



Delivering
Growth
Long term value
Sustainability

Our Vision

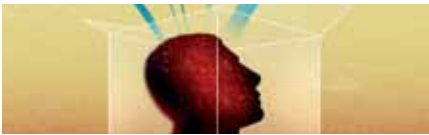
To be one of the top four iron ore mining companies in the world

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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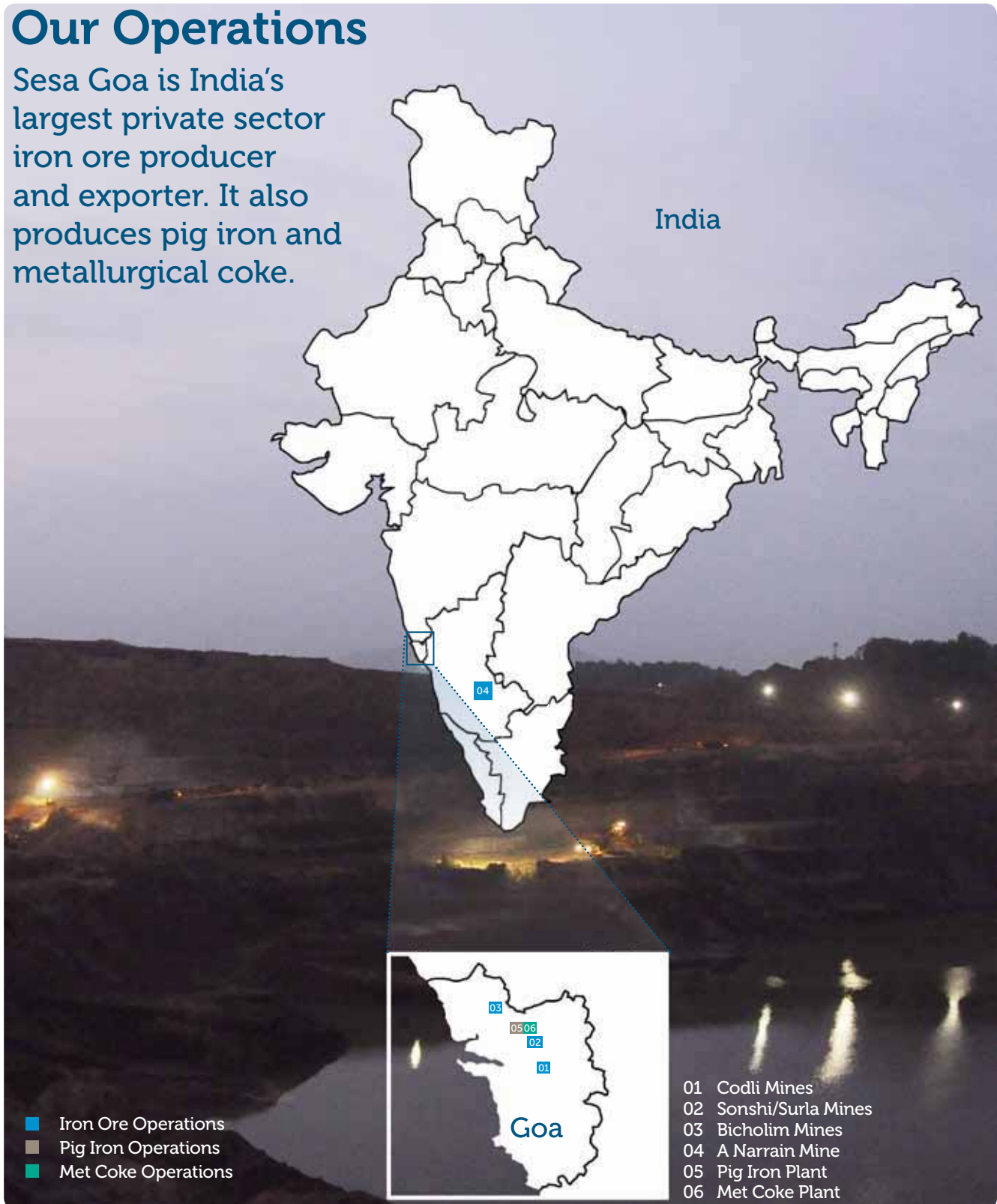


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2 Our Operations

Sesa Goa is India's largest private sector iron ore producer and exporter. It also produces pig iron and metallurgical coke.



