



Together

In association with or in relationship to one another; mutually or reciprocally; To unify and harmonize one's resources so as to perform with maximum effectiveness; In harmony or accord.

Visual mnemonic



we & our

world

Separate & indivisible. Finite & perennial.
Unique & similar. Though we and our world live
diametric realities, we share destinies.
For a sustainable future it is imperative that
we and our world move forward together.

Symbiotic synergies between traditionally
contrasting parameters like people and profits,
consumption and conservation, commerce and
community, is the need of the hour.
Practising sustainability is about forging true
win-win paradigms.

At MSPL we have been taking many a path away
from the straight and narrow to harmonise
these juxtaposing requirements. Our second
Corporate Sustainability Report is an endeavour
to share these efforts with our stakeholders
and update them regarding our plans to
integrate sustainability across disciplines,
hierarchies and functions.

MSPL LIMITED
CORPORATE SUSTAINABILITY REPORT
06-07

This report has been checked by GRI and has been granted the status of being 'In- Accordance' with GRI (G2) Guidelines.

GRI is a multi-stakeholder governed institution collaborating to provide global standards in sustainability reporting. The Global Reporting Initiative (GRI) has pioneered the development of the world's most widely used sustainability reporting framework.



MSPL LIMITED

BALDOTA

insight & foresight	1
In Conversation	
Scope and Profile	8
today & tomorrow	9
Vision, Mission and Principles	
earth & wind	13
Profile - MSPL Limited	
The Mining Business	16
The Wind Energy Division	19
challenges & opportunities	23
Sustainability Context of MSPL	
monitoring & motivating	27
Corporate Governance	
quality & repeatability	33
Management Systems and Policies	
dialogue & delivery	37
Stakeholder Engagement	
Introduction to GRI Performance Indicators	42
people & profits	43
Economic Performance	
consumption & conservation	47
Environmental Performance	
community & care	59
Social Performance	
The 'Abheraj Baldota Foundation'	73
Approach to Reporting	75
GRI Content Index	76
Glossary of Terms	77
Independent Assurance Statement	78



insight & foresight



IN CONVERSATION

An interview with Shri Narendrakumar A. Baldota, Chairman and Managing Director, Baldota Group of Companies, on MSPL's approach to Sustainability Reporting.

What has been the public response to MSPL's first CSR report? What kind of things do you have in mind for the second sustainability report?

With our first report 'Hand in Hand' in 2005-06, broadly based on GRI guidelines, we embarked on our sustainability reporting journey. It has been a rewarding and learning experience for us to embed the concept of sustainability in our operations.

The response to the first report has been overwhelming. In the forums where I have shared the report, people have been pleasantly surprised to see that a mining company like ours is so deeply concerned and involved in corporate social responsibility and sustainability. This has led to a lot of exchange of ideas on the subject. The report has been an effective tool for communicating all our activities to people through one platform. The readers also seem to be very happy with the quality of the report that we have produced at the first attempt. I believe that the report of 2005-06 has changed the perception of our company to that of a 'socially sensitive' one among our stakeholders.

With the second report, we would like to take a step further and talk about our efforts towards 'adding value' to our sustainability performance.

We would like to take a step further and talk about our efforts towards 'adding value' to our sustainability performance



What have been some of the significant achievements of MSPL during the year 2006-07? What are the developments that you are excited about in terms of "sustainability of the business?"

This has been an eventful year. We have combined growth with tremendous learning in terms of organisational restructuring, furthering our steps in the area of renewable energy as well as an attempt to structure our activities in the sphere of social responsibility.

We believe that sustainability will come first from sustainable growth of the business

We believe that sustainability will come first from sustainable growth of the business. However, at the same time we are making a conscious effort to reduce our environmental footprint.

We are trying to create more economically viable products apart from iron ore. MSPL is working towards “zero waste management” in its mines.

Low grade iron ore like BMQ & BHQ are being tested for beneficiation and M/s Metchem of Canada, has been conducting beneficiation tests in this regard for us. We continue our research in this direction, in collaboration with the Indian Bureau of Mines, The Regional Research Laboratory, Bhubaneswar, and National Metallurgical Laboratory, Jamshedpur. Our own laboratory has been recognised by the Indian School of Mines, Dhanbad (under the Council for Scientific and Industrial Research). This investment in beneficiation would be beneficial to the mining industry in the country in general and to our company in particular.

To increase our exports of iron ore by rail, we have added six rakes with 58 wagons each, so that we can effectively substitute road transport by rail transport. This would reduce the dependence on fossil fuel and cut down on vehicular pollution. We are also working towards enhancing our loading and unloading speed by fifty percent to avoid railway engine idling time.

On the other hand, we are working towards 'forward integration' by setting up a 1.2 Million MT capacity pellet plant at Koppal which will enable us to utilise 'iron ore fines' within the country. At present, the Indian steel industry mostly demands 'iron ore lumps' and 'iron ore fines' and are currently an export item. We are also setting up an alloy and special integrated steel plant of 1 million tonne capacity.

We are enhancing our information management systems through the integration of SAP, this would enable us to access real time information. Currently, we are in the process of rolling out the same across all our departments.

During the financial year 2006-07, we invested in health insurance coverage for our entire staff and their families. Our newly constructed corporate office is energy efficient - it receives natural light, the security systems are biometric, and we have ensured that there are common spaces for the employees to interact.

MSPL is working towards zero waste management in its mines

To increase our exports of iron ore by rail, we have added 6 rakes with 58 wagons each



This would reduce the dependence on fossil fuel and cut down on vehicular pollution



We have invested in health insurance coverage for our entire staff and their families

Can you give us some insight into Zero Waste Mining?

We are concerned about effective utilisation of waste produced from our mining operations. We are committed to put to good use all the mineral resources and achieve 'zero waste mining'.

In line with this philosophy, one of the products which we have developed is Sulpha Sponge. It helps remove impurities from water, odour from municipal sewage, and acts as an excellent scavenger for hydrogen sulphide.

We have already commenced projects on a pilot scale with the Bellary Municipal Corporation and the Mumbai Municipal Corporation.

What kind of role does MSPL see for itself in terms of contributing to society? What are the core values that MSPL keeps in mind for practising sustainability?

In terms of contributing to the development of the area in which we are located, we follow a simple thumb rule - need of the people. We would like to focus on fulfilling some of the basic needs of the people around us - both in Hospet Township and the villages near our mines. This could be in the form of assistance for education, health facilities, and infrastructure needs of the town or any other contribution towards basic requirements of the people of this region.

Smt. Vasantidevi Baldota Blood Bank established by us five years ago, has been catering to Hospet and towns as far as 100 kms away. Currently the blood bank is witnessing a rising demand for blood components. This is one of the areas in which we would invest in the future.

Apart from managing the Blood Bank, we also educate people about the merits of donation and have been trying to inculcate the understanding that blood is not a commodity to be purchased, but something to be voluntarily donated for the benefit of others. We organised the 5th anniversary celebrations of the blood bank on a large scale, advocating and encouraging blood donation.

We have developed Sulpha Sponge, which helps remove impurities from water, odour from municipal sewage, and acts as an excellent scavenger for hydrogen sulphide.

We also educate people about the merits of blood donation



Now there is also a demand for blood components

This is one of the areas we would invest in the future



As part of our health initiatives, we have donated INR 100,000 towards eye-testing equipment for an eye centre, as there was an absence of such equipment in Hospet.

To enhance the quality of life of the local community, one of the ideas that we have been working on is a 'Kala Academy' to encourage music, arts, drama, dance etc, as there are many renowned 'gharanas' of music in Dharwad, but the people of this region do not have the required facilities to learn music.

There is also a serious lacuna in terms of quality entertainment options for people in Hospet. In this regard, we plan to build an auditorium in the future, where families can enjoy music, dance and theatre. We have taken the first step in this direction, by applying to the District Commissioner for a suitable piece of land in the heart of the city.

As part of our endeavour to provide better amenities and infrastructure to the town and make Hospet a better place to live in, we plan to construct five Bus stands in Hospet.

We are also adopting 5 villages near our operations viz. Danapur, Galemmanagudi, Hanumanahalli, Kanvihalli and Ingaligi. We have completed a survey of the villages to identify their basic needs. We have also appointed a full time person to manage our community development activities more effectively.

To align our activities in line with our vision and mission we practice the 5C's - Creativity, Commitment, Concern, Care and Core values in our approach towards CSR. Fundamentally we would prefer to be in harmony with nature and promote 'ecofriendly' practices in all our functions.

MSPL has been among the top investors in wind energy in India. How did you think of investing in sustainable energy? What are some of your future plans for the wind power business?

Our concern for the environment was the major driver for us to venture into wind energy sector. The demand for energy is growing and, the dependence on conventional sources has led to an increase in emission of greenhouse gases. As it becomes increasingly evident that fossil fuel supplies are finite, politically vulnerable and can pose considerable pollution problems, the importance of renewable energy is growing.

Among the different renewable energy sources, wind energy is currently making a significant contribution to the installed capacity of power generation, and is emerging as a competitive option.

We plan to build an auditorium in the future for families to enjoy music, dance and theatre



We are also adopting 5 villages viz. Danapur, Galemmanagudi, Hanumanahalli, Kanvihalli and Ingaligi



We would prefer to be in harmony with nature and promote 'ecofriendly' practices in all our functions.

Setting up wind farms is a sustainable option since; it helps in mitigating the greenhouse effects, creating employment for surrounding communities and conservation of natural resources.

MSPL Limited diversified into generating Green Power through wind energy by installing a 1.5 MW windfarm at Satara, Maharashtra way back in 2001.

Since then, MSPL has leapfrogged by adding more capacity in the states of Karnataka & Maharashtra which added up to an installed capacity of 111.60 MW as on 31st March, 2007.

We are proud of being ranked No. 1 in wind energy sector with combined installed capacity for the group being 191.6 MW as on June 2007. According to the Directory of Indian Wind Power, published by Consolidated Energy Consultants Limited, MSPL Limited had the largest installed wind power generation capacity in India, as on 31st March, 2007.

During 06-07, we have added another 30 MW and have an ambitious plan of touching a target of 500 MW by 2012. The investment in Wind Energy is our contribution towards combating the climate change crisis.

Can you tell us how your foray in wind power would help in combating the climate change crisis?

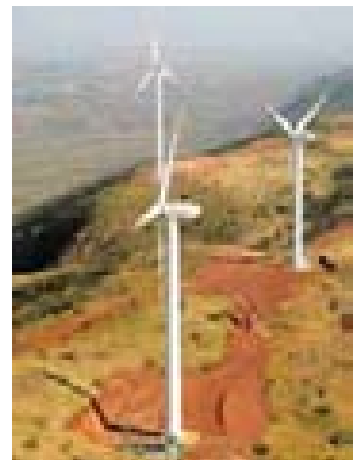
United Nations Framework Convention on Climate Change (UNFCCC) is an International Treaty working towards global warming reduction. Under Kyoto Protocol, projects that help in reducing GHG emissions get credits for Certified Emission Reductions (CERs), well known as Carbon Credits. The installations of wind farm projects help in reducing greenhouse gas (GHG) emissions and are entitled to CERs.

We have five Clean Development Mechanism (CDM) projects at various stages of registration with UNFCCC.

Our CDM-1 - the 125 MW Wind Power Project of Baldota Group in Karnataka, where MSPL has a lion's share of 78.90 MW, was registered as a Clean Development Mechanism (CDM) Project by UNFCCC, on 29th September 2006. When registered, it was the largest wind power project in the world registered by UNFCCC for CDM activity.

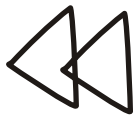
This registration by UNFCCC would enable the Company to generate a maximum of 2.5 Million Certified Emission Reductions (CERs) under the Clean Development Mechanism. This 125MW wind power project activity would replace conventional energy equivalent to 356.83 Million units and thereby reduce emission of greenhouse gases (GHG) to the tune of 25,32,400 tonnes of carbon dioxide over a ten year project crediting period.

We are ranked No. 1 in wind energy sector with combined installed capacity for the group being 191.6 MW as on June 2007



The installations of wind farm projects help in reducing greenhouse gas emissions

Our CDM-1 the 125MW wind power project of Baldota Group is one of the largest wind power projects in the world



Looking Back at 2006-07 A Few Sustainability Footprints

1

We have played a proactive role in convincing the Government of India against the banning of iron ore exports, which would have been a serious blow to the mining industry in the country at large.

Played a proactive role in convincing the Government of India against the banning of iron ore exports

2

One of the important breakthroughs has been the finding that nonsaleable mineral can be made useful through the BHQ beneficiation process which (certified by RRL, IBM, CSIR) will enable us to increase the reserves of iron ore in the country.

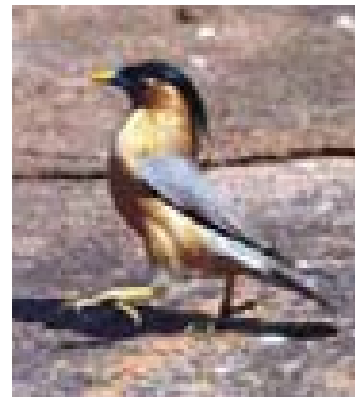
3

The Blood Bank has come of age after five years of its existence, with the local hospitals upto 100 kms away availing its services, and the increasing awareness and enthusiasm among donors.

We have encouraged, financed and supported nature protection activities

4

We have encouraged, financed and supported the formation and management of Society for Wildlife and Nature (SWaN) to carry out projects on 'Nature Clubs' and other nature protection activities.



5

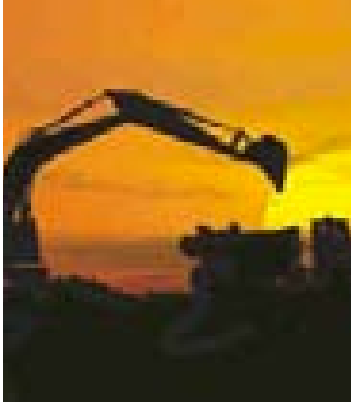
By converting a substantial amount of our road movement to rail movement under the OYW (Own Your Wagon) scheme, we have reduced fuel consumption and vehicular pollution.

6

We won the 'Uchit Vyavhar Puraskar' which is recognition of our fair and reasonable approach towards all stakeholders and our ethical business practices.

We won the 'Uchit Vyavhar Puraskar'





SCOPE & PROFILE

This is the second sustainability report published by us. Last year's report, 'Hand in Hand' was our first report released in July 2006 and it covered the period from February 2005- January 2006. This report covers Vysankere Iron Ore Mines (VIOM) and our Wind division under MSPL Ltd. Since the last report, there have been no major changes in MSPL's Vysankere Iron Ore Mines (VIOM)

in terms of size, structure, ownership or products.

Our reporting period for this year is from 1st April, 2006 to 31st March, 2007. The report has been prepared in accordance with 2002 GRI Guidelines, focusing on a balanced presentation of our organisation's economic, environmental and social performance.

The report focuses on our economic performance during the reporting period, our environmental performance, company's initiatives towards 'Corporate Social Responsibility' (CSR), highlights on the mining and wind power business, our approach with respect to employee welfare and training and the activities of the Abheraj Baldota Foundation.

The report has been prepared
in accordance with 2002 GRI Guidelines

Assurance | Ernst & Young Private Limited was appointed to provide limited assurance on our Sustainability Report for the second time in a row. Their assurance statement appears on page 78.

Feedback | We value your suggestions. We encourage all our readers to reflect on the strengths and weaknesses of this report and send us their suggestions.

You can e-mail your feedback to: sn.baldota@mspllimited.com





today & tomorrow



Our Vision

Be valued as one of the world's leading natural resource companies



Our Mission

To become the leading supplier of iron ore & wind energy in the country by meeting the direct and implied needs of domestic and global customers to their best satisfaction, through the employment of and services of committed and knowledgeable team members

Five Cs

Creativity

Commitment

Concern

Care

Core values



- 
- ⦿ Zero Waste Mining
 - ⦿ Export Initiatives
 - ⦿ Concern for Environment
 - ⦿ Customer Satisfaction
 - ⦿ Health & Safety

How we have put our principles into practice this year...

As part of our initiative of 'zero waste mining', we have invested in improving the quality of ore by beneficiating Banded Hematite Quartzite (BHQ) to make it saleable iron ore. This is a manifestation of using creativity for business sustainability.

It is as part of our commitment to voice the concerns of the mining industry in India that we have taken the initiative to justify the iron ore exports from India to the Government, through the forum of Federation of Indian Mineral Industries, in a climate

which seemed inclined to introduce a complete ban on exports from India.

We care for our people and the society around us. We give because we believe in giving as a principle.

It is as a result of our concern for the environment that we have invested in utilising existing resources better (zero waste, beneficiation) thereby creating value to the country's resources, invested in the wind power sector, have improved the quality of

roads leading to our wind farms and have planted many trees so as to impact the environment positively. Our focus on customer satisfaction (which is among our core values) continues with recertification of ISO 9001:2000.

