

BRIDGING THE  
**GAP**

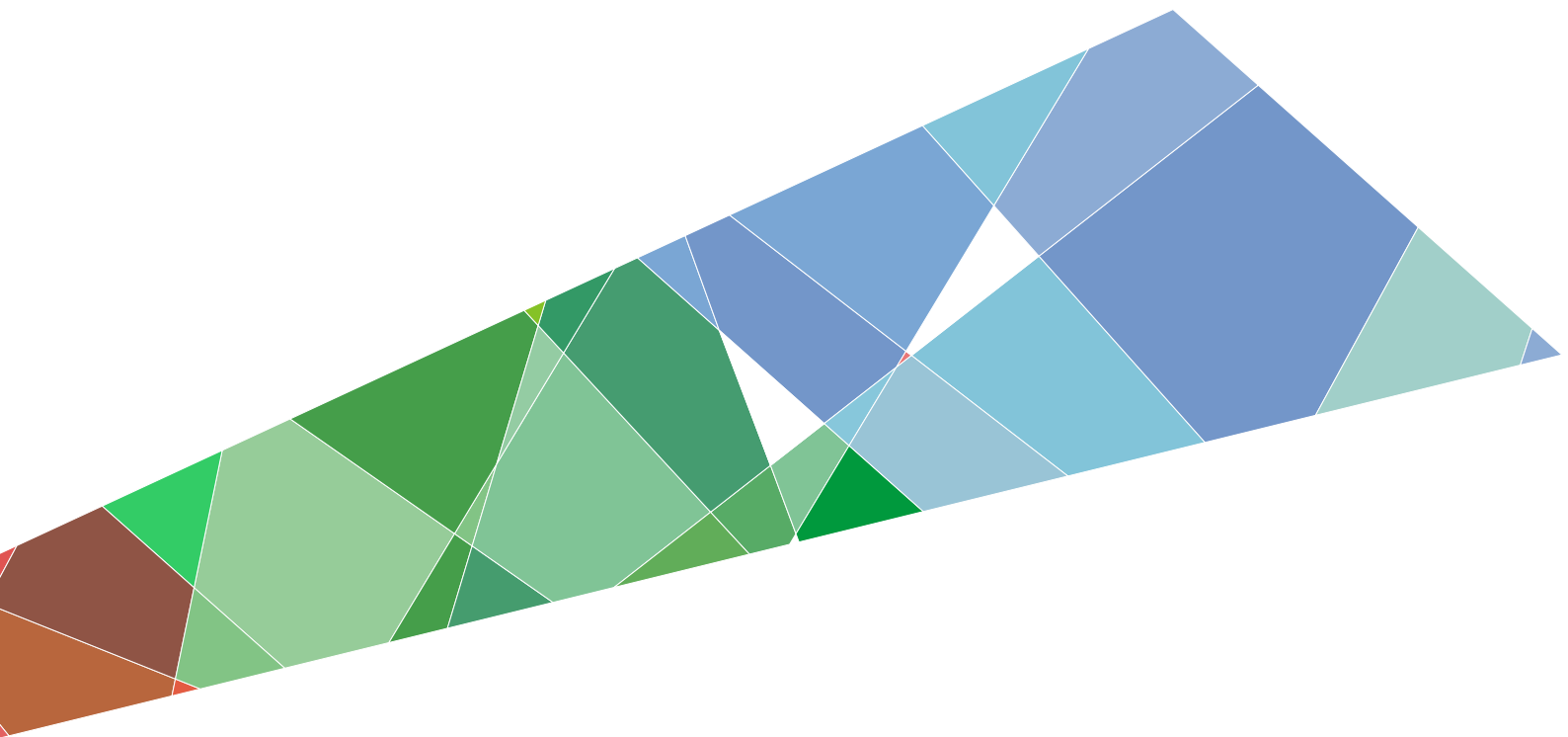
## BRIDGING THE GAP

Each of the problems that sustainability aims to address is a result of gaps that exist in society today.

Economic issues are the manifestation of the gap between aspiration and opportunity. Social issues stem from the widening gap between the haves and the have-nots. These issues are further compounded by the gap between needs of the individuals and the reach of development.

The environmental issues find their root in the gap between resource availability and resource consumption. These issues are amplified due to the accelerated gap between consumption and conservation.

We at MSPL are bridging these gaps to contribute to sustainability and move forward in our journey of creating a sustainable organization.





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# MIND THE GAP

*An overview of MSPL's sustainability performance by  
Shri Narendrakumar A. Baldota,  
Chairman and Managing Director, Baldota Group of Companies*



## WHAT ARE THE AIMS OF THE THIRD SUSTAINABILITY REPORT? HOW HAS MSPL'S SUSTAINABILITY OUTLOOK EVOLVED OVER THE LAST THREE YEARS?

Our third Sustainability report forms part of our continuing dialogue with stakeholders.

A commitment to sustainable practices and the enthusiastic response of the first two reports are primary drivers for this disclosure of material, social, environmental, governance and economic issues.

The process of sustainability reporting in the first two reports has helped enhance the understanding of our strengths and improvement areas across our triple bottom line. Our sustainability outlook has evolved as a result and is reflected in the current report on two fronts. Firstly, it builds on our commitment to greater transparency by initiating discussion on additional performance parameters not previously covered and addressing the most significant issues in greater detail. Secondly it articulates our endeavour to align social and environmental initiatives with national and international sustainable development efforts.

Importantly, as MSPL expands its operations and diversifies into new businesses, it is imperative that we realign our Vision to reflect this ambition of serving developmental needs in a sustainable manner.

We have come a long way and have formalised our corporate social functions MSPL now has an empowered Sustainability committee that looks into our social initiatives.

### CAN YOU ELABORATE ON THE NEED FOR MSPL TO ALIGN ITS SUSTAINABILITY GOALS WITH THOSE ON A NATIONAL AND GLOBAL LEVEL?

All of the Baldota Group's sustainability initiatives are underpinned by the principle of learning through listening to our stakeholders. In our partnership with neighbouring communities dating back to the early 1960s, we have realised that business viability and vitality depends on earning community support and ensuring sound environmental performance.

In the background of today's sustainability challenges we have recognised that our programs should not only address the needs of the local communities but also be nationally and internationally coherent.

We have therefore consciously sought to align our activities with national and international goals and standards. These include Prime Minister's 10 Point Social Charter for Indian corporate houses and the United Nations' Millennium Development Goals (MDGs), 10 Principles for Sustainable Development outlined by the International Council on Mining and Metals (ICMM) and IFC's comprehensive environmental and social standards.

Besides this the Abheraj Baldota Foundation continues to support various causes through worthy NGOs and Trusts.



### WHAT WERE MSPL'S PRINCIPAL COMMUNITY FOCUS AREAS AND HIGHLIGHTS DURING THIS PERIOD?

Education, culture, health and sanitation were the principal focus areas this year. We continued our previous sustainability efforts and complemented them through new initiatives. Crucially, we ensured active engagement with neighbouring communities to address their concerns, in the process soliciting their participation in all our CSR activities.

#### VILLAGE ADOPTION

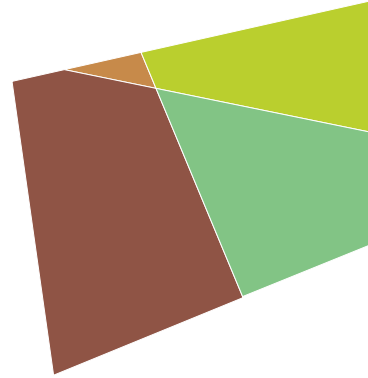
Former President Dr. A. P. J. Abdul Kalam once said that "India with six hundred thousand villages and seven hundred million people living in rural areas needs a different development model in which Corporate Houses ought to play a responsible role by adoption of villages". Inspired by his comments, we went ahead and adopted five villages in the previous year. Encouraged by the response that we received following this initiative, we adopted five additional villages, namely Jaisingapura, Basapura, Halavarthi, Hosahalli and Shankarnagar in Karnataka, after conducting a comprehensive needs assessment study.

#### WOMEN EMPOWERMENT

In line with the MDGs, we have reinforced our efforts to empower women and address the issue of inequality between men and women. According to the UN, the share of Indian women in wage employment of the non-agricultural sector is a meager 18%. We have educated, encouraged, guided and provided the seed capital for the formation of 11 Women Self Help Groups (SHGs) across three villages, so that the women get an opportunity to financially support their families through participation in income generation programs. This year, we concentrated on imparting vocational training in stitching.

FOCUS 2008

# education culture health sanitation



By year end, 20 women had been fully trained, while another 22 were in the process of completing the course. Many women have already started earning Rs. 100 per day. These efforts tie in with the Prime Minister's 10 Point Social Charter, which speaks of the need for inclusive growth for social sustainability.

## **AIDING LITERACY**

India has fought a long battle with illiteracy. However, as per UN estimates, national literacy rate stood at 66% in 2008. Unfortunately children remain deprived of education and many drop out from school because of mounting expenses and opportunity costs for parents. Among the schools in our communities we continued to provide the essential tools of education to children. We have redoubled our efforts by reaching 18,799 students across 85 schools in local villages and providing them with notebooks.

## **SANITATION**

Even though sanitation has been linked with health and economic development, only 18% of the rural Indian population had access to improved sanitation facilities in 2006. This is unacceptable in the 21st century. In our efforts to ensure clean sanitation facilities, we constructed 135 water closets for families of three villages in the vicinity of our mining operations. This was also in line with the UN declaring 2008 as the 'Year of Sanitation'. Unfortunately we fell short of our stated target to construct 200 water closets due to difficulties in procuring labour for this work. Nevertheless, we are determined to redouble our efforts and achieve this target in the coming year.

## **BLOOD DONATION**

I am pleased to inform you that the Smt. Vasantidevi Baldota Blood Bank is redefining the culture of blood donation in the local community. This year 9.73 units of blood were issued per day as compared to 7.36 units in the previous year.

## **WHAT PRIORITY DOES MSPL ACCORD TO EMPLOYEE RELATIONS?**

Employees are the engine of the organisation and it is the senior management's responsibility to ensure that their concerns are addressed. Last year, we faced an attrition rate of 11% and most of those leaving were below 30 years. This is a matter of concern to us. We are aware that they are attracted to cities due to the absence of metro-like entertainment avenues, full-fledged medical facilities and lack of quality higher education facilities in our locations. We are actively exploring ways to ameliorate these conditions and encourage employees to continue their relationship with the firm.

In our unflinching commitment to employees in upholding human rights, we are progressively deploying a Human Rights policy that articulates our stance on child labour, forced labour, non-discrimination and employee-employer relations among others.

Employee development is high on our priority list. Our objective is not only to attract the right kind of talent mix but to ensure a safe and stimulating working environment. Training is provided and opportunities are created for them to bring out the best in them and develop their career at MSPL. The focus areas for training this year were related to soft skills management, safety and environmental stewardship.

There are systems in place that recognise employees who innovate and set performance standards. They are encouraged and rewarded through MSPL's 'Employee of the Month' award.

## HOW GREEN HAS BEEN MSPL'S ENVIRONMENTAL PERFORMANCE?

We have been active on the environment front and have carried out various activities with and through NGOs. A case in point is a program undertaken in coordination with the Society for Wildlife and Nature (SWaN), for eradicating the practice of ritual hunting of wild animals by locals. Steadfast efforts over the last two years, have resulted in the discontinuation of these practices.

Our afforestation efforts date back to 1976. By the end of the reporting year, we had planted over 1.67 million trees which have helped transform several hectares of barren land into lush green expanses with rich flora and fauna. Land for afforestation constitutes around 50% of the mining lease area.

Rail transportation is more efficient than road transportation and results in lower CO<sub>2</sub> emissions per unit weight of freight. Accordingly we have consciously veered towards rail transportation which now transports 89% of our products.

In the previous year, beneficiation of ore was not required due to the high quality of ore mined. This had a direct, positive impact on our water consumption, which dropped by 13%.



## WHAT WERE MSPL'S KEY ECONOMIC HIGHLIGHTS IN THE PAST YEAR?

The past year has been excellent. The 9.5% increase in global iron ore exports during 2007 benefited our mining business. Much of this increase in demand was to serve the infrastructural needs of developing nations, particularly China. This accentuated demand doubled global iron ore prices to USD 124/MT in 2007-08 from USD 59 /MT in the previous year.

In line with our mid-term plans to further augment the wind energy business, we made investments towards setting up new wind turbines. By year end, the total installed capacity stood at 127.8 MW and over 250 million units were generated in FY2007-08. We, at Baldota Group, are stepping up efforts to achieve our stated target of 400 MW installed capacity by 2010.

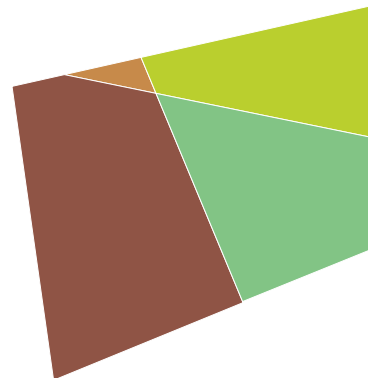
Our efforts to bring clean wind power to the citizens of India were recognised by the Ministry of New and Renewable Energy (MNRE).

It is an honour to have received the first prize for 'Independent Power Producer under the Wind Programme (2002-2007)' from Her Excellency, Smt Pratibha Patil, President of India.





We trust that this report, with its greater coverage and focus on performance, provides the reader with a broader understanding of our sustainability initiatives. We look forward to this renewed dialogue with our stakeholders on essential matters of sustainability and invite your feedback and suggestions for the future.



### **HOW DOES MSPL PLAN TO PRESERVE AND BOLSTER LONG-TERM ECONOMIC PERFORMANCE?**

Long term sustenance of business is at the heart of every strategic decision we make. Our two businesses – mining and wind energy - are strategically synergistic. The concept of investing in a self-sufficient business based on perpetual natural resources out of the revenues earned from a business based on finite sources was a challenge we set ourselves and a dream that we have realised.

The basic infrastructural needs of India and other developing countries will rise considerably which will push up demand for iron ore. Thus the long term outlook for this business is encouraging. Domestically, we face hindrances in obtaining mining licenses from the government which disrupts business plans. Uncertainties regarding the future course of duty rates on iron ore exports and freight rates are risks to our business.

The Fourth Assessment Report on Climate Change by the Intergovernmental Panel on Climate Change (IPCC), was unambiguous on the need for measures to cut carbon to avert climate change. The findings of the report vindicate our persistent commitment to wind energy in helping reduce carbon emissions. Yet, even as some of our projects receive revenue from sales of carbon credits under the Clean Development Mechanism (CDM), wind energy remains an expensive option in India. Power from fossil fuel sources, such as coal, are far more economically attractive. We need policies that can alter this reality in favour of alternative fuels.

Internally, we leave no stone unturned to optimise business performance. A Leaders' Forum which constitutes over 25 Department Heads and senior level Executives was set up to help the Management in the reviewing, decision making and risk mitigation discussions.

The SAP system that went online in 2006-07 is now largely operational and provides real time access to information across functions. This has greatly streamlined our business.

We have also contracted globally recognised experts to advise us in the areas of process and operations benchmarking and improvement, as well as to remould our organisation structure in order to support new business plans. Through forays in new businesses in the coming years, we seek to hedge industry and country specific risks.

### **IS THERE A SUSTAINABILITY CONTEXT TO MSPL'S NEW BUSINESS VENTURES?**

Diversification of businesses is directly linked to risk mitigation. We have concrete plans, some of which are in advanced stages, to diversify into new industries and areas of operation.

The plans for forward integration of our mining business that I had discussed last year have progressed (see Forward Integration of Mining Business). This will enable us to use iron ore that is predominantly exported from the country to manufacture value added products.

We are also excited about our plans to venture into the shipping business. We have decided to float Special Purpose Vehicles (SPVs) and Singapore has been chosen as the jurisdiction for this business. The entities, MSPL Maritime Pte. Ltd. and MSPL Diamond Pte. Ltd. were incorporated on 7th May 2008 & 29th July 2008 respectively. The total project cost is expected to be USD 235.80 million.

This endeavour is in line with our attempt to establish businesses outside India and entering new promising industries. Both these business forays will inherit the responsible and sustainable practices that are associated with our Group companies.





## FORWARD INTEGRATION OF IRON ORE BUSINESS

### Pellet manufacturing

Baldota Group is setting up a 1.2 MTPA Pellet manufacturing plant at Koppal district in Karnataka, India. A Memorandum of Understanding (MoU) has been signed in this behalf with M/s. Sinosteel Equipment & Engineering Company (MECC), China.

The Pellet Plant will be based on the Chinese Grate-Kiln technology, which uses Anthracite coal as fuel. The cost of this project is expected to be INR 2,040 million.

The land procurement process has been completed and clear possession of the land was taken in October 2008. We expect to commence pellet production by the last quarter of 2009-10.

### Integrated Steel Plant

We are in the process of setting up a 2.5 MTPA capacity integrated steel plant at Koppal, Karnataka as a SPV in the name of Aaress Iron and Steel Ltd (AISL). Initially we are setting up a 1.0 MT capacity integrated steel plant to produce special carbon & alloy steel.

We also plan to add another 1.5 MT capacity by 2011-12, which would produce hot rolled flat products. We are looking at investing INR 47,090 million in the first phase, which would be raised from the debt market and internal accruals. Our overall plan is to have a 5 MTPA capacity installed by 2012-13.

