



COMPANY PROFILE

Drought and floods. Food shortages and power famine. Infectious diseases and lifestyle disorders. Migrants and refugees. Civil wars and territorial disputes. Resource unavailability. Protests and disruptions. Advancing deserts and the blooming of the Arctic. Extinction of species and emergence of new viruses.

Mankind is amidst a maze of challenges.

Rampant environmental and social illiteracy is accelerating the damage.

A large majority is unable to read these danger signals and are uneducated about the linkages between their behaviour and the problems that confront us. This is sinking us deeper into the labyrinth. The need to educate and spread awareness on sustainable growth was never more urgent.

At MSPL we are actively engaging with our stakeholders and civil society at large to sensitise them about sustainability and demonstrating through our actions how the practice of sustainability is helping us tide over tough times and creating a positive imprint on the environment and our communities.

We are happy to release our fourth consecutive sustainability report.

The Report continues to cover the same units as in our 2007-2008 CSR report, namely Vyasankere Iron Ore Mines, Export Oriented Units (EOUs) and the Wind Energy Division.

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foreword

Dear Readers,

We are pleased to present our fourth Sustainability Report for the financial year 2008-2009. This year's report has the visual theme of a "Maze", reflecting the labyrinth of challenges we faced during the year.

We were among the handful early movers in country in terms of sustainability reporting in accordance with GRI guidelines. In fact we were one of the first Indian mining companies to report in accordance with GRI. This year's report is a continuing endeavour to communicate our efforts towards addressing sustainability issues to all our stakeholders.

We continue to cover our mines namely Vyasankere Iron Ore Mines (VIOM) including our Export Oriented processing Units (EOUs) and the Wind Energy Division of MSPL. This triple bottom line report is for the period from the 1st of April 2008 to the 31st of March 2009. We have over the years consistently followed Global Reporting Initiative's Sustainability Reporting Guidelines (GRI) and have for the second time in a row reported in accordance with A+ Application Level of the GRI 2006 guidelines (GRI - G3). Through this report we have detailed our efforts towards addressing sustainability challenges on all fronts namely:

We have for the second time in a row reported in accordance with **A+** Application Level of the GRI



Our financial performance considerably slowed down during the report period as a result of the dire global economic scenario. Overall revenues were slashed in the second half of the year owing to lowered ore prices, increased market competition and diminished demand for ores from our prime export market of China. Coupled with these, there were also challenges in terms of internal political pressures faced by our daily operations. We had to take action on certain crucial issues such as cost cutting measures across our activities, but have ensured that employees' job security is not jeopardized at any point in time.

We have come a long way since 1962. From being a core mining company we have diversified our activities into related businesses with a strategic decision to establish a Pellet plant and foray into the Shipping business. We are now well poised to handle the entire supply chain from raw material production to end use, including logistics management. With our diversification and future plans, we felt the need to have an organisational restructuring to better manage our businesses.

This year we produced more than **2.7 MMT** of iron ore

During the year, we produced more than 2.7 MMT of iron ore; majority of which was exported to China with marginal quantities sold in the domestic market. Our devoted efforts in promoting renewable energy continued with investments in clean and green wind energy through our separate wind division. As of today we have an installed capacity of 127.8 MW of wind energy spread across high wind potential states of the country. Apart from wind, we continue to evaluate and analyze our entry to other sources of renewable energy such as hydro, solar etc.

We have today an installed capacity of **127.8 MW** of wind energy



To make sustainability the corner stone of our actions, we have rolled out a comprehensive Sustainability Policy of MSPL Limited this year which underpins our individual policies, standards and targets implemented within the company and one that encompasses triple bottom-line issues.

Our mine has been certified for **ISO 14001:2004** Environmental Management Systems

Being in the business of natural resource extraction, environmental safeguards form the backbone of our vision towards protecting the environment near our operations and is crucial to our sustenance in the long run. Our mine has been certified for ISO 14001:2004 Environmental Management Systems.

Our wastes from mines are systematically managed & disposed

Our ambient air pollution levels are maintained well within limits. We have effective waste management systems in place and our wastes from mines are systematically managed and disposed. We have reduced our water usage over the years within our processing units and have adhered to water discharge parameters as stipulated by the State Pollution Control Board (SPCB). We have over the years been actively following afforestation activities along with measures to curtail soil erosion and run off from the mine area. Being a forerunner in environmental management programs among mining companies, we have taken the lead in addressing environmental issues in common forums such as Federation of Indian Mineral Industries (FIMI) to promote sustainable principles among Indian Mining companies.

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

Our contribution to society dates back to a stage when there were no mandates or pressures in adhering to a formal Corporate Social Responsibility (CSR) structure. Our belief resonates with the vision of our Founder Chairman who believed in inclusive growth and ensuring the health of the communities along side MSPL's growth. His ethos - "I am not the owner of wealth, but a privileged trustee to serve the community with it" continues to motivate us. Following the foot steps of the Founder Chairman, our Chairman & Managing Director firmly believes that commitment from our own management, is essential to embed responsible business practices into the decision making process.

The economic slow down has not deterred us in investing in social causes. We firmly believe that the growth and health of our communities will lead to our own growth and good health.

The societal vision conceived by MSPL is in line with various national and international sustainability agendas such as the Indian Prime Minister's 10 Point Social Charter, United Nations Millennium Development Goals (UNMDG), International Council on Mining and Metal's (ICMM) Sustainable Development Principles and Sustainable Mining Initiative.



We formed 10 new SHGs that were linked to bank for credit facilities

In the current year, we formed 10 new Self Help Groups (SHGs) that were linked to bank for credit facilities. As on 31st March, 2009 we have 45 women SHGs working in various villages for Women Empowerment. This has been a landmark activity that has underlined our efforts to address large number of issues in villages through women, who have the mettle and the strength for change. Also to provide livelihood opportunities we continued our efforts in conducting tailoring classes and providing women with sewing machines for them to pursue income generation activities. So far we have provided 160 sewing machines to women who underwent training in tailoring. We have paid special attention on educating the girl child and to reduce school drop out rates among female children. Our target for the forthcoming year is to re-enroll 100 female students who had earlier dropped out of school.

We have provided 160 sewing machines to women who underwent training in tailoring

We have ensured the development of Hospet town through enhanced infrastructural facilities like road ways, renovation of children's park, provision of advanced play equipment,

We aim to construct 1500 individual household toilets in the forthcoming years

recreational facilities for employees, assisting educational institutions, building bus shelters and greening activities. Also in our efforts to address health and sanitation, we aim to construct 1500 individual household toilets in the forthcoming years.

Our full-fledged Occupational Health Center was renovated and further upgraded with new equipment. We have conducted annual occupational health surveillance for all our employees. We also have a company-wide medical insurance (Medi-claim) policy to cover all employees and their families. Smt. Vasantidevi Baldota Blood Bank, continued to offer its vital services to the people of Hospet and its surrounding region of about 100km.

We strive to strengthen performance across the triple bottom line. We thank our stakeholders for their continued support and cooperation and urge you to be with us in our ever continuing journey of addressing sustainability on all fronts.

Yours truly,

Smt. Vasantidevi Baldota
Blood Bank
caters to Hospet & its surrounding region of about 100kms

Shrenik Kumar N Baldota

We encourage you to reflect on the strengths and weaknesses of this report and send us your valuable feedback and suggestions to: sn.baldota@mspllimited.com

a maze of challenges

Our current year's report depicts the visual theme of a "Maze". This reflects the challenges we faced during the year in terms of economic turbulence and downturn. We see ourselves navigating through this maze, guided by the compass of strategic decisions, actions and diversification, and view it as an apt theme to communicate our commitment to meet challenges head on and find new routes towards a sustainable tomorrow.

The twists, turns and dead ends that we faced during the year have drastically impacted our mining business in terms of lowered demands, lower prices, external competition and unfavourable Governmental attitude. Despite these crucial challenges, we continued with determination to meet our targets and fulfill commitments to our stakeholders. The current year was a



mixed bag where a good first half, was followed by a lean patch in the second half especially with regards to our mining and iron ore business. In light of the current economic situation our challenges are aggravated. The challenges that we face are both internal and external. Internal being the political scenario, policies and barriers to our operations. External being the shrinking of our export market realisation from China and increased competition from Australia and Brazil, along with lowered prices of ores. Indian iron ore prices in the 2nd half of the year have been the lowest thus far. Our strategy has been to focus

We see ourselves navigating through this maze, guided by the compass of strategic decisions, actions and diversification



on pricing to beat competition. We have been able to manage this with our high quality products and low port costs. The major challenge that we face is to determine the correct pricing levels at which we can continue to sustain.

In the past years we have enjoyed peaking growth rates in our mining business. Now is the time for our

Our plans in this phase have been to seek stability and performance through acquisitions and moving to related businesses for our growth and sustenance

company to take stock to figure the best way forward. Our plans in this phase have been to seek stability and performance through acquisitions and moving to related businesses that sustain growth. We are also looking at other countries for export.

Our diversification via the Pellet plant would assist us in continuing the line of process from sourcing raw materials to that of making steel. Our foray into the shipping business, is aimed to strategically venture into related logistics business. MSPL through its subsidiary has invested in procuring four new ships that would be delivered to us in the next two years.



This phase has provided us with opportunities to cut costs and focus on our activities. We have ventured into a process audit that would assist us in optimising cost with increased efficiency of our processes. We have reached a stage, where we are adding more people for the pellet plant. This is a sign of our expanding family. In an attempt to address our diversification and expansion plans, a restructuring process is currently underway.

addressing sustainability

The articulation of our Sustainability Policy is just a start towards a formal, deliberate and coherent approach towards engaging with our stakeholders and working on sustainability issues. We have always emphasised on triple bottom line performance across our operations. The policy is an added driver for us to focus on addressing sustainability at every step and action. The next step is to translate the policy into practice that is inherent in our system of functioning.

We had the privilege of being part of the recently setup Indian Mining Initiative (IMI) which gave us the platform to spearhead the drive to establish its sustainable mining principles, in line with those of the global International Council on Mining and Metals (ICMM), duly dovetailing them to suit national needs and relevance after deliberations with other key Indian mining companies. These efforts will ultimately translate into establishing an Indian Mining Framework.

Being a forerunner in the mining sector in India, we have established internal systems and policies that already address ICMM guiding principles in all our actions. As one of the leaders in the industry, we want to communicate our sustainable commitments and actions to our

stakeholders. We believe that leading by example will motivate other companies to follow suit.

We have taken a number of steps over the years to be environmentally friendly. Vyasankere Iron Ore Mines has their Environmental Management System and Occupational Health and Safety Management System, ISO 14001:2004 and OSHAS 18001:1999 respectively in place. We have developed structured processes to ensure that all potential hazards are considered and preventive measures implemented to ensure safety of employees and the surrounding community. To achieve our vision towards zero waste from our mine, the

materials are dumped at designated dumping areas. The dumps are managed by proper terracing and afforestation. Our zero waste management plan for mining operations is intended to recover 100% of minerals through systematic mining processing and stoking of minerals. Our efforts have been to reduce pollution and environmental impacts in every way while complying with norms and regulations.

We have been actively conducting afforestation activities over the years along with measures to curtail soil erosion and run off from the mine area. The mine is highly mechanized, with very little manual intervention.

We have a Research and Development (R&D) department that constantly endeavours to conserve and utilise low grade waste thus minimising waste



Research and Development (R&D) department constantly endeavours to address issues of waste reduction and discover alternative uses of overburden mine wastes to conserve and utilise low grade waste.

In terms of overburden management plan, which is the main waste generated in mining activity, all the

We have installed a conveyor belt system to transport ore from excavation to points of loading. This has cut down on our use of trucks for transportation thus reducing pollution. We have also taken initiatives to minimise the usage of road transport by shifting over to Rail mode, and would like to see its usage more along with Sea ways in the forthcoming years.

renewable energy

We firmly believe in the fact that we need to invest in renewable sources of energy. Towards this our primary focus has been in wind energy. In our efforts to bring clean wind power to the country, we were recognised by the Ministry of New and Renewable Energy (MNRE)

The Baldota Group's CDM project of 125 MW where MSPL has a lion share of 78.90 MW, was the largest wind power project in the world to be registered as a CDM project



and received the first prize for 'Independent Power Producer' under the Wind Programme (2002-2007). The Baldota Group's 125 MW CDM project in Karnataka, where MSPL had a lion share of 78.90 MW, was the largest wind power project in the world to be registered as a CDM project with the United Nations Frame Work for Convention on Climate Change in September 2006. This has reinforced to our ambition towards investing in



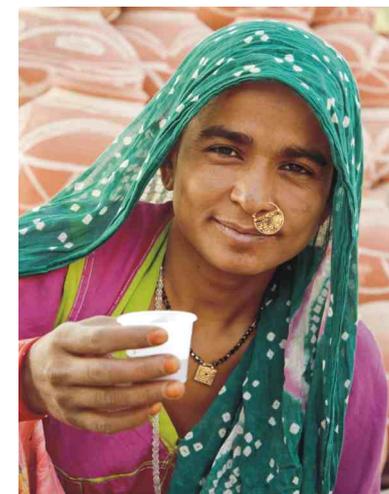
renewable energy and we seek to substantially enhance our investments in wind power.

Though there were no capacity additions in the current year, an additional capacity of 15.2 MW in the Hospet region is being planned in the forthcoming year.

We are also keen on other renewable energy sources like solar and hydro. In the long term we harbour a vision to foray into solar chip manufacturing, which would make this energy source more affordable and prevalent. We are aggressively exploring avenues to enter into the solar market and also in the process of planning a mini hydro power plant in Karnataka in the forthcoming year.

sustainability of our communities

Much before the big talk on Corporate Social Responsibility (CSR), we have been active on this front and we believe in giving back to our society. CSR as a system is only a systematic, consistent, apparent management response to handle social issues that we have mastered in our own ways. Our initiatives have been aligned with national as well global mandates such



as the United Nations Millennium Development Goals (UN MDG) to address issues of eradicating poverty, providing access to basic needs of water, sanitation, healthcare and education. To address the needs of villages and to focus on core areas of our social interventions we have thus far adopted 10 villages, in close proximity to our mines and wind installations.



Women empowerment has always had our special attention. We firmly believe and have come to see that women act as enablers of change and are pillars for sustaining their families and communities at all times. To empower

tailoring classes and donating sewing machines to women. We have paid special attention on educating the girl child and to reduce their school drop out rates. Our target for the

Our initiatives have been aligned with national as well as global mandates such as the United Nations Millennium Development Goals

women our attempt was to form SHGs. With this we have aimed at providing them with financial independence and decision making powers that has automatically translated into uplifting homes and communities. In line with our previous year's efforts on this front, we formed 10 new SHGs this year that were linked to the bank after providing seed funds for credit facilities. This takes the total SHGs formed to 45. To provide livelihood opportunities we continued our efforts in conducting

forthcoming year is to re-enroll 100 female students.

To provide basic access to sanitation facilities, especially to address the needs of women, we have continued our efforts in individual household toilet construction in villages and our commitment is to construct 1500 toilets in the forthcoming years.

Our social contributions towards development have been a conscious attempt to provide infrastructural



We firmly believe and have come to see that women act as enablers of change and are pillars for sustaining their families and communities at all times

facilities to our city of Hospet. These include roads, children's park, and recreational facilities for employees, assisting schools and greening activities. Providing access to healthcare and upgrading healthcare facilities is another area of our attention. We have contributed

towards the upgradation of hospitals and also provided assistance to poor and needy individuals towards healthcare costs.

We remain firmly committed to creating opportunities for our communities, improving their standard of living and making them more self sustainable.

Narendrakumar A. Baldota
Chairman & Managing Director
Baldota Group of Companies

Rahul Kumar N. Baldota
Executive Director
MSPL Limited

Shrenik Kumar N. Baldota
Executive Director
MSPL Limited

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'

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'

The Vision and Mission stand on the pillars of MSPL's

5 CARDINALS

that characterise us as an organisation and the values of our employees.