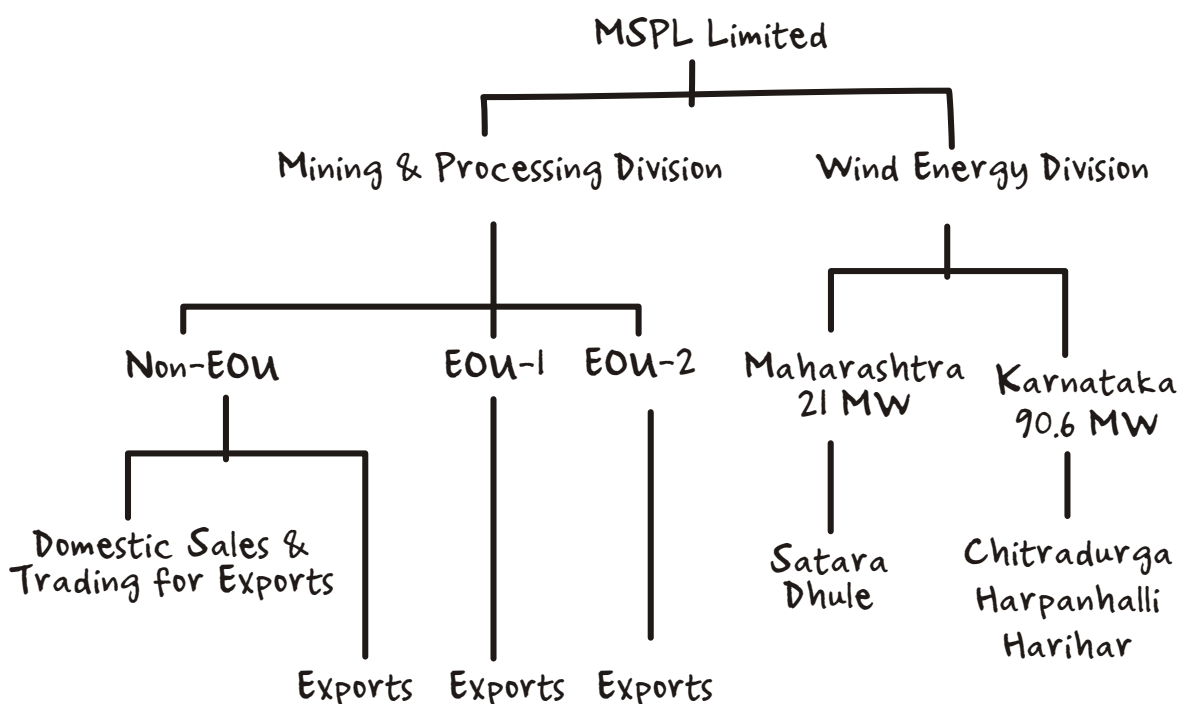
Health and Safety being an integral part of our operations, we have also got recertification for our Occupational Health and Safety Performance this year (OHSAS 18001:1999).

earth & wind



“ This is the era of core growth + new growth for our business ”

PROFILE - MSPL LIMITED



MSPL is the flagship company of the Baldota Group. We have been in the iron ore mining business for over four decades. Our journey started with the vision of our founder Late Shri Abheraj Baldota. We were the pioneers and are now among the leaders in the iron ore export segment to China from Bellary and Hospet sector. We began with float mining and slowly moved towards reef mining which is continued till date. Our processing capacity is an aggregate of 4.6 Million MT per annum.

We have diversified into wind power business due to our concern for the environment and in order to contribute to the global goal of reducing Greenhouse Gas emissions.

According to the Directory of Indian Wind Power, published by Consolidated Energy Consultants Limited, as on March 31, 2007 we had the largest installed Wind Power generation capacity in India. In 2005, we were awarded the prestigious KREDL award for “Highest Productivity and Highest Investment in the field of Renewable Energy” in the State of Karnataka.

MSPL Limited has been awarded the prestigious Jamnalal Bajaj Uchit Vyavahar Puraskar - 2006, for Fair Business Practices in the 'Manufacturer-Large' category, by the Council for Fair Business Practices (CFBP).

Riding on phenomenal results of 2006-07 (turnover rise of 103%, net profit after tax rise of 98%, production rise of 1.3 Million MT of iron ore, 261.02 MUs generation of power), we are focusing on expansion of our production capacity, exploring new markets, improving marketing, logistics, brand building, employee productivity and improving the quality of iron ore.

Our focus on sustainable development continues with investment in wind energy, scientific mining processes to minimise waste and reducing dust & noise pollution. We continue our afforestation initiative and have planted over 1.67 Million trees to realise our vision of transforming 240 hectares of harsh mining terrain into a lush green landscape.

We are aware of the risks involved in day to day operations at our mines and we take precautionary measures to mitigate those risks. This approach has helped us in avoiding major accidents which may be fatal to the workers. We completed another 'zero accident' year in 2006-07. We care for the environment we operate in, which is evident in the efforts taken to preserve the flora and fauna around our mining operations.



For 2006-07, MSPL Limited was awarded the CFBP-Jamnalal Bajaj Uchit Vyavahar Puraskar in the Large Manufacturer category. The award recognises MSPL's ongoing commitment to fair business practices, equitable development, community service and exemplary corporate citizenship.

The mission of the CFBP is to promote the highest ethical practices, by businessmen and professionals, in order to provide complete satisfaction to all stakeholders. The CFBP - Jamnalal Bajaj Uchit Vyavahar Puraskar aims to honour the endeavours of businessmen, business houses and business associations with an exemplary record of practising and promoting fair business practices.

This award is given based on the criteria of Customer Satisfaction, Customer Communication, Employee Motivation, Supply Chain System, Regulatory Compliance, Environment Protection, Social Conscience, Corporate Social Responsibility, Compliance with Laws and adherence to the Code of Conduct of CFBP.

MSPL is the 19th recipient of this award. Some of the leading Indian companies that have won the awards in the past are Tata Motors, Infosys, Dabur India, Maruti Udyog and Glaxo India among others.



The geographical formation of the mines remains the same as reported in last year's report



THE MINING BUSINESS

Mining Operations

We have been in the mining business for more than four decades practising a mechanised open cast method of mining. We have always been open to change and have upgraded to modern principles and techniques in our business to compete in the international market.

We are exporting high grade iron ore. While growing our mining business at a fast pace with undaunted focus on consistency and quality, we would also like to acquire additional mining assets and infrastructure facilities.



Our Mining Products

MSPL Limited's concentrate is high grade iron ore powdered below 1 mm size beneficiated to 66% Fe content. The product is ideal for pellet making and is already being exported to China.

Our product profile includes:

- ① HG High Grade Iron Ore Fines ——— (Fe+65)
- ② Calibrated Iron Ore Lumps ——— (Fe+65)
- ③ MG Medium Grade Iron Ore Fines ——— (Fe+63)
- ④ Calibrated Iron Ore Lumps ——— (Fe+63)
- ⑤ Iron Ore Concentrate ——— (Fe+66)

The lease stratigraphy belongs to Ramanmalai geological formation comprising amphibolites intruded by quartz chlorite schist, BFQ (Banded Ferruginous Quartzite), metagabbro (Basic Intrusions), BMQ (Banded Magnetic Quartzite), chlorite schist, ferruginous shale, massive iron ore body, basic intrusions (gabbro), friable iron ore, BHQ (Banded Hematite Quartzite), and phyllite. The total strike length of the ore body is 2.8 kms. The area has been divided into three blocks viz. north block, middle block and south block on account of ore exposure. The general strike of ore body is NW-SE and dipping easterly. Our mining lease area is 347.22 hectares. The geographical formation of the mines remains the same as reported in last year's report as there has been no major change during the reporting period.

ⓐ A new Motor Grader was purchased for regular maintenance of roads

ⓑ A new Rock Breaker was purchased to increase productivity

ⓒ For better visibility, two Sigma Tower Lights were added this year

ⓓ Environment friendly iron ore processing plant commissioned



Some of our capacity enhancement efforts during the year 06-07

A. To cater to the needs of our ever growing business demands, 10 new 30 tonne 'Tatra make iron ore carriers' were added to the existing fleet.

B. A new Volvo 460 LC generation excavator was commissioned. Three new excavators were added to the excavator fleet.

C. A new Tamrock Pantara 1100 hydraulic, environment friendly drill was commissioned during the month of August, 2006 which not only replaces conventional drills but also contributes towards saving diesel and thereby avoiding air pollution.

D. Roads being one of the most important infrastructure facilities for functioning of vehicles in the mining area, a new Motor Grader was purchased for regular maintenance of roads as this would help in reduce fuel consumption and also conserve fossil fuels and thereby reducing the impact on the environment.

E. A Crushing plant is the lifeblood of the mining operations. To increase the productivity of the crushing plant, to break boulders, and to avoid drilling and blasting, a new Rock Breaker was purchased this year.

F. Illumination is a very important factor in the mining area. To add to better visibility, two Sigma Tower Lights were added this year.

G. MSPL has established the Export Oriented UNIT-II at Ingaligi village for processing of iron ore and to produce value added products. The plant was commissioned on 10th June 2005. The plant has a capacity of 475 TPH for dry process and 200 TPH for wet process beneficiation. The ROM received from different mines are blended and fed to the plant to produce iron ore fines and calibrated iron ore of high grade and medium grade.

The fines produced from dry process are subjected to beneficiation through BP plant for improvement of Fe content through the Classifier. The calibrated ore produced is also washed through the Log washer. The plant is designed to achieve air pollution levels which are far below the permissible limits. All the conveyors, vibrating screens are covered. There is also a spraying arrangement in the Hopper which receives the raw material for processing.

In addition to this, there is a Dust Extraction System covering all the transfer points. The entire plant is environment friendly, which is unique to processing plants in the sector. The products produced here are transferred to AHB siding, which is parallel to the plant for export. Arrangements are made for wetting the products during stocking and loading.

To enhance the production capacity, a 475 TPH Processing Plant has been commissioned along with two Chinese Wheel loaders.

“ Mineral conservation is our motto.
We continue to work towards converting
non-saleable to saleable products ”

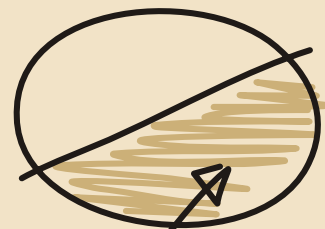
Meda Venkataiah
E D Mines

Highlights of 06-07

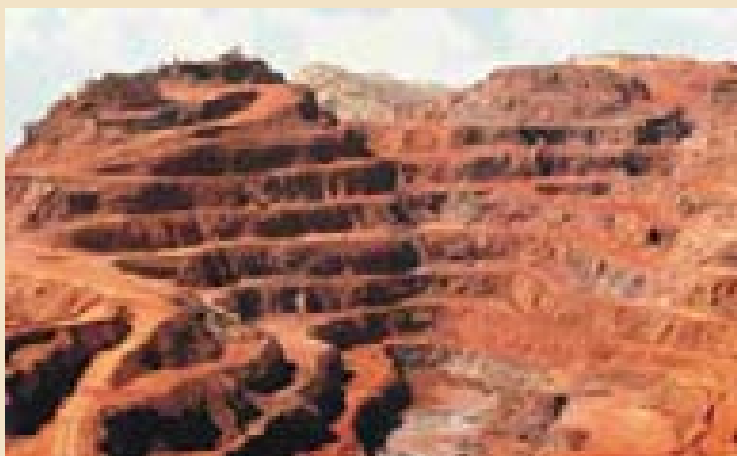
- We took delivery of our first railway rake in February, 2006. This was the first of six such rakes procured by us through the 'Own Your Wagon' (OYW) scheme of Indian Railways under the PPP model (Public Private Partnership), to augment our iron ore movement to the ports of Goa and Paradeep. Investment in this scheme guarantees priority clearance of investors' cargo over other pending demands by railways.
- We inaugurated a new private railway siding 'MSPL AHB Siding' at Ingaligi near Kariganur. The siding is located adjacent to our EOU-2 (Exports Oriented Unit) and has commenced commercial operations.
- We acquired a new 58-seater bus for transportation of our staff to the mines.
- Three 16 KL Water Tankers were added to our fleet to reinforce the spraying operations on the haul roads.
- While overall production was 4.03 Million MT, the production at VIOM was 2.34 Million MT, and the total sales including trading operations reached a high of 4.88 Million MT.
- A 475 TPH downhill conveyor system is in the process of being commissioned which would be operational in the third quarter of 2007-08.
- To reduce pollution, the quantity of ore transported by road has been reduced.
- We have increased exports from the new short lead ports.
- Testing of BHQ (low grade iron ore) for beneficiation is being continued. The tests are likely to be completed during 2007-08.
- We leverage our logistic infrastructure like rakes, barges, port plots etc. for increasing quantum of exports by marketing iron ore outsourced from other mines.

Sales reached
a high of
4.88 Million MT

Total production
4.03 Million MT



VIOM
2.34 Million MT

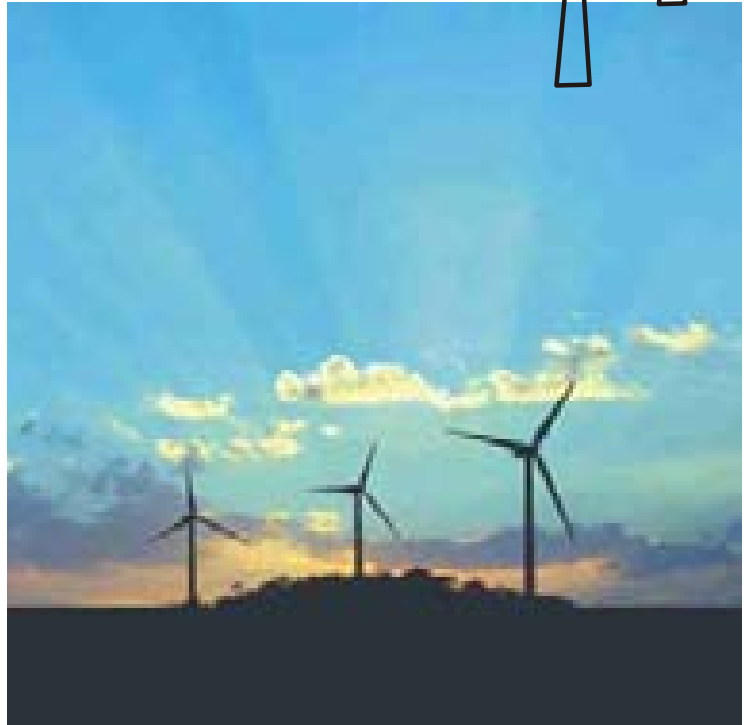
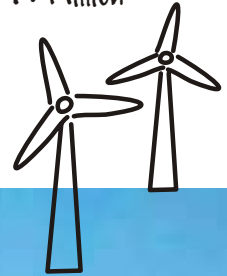


THE WIND ENERGY DIVISION

Energy is a vital component that supports economic and social development of the society. Developing new thermal generating facilities is becoming more difficult due to fuel uncertainties as it is increasingly evident that fossil fuel supplies are finite, politically vulnerable and can pose considerable pollution problems.

This has become a prominent global environmental issue, and a threat to the development model currently practised by mankind.

Our total investment in the wind energy sector has touched **INR 6061.41 Million**



Location	Capacity (MW) ²
Satara	1
Dhule	20
Jogimatti, Chitradurga	11.25
GR Halli, Chitradurga	27.1
Sogi	25
Jajikallgudda	21.25
Harihar	6
Total	111.60

During the year 2007-08 we have plans to install another 80 MW.

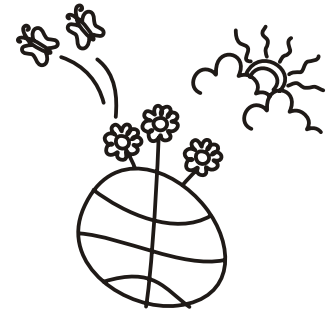
Thermal power generation accounts for one-third of the emissions of carbon dioxide (CO₂) and other heat trapping gases. At present, the earth's atmospheric CO₂ levels have risen to the highest level ever in 160,000 years. Current estimates are that CO₂ emissions could increase by fifty percent by 2010 and double by 2020.

In view of the current fuel crisis facing the world, the alarming rate of environmental degradation and the need to diversify the supply of energy, there is a greater need to invest in renewable sources of energy. Among the different renewable energy sources, wind energy has the potential of making a significant contribution to the installed capacity of power generation, and is emerging as a viable option.

As part of our commitment to develop sustainable energy and reduce our environmental footprint, we have diversified into generating power using wind energy. We have our wind farms at Satara and Dhule in Maharashtra, GR Halli, Jogimatti, Chitradurga District and Sogi, Bellary District and Jajikallgudda in Davanagere District of Karnataka. As on 31st March 2007, our total investment in the wind energy sector has touched INR 6061.41 Million (whereas the overall investment for the Baldota Group is 9242.25 Million) and the total installed capacity is 111.60 MW.

Contribution to climate change

The transition from carbon fuels to renewable energy is gaining importance as global warming is currently impacting all sections of the society. Anthropogenic greenhouse gas emissions are influencing the world's climate in ways that affect all parts of the globe. Investment in renewable energy is therefore our own contribution towards combating the climate change crisis.



Greenhouse gas abatement and sustainable development

At MSPL, we are committed to developing sustainable energy solutions and balancing economic progress with environmental care and social responsibility. Our investment in wind energy facilitates sustainable development in the following ways.

- 1 Abatement of CO₂ and reduction of greenhouse gas emissions through development of renewable technology.
- 2 Contribution towards the objective of the Government of Karnataka and the Nation's goal of 10% increase in energy from renewable sources.
- 3 Expansion and diversification in the fuel mix of the Karnataka sector.
- 4 Reduction in the average emission intensity (SO_x, NO_x, PM, etc.).
- 5 Conservation of natural resources including land, forests, minerals, water and ecosystems.
- 6 Development of the local economy and employment, particularly in rural areas, which is a priority concern for the Government of India.
- 7 Capacity building and empowerment of vulnerable sections of the rural communities.

Clean Development Mechanism (CDM) team

We have established an operational and management structure for managing our Clean Development Mechanism (CDM) projects. The best practices of operation and management prevalent in the industry have been adopted. A dedicated CDM team has been formed to monitor energy generation and other important aspects. The team include engineers who report to wind farm managers, who in turn report to the General Manager (Operations) WindPower.

CDM Projects



Baldota Group's CDM-1 Project of 125.15 MW (MSPL having a lion share of 78.90 MW) in Karnataka has been registered with UNFCCC¹ and after regulatory verification the project has been issued 267,777 CERs.

When this project was registered it was the largest wind energy project in India as well as in the world.