"The steel plant is essentially a forward integration of the existing businesses of the company. In the first phase we are looking at setting up a facility to produce 1 MT of special steel, which would basically be special carbon & alloy steel for automotive & engineering use."

Rahulkumar N. Baldota, Executive Director, MSPL Ltd.



The background of the page features two large, diagonal stripes. The top stripe is a solid blue color, and the bottom stripe is a solid green color. They meet at a point on the left side of the page, creating a triangular shape that points towards the left. The word 'vision' is written in a light green color on the blue stripe.

# vision

Guided by principles of sustainability  
we will be a conglomerate driving the nation's growth  
by establishing standards of excellence  
in adding value to nature's resources

Our Vision has undergone a change and has been aligned with our commitment to Sustainable development. The new vision was released after the reporting period.

# mission

'To become the leading supplier of iron ore and 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'.

We have developed five Cardinal Cs in order to help align our decision making processes and activities to our Vision and Mission. These cardinals reflect the values of the organisation and are embedded with sustainability principles

## **CREATIVITY**

Innovatively harnessing the resources to find creative solutions that augment business operations

## **COMMITMENT**

An unflinching promise of providing nothing short of the best in quality and quantity through state-of-the-art R&D and continuously upgrading the skill quotient of managers and workers

## **CONCERN**

A genuine and meaningful interest in the environment, by embracing green technologies, afforestation programs and air, water and soil management

## **CARE**

For the community we work in, by taking initiatives that make a real difference at the grass root level in the areas of education, health care and overall enhancement in the living standards of the community

## **CORE VALUES**

These are quality, customer relations, safety, care for environment, ethical business practices, forming the basis on which the group functions and supports the framework of its operations

## REPORT SCOPE AND BOUNDARY

This is MSPL's third Sustainability Report following 'Hand in Hand' and 'We & Our World', published in the preceding years.

### SCOPE

This year too the report continues to cover the Vyasankere Iron Ore Mines (VIOM) and the Wind energy division under MSPL Ltd. The data presented in this report is from 1st April, 2007 to 31st March, 2008 and is in line with Global Reporting Initiative's 2006 Sustainability Reporting Guidelines (GRI - G3). This year marks a step forward in our sustainability reporting endeavour as this report achieved an Application level A.

### EXTERNAL ASSURANCE

We remain committed to a meaningful and credible assurance process. Ernst & Young Private Limited was engaged for the third year in a row to provide assurance on our Sustainability Report.

### FEEDBACK

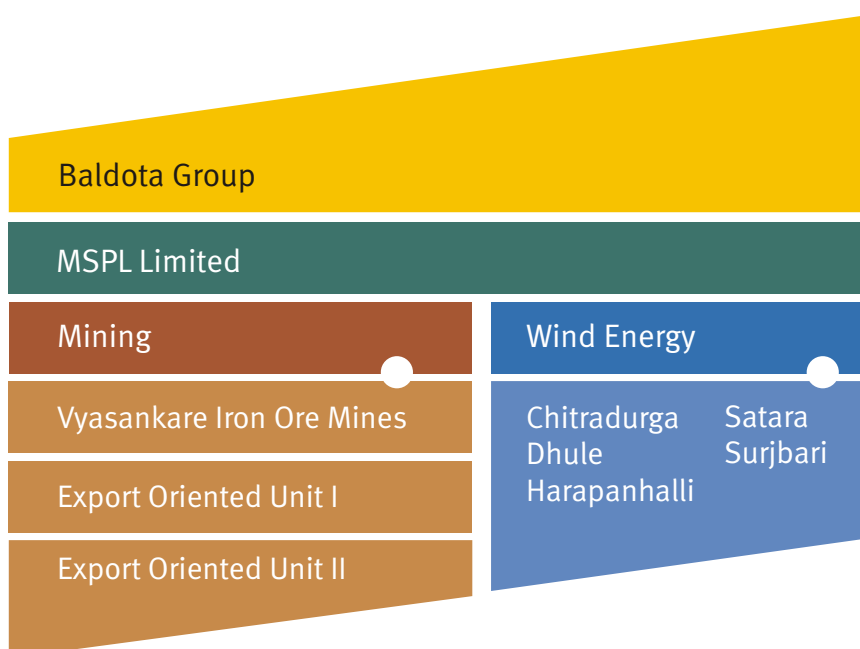
We value your suggestions and encourage all our readers to reflect on the strengths and weaknesses of this report and send us their suggestions. Please e-mail your feedback to Mr. Shrenik N. Baldota: [sn.baldota@mspllimited.com](mailto:sn.baldota@mspllimited.com)

## MSPL LIMITED

MSPL, a closely held, flagship company of the Baldota Group, has been mining, processing and exporting iron ore for the past four decades. Today we are among India's largest exporters of iron ore and a leader in this business. We are headquartered at Hospet, in Karnataka, and carry out mining operations from our open cast mines located in the same region. Most of the ore from our mines is exported primarily to the Chinese market.

We have strategically diversified into renewable energy generation through wind power and have wind farms across three states viz, Gujarat, Karnataka and Maharashtra. A steadfast investment in renewable energy over the years has positioned us as the largest independent producer of power from renewable sources in India.

MSPL is expected to go through organisational changes to accommodate new businesses and optimise performance.



## MINING DIVISION

Our mining lease area is 347.22 hectares. The geographical formation of mines remains the same as reported last year.

Vyasankere Iron Ore Mine (VIOM) is one of the largest in the Bellary-Hospet region, with an estimated 20.83 million tonnes of proven iron ore reserves at an average grade of 65% Fe, and 8.53 million tonnes of probable iron ore reserves at an average grade of 64.5% Fe.

## OUR MINING PRODUCT PROFILE

The major product from our mines is **High grade iron-ore powdered below 1 mm size with 66 % Fe content.**

Our product portfolio also includes  
**High Grade Iron Ore Fines (Fe +65)**  
**Calibrated Iron Ore Lumps (Fe +65)**  
**Medium Grade Iron Ore Fines (Fe +63)**  
**Calibrated Iron Ore Lumps (Fe +63)**  
**Iron Ore Concentrate (Fe +66)**

## WIND ENERGY DIVISION

India is one of the fastest growing economies in the world and is witnessing an ascending demand for energy. As energy needs are primarily met through fossil fuel sources, increased energy consumption causes a direct and detrimental impact on the environment. Environmental stewardship was our core focus when we diversified into wind power. We have come a long way in generating power through the renewable route and plan to increase our investment in this sector in the coming years.

During FY 2007-08 we further expanded our wind business by installing a 16.20 MW capacity wind farm in Gujarat, increasing our combined installed capacity to 127.80 MW.

We have also identified the potential for generating wind power in Hospet, Karnataka and have decided to install a 15.20 MW capacity wind farm in this region. This farm is expected to be commissioned in the FY 2009-10.

The installed capacity of our wind farms is as under:

Location	Capacity (MW)
<b>Maharashtra</b>	
Satara	1
Dhule	20
<b>Karnataka</b>	
Jogimatti, Chitradurga	11.25
GR Halli, Chitradurga	27.1
Sogi	25
Jajikallgudda	21.25
Harihar	6
<b>Gujarat</b>	
Surajbari	16.2
<b>Total</b>	<b>127.8</b>

## RESEARCH & DEVELOPMENT AT MSPL

Our dedicated Research and Development (R&D) team innovates eco-efficient processes for our iron ore and wind businesses.

The team is engaged in the research of potential uses of iron ore for purposes other than steel manufacturing. The team also helps in identifying alternative uses of other minerals extracted along with iron-ore. This has contributed significantly to our goal of 'zero waste management'.

As reported in the previous year, we have developed an alternative product - Sulpha Sponge, which works as an oxidation catalyst for effective management of odour, Biochemical Oxygen Demand (BOD), Chemical Oxygen Demand (COD), microbes, toxic gases etc., from domestic and industrial effluents. The product has been patented in India and Europe and is in the process of being patented in other countries. We are also working on ways of increasing its effectiveness. This project has now been handed over to a separate entity under the group.

Despite the progress made on Sulpha Sponge in recent years, our other efforts towards achieving zero waste and eco-efficiency have not yielded desired results. Progress on beneficiation and other resource maximisation techniques was not as expected. However, we are committed to maximise eco-efficiency and achieve our goal of zero waste management through unwavering focus and steady investment of time and money on R&D.


In addition to developing alternative products and uses of ore, the team gives invaluable inputs on increasing mining efficiency and reducing the environmental footprint of our operations. In the immediate future, the team will undertake detailed wind energy and technology assessments for potential wind energy project sites.

Our R&D focus will also extend to the other businesses we venture into.









Businesses today operate in environmentally challenging and socially complex conditions. Globalisation is blurring boundaries across countries and exposing organisations to new opportunities and risks. We believe that through responsible corporate citizenship, organisations will not only be able to manage potential risks but also convert these risks to opportunities. For us, sustainability means value creation through responsible operations, which take into consideration economic, environmental and social impacts.

## S U S T A I N A B I L I T Y   C O N T E X T

# BRIDGING THE NEED GAP



Since our mining business is associated with natural resource extraction, we particularly realise that environmental and social performance is critical to our success. Our 5 Cardinals, embedded with business sustainability principles, have guided us in our efforts to realise our new Vision - 'Guided by principles of sustainability we will be a conglomerate driving the nation's growth by establishing standards of excellence in adding value to nature's resources.'

We were the first mining company in India to have ISO 9001, 14001 and OHSAS 18001 certifications. Even today our robust management systems (including ISO 14001: 2004 and OHSAS 18001) enable us to record, track, assess and consequently perform better across various sustainability performance parameters. We regularly engage with stakeholders to understand material issues that could impact our business and incorporate their concerns into our decisions.

We have voluntarily tried to streamline our efforts in the sustainability space by aligning them to various international and national development initiatives.

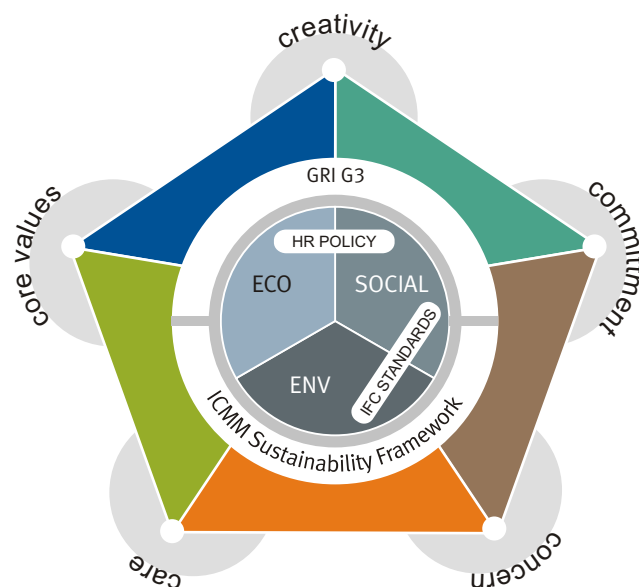
The UN MDGs are one such set of principles. By aligning our initiatives to these goals we contribute to the national level targets which in turn contribute to the global MDGs. We have framed a Human Rights Policy based on the International Human Rights norms as delineated in International Labour Organisation conventions, UN convention on the Rights of the Child and the Universal Declaration of Human Rights. This policy reaffirms our respect for employee rights and aims to promote a more progressive work place.

We also aligned our sustainability Key Performance Indicators (KPIs) with the 10 Principles for Sustainable Development outlined by the International Council on Mining and Metals (ICMM). Being financed by the International Finance Corporation (IFC), we also comply with IFC's comprehensive environmental and social standards for projects. When we sought funding from the IFC, we were well aware that their world class environmental and social standards would have to be complied with. We have embraced these standards since they are a perfect fit for our Corporate Culture and offer us an opportunity to improve upon our sustainability performance.

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#### ALIGNMENT WITH INTERNATIONAL & NATIONAL INITIATIVES

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## ALIGNMENT WITH UN MILLENNIUM DEVELOPMENT GOALS

*The United Nations Millennium Development Goals (UN MDGs) are eight global goals to be achieved by 2015.*

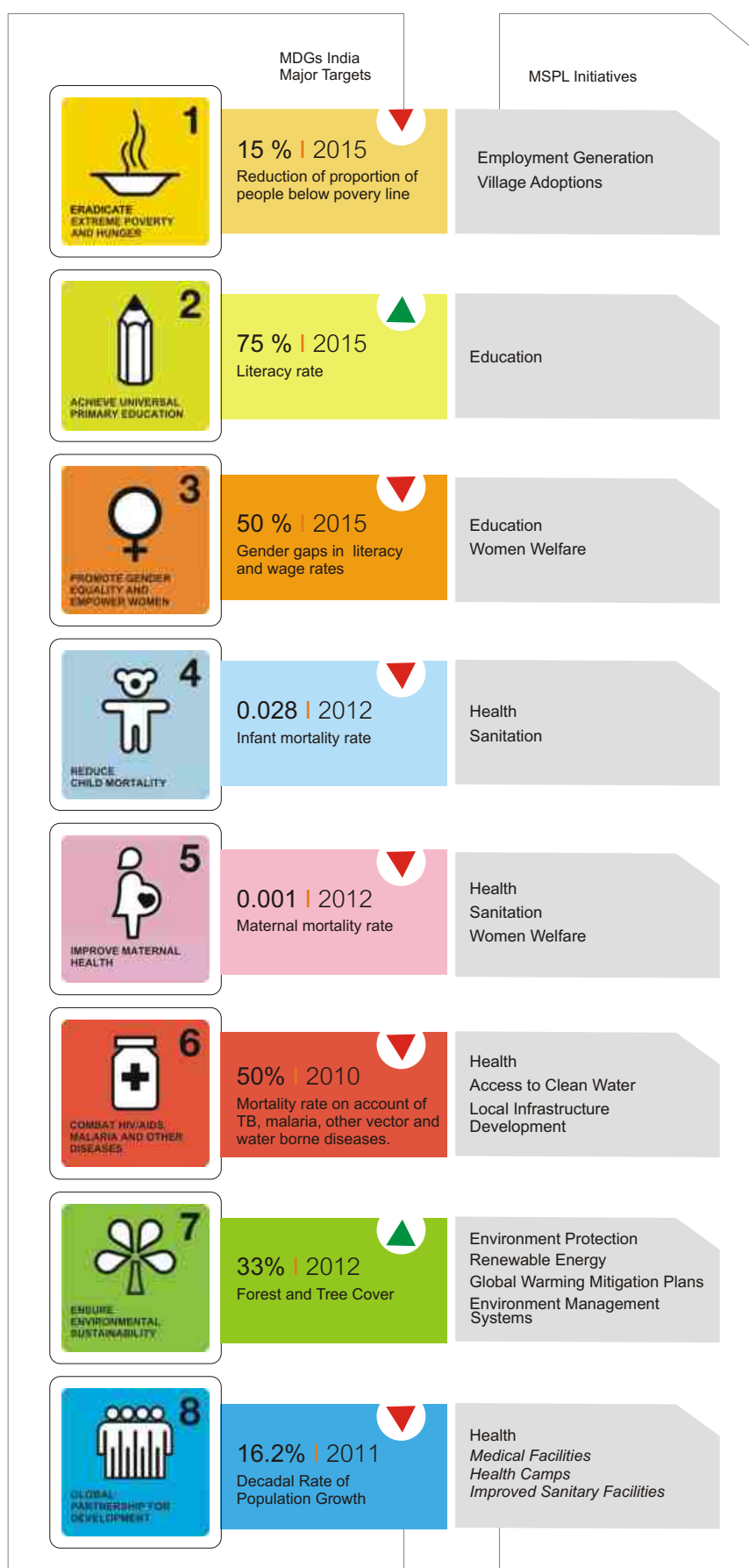
*These goals are contained in Millennium Declaration that was adopted by 189 nations and signed by 147 Heads of State and Governments during the United Nations Millennium Summit in September 2000.*

*The Millennium Declaration reaffirms the UN's commitment to the right to development, peace, security & gender equality, the eradication of poverty, and to overall sustainable development.*