Note: Map not to scale
Major operating mines are shown in the map

Highlights

Financial Highlights

- ▶ Consolidated EBITDA of ₹ 5,214 crore, up 65%
- ▶ Consolidated PAT of ₹ 4,222 crore, up 60%
- ▶ Basic Earnings per share of ₹ 49.17 up 52%
- ▶ Dividend proposed at ₹ 3.50 per share as against of ₹ 3.25 per share declared in the previous year
- ▶ Strategic Investment – to acquire 20% stake in Cairn India Limited.

Business Highlights

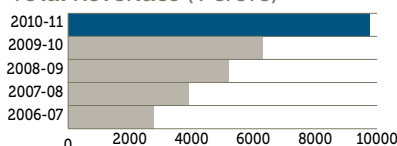
- ▶ Iron ore capacity expansion is progressing well; planned investment of approximately US\$ 500 million for Goa and Karnataka
- ▶ Expansion of Pig Iron and Met Coke on track for completion by Q3 FY2012
- ▶ Acquired the upcoming steel plant assets of Bellary Steel & Alloys Limited for a cash deal of ₹ 220 crore
- ▶ Amalgamation of Sesa Industries Limited with Sesa Goa Limited completed
- ▶ Exploration - Gross addition of 53 million tonnes of reserves and resources taking the total R&R to 306 million tonnes

Consolidated Financial Summary

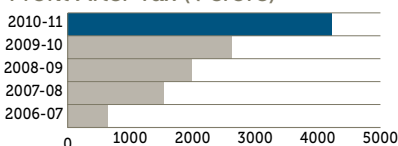
	(in ₹ crore, except as stated)		
	2011	2010	Change
Net Income from Operations	9,205	5,859	57%
EBITDA	5,214	3,156	65%
EBITDA Margin	57%	54%	
Net Profit (PAT)	4,222	2,639	60%
Earnings Per Share (₹)			
Basic	49.17	32.41	52%
Diluted	48.17	31.62	52%

Delivering Sustainable Shareholder Value

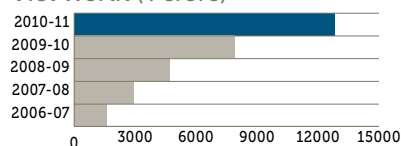
Total Revenues (₹ crore)



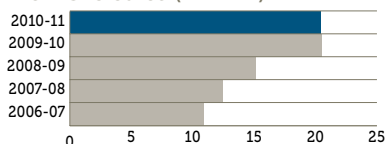
Profit After Tax (₹ crore)



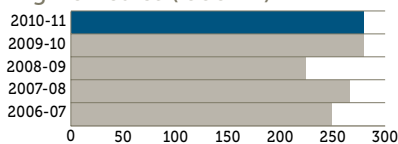
Net Worth (₹ crore)



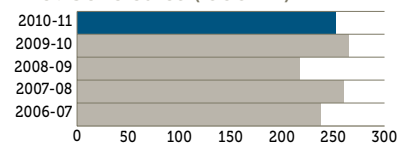
Iron Ore Sales (Mln Tn)



Pig Iron Sales ('000 Tn)



Met Coke Sales ('000 Tn)



4 Chief Executive's Statement



Dear Shareholders,

2010-11 has been a mixed year for Sesa Goa Limited. There was plenty of good news. First, the year saw the global economic crisis becoming a thing of the past, with both advanced and emerging economies registering positive growth during 2010. This contributed to resurgence in steel demand. Second, global iron ore consumption increased significantly and demand remained robust throughout the year. Third, steel output in China continued to grow, and with it the demand for imported iron ore and price.