125.15
mw



CDM 2

20 MW at Dhule,
Maharashtra.
Status of the project-
Validation completed.

“It is solely out of our concern for the environment and efforts to combat global warming that we are enhancing our investment in wind energy”

Shrenikkumar N. Baldota
Executive Director

CDM 3

6.6 MW at Harihar, Karnataka.
Status of the project - Validation is complete and host country approval has been received.



8.35 MW in Karnataka has been taken up.
Status of the project - It is in the initial stages.

30 MW in Surajbari is in the initial stages.





challenges & opportunities

“We have been successful in convincing the government through presentation of empirical data that India has vast reserves of iron ore and that export is a viable alternative”

Rahul Kumar N. Baldota
Executive Director

SUSTAINABILITY CONTEXT OF MSPL

The mining industry in India has to grapple with several challenges today. There is competition from international companies from Brazil, Australia and South Africa. The recent export duty levied on exports has inflicted a significant blow to the business.

Add to this, the media projection that mining in Bellary is harmful for its ecology and exploitative towards children working in the industry.

Therefore, the risks for us are not only in terms of the ever-changing international market dynamics and the legal framework for our operations in India, but also in communicating adequately with our stakeholders & society, bringing about public awareness, eradicating wrong perceptions and responding to stakeholder expectations.

The commercial challenges also stem from the fact that the prices of iron ore may not remain as high

as they are at present, but the pressures on cost will continue to mount. In order to overcome this challenge, we would have to invest in more efficient plant and machinery, minimise waste, and innovate with respect to our production techniques, and discover ways of utilising the non-saleable ore.

Since our business involves using natural resources, one of the key ways to survive in the long run is to keep adding new reserves.

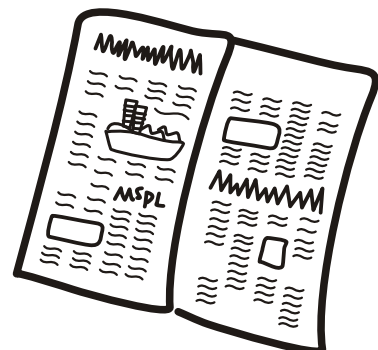
challenges

1. Competition from international companies
2. Recent export duty levied on exports
3. Prices may not remain as high

+ Media projection

↙ Mining is harmful for the ecology of the area

↘ Child labour prevalent in the industry





Therefore, we are looking at acquiring new mines in other parts of India. We are also carrying out Research & Development activities for beneficiation of low grade iron ore BMQ & BHQ. China's reliance on iron ore imports is also likely to continue given the growing trend of urbanisation, and growth in steel production in their country. Our geographic proximity to China will enable us to leverage this opportunity.

MSPL has been instrumental in identifying and developing the Indian High Grade Iron Ore in India and enjoys significant brand equity in India and China for its ability to supply good quality iron ore and value added products. We realise that innovation is the key to business sustainability in this complex and competitive environment. We have constantly tried to expand our horizons and venture into new territories, while contributing to sustainable development of our surroundings.

These are some ways
in which we have tried to convert some of these
challenges into opportunities

* Step 1

Our Foray into Renewable Energy

As a responsible company, the global warming challenge is also a concern for us, and we have tried to contribute by investing in affordable, environmentally sustainable energy through our wind power division.

MSPL is currently among the largest investors in renewable energy sector in India. We have also converted our investment in green energy to a successful sustainable business model by converting our wind power projects into 'Clean Development Mechanism' (CDM) projects under the UNFCCC thereby earning carbon credits. We see this as an opportunity to use the revenue earned through carbon credits to be used for expanding our wind power division.

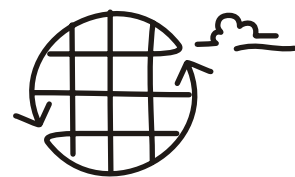
* Step 2

Sulpha Sponge

Our Research and Development Facility, responsible for the development of various products for steel and other industries, has recently developed 'Sulpha Sponge'.

Sulpha Sponge is the most efficient hydrogen sulphide (H₂S) scavenger for effective management of H₂S in oil exploration, leather and refineries.

- ④ To communicate adequately with our stakeholders & society, bringing public awareness, eradicating wrong perceptions & also responding to their expectations
- ④ Invest in more efficient plant and machinery
- ④ Minimize waste, and innovate with respect to our production techniques



- ④ Discover ways of utilising the non-saleable ore
- ④ Keep adding new reserves



This product can be used for scavenging H₂S during drilling, thereby eliminating any danger to personnel, equipment and environment, and strengthening the drill pipe against the adverse effects of this gas. Sulpha Sponge is very easy to handle, porous and non-abrasive, which makes it possible for it to be added to mud pits directly, or mixed with mud and stirred into suspension. This helps circumvent some of the risks associated with oil exploration, by effective management of H₂S. It also provides a dual benefit during drilling operations - as a H₂S scavenger and drilling mud additive.

This product would also be useful for municipalities to control sewage odour, for which we have already collaborated with the Municipal Corporation of Mumbai and the Municipal Corporation of Bellary. This could also be used by the steel industry as a de-sulphuriser, in the automobile industry to reduce sulphur and nitrogen in the exhaust fumes, to improve the BOD & COD and help remove dissolved sulphides. We would like to see Sulpha Sponge graduate to a bigger scale. Hence, the project together with R&D facilities is being undertaken by a SPV - Good Earth Chemicals Pvt. Ltd.

* Step 3

Beneficiation of BHQ (Banded Hematite Quartzite) for saleable grade iron concentrate and commercial utilisation of resultant tailing

Among the many challenges faced by the mining industry is minimisation of wastes generated in the mining process and the need to utilise unexploited resources of the country such as BHQ.

Keeping this in mind, from 1993, we started beneficiation of marginal low grade iron ore fines. There was no market for this marginal low grade iron ore in the 1990s unless they were upgraded as saleable ore, hence we established a beneficiation plant. The beneficiation plant is integrated with the crushing and screening plant. It consists of a double deck screen, a variable speed screw classifier, hydro cyclones and a thickener mechanism.

During 2006-07, detailed characterisation and beneficiation studies were undertaken on the BHQ iron ore samples of our mines to enrich the iron content and make the ore suitable for pellet making. The studies were conducted at the Regional Research Laboratory, Bhubaneswar and the Indian Bureau of Mines at Bangalore. The results are encouraging.

In addition to this, the usage of 'tailings' which are wastes generated in the process is also being studied at CGRI, Kolkata, to devise a more effective use of this product.



We realise that innovation is the key to business sustainability in this complex and competitive environment

We have constantly tried to expand our horizons and venture into new territories, while contributing to sustainable development of our surroundings

monitoring & motivating



“Good governance is not a matter of legislation.
It requires management's commitment”

Narendrakumar A. Baldota
Chairman & Managing Director

CORPORATE GOVERNANCE

MSPL is committed to achieving high standards of corporate governance, integral to its activities and processes. We believe in transparency, disclosure, ethical business practices and equitable treatment to all our stakeholders. We have been an active member of the Council for Fair Business Practices since March 2001.

We continue our efforts to have a well defined policy framework

encompassing values and our code of business conduct.

These policies stem from our commitment to uphold principles of Corporate Governance consistent with our goal to enhance shareholder value. The company is undergoing a process of restructuring of its MIS as well as organizational systems, alongside plans of expansion and growth in the business.

As a good corporate governance practice, independent directors form 50% of the Board of Directors of the Company.

Several committees exist at the board level to ensure better corporate governance. These are the Audit Committee, Securities Transfer and Shareholders'/ Investors' Grievance Committee/ Committee of Directors, Investment Committee, Remuneration Committee and the IPO Committee.

Board of Directors

Shri Narendrakumar A. Baldota

Chairman & Managing Director

1

Shri Rahulkumar N. Baldota

Executive Director

2

Shri Shrenikkumar N. Baldota

Executive Director

3

Shri R.H. Sawkar

Director (Independent)

4

Shri M. Ravindra

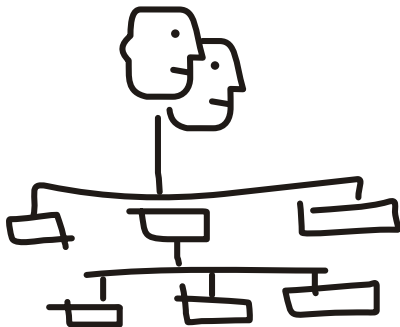
Director (Independent)

5

Shri Anirudha R. Barwe

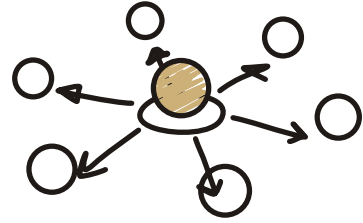
Director (Independent)

6



Company Secretary

Shri Srikar Bhatbhatt



The other committees of the Board Members are as follows:

Audit committee



Shri Anirudha R. Barwe
Chairman of the Committee
Independent Director

Shri R.H. Sawkar
Member of the Committee
Independent Director

Shri M. Ravindra
Member of the Committee
Independent Director

Shri Shrenikkumar N. Baldota
Permanent Invitee

The purpose of the audit committee is to ensure the objectivity, credibility and correctness of the company's financial reporting and disclosure process, tax policies, risk management policies and processes, compliance and legal requirements, reviewing internal controls, internal audit function and their adequacy with the management/internal auditors.

The scope, role and function of the audit committee meet the requirements of good corporate governance as per Clause 49 of the Listing Agreement and also Section 292A of the Companies Act 1956.

Some of the key functions include:

- a. Reviewing, with the management, the annual financial statements before submission to the board for approval
- b. Periodic discussions with the statutory auditors of the Company (whether before, during or after the audit) on internal control systems, nature & scope of audit, audit observations and areas of concern, if any
- c. Investigating any matter referred to it by the Board or within its terms of reference
- d. Looking into substantial defaults, if any, in payments to depositors, debenture holders, creditors

2.

Securities Transfer and Shareholders' / Investors' Grievance Committee



The Committee looks after all the matters relating to Share Transfer, Investors' Grievance etc.

The Securities Transfer and Shareholders' / Investors' Grievance Committee of the Board of MSPL Limited consists of the following members:

Shri M. Ravindra
Chairman of the Committee — Independent Director

Shri Rahul Kumar N. Baldota
Member of the Committee — Executive Director

Shri Shrenikkumar N. Baldota
Member of the Committee — Executive Director

3.

Committee of Directors

The Committee Directors consists of the following members:

Shri Narendrakumar A. Baldota

Chairman of the Committee → Chairman & Managing Director

Shri Rahulkumar N. Baldota

Member of the Committee → Executive Director

Shri Shrenikkumar N. Baldota

Member of the Committee → Executive Director



The purpose of Committee of Directors is to carry out routine administrative matters like opening of bank accounts, delegation of authority, borrowing funds within delegated limits etc.

4.

Investment Committee

The Investment Committee of the Board of MSPL Limited consists of the following members:

Shri Narendrakumar A. Baldota

Chairman of the Committee → Chairman & Managing Director

Shri Rahulkumar N. Baldota

Member of the Committee → Executive Director

Shri Shrenikkumar N. Baldota

Member of the Committee → Executive Director

The purpose of the Investment Committee is internal credit analysis and rating for deciding on making investments, including fixing of industry wise exposure limits and individual scrip limits, within the maximum permissible limits

5.

Remuneration Committee

The Remuneration Committee of the Board of MSPL Limited consists of the following members:

Shri R.H. Sawkar

Chairman of the Committee → Independent Director

Shri M. Ravindra

Member of the Committee → Independent Director

Shri Anirudha R. Barwe

Member of the Committee → Independent Director

The Remuneration Committee determines the remuneration, reviews performance and decides on variable pay of Executive Directors

6. Initial Public Offer Committee

The Initial Public Offer (IPO) Committee of the Board of MSPL Limited consists of the following members:

Shri Narendrakumar A. Baldota

Chairman of the Committee — Chairman & Managing Director

Shri R.H. Sawkar

Member of the Committee — Independent Director

Shri M. Ravindra

Member of the Committee — Independent Director

Shri Anirudha R. Barwe

Member of the Committee — Independent Director

Shri Rahulkumar N. Baldota

Permanent Invitee — Executive Director

It looks after all the requirements concerning the proposed IPO by the Company

Though not a listed entity, we are complying with various provisions of Clause 49 of the listing agreement regarding Corporate Governance like composition of the Board, Audit Committee, Disclosures on Related Party Transactions, Accounting Treatment, Remuneration of Directors, Legal Compliance Report, Management Discussions and Analysis Report forming part of the Annual Report, Code of Business Conduct for Directors and Senior Executives etc.

The Code of Business Conduct lays down important corporate values that shape the Company's value system and business practices. Compliance to the code is mandatory for all employees.

The code clearly defines important Corporate Governance practices to be followed with respect to the following:

- > Gifts
- > Safety

- > Integrity
- > Legal Compliance
- > Conflict of Interest
- > Respect for People
- > Financial Information
- > Environmental Commitment
- > Confidential and Proprietary information
- > Records Maintenance and Management
- > Company Assets, Computer Network Use and Security

The principle of Whistleblower/ Ombudsman is covered under the Code of Business Conduct. Employees are encouraged to report any misconduct, illegal activity, fraud or abuse of company assets. Such employees are suitably protected and they are assured that no unjust action would be taken against them for such reports.

At MSPL we understand the risks of operating in a complex corporate environment and we try to transfer and mitigate these risks through our policy for managing insurance and corporate risks. Wherever it is not possible to avoid the risks, actions are taken to prevent/ minimise the same, transfer the same or depending upon the facts and circumstances, retain the same. We undertake corrective actions to ensure that the functioning of the company is not disrupted.

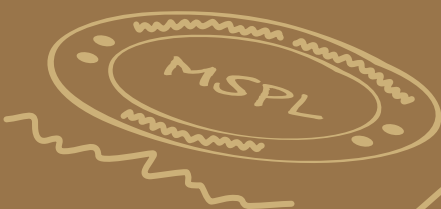
The internal audit framework helps in terms of risk management by identifying internal risks and financial analysis, thereby enabling the company to achieve its targets better.

Currently, internal audit focuses on efficient management of shipment and on cost-effective ways of rationalising Transportation expenditure of iron ore.

As we play a proactive role in fostering the interests of the mining industry in the country, we are members of several associations.

- A) Mining Engineers Association of India
- B) Federation of Indian Mineral Industry
- C) The Federation of Indian Chambers of Commerce & Industry
- D) Indian Wind Power Association
- E) CII - Confederation of Indian Industries
- F) Chemicals & Allied Products Export Promotion Council
- G) Life Member of the Council for Fair Business Practices
- H) Federation of Karnataka Chambers of Commerce & Industry
- I) Mines Safety Association, Karnataka
- J) Organization of Mine Owners Bellary - Hospet Sector

quality & repeatability





MANAGEMENT SYSTEMS & POLICIES

* Quality Management Systems (QMS) ISO 9001:2000

QMS has helped the organisation in integrating various internal processes within the organisation and provides a process approach for project execution. QMS has enabled us to identify, measure, control and improve our core business processes which would lead to improved business performance.

We have been re-certified for ISO 9001:2000 on 1st November, 2006.

Customer Satisfaction

At MSPL we are committed to maintaining the quality of our products from their point-of-origin to their destination. Though, our products command brand equity with our customers, we continue to emphasise on the process of getting customer feedback as it is an important tool for us to assess where we stand in terms of quality and meeting our customer needs. This exercise helps us retain the customer's trust and our credibility.

As per our code of conduct we do not diverge from terms and conditions or disclose any other confidential information about

our consumers to any third party, unless warranted under law. We follow the best practices in the industry. The company has been awarded by the Council for Fair Business Practices (CFBP) for the year 2006-07.

Compliance Mechanisms:

The offered chemical and physical specifications form part of legal contract with the customer, the contract also deals with the mechanism of redressing any variation of the cargo delivered (both physical and chemical). Any discrepancies are settled as per the terms of the contract.

Our Quality Policy

MSPL is committed to:

Produce quality products with a strong emphasis on customer satisfaction

Carry out mining operations in total conformity with applicable regulations

Continuously improve products and processes through establishment of quality objectives for relevant functions, facilitate and monitor achievement

Build total quality concepts in all activities by creating a strong awareness among all employees through involvement, training, motivation and commitment



Labeling is not applicable to our product, since it is a bulk commodity. Physical and chemical properties are advised to the customer while offering the sale. The nomenclature of the cargo offered is in line with letter of permission (LoP) issued by competent authority (Ministry of Commerce, India). Procedure to identify the product during stocking, transit and shipment is a part of our Quality Management Systems - ISO 9001.





Our Firm's Environmental policy:

MSPL is committed to:

- ▷ Control pollution caused by mining activities and protect the environment
- ▷ Reduce spillage and wastage of iron ore during various processes
- ▷ Environmental policy can be accessed by the public
- ▷ Reduce, in particular air, soil and noise pollution to sustainable levels through continual improvement of operations
- ▷ Undertake afforestation activities to balance disturbance due to mining and further improve ecology
- ▷ Comply with all applicable legal requirements and with other requirements to which MSPL subscribes
- ▷ Provide a framework for setting and reviewing environmental objectives and targets
- ▷ Document, implement, maintain and continually improve its environmental management system



* Environmental Management Systems (EMS) ISO 14001:2004

We are totally committed to Environmental Management System and we have obtained ISO 14001 Certification since 2004. EMS is a continuous cycle of planning, implementing, reviewing and improving the processes and action to meet our environmental goals.