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

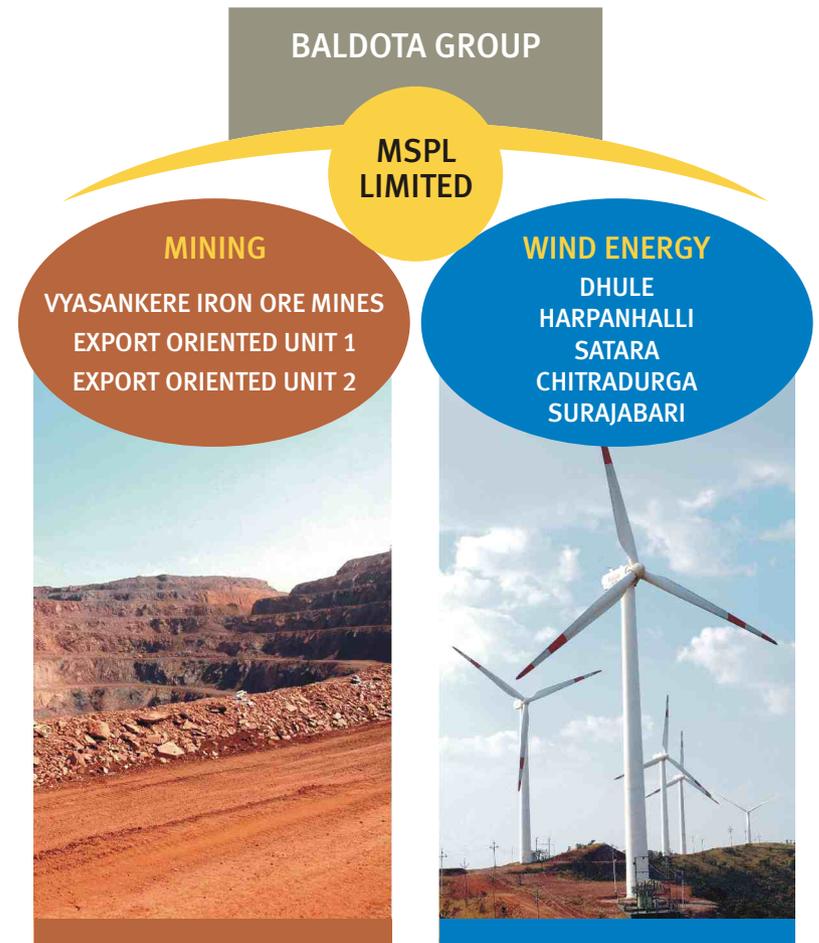
Care

For the community we work in, by taking initiatives that make a real difference at the grass root level in the areas of education, healthcare 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.

company profile



MSPL Limited is a closely held unlisted flagship company of the Baldota Group. We are based in Hospet, Karnataka, India and our principal business domains are iron ore and wind energy.

VIOM

Leased area of 347.22 hectares
Estimated Reserves of 17.98 million tonnes of +64% Fe as on 31st March 2009

Mining Operations are highly mechanised

Extensive afforestation has been carried out over 1.7 million trees

Modern overburden management systems

Elaborate network of check dams and gully plugs to control run off

Established air and noise pollution management system

ore excavation

check dams & gully plugs

afforestation

overburden management

EOU 1

Export Oriented Unit 1
Processes Iron Ore excavated from VIOM
Products are classified in terms of size and Fe content

truck transport & hopper

storage

crushing & screening

classification

waste management

EOU 2

Export Oriented Unit 2
processes Iron Ore Excavated from mines leased/operated by other companies of the Baldota Group

Raw ore from various mines are tested and blended prior to processing

Beneficiation is carried out for upgrading Fe content

truck transport from other mines

storage

crushing & screening

classification, beneficiation & thickening

tailings & other waste management

LOGISTICS

Our EOUs have rail sidings from where products are transported

The bulk of our products are exported to China via ocean freight from ports of India

major products:
lumps, fines & concentrate
63.5% - 66% Fe grades

rail transport

ocean shipment

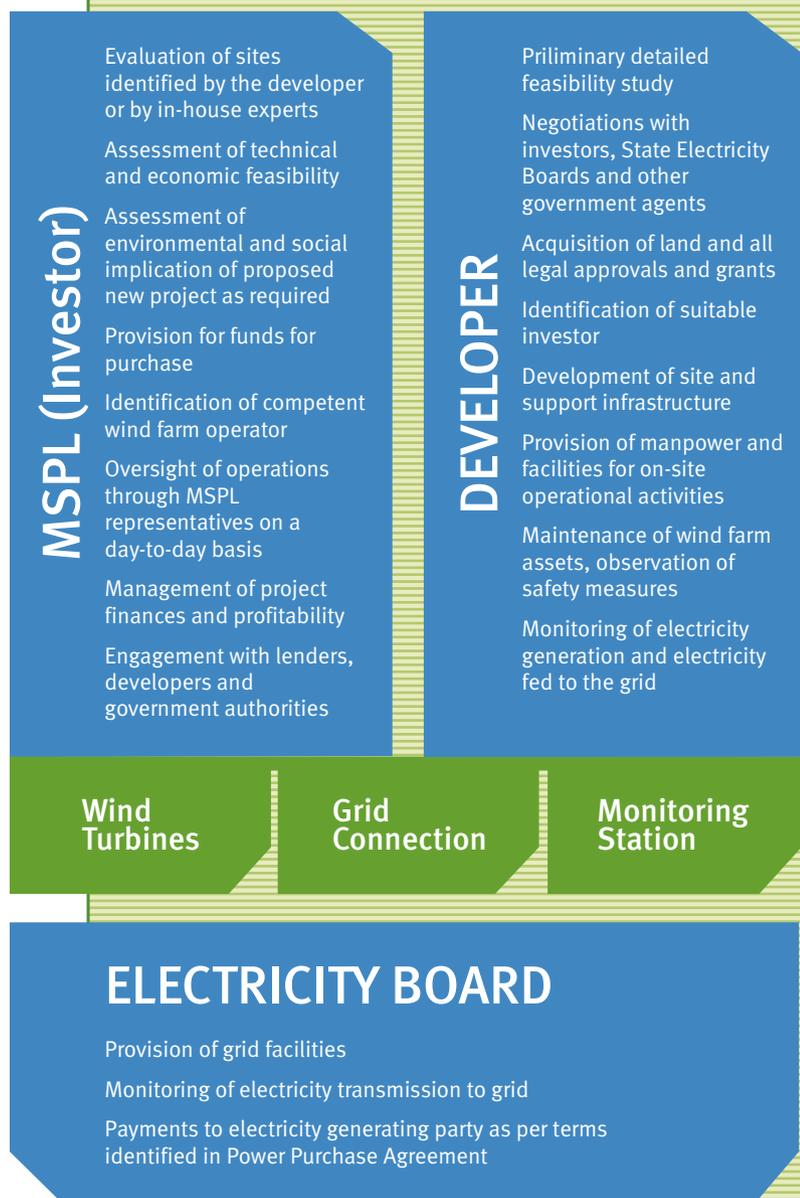
mining business operational overview



MSPL is one of India's leading private sector iron ore mining and exporting companies and is actively involved in mining, processing, trading and exporting of iron ore. China is the principal market for our products. MSPL operates the Vyasankere Iron Ore Mines (VIOM) and two Export Oriented Units (EOUs) that process and dispatch products from VIOM and other mining companies.

Strategic investments over the past decade in wind farms have given MSPL a significant presence across some of the best wind regimes in India. We are one of the largest private sector investors in wind energy. Our wind farms at the districts of Davengere, Bellary, Chitradurga, Dhule, Satara and Kutch districts are located in the Indian states of Karnataka, Gujarat and Maharashtra.





MSPL has been in the wind energy business for nearly a decade. The case for wind energy was clear: resource conservation, pollution abatement and the resultant climate change mitigation and these have made renewables a necessary component of any future energy scenario. Moreover, wind energy at that time, was relatively more attractive in the Indian market as compared with other renewable energy options. The wind energy business fit perfectly in to MSPL and the Baldota Group's principles of environmental responsibility.

The early start has given us access to some of the best sites in premium wind regimes in India. Our hands on approach to this business domain and the wealth of experience thus gained has given us a complete understanding of the nuances of this business, the peculiarities of operating in the Indian market and the implications of operations across different states and the pros and cons of working with different wind farm developers and operators. Today, we are recognised among the most reputed wind energy investors in India and have achieved numerous awards for our contributions to this industry.

The emphasis we placed on our wind business and its professionals has helped us bring a wealth of experience to all dealings with site developers and operators. Leveraging this in-house technical competence, we have carried out independent site assessment and feasibility studies. Based on the results of these assessments, we will go ahead with plans to expand our wind presence in India.

In the current year, there were no capacity additions by MSPL. However, projects that had already initiated such as the 15.20 MW capacity addition in Hospet, are well underway. We expect that this farm will be commissioned in the forthcoming year.

Nevertheless, we are committed to our target of 400 MW of installed wind energy capacity by 2012 for the Baldota Group.

Our wind energy business is our most significant and important contribution to the climate change mitigation effort. In the coming years, we plan to complement wind energy with other alternative sources of energy such as solar and hydro power as well.



awards & accolades

We have received various accolades and recognitions for our contribution in the field of mining, corporate social responsibility and renewable energy business during FY 2008-09:

lifetime achievement award



“Lifetime Achievement Award” by the Federation of Indian Export Organisations (FIEO), New Delhi, was presented to our Chairman & Managing Director, Mr. Narendrakumar A. Baldota, by the President of India, Mrs. Pratibha D. Patil. The award is testament to his outstanding contributions to the field of business and for being an inspiration for excellence

three star export house certificate

“Three Star Export House” Certificate from the Ministry of Commerce. The status certificate was issued as per the Foreign Trade Policy 2004-09. The certificate, with a validity of five years, underscores MSPL's contribution to the Nation's exchequer

golden award-corporate collaterals

Our Corporate Sustainability Report 2006-07 received the “Golden Award” under the Corporate Collaterals category from the Public Relations Council of India (PRCI)

chanakya award for corporate governance



“Chanakya Award for Corporate Governance” was presented to MSPL by the Public Relations Council of India (PRCI)

special recognition

Our in-house Journal – “Minds and Mettle” received special recognition under the Corporate Collaterals category by the Public Relations Council of India (PRCI)

top export award - CAPEXIL



CAPEXIL's Top Export Award, 2008-2009 and Special Export Award every year since 1999



BALDOTA

MSPL LIMITED

www.mspllimited.com



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embedding sustainability

release of sustainability policy

The concept of sustainability is the keystone of our vision and business activities. In our first report, we shared our views on Quality, Environment and Health & Safety and how we were putting these in to practice. Last year, we provided disclosure on the progressive deployment of the Human Rights policy at MSPL and the steps that had been undertaken towards implementation of and dissemination of the policy. The principles and ideas that are enshrined in each of these individual policies are simply facets of the wide concept that is sustainability. The development, declaration of the policies and the evolution of our business and our understanding of it, has prompted us to explicitly articulate our views, as an organisation, on sustainability. To this end, MSPL deliberated on and devised a Sustainability Policy during the reporting period.

The policy has been developed keeping in mind principal stakeholders, all material parameters, the sustainability and development context of MSPL and the regions in which it operates in addition to the aspirations of the company.

The policy is also aligned with our 5 Cardinal Cs - Creativity, Commitment, Concern, Care and Core Values

Our Sustainability Policy identifies all stakeholders that we consider as significantly associated with our business activities and it clearly articulates our stance on issues that are relevant to our business and the communities within which we operate. The policy is also aligned with our 5 Cardinal Cs - Creativity, Commitment, Concern, Care and Core Values.

The policy is designed to be both, purposeful and relevant. It is purposeful by unambiguously enunciating our point of view on the most relevant matters of business continuity - corporate governance; the core values that reinforce our operational attributes; sustainable development through environmental, social and economic performance controls; mitigation of climate change through renewable energy; biodiversity protection; health, safety and human rights of direct and indirect employees and; our role in developing the communities that we operate in. It is also designed to be broad enough to cater to the diverse sustainability contexts that are a derivative of MSPL's dynamic business profile.

The policy is the very essence of MSPL and what we endeavour to be.

MSPL sustainability policy

At MSPL, we combine human ingenuity and natural resources for the benefit of our current and future stakeholders. This is our core contribution to a more sustainable society. We believe that following sustainable development principles makes good business sense and are therefore committed to achieving economic, environmental and social objectives associated with these principles.

Our Sustainability Policy framework is underpinned by individual policies, standards and targets implemented within MSPL encompassing triple bottom line issues. These are material to our business, shareholders, lenders, employees, customers, suppliers communities, and regulatory authorities and also extend to respecting the needs of future generations. Towards this extent, we outline our approach relevant to MSPL's areas of operation.

- 1 We are committed to achieving highest level of corporate governance standards, integral to our activities and processes, by following our cardinal guiding principles of creativity, commitment, concern, care and core values.
- 2 We aim to operate at all times in a way that embodies our values of being reliable, responsive, straightforward and understanding.
- 3 We are committed to sustainable development and aim to monitor our environmental, social and economic performance and minimise the impact of all our operations.
- 4 We are committed to the continued generation of renewable energy, to proactively engage in addressing climate change and preserving biodiversity.

- 5 We seek to conduct and grow our business in a responsible and profitable manner, while delivering value to all our stakeholders especially our shareholders.
- 6 For our direct and indirect employees we endeavor to adhere to the highest norms of health & safety and human rights across our operations.
- 7 We believe we have a positive role to play for our communities contributing towards their various needs and concerns including local employment, health, sanitation, education, and livelihoods.
- 8 We will aim to ensure that our contractors and suppliers also observe regulatory and human rights obligations.

At MSPL, we recognise the need to communicate our sustainability challenges and achievements to our stakeholders. We will strive for credible reporting systems and encourage open dialogue with our stakeholders for enhanced transparency. In implementing this sustainability policy we shall engage our stakeholders for sharing the responsibility of upkeep of our sustainability commitments.

This policy will be reviewed at appropriate intervals and updated as and when necessary to adequately reflect the current context of sustainable development within our sphere of influence.

March 20, 2009

MSPL Limited

Drive policy into practice

International Council on Mining and Metals (ICMM) Sustainable Development Framework Principle 02: Integrate sustainable development considerations within the corporate decision making process

Since our inception, we have made efforts to emphasise triple bottom line performance across our operations. Through our previous sustainability reports, the reader would be aware and informed that MSPL is a forerunner to the concepts of sustainability and has consistently worked to ensure the implementation of sustainable business practices.



MSPL is a forerunner to the concepts of sustainability and has consistently worked to ensure the implementation of sustainable business practices

The declaration of the Sustainability Policy represents the beginning of a more formal, deliberate and coherent approach towards engaging with the stakeholders and working on sustainability issues that are most material to us.

It is the first step in setting ourselves clear targets and goals, articulating our commitments and delineating areas for continual improvement. Following the release of the Sustainability Policy, we will define the most material parameters that are associated with tenets of sustainability identified in the policy and set up mechanisms to periodically measure performance (in case these do not already exist). Targets or benchmarks across business units will be set for continual improvement.

Performance against these indicators will be disclosed in a transparent manner utilising a balanced score card approach in subsequent reports.

The declaration of this policy is also significant in terms of the influence, it will have on our stakeholders. The next action for us is to share the detailed policy with our stakeholders so that they are encouraged to partner and assist us in achieving our targets and set goals through a process of mutual cooperation and constant learning. MSPL's Sustainability Policy holds great importance and promise on account of the proliferation of its essence, recognition of its vitality and the development of methods to improve sustainability performance.

FIMI and sustainability in the mining industry

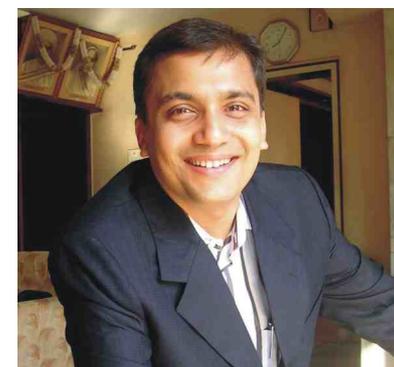
International Council on Mining and Metals (ICMM) Sustainable Development Framework Principle 1: Implement and maintain ethical business practices & sound systems of corporate governance

The Federation of Indian Minerals Industry (FIMI) is a forum where members can deliberate and work together on matters of significance to the industry. A number of heads of the major mineral companies of India are members of the highest decision making committee at FIMI.

MSPL has been an active member of FIMI as we have always believed that the Indian minerals industry would significantly benefit from partnership and co-operation that it has historically lacked. Moreover, through collective actions, much can be achieved in terms of shared best practices, stronger industry lobby in government decisions and many others.

Our Executive Director, Mr. Rahul Kumar N. Baldota, is the present President of the Federation. His tenure as the Chairman has seen the issue of sustainability gain greater importance at FIMI.