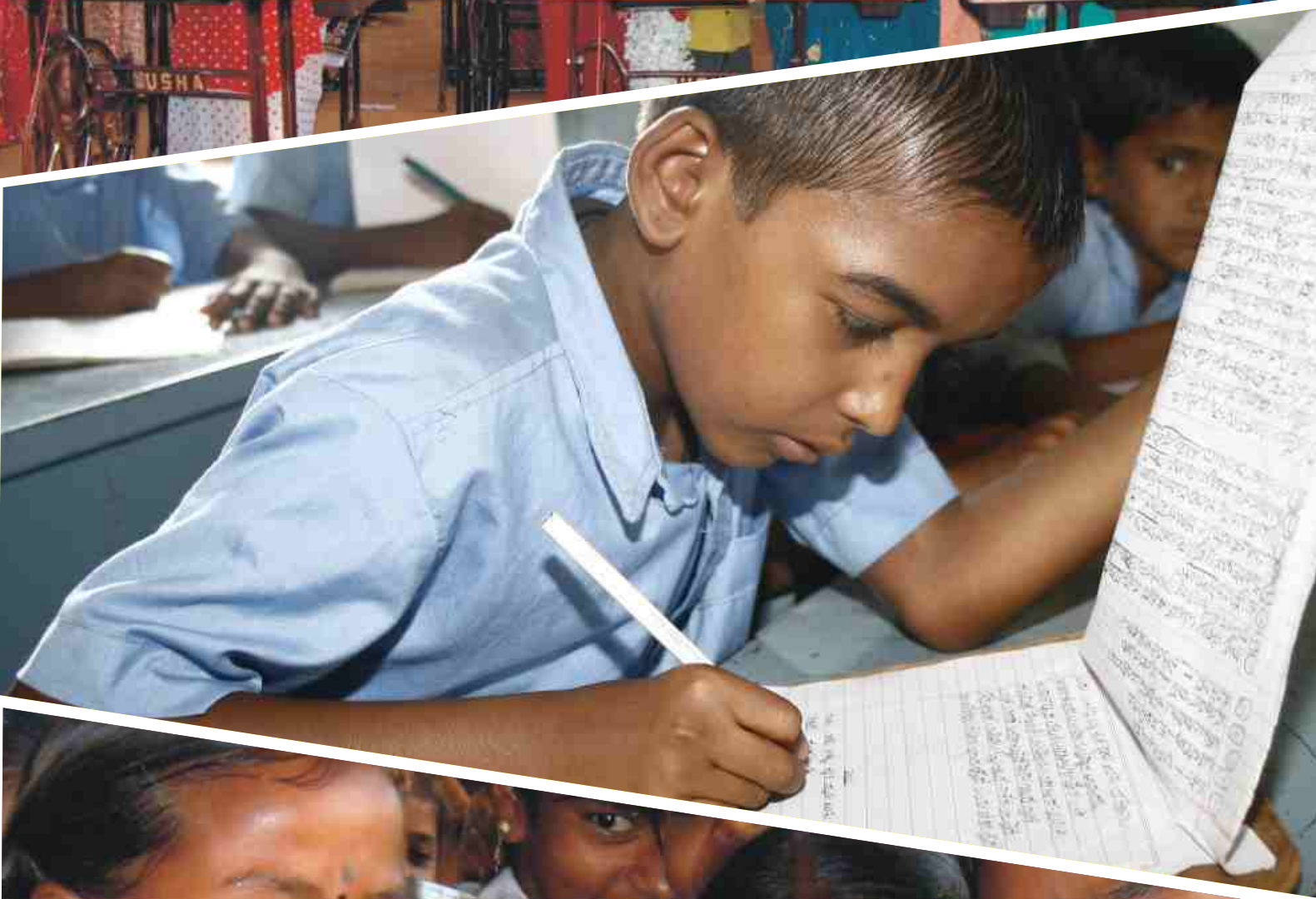
*The 8 MDGs are broken down into 18 quantifiable targets that are measured by 48 indicators.*

*To achieve the MDGs, nationwide targets were set for each participating country.*

*As our humble contribution towards achieving these goals, at MSPL, we have attempted to design and deliver our social and development programs in alignment with the MDGs.*







In recent times our work has focused on sustainability issues that are material to the organisation such as information exchange on best practices in mining operation, mines management, accident prevention and preparedness, regulatory and management practice for enhancing environmental performance. Community relations and engagement have been integrated into our business and is reassessed regularly. Our management deliberates on identifying those material challenges and opportunities that need particular attention.

SUSTAINABILITY CHALLENGES AND OPPORTUNITIES

## BRIDGING THE MATERIAL GAP



## KEY SUSTAINABILITY CHALLENGES

Economic	Environmental	Social
<p>Fluctuating iron ore prices</p> <p>Delays in obtaining necessary government permits</p> <p>Transition time taken for migrating to new Minerals Policy</p> <p>Rationalisation of transport costs</p> <p>Expanding exports customer base</p> <p>Seasonality of wind and low capacity factor</p> <p>Inadequate rail / road / port infrastructure</p> <p>Unorganised and fragmented mining sector</p> <p>High costs and low returns of the wind energy business</p>	<p>Compliance with dynamic regulatory norms</p> <p>Effective waste management and disposal</p> <p>Climate change mitigation and adaptation</p> <p>Minimisation of biodiversity impacts</p> <p>Control of air emissions</p>	<p>Attracting and retaining talent</p> <p>Ensuring no employment of child labour</p> <p>Addressing community concerns and meeting their needs</p> <p>Reduction of reputational risks associated with the mining industry</p> <p>Distribution of wealth and benefits from mining business among locals</p> <p>Meeting immediate community needs at remote wind farms</p>

Challenges are always associated with correlated opportunities. The ability to deal with common challenges in a relatively better manner will often result in business success. We have devised and employed various ways to address some of these key challenges faced.

Shrenikkumar N. Baldota, Executive Director, MSPL Ltd.





## ADDRESSING CHALLENGES

Economic		Environmental	
Challenges	Strategies	Challenges	Strategies
Fluctuating and cyclical nature of iron ore prices and limitation of existing customer base	Exploration of new market potential and efforts to sell part of the iron ore on annual contract basis	Compliance with dynamic regulatory norms	Allocating seasoned personnel the responsibility to ensure that operations conform to regulatory requirements
High transportation costs	Forward integration of business	Effective waste management	Deployment of an efficient overburden management plan wherein all the material is dumped in designated dumping areas.  Mine tailings are contained in designated areas with effective monitoring
Small scale mining and fragmented mining industry lobby	Rationalisation of logistics  Constant focus on shifting to cheaper and more efficient modes of transportation like rail  Maximisation of dispatches from nearest ports  Enhancing scale of operations through acquisition of new mining leases, other mines, etc.  Use of industrial organisations and associations to increase bargaining power with the government and other industrial lobbies	Rehabilitation of mines in a dry region at the end of operations	Rehabilitation of mines through advanced methods that are suitable to local environmental conditions
<p><i>We are diversifying our business by seeking new opportunities in other sectors and countries. Venturing into the wind business was one of the initial steps in this respect. We look forward to establish a truly diversified profile by hiring the required technical expertise and procuring requisite technologies.</i></p> <p><i>Given that the mining industry in India has a number of small players, the bargaining power of the industry is limited. We are working towards consolidating the industry strength by taking up important positions in relevant industrial associations, and leverage this strength to secure a greater say for the industry on matters of development and policy.</i></p>		<p><i>Our Zero Waste Management plan for mining operations is under development. Through this we intend to recover 100% minerals through systematic mining, processing, and stocking of minerals.</i></p> <p><i>We have also set up ISO 14001 Environmental Management Systems to help mitigate associated environmental risks and capitalise on opportunities.</i></p>	



## Social

Challenges	Strategies
Attracting and retaining talent	More attractive remuneration. Provision of common facilities for employees such as clubs, medical and educational facilities, etc.
Pollution, environmental damage, natural resource depletion and other reputational risks associated with the mining industry	Continual engagement with local stakeholders and NGOs Disclosure and sharing of information Responsible conduct of mining operations
Child labour	Communicating our uncompromising stance against child labour to all contractors that provide labour for unskilled / skilled work Avoidance of iron ore purchase from suppliers where child labourers are employed

*The mining industry has been historically associated with poor social practices and has thus ended up with a negative reputation. Some of the leading mining players in the world have taken up efforts to undo this damage. We, at MSPL, also believe that garnering support from the local community through active engagement and co-operation results in intangible but highly valuable business benefits.*

*To ensure active and positive engagement with community members, we set up a Corporate Sustainability Committee, comprising members of the senior management, to frame the structure and give direction to our sustainability initiatives and oversee social and environmental activities of the business on a daily basis.*

Currently, sustainability issues material to us are frequently discussed at the Board and CMD levels and at various meetings and discussions. These discussions related to multiple sustainability aspects have given greater clarity to us in identifying and understanding issues material to us.

However, we have not yet carried out a formal material issue identification assessment for the organisation that covers all business angles and stakeholder interests. We have set ourselves the target to accomplish this task next year.



# BRIDGING THE PRACTICE GAP

## CORPORATE GOVERNANCE

MSPL incorporates high standards of Corporate Governance. Our vision and mission statements guide us through all our activities.

Our Chairman is the chief executive and his primary role is to provide leadership to the Board. In following the best practices of corporate governance, Independent Directors form 50% of the Company's Board of Directors, i.e. out of the total six Directors - three are Full Time Directors and three Independent Directors. The full time Directors are Executive Directors while the Independent Directors are Non-Executive Directors.

All Independent Directors are selected on the basis of their knowledge, experience and expertise. In accordance with the provisions in the Indian Companies Act 1956, two third (four) of the Directors are liable to retire by rotation. Of these, one third (two) have to retire every year.

The Directors retiring every year present their candidature in front of the shareholders, who can propose the name of any other individual to be appointed in place of the Director retiring by rotation. At the General Meeting, shareholders cast their vote for election/appointment of the Directors.

*The Board comprises of qualified and experienced professionals.*

*The educational and professional profile of the Board members is mentioned as under:*

BOARD MEMBER	EDUCATIONAL AND PROFESSIONAL PROFILE
Narendrakumar A. Baldota	B. Com and Diploma (Industrial Management) Chairman and Managing Director Management of overall operations and business of the Company Corporate Sustainability Treasury & Investment Operations
Rahulkumar N. Baldota	B.E. and M.B.A., University of Illinois, Chicago Executive Director Management of Marketing and Logistics Negotiations with exporters, prices, invoices, shipping Public Relations and Business Development
Shrenikkumar N. Baldota	B. Com, University of Mumbai Executive Director Management of Production and Processing of iron ore Management of Finance and Accounting Directing the Wind Energy Business
R.H. Sawkar	MSc Geology, Mysore University Over four decades of experience in geological studies and explorations Guidance & Advice on Exploration Activities
M. Ravindra	Bachelors in Civil Engineering, Banaras Hindu University Over four decades of experience with the Indian railways Former Chairman, Railway Board Principal Secretary to the Government of India Former Member, Telecom Regulatory Authority of India Guidance & Advice on Logistics and General Management
A.R. Barwe	Postgraduate in Mathematics Certified Associate, Indian Institute of Bankers Over four decades of experience in the Banking industry Former Chief General Manager, State Bank of India Managing Director of SBI Capital Markets Ltd. Guidance & Advice on Finance and General Management

The Company's operating performance is an important indicator of the Board of Directors' performance on the economic front. However, the Board has a much larger role that goes beyond mere economic performance. The Board ensures that apart from compliance with various laws, the principles of ethics and corporate governance are adhered to. Its accountability extends to employee satisfaction, community responsibility and engagement as well as environmental stewardship.

Compensation of the Board members is related to industry trends, societal concerns and performance of the company. Under the Indian Companies Act 1956, upto 10% of the net profit can be paid as remuneration to Executive Directors.

The Independent Directors constitute a Remuneration Committee that determines the remuneration of the Executive Directors. Remuneration decisions are driven by the performance of the company and industry standards.

Non-Executive Directors are paid sitting fees for attending Board and Committee meetings. A Committee comprising Executive Directors decides the increments and promotion for employees. The determining parameter for increments is employee performance, which is tracked by MSPL's performance assessment procedure. Several committees have been constituted at the board level to oversee some of the most critical aspects of economic, environmental and social performance.

*Key roles and powers of these committees along with the names of the members of respective committees:*

COMMITTEE / MEMBERS		KEY ROLES AND POWERS
<b>COMMITTEE OF DIRECTORS</b>	Narendrakumar A. Baldota <i>Chairman</i> Rahulkumar N. Baldota Shrenikkumar N. Baldota	Determining matters related to efficient functioning of the Company Discussion on non-obligatory matters that the company chooses to carry out
<b>REMUNERATION COMMITTEE</b>	R.H. Sawkar*, <i>Chairman</i> M. Ravindra* A.R. Barwe*	Reviewing the performance of Executive Directors Determining the remuneration of Executive Directors
<b>AUDIT COMMITTEE</b>	A.R. Barwe*, <i>Chairman</i> Shrenikkumar N. Baldota, <i>Invitee</i> R.H. Sawkar* M. Ravindra*	Review of financial reports, internal controls and internal audits Determining the outcome of any material fraud and irregularities found in the internal audits
<b>SECURITY TRANSFER AND INVESTORS' GRIEVANCE COMMITTEE</b>	M. Ravindra*, <i>Chairman</i> Rahulkumar N. Baldota Shrenikkumar N. Baldota	Taking care of matters relating to Security Transfer and Investors' Grievance
<b>INVESTMENT COMMITTEE</b>	Narendrakumar A. Baldota <i>Chairman</i> Shrenikkumar N. Baldota Rahulkumar N. Baldota	Determining the strategic investments of surplus funds of the Company Functions within investment guidelines set by the Board of Directors

*\* Independent Directors*

## RISK MANAGEMENT

To deter conflict of interest with respect to other mining entities owned by the Directors, all mining activities are carried out under the umbrella of MSPL Limited. In addition, our Code of Conduct<sup>1</sup> has provisions against conflict of interest. This Code of Conduct has been adopted by and is applicable to the members of the Board of Directors and Senior Management of our Company.

We implement several precautionary measures to mitigate risks. As mentioned in our previous report, we have an internal audit system which focuses on efficient management of shipment and on cost effective ways of rationalising transportation expenditure of iron ore. This year we have taken a step forward in improving our risk management systems and have appointed internationally recognised experts to independently carry out detailed process studies of our operations and support functions and advise on opportunities and strategies for improvement.

We play an active role in various industrial associations we are involved in. Through them we have taken up matters relating to mining policy that will benefit the mining industry. The principal lobbying point has been to dissuade the Government from banning the export of iron ore, a move that would have been detrimental for the mining industry as a whole. Further, we are also actively involved in the development of other areas that facilitate more efficient and speedy transportation of products like augmenting the rail, road, port infrastructure etc.

### Membership of Associations

Mining Engineers  
Association of India (MEAI)

N. A. Baldota  
*Honorary Member*

Federation of Indian  
Mineral Industry (FIMI)

R. N. Baldota  
*President*

Indian Wind  
Power Association

S. N. Baldota  
*Vice Chairman*

The Federation of Indian  
Chambers of Commerce  
& Industry (FICCI)

*Organisational  
Member*

The Federation of Karnataka  
Chambers of Commerce  
& Industry (FKCCI)

*Organisational  
Member*

Chemicals & Allied  
Products Export Promotion  
Council (CAPEPXIL)

General Manager,  
Marketing & Logistics,  
*Member*

Council for Fair  
Business Practices (CFBP)

*Life Member*

Karnataka State  
Council Membership

K.V. Subramanyam,  
*Member*

Bellary Zone Mines  
Association of Karnataka

P.N. Krishnamurthy,  
*Secretary*

<sup>1</sup> - Refer to Annex I for our Code of Conduct

## AWARDS & RECOGNITIONS

*We have received various accolades and recognitions for our contribution in the field of mining, corporate social responsibility and renewable energy business. The awards and recognitions received during FY 2007-08 are presented below:*

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### FIRST PRIZE

for 'Excellence as an Independent Power Producer under Wind Energy Program' during the 10th Five year plan period (2002-2007).

MINISTRY OF NEW AND RENEWABLE ENERGY (MNRE), GOVERNMENT OF INDIA

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### TOP EXPORT AWARD 07-08

and Special Export Award every year since 1999.

CAPEXIL

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### INDIAN EXPORTERS EXCELLENCE AWARD 06-07

Minerals and Metals category

DUN & BRADSTREET EXPORT CREDIT GUARANTEE CORPORATION OF INDIA

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### EXPORT EXCELLENCE AWARD 2008

Best Manufacturer Exporter (minerals category) - Gold for highest exports.

FEDERATION OF KARNATAKA CHAMBERS OF COMMERCE & INDUSTRY

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### BEST BUSINESS PARTNER AWARD 07-08

Highest volume of iron ore exported through Chennai Port

CHENNAI PORT TRUST

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### TOP 3 EXPORTERS, TOP 3 CUSTOM DUTY PAYERS 07-08

TAMIL CHAMBER OF COMMERCE, CHENNAI

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### CERTIFICATE OF RECOGNITION

### BUSINESS WORLD-FICCI-SEDF CSR AWARD, 2007

MSPL's Corporate Sustainability Initiatives

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We have a long standing and involved relationship with our stakeholders. In the last reporting period (see *Sustainability Report 06-07*), we initiated a formal stakeholder identification and engagement process which helped us better understand the transformation our business brings and identify the groups affected by it.

## STAKEHOLDER ENGAGEMENT

# BRIDGING THE COMMUNICATION GAP

The process strategically intended to pre-empt issues related to key stakeholders and address them before they escalated to greater proportions. This was particularly important given that the mining industry has been historically associated with social and environmental issues.

The structured engagement process has helped us identify five stakeholder groups that are closely associated with our business.











We planned to cover them in a staggered manner and were successful in covering 4 stakeholder groups last year. Suppliers have been included as an additional stakeholder group this year.



Through this initiative, we were able to identify primary issues that each stakeholder group considered important to them. This feedback will guide our future course of action. In the process we hope to capitalise upon our enhanced understanding of issues and of the expectations from us.

STAKEHOLDERS	PRIMARY ISSUES IDENTIFIED
EMPLOYEES	Improvement in standard of living Improved educational and recreational facilities in Hospet
SUPPLIERS	Supplier friendly policy Renewal of contracts and timely delivery of orders
CUSTOMERS	Product quality and timely delivery Customer grievance handling system
LOCAL COMMUNITY	Infrastructure and children's amusement facility development Health and sanitation Women empowerment Generating employment opportunities
GOVERNMENT	Providing need based support to the government bodies Go beyond compliance and align with coherent voluntary initiatives Work towards streamlined policy

Based on stakeholder engagement inputs and issues identified; the following have been marked as areas for immediate action:

- |  |   |
|--|---|
|  Providing safe drinking water                                    |  Construction of bus shelters                      |
|  Promotion of health and sanitation                               |  Assistance in development of village roads        |
|  Increase computer literacy - induction and training of teachers |  Better educational facilities in Hospet          |
|  Improved medical facilities - mobile medical vans / doctors    |  Improved entertainment facilities for employees |
|  Interaction with customers to assess customer satisfaction     |  Close cooperation with Government departments   |

We have started implementing selective initiatives

Since the formal stakeholder engagement process is in its initial phases, we plan to strengthen it by forging closerties with our stakeholders and engaging them at regular intervals to continuously capture dynamic stakeholder expectations and improve our performance. Moreover, our engagement with certain stakeholders, such as the local communities and our employees is strong and well defined.