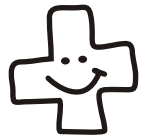
EMS has helped us to-

- ▷ Improve environmental performance
- ▷ Enhance compliance
- ▷ Reduce/mitigate risks
- ▷ Increase efficiency
- ▷ Reduce costs
- ▷ Enhance image with public, regulators and lenders
- ▷ Improve employee awareness of environmental issues and responsibilities

* Occupational Health and Safety OHSAS 18001:1999

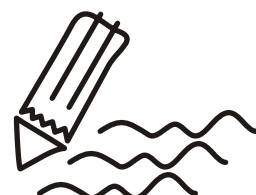
OHSAS 18001 provides our company with a structured process to ensure that all potential hazards have been considered and preventive measures implemented. It has helped us in monitoring and improving our safety performance. It has also helped us in controlling and mitigating the hazards that our activities may pose to employees and the surrounding community.

Our Health & Safety Policy:



MSPL is committed to:

- ▷ Achieve zero accident level
- ▷ Train all employees on safe work practices
- ▷ Continual improvement of safe work practices
- ▷ Comply with all applicable rules & regulations
- ▷ Provide adequate steps towards safety and health of the employees by implementing OH&S management system requirements in all our activities
- ▷ Take proactive steps to identify hazards, assess risk levels and implement control measures
- ▷ Communicate OH&S policy and safety management system to all employees and interested parties

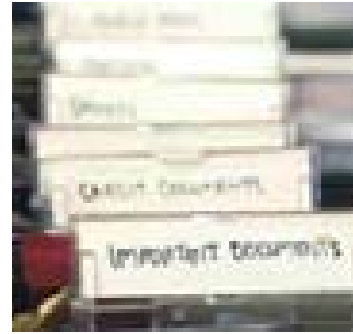


* Management Information Systems (MIS): SAP Implementation

SAP helps us in creating a common corporate database for a comprehensive range of applications. SAP applications have the ability to manage realtime information on financial, assets, cost accounting, production operations, materials, personnel and plants.

We initiated SAP on 24th August, 2006.

- ▷ Improved inventory control through material requirements planning, to reduce cash locked up in unnecessary stock
- ▷ Quality control through monitoring intermediate and final quality
- ▷ Timely MIS Reports



☆ SAP is expected to help the MIS by adding value in the following areas-

- ▷ The actual measurements from the systems at the control level can be reconciled with the plan in SAP to determine operational performance. Actual against planned comparisons can be carried out against production cost, effectiveness, people and equipment utilization, etc.
- ▷ Equipment breakdowns, picked up and known to the control systems, can trigger a maintenance notification in SAP System
- ▷ Response to equipment breakdown as well as accurate collection of equipment performance data
- ▷ More accurate costing of alternative plans in a much shorter time frame, saving hours of manual costing

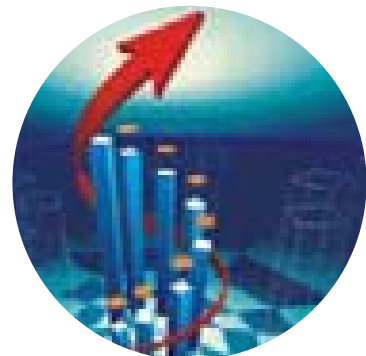


☆ SAP will have several ADVANTAGES for our STAKEHOLDERS

It will benefit our accounts team, shareholders and auditors by generating timely financial statements. It will ensure better coordination with the vendors, and it will be of great help to the employees due to the central database that would enable easier access to data, reduce duplication of work and increase productivity

* Policy on Management of Legal Compliance

We have formulated a policy framework, making it mandatory for each senior executive and functional head to strictly follow the applicable laws in letters and spirit. The senior executives and the functional heads are supposed to provide quarterly certificates about due compliance to the laws. In case of any difficulties, the issue is taken up to the higher levels with the Executive Directors to ensure the necessary compliance. Based on certification of senior executives and functional heads, the Chairman and Managing Director provides certificates to the Board of Directors assuring them that applicable laws have been duly complied with.



dialogue & delivery



STAKEHOLDER ENGAGEMENT

So far, we were responding to people who came to us expressing their needs. Now, we are proactively going out to understand their concerns and expectations

KRM Reddy
GM, Public Relations

We believe that the more sustainable companies today are those who are able to respond to stakeholder's expectations better. We understand the importance of stakeholder engagement, and are in the process of putting systems in place to make the dialogue more structured and frequent rather than purely need or issue based.

While our Public Relations department has been instrumental in maintaining relationships with our external stakeholders, we have been feeling the need to focus specially on our neighbouring communities. As a step forward in this direction, we have appointed an Assistant General Manager exclusively for our Corporate Social Responsibility (CSR) initiatives. This ensures that the flow of communication is constant, specific need-based activities are selected for support and progress is monitored regularly. This year, we have also sought feedback from some of our internal and external stakeholders on our sustainability performance.

In order to identify and prioritise our stakeholders, we asked ourselves the following questions

- (A) Whose support is necessary for our operations to go smoothly?
- (B) Whose opposition will delay it, obstruct it or reduce its viability?
- (C) Who is influential in the area or community?
- (D) Who will be affected by our decisions?
- (E) Who has not been represented / interacted with so far?
- (F) Who will obstruct a particular decision if they are not taken into confidence?
- (G) Who will promote/ cooperate in the company's operations if they are involved?



While employees, shareholders, customers, regulatory authorities, the government, civil society, NGOs in Hospet, our neighbouring communities and suppliers of goods & services to us are all stakeholders in our business, in this report, we have focused on the following stakeholders:

- ☆ Employees
- ☆ Customers
- ☆ Neighbouring Communities
- ☆ Regulatory Authorities

Employees

The best thing about MSPL is the easy accessibility of the management and the general feeling of mutual trust among all its employees

We do not reject people. We train them.

Arun Solomon
GM, HR

Mruthunjaya
Manager Administration
(Among the oldest employees of MSPL)

Our Human Resources (HR) department has been focusing on attracting and retaining talent. The management respects the employees and recognises the value they bring to the company. Our HR processes, beginning with induction, are designed in a way so as to foster a feeling of 'belonging and being recognised by the company'. Though we do not have trade unions, there are several informal forums through which an employee can communicate to the management. We practise an 'open door policy' in reality. The employees are recognised for

their distinguished performance in their respective fields and are given 'Man of the Month' awards and their photographs are printed in the quarterly newsletter - MINDS AND METTLE, published by us. Employees are encouraged, both with greater roles as well as awards for their performance.

The weekly meeting of senior managers with the directors of the company is also a forum where employee related issues are discussed. Our Executive Directors are accessible to all the employees to discuss their concerns.

The management spends extensively on relevant training for employees across hierarchies for skill and personality enhancement. Our performance management system is quite comprehensive with scope for self-evaluation by the employee, a detailed rating matrix, and a transparent grievance redressal system in case the employee is dissatisfied with his performance evaluation.

HR personnel visit the mine workers' quarters regularly to understand their issues through an open dialogue system.

Customers

Most of our customers are steel mills and iron ore traders from China.

At MSPL we focus on delighting our customers by constantly exploring new ways to meet their expectations. All associates across the company embrace quality standards in whatever they do. We have built on our successes by sharing best practices across all our businesses, and focusing our energy on customer solutions.

We seek valuable feedback from our customers on various aspects like

a.) Product Quality

b.) Customer Service

and it is our constant endeavour to upgrade our offerings.

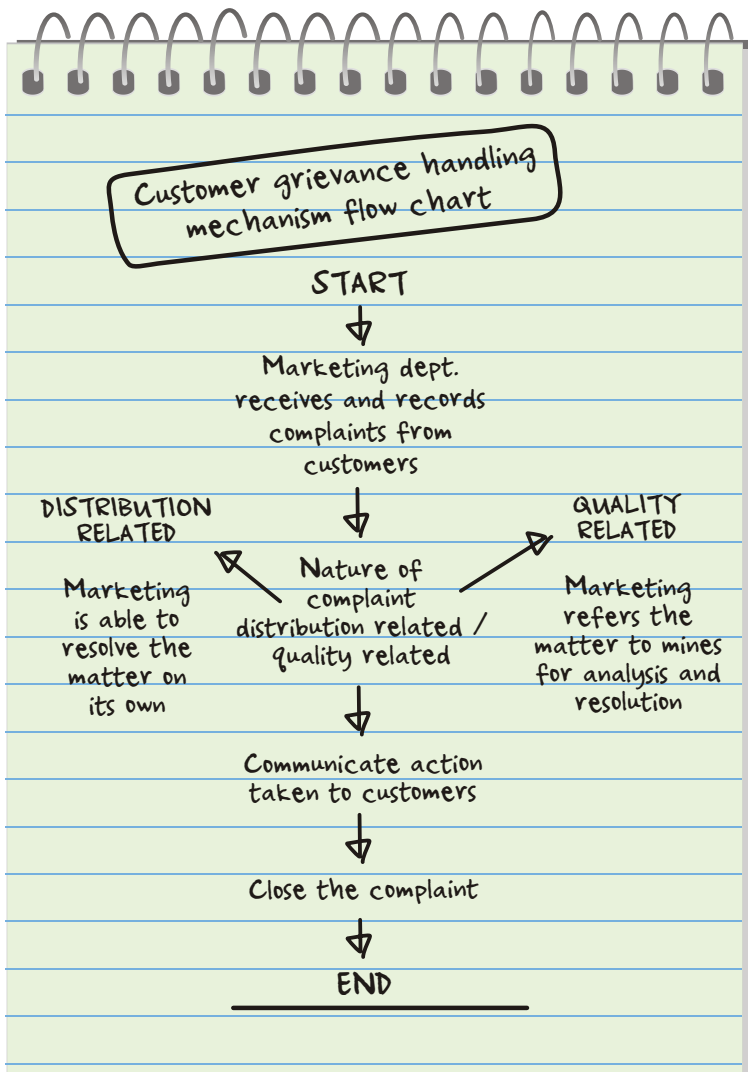
MSPL also has a well defined customer grievance handling mechanism to receive and act upon any customer grievances expeditiously. The website of MSPL (www.mspllimited.com) is quite informative and provides important information about MSPL, its activities, products, specifications, contact details etc.

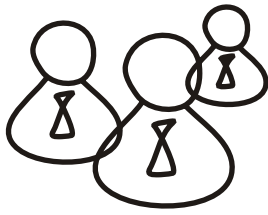
We have a set of customers with whom strong bonds have been established over the years with our consistent product offerings. We maintain one-to-one personalised contact with our customers- both domestic and international and try to address their needs accordingly.

We believe in delighting our customers. All our products, processes and activities are designed not merely to satisfy their needs but to go beyond satisfaction and make them truly happy and delighted to do business with us

K. Kishore Kumar
General Manager, M&L

We have developed a fair and transparent process of offering our products to customers with full details of product specification, shipment quantity, shipment time, commercial terms etc. The format of commercial contracts and other processes meet customer requirements while complying with international commercial requirements.





Neighbouring Communities

Though external to our day to day operations, we consider them to be among our most important stakeholders. This year we have taken a few steps forward in our efforts to engage the surrounding communities better, specifically in the villages of Danapur, Basapur, Shankaranagar, Kanvihalli, Jaisingpura, Galemannagudi, Hosalingapur and Hanumanahalli through a detailed baseline survey on the infrastructure facilities available in the villages and the socio- economic status of the population.

The results of this need assessment study have been discussed by top management.

We have formulated an action plan for the forthcoming years in five of these villages, which are closest to our mines, to support some of the basic needs of the inhabitants. These needs are currently not addressed by the government or the NGOs working in the area.

We have also instituted a practice of attending the 'Gram Sabha' meetings periodically, to understand the issues of the villagers directly and to formulate more relevant development programmes for these villages.

Our director Shrenikkumar Baldota also takes an active interest in the Bellary Agenda Task Force, which has been constituted for the

development of the region by the district administration. As part of our initiatives to educate the community regarding environmental impact of mining, we co-sponsored a seminar organised by the Vijaynagar College on "Mining Industry and its Impact". More than 500 people participated and 32 delegates presented papers on the impact of mining. Our Executive Director, Mines, Meda Venkataiah addressed the gathering to sensitise the civil society and youth to scientific mining and the steps being taken to minimise the impact of mining on the environment.

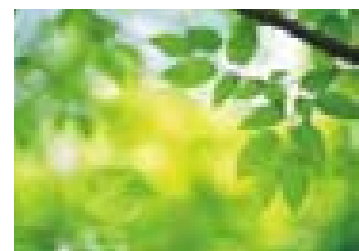
Regulatory Authorities

The nature of our business is one wherein we need to abide by a series of statutory compliances and clearances.

Our PR department interacts with the Pollution Control Board, Forest Department (since the mines are located on Forest land and require clearance for land use), Mines and Geology Department, the Police Department, Road Transport Office, Revenue Department, Mines Safety Department and the

Ministry of Environment and Forests (monitors air, water and soil pollution and submits 6-monthly reports). With all these bodies, we believe in-

- A.** 'Going Beyond Statutory Compliance' in words and deeds
- B.** Maintaining and updating all records
- C.** Lending need based support to the local authorities in times of crisis



Guidelines to highlight

- ① Economic
- ② Environmental and
- ③ Social Performance

INTRODUCTION TO GRI PERFORMANCE INDICATORS



Mining



Wind Energy

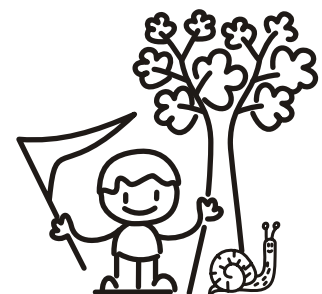
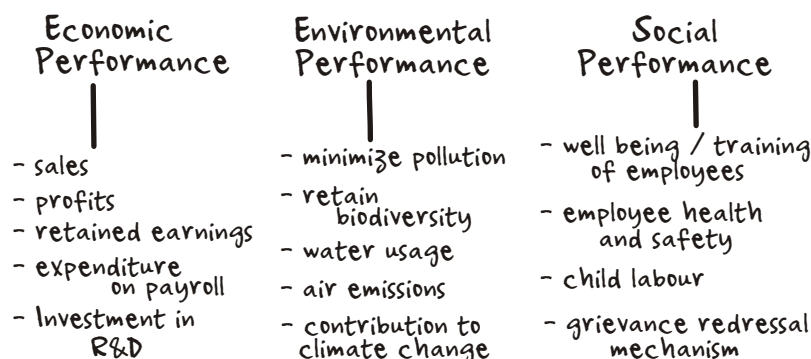
In the subsequent sections, we have used the performance indicators as per the GRI (G2) Guidelines to highlight our economic, environmental and social performance during 2006-07, and have reported on most indicators relevant to our mining and wind power businesses.

In terms of our economic performance, we have focused on indicators to report on the wealth created this year, how we have shared it with our stakeholders, our sales, profits, retained

earnings, expenditure on payroll, and investment in research and development for sustainability of MSPL.

In terms of our environmental performance, we have reported on indicators that describe our efforts to minimise pollution, retain the biodiversity of the area in which we operate, water usage, air emissions, etc. We have shared our 'Contribution to Climate Change' in terms of investment in the wind power business as a separate section.

For our social performance, we have reported on indicators pertaining to the demographic profile of our employees, investments by the company to ensure their well-being, training conducted during the financial year across levels of employees, approach to child labour, employee health and safety and grievance redressal mechanism etc. We have described, at length, efforts to engage with the communities around us in the sections - 'Giving Back to Society' and 'Stakeholder Engagement'.





people & profits

ECONOMIC PERFORMANCE

Performance trend over the last three years

	2004-05	2005-06	2006-07	(in INR Million)
Income	6,350	7,744	14,946	
Export Income	5,519	5,874	13,126	
Profit before depreciation, interest and tax	2,522	3,577	5,800	
Earnings per share	18.34	28.51	56.45	
Dividend	300%	300%	350%	
Retained Earnings	1,658	2,666	5,019	



We understand that sustainable business is at the very core of being a sustainable organisation. So, our focus is to primarily add value to our employees and the communities that we work in through business success, which would foster direct and indirect economic growth.

MSPL sells its iron ore in the domestic and the export market. However, exports account for a bulk of the sales, with less than 1% of the product being sold in the domestic market.

The year 2006-07 has been an interesting one, fraught with both challenges and achievements.

MSPL's gross sales revenue in 2006-07 was INR 14,078 Million, whereas in year 2005-06 it was

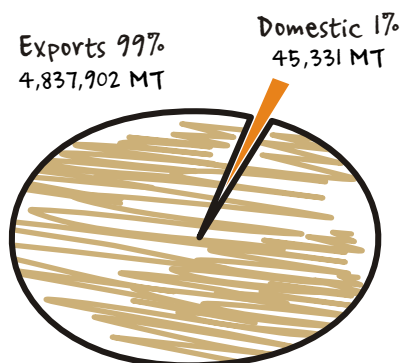
INR 6,922 Million, a 103% increase on the previous year. The rise was primarily attributable to purchase of MSPL Exports, an EOU into MSPL Limited, increased sales realisation and enhanced trading activity.

The Company's consistent financial success is based on its ability to secure access to land, people and capital. We use our expertise to harness these resources, creating prosperity for our shareholders, employees, communities, government and business partners.

It is clear that MSPL has a significant economic impact on the communities in which it operates at local, state and national level.

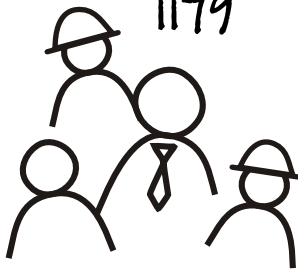
During the year (April 2006 - March 2007), MSPL produced 4,034,251 metric tonnes of iron ore and exported 4,837,902 metric tonnes.

Composition of sales



Employee strength of

1179



The iron ore fines we export are not purchased by domestic steel producers. Prior to 1996, iron ore fines were not exported and the same used to be stored in dump-yards by various mines. Because of the efforts of MSPL, China started importing iron ore fines and our exports have increased.