In the reporting period, members of FIMI, with the help of specially appointed industry and subject experts, tabled a proposal to FIMI to shape and implement a sustainability framework and a set of key process guidelines for the Indian mining industry. Modelled on the ICMM Sustainable Development Framework Principles, the FIMI framework included principles associated with business ethics, corporate governance, incorporation of sustainable



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The FIMI recognises the need for integration of sustainable practices as necessary across the Indian mining industry. To this end, over the past year, we have taken concrete action towards developing a Sustainability Framework and a set of associated Guidelines for the Indian mining industry

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Rahul Kumar N. Baldota
Executive Director - MSPL Limited
President - FIMI

development principles at the highest level of decision-making, human rights, risk management strategies, health & safety, biodiversity & land management, community development and transparent engagement. The guidelines pertained to the process through which the framework may be deployed across mining operations in India. By virtue of our experience of integrating sustainable and responsible practices in our business, MSPL has played a constructive role in developing the framework and the guideline by providing inputs on how to tailor make the policy to suit the needs and circumstances of the fragmented Indian mining industry.

For far too long the Indian mining industry as a whole, has been tainted with a single brush and associated with poor environmental and social credentials due to the malpractices of some small mining entities. It is expected that the Sustainable Development Framework and its key



MSPL has been an active member of FIMI as we have always believed that the Indian minerals industry would significantly benefit from partnership and co-operation that it has historically lacked.

process guidelines for the Indian mining industry are agreed upon soon and will be embraced by the entire industry. This step is the first among the other significant steps taken towards the elimination of the stigma associated with the mining industry.

MSPL would be glad to play a leading role in demonstrating how the framework principles and guidelines can be put into practice and progress on performance shared with stakeholders. In fact, this report references the ICMM Sustainable Development Framework Principles in an effort to demonstrate the initiatives that a company may take and practices that it may adopt, in order to meet both, the letter and the spirit of the FIMI sustainable development framework. Through such industry efforts, MSPL believes that it can play a role in advocating and facilitating a change in the outlook of the industry and its stakeholders towards sustainability performance.

sustainability of our wind farms



Operation and Maintenance (O&M) of wind farms is usually an activity carried out by site developers. Private developers are essentially suppliers of wind turbines who take an O&M contract to maintain machines of project proponents over the project life time. We have sourced our wind mills from reputed global/national suppliers such as Suzlon Energy Limited, Vestas Wind Technology and RRB Energy Limited. These companies have been in the wind energy business for decades and are also our O&M contractors for respective machines at different wind farms.

As companies of global repute, our O&M contractors adhere to international best practices / policies. They are ISO-9000 and ISO-14000 certified and follow strict norms, documentation processes and continuously upgrade their products, services and practices.

Their trained and qualified professionals take complete

responsibility in terms of attending to routine checks, maintenance, repairs, calibration of meters, data logging and data reporting on a daily basis. In terms of actual working and generation, daily data generation is automated, compiled at the Central Monitoring System of the wind farm by O&M contractors and is sent to us on a daily basis.

We have also recruited around 13 dedicated staff who are stationed at some of our larger wind farm sites. They function at the levels of manager liaison, site engineer, office representative, senior manager, senior engineer and technicians. MSPL staff at the wind sites takes care of our wind installations and works in close coordination with the contractors to ensure the proper functioning and generation of electricity.

We remain firmly committed towards generating renewable energy through wind power and adopting sustainability at every level.

Daily generation data is automated, compiled at the Central Monitoring System of the wind farm by O&M contractors and is sent to us on a daily basis



targeting global benchmarks: embracing the IFC standards

The wind farm projects that we invest in are capital intensive in nature and have high up-front costs. It is therefore prudent to secure funding for these projects from reliable and reputable lenders. The International Finance Corporation (IFC) is an ideal case in point. As a member of the World Bank Group, IFC is committed to fostering sustainable economic development in developing countries through the judicious finance of private sector investments. In fact, what differentiates IFC from other lenders is its emphasis on sustainability.

Due to this commitment to sustainability, the IFC mandates its funding beneficiaries to adhere to the rigorous world-class environmental and social standards. For many companies, the stringent requirements of meeting performance standards on Environmental Health & Safety set by the IFC act as a deterrent. Whilst considering potential lenders for one of our large wind farms in Gujarat, MSPL identified the IFC as a suitable lender.

We have hired external advisors to help identify and implement programs to meet the IFC standards. IFC itself has carried out exhaustive physical assessments on a



IFC mandates its funding beneficiaries to adhere to the rigorous world-class environmental and social standards

set of MSPL as well as the operation of its sister company. Satisfied with our performance, the IFC has disbursed the first tranche of funds for this multi-million dollar project.

The following table identifies MSPL's characteristics that respond and help meet the IFC's Performance Standards on Environmental and Social performance. Also listed are the opportunities for improvement that were identified through the reviews conducted by the IFC and external advisors. We are actively working towards bridging these gaps.

One of the suggestions that the IFC has put forth is the conduct of environmental and social impact assessment at our wind farms. Wind farms in India legally do not require environmental or social impact assessments. However, we recognise that such an assessment would not only help in meeting the IFC's conditions, but will prove to be a learning opportunity for us and other wind investors in India to better understand the environmental and social implications of wind farm development in India.

IFC has also carried out exhaustive physical assessments on a sample set of MSPL as well as its sister company's operations.

“

We were aware of the stringent environmental and social standard that the IFC required from clients to whom it lent. However, we considered the imposition of these requirements on our Company as not just an opportunity to benchmark ourselves against globally regarded environmental and social standards, but also to seek out new ways of improving our triple bottom line performance

”

Srikar S. Bhattbhatt
Vice President - Corporate Affairs
& Company Secretary
MSPL Limited

IFC Performance Standard on Social and Environmental Sustainability

Major MSPL characteristics: systems, activities, processes and standards

PS1

Social and Environmental Assessment and Management Systems

An Environmental Impact Assessment (EIA) covering MSPL's mining operations has been carried out by external agencies. This includes risks and impacts of inter alia, ambient air quality, water quality, water use, noise control, ground vibration control, solid quality, biodiversity and socio-economic aspects.

MSPL's mine - VIOM - has established certified Environmental and Operations Health and Safety Standards: ISO 14001 and OHSAS 18001 that are periodically audited by reputed external certification agencies.

A mine closure plan has been developed and submitted to the Indian Bureau of Mines (IBM).

The Corporate Social Responsibility Team headed by an Assistant General Manager (AGM) consults with local community members and attends to their grievances.

PS2

Labour and Working Engagements

A comprehensive Human Resources (HR) Manual that is applicable to all our employees, comprehensively covers aspects related to recruitment, issuance of identification cards, personal protective equipment, reporting on work departure, leave, over-time conditions, attendance, absenteeism, medical examinations, accidents, superannuation, grievance procedure, discharge/dismissal, gifts, gratification, tips, misconduct, procedures of dealing with misconduct, code of conduct, sexual harassment, punishment, redressal of employee grievances against unfair treatment, notices, service certificates, date of payment of wages, deduction of fines and the display of the HR Manual.

MSPL employees may also make use of the Open Door Policy at the organisation and directly speak with the Chairman and Managing Director (CMD) regarding any serious grievances they might have.

PS3

Pollution Prevention and Abatement

MSPL's operations are in full compliance with the Pollution Control norms set by the State Pollution Control Board (PCB).

MSPL has established and manages environmental impacts through its ISO 14001 Standard certified Environmental Management System (EMS).

Key elements of pollution prevention, abatement and monitoring include:

Air emission controls and monitoring systems • Effective overburden management processes • Network of check dams and gully plugs • Waste segregation at operations and disposal through PCB approved parties.

IFC Performance Standard on Social and Environmental Sustainability

Major MSPL characteristics: systems, activities, processes and standards

PS4

Community Health, Safety and Security

Health and Safety Impacts of our operations on communities is limited through the establishment of effective pollution control and avoidance systems as described in Performance Standard 3.

Explosives and hazardous materials are stored and maintained separately within the mine lease area.

Safety and emergency preparedness systems have been put in place and are periodically reviewed.

PS5

Land Acquisition and Involuntary Resettlement

MSPL's operations have not involved the disturbance or resettlement of any communities. Land acquisitions have generally been made in forest areas through permission from the Department of Forests and other Government agencies.

PS6

Biodiversity Conservation and Sustainable Natural Resource Management

Our open cast mining operations have involved the removal of sparse forest cover in mining areas.

Extensive afforestation activities are carried out in areas within the lease.

Compensatory reforestation is carried out by the Forest Department, funding for which is provided by MSPL on a mutually agreed basis.

Incident introduction of invasive species during afforestation is avoided. Species provided by the Forest Department are used in afforestation.

Our wind operations involve limited loss of forest cover. Our wind project developers also undertake afforestation activities.

PS7

Indigenous People

The sites where we operate have not had settlements of indigenous people.

PS8

Cultural Heritage

None of the sites at which we operate in are declared as being of cultural heritage.

Improvement Opportunities:

MSPL is considering to go beyond legal requirements and conducting exhaustive environmental and social impact assessments at our major wind farm locations.

We are also evaluating the need for conducting a more detailed community assessment study to further understand potential impacts and risks, if any, to communities that are within the regions in which we operate.

MSPL has deployed a Human Rights Policy.

governance and accountability

board structure, committees and responsibility

Authority goes hand in hand with responsibility and accountability. At MSPL, we have had a long tradition of enmeshing authority with accountability. To this effect, the Board assumes a paramount role in the organisation. Its key functions are to provide strategic direction and insight to MSPL.

MSPL's Board is led by the Chairman & Managing Director. The Board composition is unchanged since the previous reporting period and comprises seasoned industry veterans and dynamic business leaders. It includes three independent Non-Executive Directors.

Mr. Narendrakumar A. Baldota ▶ Chairman & Managing Director

Mr. Rahul Kumar N. Baldota ▶ Executive Director

Mr. Shrenik Kumar N. Baldota ▶ Executive Director

Independent Non-Executive Director

Mr. A.R. Barwe ▶ Chairman-Audit Committee

Mr. R.H. Sawkar ▶ Chairman-Remuneration Committee

Mr. M. Ravindra ▶ Chairman-Security Transfer & Investors Grievance Committee

Committee of Directors

Mr. Narendrakumar A Baldota
(Chairman)

Mr. Rahul Kumar N Baldota

Mr. Shrenik Kumar N. Baldota

Deliberation on and resolution of material issues of the Company. Directors of strategic investments within the investments guidelines established by the Board.

Audit Committee

Mr. A.R. Barwe (Chairman)

Mr. Shrenik Kumar N. Baldota

Mr. R.H. Sawkar

Mr. M. Ravindra

Review of internal checks and balances as well as internal audits. Determination of audit findings. Oversight of financial records and disclosure.

Remuneration Committee

Mr. R.H. Sawkar (Chairman)

Mr. M. Ravindra

Mr. A.R. Barwe

Review of Executive Director Performance and determination of their salaries.

Security Transfer and investors grievance Committee

Mr. M Ravindra (Chairman)

Mr. Rahul Kumar N. Baldota

Mr. Shrenik Kumar N. Baldota

Handling of Investors grievances. Oversight of securities transfer.

International Council on Mining and Metals (ICMM) Sustainable Development Framework Principle 1: Implement and maintain ethical business practices and sound systems of corporate governance



For the past few years, the high demand and supply situation in the iron and steel industry resulted in windfall benefits for the iron ore mining business. During this period, MSPL's Board provided directions and insight to our executive functionaries to maximise shareholder value and ride the economic boom, whilst maintaining absolute regulatory discipline and standards of social accountability.

Issues related to social development and environmental responsibility are within the ambit of MSPL's Sustainability Governance system

During the year the global slump has significantly affected the minerals industry. In this radically altered scenario the focus of the Board and its supporting committees has shifted to minimising the impact on MSPL by directing the organisation's efforts towards greater optimisation, maximisation of business relations and trust developed in customers toward securing best possible contracts and prices.

Notwithstanding the economic downturn, our community development program and environmental stewardship efforts continue to be accorded due importance and consideration by the Board. Issues related to social development and environmental responsibility are within the ambit of MSPL's Sustainability Governance system that is headed by the Chairman & Managing Director. At the heart of our system for the Governance of Sustainability is the Corporate Sustainability Committee that consists of a cross section of dedicated experts and members of the various departments of the Company.

[Please visit our website www.mspllimited.com and refer to Society Management Approach Section in Sustainability Report 2007-08 for a detailed discussion on the operations and functions of the Sustainability Committee.]

In the recent past there have been instances where the senior most governing bodies of some of the corporate houses have failed the litmus test of accountability. This leads to a complete lack of confidence among stakeholders.

Authority continues to be linked with an equal or greater proportion of accountability and responsibility at MSPL. We have applied greater focus

MSPL continues to accord the significant importance to ethical and transparent Corporate Governance.

on the Board's roles and responsibilities and continue to accord significant importance to ethical and transparent Corporate Governance. As reported in the previous year, we have incorporated good standards of Corporate Governance and are guided by our 5 Cardinal Cs as well as our vision and mission statements. The Code of Conduct, to which all members of the Board and Senior Management need to comply with, clearly articulates the values that must be necessarily incorporated in their professional activities and the decisions that they make.



Even though MSPL is not a listed company and is not bound by the requirements of clause 49 of Listing Agreement, it has voluntarily embraced corporate governance requirements as mandated under Listing Agreement. MSPL's corporate governance framework has been developed in accordance with clause 49 of the Listing Agreement and this shows our sincere commitment to follow good corporate governance practices. The internal Audit Committee ensures that all applicable laws and provisions are complied with.

Through these memberships, we play a constructive role in strengthening the respective industries through the exchange of global best practices

industry association memberships

We continue to have a presence on some of the major business associations that are relevant to our business and industries. The Federation of Indian Mineral Industry (FIMI) and the Indian Wind Power Association (IWPA) are the premier industry associations pertaining to the mining and wind energy industries in India. We are represented at the highest levels at both these industry associations.

Mr. Rahul Kumar N. Baldota our Executive Director is the President of FIMI and Mr. Shrenik Kumar N. Baldota our Executive Director is the Vice-Chairman of the IWPA. Through these memberships, we play a constructive role in strengthening the respective industries through lobbying and through the exchange and introduction of global best practices in terms of operational, economic, social and environmental performance. The FIMI is currently in advanced stages of formalising an India specific Sustainability Framework and Key Process Guidelines for the mining industries.

[Please refer "FIMI and Sustainability in the Mining Industry" in the Embedding Sustainability section of this report for a detailed discussion on this]

industry associations memberships:

1 Mining Engineers Association of India (MEAI)

2 Federation of Indian Mineral Industry (FIMI)

3 Indian Wind Power Association (IWPA)

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

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

6 Chemicals & Allied Products Export Promotion Council (CAPEXIL)

7 Council for Fair Business Practices

8 Karnataka State Council Membership

9 Mines Safety Association Karnataka

Business & Community Foundation (BCF)

In addition to the membership of associations, we have also become a member of the Business and Community Foundation (BCF), India in the reporting year. For over a decade, the BCF has been working towards bringing Corporate Responsibility to the centre stage within its activities and has been operating at the interface between communities, NGOs, state actors and businesses. Its focus areas are health, education, empowerment, livelihoods, marketing linkages and information.

Apart from providing guidance & expertise, the BCF will provide us with a forum to learn from practices and activities of other business enterprises in the social sphere as well as to contribute our experiences



among members and associated agencies. MSPL's primary focus areas: education, health & sanitation and women empowerment fit well with BCF's areas of expertise and activism. We believe that this partnership with the BCF will help us further strengthen our community programs and share our message to other business enterprises on the rationale for engaging in social development. The furtherance of effective community development and empowerment is not just a motivation, but also the goal of our partnership with the BCF.

MSPL's primary focus areas: education, health & sanitation and women empowerment fit well with BCF's areas of expertise and activism.

stakeholder engagement and issue identification



MSPL believes in transparency, disclosure, ethical business practices and equitable treatment to all the stakeholders.

In our previous sustainability report, we discussed the initial progress we had made since 2006-07 in terms of identifying and categorising stakeholders we engage with. More recently we initiated a holistic assessment of our stakeholder activities and are formally identifying the issues most material to MSPL.

This year marks a step ahead in our efforts. Through reviews and discussions with employees of the organisation who are in regular contact with various stakeholders, we have refined and broadened the scope

of stakeholders and their respective issues.

Lenders constitute an important stakeholder group that we have interacted with but not formally identified as a stakeholder in previous reports. The International Finance Corporation is a major stakeholder in this category.

[Please refer "Targetting Global Benchmarks: Embracing the IFC Standards" in the Embedding Sustainability section of this report for a more elaborate discussion on our engagement with IFC.]

Government has been categorised under Regulatory Authorities so as to include the various government bodies and agencies that we interact with and influence our business.

This year marks a step ahead in our efforts towards stakeholder identification and categorisation of issues that are of most relevance to both the stakeholder and MSPL.

The issues identified are a combination of matters of importance identified and disclosed in the previous reports as well as new issues that have arisen out of further interaction with stakeholders.