Similarly, we also work with the government through trade associations and seek feedback from customers on a regular basis. However, our engagement with our suppliers can be extended and improved. In the coming years, our aim is to expand, consolidate and harmonise the structured engagement process with all stakeholders.



## MSPL'S APPROACH TO LOCAL COMMUNITY ENGAGEMENT

Community engagement is a continuous process at MSPL. Prior to setting up a business or project we meet with the stakeholders where we inform them of our intention to set up operations, the nature of the project and strategies to mitigate any impact on the people and environment.

Our Corporate Sustainability team works closely with community members to build cordial relationships and promote sustainable community development. Support is extended by strengthening SHGs, providing skill trainings to unemployed youth and women, enhancing quality of primary education and financially aiding the talented poor students to pursue higher studies. Besides this, value addition to the natural environment is done by employing soil and water conservation methods.

### STRUCTURED COMMUNITY ENGAGEMENT

The Corporate Sustainability and Public Relations teams interact with the local community on a regular basis. We have also adopted ten villages over the past two years to assist them developing basic facilities. Community development plans are prepared with the active participation of villagers in needs assessment studies, etc.

Our activities and programmes are discussed in village meetings and SHG meetings. Plans are designed to be executed with the active participation of villagers in implementation, monitoring, evaluation and post management. This community engagement in plan development also ensures that the programs are aligned to their values and culture.

Moreover, employment of locals on our projects strengthens the bond between the communities and us.

### GRIEVANCE MECHANISM

The close interaction that we have with local community members has obviated the need for a formal grievance mechanism through which concerns of villagers may be communicated to us.

If villagers face any problems and seek our intervention, they may inform and seek assistance from our Corporate Sustainability field staff. For issues that need greater attention, our Corporate Sustainability AGM attends to the villagers. Villagers are also free to visit our Corporate office and discuss their grievances. Through this multi-level approach, complaints can be received on a day-to-day basis and are addressed immediately.

### MONITORING & ASSESSMENT

To keep track of our community related activities, we conducted baseline needs assessment studies of the communities in which we operate. Further, to avoid bias we involve the community in monitoring progress on the activities carried out. Modifications are made to the plans in case viable opportunities for improvement are identified.

We have an internal reporting system on community development program performance. The field staff directly involved in implementing programmes reports on progress made to the management on a weekly basis. The management may also direct the field staff to invite community feedback and amend the plan for improved performance. (See page 50 for a pictorial description of the Development of a Corporate Sustainability Plan at MSPL)

### DISCLOSURE OF INFORMATION

Through regular interaction with community members, we have established a continuous mechanism for reporting on community programme performance.

We share information regarding our new projects with local communities. For example, while setting up a new windmill project, we displayed information at the Taluka office notice board and Banks at Hospet - places where people frequent and congregate. This was done to invite suggestions and views on our projects and was displayed in local and national languages. The information is also published in local daily newspapers.

Our annual Corporate Sustainability Reports based on GRI guidelines are also circulated among local community leaders to inform them of activities across our operations and to invite their feedback.





INITIATIVES TO COMBAT CLIMATE CHANGE

BRIDGING THE  
**ACTION GAP**

## What is good for the environment is good for the business.

As per IPCC's Third Assessment Report - 2001, fossil-fuel combustion has contributed to most of the greenhouse gas emissions in the past 20 years.

### WIND POWER

The electricity generated through wind power has a smaller environmental footprint and enables us to harness the available renewable energy. We ventured into the wind power business in 2001 to help mitigate greenhouse gas emissions. We started with a total installed capacity of 1.5 MW and today the installed capacity has reached 127.8 MW. Currently we are "India's Leading Independent Power Producer under wind power program". In our own way we have contributed towards India being among the top five leading nations of the world in wind power generation. Our diversification into wind power business has not only decreased our dependence on fossil fuel but has also further strengthened our corporate citizenship credentials. We plan to move forward and increase our total installed capacity to 400 MW by 2010. We plan to move forward and increase our total installed capacity to 400 MW by 2010.

### SOLAR POWER

Last year, we installed small solar panels at our mining operation area for lighting purposes. We aim to take forward similar initiatives on a larger scale in order to reduce our dependence on diesel generators and grid electricity.

### TRANSPORTATION OF ORE THROUGH RAIL

Initiating transport of ore from our site to the ports through the railways was one of the major measures taken by us to reduce greenhouse gas emissions. This is more cost effective, efficient and less carbon intensive as compared to road transport. We now transport approximately 89% of our products by rail and the rest by road.

### CARBON CREDITS

We continue to take all our wind projects under the CDM cycle to avail carbon credits. We are also considering taking the modal shift of transportation from road to rail under the same cycle to avail carbon credits.







# BRIDGING THE **OPPORTUNITY GAP**

ECONOMIC PERFORMANCE



## MANAGEMENT APPROACH

We have strengthened our management information systems. All functions have been linked with SAP system. We are also working towards the alignment of all our activities within the SAP module. This system captures all the information relating to the economic parameters.

Though we do not have a written policy to ensure maximum contribution from local suppliers, we have a long standing relationship with several local suppliers.

There is no explicit procedure for local community hiring. However, given the convenience and practicality of employing people from the immediate communities, a significant number of our employees belong to the region in which we operate.

A dedicated team evaluates the financial implications and opportunities related to climate change.

## PERFORMANCE PARAMETERS

The financial year 2007-08 was excellent. This section will focus on growth, commitments and achievements of our mining and wind businesses.

Our gross sales revenue in FY 2007-08 was INR 25,166.48 million, a 78.76% increase over the previous year.

The income from exports was INR 24,308 million as compared to INR 13,126 million in the previous year. The net profit after tax increased from INR 4,336 million in FY 2006-07 to INR 8,438 million in FY 2007-08.

### FINANCIAL PERFORMANCE TREND OVER THE LAST THREE YEARS

	2005-06	2006-07	2007-08
Revenues	7,744	14,946	27,547
Operating Costs (includes community investments)	4,804	9,785	16,312
Employee wages and benefits	114	173	210
Payments to providers of capital	835	1,781	3,789
Payments made to government	476	420	2,391
Earnings per share (INR)	28.51	56.44	109.88
Net worth per share (INR)	46.11	82.39	145.47
Shareholders' fund	3,543.22	6,329.30	11,173.75

(INR in Million)

During the reporting period, we borrowed INR 652.54 million for setting up wind mill projects. Also, we repaid term loans to the tune of INR 772.89 million for wind turbine projects.

Diversification into wind power and our efforts to mitigate the greenhouse gas emissions have reaped good results. We are the largest investor of renewable energy in India, with a cumulative investment of INR 6,035.54 million. Notwithstanding this investment in CO<sub>2</sub> mitigation technologies, we also need to understand the impacts of the climate change on our operations.

Increasing incidences of extreme weather, altered precipitation patterns, floods and other characteristics of climate change can affect our business. In the coming years, we will work to assess the implications of climate change and develop strategies to adapt to it.

For us, sustainable business is at the heart of being a sustainable organisation. Hence, our primary focus is to add value to our shareholders, employees, and the communities that we work in, by achieving excellence in business. Such an approach fosters direct and indirect economic growth.

MSPL sells its iron ore both in the domestic and the export markets. From over 4.378 million metric tonnes of total iron ore sold in the year, international sales accounted to more than 99% of these sales. During the reporting period, MSPL produced 3.363 million metric tonnes of iron ore.

#### Distribution of Sales FY 2007-08:

	Quantity (MT)	Market
<b>Exports</b>	<b>4,375,394</b>	<b>China</b>
<b>Domestic</b>		
Kirloskar Ferrous Limited	1,174.91	Karnataka, India
SESA GOA	2,251.54	Goa, India
<b>Total</b>	<b>4,378, 820</b>	

As on 31st March, 2008, 1,710 employees were working at MSPL across Vyasankere Iron Ore Mines (VIOM), Export Oriented Units (EOUs), Corporate Offices and Wind Farms. This represents an increase of over 40% in our employee count over the previous year. We have disbursed INR 210 million towards their salaries and benefits as compared to INR 173 million in the previous year. Contract labourers working inside our premises are paid wages as per the local wage board.

We look after the post-retirement economic needs of our employees through post retirement benefit plans. The defined benefit plans include contributions to Provident Fund schemes, Savings linked Insurance Schemes and Gratuity plans.



As a part of our continued efforts to improve the livelihoods of local people, we supported our neighbouring communities through various contributions as detailed in the table below.

Total expenditure for these contributions for 2007-08 was INR 76.52 million

	Amount (million INR)	Percentage
Education	20.71	27.07
Health and sanitation	0.76	0.99
Social and religious programs	0.36	0.46
National festivals / Events	1.21	1.59
Cultural programs	0.005	0.01
Sports	1.08	1.41
Charitable trusts / NGOs	12.63	16.51
AHB Foundation	20.06	26.89
Community Infrastructure Development and Awareness Program	18.64	24.36
Community Based Organisations	0.03	0.04
Skills training for local unemployed youth	0.38	0.50
Miscellaneous	0.13	0.17
<b>Total</b>	<b>75.99</b>	<b>100</b>

*75.99 is the sum of the rounded off individual expense items*

MSPL did not receive any significant financial assistance from the government in the reporting period.

Respect for rules and regulations are a must for disruption-free business operations. Moreover, non compliance with applicable laws and statutes is a matter of serious concern at MSPL. In the reporting period, there were no significant incidents of non compliance or significant fines that had to be paid

as a result of non compliance with environmental, product related or any other regulations. However, there have been some minor cases pertaining to the transportation of products through road and rail for which we paid minor fines. These are largely related to inter alia, differences in calibration of weigh bridges and other measuring devices at our locations and those of transport service providers. We are looking at ways to eliminate these minor incidents.



# BRIDGING THE **RESOURCE GAP**

ENVIRONMENTAL PERFORMANCE

## MANAGEMENT APPROACH

We take environmental impacts associated with our industry very seriously and have taken several initiatives to address them in our operations. To guide our actions in this direction, we have formulated an environmental policy that commits us to control pollution, reduce spillage and wastage of iron ore, minimise air, water and soil pollution and improve energy efficiency. We also undertake afforestation activities to maintain ecological balance and mitigate the impact of mining. To strengthen our environmental performance we have obtained Environmental Management System (EMS) certifications. We continually plan, implement, review and improve our processes and actions to meet environmental goals and targets.

## PERFORMANCE PARAMETERS

We do not compromise when it comes to 'environment and safety.' Being in the mining business these are issues of prime importance to us. This section discusses our environmental performance and also presents an overview of significant voluntary efforts.

### ENVIRONMENTAL PERFORMANCE SNAPSHOT

AIR SPM (in mg/m <sup>3</sup> )	RSPM (in mg/m <sup>3</sup> )	WASTE (in million tonnes)	WATER (in KL)
2006-07			
200.13	-	2.43	16,425
2007-08			
285.82	65.86	1.58	14,220

## MATERIALS CONSUMPTION

As we are in the business of mining iron ore and of harnessing wind energy, our main processes primarily require associated materials like explosives, grease and lubricating oil. We make continuous efforts to optimise the consumption of these materials at our operations. The consumption of grease and lubricating oil for the year 2007-08 was 361.57 MT and 61.25 KL respectively. As our business does not require packaging, hence do not use any recycled material.

## ENERGY & GHG EMISSIONS

The predominant source of energy use at our mining operations is electricity consumption from the grid, diesel use in backup generators, tippers and excavators that operate within the mine lease area.

In the reporting period, we consumed 4,838.91KL of diesel at our mines. This figure cannot be compared with consumption during the previous year, since for the reporting period we have also accounted for the diesel used by excavators, tippers and other mobile units that operate within our mining lease area. Electricity consumption from the grid reduced to 1,874 GJ as compared to 2,434 GJ in the previous reporting period. Greenhouse Gas (GHG) emissions from these was 3,734 tonnes of CO<sub>2</sub>e. Our operations did not result in other indirect GHG emissions.

## OZONE DEPLETING SUBSTANCES

Elimination of ozone depleting substances from our operations is under way. The Halon based fire extinguishers are being substituted with CO<sub>2</sub> based ones as per an environmental management program initiated under ISO 14001 system.

## NOISE

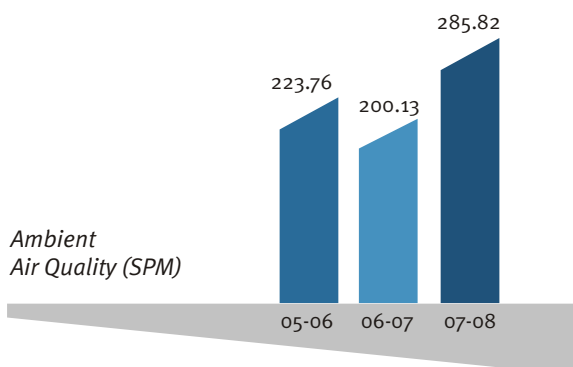
Noise levels are regularly monitored using decibel meters at pre-determined locations in our operation areas, to help reduce the decibel levels. Monitored levels are well within the stipulated PCB noise standards. To mitigate noise levels further we cover crushers and screens. Heavy machinery and dumpers operating in our mines meet Euro II standard noise-level requirements

## AIR QUALITY

Particulate emissions are the major air pollutants in mining areas. Their emission sources include activities such as overburden removal, drilling, blasting, loading, unloading, crushing, screening operations and storage. We regularly monitor the ambient air concentrations for criteria pollutants viz. Suspended Particulate Matter (SPM), Respirable Suspended Particulate Matter (Particulate Matter less than 10 micron), SO<sub>x</sub> and NO<sub>x</sub> in core areas of the mine.

We have 9 locations for monitoring ambient air quality in the core area of our mines. The annual average concentration for SPM and RSPM was 285.82mg/m<sup>3</sup> and 65.86 mg/m<sup>3</sup> which are within prescribed norms. NOx and SOx emissions, which result predominantly from transportation activities at the site are also monitored and are well within the stipulated limits.

The increase in SPM levels monitored as compared to the previous year is possibly due to intensified mining activities by other operators in the region.



## WASTE GENERATION

Overburden waste is the primary waste generated from our mining activity. We have an overburden management plan wherein all the material is dumped in designated areas. The dumps are managed through proper terracing and afforestation. Retaining walls have been constructed at the foot of the dumps to arrest runoff. This overburden removal is strictly as per the mine plan approved by the Indian Bureau of Mines (IBM). The quantity of overburden generated reduced from 2.43 MT to 1.58 MT in the previous reporting period. This reduction is due to better methods, better ore quality and greater proximity.

Our operations also generate a small quantity of hazardous waste such as waste lubricants, etc. from the hydraulic and motor systems and applications at our site. Waste lubricants from our operations are stored and collected in leak proof containers and

disposed of to contractors authorised by the local PCBs as stipulated by the Hazardous Waste Management Rules of the Ministry of Environment and Forests (MoEF). Our sound operational practices have ensured that there were no instances of any spillage of oil or fuel.

## WATER

Water consumption in our industry is primarily for three purposes: beneficiation process (where the extracted ore is treated with water and reduced to particles so that the minerals and waste can be separated and the former can be used further), dust suppression and domestic consumption.

During the reporting period, the high grade characteristics of the ore mined obviated the need for beneficiation. Hence, our water requirement was primarily for:

### Dust suppression

(at haul roads, reef workings and dump yards)

### Domestic consumption (including horticulture)

(including horticulture)

Frugal water consumption by mines has resulted in savings to the tune of 2,205KL. Thus, there has been a consistent decrease in water consumption in our mines over the last three years – from 24,606 KL in 2005-06 to 14,220 KL in 2007-08. Water withdrawal for our mines was measured at 14,515 KL. Water is procured from water tankers that primarily source their water from ground water wells. Apart from reducing water consumption we have been active in augmenting local water resources. Rain water management is one of the key initiatives adopted by us. Water retaining structures in form of 24 check-bunds and 52 gully plugs has helped reduce soil erosion and recharge ground water.

## WASTE WATER

We have wet process to beneficiate marginal low grade Iron Ore (58%Fe) to 63-64% Fe at one of the Export Oriented Units. The water used is re-circulated back to the system through thickener mechanism. The consumption of water is about 20%. There is no effluent, as the material is allowed to settle in the tailing pond, which is also a product. The product is removed and dried and stocked separately.

