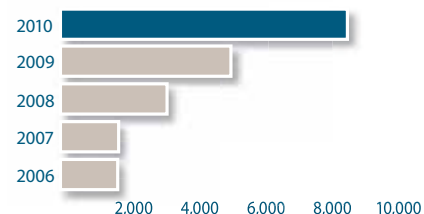
Total Revenues Rs. in Crore



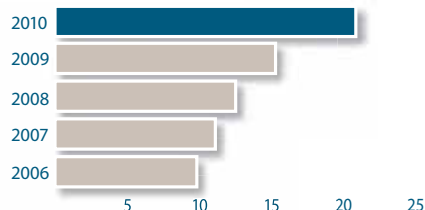
Profit After Tax Rs. in Crore



Net Worth Rs. in Crore



Iron Ore Sales (Million Tonnes)



Pig Iron Sales ('000 Tonnes)



Met Coke Sales ('000 Tonnes)

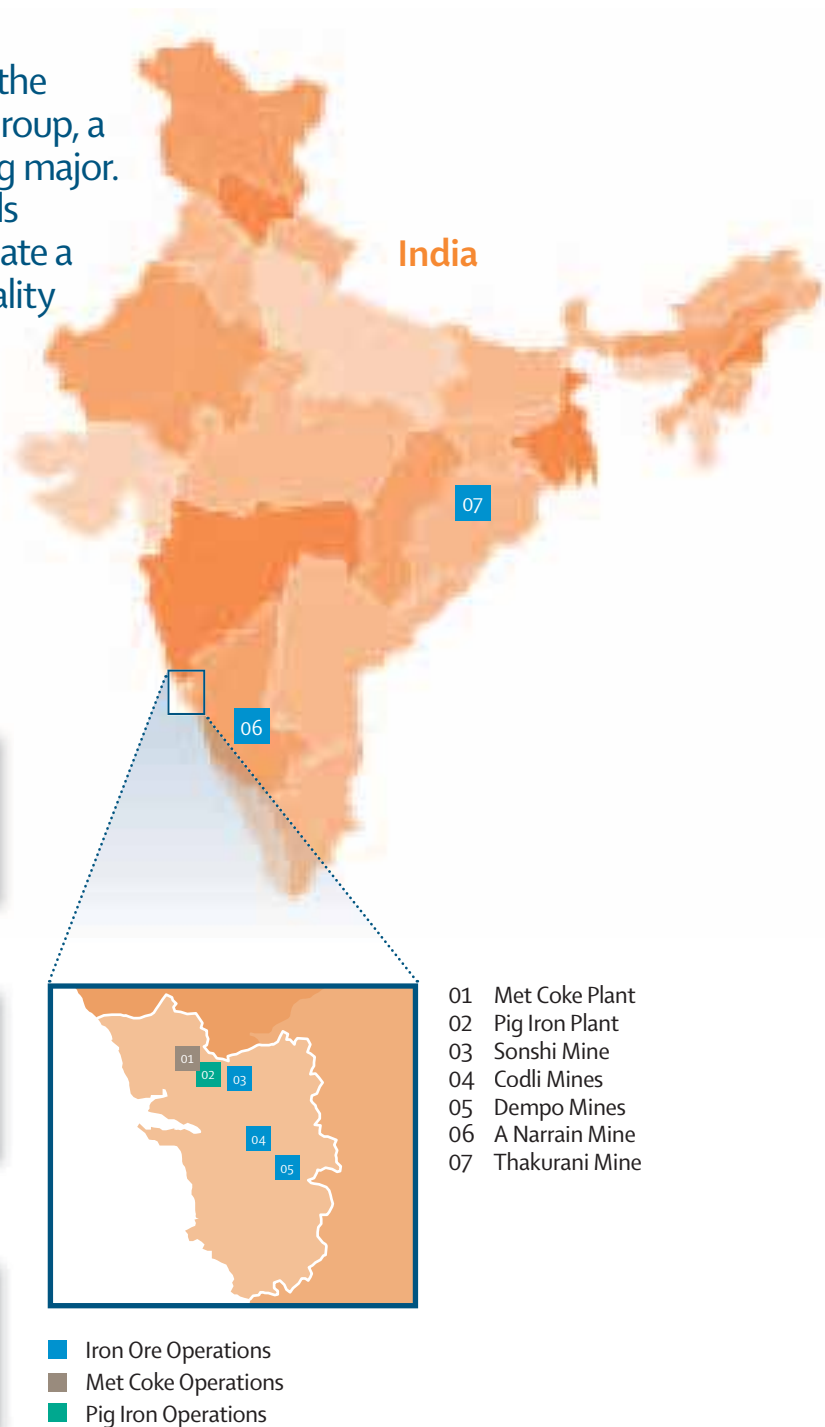


Sesa Goa at a Glance

Sesa Goa Limited (or 'Sesa Goa' or 'the Company') is part of the Vedanta Group, a diversified global metals and mining major. It drives the Group's ferrous minerals business with a commitment to create a world class enterprise with high quality assets, low cost production and superior returns to stakeholders.

Sesa Goa is today India's largest private sector iron ore producer and exporter. Apart from iron ore, it also produces pig iron and metallurgical coke. The Company also provides proprietary technology in coke manufacturing.

Sesa Goa's Group Structure



Chief Executive's Statement

Delivering good results in a difficult business environment has reinforced faith in our macro-economic business positioning and execution skills.



Dear Shareholder,

2009-10 was a testing time for two fundamental convictions that have underpinned Sesa Goa's business in the last few years. First, the faith that the Company has on the growth potential of emerging economies like India and China. In fact, it's vision of becoming a major global enterprise is based largely on leveraging opportunities emerging from demand growth in these markets. Second, the Company believes that it has the internal ability to continuously deliver value and sustain long term growth.

Despite the difficult global business conditions, it pleases me to inform you that the Company succeeded on both these fronts in 2009-10. Let me elucidate.

Macro-Economic Perspective