Employees	Suppliers	Customers
<ul style="list-style-type: none"> Attracting & retention of talent Dynamic work environment that fosters career development Improved educational and recreational facilities in Hospet 	<ul style="list-style-type: none"> Timely delivery of goods and services Re-assessment of vendor contracts to assess opportunities for cost reduction Supplier sustainability performance 	<ul style="list-style-type: none"> Product quality and timely delivery Customer grievance handling Renegotiation of contracts Diversification of customer base and identification of quality customers in India
Local Community	Regulatory Authorities	Lenders
<ul style="list-style-type: none"> Generation of employment opportunities Provision of health and sanitation facilities Women's empowerment Access to education; upgrading of educational facilities 	<ul style="list-style-type: none"> Efforts towards streamlined and pragmatic mining policies Provision of need-based support to government bodies Compliance with dynamic regulatory norms 	<ul style="list-style-type: none"> Implementation of world-class sustainability standards across operations Credit worthiness

Material issues were identified through a series of discussions with personnel across various levels of the organisation, with a focus on senior most management. The issues identified emerged from the confluence of stakeholder related issues as well as matters that are central to MSPL's business and thus, sustainability context.

We consider regular interaction the most effective method of engagement and we engage with a majority of the stakeholders identified, on a continuous basis. For example, MSPL's Corporate Social Responsibility employees are in regular contact with community members in the areas in which we operate. Similarly, we interact with customers on an ongoing basis, with the levels and frequency of engagement varying with the need and importance of the interaction.

Formal stakeholder feedback exercises are carried out for different stakeholders periodically. In the forthcoming year, we plan to conduct a formal employee satisfaction exercise in order to understand the current interests, needs, demands and aspirations of our employees.

The outcome of these thought provoking exercises has resulted in a mix of issues that vary from issues that have resulted from a current or prevalent scenario to those that are inherently related to our business, regardless of external changes.

Moreover, the four broad chapters: Crisis or Opportunity? Shaping MSPL, Embedding Sustainability, People Development and Environmental Stewardship are the broad aspects that include and detail sustainability issues, material to MSPL.

Progress on areas that were identified for immediate action in our previous report:	
Provision of drinking water	<input checked="" type="checkbox"/>
Promotion of health and sanitation	<input checked="" type="checkbox"/>
Provision for improved medical facilities by providing mobile medical vans and increasing the availability of doctors in each village	<input type="checkbox"/>
Construction of a new hospital	<input type="checkbox"/>
Induction and training for teachers to have competency in computers to increase computer literacy	<input checked="" type="checkbox"/>
Construction of bus shelters	<input checked="" type="checkbox"/>
Assistance in development of roads	<input checked="" type="checkbox"/>
Improvement in entertainment facilities for employees	<input checked="" type="checkbox"/>
Improvement of educational facilities in Hospet including building of a new school	In Progress
Close cooperation with Government departments	<input checked="" type="checkbox"/>
Interaction with customers to assess customer satisfaction	<input checked="" type="checkbox"/>







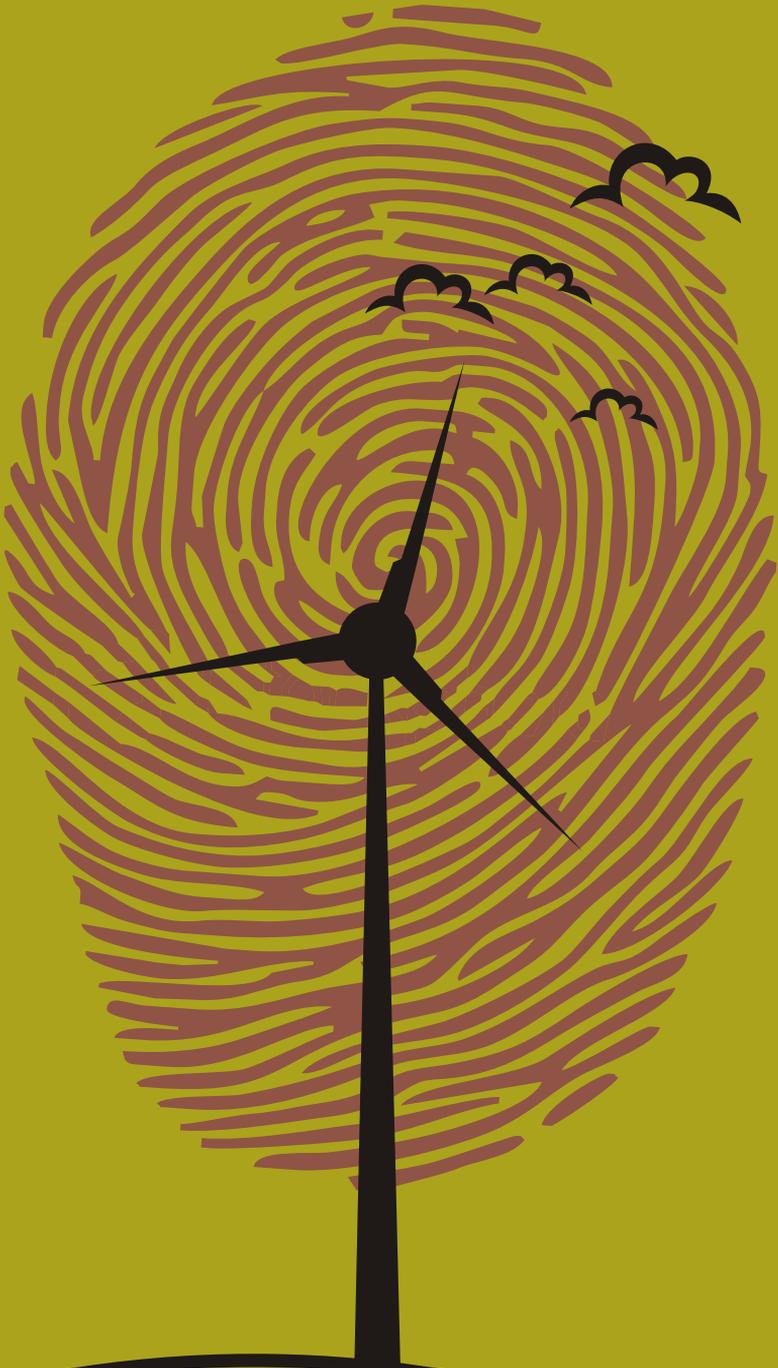




BALDOTA

MSPL LIMITED

www.mspllimited.com



ECONOMIC BOTTOMLINE

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introduction

The world is going through testing times. The global economic crisis has thrown a unique set of challenges and opportunities at us. We took a hit as the turnover of the Company dropped by 30.8% to INR 17,395.3 Million as compared to INR 25,166.5 Million last year. This was the direct consequence of fall in both volume by 17.89% and lower realisation by 17.14% in terms of FOB year on year. The trigger for this was the downturn in the commodity sector during the later half of the year.

The changing economic scenario and the circumstances that we are in, play a role in shaping our actions and the manner in which we operate. However, at MSPL, we have also developed and are deploying our own long-term plans that we are committed to with suitable modifications. We are moving in to new businesses and bringing about systemic changes within the organisation.

This chapter presents two major sections: the implications of the global economic crisis and other prevailing

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2008-09 has been a mixed year for MSPL. The first six months alone were robust. Overall it has been more negative than positive
”

Rahul Kumar N. Baldota
*Executive Director
MSPL Limited*

external factors that represent the change through which MSPL is to sustain itself. It also showcases the progress on the changes that are being introduced through various programs at MSPL, in order to achieve our goals and long term plans.

management approach



Our business strategy and core decisions focus on responsibly increasing profit margins and thus maximising our ability to generate and redistribute wealth among those responsible for its creation. The bulk of our workforce is recruited locally; these employees have their roots in the local region and are also aware of grass-roots issues and local conditions. This plays a very important part in smooth and successful operations. We are developing an alternative energy strategy and aggressively pursuing renewable energy options as a source of regular and secure income as well as a means of contributing to the global effort towards mitigating climate change.

product responsibility

We ensure that our products and services are in compliance with all applicable legal requirements of the markets we are present in. In the minerals business, a product's environmental performance is primarily linked to natural resource conservation. To this end, we have an established R&D program that also leverages on external expertise, which is aimed at maximising resource productivity.

In the reporting period, there were no significant incidents of non-compliance with regulations and voluntary codes concerning the product & service information and labeling.

economic crisis or opportunity? shaping MSPL

risk & impact

the unfolding crisis and its effects on the mining industry

The financial services turmoil and the bursting of the credit bubble last year, has had a ripple effect leading to major repercussions across the globe. The past year has seen the world economy being suddenly thrust in to a state of turmoil.



Among a number of alarmist forecasts and predictions coming in from various quarters, the widely respected International Monetary Fund (IMF), has revised its forecast down significantly and now expects the world economy to grow on average by only 0.5% in 2009. It has further estimated that growth in emerging economies will slow to an average of 3.3% in the same year. The scale of the crisis, in terms of its depth and breadth, and the nature of its impact on inter alia, development and employment has made it an extraordinary event. Uncertainties regarding the trend, rate and timing of the recovery abound. The forecast for the mining industry in the backdrop of

IMF has revised its forecast down significantly and now expects the world economy to grow on average by only 0.5% in 2009

the ongoing crisis is grim. The Fraser Institute's Survey of Mining Companies: 2008-09 reported that the majority of mining executives believed that 30% of exploration companies would go out of business.

The present day fundamentals are not strong – the mining industry ultimately caters to the needs of primarily, the automobile and consumer goods industry - both of which have been badly hit. The largest segment of the mining and metal industry - the iron and steel segment that accounts for over 60% of the industry's market value, has been strongly impacted. The iron and steel industry is also MSPL's principal customer. The challenge for our industry is thus, to sustain through the change that's swept the world economy; the companies that are able to dig deep and unearth latent value will emerge from it stronger.

So far, the typical industry response has been to adopt levels of production (to bring production in line with demand) as well as to trim costs through cutting back on capital expansions and reducing employee costs through salary cuts and downsizing. Among the most significant fall outs of the economic

The largest segment of the mining and metal industry - the iron and steel segment that accounts for over 60% of the industry's market value, has been strongly impacted

crisis impacts on the mining business has been the loss of thousands of livelihoods across major mining regions, the world over.



“
Employees are integral to our Company. Our people have been with us through good and bad days. We intend to retain our people

”
Narendrakumar A. Baldota
*Chairman & Managing Director
MSPL Limited & Baldota Group*

Effect on MSPL and the Indian mining industry

In 2008, the global steel production entered into a new phase due to the global economic downturn in the second half of the year. Output cut by major steel producing countries caused global steel production to fall for the first time in last ten years in

quantum of iron ore imports of around 444 Million Tonnes in 2008.

Although Indian iron ore exports to China rose slightly in the middle of the year on account of the reopening of a number of steel mills that were closed

During the year the global steel production was 1.329 Billion Tonnes as compared to 1.351 Billion Tonnes in the previous year, a reduction of 1.6%



2008. During the year the global steel production was 1.329 Billion Tonnes as compared to 1.351 Billion Tonnes in the previous year, a reduction of 1.6%. At the same time the crude steel production of China, the largest steel producer in the world, increased by 12 Million Tonnes to a total of 501 Million Tonnes from 489 Million Tonnes representing a growth of 2.6%. However, the pace of growth fell by almost 14.5% as compared to growth in the previous year. During 2008 the prices of steel products fell to the level of first half 2006 in the major markets. This has had huge impacts on our industry and Company.

In terms of global iron ore output, it grew by 700 Million Tonnes from 2001 to 2008 with total global iron ore output in 2008 reaching 1.90 Billion Tonnes. China continued to be the largest steel producer and it retained its top position with largest

during the 2008 Beijing Olympics, export numbers are significantly lower than those of last year. Due to sluggish growth in China and a drop in its steel consumption Indian iron ore exports to that country consequently suffered.

More significantly, iron ore prices have crashed dramatically from peak prices in the previous year - this has had a significant impact on the margins of export oriented Indian mining companies. Current prices hover around USD 50 per tonne as compared with an estimated average and peak selling price of USD 100 and USD 200 per tonne respectively, in the previous year.

“
Stocks are not moving from the ports. At the year end, stocks have piled up in various ports

”
Rahul Kumar N. Baldota
*Executive Director
MSPL Limited*

Current prices hover around USD 50 per tonne as compared with an estimated average and peak selling price of USD 100 and USD 200 per tonne respectively, in the previous year

The crisis has given buyers of iron ore an opportunity for some hard bargaining. In the recent round of negotiations for price contracts, the largest buyers, primarily steel makers from Japan and China, bargained hard for price cuts of up to 40%. There have been instances where Indian iron ore exporters have been faced with payment defaults. Fortunately, our unwavering product quality as well as the long and credible relationship that has been established and nurtured between our customers and MSPL has ensured that we do not have to suffer from payment defaults.

The three big iron ore exporters from Brazil and Australia – Vale, Rio Tinto and BHP Billiton – have been forced to enter the spot market, which had thus far been restricted solely to Indian suppliers. Spot iron ore prices reached record lows in November 2008 but revived marginally in December and

January. However, pricing pressures emerged in February and continued till March 2009. If the downturn does not show any signs of ameliorating, the prices of iron ore may slide further and along with other iron ore exporters, MSPL will be significantly impacted.

There are also certain factors that will improve the situation. The Chinese Government announced a USD 586 Billion stimulus package that was aimed at infrastructure development in China – a move that seems to have already begun to benefit the steel industry. Information about the last quarter of FY 09 indicates an increase of about 18.8% year-on-year, albeit at 35% lower prices in iron ore imports. Based on this information and other indicators, there are pointers of a potential upturn in the steel industry by the end of 2009 or the middle of 2010. Moreover, steel prices seemed to have bottomed out.

MSPL Financial Performance 2008-2009 (INR million)

Revenues	▶	18,430.37
Operating cost	▶	15,477.97
Employee wage and benefit	▶	331.31
Payment to providers of capital	▶	261.86
Payment to Government	▶	1,012.94
Earning per share	▶	24.63
Net worth per share	▶	167.20
Shareholder fund	▶	12,842.17

Mining Statistics 2008-2009 (MT)

Production	2,735,554.00
Purchases	1,084,433.00
Turnover	3,595,295.00

Distribution of sales 2008-2009 Export (MT)

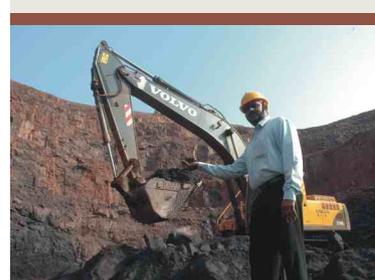
Export (China)	3,583,614.00
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Distribution of sales 2008-2009 Domestic (MT) (Karnataka)

Janki Corp Limited	4,062.21
Kirloskar Ferrous Limited	4,000.99
Hare Krishna Metallics	2,628.92
Shirdi Sai Steels Pvt. Limited	988.65
Total	3,595,295.00

Per Ton Iron Ore realisation

Turnover (Quantity MT)	3,595,295.00
Turnover (Amount INR)	16,470,414,613.00
Average per tonne realisation	4,581.10



On other counts, the economic uncertainty has also impacted foreign exchange rates and increased volatility – this has thrown up its own set of challenges for an export-oriented company such as ours.

Motivated and disruptive, political interference in the operational aspects of mining in the region in which we operate has also added to the risks and obstacles that we currently face. The political scenario is a barrier to the honest and sustainable business model consciously developed at MSPL.

In general, the profitability and operational aspects of wind energy businesses have been unaffected by the economic crisis. This is largely because the wind energy business which has no input resource costs, but only fixed maintenance costs, is not a subject of global economic forces. However in terms of the global Carbon market, this has been affected by the economic slump and thus the revenues from wind CDM projects have been affected by the lowered global CER prices.

Moreover, India is an energy starved country in which, as per the World Bank, over 40% of the country's population does not have access to electricity. Thus, there is a huge gap between the demand and supply of power in the country. For MSPL, capital expansion – linked with the availability of funding – is the major area that has been impacted and slowed on account of the economic crisis.

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

response & opportunity

The unfolding scenario has forced us to analyse all aspects of our business and search for measures that can be taken to reduce costs and yet maximise returns. Production has been impacted due to many factors, the most significant of which include the reducing demand, lowering prices, and political interference in regional mining operations.

For MSPL, the largest cost component is associated with logistics of our minerals business. Other costs components include extraction and processing operations for our mining business and operational overheads for our wind farms. Due to this we are faced with a paradoxical challenge – logistics cost – the component that is most significant to our cost structure – is largely out of our control. Rail freight, port storage and handling costs are controlled by the Government and the respective authorities. Rail freight rates have not reduced and continue to remain extremely high. Through industry associations, we have taken the lead and presented the case to the Government to consider rationalisation of rail freight rates. However, this is a slow process. In the interim, our response has been to further optimise transport over land and maximise the use of the nearest available ports, viz Chennai and Goa, that offer the shortest turnaround times and minimal storage costs. The high rail prices have also forced us to resort back to road transport of minerals for the time being.