These positive market conditions contributed to a 52% increase in Sesa Goa's turnover. With this growth, Sesa Goa today is an enterprise with a gross turnover exceeding US\$ 2 billion.

"These positive market conditions contributed to a 52% increase in Sesa Goa's turnover. With this growth, Sesa Goa today is an enterprise with a gross turnover exceeding US\$ 2 billion."

Delivering strong results

There were also some factors that adversely affected our production and sales of iron ore. In an effort to curb illegal mining, the Government of Karnataka banned export of iron ore mined in the state since end July 2010. In addition longer than normal monsoons in Goa and logistics constraints in Orissa and Goa further affected ore sales. Despite these constraints, your Company managed to nearly maintain production and sales volume levels at par with 2009-10.

International developments in 2010-11 has further strengthened our conviction of Sesa Goa's strategic positioning. In the near future, there is considerable market potential for a low cost producer like Sesa Goa to efficiently service the global seaborne iron ore trade. There are, however, some external uncertainties on the supply side, which are causes for concern.

Sesa Goa is continuously working on reorienting its plans to meet these challenges. In addition, in 2010-11, we have taken some long term steps and utilised our strong cash reserves for strategic investments.

The Macroeconomic Environment

It seems clear that the worst is behind us, and global economic recovery is on its way. After contracting by 0.5%, world output growth is back in positive territory at 5%. Emerging and developing economies continue to drive most of this growth. Renewed growth has revived steel demand. Global crude steel output increased by 16.8% in 2010. This provided for strong demand pull right across the ferrous metal value chain.

China and India are back on their high growth momentum. India grew by 8.6% in 2010-11, while China recorded a growth of around 10% in 2010. There are some causes of concern in terms of overheating, but the quarter-on-quarter

growth rates still do not indicate that these two countries will see a significant slowdown in the near future.

Nevertheless, there are some worries. One of these is high producer and consumer price inflation across emerging markets, especially in India and China. In the short term, higher commodity prices augur well for a company like Sesa Goa. However, high and rising cost-push inflation can cause social problems in emerging economies and hinder long term growth. Already, in an attempt to curb inflation, the Reserve Bank of India has increased interest rates on seven occasions since April 2010 — the last one being a hike of 50 basis points. Such high interest rates can have a negative impact on investments and future growth. So too oil prices, which remain at high levels.

The Business Environment

As stated in earlier annual reports, over the last few years Sesa Goa has developed a growth strategy with a focus on serving the increasing demand for iron ore, especially in emerging economies, but in most responsible manner.

Consider China. With a reduction in steel output in that country in the second half of calendar 2010, there were fears of a slowdown in iron ore imports. It turned out to be a temporary aberration. China was at the cusp of two different growth phases. Projects that were part of the earlier fiscal stimulus were being completed; hence, steel demand was tapering off. However, from the beginning of calendar 2011, China has launched another round of economic growth initiatives, with the focus on social housing and infrastructure, especially railways.

“We are optimistic that the strategic positioning of Sesa Goa with its low cost capabilities, easy accessibility to ports and strong customer relations will hold us in good stead to mitigate any downside risks and exploit the upside opportunities”.

This has led to major growth in steel output in China in Q1, 2011, which has increased both iron ore imports and prices. This phase of ‘steel-led’ GDP growth is expected to continue in the near future, with high demand from the construction industry. In the long run, however, there will be some slowdown in the Chinese steel sector as the country matures into being more consumer-driven economy.

We are optimistic that the strategic positioning of Sesa Goa with its low cost capabilities, easy accessibility to ports and strong customer relations will hold us in good stead to mitigate any downside risks and exploit the upside opportunities.

I have touched upon the supply side constraints that we faced as an Indian iron ore mining enterprise. The other major iron ore exporting country like Brazil, also faced issues regarding environmental clearances and port logistics. Thus, there were global supply side constraints in the seaborne iron ore trade. Hence, in an environment of fast growing Chinese demand, the prices of iron ore increased in the latter half of 2010-11.