This year our export income was INR 13,126 Million as compared to INR 5,874 Million in the previous year. This year our sale of iron ore was 4,883,233 metric tonnes, as compared to our previous sale of 2,969,232 metric tonnes in 2005-06. The net profit after tax increased from INR 2,190 Million to INR 4,336 Million.

As on 31st March, 2007, we have 1179 employees working with us at MSPL (includes iron ore mines, corporate office and EOU units).

The total taxes paid to Government Exchequer by us amounted to INR 572 Million.

During the year 06-07, our gross expenditure towards purchase of all goods and services was INR 9,145,656,228.

As a responsible corporate, we believe in sharing our wealth with those around us who are less privileged. As part of our continued efforts in this direction, we supported our neighbouring communities and other stakeholders as detailed below.

Contribution to social causes

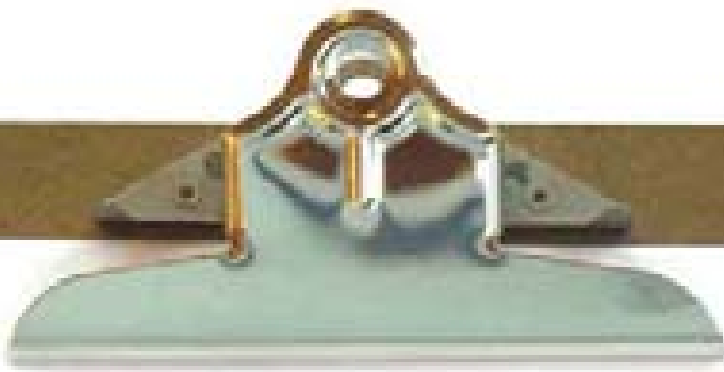
Particular	Total Amount Spent
Support for education	6,980,888
Health and sanitation	7,916,916
Support for social and religious programmes	1,136,257
National festivals/events	675,950
Donation for cultural programme	487,500
Support for sports	1,476,511
Support for charitable trust/NGOs	4,730,351
AHB Foundation	20,596,575
Miscellaneous	4,393,612
TOTAL	48,394,560



The total expenditure on these causes during the year was INR 48,394,560 which is nearly 0.32% of our total income during the year

Invested
a total of
INR 1.70 Million
in 2006-07

Investing in Research and Development



We have invested in the following areas:

①

Research on 'zero waste management' in our own laboratory

②

BHQ beneficiation in collaboration with Regional Research Laboratory, Bhubaneswar, Orissa

③

Experimentation on beneficiation to produce high value products

④

Technology absorption, adaptation and innovation in the area of mining, safety and environment through inputs from technical advisors

⑤

Rainwater harvesting through construction of 52 gully plugs and 24 check bunds

⑦

Method of 'cocomating' for stabilisation of old dumps

⑥

Bio- technological methods for afforesting old dumps



Our focus has been on waste minimisation, increasing export quantity by converting low grade iron ore to high value products, increase in production, reducing fatal accidents to zero, decreasing fuel and power consumption, thereby minimising impact on the environment.

The R&D team has been highly successful in achieving its goal with the development of diverse products like Hematite Powder for usage in the oil well drilling industry, and Sulpha Sponge, the most effective H₂S scavenging agent for oil exploration, leather industries and refineries. Sulpha Sponge has been patented with the 'Register of European Patent'. The company is also rapidly expanding its product portfolio and may shortly introduce pigments for usage in paint industry and ferrites for usage in electronic industry.



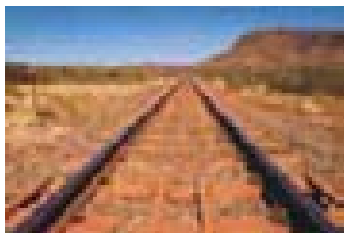
consumption & conservation



ENVIRONMENTAL PERFORMANCE

MSPL believes that superior environmental performance results in increased efficiency, lower risk and higher overall performance of our operations, which is critical in maintaining our license to operate.

This section discusses our performance and initiatives taken during the reporting period 2006-07. Environment protection is our utmost priority and we take substantial care to minimize the impact of our mining activities on the environment. We believe that every small step we take today towards protecting the environment helps us reduce the impact on mother earth.



A small step towards reducing CO₂ emissions

The rail system movement has not only helped us in transporting the ores faster to its destination but also helped avoid the emission of CO₂ from the movement of trucks, which were used for transportation of our ores.

Environment protection is our utmost priority and we take substantial care to minimise the impact of our mining activities on the environment.



Our Environmental performance: 2005-06 vs 2006-07

Parameters	2005-06	2006-07
Air Pollution in SPM $\mu\text{g}/\text{m}^3$	119 - 325	119 - 324
Water Consumption in kilo litres	24,606	16,425
Energy Consumption in Giga Joules (GJ)		
On site Generation	2,190	2,204
Import from grid (BESCOM)	2,375	2,434
Waste Generation in tonnes	2.5	2.34



Every single unit of power saved is equal to one unit generated

Energy

Energy is among the most important commodities for economic development of any nation and its industries. The present scenario, where there is limited availability of natural resources, poses the challenge of utilising the available resources in an optimum way and also minimising the environmental impact.

During the reporting period purchased electricity from the grid stood at 2,434 GJ equivalents and on-site generation from our diesel generators was 2,204 GJ. Total consumption of diesel was 302 kl.

The mining operations are site specific and can be done in the area permitted. Hence procuring any such wastes is not applicable to our operation. Hence KPI EN2 indicator is not relevant to the reporting organisation.

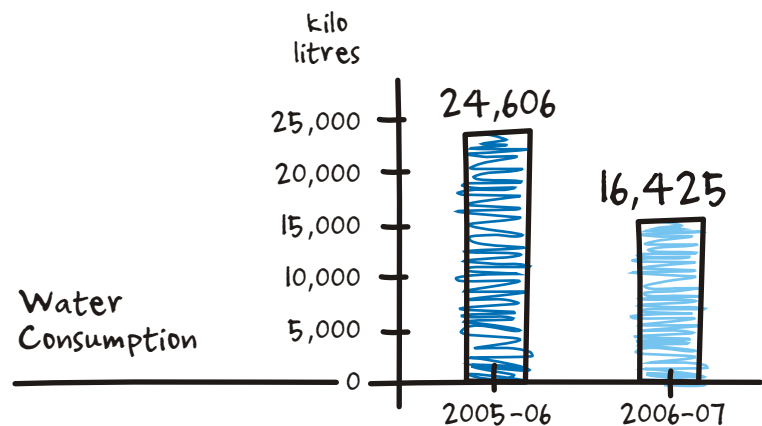


Water Use

Water Consumption at our operations is primarily for three purposes:

The process of beneficiation	Dust suppression	Domestic consumption (including horticulture)
------------------------------	------------------	---

Effective measures initiated in the beginning of the year have helped us in reducing our total water consumption. During the reporting period the beneficiation process was stopped and the total water consumption stood at 16,425 kl, which was 8,181 kl less compared to last year.



Biodiversity

We are aware of the fact that our mining activity has an impact on the natural habitat surrounding the mining area. To obtain and retain a license to operate, mining companies must exceed community and legal expectations for environmental stewardship. To mitigate the impact, we have proactively initiated afforestation activities around the mining area right from the time of inception. We continue our afforestation initiative and have planted over 1.6 Million trees and realised our vision of transforming 240 hectares of harsh mining terrain, including that outside our lease area, into lush green landscape.

MSPL seeks to play an active role in conserving biodiversity and in minimising the impact of our operations on native ecosystems. We have a comprehensive plan for fauna management which includes creating water holes such as gully plugs and check bunds, protection of existing fauna and planting species which would attract birds in the region.

Society for Wildlife and Nature (SWaN)



The Company encouraged, financed and supported the formation of Society for Wildlife and Nature (SWaN) to carry out projects such as “Nature Clubs” and other nature protection activities.

The objectives of the Nature Clubs are as under:

- A. To create awareness among school children on wildlife and nature around them
- B. To generate an interest in wildlife and nature
- C. To enable the students to identify birds in their natural habitat and protect them
- D. To create awareness on the evil practices of ritual hunting and prevent the same
- E. To protect the habitat of wildlife



The Nature Clubs were instituted in 20 selected high schools in the following areas:

① Hospet, Hagaribommanahalli,
Sandur, Siruguppa
(Talukas in Bellary Dist.)

② Koppal
(Taluka & District)

③ Mundaragi
(Gadag District)

Under the aegis of Nature Club for school children, SWaN has undertaken the introduction of study of birds and their calls, display of photographs/pictures of birds, films on wildlife and protection of wildlife. Live specimens of Vine Snake, Chameleon etc. were shown to the students to help them shed their fear and superstitions, and develop an interest towards bird watching. Information on observing birds, protection of nesting birds of TB Dam, Hospet,

planting of trees particularly on World Environment Day were part of this initiative.

In Bellary, during the festivals of Ugadi, Dussera and Holi, people indulge in ritual hunting. Animals like Wild Boar, Hare, Jungle Cat, Pangolin, Porcupine, different kinds of birds and other animals found in the jungle and private land are killed on these days. Subsequently, a procession is taken out exhibiting the killed animals and felicitating the ritual

hunters as heroes. With the support of the Company, SWaN this year has succeeded in preventing ritual hunting completely. A historic achievement, this required a lot of effort including lobbying with the authorities, creating awareness among the villagers and school children, wide publicity in the local print and electronic media and watching over the entire forest area by forming five patrolling teams.



Land leased and managed

MSPL holds surface and freehold rights over large tracts of land, but uses a relatively small section of this land for mining and infrastructure. The 'land under MSPL's charge' parameter includes land leased or where surface rights exist which is under the management and control of MSPL.

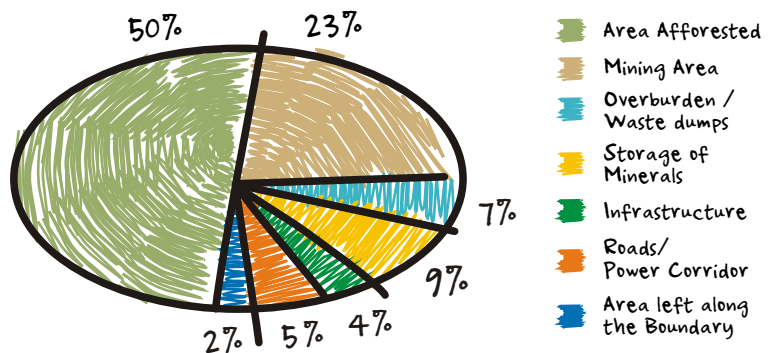
MSPL Hasire Usiru

MSPL Limited in association with AIR, Hospet, launched an infotainment program "MSPL HASIRE USIRU" to create awareness on environment and extra-curricular activities among school children and the community at large.

IFC loan

In connection with the ECB Loan from International Finance Corporation (IFC) of the World Bank Group, the Company complied with stringent and rigorous performance standards i.e. the Environmental, Health and Safety (EHS) guidelines and Environmental and Social Policies prescribed by the International Finance Corporation of World Bank Group. This is a testimony to the performance of the Company on the Environment, Health, Safety and Social Policies front and an evidence of the fact that the Company's EHS performance is at par with International Standards.

Land Use Pattern



Use	Area (Ha)
> Mining Area	81.25
> Overburden / Waste dumps	25.75
> Storage of Minerals	31.20
> Infrastructure	12.50
> Roads / Power Corridor	19.00
> Area left along the Boundary	8.67
> Area Afforested	168.85
Total	347.22

Land utilized for mining and related activities

The land utilized at MSPL includes mining activities and all surface infrastructure, such as roads, processing operations, waste rock dumps, tailings dams, and offices. Of the total area, the land utilised for mining operations is 27% which includes the land utilised for infrastructure. The mining operation is carried out by MSPL in an open-pit mine. Rehabilitation work is carried out in the form of afforestation. The rehabilitation process has helped us in increasing the green cover in our mining area.



Protected areas

The Group has no operations in protected areas, such as IUCN (World Conservation Union) protected-area categories I-III, or world heritage sites and biosphere reserves.

Of the total area the land utilised for mining operations including land utilised for infrastructure is

27%



Greenhouse gas emissions

During the reporting period greenhouse gas emissions stood at 17,686 tCO₂² equivalent. Greenhouse gas emission from the mining operations are a result of fuel consumed by diesel generators for onsite electricity generation and electricity purchased from grid.

Greenhouse Gas Emissions stood at 17,686 tCO₂ equivalent

Ozone depleting substances

We have taken a conscious decision to eliminate the use of any ozone depleting substance in our mining operations. We use CFC-free refrigerants in our air-conditioners. Currently we are using Halon-based fire extinguishers but plan to substitute them by CO₂ based ones through an environment management program initiated under our ISO 14001 environment management systems.

Air quality

The particulate emissions from point sources have been reduced by improvements in our operation. We continuously monitor the ambient air in our lease area at nine locations for Suspended Particulate Matter (SPM) and Respirable Particulate Matter. For continuous ambient air quality monitoring, we have four air quality monitoring stations inside the mining area and five in the buffer zone. To minimise fugitive emissions during transportation of iron ore we are in the process of upgrading our downhill conveyor system from 250 TPH to 475 TPH. We have not exceeded any of the prescribed norms of the Pollution Control Board during the reporting year 2006-07. Concentration of SPM in ambient air quality during the reporting period ranged from 117 µg/m to 324 µg/m which is well below the stipulated limits³.



²To arrive at the figure we have obtained Southern Regional Grid of India's emission factor for electricity purchased and IPCC default emission factor for diesel is used.

³The National Air Quality Monitoring (NAAQM) standard for SPM in industrial area is 500 micrograms per cubic metre.

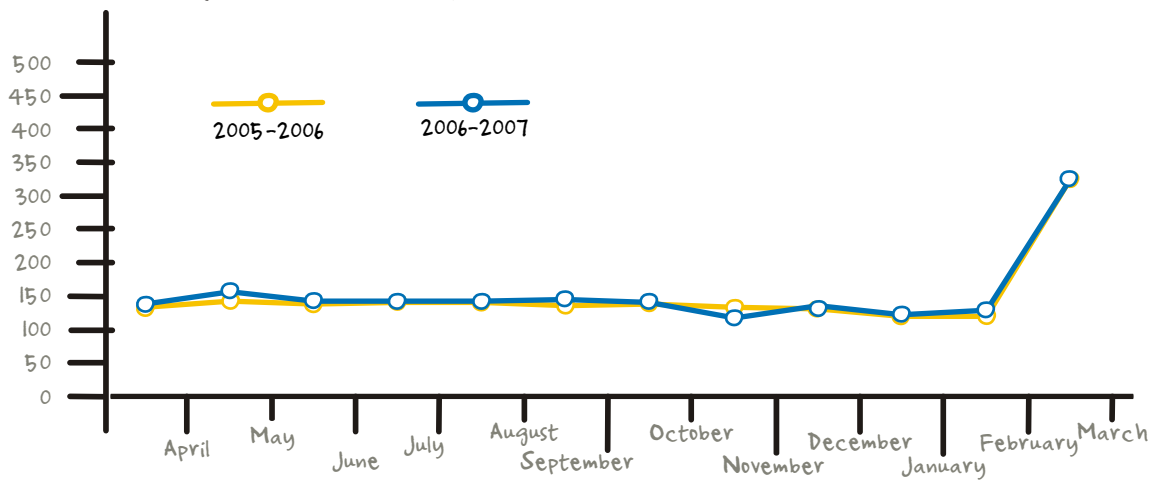
Ambient air quality

Dust fall-out is monitored on a monthly basis to determine the fall-out concentrations. These fall-out concentrations are then compared to the Central Pollution Control Board (CPCB) Standards. Whereas most of the dust fall-out may be associated with dust generated at tailing dams, other sources such as crusher plants and gravel roads are also key contributors. We have adopted measures like optimised loading of trucks; sprinkling water on the top surface of loaded ore and tarpaulin covers to prevent emission of dust enroute. Our crushing and screening plant is covered by a hood and has a mechanism for dust suppression which uses water sprays.

We have adopted measures like:

- A. Optimised loading of trucks
- B. Sprinkling water on the top surface of loaded ore
- C. Tarpaulin covers to prevent emission of dust enroute

Ambient air quality SPM in $\mu\text{g}/\text{m}^3$



Waste generation

Majority of the waste generated in our mining activity can be attributed to overburden waste. We have an efficient overburden management plan wherein all the material is dumped in designated dumping areas. The dumps are managed by proper terracing and afforestation. Retaining walls have been constructed at the foot of dumps to arrest runoff. This overburden removal is strictly as per the mining plan which is approved by Indian Bureau of Mines. We have excavated about 2.43 million tonnes of overburden during the reporting period and we have taken effective measures to dump it in the designated sites.



one of the designated
dump area



It is important to monitor, review, and confirm the effectiveness of performance against standards, objectives, targets and legal standards

Waste water

The activities at our mining operations do not involve any wet processes and therefore there are no discharges. During the reporting period we discontinued the beneficiation process at EOU-I, while the same is functional at EOU-II.

Rain water management is one of our key initiatives for which we have constructed water retaining structures in the form of 24 check-bunds and 52 gully plugs. These structures help in reducing soil erosion and also recharge ground water.

During the reporting period there have been no instances of any major spillage of oil or fuels.

The product which we offer does not fall under the purview of reclaimable category. Hence reporting on the percentage of reclaimable products after the useful lifetime does not arise. Hence KPI EN15 indicator is determined not relevant to the reporting organisation.



Compliance

We have taken a proactive approach in dealing with the environmental issues arising from our operations. All operations are aware of relevant environmental legislation and maintain an environmental legal register, specifically designed to address issues of importance to the Company. This register is available through the EMS and is updated twice in a year. It is important to monitor, review, and confirm the effectiveness of performance against standards, objectives, targets and legal standards. As a result of our rigorous monitoring, we have not received any complaints related to any noncompliance on any environmental parameter so far.