For our mineral extraction and processing operations as well as for our wind farms (operated by third party

Production has been impacted due to reduced demand, lower pricing, and political interference in regional mining operations

“

A major disadvantage that Indian exporters to China have in comparison to those from Australia and Brazil is the difference in logistics costs. Indian exporters have little to no control over costs particularly related to rail freight from mines to the ports. Our logistics costs make it difficult to compete on pricing in a market where prices have tumbled

”

Rahul Kumar N. Baldota
Executive Director
MSPL Limited



contractors), we have focussed on further streamlining processes. We have also been able to renegotiate contracts with our vendors/suppliers for lower cost supplies and maintenance. Energy conservation also continues to be a focus area.

The crisis has also made us rethink our strategy to export. The Chinese market will remain the predominant destination for our products, we will also identify premium customers in the Indian market that are interested in purchase of our products where sales realisation is higher.

Attributes of a short-medium term logistics/marketing strategy to cope with emergent economic scenario:

- 1 Lobby through industry associations with railways for reducing high freight rates targeted at iron ore products
- 2 Maximum use of low-lead distance ports and reduction in supply chain losses to reduce costs
- 3 Increase in domestic sales, wherever higher sales realisations are possible
- 4 Development of a market for value added iron ore products for market diversification and increase sales realisation

In the larger scheme of things, we believe that the downturn actually represents an opportunity for us. Although the crisis is deep and the timing of its end is uncertain, business fundamentals have not undergone any change whatsoever. We are certain that there remains a tremendous long term scope for infrastructural development across the developing world. This will require steel and other raw materials.

“

The economic turmoil has prompted us to scrutinise our cost structure and assess it for potential cost reductions. Through the renegotiation of contracts with equipment and service providers, savings have been made.

”

Manoj Kumar Agrawal
Vice President - Material
MSPL Limited

“

The challenge is in getting our products from the mines to the customer at the least cost – this requires close association of the marketing and logistics teams. These two aspects of business sales of iron ore at MSPL are seamlessly integrated and increases our flexibility.

”

K. K. Kumar
Vice President
Marketing and Logistics
MSPL Limited



“

When the Indian markets opened up in 1991-92, companies like MSPL took time to understand the risks and opportunities that had been thrust on us. Our added maturity and experience with global markets and competitors places us in much better stead to seize the opportunities that show up in these volatile times

”

Shrenik Kumar N. Baldota
Executive Director
MSPL Limited

A period of crisis can provide an opportunity to bring about not just change, but a transformation, more rapidly and at lower costs than in a period of prosperity. Potential acquisitions that were considered

A period of crisis can provide an opportunity to bring about not just change, but a transformation, more rapidly and at lower costs than in a period of prosperity

during the economic heydays will be available at very modest valuations. We believe that companies that seize clearly identified opportunities to sustain their development in the downturn will emerge strongest from the global crisis.

In terms of our energy business, over the years, steady investments in wind energy have been made by MSPL. We have clearly understood and accepted renewable and alternative energy as the true future of energy. In fact, in the current scenario, our wind business has stood us in good stead due to the consistent revenues generated from it. We continue to target an installed wind energy capacity of 400MW by 2012 at the Group level.

Moreover, the Government's positive stance has attracted further investments in the renewable energy sector.

“

Wind energy tariffs across Indian states have been increasing. It is encouraging that the Government is taking steps to promote renewable energy

”

K. V. S. Subramanyam
GM - Power
MSPL Limited

International Council on Mining and Metals (ICMM) Sustainable Development Framework Principle 02: Integrate sustainable development considerations within the corporate decision-making process



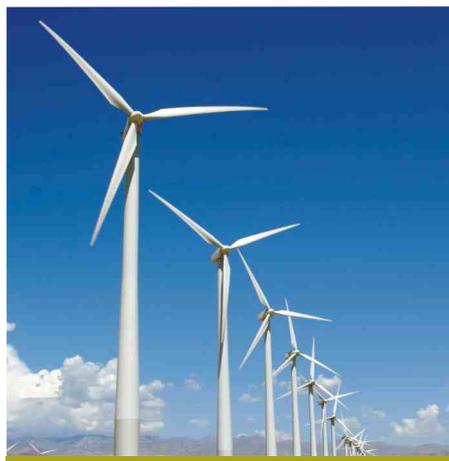
The revenue from wind power division of the Group as a whole was maintained and in fact was higher by 8.5% at INR

Our wind installations so far have been across Indian States based on wind potential, State Government policies and availability of land. In searching and deciding on potential wind sites, we observe that Government policies and tariffs are favourable in the states of Gujarat and Rajasthan but the Plant Load Factor (PLF) is low in these states. In the states of Karnataka and Maharashtra we find that the major challenges are in terms of land clearances by the Govt. authorities. Thus we face constant challenges between securing good wind sites, conducive policies and procedures along with our desire to expand our wind installations.

Our Group's 125 MW wind power project was one of the largest wind power project to get registered with UNFCCC as a CDM project way back in September 2006. The sale of tradable carbon credits have established a supplementary revenue stream for our wind division

and this has further enthused us to constantly step up our wind investments. The dedicated wind division of our group has given us the leverage to concentrate on wind at par with our mining businesses. The revenue from wind power division of the group as a whole was maintained and in fact was higher by 8.5% at INR. 924.8 Million as against INR. 852.2 Million in the previous year mainly because of sale of certain Certified Emission Reduction (CER) for INR 47.8 Million. The wind division is constantly engaged in constructive discussions with manufacturers, service providers as well as policy makers. Our experience in large wind investments and constant follow up with this sector have placed a responsibility on us to participate and exchange our experience with other corporates and interested wind developers as well as providing inputs to policy makers at the national level.

wind statistics



MSPL Wind Energy	Unit	2004-05	2005-06	2006-07	2007-08	2008-09
Opening capacity	MW	20.9	81.85	111.6	111.6	127.8
Addition in capacity	MW	60.95	29.75	0	16.2	0
Closing capacity	MW	81.85	111.6	111.6	127.8	127.8
Units generated per MW	KWHr	815,064	1,589,400	2,309,005	1,962,285	1,996,274
Total units generated	Lakh KWHr	667.13	1,773.77	2,576.85	2,507.8	2,551.23
Capex during the year	INR million	2,440	1,500	Nil	1,000	

We believe that solar energy is a necessary component of any 21st century energy portfolio. We are evaluating the business benefits of foraying into thin film solar cell manufacturing

We are seriously considering diversification in our alternative energy business. We believe that solar energy is a necessary component of any 21st century energy portfolio. At this point, we are evaluating the business benefits of foraying in to thin film solar cell manufacturing. The existing solar power market is dominated by conventional silicon photovoltaics. However, this technology has not been able to garner much of the market due to high up-front costs, space constraints and other scaling problems. The fundamental difference between thin film technology and conventional photovoltaics is the amount of material needed. At this point, manufacturing costs, efficiency and reliability of this technology are the major barriers to overcome. Nevertheless, we are convinced that

the technology holds tremendous promise for the solar power industry. We have begun exploratory discussions with technology providers for partnering in manufacture of solar cells.

Apart from investing in solar energy segment in the short term, we will also consider other renewable energy investments in the longer run. As a start, we are in the process of setting up of two run of the river hydro power plants in Karnataka in the forthcoming years.

We hope that through these ventures, particularly in the field of alternative energy, we will play a role in changing the energy scenario in India in terms of enabling greater access to energy and striving for a diverse energy mix and increasing self-sufficiency.

wind installation till date

State	District	Location	Capacity (MW)
Maharashtra	Satara	Satara	1
	Dhule	Dhule	20
Karnataka	Chitradurga	Joimatti	11.25
	Chitradurga	GR Halli	27.10
	Davangere	Jaikaligudda	21.25
	Bellary	Soggy	25
	Davangere	Harihar	6
Gujarat	Kutch	Surajbari	16.2
Total			127.8

Through diversification, we will play a role in changing the energy scenario in India in terms of enabling greater access to energy and striving for a diverse energy mix and increasing self-sufficiency

pushing the frontiers of business

pellet plant

Our in-depth understanding of the iron ore mining business had convinced us that we have the ability to differentiate our products and maintain a greater control over the product value chain which offers us a distinct competitive advantage, particularly in tough times. Over the last few years, we have carried out the

We have the ability to differentiate our products and maintain a greater control over the product value chain which offers us a distinct competitive advantage, particularly in tough times

ground work for the forward integration of our iron ore mining business. The plan to set up a 1.2 MTPA pellet plant at Koppal, Karnataka is under way. Through this pellet plant, we will benefit from the moderate pellet production capacity in India and thus establish a presence in the downstream iron and steel sector in the Indian market.

Although the iron ore from our mine is of a very high quality, there exist variations across the mine strata. Thus, there is a need for ore processing capabilities to ensure that customers are provided with a consistent quality of iron ore products. Particularly in difficult times, when pricing is tough and customers are

The 1.2 MTPA pellet plant coming at Koppal, Karnataka is a step ahead in ensuring greater and more consistent input product quality for our customers

overtly selective, mining firms that are able to provide value added products have a clear competitive advantage. Customers are inclined to demand products with higher iron concentration and superior physical properties.

Iron ore pellets are hardened balls of iron ore that have enhanced physical properties and are an ideal feedstock for blast furnaces and have the added advantage of being easy to store and transport. Thus, the setting up of the pellet plant is a step in ensuring greater and more consistent input product quality for our customers. Along with the beneficiation capabilities that we already possess,

the pellet manufacturing systems will help guard against future price shocks through clear product differentiation and improved quality control.

Land procurement for the plant has been completed and clearances from the State Pollution Control Board (SPCB) have been obtained. We target to commence production of pellets by 31st December, 2009. Once the pellet plant is fully operational, we expect to create direct employment opportunities to over a thousand people.

These are the first in a number of major steps that MSPL and the Baldota Group is taking to change or recast MSPL and its Group entities to ensure enhanced and long term value creation.

shipping business

At MSPL, our mining business has been centred on the export of iron ore. We have hitherto been dependent on contracting ships from external parties for the movement of material. With the benefit of having had many years of experience of handling overseas shipments of iron ore, logistics has evolved as an area of core competence. With prior experience and a view to synergising Group's diversification in trading and manufacturing, the company decided to pursue shipping business.

Keeping this in mind, we considered it synergistic to set up our own shipping fleet and wield greater control over the logistical aspects of our business. The Baldota Group is also moving towards the areas of steel manufacturing, which will involve significant use of ocean freight for import of fuel. Also there is a large amount of raw material movement in and out of India. Each of these factors viz our experience in



logistics, upcoming steel business's need for ocean freight and the tremendous exim movement of cargos from India has convinced us of the business logic, synergism and the prudence of having a presence in the shipping business.

In the reporting period, MSPL incorporated MSPL Maritime Pte Ltd (MMPL) as a 100% subsidiary in Singapore on 7th May 2008 and MSPL

“

We followed a rigorous selection process for selection of our shipyard for construction of our ships. In addition to seeking the best quality ships at competitive prices, we also made sure that the shipyard was accredited by reputed certifying agencies

”

Suresh Kumar
GM - Shipping
MSPL Limited

Diamond Pte Ltd (MDPL) as a wholly owned step down subsidiary in Singapore on 29th July 2008. Orders have been placed for four Post-Panamax size dry bulk carriers (92,500 DWT) at reputed shipyards in China. The delivery of the first ship is expected towards the end of 2010 and the others in a staggered manner over a period till 2011. Singapore was chosen for setting up these companies due to the credibility that is attached to the country and the ease with which stock market listing is possible. The commissioning of the first ship will mark a definitive step taken towards de-bottling the logistical hurdles currently faced by us due to our dependence on third parties. This is a thoroughly considered plan and forms part of our strategy to develop competencies and facilities that strategically fit the MSPL's transforming and expanding business profile.

restructuring

Since its inception, MSPL has been a family run business. The promoters have handled the day-to-day activities of running the company. As the business grew, additions to our human and physical infrastructure were made on a need basis.

With the forward integration plans of MSPL, we soon realised that the organisational structure needed to be strengthened to meet the demands of business growth. The integrated steel plant as Aares Iron & Steel Plant (AISL) a company under Baldota Flagship and MSPL Pellet Plant will require the additional manpower comparable to the employee strength of MSPL. Further, the skills and experience of the personnel needed for managing and operating the new businesses will also be of a different nature to the skills of our existing employees.

Clearly, we needed a robust and well developed support structure to facilitate the evolution of MSPL that will have an increasing presence, directly or through its subsidiaries, in downstream minerals, logistics, and diverse energy businesses.



“
Our business has grown at a fast pace. The organisational structure to support such growth was urgently needed. It was prudent for us to assign responsibilities to professional experts so that we can concentrate on strategy formation for business development.
”

Shrenik Kumar N. Baldota
Executive Director
MSPL Limited

We engaged reputed consultants to help us better understand and chart our present and evolving human resource and infrastructural abilities and needs. We embarked on a journey to create and execute a step-wise plan to reorganise and augment our human resources to meet the needs of our dynamic business. Through this process, areas of immediate concern and improvement have been identified. A time based plan has been devised that charts the measures – in terms of augmenting of infrastructural abilities, human resource requirements and support functions -

that are commensurate with business development plans being implemented. Each year, the plan and ground requirements are assessed and actions taken in order to meet the needs of the evolving business.

An important aspect of this process is that the promoters will move away from hands on business operation and will assume a solely strategic role in business thrust areas and orientation. Towards these, we are bringing in highly experienced and qualified professionals to take up business management and operational roles to handle the existing and emerging dimensions of our business.

operations optimisation

It is the belief of the MSPL management that in order to develop and operate new aspects of our business, it is necessary to review and optimise existing business systems and processes. In any market condition, process optimisation and lean operations result in improved business performance and best prepare us for business changes and transformation.

Mindful of this, MSPL, in the reporting period, engaged world renowned consultants to carry out a comprehensive process review that included a two phase process audit of its mining and wind energy businesses.

High resolution tests for process efficiency and effectiveness; financial reporting and; legal compliance were carried out. All significant processes of MSPL were covered through this exercise, including mining and processing; marketing and logistics; wind energy; finance and accounts; procurement and inventory management; human resources;

Through this process, we have identified:

- 1 Non-value adding activities and potential for greater streamlining of processes
- 2 Opportunities for improvement in inventory management
- 3 Potential for improved controls around asset management
- 4 Areas for increased IT utilisation

administration; information technology and; legal and secretarial compliance.

We have already initiated to take steps on each of these fronts and are setting up better controls for improved process efficiency and functional alignment of various business aspects. It is important to note that under the current economic circumstances, the conduct of this exercise has stood us in good stead to implement efficiency improvements that will make us more resilient to the adverse external economic factors.

In hindsight and in light of the economic turmoil that has spread so quickly the world over, the decision to undertake an exercise as significant as this was remarkably prescient; it has clearly given us a competitive advantage.

This process has been one part of the larger plan to enhance and reshape MSPL and its subsidiary businesses in the coming years. The exercise carried out will help gear us for the change in MSPL that is being driven from within.

“
We are committed to the organisational restructuring process. MSPL is committed to employing best in class business practices and personnel
”

Rahul Kumar N. Baldota
Executive Director
MSPL Limited



BALDOTA

MSPL LIMITED

www.mspllimited.com



ENVIRONMENTAL BOTTOMLINE

Management Approach 2

Environmental Stewardship 2

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- Air Emissions and its Management 7
- Water Usage, Waste Water and its Management 9
- Noise Levels and its Management 12
- Biodiversity Conservation 13
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management approach

The ethos of managing and reducing the environmental impacts of our operations is embedded in our business psyche. We have integrated comprehensive management systems into our operations to monitor environmental impacts. We periodically conduct assessments of our systems and performance measures to ensure environmental performance. Based on these assessment reports we plan intervention strategies to reduce water and energy consumption and manage overburdens and waste. Furthermore,

legal compliance to environmental regulation is non-negotiable at MSPL; our track record shows that our standards commonly exceed mandated requirements.



environmental stewardship

International Council on Mining and Metals (ICMM) Sustainable Development Framework Principle 06:
Seek continual improvement of our environmental performance



United Nations Millennium Development - Goal 7
Ensure environmental sustainability

Environmental Management has been the core of our sustainability initiatives and an integral part of our mine management strategy and plan. Being in a business that is directly dependant on natural resources, we are

responsible and keen to safeguard the environment for the sustenance of our and future generations. Our environmental policy, is a constant reminder of our commitment and pledge to preserve the environment.