Performance

The Company sold 18.1 million tonnes of iron ore (20.4 million tonnes on a wet metric tonne or WMT basis) in 2010-11, which was marginally lower than the 18.4 million tonnes of iron ore (20.5

million tonnes on a WMT basis) sold in 2009-10. However, external sales revenue from iron ore increased by 62% — from ₹ 5,170 crore in 2009-10 to ₹ 8,387 crore in 2010-11.

This trend was replicated in the pig iron business. Although sales volumes decreased by 5%, external sales revenues grew by 22% to ₹ 674 crore in 2010-11.

Sales and production volumes of metallurgical coke (met coke) were almost similar at 252,074 tonnes and 263,269 tonnes respectively in 2010-11. External sales revenues increased by 6% to ₹ 152 crore in 2010-11.

Sesa Goa's net income from operations grew by 57% to ₹ 9,205 crore in 2010-11. EBITDA by 65% to ₹ 5,214 crore in 2010-11. PAT increased by 60% to ₹ 4,222 crore, and diluted earnings per share grew from ₹ 31.62 in 2009-10 to ₹ 48.17 in 2010-11.

We remain focused on cost control and productivity. These efforts have helped to partially offset the higher export duties paid out in 2010-11.

Healthy accruals during the year contributed further to our strong cash position. As of 31st March, 2011, Sesa Goa had cash and cash equivalents of ₹ 10,682 crore. We have used this healthy cash reserve to make commitments to strategic investments that should generate high returns and diversify the Company's business — to which I now turn.

Strategic Developments

We have made two long term commitments in 2010-11.

The first is a commitment to buy 20% stake in Cairn India Limited (CIL) as part of the Vedanta Group's bid to buy majority stake in that entity. The value of the 20% stake is estimated at around US\$3 billion. This will be a financial investment for Sesa Goa that provides the Company an opportunity to earn superior returns in an investment in a leading hydrocarbons enterprise, which will benefit from value creation as part of the Vedanta Group while providing the protection of participating in a controlling interest.

The proposed takeover by the Vedanta Group is presently awaiting Government of India approvals.

In a major development post the end of the financial year but prior to writing this letter, we acquired 200 million shares amounting to 10.4% stake in CIL from Petronas International Corporation Ltd. in a block deal at a price of ₹ 331 per share.

The open offer closed on 30th April, 2011. Some 155 million shares representing approximately 8.1% of the share capital of Cairn India Ltd. have been tendered. The total consideration to be paid for these tendered shares is ₹ 5,504 crore (approximately US\$ 1,241 million) at the offer price of ₹355 per share.

Thus, post the open offer, Sesa Goa will have 18.5% stake in Cairn India Ltd — 8.1% from the shares tendered during the tenure of the offer, and another 10.4% from Petronas.

The second is a move to diversify up the ferrous metal value chain. We acquired the assets of the upcoming steel plant unit of Bellary Steel and Alloys Limited for an all

cash deal of ₹ 220 crore. Apart from the direct benefits of leveraging growing opportunities in the Indian steel sector, this acquisition should allow us to add value to the iron ore mined in the state of Karnataka.

At this juncture, it gives me great pleasure to inform you that the long pending case regarding the amalgamation of Sesa Industries Limited, the subsidiary that produces pig iron, and Sesa Goa finally received the approval of the Supreme Court. The merger was completed in February 2011.

I am also pleased to inform you that we have successfully integrated the operations of Sesa Resources Limited (SRL) and the Sesa Mining Corporation (SMC) — the erstwhile V S Dempo Limited — with the Company's operations. SRL and SMC continue to perform to expected levels. We have also added additional resources in SRL and SMC post-acquisition through explorations, thus reinforcing our sustainable growth strategy.

Growth and Long Term Value

In last year's annual report, I had stated our iron ore vision of 50 million tonnes (mt) production and sales by 2012-13. There has been a revision to this. In 2010-11, we did not renew our agreement for third party operations at the Thakurani mines in Barbil, Orissa, due to unfavourable commercial terms, and terminated our operations in Orissa. We continue to maintain our target for increasing ore production in Goa and Karnataka to 40 mt.