The World will not evolve past its current state of crisis
by using the same thinking that created the situation

- Albert Einstein



CASE STUDIES

- ① Mobile Diesel Tanker
- ② Solar Lights
- ③ Catch 'em Young

To cater to the ever growing energy demand and reduce the usage of depleting fossil fuels, we continue to innovate, to make our operations more viable and environmentally sustainable.

CASE STUDY 1

Mobile Diesel Tanker

We have introduced a mobile diesel tanker which comprises of a 8,000 litre tank. Introduction of this diesel tanker has helped us in providing on-site refuelling services for the dumpers and reducing travel time and distance of each dumper by about 10 km. The results obtained have been encouraging.

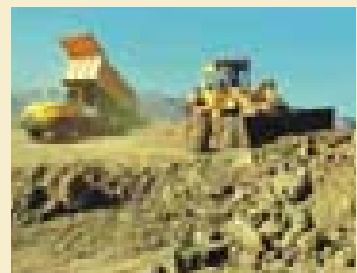


- 39 new Tatra Trucks inducted in our fleet
- 1,50,000 litres of fuel saved due to mobile diesel tanker
- 390 Tonnes of CO₂ saved or avoided

No. of Vehicles - Tatra Trucks	→	39 Nos
Total distance saved per day by a individual dumper	→	10 km
Total distance covered by 39 vehicles - Tatra Trucks	→	390 km
Mileage of a single dumper	→	0.75 km/litre
Diesel saved $390/0.75$	→	520 litres
Diesel saved for 300 working days	→	1,56,000 litres
Consumption of mobile diesel tanker	→	6,000 litres per year
Total fuel saved due to mobile diesel tanker	→	1,50,000 litres
Cost saved approximately @ INR 40 per litre	→	INR 60,00,000
Tonnes of CO ₂ saved or avoided	→	390 ⁴ tonnes

The benefits of this project are:

- Reduction in time required to travel 10 kms
- Avoidance of emission from the dumpers, which would have occurred in the absence of this project
- Reduction of impact on environment
- Improved work efficiency
- Conservation of fossil fuel



⁴Default IPCC (2006) emission factor value of diesel used

CASE STUDY 2

Solar Lights

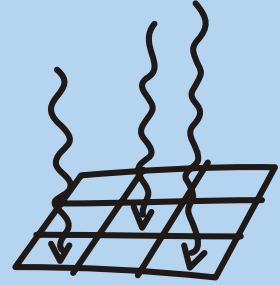


Ensuring continuous power supply is always a challenge, and to meet our energy demands we depend on our in-house diesel generators to generate electricity which in turn leads to environmental pollution. We believe that unavailability of electricity should not hamper our operations, and so we have been looking for alternatives to solve the power problem as well as keep our mining area continuously illuminated.

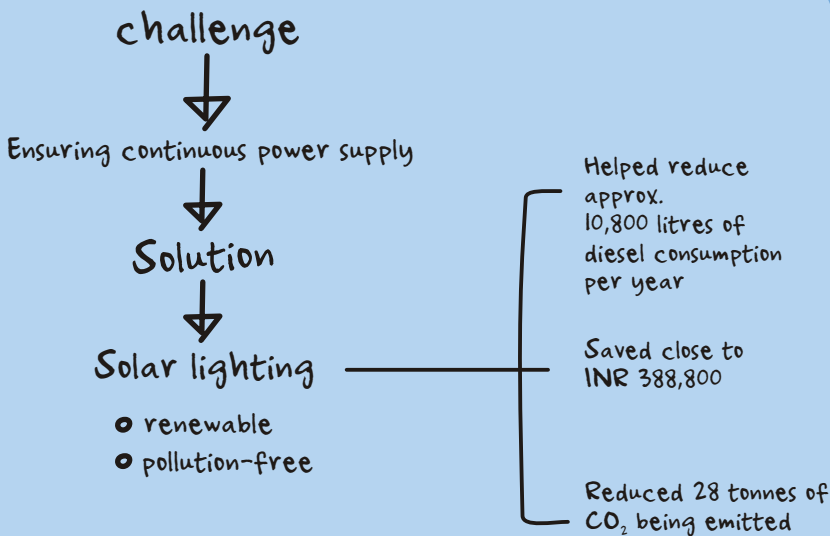
Solar lighting seemed to be the best option since solar energy is completely renewable and pollution free. We have installed six solar lights in our mining operation area, which run for nine hours every day.

Prior to this project, the conventional lighting system was dependant on our diesel generators for electricity and total diesel consumed was around 4 litres per hour which meant that, for nine hours the total diesel consumption stood at 36 litres.

This project has helped us in reducing approximately 10,800 litres of diesel consumption in a year and save close to INR 388,800 which would have otherwise been spent on purchasing diesel. It also reduces 28⁵ tonnes of CO₂ being emitted into the atmosphere.



We have installed **6** solar lights in our mining operation area, working **9** hours every day



CASE STUDY 3



Catch 'em Young

Cultivating environmental awareness among children is always a challenge. We at MSPL take the initiative to help these young minds to become better and responsible citizens of this country.

As a part of our commitment towards a safe and green environment we have been celebrating the World Environment Day for the past seven years.

We started our afforestation program in 1977, and till date we have planted 1.67 million trees in our lease area and created extensive awareness on conservation of forests and environment among young minds.

Our regular activities include tree plantation and creation of environmental awareness among school children. This year we organised a drawing competition to tap the creativity in school children on the theme of "Don't desert the drylands" and even conducted an essay competition on the occasion of World Environment Day. The winners received awards and all participants were gifted caps with an environment conservation logo along with participation certificates.



A.

We celebrate the World Environment Day every year

B.

We organised a drawing competition to tap creativity in school children

C.

Celebrated Hasirothsava where over 1000 saplings were planted by children

We also conducted 'Hasirothsava' - 2006-2007, an event to promote environment protection in association with the Administration Department of Chitradurga District in Karnataka state. Over 1000 saplings were planted by children in an area covering 2 kms at Chitradurga on November 14th, which is celebrated as Childrens' Day.

The project is a voluntary initiative taken by MSPL and would avoid approximately 630⁶ MT of CO₂ being emitted into the atmosphere.



⁶Default IPCC values of emission factor and calorific value for diesel used

community & care



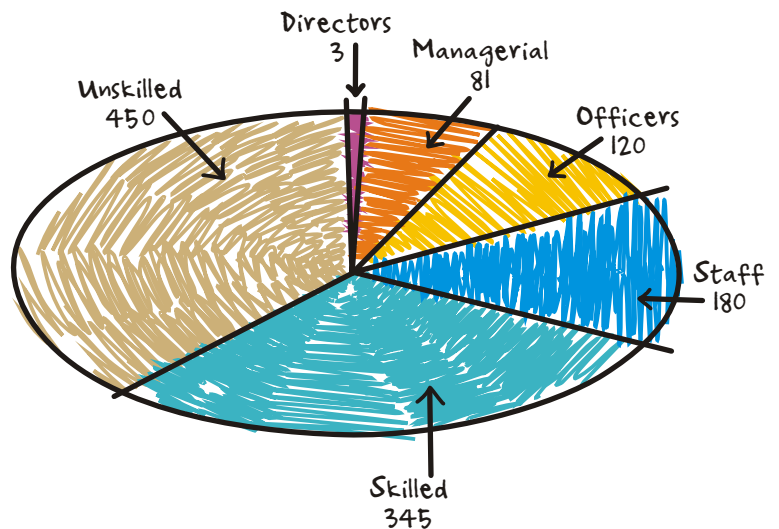
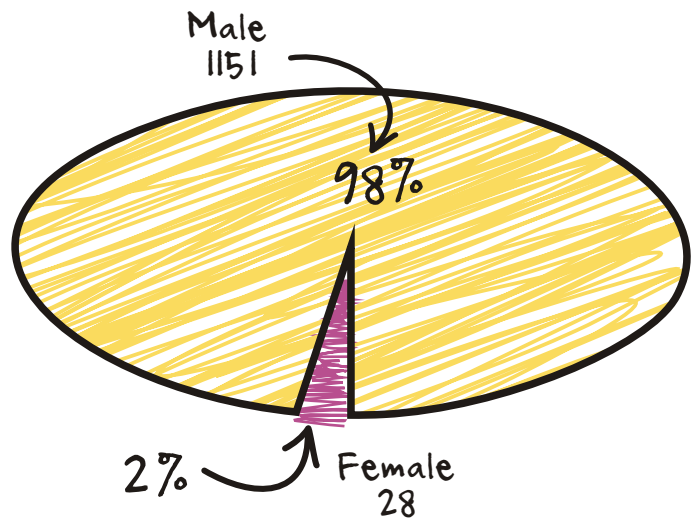
SOCIAL PERFORMANCE

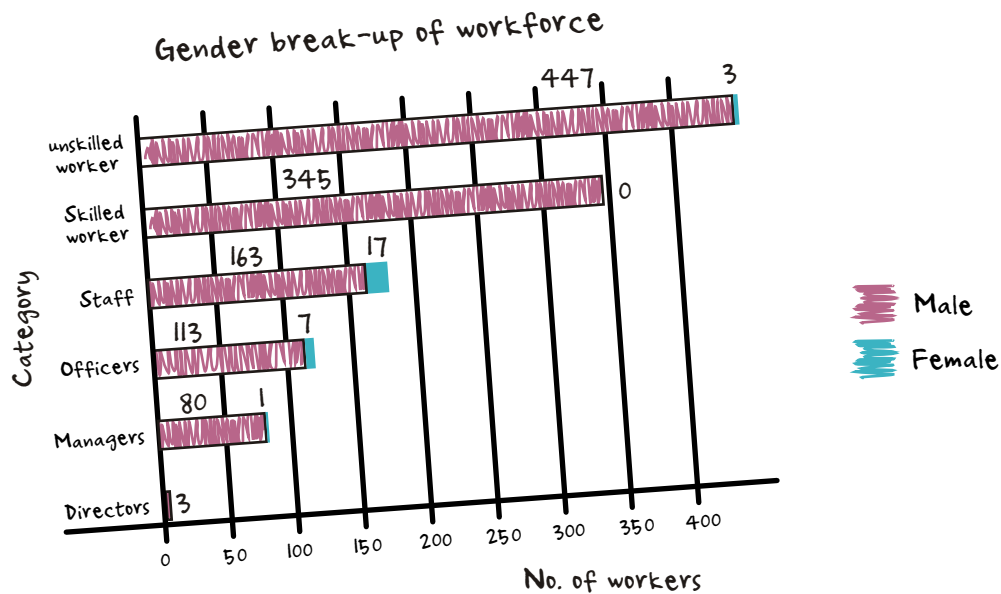
Employee welfare and training

Employees are our biggest assets. Our growth and sustainability depends on them. As on 31st March, 2007, there are 1179 employees on our rolls, of which 28 (2%) are women and 1151 (98%) are men.

Though we are in the mining industry where the nature of work itself has been traditionally a male domain, we have earnestly tried to induct as many qualified women in suitable positions, both in the mines and the corporate office. We realise that it is the employer's duty to not only practice gender-based non-discrimination but also provide and ensure a conducive work environment for women. Keeping this in mind, we have tried to incorporate private rest rooms for women in the new corporate office. From 2006-07, we have also introduced a clause for maternity medical benefits as a part of our employee welfare schemes.

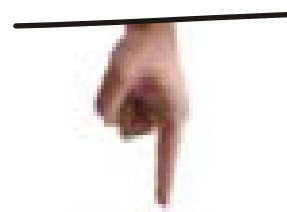
Break-up Of workforce





“ There is a strong level of communication among our employees and the departments. Most employee issues are resolved at the mines and very few need to be escalated to corporate HR ”

H K Ramesh
AGM, CSR



We have invested in a 'Group Personal Accident Policy' for all our employees

The Company has also taken a Group Mediclaim Insurance Policy covering all the employees and their dependent family members



This year, we have invested in 'Group Personal Accident Policy' for all our employees, with provision for an employee to be paid upto 100 months salary in case of an accident. The Company has also taken a Group Mediclaim Insurance Policy covering all the employees and their dependent family members by paying a premium of INR 25,29,478/- for a period from 31st December, 2006 to 30th December, 2007.

We have a sixteen member health & safety committee in the mines and a five member committee which looks into issues of canteen management.

We do not have any unions, but the management follows an open

door policy for addressing employee grievances, and from this year a weekly meeting (every Wednesday) has been instituted among all the heads of the various departments and the management. This is a very effective forum for business issues as well as employee matters, and the minutes of the same are recorded for future reference.

We take care to ensure that there is no child labour of any kind on our premises, by making the gate-pass check at the entrance to the mines mandatory, and obtaining age proof of all our labour. We have complied to the Guidelines on Environment and Child Labour of the International Financial Corporation World Bank Group.

Key Features

New corporate office of the Baldota Group was inaugurated on the 10th of August, 2006



- State-of-the-art training room
- A well equipped knowledge centre
- Conference rooms on each floor
- Computerised attendance recording system
- Emergency evacuation plan for each floor in case of a fire

One of the most important steps taken this year to improve employee motivation and satisfaction was the shifting to the new corporate office. The new corporate office of the Baldota Group was inaugurated on 10th August, 2006. The new building has been designed to encourage collaborative working while still maintaining private individual spaces, in order to enhance productivity.

Some of the key features of this office are a state-of-the-art training room, visitors meeting rooms, a well equipped library / knowledge centre, conference rooms on each floor and common spaces designed for employees to socialise.

The other features include computerised attendance recording system and biometric access control, a designated

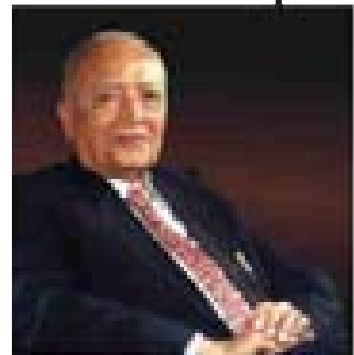
lunch area, a common facility area and direct storage facility for employees. First-aid and emergency medical assistance including an ambulance have been made available and an emergency evacuation plan for each floor in case of a fire has also been put in place.

Case Study

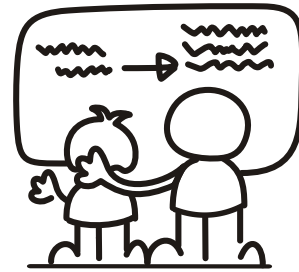
Motivating employees by fostering a value-based culture

On 1st August, 2006 we celebrated the birth anniversary of Shri Abheraj H. Baldota as Founder's Day at Hospet. On this occasion, we paid tribute to the indomitable spirit of a man who inspired us to think ahead of our times and touched the lives of all around him. On this occasion the management and employees reaffirmed their commitment to be torchbearers of his vision.

A contest on "How to further the vision of Shri Abheraj H. Baldota" was held, wherein all the employees of the Baldota Group participated and shared their views. Fifteen best entries were awarded a gold coin each.



Some of the initiatives being planned by our Human Resource Department, in the near future are as follows:



- ① Implementation of manpower planning and integrating it with the budget
- ② Refining the recruitment process to attract talent and become the preferred employer
- ③ Defining roles and responsibilities in consultation with departments
- ④ Designing and enhancing the induction process for effective integration of new recruits
- ⑤ A training plan based on development needs
- ⑥ Competency development through internal & external training
- ⑦ Designing recognition & rewards for motivating employees
- ⑧ Training programmes for managers and supervisors to train them in 'employee motivation'
- ⑨ Introducing development programmes for employees and families in the areas of recreation, interaction, nutrition & diet planning and vocational skills
- ⑩ Employee relations to resolve role clarity, conflicts and adjustment issues
- ⑪ Synergising personal goals with the organisation goals and enhancing contribution levels
- ⑫ Employee lifecycle management
- ⑬ Structured performance review with consolidated feedback to each employee on performance & development, quality of work, initiatives & effort, attitude and willingness
- ⑭ Career planning for employees
- ⑮ Organised communication through in-house newsletters and project/functional meetings to keep employees informed of the organisation's business plans



The company respects and adheres to the Indian regulatory requirements and standards including Trade Unions Act-1926, Industrial Employment (Standing Orders) Act-1946. The employees are free to join any organisation or trade union or Industrial association of their choice.

Remuneration: All Company employees earned greater than the stipulated minimum wages under "Minimum Wages Act-1948, India".

Training

Training is a very important function for us, and we constantly try to enhance our employees' technical and soft-skills to help them perform better, so as to stay ahead of competition.

Some of the in-house training programmes conducted this year by the in-house and external faculty include

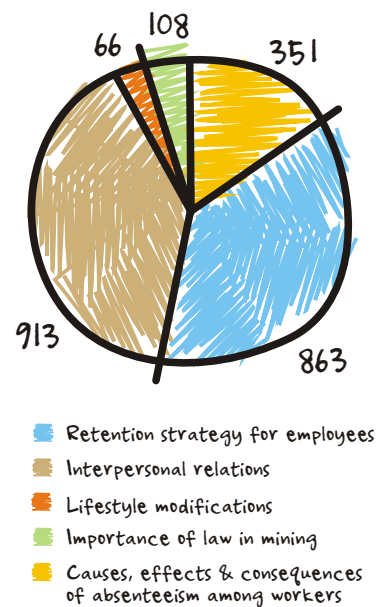
- ▷ Importance of law in HR management and importance of statutory compliance
- ▷ Effective personal productivity
- ▷ Importance of interpersonal and communication skills
- ▷ Communication and presentation skills
- ▷ Lifestyle modification
- ▷ Causes, effects and consequences of absenteeism and how to control it
- ▷ Employee retention strategies
- ▷ Importance of law in mining
- ▷ Lifetime management
- ▷ Training programme on Saturday returns and notice under MCDR 1988

In addition to these, employees were sent for various training programmes conducted by reputed institutes and faculties.