“

Awareness of environmental responsibility commenced along with our operations. Since inception of our activities we have worked alongside for mine site rehabilitation and have continued and improved our efforts over time as the technology, community expectations and legislation have advanced.

”

Srikar S. Bhattbhatt

*Vice President - Corporate Affairs & Company Secretary
MSPL Limited*

We have been involved in large-scale mining operations for generations; inevitably our operations have environmental impacts. We proactively address aspects of our operations at every stage and act to mitigate and minimise such impacts. Our environmental management system is focused on continually reviewing, preventing, mitigating and ameliorating adverse environmental impacts. We comply with all stipulated laws and believe that every little action we take today would help us now and in the future.

Conscious of the impacts, we proactively address aspects of our operations at every stage and act to mitigate and minimize impacts

We continuously strive to address and mitigate negative impacts, in line with global initiatives like Kyoto Protocol and climate change. We are phasing out of Ozone Depleting substance as mandated by the Montreal Protocol.

We have implemented the ISO 14001 Environmental Management System at our VIOM operations. This demands rigorous documentation and implementation procedures to be in place, triggering a chain of process improvements.

Major operations leading to significant impacts from any mining operation include:

Land use for mining and infrastructure development

Displacement of persons

top soil removal

drilling and blasting

overburden dumping

mineral beneficiation

water usage

toxic / contaminated waste water discharge

mineral transportation



We have mechanised our mine and have adopted state-of-the-art technology that has reduced manual intervention in our mining activities



We have mechanised our mine and have adopted state-of-the-art technology which reduces manual intervention during mining activities. The down hill conveyor system has reduced the need for ore transportation from the mine area to the loading station through road, thus reducing air pollution as well as diesel usage in trucks. Moreover our dependence on road transportation has further been reduced by switching over to the rail mode.

The raw materials used during the excavation, extraction and ore transportation processes are electricity, diesel, fuel oil, grease, and explosives.

[For the quantum of energy used kindly refer section Energy and Emissions.]

In terms of other materials, the total amount of fuel oil and grease used in the current year at VIOM was around 56.13 KL and 3326 Kg respectively. The quantum of explosives used included 35,975 Kg of slurry explosives, around 1,29,300 Kg of other explosives like Ammonium Nitrate and 4,13,763 Kg of Liquid Oxygen explosive. Fuse material used

was to the tune of 3,86,651.2 Mt, while 3,617 Nos. of relay and other detonators were used.

Through our systematic planning and extraction methods, impacts from our mine operations on air, water, land and biodiversity have been kept to a minimum. Apart from our in-house efforts to encourage planning, preservation and regeneration of the environment and ecology of mines, we present an environment award each year to mines that are adjudged as the best in their efforts to integrate environmental concerns in their mining plans. We have systematic plans to meet the closure requirements of all operations when required, in line with national and international requirements such as ICMM, etc.



waste management

The major sources of waste from mining activities are that of overburden or mine waste that is continually generated during mining. Our mining operations are carried out in a mine area of 347.22 Ha, under reserve forest land that have been leased out to us by the government. The lease procured includes an additional 3.56 Ha for approach roads to the mines, totaling the leased area to over 350.78 Ha.

Our dumping of waste material in non ore bearing areas is carried out as per approved mining plan. Old dump yards are terraced into different platforms and are planted with tree species



This necessitates our constant efforts to manage mine waste and also rehabilitate areas of forest land that can be productively used, before handing over to the forest department. We engage excavators to remove waste material and dumpers to transport the waste to designated dumps. Our dumping of waste material in non-ore bearing areas is carried out as per approved mining plans.

Old dump yards are terraced into different platforms and planted with

different tree species. Also seeds are strewn across dumps with higher potential to foster germination. These steps conserve soil erosion and prevent run off and siltation of valleys and nearby water bodies. We have also constructed bunds to arrest boulders from rolling down. Active dumps are also terraced immediately and plantations undertaken for quick stabilisation.

Over the years, the top soil removed from reef section has been brought down to reclaim the float ore mined area. This has transformed a stretch of barren area to lush green land.

Other wastes include scrap like metal, rubber and tyres. These are generated from activities including the use of equipment and machinery. These are segregated and kept at specified locations until they are responsibly disposed to government certified agents.

Liquid wastes in the mine area include waste/spent oil that is generated from industrial operations using mineral/synthetic oil as lubricant in hydraulic systems and other applications. This is the only category of hazardous waste (as per KSPCB norms), that we generate. The waste oil from the mine site is collected in leak proof containers and stored at a designated storage area. The quantum

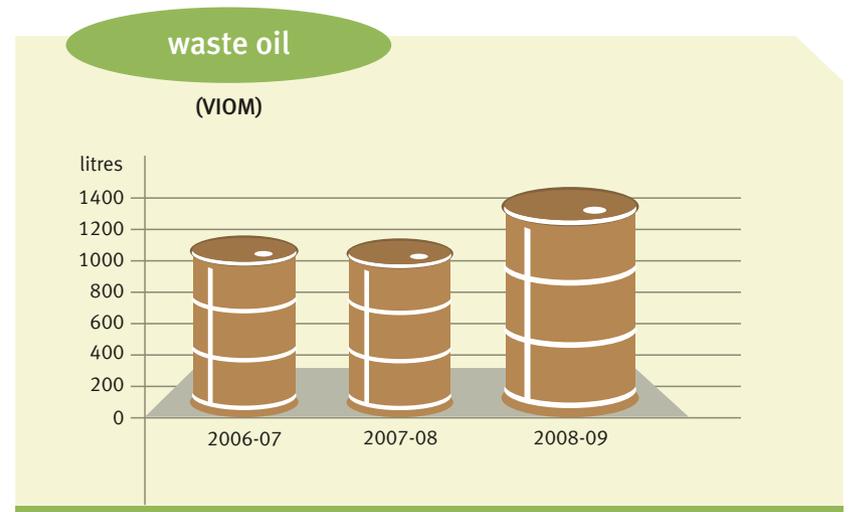


of waste oil generated from VIOM was around 1.25 KL.

All wastes are handled as per regulations and disposed to recyclers authorised by Karnataka State

Pollution Control Board. The other wastes from our operations include cotton waste that are also collected and disposed appropriately.

We provide safe storage and disposal of residual wastes and process residues. We strictly adhere to the Hazardous Wastes (Management and Handling) Amendment Rules, 1989 of MoEF, India for the use, handling & management and transport of all of our hazardous wastes. We keep a strict vigil on the implementation of correct and safe procedures. This has resulted in zero spillages of oil or chemicals in our mine.



The waste oil from the mine site is collected in leak proof containers and stored in designated storage area. The quantum of waste oil generated from VIOM was around 1.25 KL

air emissions and its management

Mining activity involves removing the top layer of soil to access ore and thus disturbs the soil leading to air pollution.



The sources of air pollution in a mine area are from following activities:

drilling
blasting
ore screening
segregation,
transportation and
storage

generally observed to be in high concentrations in mine areas. SO₂ and NO_x emissions emanate from the combustion of fuel, predominantly from transportation activities in mining areas. These are also monitored along with particulates in the mine area and have been found to be below stipulated levels. The usage of Diesel Generator (DG) sets for back-up power in the mine area is also a source of air pollution; however all our DG sets have chimneys with stipulated heights so that pollutants can disperse high into

We have 9 ambient air quality monitoring locations where the above pollutants are monitored on an 8 hourly basis, twice a week covering all four seasons in a year in mines and EOUs

Re-suspension of dust from unpaved mine haul roads due to transportation activities (of heavy earth moving equipment such as hydraulic excavators, dumpers, loaders etc) is the predominant source of Respirable Suspended Particulate Matter (RSPM) and Suspended Particulate Matter (SPM) pollution.

Respirable Particulates less than 10 microns in size, causes adverse impacts on the respiratory system. Particulates (RSPM and SPM) are

the atmosphere. These generator sets also have enclosures to absorb noise.

Apart from complying with mandated legislation of the Air (Prevention and Control of Pollution) Act 1981 by the Central Pollution Control Board, we monitor air pollutants (for criteria pollutants) namely RSPM, SPM, SO₂ and NO_x. We have 9 ambient air quality monitoring locations where the above pollutants are monitored on an 8 hourly basis, twice a week covering all four seasons in a year. This is

The annual average of SPM and RSPM were found to be 278.60 µg/m³ and 65.86 µg/m³ and that of SO₂ and NO_x monitored was 31.87 µg/m³ and 36.52 µg/m³ respectively

undertaken on a rotational basis across monitoring locations in mines and EOUs. Monitoring is carried out using Central Pollution Control Board (CPCB) approved methodology and equipment. The collected samples are analysed at our laboratory. Monthly averages are tabulated and records maintained. These records are also submitted to the CPCB/MoEF on a yearly basis to procure the

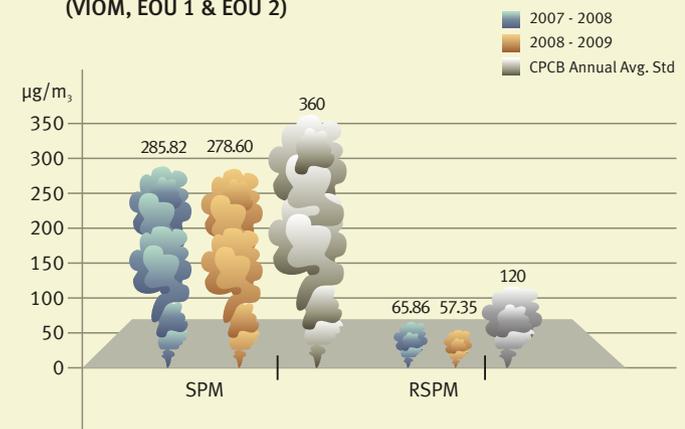
authorisation to operate. The annual average concentration for SPM and RSPM was 278.60 µg/m³ and 65.86 µg/m³ respectively. The annual average of SO₂ emissions monitored was 31.87 µg/m³ while NO_x emissions stood at 36.52 µg/m³.

Our initiatives in the mine area have been to curtail pollution levels especially that of particulates. We employ a wet drilling process and sprinkle water for dust suppression on a regular basis. Water tankers regularly sprinkle water on all haul roads. For common roads used by other mines, we have, mutual agreements to ensure that water sprinkling is carried out on a sustained basis on every non paved transportation corridor. Spraying of water is also carried out near Hopper,



ambient air quality

(VIOM, EOU 1 & EOU 2)



The objective of beneficiation is to improve the iron ore grade from 58% to 64% iron with minimum of losses

loading points and dump yards for dust suppression. Water is also sprayed before and after blasting.

Since all our mining equipment are as per latest Euro II norms, emissions from them are well within stipulated levels. Six wagon drills have been replaced by Top Hammer Hydraulic (Tamroch Pentera 1100) drills which drill 7-8 times faster at lower cost per meter consuming lesser fuel and thereby reducing air pollution. This system also employs an in-built wet drilling system & dust extraction system which reduces air pollution levels drastically.

We also transport ores by covering trucks with tarpaulins to avoid spillages and fugitive dust emissions.



water usage, waste water and its management



Being close to the Tungabhadra River, there is no dearth of water in the Hospet region. However our need for water is comparatively low as we employ a dry mining process. Only our Export Oriented Unit (EOU-II) uses water for beneficiation process. Ores from our other mines including VIOM that require beneficiation are processed at this plant. The objective of beneficiation is to enhance the iron ore grade from 58% to 64% iron with minimum losses. The ratio of ore to water used is 1:1 in our beneficiation plant. For maintaining this ratio, only 20% of fresh water is added along with 80% of water that has been re-circulated in the system.

Fresh water requirement for beneficiation is sourced from five bore wells that are situated in and around our EOU-II plant. Water consumed at our mine is procured from outside.

Around 60,000 Tonnes of tailings are collected from the settling tank annually and is stored for future use, as the tailings have around 50% of iron content

Water is predominantly used for the following purposes:

- sprinkling for dust suppression on haul roads
- reef workings and dump yard
- watering our plantations
- horticultural activities and for in-house consumption

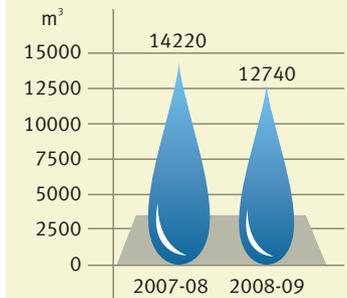


The total amount of water used in the current year for the EOU-II alone is nearly 54417.16 m³. Water usage at the EOU-II (beneficiation plant) is calculated through usage, that is through calculations of ore processed to water required (1:1 ratio). Efforts to have systems which monitor actual consumption of water at the EOU-II plant are being planned. The resultant tailings from the beneficiation process are settled in a settling pond, thus waste water from this process is

The bunds are constructed with sufficient height and length to prevent storm water from flowing down the hills from the mining areas

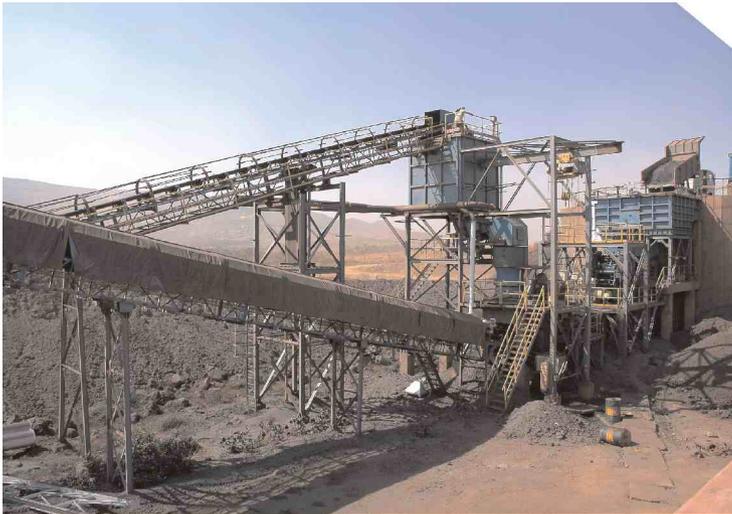
water consumption

(VIOM)



negligible. Around 60,000 Tonnes of tailings are collected from the settling tank annually and stored for future use, as the tailings have around 50% of iron content.

The water consumption at VIOM in the current year was 12740 m³ as opposed 14220 m³ in the last year. The total water consumed this year was 67157.16 m³ (inclusive of VIOM and EOUs). In the previous report water consumption of EOU-II was excluded.



Export Oriented Unit - II with Wet Beneficiation process for Ore Fines

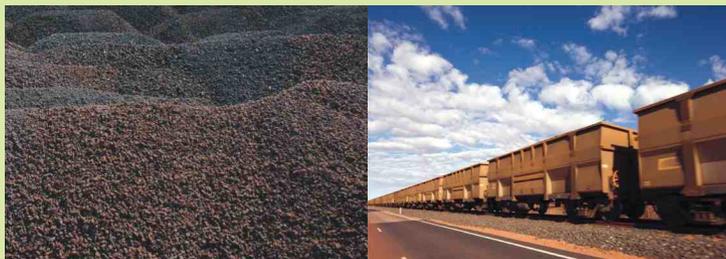
EOU-II, located near Ingaligi village of Hospet taluka has two plants - a dry and a wet plant. The wet plant, which utilises water for the beneficiation process has a capacity of 250 Tonnes per hour. Here the raw material (-10mm fines) of about 58 to 60% Fe grade fines is received from different mines and line blended and beneficiated to get products as per customers' satisfaction.

The material is fed to the plant hopper with the help of machines and trucks, it is subjected to screening with spraying water where two products are produced - Aggregate and 2-1mm Fraction Slurry.

The slurry again is fed to the classifier where we get two end products - 1. Classifier Sand and 2. Classifier Overflow. The overflow is further fed to Hydro-cyclones to recover valuable product and the tailing is disposed from thickener allowing the material to settle in ponds.

The products are then routed to respective stocks through belt conveyors to be shited to the railway yard when required.

Water for this plant is supplied from bore wells, while recycled water is routed from the ponds to the system.



Also in our efforts to address soil erosion and water pollution, we have constructed gully plugs and check bunds across the streams flowing through the mine lease area, to contain run off. So far we have 54 gully plugs and 25 check bunds.