As you would recall, given the events of the global financial markets in 2008, most of us were expecting the worst at the beginning of 2009-10. Several developed economies, including the US had gone into recession. Even rapidly growing emerging economies including China and India were witnessing a slowdown. However, it was heartening to see positive signals emerge as one progressed through 2009-10. As the global financial system began to stabilise, one saw renewed capital flow especially to emerging economies. In the third quarter of 2009, USA came out of its economic contraction and registered positive quarter-on-quarter growth, which has continued for the next three quarters.

The Highlights of Sesa Goa's performance in 2009-10 are:

- ▼ Total consolidated revenues increased by 21% to Rs. 6,284 crore in 2009-10.
- ▼ PAT (consolidated, net of minority interest) grew by 32% to Rs. 2,629 crore
- ▼ Consolidated earnings per share (EPS-diluted) rose from Rs. 25.26 in 2008-09 to Rs. 31.62 in 2009-10.
- ▼ The Company finished the year with liquidity in cash and cash equivalent worth Rs. 6,952 crore.
- ▼ There were all time high productions of iron ore (21.4 million tonnes), pig iron (280,000 tonnes) and met coke (263,000 tonnes)
- ▼ Through its exploration activities, there was a net addition of 43 million tonnes to its iron ore reserves and resources, post depletion of 21 million tonnes of saleable iron ore production.

It does seem that the world economy has started recovering from the lows of 2008-09.

Having said so, it is important to understand that there are still some concerns. Although the US is expected to grow its real GDP by a bit over 3% in 2010, the same cannot be said about most of the developed world. Most countries in the Euro zone recorded negative or very low GDP growth in the same period. There are also some concerns with sovereign deficits in these countries. Clearly, there are considerable uncertainties about the economic prospects of these advanced countries.