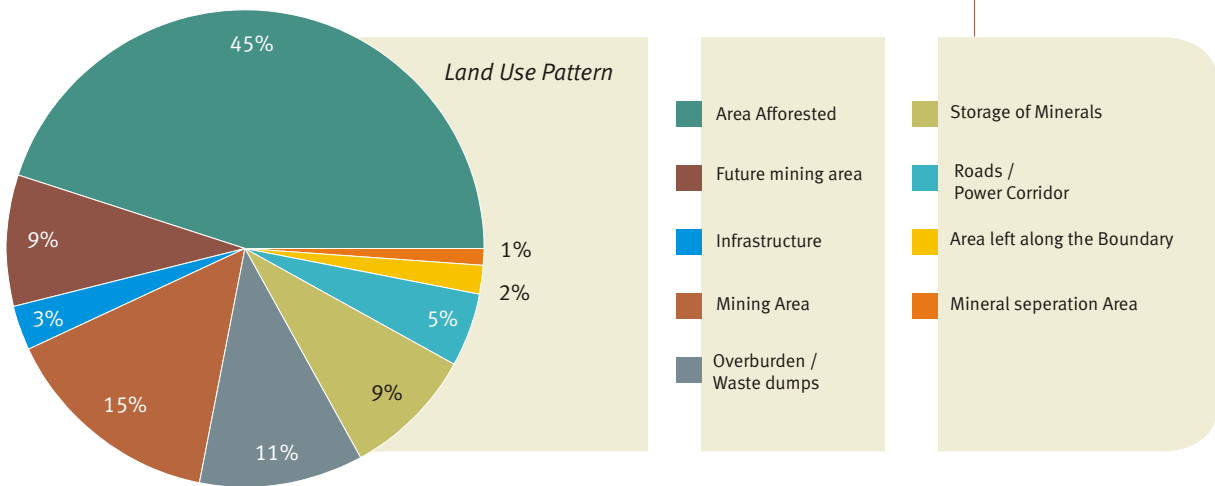


BIODIVERSITY & PROTECTED AREAS

MSPL has no operations in protected areas, such as International Union for Conservation of Nature (IUCN) protected-area categories I – III, world heritage sites and biosphere reserves. Our mining operations are carried out in a Reserved Forest area for which required consents have been obtained from the concerned authorities.

The Company holds surface and freehold rights over large tracts of land, but uses a relatively small section of this land for mining and infrastructure.

use	area (Ha)
Mining Area	81.25
Overburden / Waste dumps	25.75
Storage of Minerals	31.2
Infrastructure	12.5
Roads / Power Corridor	19.0
Area left along the boundary	8.67
Area Afforested	168.85
Total	347.22



The naturally occurring plant species in our mining area are Eucalyptus, Gulmohar, Seemathangadi, Acacia, Mango, Nelli, Sapota and Banyan. Cobra, Rat Snake, Chameleon, Squirrel, Jungle Cat, Jackal and the Indian Wolf are native animal species of the region.

The region in which we are located has a typical semi-arid dry climate with interspersed dry areas with moisture indices less than 60%. Cognizance of

the harsh climatic conditions and the nature of our operations, led us to proactively initiate afforestation activities way back in 1977.

We continue this tradition with same zeal and fervour and are proud to have planted more than 1.67 million saplings of selected plant species suitable to the local climatic zone. This has considerably helped to improve the tree cover in an area that previously had sparse vegetation.





## RAISING AWARENESS THROUGH ENVIRONMENT DAY CELEBRATIONS

Environmental protection is our topmost priority and we make substantial efforts to raise environmental awareness among people to reduce human impacts on the environment.

Keeping this in mind, we have been celebrating Environment Day since 2000 as part of our initiatives to generate awareness on issues relating to environmental degradation and the importance of environmental conservation. Every year we follow the global themes for Environment Day celebrations.

This year the theme was 'Melting Ice'. Its objective was to educate people about climate change and the enhanced greenhouse effect caused by increasing anthropogenic emissions, which leads to rise in temperatures, subsequent melting of glaciers and rise in sea levels.

We also engaged school children from communities around our mining operations for essay and drawing competition on the above theme. We believe that creating awareness among young minds would go a long way in shaping their future actions towards a sustainable living.

## ENVIRONMENTAL EDUCATION THROUGH THE AIRWAVES

Last year we launched an interactive environmental awareness program - *Hasire Usire*, in association with All India Radio (AIR). The show was aired once in a week for 30 minutes.

The program encourages the participation of school children from villages in Hospet Taluka. Considering its popularity and the tremendous response received by the program last year, as well as the positive impacts that are visible through educating people on environmental matters, we have renewed our commitment to it and extended our support for an additional year.

## ENVIRONMENTAL EXPENDITURES

During the reporting period, the total expenditure on environmental initiatives was INR 2.515 million which included costs toward labour for afforestation activities, renewal of environmental consents, building and maintenance of check dams and desilting.

## ASSOCIATION WITH SWAN

We actively support local NGOs involved in the area of environmental protection and awareness. The Society for Wildlife and Nature (SWaN) is one of the main NGOs that we support and engage with. Their main objective is to 'conserve wildlife and nature for sustainable human society'.

Under the aegis of MSPL, SWaN undertakes various activities:

### Formation of 20 Nature Clubs in and around Hospet Initiating various awareness programs on nature and wildlife conservation

During the reporting period, SWaN rescued Grey Francolins, Scaly Ant-eater (Pangolin) and Starred Tortoise and rehabilitated them.

Along with the forest department, SWaN rescued four poached bear cubs and sent them to Bannerghatta Rescue center. SWaN succeeded to eradicate ritual hunting completely in and around Hospet taluka. This historic achievement required a lot of efforts like requesting the DC to ban ritual hunting, visiting around 20 villages on a regular basis and distributing pamphlets among villagers to create awareness.

These measures yielded remarkable results; notification on banning ritual hunting was released and the local police department issued strict guidelines to abide by the notification. It is noteworthy that for the past two years zero killings have been reported.



Apart from EMS, our environmental performance is also in line with the International Finance Corporation (IFC) performance standards:

## BEYOND COMPLIANCE

We have taken a proactive approach in dealing with environmental issues related with our operations. All operations have access to the environmental legal register which is specifically tailored to address issues of importance to the Group. It is important to monitor, review, and confirm the effectiveness of performance against standards, objectives, targets and legal obligations. As a result of this, till date we have not received any complaints related to any non-compliance on any environmental parameter and have not been subjected to any monetary fine or non monetary sanction of any nature.

### SOCIAL AND ENVIRONMENTAL ASSESSMENT AND MANAGEMENT SYSTEMS

*IFC Standard Performance no. 1*

### POLLUTION PREVENTION AND ABATEMENT

*IFC Standard Performance no. 3*

### LAND ACQUISITION AND INVOLUNTARY RESETTLEMENT

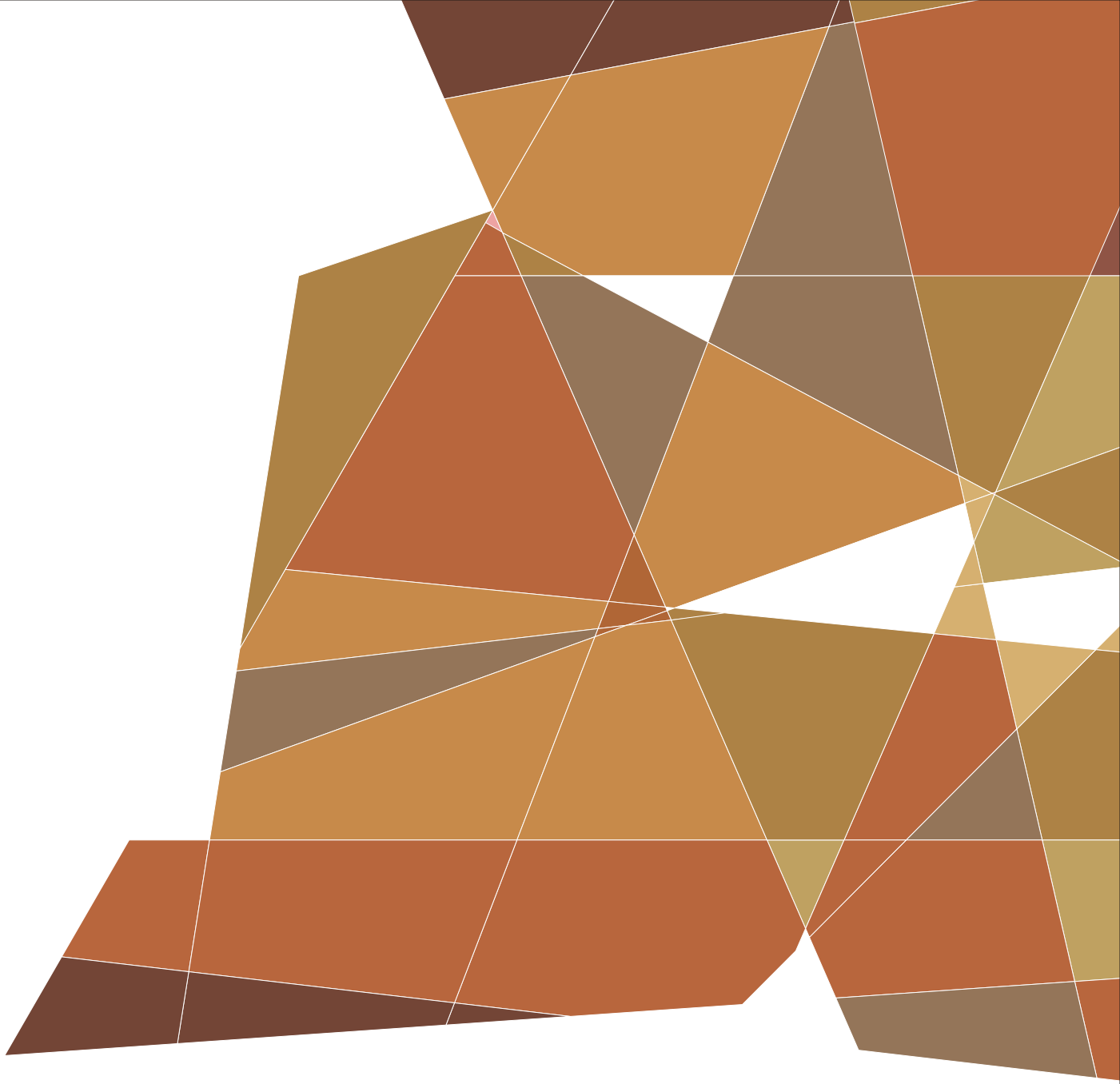
*IFC Standard Performance no. 5*

### BIODIVERSITY CONSERVATION AND SUSTAINABLE NATURAL RESOURCES MANAGEMENT

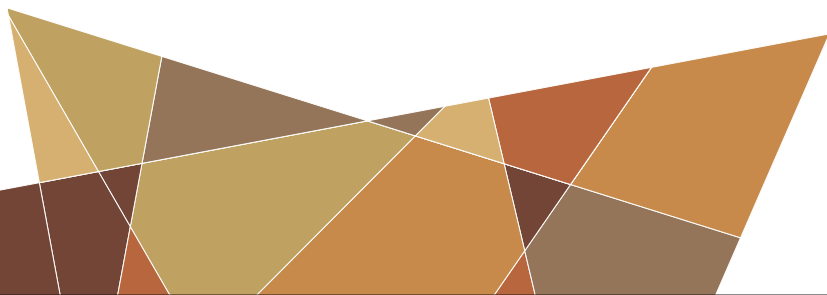
*IFC Standard Performance no. 6*

*Please note only performance standards relevant to environment are presented here. Refer Annex II for the complete set of IFC standards.*





BRIDGING THE  
**ACCESS GAP**  
SOCIAL PERFORMANCE





## MANAGEMENT APPROACH

### SOCIETY

We have framed policies and planned actions for our stakeholders - internal (employees, suppliers, contractors and vendors) and external (local communities, NGOs, Government and others). The goals for all community and other CSR related activities are formulated by the Board of Directors while the CMD plays a key role in ratifying them.

### EXTERNAL STAKEHOLDERS

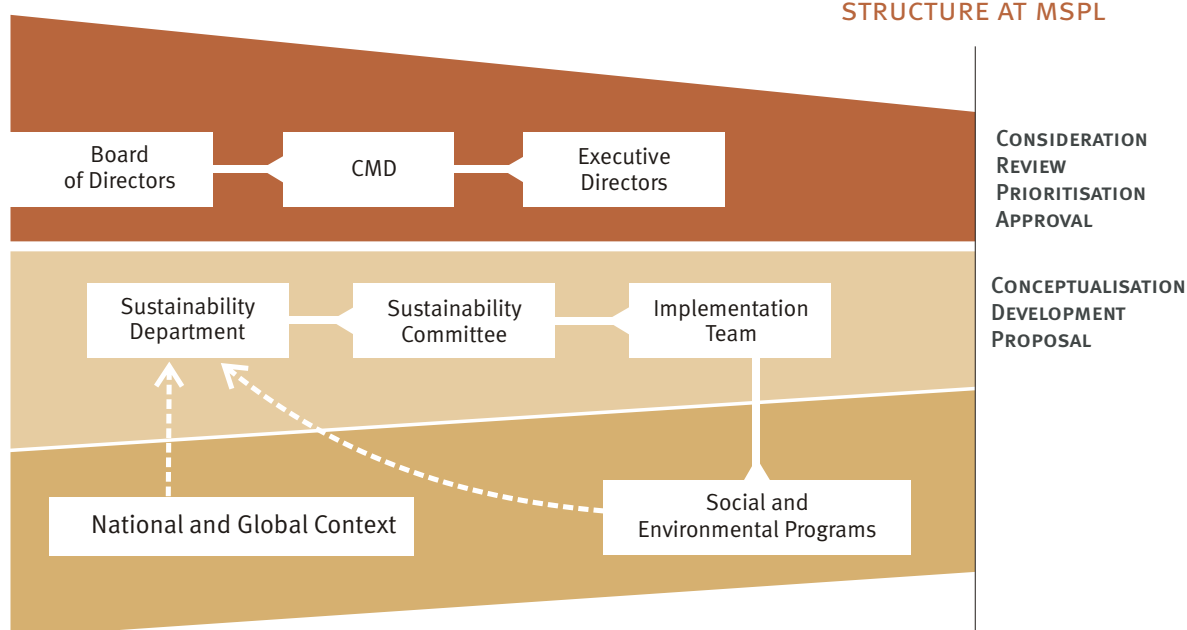
An annual plan for CSR activities is prepared by the Sustainability department, headed by the Vice President - Corporate Affairs and Company Secretary (VP – CA and CS). This plan is then considered, reviewed, prioritised and approved by the Executive Directors and the Board of Directors.

This sustainability plan acts as a planner to execute social and environmental activities throughout the year. The plan is open to modification by the Board based on new developments and previous progress. The AGM - CSR submits quarterly reports to the Board on the progress of the activities.

A sustainability committee has been constituted to ensure more professionalism and greater participation by various functions across the organisation. This comprises the Chief Financial Officer, VP - CA and CS, VP (Materials), AGM - CSR and Manager - Civil. The committee primarily facilitates the implementation of the sustainability plan by evaluating and approving the proposals to provide requisite workforce, machines and materials.

The committee meets at least once a month to ensure that progress of activities is on track. The sustainability projects undertaken are also discussed at the weekly meetings of the Leaders' Forum. The CMD, EDs and all Functional Heads attend this meeting, where they assess ongoing CSR activities and address areas for future engagement. The team for field implementation of the societal goals currently comprises people with several years of experience in undertaking such initiatives. In future as the management expands its team, a structured training program may be introduced. At present the the AGM – CSR ensures that sharing informal knowledge and experience is a continuous process.

## CORPORATE SUSTAINABILITY STRUCTURE AT MSPL





## INTERNAL STAKEHOLDERS

Our corporate philosophy views our employees as the pillars of business. Through training and development programs, we strive to fulfil their development needs. Facilities are also being developed to support employee needs at our locations. Our open door policy aims swift and effective redressal of grievances.

## HUMAN RIGHTS

Human Rights refer to the basic rights and freedom to which all humans are entitled. Eg. Civil, Society, Culture, Politics and Economics.

To safeguard fundamental Human Rights of employees and to articulate the organisation's views on the subject, a specific Human Rights Policy has been formulated which is in line with both - National and International laws and regulations.

## LABOUR PRACTICES

We adhere to the requirements of Indian Labour Law and in some aspects have practices which are beyond the minimum requirements of the law.

## PRODUCT RESPONSIBILITY

We follow all Indian Laws applicable to our products and services. We aim to minimise their environmental impacts of our products and services.

R&D activities are encouraged to find possible ways to increase the efficiency of our mining activities. R&D will also focus on optimising the performance of wind energy systems.

## PERFORMANCE PARAMETERS

### PRODUCT PERFORMANCE

Management of overburden waste, dust emissions and mine tailings are some of the key issues of product responsibility directly under our operational control. We are cognizant of the fact that we can directly control our operations, but are not yet in a position to substantially influence areas beyond our operations.

As our product i.e. iron ore is used as a raw material for manufacturing other products, we feel that it does not pose any health or safety hazard to customers. Thus a comprehensive life-cycle analysis of our product has not been carried out.

Wind energy is amongst the cleanest sources of energy. In terms of its health and safety impacts, the risks posed are marginal. These systems undergo regular maintenance to ensure their smooth performance and minimise any safety risks.

### PRODUCT AND SERVICE LABELING

We provide certificates to our customers detailing physical characteristics and chemical composition of our products during delivery. All our products are as per the specifications mutually agreed between MSPL and the buyer and covered by a commercial contract. Also, all our marketing and communication practices are in line with applicable laws and standards.

### CUSTOMER SATISFACTION

We take all possible measures to ensure customer satisfaction and conduct a survey to measure customer satisfaction every year. The last survey was conducted in the latter half of 2007. As per the findings of the survey a score of 1.33 out of 2.00 was achieved indicating high customer satisfaction.