The philosophy followed by the company is to see that the entire run off is contained within the lease area and only clear water is discharged. The bunds are constructed with sufficient height and length to prevent storm water from flowing down the hills from the mining areas. Moreover, retaining walls are constructed around mine dumps. The height and width of these retaining walls is increased as the dump progresses. We have also carried out desilting & increasing the height of the existing earthen bunds /gully plugs in the mine lease area. Such rain water harvesting measures increase ground water level and also help plants to retain the moisture. The water accumulated in these earthen bunds / gully plugs are being utilised for suppressing the dust & watering the plants in the mine premises . These measures have also reduced the purchase of water from external sources.

We have provided garland drains to collect surface run off from the over-burden dumps and other dumps during monsoon and to divert the run



off to check dams so that silt deposits are collected and removed during summers. Collected sediments are segregated and useful products are recycled and used for strengthening bunds to level the low-lying areas. During rainy season water from check bunds is collected both from upstream and downstream and analysed for physical and chemical parameters.

noise levels and its management



Noise levels in our mine area are caused by blasting, drilling and movement of trucks. Noise levels are regularly monitored at 8 identified noise generating locations. The levels monitored were observed to be within the stipulated KSPCB standards.

To protect workers from auditory impacts due to high and continuous noise levels, key personnel who work continuously in noisy environments are mandated to use Personal Protective Equipment (PPE) such as mufflers. Noise levels from DG sets are also minimised with the help of silencers and mufflers. For reduction of noise levels especially during blasting we employ slurry explosives and core delay devices that minimise noise pollution and also reduce ground vibration. Vibration is inevitable during the blasting process, yet we carry out blasting in a way that it minimises disturbance to surrounding areas. We have adopted, controlled and safe blasting practices which not only reduce ground vibration but also give good fragmentation.

International Council on Mining and Metals (ICMM)
Sustainable Development Framework Principle 07:

Contribute to conservation of biodiversity and integrated approaches to land use planning

biodiversity conservation

VIOM is located in Ramanamalai hill range of Gunda Forest near Vyasankere village. Since our mine is located in a forest area, we realise the need to conserve the local ecosystem and perpetuate the exhaustive flora and fauna of the region.

An authentication study on the list of species found in the region was conducted in 2005 by conducting a Participative Research Assessment (PRA) exercise. This exercise recorded responses on the flora and fauna that were sighted in and around our mining area by the localites.

Over the years, we have undertaken consistent afforestation activities. These activities began in 1976 and since then we have been planting over 1.7 million trees, across an area of 240 Ha both within and outside the lease area. Our plantations are carefully matched to plant native species of trees to safeguard the



ecology and the biodiversity of the region and the tree saplings are sourced from the local forest department.

Our rigorous watering efforts and safeguarding methods have ensured an average survival rate of 85% of our planted saplings. Some of the species of trees that we have planted include Gulmohar, Neem, Honge, Agaves and Seemthangadi. In line with principles like ICMM, we contribute to conservation of biodiversity and integrated approaches to land use planning. These have resulted in preserving the ecosystem of the region.

Concerned with the health of our neighbouring communities, we have also planted and distributed some fruit yielding and flower bearing species to attract birds and provide shelter and food for the fauna in the area. As a part of our mine management plan we have year wise



An average survival rate of 85% is ensured of our planted saplings, through our rigorous efforts of watering and safeguarding methods.

activities towards afforestation, habitat development, soil management, moisture conservation and fauna protection. Our plans are to plant 20,000 saplings per annum. MSPL has pledged to continue its work in sustaining the environment not only through afforestation and related activities but also through continued development of scientific pollution control practices and involvement in all environment related issues.

In an effort to create awareness towards environment and biodiversity conservation among children, we have organised tree plantation drives and have distributed tree saplings to 650 school children of Hospet, Kariganur, Ingaligi, Hanumanahalli and Danapur villages.



We have year wise planned activities towards afforestation, habitat development, management of soil, moisture conservation and also for fauna protection measures.



our contribution to SWaN and to nature conservation



We have also financially supported the Society for Wildlife and Nature (SWaN). The society has formed nature clubs and conducts various conservation awareness and action programs among youth on flora and fauna, especially endangered animal species and species of native birds, thus inculcating the importance of preserving the environment, among the young minds.

The region is home to a range of wild animals and it is imperative for us to conserve and safeguard the fauna of the region. Inspired by the huge success last year, we continued to propagate the campaign against ritual hunting during the annual festival of Ugadi.



SWaN has undertaken various conservation awareness and action programs in and around Hospet.

campaign for ritual hunting

SWaN representatives submitted a memorandum to the Honorable Deputy Commissioner of Bellary to issue a notice against Ritual Hunting during Ugadi festival. They also requested the government officials to patrol the entire forest areas of Hospet taluka during the Ugadi festival.

Pamphlets and posters were distributed among the villagers to create awareness about the conservation of wild animals and eliminate the brutal practice of Ritual Hunting.

securing shelter for migratory birds

The villagers have a practice of sowing crop seeds near the bank of T.B. Dam which hinders the nests of migratory birds. SWaN has appointed caretakers to keep a watch on the lagoons and also spread awareness. Awareness program included protecting nests of about 10 species of birds at the backwaters of T.B. Dam.

protecting crocodiles

SWaN has identified potential breeding grounds for fresh water crocodiles and planning to stop illegal sand mining from the river to protect eggs of crocodiles and turtles.

Through its consistent efforts and with the help of the Deputy Commissioner, SWaN has banned ritual hunting of wild animals by localites.

energy & emissions

Also as a part of our afforestation program, we have gradually planted trees and also encouraged plantations along every house and is also planning kitchen gardens in school compounds.

We have distributed around 60 Kg seeds for kitchen gardens through our SHGs and 5,500 fruit plants of five varieties to 1,100 families in the adopted villages. We also provide fire wood to workers who live in the nearby mining camps for their domestic use, to minimise unwarranted cutting of trees.



We launched an infotainment program along with All India Radio (AIR) - Hospet to create environmental awareness among school children a few years back. This program being very popular as 'MSPL's Hasire Usiru', we continue to assist this program that propagates environmental awareness among children across the taluka.



Energy is an important environmental indicator. Our prime energy consumption is in our mining operations and office, where we use electricity sourced from the southern regional grid. Other energy sources are that of diesel for our machinery and for our diesel generator sets.

The total electricity consumption from the grid in the current year stood at 2,906,419 kWh. This includes electricity consumption at the mines, EOUs and the corporate office. The total diesel consumption inclusive of our machinery and Diesel Generator sets at the mine and EOUs alone in the current year was 3,037.44 KL.

Thus the direct Greenhouse Gas (GHG) emissions by the use of diesel fuel amounts to 2,066.18 Tonnes of CO₂ equivalent and indirect emissions from the use/purchase of electricity amounts to 2,470.45 Tonnes of CO₂. The total from these amounts to 4,536.63 Tonnes of CO₂, compared to 3,734 Tonnes of CO₂ in the previous year.

“

Renewable energy and energy efficiency go hand in hand and we consider these “our twin pillars” of the policies regarding sustainable energy usage and dependence as well as addressing climate change

”

Srikar S. Bhattbhatt
Vice President - Corporate Affairs
& Company Secretary
MSPL Limited

energy conservation efforts



In an effort to conserve energy as well as costs, we have taken a number of measures across our operations. With regards to our corporate office, over the years we have taken steps to cut energy consumption and measures such as switching off lights during non office hours viz lunch breaks, reducing the air conditioning load etc.

Also to take decisive action towards energy reduction in our corporate

office, we appointed an independent consultant who conducted an energy audit study and have submitted a report to us with recommendations to reduce energy usage and thus reduce costs further. We are in a stage of considering these recommendations. Based on the analysis, we would be taking up further conservation measures.

solar reef panel and its usage

To meet our energy demands apart from our dependence on grid electricity and diesel generators, we had strategically decided to install completely renewable and pollution free energy from solar cells. We installed five solar light sets of 55 watts. This initiative continues to provide power in our mining operations. The panel with exposure to around 12 hours to solar energy produces around 3.3 kWh of power per day.

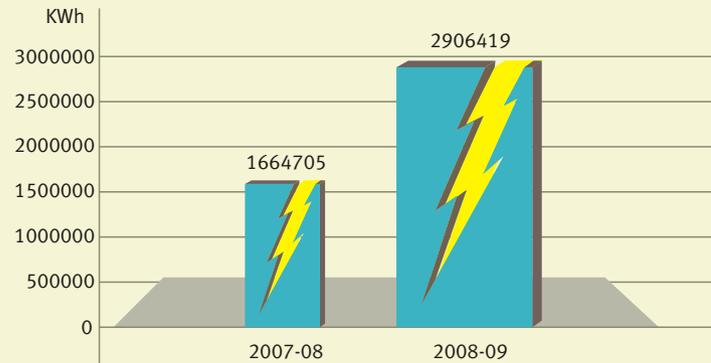
diesel consumption

(VIOM, EOU 1 & EOU2)



electricity consumption

(VIOM, EOU 1, EOU2 & Corporate Office)



innovation - progress in research & development (R&D)

In the present competitive business world changes are constant both in production and quality to meet human needs acceptability. Some advanced mineral beneficiation techniques are essential to congregate the requirements of industries and support environment. MSPL believes in sustainable development which is interpreted as "working in harmony with nature".

The total R&D expenditure as a percentage of total turnover of MSPL has been 0.005%. The R&D department has identified low grade mineral and associated rocks like, Banded Hematite Quartzite, Banded Magnetite Quartzite, Banded Iron ore formation, Shale, Phyllite and Gabbro. Beneficiation tests are carried out to upgrade these ore to add to resource.

In the endeavour of zero waste mining the key challenges is to productively process high volumes of low grade mineral aggregate, achieve savings in waste disposal cost, resource generation, resource conservation, reduction of environmental stress likely in waste disposal.

Specific areas in which R&D was carried out by the company:

To conserve / utilise low grade ores

Towards the company goal of zero waste mining

Processing & upgradation of Banded Hematite Quartzite (BHQ)

To study the beneficiation technique of low grade iron ore, MSPL team visited Tilden Mines of USA and Brazil during April 2008. A representative sample of BHQ is collected from Vyasankere Iron Ore Mines and has been sent to MCC China for continuous Bench Scale Test. The tests carried out would help us in using ore waste effectively with the least amount to be wasted. In addition to the zero waste management, R&D also gives inputs on process improvements, increasing the efficiency and performance of the equipment used in production.



BALDOTA

MSPL LIMITED

www.mspllimited.com



SOCIAL BOTTOMLINE

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management approach

community

We believe in following the highest standards of corporate citizenship and have aligned our community plans with the United Nations' Millennium Development Goals and the Prime Minister's Social Charter. Our approach is to have a positive impact on the society in the form of incremental growth in the local economy, thus entwined with our business imperatives. Towards this, need assessment exercises are carried out to evaluate community development imperatives. Contributions to the society too form a key component of our planned expenditures.

employees

Employee safety, satisfaction and welfare are at the heart of our business. We practise non-discrimination and provide equal opportunities both in recruitment and employee performance assessment processes and associated remunerations, thus managing risks of attrition. We engage with our employees regularly and have mechanisms to assess career satisfaction and plan career enhancement.

human rights

We believe in the fundamental principle of preserving human dignity and respect of an individual's rights and freedom. Our Code of Conduct and the Human Rights Policy that is being progressively deployed provide detailed guidelines for safeguarding human rights. If any, incidents of violation of human rights will be investigated in detail and appropriate punitive measure will be taken. All employees reserve the right to directly convey their grievances to the Chairman and Managing Director.

people development

nurturing employees



The bulk of MSPL's workforce is involved in mining operations and at the corporate office. Our wind farms are fully operated and maintained by companies of repute to whom we have outsourced the operation and maintenance (O&M). Hence the number of our employees in the wind business is small.

“

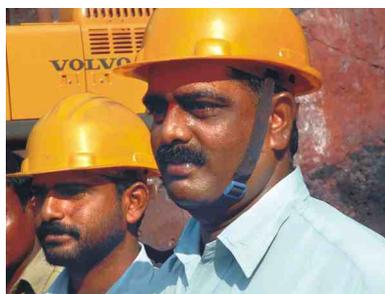
Our fair business practices have also helped establish MSPL as an employer of choice for the people in the region. Members of the community where we operate, consider MSPL a dream company to work with.

”

Nabaghana Pany
Vice President - HR
MSPL Limited

MSPL's iron ore mine is located in the mineral rich Hospet region of Bellary district. Due to the presence of several mines in the region, there has traditionally been an intense competition for workers. We employ a large number of people from the local communities. In a competitive environment, where workers are sought out by various mining companies - the respect, stability and potential for development that we offer those who work with us, has made us a ideal employer in the region.

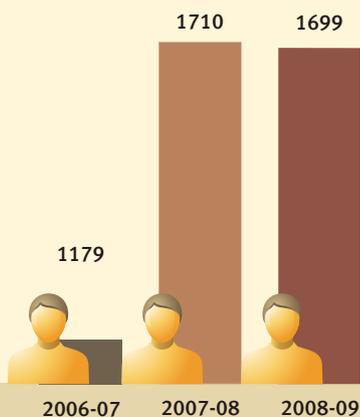
The downturn in the global mining industry has created unemployment among a number of mine workers, particularly daily wage workers and illegal miners. At MSPL, we have made a conscious effort to ensure that we retain all those who work with us. No employee has been relieved of his or her duties. In fact, our commitment to recruit full time employees, as opposed to contract workers, has given our people a sense of security. This sense of comfort goes a long way towards ensuring that our people are focused on discharging their duties and that MSPL will take care of them even under the most severe circumstances. We have made efforts to retain a small number of contract workers who have been with us for a long time.



“
Our people are confident about their jobs; we have made every effort to create a healthy work environment that provides our employees a sense of security. In fact, we are scouting for best available talent and talent management remains a major activity for the Human Resources Department at MSPL Limited.
 ”

Nabaghana Pany
 Vice President - HR
 MSPL Limited

total employee strength



Our employee strength remained stable with a small decrease of 11 personnel at the year end, compared to previous year end. Employee strength increased across Manager, Officer and Staff categories but decreased in the worker category. In addition to the employees on our rolls, 16 experts have been contracted as consultants. We also have 77 contract workers at our mines operations.

employee strength

Grade	Units	2006-07	2007-08	2008-09
Director	Nos.	3	3	3
Manager	Nos.	25(8)	29(1)	36(7)
Officer	Nos.	117(14)	124(15)	133(11)
Staff	Nos.	242(21)	270(35)	307(16)
Worker	Nos.	792(69)	1284(141)	1220(18)
Total	Nos.	1179	1710	1699

Numbers indicated in brackets pertain to probationary employees of MSPL having joined within 6 months prior to March 31 2009, and the total is not inclusive of these. The above figures are for MSPL Limited (inclusive of VIOM, EOU-I, EOU-II and Corporate Office)

International Council on Mining and Metals Sustainable Development Framework Principle 03:
Uphold fundamental human rights and respect cultures, customs and values in dealings with employees and others who are affected by our activities



**United Nations Millennium Development - Goal 3
 Promote gender equality and empower women**

At MSPL, we understand that it is in our best interests to employ the best people for a given function regardless of their age, gender, religion, race or any other discriminatory parameter. We make employment and promotion decisions solely on the basis of merit and performance appraisals are carried out for all post-probation employees.

However, as reported in the previous year, majority of our employees are male due to two principal factors –

mining operations are not typically attractive to women and secondly women have been historically kept away from employment opportunities, thereby impacting their professional development in India. Giving the girl child access to education is the first step towards providing women the basic skills to be eligible for employment.