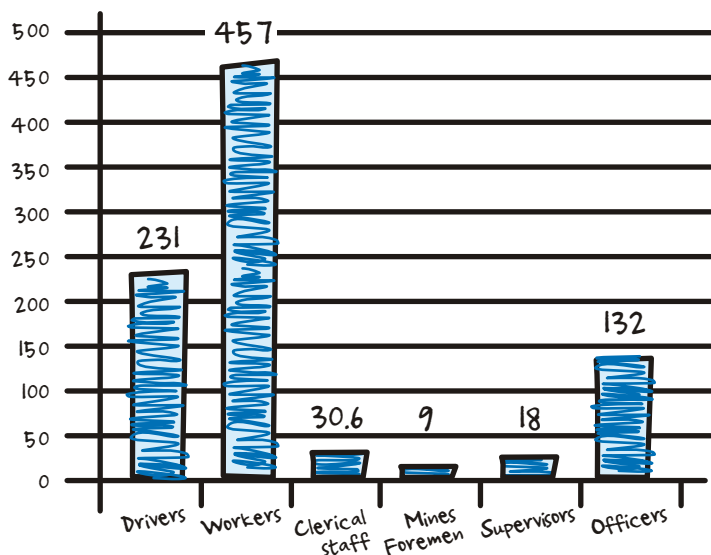
Our efforts were directed towards ensuring that a maximum number of employees across roles and levels are trained on issues relevant to their work. We have also started systematically collating and analyzing feedback given by participants after each training session, to help us improve the process and the methodology for subsequent sessions.

The company has been associated with District (Bellary) level AIDS prevention society. We have chalked out a policy and are working towards sensitizing its employees on HIV/ AIDS in the coming year.

Manhours spent on training topics

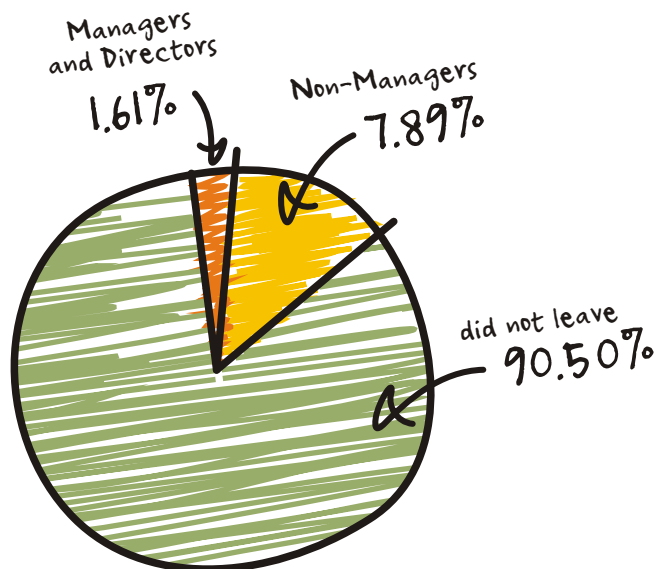


Manhours of training by Employee type



Attrition in the workforce

No. of employees who left in 2006-2007
Managers 19
Officers 13
Staff 20
Workers 60



Attrition as a % of the workforce

Giving back to society

“ At the moment, we are focusing on the basics.

We want to concentrate our energies in trying to fulfill a few critical and vital needs of the villagers around our mines ”

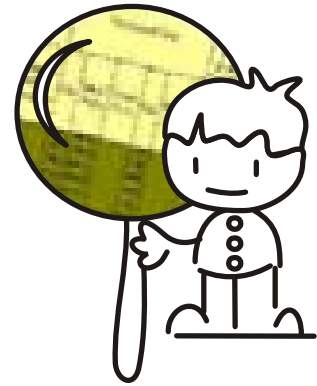
Mr. Narendrakumar A. Baldota
Chairman and Managing Director

We are adopting some villages which are in the vicinity of our mines. This year, we carried out a detailed baseline survey on existing conditions in these villages, and are focusing on formulating a target oriented plan for supporting essential socio-economic development activities in these villages.

The villages chosen for the study were-

Danapur
Basapur
Shankaranagar
Kanvihalli
Jaisinghpura
Hsalingapur
Galemanagudi
Hanumanahalli

We studied the demography of these villages; predominant occupations, household incomes, cattle, agricultural practices, education facilities and literacy levels, sources of drinking water, drainage, roads, presence of NGOs and 'Mahila Mandals', cottage industries, schools and colleges, post offices, type of cattle, presence/absence of information centers, participation of people in 'Gram Sabha' etc.



The survey findings:

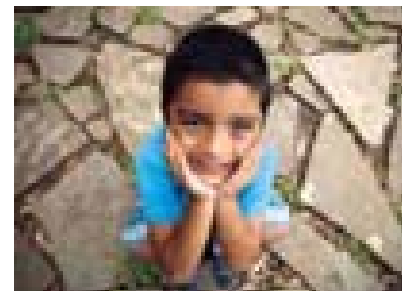
1. Less than 10% of houses have sanitation facilities
2. There is no proper waste-water disposal system in the village
3. There is a shortage of drinking water
4. A significant number of children suffer from malnutrition
5. Awareness on child & mother's health, STD, STI and AIDS is very low
6. Poor medical facilities available within the village
7. Employment is seasonal in nature, mostly during the agricultural seasons
8. No cottage industries exist in the village
9. No recreation facility
10. Low vegetation cover in and around the village
11. There are no information centers
12. There are no playgrounds for children in any of these villages
13. Most of these villages require services but the government needs to be persuaded to allocate funds for the same under relevant schemes

Based on this study,
we have decided to
support the
following areas in
these villages

- A. Improving the health and hygiene condition of the villages
- B. Improving the livelihood of the villagers
- C. Improving the village environment and basic amenities available to the villagers
- D. Supporting sports and education of children

The villages that would be adopted are:

Danapur
Galemanagudi
Hanumanahalli
Kanvihalli
Ingaligi





During the year, we have supported the formation of **Self Help Groups (SHGs)** of women in some of these villages; and currently ten SHGs are fully functional.

We intend to focus on three villages at the moment **Danapur, Galamanagudi and Hanumanahalli**



The following activities have been selected for support

Health and hygiene

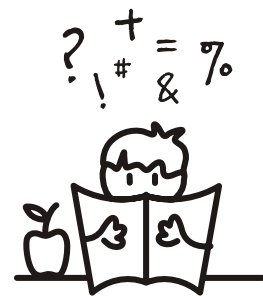
- ④ Construction of toilets
- ④ Construction of soak pits for safe disposal of waste water
- ④ Construction of drains
- ④ Support for drinking water
- ④ Support for kitchen garden development
- ④ Improving health of mother and child
- ④ Conducting health camps

Livelihood base

- ④ Organise and provide skills training for unemployed youth.
- ④ Organise and support women's Self Help Groups.
- ④ Linkage with resource agencies for financial and other support.
- ④ Giving priority to local youth during employment opportunities

Improving the village environment

- ④ Construction of cattle trough
- ④ Establishment of childrens' park
- ④ Tree plantation
- ④ Support for construction of multi-purpose community hall
- ④ Awareness on cleanliness of village and environment



Supporting sports and education

- ④ Notebook distribution for students
- ④ Providing computer and other teaching materials
- ④ Donation to poor students for higher education
- ④ Support running of hostels for poor students
- ④ Rewarding the best students at PDIT College at Hospet and supporting sports at all levels
- ④ Support construction of school building and provision of drinking water

“The need of the hour is to be prepared before the hour of need”

Rashmi Baldota
Director, Smt. Vasantidevi Baldota Blood Bank



Smt. Vasantidevi Baldota Blood Bank

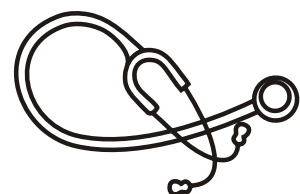
On 17th December, 2006, Smt. Vasantidevi Baldota Blood Bank celebrated five years of dedicated service to the community of Hospet and its surrounding areas. On this occasion, blood donation among people at Hospet was encouraged by rewarding those who had donated blood repeatedly (more than ten times) over the last five years.

Till 2001, Hospet, with a history of over 300 recorded accidents every year, had no blood bank. The nearest blood bank was a good 100 kms away in Bellary, which is one and a half hours by road. In case of an emergency, when every second counts, this distance would more often than not translate into the difference between life and death.

Shri Abheraj Baldota and Smt. Vasantidevi Baldota recognized this pressing need and took up the cause of building a blood bank in Hospet itself. The blood bank is a testimony of their belief that corporate response to the needs of the local community can make a sustainable difference to the lives of the people in the region.

Today, the blood bank has come a long way since its inception, with a total of 2860 units of blood collected during 2006-07, which is a marked increase from the 1990 units collected in the previous year. The average collection every day is of about 7.84 units, and for a month it is approximately 300 units. This year the Company has invested INR 2,546,635 in the activities related to the blood bank. The blood bank caters to the needs of the population within 60-70 km radius from Hospet, and for a few places as far as 150 km away. This step was initiated since there was an absence of quality healthcare institutions in the area. It was designed after a thorough study of blood banks (as far as Bangalore) by a team of doctors and architects.

- ▷ A total of 2860 units of blood was collected during 2006-07
- ▷ The average collection on day-to-day basis is about 7.84 units and that for a month is approximately 300 units
- ▷ The blood bank is managed by a convener, with the help of a medical officer, four technicians, a pharmacist and two staff members
- ▷ Utmost care is taken to ensure safety at every stage of the process





Currently the blood bank is managed by a convenor, with the help of a medical officer, four technicians, a pharmacist and two staff members. The private and public areas are clearly demarcated, it has state-of-the-art testing equipment, refrigerators and cold storage cabinets, non-stop power supply (crucial to storage at requisite temperatures), an incinerator, and environment friendly methods of disposal of bio-medical waste.



Utmost care is taken to ensure safety at every stage of the process, and to collect blood only from voluntary blood donors after adequate screening for all infections.



The blood bank also provides value added services such as

- ⇒ Spreading awareness about the merits of blood donation in the civil society in Hospet through regular visits to schools, colleges and other NGOs, institutions and by involving local youth.
- ⇒ Conducting health camps such as cardio camp (which was attended by nearly 1500 people this year), dental camp, eye camp and orthopaedic camp.
- ⇒ Distributing literature on blood donation among the local population, through advertisements in local newspapers (an informative brochure on the merits of blood donation and the activities of the blood bank was released during the anniversary celebrations).
- ⇒ Encouraging donors through public recognition.

The future plans of the blood bank include

- ⇒ Providing X-ray facilities for the general public, given that the National Highway nearby is an accident prone zone
- ⇒ Establishing a basic pathological laboratory
- ⇒ Establishing a blood component unit for better usage of the collected blood.

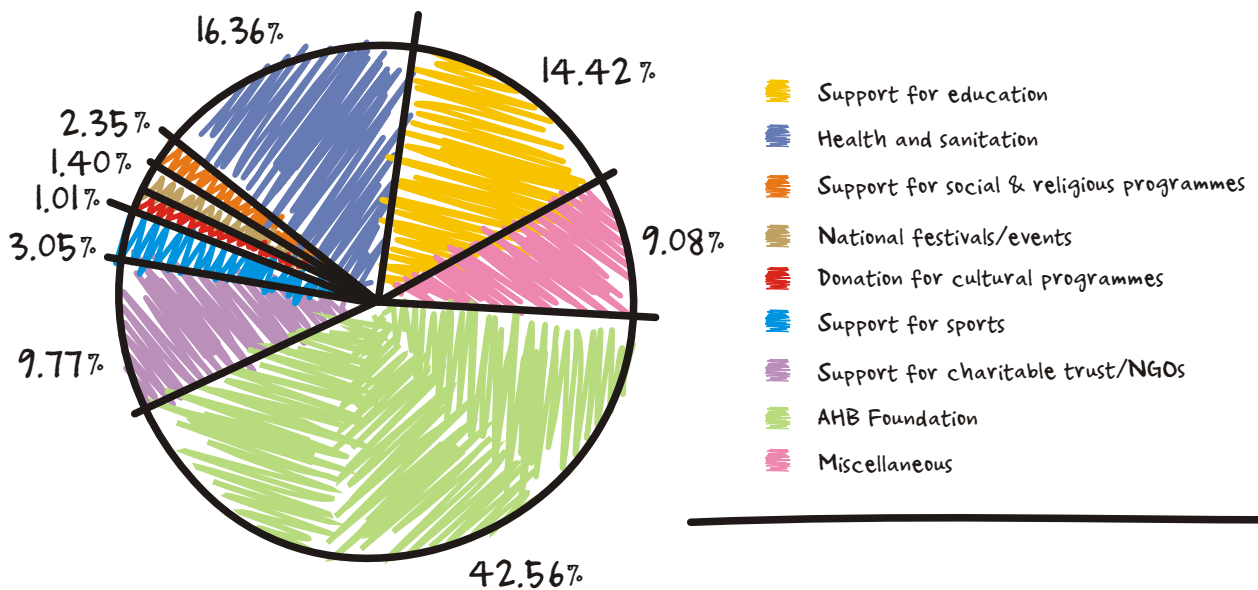


Donations and support

Apart from adoption of villages, and services provided by the blood bank, we continue to respond to the needs of the local population in many ways through donations. Some of the major heads under which we donated money and other material during 2006-07 are depicted in the diagram below.



Composition of amount spent on social initiatives in 06-07



Apart from this, we continue to help our surrounding communities in whatever way we can

We have the requisite environment and forest clearance for Vyasankere mines, which has been further renewed this year for 20 years i.e. till November 2022. We had also conducted a public hearing in 2005 as part of the Environment Impact Assessment for expansion of capacity of the Vyasankere mines.

However, our attempt is to go beyond compliance and adopt a proactive approach to managing the impact of mining operations on the neighbouring communities. Keeping this in mind, we contribute a certain amount of money to the farmers for any impact on the crops in the vicinity. We try to minimise dust pollution during iron ore transportation by keeping



We have the requisite environment and forest clearance for Vyasankere mines, which has been further renewed this year for 20 years

“ We do not undertake CSR activities with a mindset of returns or compliance. We do it because we believe it is our duty and a necessity for sustainable development ”

Srikar Bhatbhatt
Company Secretary



the village roads constantly watered and we spend over INR 2.6 million every year on supplying 60,000 litres drinking water per day to 5 villages near the mines and 4 villages near our processing plant, to meet their entire drinking water needs. On the other hand, our mining operations have triggered a positive impact by creating an economic boom in this dry region where originally, people had only seasonal agricultural employment, whereas now they have access to employment round the year.

We have contributed to the cultural heritage of Hampi (donation of INR 600,000 to the Hampi Utsav) and INR 1 Million to the Annegundi Utsav. We have sponsored T-shirts and caps for the AIDS awareness rally, and have contributed towards uniforms for over a thousand school children. We have also contributed INR 134,500 to the district level literacy camp.

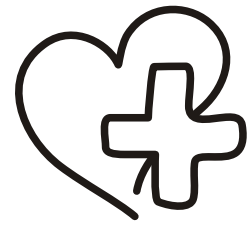
We have donated INR 10 Million to Endoscopy Research Foundation, Mumbai. Ailments of the abdomen are on the rise with nearly 60% of our population suffering from acidity, heart burn, gas, jaundice and constipation. Cancers of the digestive system too, have been on the rise with their incidence increasing more than three times in the last 25 years. Keeping this fact in mind, latest endoscopy technology available globally, has been installed at the Abheraj Baldota Cancer Detection Centre at the Institute of Advanced Endoscopy, affiliated to Endoscopy Research Foundation Mumbai, to help early detection and cure of cancer ailments related to the abdomen. The centre has provided for a reservation of 40% for patients referred from the government or municipal hospitals.

The centre is the first in India to install the following technologies: Hi-magnification Endoscope, Digital Endosonography and Narrow Band Imaging. The technology was provided by Olympus, Japan. During the year 418 patients have benefitted from this centre.

We spend over INR 2.6 million every year on supplying 60,000 litres drinking water per day to 5 villages near the mines and 4 villages near our processing plant, to meet their entire drinking water needs



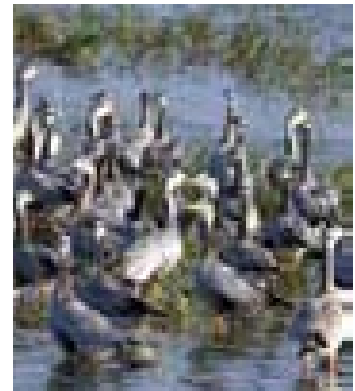
We have contributed INR 134,500 to the district level literacy camp and INR 10 Million to Endoscopy Research Foundation, Mumbai



Some of the other social causes to which we contributed during the year were

- A. Contributing to the Society for Wildlife and Nature (SWaN), Hospet which aims to set up 20 nature clubs to educate young minds on environment conservation
- B. Investing time and resources to promote education through a variety of activities and awards such as - awarding the toppers of various engineering streams at PDIT, Hospet
- C. Co-sponsoring the 23rd Sub-Junior National Aquatic Championship, 2006 conducted by the Karnataka Swimming Association, about 40 kms from Bangalore
- D. The FIMI-Abheraj Baldota Environment Award constituted to improve environmental practices among mechanised mines was presented to M/s Century Cement Limestone Mine, a part of the B.K. Birla Group of Companies
- E. Contribution to the zone, taluka and district level sports meet in schools in and around Hospet
- F. Contributing to the Rotary Club of Ganeshkhind, Pune
- G. The Baldota Scholarship awarded to students with outstanding academic performance
- H. The Baldota Fellowship for M.Tech in Mineral Exploration, which involved a grant of INR 1.2 Million towards the entire M.Tech education expenses of four candidates
- I. Donation of computers to government higher primary school, Danapur
- J. Launching of an infotainment programme along with AIR, Hospet to create environmental awareness among school children
- K. Sponsoring delegate kits for the 26th Annual Conference of South Asian Language Analysis (SALA) at Mysore
- L. Financial aid for needy citizens undergoing surgical treatment for heart problems

Financial aid for needy citizens undergoing surgical treatment for heart problems



We aim to set up 20 nature clubs to educate young minds on environment conservation



Promoting education by recognising achievers

“I am not the owner of wealth
but a privileged trustee to
serve the community with it”

Shri Abheraj Baldota
Founder, Baldota Group

ABHERAJ BALDOTA FOUNDATION

The Baldota Group believes that community service is an integral part of its responsibility and seeks opportunities to fulfill important social obligations in areas of healthcare and education.