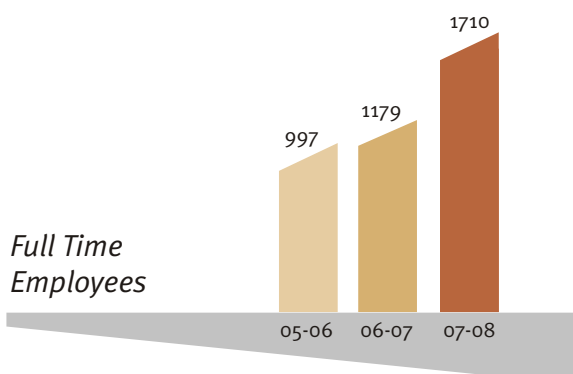


## EMPLOYEE ENGAGEMENT AND DECENT WORK CONDITIONS

Employees are our biggest assets and hence central to our business operations. We constructively engage with our employees for productive gains. As a responsible corporate citizen it is our responsibility to protect the rights of the people associated with us. We are progressively deploying a Human Rights (HR) Policy that is based on national and international legislations and voluntary codes of conduct.

The policy aims to continuously improve the workplace conditions and ensure ethical sourcing. The policy clearly defines roles and responsibilities of each individual associated with the company. Currently we do not have any standardised framework to screen our suppliers on human rights issues or a formal mechanism to monitor a service provider's adherence to our standards. However, we do regularly communicate with suppliers and contractors the importance of adhering to the company's HR policy.

The number of full time employees on our rolls has increased by 40% to 1710 in FY 2007-08 over the previous year. Although our wind farms are maintained and operated by third parties and their employees, we have engaged a few employees to oversee operations at the wind farms. In addition to the full time employees, we also had 77 contract workers on our rolls at the end of the year. Contract workers are largely employed for housekeeping work, etc. Further, we also consult 16 experts in their respective fields on a contract basis.



Other benefits provided to full time employees are 'Medicclaim Policy' and 'Group Savings Linked Insurance Scheme'. These benefits are not extended to contract workers.

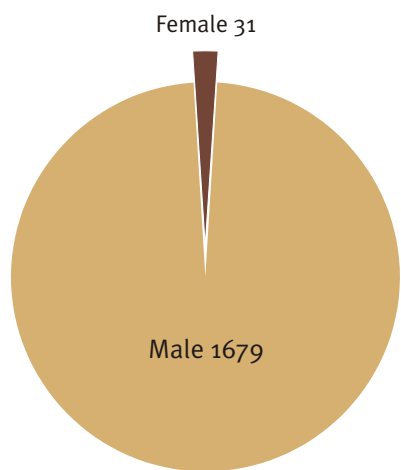
In addition to Directors, the workforce is composed of 4 more grades of employees: Managers, Officers, Staff and Workers. The age of majority workforce is below fifty years with an even distribution between the age groups of sub 30 years and 30 to 50 years. The proportion of female employees is low on account of the nature of our business, where most of our people employed are at mining locations.

In India, females have been discouraged to work, especially in industrial settings. But recently, the trend is changing for the better with more and more young women joining the workforce. As visible in the table, most of the female employees fall under the age group of sub 30. We consider it a healthy sign that more young females are opting to work with us, more so in a safe corporate setting. However, till date, no females are employed in the managerial category.

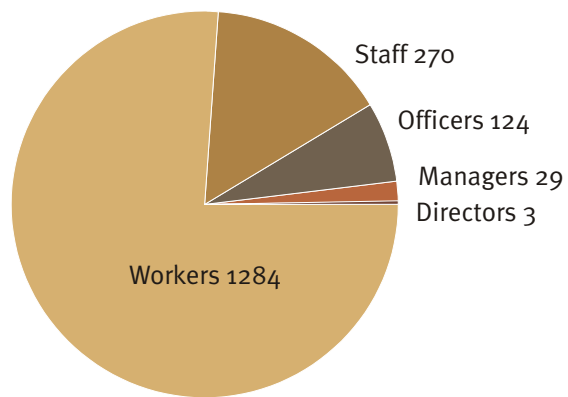
The retention and development of human resources is a key sustainability challenge for MSPL. Although total number of employees increased over the year, 177 employees left the firm, during the reporting period. The turnover rate during the year was 11%. The officer category witnessed 33.87% - the highest turnover rate among various workforce categories. Also, the turnover rate of employees under 30 years was the highest - 13.33% as compared to employees between 30 to 50 years - 9.8%.

It is noteworthy that among the total employees who left MSPL, over 23% or 46 employees, were internally transferred to other companies of the Baldota Group.

The key reasons for high turnover rates among young employees are: absence of high quality medical facilities, unavailability of quality education for their children in nearby areas and lack of entertainment avenues. We plan to address these issues in a phased manner.



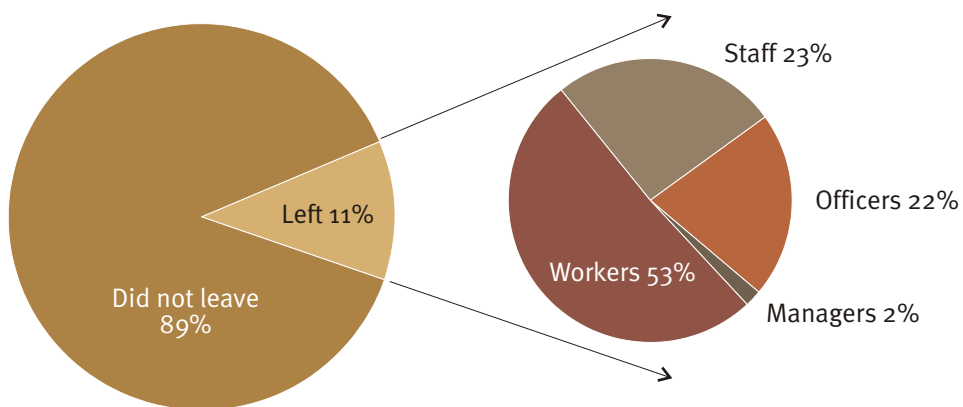
*Gender wise Break up*



*Workforce Break up*

### Employee Categories and Diversity

Grade	<30		30-50		>50		Total		
	M	F	M	F	M	F	M	F	
Director	0	0	2	0	1	0	3	0	3
Manager	0	0	19	0	10	0	29	0	29
Officer	19	6	75	3	20	1	114	10	124
Staff	101	16	141	1	11	0	253	17	270
Worker	668	0	590	4	22	0	1280	4	1284
Total	788	22	827	8	64	1	1679	31	1710



*Employee Turnover*

*Employee Turnover Break up*

### Employee Turnover and Turnover Rate

Grade	<30		30-50		>50		Total			Turnover rate %
	M	F	M	F	M	F	M	F	Total	
Manager	0	0	3	0	1	0	4	0	4	13.79
Officer	21	2	19	0	0	0	40	2	42	33.87
Staff	24	4	19	0	0	0	43	4	47	17.41
Worker	57	0	40	1	2	0	99	1	100	7.79
Sub Total	102	6	81	1	3	0	186	7	193	11.29
Total	108		82		3		193		—	
Turnover % Gender wise	12.94	27.27	9.79	12.50	4.69	0	11.08	22.58	11.29	
Turnover % Age wise	13.33		9.82		4.62		11.29		—	

## CODE OF CONDUCT AND CORRUPTION

We strongly condemn the practice of corruption and malpractices to enhance business prospects. Our dealings with external business partners, customers, suppliers and other stakeholders are transparent.

Internally, we have developed a code of business conduct with the objective to promote ethical professional behaviour. This is applicable to all employees. Maintaining integrity in our dealings and association at all levels, avoiding conflict of interest and ensuring legal compliance at all times are some of the salient points. The senior representatives of the organisation should act as role models to the rest of the employees in this regard. Members of the Board and all employees from general manager and above have to annually pledge compliance with the company's business code of conduct. As part of training on the code of conduct, 20 non-managerial staff members were trained on the associated legal requirements.

In case an employee is found to have engaged in corrupt practices, serious action to the extent of dismissal is taken against them.

## EQUAL OPPORTUNITY AND DIVERSITY

MSPL remains committed to provide equal opportunity. The HR policy clearly outlines that all employees and job applicants will be treated equally and fairly without discretion on age, gender, race, caste, nationality, religion or belief, trade union membership or political affiliation.

Employees with disabilities receive fair treatment and are considered for their job potential, following reasonable adjustments, where appropriate. Decisions on recruitment, selection, training, promotion, awards, rewards and compensation are based on objective job-related criteria.

We strictly adhere to the requirements of the Equal Remuneration Act, 1976 and our remuneration policy does not discriminate between any employee on basis of gender. Men and women with same qualifications, experience and performance are equally compensated. During the year, the grievance committee did not receive any case on discrimination.

The Board of Directors comprises male members, of which two are in the age group of 30 to 50 years, whereas four are in the 50 plus age group.

## FREEDOM TO ASSOCIATE

As per our HR policy, all employees or contract workers are free to join labour unions or associations. Even so, there is no labour union or employee association at MSPL and none of our employees are unionised. The management follows an open door policy to encourage the employees to approach senior management and address grievances.

In terms of apprising our employees of significant operational changes, we abide by the applicable legal requirements and inform our employees through circulars, notices and other forms of official communication.



## APPROACH TOWARDS ELIMINATION OF CHILD LABOUR AND FORCED LABOUR

We respect the fundamental rights of a child and ensure that there is no child labour of any kind on our premises. Indian Laws are explicit with regard to child labour and we adhere to all applicable laws. We ensure that no child enters our mining premises through a mandatory gate-pass check which provides an age proof for all workers and contract labourers.

Our contract and service agreements, through a reference to all applicable laws, disallow the service providers and contractors from using child or forced labour. Apart from this, we insist and ensure that our affiliate concerns, viz. RMMPL ie. Ramgad Minerals and Mining Private Limited and PVS ie. P. Venganna Setty and Brothers, from whom we make Run of Mines procurements, and third parties like SMIORE ie. Sandur Manganese & Iron Ore Co. Ltd., from whom we purchase iron ore in bulk, do not employ child labourers. If a supplier is found to employ child labour, we do not deal with them.

The agency providing security services to MSPL trains its employees on child labour and forced labour issues. Relevant heads of department are responsible for supervising contract workers to ensure that there is no violation of the company's HR policy. To eliminate child labour in the communities we operate, we have been providing free education to the workers' children so that they are not exposed to the risk of being allured to work.

Our company neither engages nor supports the use of forced labour. We strictly adhere to applicable legislations in this regard. Prior consent is taken from all employees while recruitment regarding working hours and other terms and conditions of employment.

## EMPLOYEE HEALTH AND SAFETY

The nature of our business makes safety a critical issue for us. We aspire to achieve and maintain the highest standards of health and safety in our operations. Our policy is to achieve zero accident levels. We ensure that appropriate measures are in place to protect employees, contractors, visitors and the general public. The utmost significance that we give to health and safety of the employees can be gauged from the fact that we were the first mining company in India to have adopted ISO 9001 certification, followed by OHSAS 18001.

We carry out Hazard Identification and Risk Assessment studies and develop Risk Control Plans for our operations, which is reviewed annually by the senior management. We comply with all applicable statutory obligations with regard to workplace health and safety.

Our mines have a constituted Health and Safety Committee which is represented by both, management and non-management employees to review and eliminate health and safety risks. We conduct periodic training sessions for our employees, including contract labourers working in high risk areas. Supervisors and managers are responsible for monitoring the use of all reasonable safeguards in the workplace including adherence to company procedures, safe work practices, and use of personal protective equipment.

We had no reportable accidents this year and will put in every effort to maintain this impeccable record.



## EMPLOYEE DEVELOPMENT

Our objectives are to attract the right mix of skills, talent and diversity; to create a healthy and safe working environment, and to provide our employees with training and opportunities needed for them to do their jobs to the best of their ability and develop their career at MSPL.

The focus areas of training for our employees this year were related to soft skills management, safety and environmental stewardship.

### SOFT SKILLS MANAGEMENT

Life Style Management, Communication Skills, Presentation Skills, Time Management and Psychology of Adjustment.

### SAFETY

Safe servicing of machinery, safe blasting practices, working practices, etc.

### ENVIRONMENTAL TRAINING

Handling and storage of lubricants, awareness of environmental protection etc.

1,328 hours of training were recorded in the reporting period. As per our records, the Management cadre received the highest percentage of training. In addition to training, all our employees receive periodic feedback on their performance. We are in the process of improving our processes and systems of recording training information.

#### *Average hours of recorded training*

Manager 14.0 hours	Officer 2.27 hours
Staff 0.63 hours	Worker 0.51 hours

## MSPL AND DEVELOPMENT GIVING BACK TO SOCIETY

The Baldota Group firmly believes that commitment from senior management is essential to embed responsible business practices into the decision making process. We realised that our mining activities have a wide range of impacts on the locations we operate in, henceforth we initiated engagement with our peripheral communities way back in the early 1960s.

MSPL has developed a comprehensive stakeholder engagement process for responsive and smooth business operations. Our operational decisions are guided by specific policies that have been prepared for stakeholders across categories.

Our country's mining regulations clearly state the entry, operation and exit strategies of a mining company. The Environmental Impact Assessment (EIA) notification outlines key parameters of socio-economic surveys that should be conducted prior to acquiring a mine lease. Mining companies, in their management plans, need to include proposed community development intervention plans to get clearance for the project. This plan becomes a framework for establishing mechanisms and methodologies to minimise mining impacts on the surrounding communities. The mine closure plans should also include mandatory exit strategies.

Inspired by the words of former President Dr. A.P.J Abdul Kalam, we have adopted ten villages, five of which were adopted in the previous year. The Board of Directors formulates community development goals and social investments are made in line with local priorities and conditions, identified through comprehensive community need assessment studies.





Our Sustainability Committee provides techno-commercial assistance for implementing social and environmental projects. A decision making process has been instituted to expedite community related activities. Implementation plans of all community interventions are under the purview of the Sustainability Committee. The matters unresolved by the committee are directed to the senior management for further insight and guidance. The senior management is responsible to approve new community interventions, outlay and plans. Employees are encouraged to undertake CSR activities in the local area where they live or in other suitable areas. Also an exchange of learnings received from community programs within the organisation takes place through informal knowledge and experience sharing sessions.

For the past few years we have been working extensively in five villages namely Danapur, Galamanagudi, Ingaligi, Hanumanahalli and Kanvihally which are located close to the operations of our mines and wind farms. Encouraged by the response that was received, we adopted five more villages namely Jaisingapura, Basapura, Halavarti, Hosahalli, and Shankarnagar.

A comprehensive needs assessment study was conducted for these five villages before adoption. Various key issues of concern emerged. These were water and sanitation, education, health, infrastructure development and livelihood creation. We have sought to align these interventions with the Millennium Development Goals (MDG) and national goals and standards.

### Snapshot of Key Community Initiatives

<b>WOMEN EMPOWERMENT AND LIVELIHOOD OPTIONS</b>	477 families covered under MSPL's SHG Common fund created for SHGs (INR 0.707 Million)	Tailoring training provided to 20 women and an additional 22 enrolled
<b>EDUCATION</b>	Provided tube lights and furniture to schools. Notebooks supplied to 18,799 students in 85 schools	Gold medals awarded to 6 meritorious students Created awareness among teachers about computers and encouraged schools to recruit teachers who have competency in computers
<b>HEALTHCARE AND SANITATION</b>	43 eye camps conducted Free medical checkups for 4,050 people Free operation for 1,812 people	Established blood bank and collected 3,739 units of blood Water closet constructed for about 135 families, with a total contribution of INR 0.14 million



## OUR SOCIAL RESPONSIBILITY ROAD MAP

### HEALTH AND SANITATION

- To further assist the midday meal schemes for school children
- Drinking water provision
- Provision of toilets in schools
- Drinking water supply and distribution, by constructing tanks
- Promotion of hygienic flush toilets in adopted villages
- Awareness on health and sanitation (child, maternal & reproductive health, family planning and immunisation)
- Further strengthen SHG activities and its role in community awareness

### DEVELOPMENT FACILITIES

- Establish super specialty hospital
- Abheraj Baldota Road reconstruction
- Construction of over bridge at Vijayanagar College, Hospet
- Construction of a Kalakendra in Hospet
- Construction of Bus shelters in Hospet
- Improve hospital facilities, medical supplies to ensure better treatment for the physically and mentally challenged
- Support Anganvadi centres (Play equipment, charts and toilets etc)

### LIVELIHOOD OPTIONS

- Creation of livelihood options by motivating youth and addressing poverty and unemployment issues
- ITI training for over 200 people from the community
- Tailoring training for women and youth

### EDUCATION

- Distribution of books and supplies to school children
- Efforts to reduce school dropouts
- Awareness programs on girl child education for villagers by SHGs
- Special coaching for 10th standard students in villages
- Increased assistance towards procurement of educational materials at schools
- Increased assistance for computer aided education and facilities

### EMPOWERING EMPLOYEES

- Improvement of existing labour houses at Vyasankere
- Awareness program on energy saving techniques
- Mass involvement of employees in CSR activities (Community Development, awareness creation and building rapport etc.)
- Tree plantation along the periphery road at Hanumanahally

## TOWARDS SUSTAINABLE LIVELIHOODS

Imparting livelihood skills to vulnerable sections of the society is one of the best ways to empower a community and fulfil the nation's agenda of inclusive growth. Towards this capacity building programs were conducted to aid community members. The objectives of these programs are:

**To improve the livelihood base of the poor, particularly women so as to reduce their vulnerability**

**To provide new skills to locals**

**To increase the confidence of the poor unemployed youth in the villages**

**To increase earnings and create regular employment**

Our ultimate aim is to make the community self-sufficient so that it can support itself and in extreme conditions always depend on us for immediate relief.