Simultaneously, one is witnessing a clear shift in economic plays across geographies. Despite a slow first half and expectations of a sharp drop in growth, China achieved 8.7% GDP growth in 2009, and is forecasted to grow at around 9.7% in 2010. India is estimated to grow by 7.4% in 2009-10, and then cross 8.4% in 2010-11. Brazil is stated to grow at over 5.5% in 2010. These three major emerging economies have not only emerged out of the slowdown, but are also expected to deliver significantly higher GDP growth in the next few years. From a macroeconomic point of view these developments reinforce the strength in Sesa Goa's business strategy for emerging economies.

Business Perspective

While strategic positioning is important, the mettle of an enterprise is best judged when its execution skills pass the tests in difficult business conditions. On the one hand, it is true that India and China are back on their high economic growth trajectory. Equally, on the other hand, it is important to note that the first six months of 2009-10 saw very subdued economic activity and demand in these countries. It is in the second half that the growth momentum picked up. In this business environment, your Company's performance speaks for its execution skills.



Sesa Goa had adopted an aggressive growth oriented business model since becoming a part of the Vedanta group in 2007. Since then, year on year, your Company has been delivering significantly higher revenues, profits and returns to shareholders. With the performance in 2009-10, Sesa Goa's total revenues have grown at a compounded annual growth rate (CAGR) of 41% since 2006-07, while PAT has grown at a CAGR of 60% over the last three years – a testament to the Company's continuously delivering results.

Organic Growth

With a share of 88% of total external sales, iron ore is the Company's primary business segment. The iron ore business thrives on low cost production and transportation of the ore for export to the Chinese market. As discussed earlier, while there were positive movements in demand in the second half of 2009-10, prices have still not recovered to the days of the pre-economic crisis. Sesa Goa had to operate in a difficult and fiercely competitive market.

To offset the lower price realisations, the Company had to significantly increase its ore output and sales. There was an 11.6% increase in volume sales of iron ore from Sesa Goa's existing business, while revenues dropped by 1%. Production and sales growth could have been higher if not for longer monsoons and cyclonic conditions in Goa, forest permit related issues in Karnataka and logistics problems in Orissa.

The same price-volume equation was seen in the met coke business – where volume of sales increased by 22% but revenues fell by 23%. So too, in pig iron, where sales volume grew by 25%, while revenues dipped by 5%.

Clearly, in subdued markets, Sesa Goa had to work on much higher production and sales volumes to maintain revenues at last year's levels for its existing businesses. It also focused on cost control and productivity to generate better profits. In addition, the Company gained from the strategic acquisition of Dempo.



Chief Executive's Statement continued



Acquisition

While there has been organic growth, a significant portion of the growth in 2009-10 has come from the acquisition. Sesa Goa views acquisition of quality assets that fit its low cost production theme as an important component of its growth oriented strategy. For this purpose, it has always maintained healthy levels of cash and cash equivalents in its balance sheet, and continues to do so.

In June 2009, your Company acquired the mining assets of V.S.Dempo and Company Private Limited ('VSD' or 'Dempo') and its subsidiaries and associates. The acquisition of Dempo's mining assets in Goa on a debt-free and cash-free basis for Rs. 1,750 crore (based on normative working capital) which was financed through internal accruals. Dempo is a logical and strategic fit with Sesa's existing iron ore business. While integration is continuing, your Company has already started leveraging synergies to create significant long term value for all shareholders. Some areas where work is progressing are:

- Utilisation of Sesa Goa's mining and project management skills to develop and optimise Dempo's operations;
- Further exploration of Dempo's longer life mining assets; and
- Synergising Dempo's operations with Sesa Goa's to create mining and logistics efficiencies.

The integration process is moving as planned and in doing so, there has been a significant growth in production of saleable ore for Dempo. These added to the consolidated growth of Sesa Goa.