We have been helping people in their time of crisis. However, our ultimate aim is to make the community self-sufficient so that it can support itself and come to us for help in extreme conditions only.

In keeping with our commitment of 'service to the community', the Abheraj Baldota Foundation was established in 1976. The Abheraj Baldota Foundation is a Public Charitable Trust devoted to social welfare with the main objective of helping the deserving and needy people through medical aid, educational assistance, occupational opportunities, agricultural aid and any other objects of general public utility.

Shri Narendrakumar A. Baldota, Chairman of the Baldota Group of Companies is the Managing Trustee of the Foundation. The Foundation has its main office at Hospet and its other office in Mumbai.

Abheraj Baldota Foundation
is a Public Charitable Trust

Main objective

To help deserving and needy
people through

- * medical aid
- * educational assistance
- * occupational opportunities
- * agricultural aid

Activities of the Abheraj Baldota Foundation

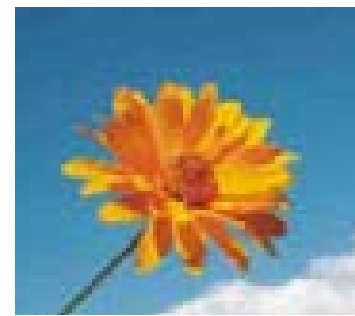
The Foundation aims at providing means of education to children from poor families by motivating their parents to send them to school, thereby providing them an opportunity to realise their true potential.

Distributing notebooks is part of its endeavour to empower children from every social stratum. The Abheraj Baldota Foundation distributed 40,000 notebooks in memory of Shri Abheraj H. Baldota to different high school students

studying in and around Hospet during the financial year.

The ABF established the super specialty Abheraj Baldota Cancer Detection Centre at the Institute of Advanced Endoscopy, Mumbai. This centre has one of the latest endoscopes available globally and is the first of its kind in India, to help detect cancer early, and therefore make a significant contribution in the field of oncology.

The Abheraj Baldota Foundation contributed to conducting Eye



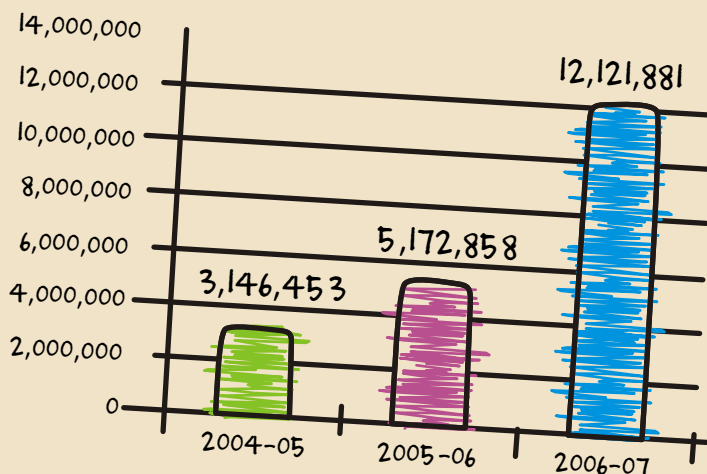
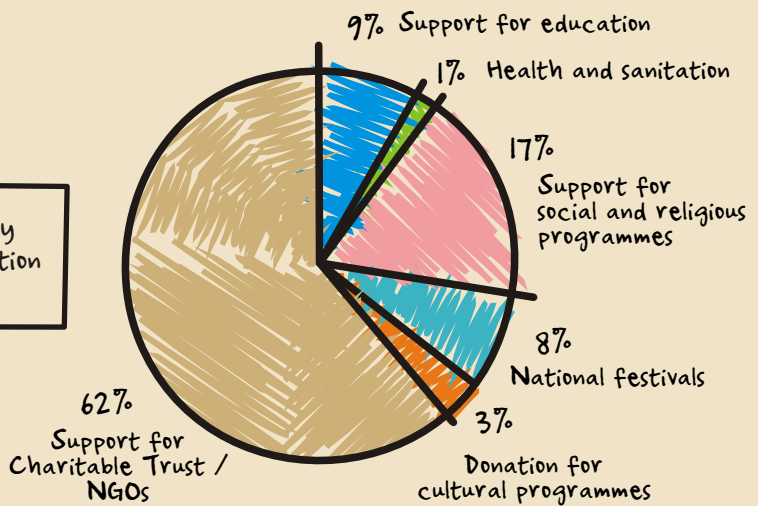
Camps at Nethralakshmi Vaidyalaya during which several patients were screened for eye diseases and some of them underwent cataract operations. The Foundation also contributed INR 500,000 towards the construction of the high school building of the Tungabhadra High School at Huligi-Munirabad.

The Foundation is now working towards promoting Indian art and culture. The Foundation intends to patronise art, dance, music, theatre and poetry.

Programmes supported by Abheraj Baldota Foundation in 2006-07

Areas of support	Amount spent (in INR)
Support for education	1,068,411
Health and sanitation	146,500
Support for social and religious programmes	2,100,000
National festivals	999,970
Donation for cultural programmes	401,000
Support for Charitable Trust/NGOs	7,406,000
Grand Total	12,121,881

Programmes supported by Abheraj Baldota Foundation in 2006-07



Amount spent by ABF (in INR)



APPROACH TO REPORTING

We continue to focus on Vyasankere Iron Ore Mines (VIOM) and our Wind Power Business for this year's report. This year we have discussed our achievements in these two businesses in detail. We have tried to design this report keeping in mind the interests of

our stakeholders. For instance, we have highlighted our approach towards training and welfare of our employees, our plans for supporting local communities, and addressing our shareholders' concerns. We have tried to present a balanced picture of our social, economic

and environmental performance, using the triple bottom line framework.

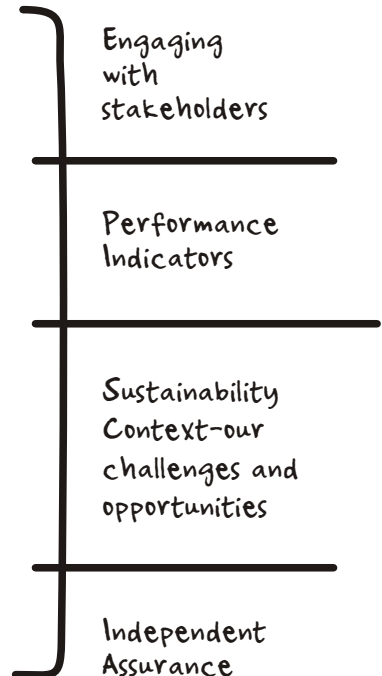
We have also attempted to report on as many GRI (G2) Performance Indicators as is relevant to our mining and wind power business.

Though we are yet to develop a structured mechanism for engaging with all our stakeholders this year, we have prioritised some of our stakeholders in this report - which include our employees, customers, neighbouring communities and regulatory authorities, and have taken their feedback on our sustainability performance.

Our core team was involved in identifying indicators which are most relevant to our environmental and social performance, and monitoring and recording this data. Consequently, issues that emerged with respect to our performance were discussed internally before they were presented in the report.

This year the management felt the need to elaborate on the context in which our mining business in particular and the mining industry in general, operates. So we have discussed issues of changing prices, the issue of iron ore exports, our attempts to beneficiate and to effectively utilise the waste generated from mining.

We have engaged Ernst & Young to provide independent assurance to our report for the second time in a row. They have provided assurance support for data and various statements made in the report. This has helped in making our report more accurate. Going forward, we plan to further strengthen our internal information systems to include sustainability related data.



Reporting guidelines

We continue to use the GRI Guidelines and this year we have graduated from using the guidelines broadly to produce a Sustainability Report 'in accordance' with GRI (G2) guidelines, for the benefit of all our stakeholders.

Reporting Principles

In preparing our second sustainability report, we have tried to keep in mind the principles of auditability, completeness, relevance, transparency, accuracy and clarity and have attempted to place our triple bottom line performance in the sustainability context in which our business operates.

GRI Content Index

Item	GRI Indicator	Page No.
Vision and Strategy	1.1	10-12, 24-26
Statement from CEO	1.2	2-7
Profile	Organisational Profile 2.1 2.2 2.3 2.4 2.5-2.8 List of Stakeholders Report Scope 2.10 2.11-2.13 2.14 2.15 2.16 Report Profile 2.17 2.18 2.19 2.20 2.21 2.22	8, 14-22, 28-32 39 2, 16-17, 44, 54 7, 8, 42, 75-76
Governance Structure and Management Systems	Structure and Governance 3.1 3.2 3.3 3.4 3.5 3.6 3.7 3.8 Stakeholder Engagement 2.9 3.9 3.10-3.12 Overarching Policies and Management Systems 3.13 3.14 3.15 3.16 3.17 3.18 3.19 3.20 GRI Content Index 4.1	9, 28-32, 34-36 38-41 2-7, 8, 24-26, 31, 32, 33-36, 38, 51 76
Economic	Sales, Breakdown of Markets EC1 EC2 Cost of Goods and Services EC3 Payroll and Benefits EC5 Distributions to providers of capital broken down by interest on debt and borrowings and dividends on all classes of shares EC6 Retained Earnings EC7 Taxes, Subsidies EC8 EC9 Donations to Community , Civil Society EC10 Contracts paid on agreed terms EC4	44 45 44 44 44 45 45
Environmental	Materials EN1 EN2 Energy EN3 EN4 EN17 Water EN 5 Biodiversity EN6 EN7 Emissions, Effluents and Waste EN8 EN9 EN10 EN11 EN12 Spills EN13 Reclaimable Products EN15 Overall Environmental Impact EN14 EN16	48, 49 49 49, 51 52-54 54 50-52, 54
Social		
Labour Practices and Decent Work	Employment LA1 LA2 Labour/Management Relations LA3 LA4 Health and Safety LA5 LA6 LA7 LA8 Training and Education LA9 Diversity and Opportunity LA10 LA11	60-63 60, 65 61, 67 64, 65, 67 65, 66
Human Rights	Strategy and Management HR1 HR2 HR3 Non-discrimination HR4 Freedom of Association and Collective Bargaining HR5 Child Labour HR6 Forced and Compulsory Labour HR7	28, 63 28, 61 65 61
Society	Policies for Managing Impact on Community SO1 Bribery and Corruption SO2 Political Contributions SO3	38-41, 65-72, 73-74 34-36 29, 31
Product Responsibility	Customer Health and Safety PR1 Products and Services PR2 Respect for Privacy PR3	34 34

Glossary of Terms

AIR	All India Radio	Km	Kilometre
AHB Foundation	Abheraj Baldota Foundation	KREDL	Karnataka Renewable Energy Development Limited
BFQ	Banded Ferruginous Quartzite	MIS	Management Information Systems
BHQ	Banded Hematite Quartzite	MT	Metric Tonnes
BMQ	Banded Magnetic Quartzite	M. Tech	Masters in Technology
BOD	Biochemical Oxygen Demand	MW	Mega Watt
GRI	Global Reporting Initiative	NAAQM	National Air Quality Monitoring
CDM	Clean Development Mechanism	NOx	Oxides of Nitrogen
CERs	Certified Emission Reductions	NGO	Non Governmental Organisation
CFBP	Council for Fair Business Practices	QMS	Quality Management Systems
CFC	Chloro Fluoro Carbon	R&D	Research and Development
CMD	Chairman and Managing Director	SAP	Systems, Applications and Products
CO₂	Carbon dioxide	SOx	Oxides of Sulphur
COD	Chemical Oxygen Demand	SWaN	Society for Wildlife and Nature
ECB	European Central Bank	TB dam	Tungabhadra Dam
EMS	Environmental Management Systems	tCO₂	Tonnes of Carbon dioxide
EOU	Exports Oriented Unit	TPH	Tonnes per hour
GHG	Greenhouse Gas	UNFCCC	United Nations Framework Convention on Climate Change
GJ	Giga Joules	VIOM	Vyasankere Iron Ore Mines
H₂S	Hydrogen Sulphide	CSIR	Council for Scientific and Industrial Research
Ha	Hectares	CGCRI	Central Glass and Ceramic Research Institute
IFC	International Finance Corporation	MCDR	Mineral Conservation and Development Rules
INR	Indian Rupees	NBFC	Non Banking Financial Corporation
IPCC	Intergovernmental Panel on Climate Change	IBM	Indian Bureau of Mines
IPO	Initial Public Offer	RRL	Regional Research Laboratory
ISO	International Organisation for Standardisation		

INDEPENDENT ASSURANCE STATEMENT

Engagement and objective of assurance, responsibilities

We have been engaged by MSPL Limited (the 'Company') to review the contents of its Corporate Sustainability Report 2006-07 (the 'Report') prepared under its responsibility. This engagement is aimed at providing 'limited assurance' to the Report contents. However, this assurance statement should not be taken as a basis for interpreting the Company's performance across the scope of issues covered in the Report.

Our responsibility in performing our assurance activities is to the management of MSPL Limited, only and in accordance with the terms of reference agreed with them. The Report and its contents are the responsibility of the Company and this assurance is the responsibility of Ernst & Young Pvt. Ltd.

Reporting Criteria

There is currently no statutory requirement in India for preparation and publication of sustainability report. We understand that the Company has based the Report on the perceived need of communication to its identified stakeholders on sustainability matters. The Company has aimed at reporting 'in accordance' with GRI G2 Guidelines, as stated in the "Report scope and profile" section of the Report.

Approach and Scope / Limitation of Assurance

Our assurance is in accordance with the 'International Standard on Assurance Engagement 3000 (ISAE 3000)' and our conclusions are for 'limited assurance'. The assurance was performed by a multi-disciplinary team of professionals in the field of environment, health and safety (EHS) and social matters, in conformity with this standard.

Our Scope

The scope of our work was established through discussions with MSPL Limited and included provision of assurance over the following:

- Verification of data pertaining to environment, health & safety (EHS), human resources (HR) and social performance for the year April 2006 to March 2007;
- Factual information related to key performance indicators, environmental and social issues, initiatives, and supporting data as given in the Report.

Limitations for Assurance

The Assurance does not cover the following:

- The economic/financial data and information on company profile included in the Report are derived from the Company's audited financial records/ Annual Report; we have not performed any review of these data;
- Activities outside the defined reporting period from April 2006 to March 2007;
- Company position statements which describe expression of opinion, belief, aspiration, expectation, aim or future intention, quotes of personnel from MSPL Limited are excluded from our scope of assurance.

Procedure for Assurance

Our procedure was based on:

- Gaining an understanding of the sector, relevant issues and understanding MSPL's business;
- Analysing the Company's sustainability plans and practices to ensure that the Report provides a fair representation on these aspects;
- Interviewing the directors and selected key officials of the Company responsible for environment, health & safety (EHS), human resources (HR), public relations (PR), marketing, and corporate social activities to understand the approach and initiatives in this regard;

- Review of selected documents, policies, correspondence and processes used to capture and collate information pertaining to EHS, HR and Social performance parameters;
- Visiting the Company's head office at Hospet, iron ore mining site at Vyasankere and wind farm at Chitradurga, to physically review the activities relating to collection, collation and internal verification by the Company of sustainability related data. Information pertaining to other operational locations (e.g., wind farms at Satara, Jajikalguda and Davangere) and activities (such as SWaN, donation to the Endoscopy Research centre in Mumbai etc.) were made available to us at Company's head office at Hospet;
- Challenging of the information relating to EHS, HR and Social performance, specifically with respect to the key performance indicators, to substantiate the assertions made in the Report, including review of evidences against selected claims;

For performing the engagement, we have obtained sufficient and appropriate evidences to support the conclusions in this assurance statement.

Conclusions

On the basis of the work undertaken, nothing has come to our attention that would cause us not to believe that:

- The Company has demonstrated a number of commitments towards sustainability in its business endeavour, in the form of investing in 'green' technologies (wind farms etc.), minimising waste generated in the process of mining (zero waste mining), supporting the improvement of infrastructure and civic amenities in Hospet, adoption of five villages near its operations and financial support to a number of charitable causes
- The performance indicators selected are some of the significant ones and are 'material' to the company for depicting sustainability performance as per the economic, social and environmental criteria
- The data reported on the key performance indicators have been reported on the basis of internal records made available to us in the course of our assurance

Other Observations

During the course of our work, we have further observed that:

- The company has taken the initiative this year by appointing a senior official to drive their corporate social responsibility (CSR) initiatives with respect to planning and monitoring the activities;
- Targets or Goals, pertaining to CSR were not clearly defined by the management at the beginning of the year;
- Safety performance, procedures for reporting 'near miss incident' and mapping of 'first aid injury' could be made more robust;
- For the 'human resources' and 'training' data, in some cases, we observed mismatch of data between manual record and those in the ERP system;
- Clearly defined responsibility of data maintenance and review was not evidenced, for the purpose of the Report, in all the CSR area;
- Though the Company has initiated dialogue with selected stakeholder groups involving several departments like HR, PR, CSR, and mining, a comprehensive and structured stakeholder engagement process and a clear audit trail for the same was not evidenced



Ernst & Young Pvt. Ltd.

Kolkata, India
17th November, 2007



MSPL LIMITED

Baldota Enclave, Abheraj Baldota Road
Hospet-583203, Karnataka, India.
www.mspllimited.com