We conducted capacity needs assessment exercises in the communities in which we operate. In response to findings of these assessments, we set up a vocational training centre for women from the surrounding communities at Hanumanahally village in Hospet, Karnataka.

In FY 2007-08, twenty women underwent training in stitching after which they were given free sewing machines. Another 22 women are undergoing this training so that they can make it a livelihood option.

We realise that a uni-dimensional approach of training community members will not help create livelihoods, unless we enable access to capital, infrastructure and market linkages.

To ensure this access, we facilitate the formation of Self Help Groups (SHGs) and either link them to nationalised banks that help start micro-credit scheme or provide financial assistance ourselves. 35 women SHGs have been formed in five villages adopted earlier. Financial assistance of INR 1,65,000 was extended to 11 SHGs in the reporting period. The SHGs have utilised this amount to provide loans to its members and invest in income generation programs. The SHG savings during this year grew to INR 7,07,000. Creating sustainable livelihoods is our strategy towards achieving MDG 1 - eradication of extreme poverty and hunger.

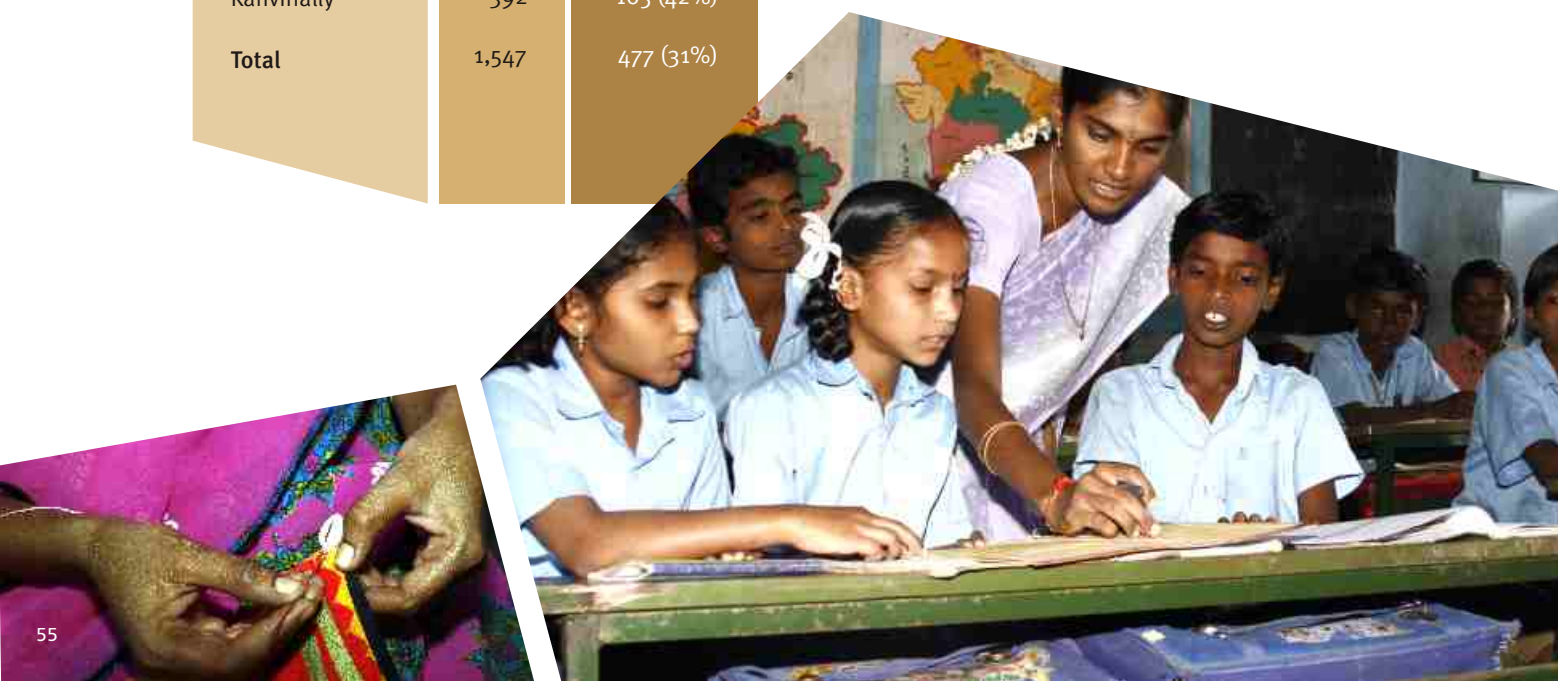
#### *Family Coverage of SHGs*

Village	Total Families	Covered by MSPL
Danapura	302	75 (25%)
Hanumanahally	440	159 (36%)
Galemmanagudi	203	38 (18%)
Ingaligi	210	38 (18%)
Kanvihally	392	165 (42%)
<b>Total</b>	<b>1,547</b>	<b>477 (31%)</b>

#### **EDUCATION**

Towards our commitment to achieve universal primary education (MDG 2), we distributed approximately 63,000 notebooks to 18,799 students in 85 schools this year. Steady assistance was provided for construction of school buildings and hostels for students, meeting library operating costs, supply of computers and other teaching material to schools. To propagate computer literacy, teachers were provided computer training at Danapur School in Hospet, Karnataka. Today, around 200 students are learning computer basics under the guidance of these teachers. Six rankers of a college in Hospet, Karnataka were rewarded with gold medals. We shall continue to carry out these activities in the coming years.

Though critical for overall development of students, sports are much neglected in the Indian education system. Sporting activities and competitions were encouraged by awarding prizes and certificates at sports meet organised every year for primary and high school students by the Education Department at the block and zonal level . We have also sponsored activities of the Karnataka Olympic Association, Karnataka Basketball Association and Dakshina Kannada District Athletics.





## HEALTHCARE

Our medical centre's facilities are made accessible to employees and their family members. Moreover medicines are given free of cost. Nearly 5,800 people were treated at the medical centre in FY 2007-08.

We conducted cardiac camps, orthopaedic camps and bone density camps for employees, their families and surrounding communities. This was done in coordination with local community based organisations, NGOs, government and other industry representatives. We continued to conduct healthcare workshops and awareness programs for local villagers on treatments and improvement of village sanitation.

This year we conducted 43 eye camps along with an organisation called Netralakshmi Vidyalyaya. Here 4,050 persons underwent eye check-ups and 1,812 patients were operated. We also provided support to an NGO working towards eradication of leprosy in Hospet Taluka. The NGO is involved in creating awareness among the general public through family visits. It also distributes free medicines through the District Medical Officer.

Towards achieving the UN's Millennium Development Goal of combating HIV / AIDS, we intensified our efforts to create its awareness this year. Campaigns through talks, pamphlets and training programs were carried out on the subject. In the reporting period, an awareness program on HIV / AIDS was conducted for employees as well.

## SANITATION

Lack of basic sanitation facilities lead to health and economic problems. By 2006 only 18% of the rural Indian population had access to improved sanitation facilities. Open defecation leads to soil and water contamination. Children and women are the vulnerable groups affected by microbial diseases which results in high rates of maternal morbidity and child mortality. In light of these appalling conditions, we have been working to provide safe drinking water and basic sanitation facilities.

Our efforts are also aligned with achieving Millennium Development Goal 5. Recognising the magnitude of the global sanitation problem, the UN General Assembly declared 2008 as the International Year of Sanitation. This was an opportune time for us since it coincided with our already formulated target to improve the sanitation conditions in the villages, for FY 2007-08. It also helped us to dovetail our efforts with the efforts of the Total Sanitation Campaign launched by the Government of India in 578 rural districts.

During the reporting period, we constructed 135 water closets for households in Danapura, Hanumanahally and Basapura. Unfortunately we failed to meet our target of constructing 200 water closets. This was due to difficulties in procuring labour for such jobs in the region. Notwithstanding, 135 families have benefitted from our efforts. We take this as inspiration to redouble our efforts in the coming years.



# 1

## Empowerment of Women

Swarna, 19, was the fourth of five siblings in her family and could not continue her education after P.U.C since her parents could not afford it. Though she wanted to work and contribute to the family income, social mores came in the way and her parents were hesitant to send her out for job opportunities. Helplessness started to seep in as she could neither be employed nor continue her education.

During this time of dilemma she heard of MSPL's plans for facilitating development of families belonging to the weaker section of society. Her hope gathered strength when she came to know about the Tailoring & Stitching program offered by MSPL's training centre and the assistant provided for self employment.

She contacted H. K. Ramesh from MSPL's CSR team, who immediately took her under the wings of this program. Within six months Swarna had developed and honed her tailoring skills and was earning a minimum income of Rs. 200/- per day. Today the financial status of her family has improved and she has become the pillar of her family.

# 2

## Assisting Mass Marriages

Marriages are expensive affairs and assistance towards simple mass marriage is an ideal way to ease the financial burden of families. For the past seven years, village leaders of Danapura in Hospet Taluka, have taken the initiative to conduct simple and manageable mass marriages for the economically weaker section of the society.

MSPL assisted the mass marriage of 35 couples in Danapura village by funding the food expense on the occasion.



# case studies

# 3

## Helping Eradicate Leprosy

During the 54th World Health Assembly held in 2001, The World Health Organisation (WHO) declared that the historic target for global leprosy elimination had been attained. Both, at the global and at the national level, strategies to eliminate leprosy as a public health problem have helped reduce the burden of the disease.

Yet, educating people about the disease remains vital to keep it at bay. The Indian Development Foundation (IDF), an NGO based in Bangalore, is actively creating awareness about leprosy among school children. It approached MSPL to support this cause at the State Government level.

MSPL immersed itself in creating awareness about this disease by helping organise an awareness campaign in June 2007. Brochures on leprosy were printed and distributed through the campaign that was propagated across the Hospet Taluka in Karnataka.

# 4

## Smt. Vasantidevi Baldota Blood Bank

The blood bank, established in December 2001, continued its exemplary service to the people of Hospet and the surrounding areas through its full fledged laboratory and a committed staff.

Our long standing association with the community brought into focus the need to augment the capacity of the blood bank in order to support a larger section of people in the region. We have consequently invested heavily and equipped the blood bank and the medical centre for higher capacity handling. The medical service centre is now armed with state-of-the-art equipment.

We have also been continuously engaging with the communities and motivating them to donate blood. This has resulted in a steady increase in the total blood donation.

**This year we were able to collect 3,739 units of blood which was nearly 30% more than last year. Similarly, the blood bank issued 9.73 units of blood every day as compared to 7.36 units last year.**

Besides this the presence of the blood bank has reduced the maternal mortality rate in the region. This is one of our contributions towards achieving Millennium Development Goal 5.

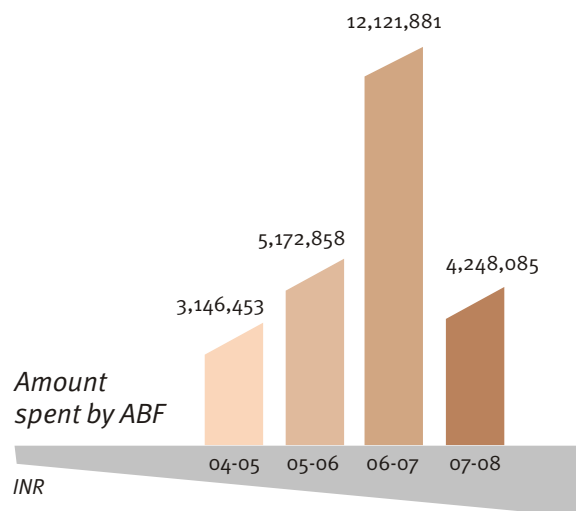
# case studies

## ABHERAJ BALDOTA FOUNDATION

The Abheraj Baldota Foundation (ABF) is a Public Charitable Trust established in 1976. It is headquartered at Hospet and has a satellite office in Mumbai. Shri Narendrakumar A. Baldota, Chairman of the Baldota Group of Companies is the Managing Trustee of the Foundation.

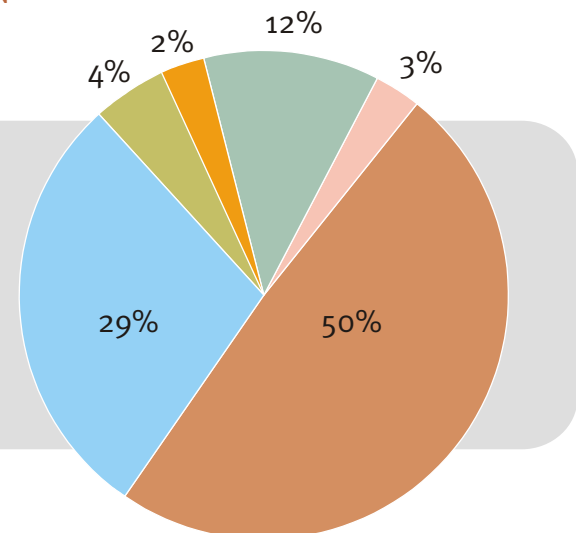
The trust is devoted to social welfare with the principal objective to help deserving and needy people through medical aid, educational assistance, occupational opportunities, agricultural aid and other objects of general public utility.

Over the years this trust has been steadily investing in various community benefit programs and activities. The expenditure over the past two years is given below.



### SPENDING ON PROGRAMS SUPPORTED BY THE FOUNDATION

Particulars	Total Amount Spent (INR)	
	2006-07	2007-08
Education	1,068,411	1,251,545
Health and Sanitation	146,500	170,000
Social and Religious Programs	2,100,000	105,001
Donation for Cultural Programs	999,970	500,000
Sports	401,000	110,428
Charitable Trusts/NGOs	7,406,000	2,111,111
Total	12,121,881	4,248,085











## GLOSSARY OF MINING TERMS

### **Beneficiation**

The Treatment of ore and making it more in mineral content.

### **Blasting**

The process of detonating explosives to loosen rock for excavation.

### **Byproduct**

A secondary metal or mineral product recovered in the milling process.

### **Drill**

There are various types of drills for exploration such as a diamond drill (produces core) or reverse circulation drill (produces chips). Other types of drills are used in the mining process which do not produce a core, but are used to make circular holes in the rock which are filled with explosives for blasting to loosen the rocks.

### **Exploration**

Prospecting, sampling, mapping, diamond drilling and other work involved in searching for ore.

### **Mineral**

A naturally occurring homogeneous substance having definite physical properties and chemical composition and, if formed under favorable conditions it forms into a definite crystal.

### **Open pit**

A mine that is entirely on surface. Also referred to as open-cut or open-cast mine.

### **Ore Reserves**

The calculated tonnage and grade of mineralisation which can be extracted profitably; classified as possible, probable and proven according to the level of confidence that can be placed in the data.

### **Overburden**

The waste which overlies the good stone in a quarry, or the ore in an open pit mine. Stripping is the operation of removing the overburden prior to the working of the mineral.

### **Pellet**

A marble-sized ball of iron ore fused with clay for transportation and use in steelmaking.

### **Reclamation**

The process of returning the land to another productive use after mining has been completed. Or The restoration of land and environmental values to a surface mine site after the ore is extracted. Reclamation operations are usually underway as soon as the ore has been removed from a mine site. The process includes restoring the land to its approximate original appearance by restoring topsoil and planting native grasses and ground covers.

### **Recovery**

The percentage of valuable metal in the ore that is recovered by metallurgical treatment.

### **Resource**

The calculated amount of material in a mineral deposit, based on limited drill information.

### **Run of Mines**

The iron ore mined in its natural unprocessed state at the pit head prior to treatment of any sort.

### **Tailings**

Material rejected from a mill after most of the recoverable valuable minerals have been extracted.

### **Zone**

An area of distinct mineralisation.



## CONTENT INDEX - GRI

STANDARD DISCLOSURES PART I: Profile Disclosures			
Profile Disclosure	Description	Page Numbers	Status of reporting
<b>1. Strategy and Analysis</b>			
1.1	Statement from the most senior decision-maker of the organization	1 to 5	Reporting
1.2	Description of key impacts, risks, and opportunities.	17 to 20	Reporting
<b>2. Organizational Profile</b>			
2.1 to 2.9	Organisation profile	10, 11	Reporting
2.10	Awards received in the reporting period.	25	Reporting
<b>3. Report Parameters</b>			
3.1 to 3.4	Report Profile	9	Reporting
3.5 to 3.11	Report Scope and Boundary	9	Reporting
3.12	GRI Content Index	62 to 65	Reporting
3.13	Assurance	69, 70	Reporting
<b>4. Governance, Commitments, and Engagement</b>			
4.1 to 4.10	Governance	20 to 23	Reporting
4.11 to 4.13	Commitments to External Initiatives	24	Reporting
4.14 to 4.17	Stakeholder Engagement	27 to 30	Reporting
Standard disclosures Part II: Disclosure on Management Approach (DMAs)			
G3 DMA	Description	Page Numbers	Status of reporting
DMA EC	Disclosure on Management Approach EC	34	Reporting
DMA EN	Disclosure on Management Approach EN	38	Reporting
DMA LA	Disclosure on Management Approach LA	45	Reporting
DMA HR	Disclosure on Management Approach HR	45	Reporting
DMA SO	Disclosure on Management Approach SO	44	Reporting
DMA PR	Disclosure on Management Approach PR	45	Reporting
Standard disclosures Part III: Performance Indicators			
Performance Indicator	Description	Page Numbers	Status of reporting
<b>Economic</b>			
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	34, 35	Reporting
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	34	Reporting
EC3	Coverage of the organization's defined benefit plan obligations.	35	Reporting
EC4	Significant financial assistance received from government.	36	Reporting
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	35	Reporting
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	34	Reporting
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	34	Reporting
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	36	Reporting
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.		
<b>Environmental</b>			
EN1	Materials used by weight or volume.	38	Reporting
EN2	Percentage of materials used that are recycled input materials.	38	Reporting
EN3	Direct energy consumption by primary energy source.	38	Reporting
EN4	Indirect energy consumption by primary source.	38	Reporting
EN5	Energy saved due to conservation and efficiency improvements.		