Dempo has been the first major acquisition by your Company. And the success of the post-merger fit has given us confidence to pursue the acquisition route for growth in coming years.

I urge you to read the details of developments in markets and operations in the chapter on Management Discussion and Analysis. Here, I will touch upon some strategic and broader issues.

Vision

Over the last few years, Sesa Goa has been growing profitably, and at a rapid pace. The lessons learnt and the experience developed has given your Company the conviction to set a time bound target for aggressive growth.

The goal is to be the fourth largest iron ore producer in the world by 2012-13 with an annual production of 50 million tonnes. This is the vision that your Company has adopted to guide its activities in the next three years.



With a total consolidated production of 21.4 million tonnes in the 2009-10, Sesa Goa has become the 13th largest iron ore producing company in the world. The three major players – Vale, Rio Tinto and BHP Billiton – stand out with productions of 227 million tonnes, 218 million tonnes and 137 million tonnes respectively. Clearly, their scales of operations are much larger than any of the other players, with very different sets of challenges and risks.

Sesa Goa believes that an annual production of 50 million tonnes will give it the right mix of global scale with the positioning of a 'low cost producer' with flexible operations. Equally, the Company recognises that the task is challenging. According to the plan, in a span of three years, total production and transportation of iron ore has to grow 2-3 times.

Such a large increase in production and transportation of iron ore over a short span of time will need aggressive investments and concerted efforts not only at the mines but also in developing the associated logistics infrastructure. The Company intends to invest around US\$ 500 million to support this plan. The investments would be in machinery including improved processing plants and higher capacity heavy earth moving equipment (HEMM). On the logistics front, this includes developing access roads, port handling facilities, railway siding and the barge fleet.

It is an aggressive goal but given the focused approach across departments and the history of delivery in the recent past, I am confident of your Company's success on this score subject to regulatory and community supports.

Sustainability

Sesa Goa remains committed to sustainable development, which focuses on maintaining a pre-eminent position in Health, Safety and Environment (HSE) practices, and contributing to the development of communities that it operates.

On sustainable development, annual targets are set and monitored in line with your Company's HSE and social policies with a clear focus on integrating HSE aspects in the decision-making process. All locations are certified for ISO 9001, ISO 14001 and

OHSAS 18001 except Orissa operations and OHSAS for Dempo operations. Your Company's community development work through the Sesa Community Development Foundation, Mineral Foundation of Goa and specific need based initiatives continues to focus on social projects in line with its over-all sustainability objectives.

Outlook

It is clear that the primary markets – India and China – are moving back to a relatively high growth trajectory. Chinese imports of iron ore continue to grow. Iron ore prices have recovered from the lows of 2009 and is expected to be buoyant on the back of strong demand for China and India. On the cost front, royalty rates have gone up in India, railway freight costs too are increasing, and there are always risks of export levies. In this milieu, while Sesa Goa is committed to its long term growth objective, it is aware of the critical role that internal efficiencies and operational productivity will play for the future fortunes of your Company. Your Company remains cautiously optimistic of overcoming the obstacles and delivering a strong performance in 2010-11.

Over the last few years, Sesa Goa has been growing profitably, and at a rapid pace. The lessons learnt and the experience developed has given your Company the conviction to set a time bound target for aggressive growth.

Corporate Governance

At this juncture, as your Company is poised for aggressive growth, it has had a minor setback. During 2009-10, it was subjected to investigation by the Serious Fraud Investigation Office (SFIO), Ministry of Corporate Affairs, New Delhi. The investigation is in progress. From the order, the Company understands that the investigation was initiated pursuant to a report of the Registrar of Companies, and originates from a complaint filed by one of the shareholders against Sesa Goa Limited, the Company and their directors in 2003 prior to the acquisition of the holding company, Sesa Goa Limited by Vedanta in

April 2007. Sesa Goa and Sesa Industries Limited are fully cooperating with the inquiry, and providing all the necessary information. Given the high standards of corporate governance practiced by the companies under scrutiny, I am confident that the issues will be favourably sorted out fairly soon.