Exploration activities continue as planned, with 53 mt being added to the gross reserves and resources. As on 31st March, 2011, the Company's total reserves and resources were 306 mt.

We have progressed on all the

projects to double our iron ore capacities — and also increasing pig iron capacities by 375,000 metric tonnes (MT). Regarding iron ore, in 2010-11, although we made satisfactory progress in logistics, mining and processing capacities, however we are awaiting certain statutory clearances. Expansion of the pig iron capacity is progressing well, for completion by Q3, 2011-12.

Sustainability

Sesa Goa remains committed to sustainable development, which focuses on maintaining a pre-eminent position in health, safety and environment practices, and in contributing to the development of communities where it operates. All our locations, are certified for ISO 9001, ISO 14001 and OHSAS 18001 — except for SRL which is yet to be certified for OHSAS 18001.

Health and safety always remained a priority for Sesa Goa. The Company continues to take a proactive role in providing the employees a safe working environment through responsibility, training, monitoring and implementing the best safety practices across all locations.

In 2010-11, our Lost Time Injury Frequency Rate (LTIFR) reduced from 1.13 in 2009-10 to 0.86 per million hours worked in 2010-11. I am also happy to report that the Met Coke Division (MCD) achieved zero lost time accidents for the last two consecutive years. 2010-11 also saw the Pig Iron Division (PID) achieve zero lost time accidents. Nevertheless, I must inform with deep regret of a fatality, which occurred at a jetty in Goa where a barge sailor lost his life in an accident. We have thoroughly investigated the causes, and put in the necessary safety measures.

The 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 our over-all sustainability objectives. More details on health, safety, environment and corporate social responsibility are given in the chapter on Management Discussion and Analysis.

In 2010-11, Rs 2,571 crore was paid by your company in the form of various taxes, duties, levies, royalties, etc to Government of India and other Government agencies.

Outlook

For the near term, we remain optimistic about the prospects of iron ore demand and consequently the price, in the global seaborne trade. In line with consensus expectations, we expect global deficit in iron ore to continue for the next two years. In the longer term, the market will move towards equilibrium at lower prices as new capacities for iron ore come on stream.

On the cost front, we expect royalty rates, railway & road freight and export duties to exert some pressure, while volumes could

be challenged by uncertainties in policy decisions and hurdles in logistics. We remain cautiously optimistic of overcoming such obstacles.

Corporate Governance

You would recall that in 2009-10, Sesa Goa was subjected to investigation by the Serious Fraud Investigation Office, Ministry of Corporate Affairs, New Delhi. The investigation is still in progress. Further update on this issue will be provided in due course.

Acknowledgement

I would like to take this opportunity to thank all our employees, employee unions, my colleagues at the executive team of Sesa, the Group Management and the Board of Directors for their unwavering support in helping us enhance our position as the India's leading iron ore company.

Thanks are also due to government departments & authorities, village panchayats, our solicitor & counsels, consultants, suppliers, contractors, various, port authorities and all other business associates.

We recently announced that our Chairman, Mr SD Kulkarni, has stepped down from the Board after serving the Company for 10 years. On behalf of the Board of Directors, I would like to take this opportunity to thank, Mr Kulkarni for his substantial contributions, and for guiding Sesa Goa to its pioneering position.

The Company has recently appointed Mr Jagdish P Singh and Mr Ashok Kini as Directors, subject to the approval of shareholders in the Company's ensuing annual general meeting. I welcome them on board and look forward to their support and guidance in taking Sesa Goa to new levels of success.

My thanks to our shareholders for reposing faith in our business. Let me say to them, "We have the ability. We have the desire. And we have the belief that we can and will deliver our targets."

P K Mukherjee

Chief Executive Officer /
Managing Director

5th May, 2011

8 Board of Directors



Left to right: Kuldip K. Kaura, Jagdish P. Singh, Amit Pradhan, Arun K. Rai, Ashok Kini, Gurudas D. Kamat, Prasun K. Mukherjee