## CONTENT INDEX - GRI

Performance Indicator	Description	Page Numbers	Status of reporting
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.		
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.		
EN8	Total water withdrawal by source.	39	Reporting
EN9	Water sources significantly affected by withdrawal of water.		
EN10	Percentage and total volume of water recycled and reused.		
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	40	Reporting
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	40	Reporting
EN13	Habitats protected or restored.		
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.		
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.		
EN16	Total direct and indirect greenhouse gas emissions by weight.	38	Reporting
EN17	Other relevant indirect greenhouse gas emissions by weight.	38	Reporting
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.		
EN19	Emissions of ozone-depleting substances by weight.	38	Reporting
EN20	NOx, SOx, and other significant air emissions by type and weight.	38	Reporting
EN21	Total water discharge by quality and destination.	39	Reporting
EN22	Total weight of waste by type and disposal method.	39	Reporting
EN23	Total number and volume of significant spills.	39	Reporting
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	39	Reporting
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.		
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	32	Reporting
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	38	Reporting
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	42	Reporting
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	32	Reporting
EN30	Total environmental protection expenditures and investments by type.	41	Reporting
<b>Social: Labour Practices and Decent Work</b>			
LA1	Total workforce by employment type, employment contract, and region.	46, 47	Reporting
LA2	Total number and rate of employee turnover by age group, gender, and region.	48	Reporting
LA3	Benefits provided to Reporting-time employees that are not provided to temporary or part-time employees, by major operations.	46	Reporting
LA4	Percentage of employees covered by collective bargaining agreements.	49	Reporting
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	49	Reporting
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	50	Reporting
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	50	Reporting
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	56	Reporting
LA9	Health and safety topics covered in formal agreements with trade unions.		
LA10	Average hours of training per year per employee by employee category.	51	Reporting
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.		
LA12	Percentage of employees receiving regular performance and career development reviews.	51	Reporting
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	47, 49	Reporting
LA14	Ratio of basic salary of men to women by employee category.	49	Reporting

## CONTENT INDEX - GRI

Performance Indicator	Description	Page Numbers	Status of reporting
<b>Social: Human Rights</b>			
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	46	Reporting
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	46	Reporting
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	49	Reporting
HR4	Total number of incidents of discrimination and actions taken.	49	Reporting
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	57	Reporting
HR6	Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour.	50	Reporting
HR7	Operations identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour.	50	Reporting
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	50	Reporting
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.		
<b>Social: Society</b>			
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	51	Reporting
SO2	Percentage and total number of business units analyzed for risks related to corruption.	49	Reporting
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	49	Reporting
SO4	Actions taken in response to incidents of corruption.	49	Reporting
SO5	Public policy positions and participation in public policy development and lobbying.	24	Reporting
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.		
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.		
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	36	Reporting
<b>Social: Product Responsibility</b>			
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	45	Reporting
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	36	Reporting
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	45	Reporting
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	36	Reporting
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	45	Reporting
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	45	Reporting
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	36	Reporting
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.		
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	36	Reporting

## ACRONYMS AND ABBREVIATIONS

<b>ABF</b>	Abheraj Baldota Foundation
<b>AGM</b>	Assistant General Manager
<b>AIDS</b>	Acquired Immuno Deficiency Syndrome
<b>AIR</b>	All India Radio
<b>AISL</b>	Aaress Iron and Steel Ltd.
<b>BOD</b>	Biochemical Oxygen Demand
<b>CMD</b>	Chairman and Managing Director
<b>CA</b>	Corporate Affairs
<b>CAPEXIL</b>	Chemicals & Allied Products Export Promotion Council
<b>CDM</b>	Clean Development Mechanism
<b>CFO</b>	Chief Financial Officer
<b>COD</b>	Chemical Oxygen Demand
<b>CPCB</b>	Central Pollution Control Board
<b>CS</b>	Company Secretary
<b>CSR</b>	Corporate Social Responsibility
<b>ED</b>	Executive Director
<b>EIA</b>	Environmental Impact Assessment
<b>EMS</b>	Environmental Management Systems
<b>Fe</b>	Iron
<b>FICCI</b>	Federation of Indian Chambers of Commerce and Industry
<b>FIMI</b>	Federation of Indian Mineral Industries
<b>FKCCI</b>	Federation of Karnataka Chambers of Commerce & Industry
<b>FY</b>	Financial Year
<b>GJ</b>	Giga Joules
<b>GRI</b>	Global Reporting Initiative
<b>Ha</b>	Hectares
<b>HIV</b>	Human Immunodeficiency Virus
<b>HR</b>	Human Rights
<b>HSD</b>	High Sulphur Diesel
<b>IBM</b>	Indian Bureau of Mines
<b>ICMM</b>	International Council on Mining & Metals
<b>IFC</b>	International Finance Corporation
<b>ILO</b>	International Labour Organization
<b>IPCC</b>	Intergovernmental Panel on Climate Change

<b>ISO</b>	International Organization for Standardization
<b>ITI</b>	Industrial Training Institute
<b>IUCN</b>	International Union for Conservation of Nature
<b>KIADB</b>	Karnataka Industrial Areas Development Board
<b>KPI</b>	Key Performance Indicator
<b>KSPCB</b>	Karnataka State Pollution Control Board
<b>MD</b>	Managing Director
<b>MEAI</b>	Mining Engineers' Association of India
<b>MoEF</b>	Ministry of Environment and Forests
<b>Mt</b>	Metric tonne
<b>MTPA</b>	Million Tonne Per Annum
<b>MW</b>	Megawatt
<b>NGO</b>	Non-Governmental Organisation
<b>NOx</b>	Oxides of Nitrogen
<b>OHSAS</b>	Occupational Health & Safety Assessment Series
<b>PUC</b>	Pre University Curriculum.
<b>PCB</b>	Pollution Control Board
<b>PVS</b>	P. Venganna Setty & Brothers
<b>R&amp;D</b>	Research and Development
<b>RMMPL</b>	Ramgad Minerals and Mining Private Limited
<b>RSPM</b>	Respirable Suspended Particulate Matter
<b>SAP</b>	Systems Applications and Products
<b>SHG</b>	Self Help Group
<b>SMIORE</b>	Sandur Manganese Iron Ore Co. Ltd.
<b>SOx</b>	Oxides of Sulphur
<b>SPM</b>	Suspended Particulate Matter
<b>SPV</b>	Special Purpose Vehicle
<b>SWaN</b>	The Society for Wildlife and Nature
<b>UN</b>	United Nations
<b>USD</b>	United States Dollar
<b>VIOM</b>	Vyasankere Iron Ore Mines
<b>WHO</b>	World Health Organisation



## ANNEX - I

### CODE OF CONDUCT

#### CORPORATE AND ORGANIZATIONAL VALUES

##### 1) Integrity - doing what is right

Personal integrity, upheld on a day-to-day basis, is the unshakable foundation for corporate integrity. Long-term, trusting business relationships are built by being honest, open and fair.

Employees are expected to uphold the highest professional standards.

##### 2) Gifts

Employees will not solicit any gifts from their business relationships. Employees shall reject unsolicited gifts that may be perceived as intended to / likely to influence any business decision. Acceptance of cash gift is prohibited.

##### 3) Conflict of Interest

Employees, whether dealing in personal or official capacity, are expected to avoid activities, agreements, positions, business investments or interests, and other situations that are in conflict or appear conflicting with interests of the Company or that may interfere with their individual performance. Towards this, employee are required to make disclosures to the Compliance Officer (Company Secretary) relating to all material, financial and commercial transactions, where there personal interest may have potential conflict with the interest of the Company at large (eg. Dealing with Company's shares, Commercial dealings with Baldota Group Companies). Such disclosure should be made as soon as an employee develops personal interest in any transaction conflicting with the interest of the Company at large.

Employees may not knowingly engage in any conduct or activities that are inconsistent with the Company's best interests.

Concerns about conflicts of interest may be addressed through either:

- prior approval in writing of or
- complete and timely disclosure to appropriate organisational authority.

It is always conflict of interest to work simultaneously for a competitor, material customer or supplier.

##### 4) Legal Compliance

The Company's policy on legal compliance requires every employee to adhere to the legal and regulatory requirements, in all material respects, that affect his or her job. Employees must adhere to this policy on legal compliance and associated reporting.

It is essential that information provided to the regulators is accurate and not misleading.

##### 5) Respect for People

Employees are expected to treat co-employees and business associates fairly and, irrespective of hierarchical level, with dignity and respect. Being treated fairly means that employees shall be judged on merits.

Senior Management Cadre must maintain an open line of communication and to listen to all employees.

##### 6) Environmental Commitment

The Company's business will be conducted in an environmentally friendly and responsible manner.

Employees shall:

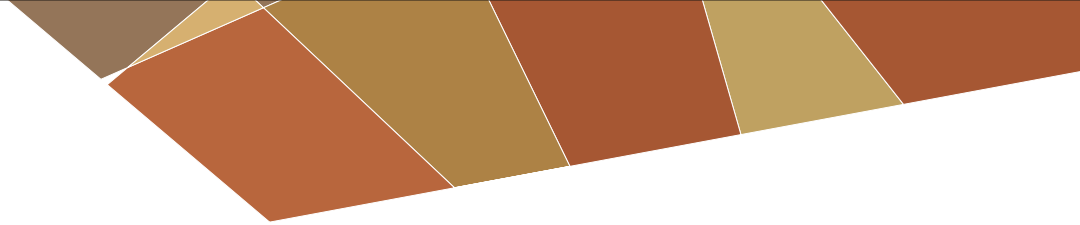
- ensure compliance with the spirit and intent of environmental laws, regulations and standards;
- incorporate environmental protection as an integral part of the design, production, operation and maintenance of Company's facilities.

##### 7) Safety

Company assigns highest priority to the safety of its employees and all those who are influenced by the operations of the Company. No job is important enough to justify unsafe operations. Supervisors and managers are responsible for monitoring the use of all reasonable safeguards in the workplace including adherence to Company procedures, safe work practices, and wearing personal protective equipments so as to ensure health, safety and welfare of all concerned.

However, ultimately all employees are responsible for their own safety. Every employee must, for his or





her own and fellow workers' health, safety and welfare abide by the Company procedures and safe work practices, and use all appropriate personal protective equipments.

#### 8) Confidential and Proprietary Information

Company information, including self-generated computer software applications, may be confidential or proprietary. Employees have to be careful about disclosure of such information to people outside the Company or to employees who need not know or possess the same.

When there is a legitimate business needs to share confidential or proprietary information with outsiders, it may be disclosed after prior approval of appropriate authority and under an appropriate confidentiality agreement protecting such information.

Confidential and proprietary information must not be treated casually or left unprotected.

Employees are prohibited from using Company's property or information, or their position within the Company, for personal gain.

#### 9) Financial Information

Financial information on Company's operations and performance provided to shareholders, equity analysts, creditors, newspapers and such others, whether statutory or voluntary, must be accurate and reliable.

Disclosure of financial and business information to the public at large or to any interested person shall be governed by the "Code of Corporate Disclosure Practices For Prevention of Insider Trading" prescribed by SEBI.

Communication to the Press or such other media will be organized by the Office of Chairman & Managing Director and Employees should not talk about Company matters with a reporter, either on or off the record, without first contacting the Office of Chairman & Managing Director.

In order to protect the investing public, securities laws make it illegal for those with 'unpublished price sensitive information' to buy or sell securities (stocks, bonds, options, etc.). Employees must not indulge in insider trading and abide by the

Company's Code of Conduct for Prevention of Insider Trading.

#### 10) Company Assets, Computer Network Use and Security

Employees must make responsible use of Company assets in their personal possession such as telephones, computers and other hardware, software, Internet connection, networks and the information that runs on them in a responsible manner.

Employees must:

- use telephone, computers and peripherals and internet responsibly and primarily for legitimate business purposes and personal uses should be reasonable and kept to a minimum.
- protect the security of computer systems.
- not engage in electronic communications that might be considered offensive, derogatory, defamatory, harassing, obscene or otherwise vulgar.
- not use Company electronic communications systems to improperly disseminate copyrighted or licensed materials, or proprietary information.
- not use Company electronic communications systems to transmit chain letters, advertisements or solicitations (unless authorized).
- not visit inappropriate Internet sites; and
- always protect information used to access computers, networks or systems.

Company's electronic communications system and information will be monitored for compliance with Company policy and applicable laws. Employees must note that they are not entitled to privacy privilege in respect of the same.

#### 11) Records Maintenance and Management

Employees must maintain and manage appropriate records and information pertaining to affairs of the Company under their purview, including records and information in electronic form like e-mails, computer files etc.

## C COMPLIANCE WITH THE CODE

As a condition of employment / association with the Company, Employees are expected to comply with and strictly adhere to the standards of conduct contained in this Code and underlying policies and procedures. Failure to comply the code may result in disciplinary actions. When in doubt, this Code casts the responsibility on the Employee to seek clarification and guidance as to the proper course of conduct from appropriate person in the Senior Management.

Employees who are aware of any misconduct under this Code, illegal activity, fraud or abuse of Company assets must report such matters to the Chairman & Managing Director. The employees reporting any misconduct shall be suitably protected and no unjust action will be taken against any such employee for making such a report.

## ANNEX-II

### IFC PERFORMANCE STANDARDS 1 TO 8

- 1 Social and Environmental Assessment and Managements Systems;
- 2 Labour and working conditions;
- 3 Pollution prevention and abatement;
- 4 Community Health, safety and security;
- 5 Land Acquisition and Involuntary Resettlement;
- 6 Biodiversity conservation and sustainable natural resource management;
- 7 Indigenous People;
- 8 Cultural Heritage.

The complete information about the IFC Performance standards 1-8 can be viewed at [www.lfc.org/ifcext/sustainability.nsf/Content/GuidanceNotes](http://www.lfc.org/ifcext/sustainability.nsf/Content/GuidanceNotes)

## Independent Assurance Statement

### The Board of Directors

#### MSPL Limited

Baldota Enclave, Abheraj Baldota Road  
Hospet 583203, Karnataka, India

### Engagement and Objective of Assurance, Responsibilities

We have been engaged by MSPL Limited (the 'Company') to review the contents of its Corporate Sustainability Report 2007-08 (the 'Report') prepared under its responsibility. This engagement is aimed at providing independent 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 the Company only and is in accordance with the terms of reference agreed with them. We do not therefore accept or assume any responsibility for any other purpose or to any other person or organization. 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 are 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 mentioned its intention of applying the GRI G3 Guidelines issued by Global Reporting Initiative (GRI) for the Report.

### Approach and Scope / Limitations 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 has been performed by a multidisciplinary team of Ernst & Young 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 the Company 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 1 April 2007 to 31 March 2008;
- Factual information related to key performance indicators, environmental and social issues, initiatives, and supporting data as given in the Report.

### Limitations of 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;
- Aspects of the Report other than those mentioned in 'Our Scope' above;
- Activities outside the defined reporting period from 1 April 2007 to 31 March 2008;
- Issues related to Intellectual Property Rights and other competitive issues;
- Company's position statements which describe expression of opinion, belief, aspiration, expectation, aim or future intention, quotes from officials of the Company are excluded from our scope of assurance.

### Procedure of Assurance

Our procedure was based on:

- Gaining an understanding of the sector, relevant issues and understanding of the Company'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 EHS, HR, public relations, 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 some of the wind power generation sites 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 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:

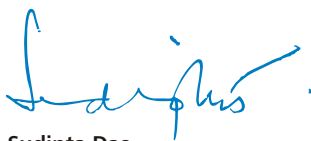
- The Company has demonstrated concerns on sustainability issues pertaining to its business activities;
- The performance indicators selected for reporting are some of the significant ones and are material to the sustainability performance of the Company and provides a balanced presentation;
- The reported information on non-financial sustainability parameters are supported by documentary evidences and internal records,

### Observations

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


- After reporting its sustainability performance as per GRI G2 Guidelines in 2006-07, the Company has made an effort to report as per A level of the 2006 guidelines (G3) released by the Global Reporting Initiative (GRI);
- While the Company has attempted to report on all core indicators, further strengthening of data collation and review systems may be considered, to ensure completeness of each core indicator;
- Environmental expenditure accounting may be improved by reporting in alignment with EN 30 indicator of GRI-G3;
- The Company may consider establishing a system to capture the benefits of its social contributions and activities towards society.

for Ernst & Young Private Limited



**Sudipta Das**  
Partner

6<sup>th</sup> March 2009  
Kolkata



“Our aim is to affect  
regular incremental  
changes at the grass root  
level and thereby bring  
about a transformational  
shift in the region.”







BALDOTA

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