Let me take this opportunity to thank you – our shareholders – for reposing faith in our business. And, to all our employees and associates, let me extend my congratulations for taking Sesa Goa forward in a challenging business environment. Your Company has an ambitious vision. It has the execution capabilities. And it is confident of delivering the targets.

Prasun K. Mukherjee
Chief Executive Officer /
Managing Director



Board of Directors



1. Sudhakar D. Kulkarni Chairman

Sudhakar D. Kulkarni is the non-executive Chairman of the Board and an independent Director of SGL. Mr. Kulkarni holds a Bachelor of Commerce (Hons) degree from Bombay University and is a fellow member of the Institute of Chartered Accountants of India.

Mr. Kulkarni joined the Board with effect from 31st March 2000. He has over 40 years of experience in managing various functions and has led large manufacturing and engineering organizations such as Voltas Limited and Larsen & Toubro. Mr. Kulkarni retired as Managing Director and Chief Executive Officer of Larsen & Toubro in April 1999. Mr. Kulkarni's other directorships include those for Syngenta India Limited and Bharat Forge Limited.



2. Pandurang G. Kakodkar Non-executive Director

Pandurang G. Kakodkar is a non-executive independent Director of SGL. He holds a post graduate in M.A. (Economics) from Bombay University and was appointed as Director of SGL on 31st March 2000.

He has over 40 years of experience in the State Bank of India, retiring as the Chairman in 1997. He is currently a private information technology and banking consultant. His other directorships include: Goa Carbon Ltd., Uttam Galva Steel Ltd., Financial Technologies (India) Ltd., Mastek Ltd., Fomento Resorts and Hotels Ltd., Centrum Finance Ltd., Sesa Industries Limited, Multi Commodity Exchange of India Ltd., IBX Forex Ltd. and Anand Rathi Financial Services Ltd.



3. Gurudas D. Kamat Non-executive Director

Gurudas D. Kamat is a non-executive independent Director of SGL. Mr. Kamat retired as Chief Justice of Gujarat High Court in January 1997. Mr. Kamat is engaged in judicial work relating to arbitration and conciliation. Mr. Kamat was appointed as Director of SGL on 23rd December 2005.

He has over 45 years of experience in the field of legal practice and judiciary, having practiced in Bombay as well as in Goa in various branches of law. Mr. Kamat was prosecutor for the Government of Goa from 1967 to 1969. From 1980 onwards, Mr. Kamat was an advocate for the Customs and Central Excise Departments of the Government of India.

Mr. Kamat was a member of the senate and faculty of law of Bombay University from 1978 to 1980. Mr. Kamat was appointed as a judge of the Bombay High Court on 29 November 1983.



4. Kuldip K. Kaura Non-executive Director

Kuldip K. Kaura is a non-executive Director of SGL. Mr. Kaura retired as the Chief Executive Officer of Vedanta in September 2008. Mr. Kaura was appointed as Director of SGL on 30th October 2007.

He holds a Bachelor of Engineering (Hons) in Mechanical Engineering from Birla Institute of Technology & Science, Pilani in 1968. Prior to his appointment as Director and the Chief Executive Officer of Vedanta in March 2005, Mr. Kaura was Chief Operating Officer Of Vedanta and the Managing Director of Sterlite Industries (I) Ltd. During his tenure with the Vedanta Group, Mr. Kaura was also the Managing Director of Hindustan Zinc Limited from April 2002 to March 2004.

Mr. Kaura is currently an advisor to Vedanta and also serves on the boards of some group companies. Before joining the Vedanta group, Mr. Kaura served at ABB India for 18 years and was the Managing Director and Country Manager from 1998 to 2001. He has served as member of National Council of Confederation of Indian Industries and is office bearer of such professional bodies.