[For a comprehensive understanding of our efforts in women's empowerment, please refer to "Women's Empowerment" in the People Development section on page 15]

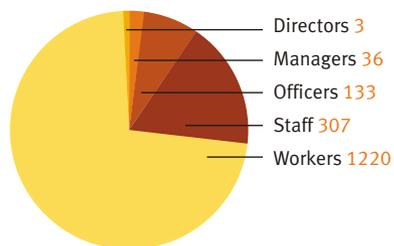
When compared to last year, the number of male employees decreased by 0.37%, while female employees increased by the same percentage. In terms of age, majority of our employees are under the age group of 50 years. There is a healthy distribution of workforce between the sub-30 and 30-50 age groups.

workforce diversity & equal opportunity

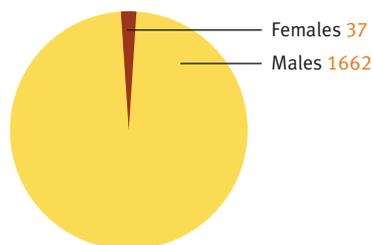
Grade	category						2008-09	
	<30		30-50		>50		Total	
	M	F	M	F	M	F	M	F
Director	0	0	2	0	1	0	3	0
Manager	0	0	21	0	15	0	36	0
Officer	26	5	77	4	20	1	123	10
Staff	100	16	181	4	6	0	287	20
Worker	592	1	598	6	23	0	1213	7
Total	718	22	879	14	65	1	1662	37

The above figures are for MSPL Limited (inclusive of VIOM, EOU-I, EOU-II and Corporate Office)

level-wise break-up of employees



gender-wise break-up of employees



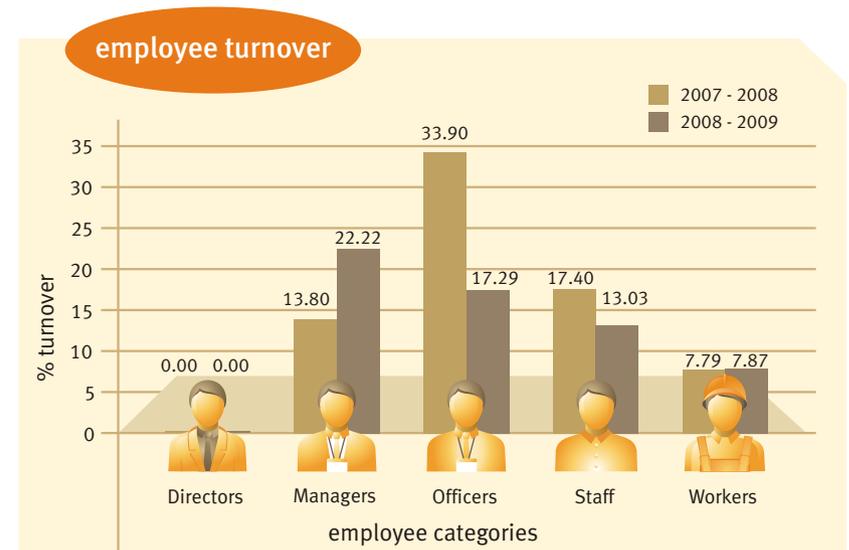
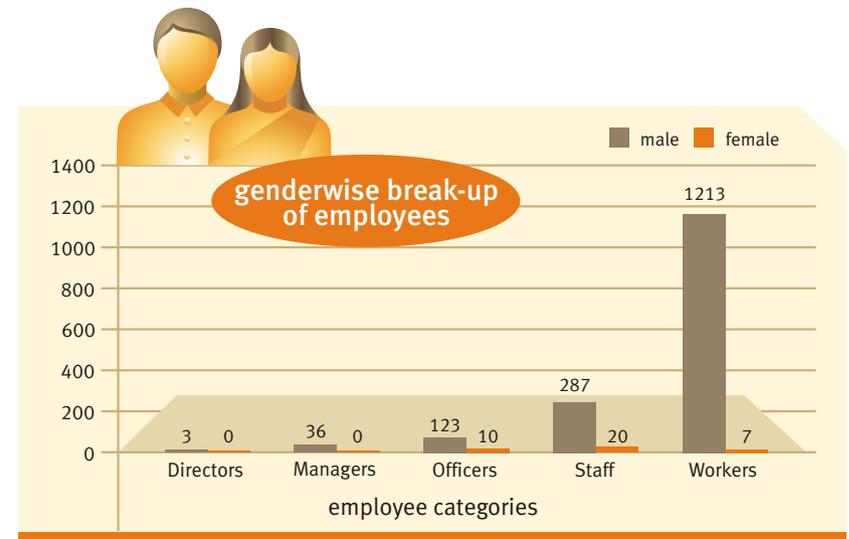
Employee Turnover

Although the number of employees leaving the firm was 9.76% lower than the previous year, the rate of turnover at MSPL continued to remain high. The bulk of employees leaving the company were from the Worker and Staff grade, but the percentage turnover was most significant among the Officer and Manager grades. The significant increase in turnover rate as compared to the previous year is a matter of serious concern since these employees are highly skilled and experienced personnel. In the other employee categories, the turnover rate has either improved from the previous year or remained unchanged. Moreover, the sub-50 age group continues to witness the highest absolute levels of turnover.

We are convinced that the long term fundamentals of our business are robust. As part of our strategy to

ensure that we emerge best equipped at the end of the crisis, we have embarked on an extensive training drive across the workforce. People have received training in technical skills development, operational refresher courses and soft skills & lifestyle management. There have been conscious and concerted efforts towards imparting training to employees at mine locations, particularly in sub-managerial categories.

We used a balanced development approach in which, apart from the regular technical, operational and certifications related training that was provided to our employees, we engaged an external expert for providing personality development and leadership skills, which included goal setting, change management, developing human relations, stress management, time management and development of effective habits.

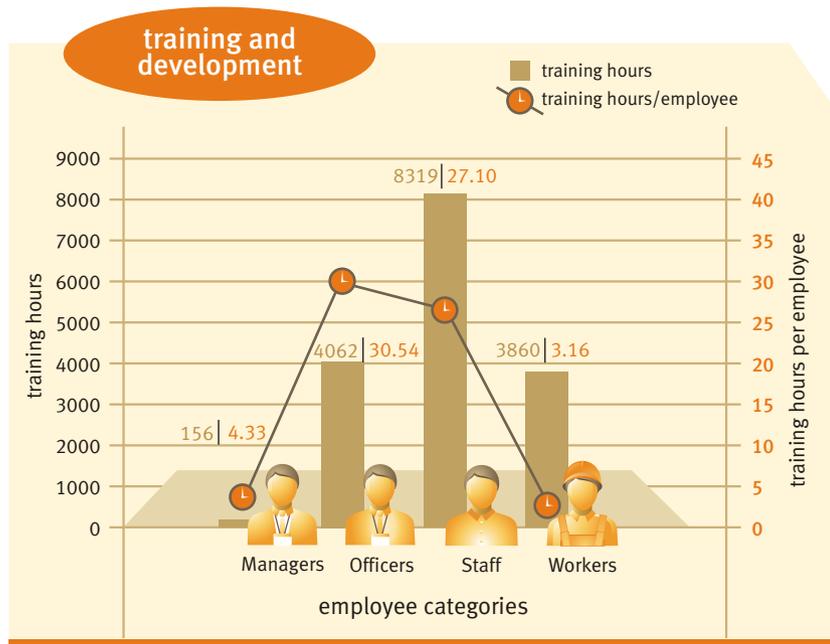


The above figures are for MSPL Limited (inclusive of VIOM, EOU 1, EOU 2 and Corporate Office)

In an effort to relieve employee stress and inculcate discipline of healthy living, we organised a yoga camp (refer page 28). A workshop was also conducted by the Art of Living Foundation wherein participants were exposed to the tools and techniques that enabled them to de-stress and energise. These programs apart from

formal training camps also promoted cordial employee relations increased interaction with employees at all levels.

Employee training was a major activity in the reporting period. Over 16,000 hours of training was imparted to employees across the firm. Extensive



“
Joining MSPL was like a dream come true. The last 14 years of service have been a wonderful experience.
 ”

Uma C. S.
 Secretary to CMD
 MSPL Limited

training was imparted to mine staff who have come up through the system and have shown the potential to assume greater roles with more responsibilities.

We are convinced that these training sessions will benefit our people in their personal and professional lives. Our investments in the development of our people will also equip MSPL to excel in a positive economic scenario and build resilience in a downcast economic scenario.

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.



“
The soft-skills training provided to our mine workers over the years have been very beneficial. It will help workers in their personal lives and family development as well as with job responsibilities and behaviour as they come through the ranks at MSPL.
 ”

Meda Venkataiah
 Executive Director - Mines
 MSPL Limited

“
Safety has been built into the culture across our operations. People have been trained and re-trained over time. When senior officials visit the mines, safety is among the first topics discussed.
 ”

Meda Venkataiah
 Executive Director - Mines
 MSPL Limited

International Council on Mining and Metals Sustainable Development Framework Principle 05: Seek continual improvement of our health and safety performance

workforce safety and health

Safety is a priority at MSPL. We ensure that all necessary measures have been set in place for the safety of all people within our premises and those on the periphery of our operational areas. Safety trainings and refresher courses are imparted to all associated personnel across our mining, mineral processing and wind energy operations.

Our mining operations have a safety committee that looks into all aspects of workplace safety. At our wind farms, third party experts that look after operations ensure safety performance and monitoring.

We are proud to have maintained an impeccable safety record with no reportable injuries or fatalities in the reporting period.

This year, we took initial steps in counseling our employees on the risks of certain diseases. We focussed on

We are proud to have been able to maintain an impeccable safety record with no reportable injuries or fatalities in the reporting period

raising awareness and counseling on HIV/AIDS. The National AIDS Control Organisation's (NACO) Red Ribbon Express (RRE) that ran through India in 2008 visited Hospet in August. We seized this excellent opportunity to increase awareness among our employees on HIV/AIDS. MSPL employees were encouraged to visit the Red Ribbon Express at Hospet Railway station.

In the coming years, we will take up more disease awareness, prevention and counseling activities for our employees as well as the communities within which we operate.

MSPL has evolved in to an organisation which encourages employees to achieve their full potential, whilst being reassured of

“

I have had two stints with MSPL. The reason for my second stint is the personal connection and the bond that I had developed with the company, its personnel and the people who run it. I feel like a part of the family.

”

Manoj Kumar Agrawal
Vice President - Material
MSPL Limited

“

After completing my degree, I joined MSPL in September, 1981. My first few months with the firm - the satisfaction that I drew from working with a business that conducts itself in a fair manner - and the engagement with the proprietors convinced me that this would be my first and last employment.

”

S. Mruthyunjaya
AGM - Administration
MSPL Limited

job security and stability through employment opportunities for their families.

At MSPL, we believe in the right of every employee to fully develop to her/his full potential. Moreover, sincere efforts are made to ensure that workers, doing even the most basic of jobs are given opportunities through mentoring and training to develop within the organisation. Due to this culture, we are proud that many employees have stayed with us for decades and have developed remarkable careers.

Gavisiddapa | MSPL EOU1

Year of joining: 1977

I started as a loading labourer. Within 2-3 months, I was presented with an opportunity to work as a driller helper and blaster helper. After close to 3 years of on the job training I received while assisting my seniors, my senior colleagues encouraged me to prepare and appear for the blaster examination. On clearing the examination, I was promoted to the rank of blaster. On account of my performance, I was offered a position of a Mine Mate in 1981. Between 1981 and 1984, I gained a tremendous amount of practical experience on mine operations. Vocational training was imparted at the training centre and hands on inputs were continuously provided by senior mines officers. By 1992, after having appeared for the mines foreman examination, I was promoted as mines foreman. Today, I work as a Senior Mines foreman at VIOM's Export Oriented Unit-I. The support that I received from my mentors at the company in the form of training, guidance, financial assistance for examinations and the stability that is associated with a regular job, has allowed me to achieve what I have today. In 1977, over thirty years ago, when I was recruited as a loading labourer, never had I imagined that I would become a Senior Foreman.

Ramappa | MSPL EOU1

Year of joining: 1981

My education up to the 7th standard, stood in the way of me getting a respectable job that could help me build a good career. MSPL had a reputation as a good employer that afforded people the opportunity to develop a career. I sought employment with them and joined as a helper in 1981. After gaining some experience and having participated in a number of trainings, my supervisors entrusted me with the responsibility of being a compressor operator in 1988. Since then, there has been no looking back. I have gone from strength to strength and have been promoted thrice. Right now I am working as a senior operator. The encouragement of my supervisors and the support that I received for training materials and guidance at MSPL has motivated me to achieve my potential. This is where I want to be.

R V Hanumantha | MSPL VIOM

Year of joining: 1985

I joined MSPL as a driller helper in 1985. Soon, I realised that MSPL rewarded employees who showed promise and interest in career development. With this in mind and through encouragement from my seniors and peers, I worked hard on certifications. Today, I've moved up the ranks from being a helper, to a drilling operator, then to a senior driller and am now a driller operator. The culture at MSPL to reward its employees for strong performance is also a motivational factor. Among the awards and recognitions that I've received through my time with MSPL, I am most proud of the first prize that I received for safe drilling procedures. Now, it is up to people like me who have benefitted from MSPL's commitment to preserve this culture and carry on the tradition. This career has given my family a sense of stability. For someone with only a primary education, I am truly lucky to have been given an early opportunity with MSPL. Since then, there has been no looking back.

International Council on Mining and Metals Sustainable Development Framework Principle 09:
Contribute to the social, economic and institutional development of the communities

community development

We consistently work towards integrating Corporate Social Responsibility (CSR) into the values, culture, operations and business decisions at all levels of the organisation. We believe that community service is an integral part of our business responsibilities. At MSPL our constant endeavour has been to bring a positive change to the underprivileged communities by

supporting a wide range of socio-economic, educational and health initiatives. The Baldota Group of companies has long recognised the need to earn community support and ensure sound environmental performance for business viability.

The United Nations Development Programme's (UNDP) Human Development Index (HDI) – is a summary composite index that measures a country's average achievements in three basic aspects of human development: health, knowledge, and a decent standard of

living. At the national level, human development indices and indicators across States have been computed.

As per the HDI, Bellary is one of the most backward districts in Karnataka State and is at 17th place among the earlier configuration of 20 districts. Its HDI is 0.42 as compared to State HDI of 0.47. Our presence in the Bellary region makes our responsibility towards the community even more greater.

Through our empowered sustainability committee that looks into our social initiatives we realised that our programs should not only address the needs of the local communities but

be nationally and internationally coherent. We have 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, the United Nations' Millennium Development Goals (UN MDGs), ICMM and its Indian counter part yet to be formalised, namely Federation of Indian Mining Industries (FIMI) principles, Indian Mining Initiatives. We have also adhered to and have sought funding from International Finance Corporation (IFC) against its stringent Environment, Health & Safety Standard(s).

The Baldota Group has long recognised the need to earn community support and ensure sound environmental performance for business viability

Health & Sanitation

- Assistance towards up gradation of hospital facilities
- Creation of a blood bank
- Assistance towards healthcare and healthcare costs
- Addressing material and child health
- Health awareness campaigns



Urban and Rural Infrastructure

- Providing / improving road ways
- Construction of Public facilities - bus shelters and walk over bridge
- Construction of recreational facilities for employees and children
- Construction of schools and educational institutions
- Provision of drinking water



Educational Impetus

- Teachers training
- Distribution of educational material
- Upgradation of school facilities
- Recognising / awarding talent and merit
- Assistance towards sports and entertainment facilities
- Educational assistance



Women Empowerment

- SHG formation
- Addressing woman and health
- Provisions of livelihood opportunities
- Awareness programs on health and sanitation
- Educational assistance and motivation for girl students



“

My vision is to provide urban facilities to rural areas.

”

Narendrakumar A. Baldota
Chairman & Managing Director
MSPL Limited & Baldota Group

Our partnership with neighbouring communities dates back to 1961. Over the years we have contributed towards community and village development as we firmly believe that economic development begins with community development.

In spite of our long-standing relationship with communities around us through philanthropic contributions, we wanted our contributions to be more sustained. We also wanted to focus on areas where communities felt a need, so that the impacts of our contributions are maximised and sustainability of our initiatives is also taken care off.

Our initiatives have been to improve facilities in and around Hospet town for the betterment of communities as well as development of the villages around us. For the betterment of the town, we have realised the importance of development and cleanliness, and assisted in making arrangements for certain public facilities. We do have assisted in construction of bus shelters, walk over bridge for a college etc., to improve basic facilities.

With our long-standing relationship with communities around us through philanthropic contributions, we wanted our contributions to be sustained

The absence of a quality green recreational space in the city of Hospet spurred us to build a children's park, last year, that meets needs in terms of a clean, green, safe and fun place to play. Some of our employees come from across the length and breadth of the country and have made Hospet their home. To help them integrate better in their new environment, we have constructed a company club that takes care of their recreational and entertainment needs.

We realise that the need for education is pivotal for the growth of a society. Towards this we have plans to establish a school in Hospet. During the year, we initiated a study conducted by the Kuvempu University to look into the existing educational system and facilities available in Hospet and near by Koppal Districts, so that a rational decision can be taken by us to build a school in the forthcoming years in Hospet.

“

Most companies in the mining business do some kind of social activities, but at MSPL we have a systematic way of planning and addressing social needs.

”

H. K. Ramesh
AGM - CSR
MSPL Limited

village adoption

In an effort to address every need of village communities around us, we have thus far adopted ten villages that are in close proximity to our mines and wind farms.

Last year we adopted the villages of Danapur, Galemmanagudi, Ingaligi, Hanumanahalli and Kanavihally. This year five additional villages namely Jaisingapura, Basapura, Halavarthi, Hosahalli, and Shankarnagar in Karnataka have been adopted. Through a demographic study in the adopted villages, the Gram Sabha village representatives along with the village community decide the priority areas for improvement. On an ongoing basis the Gram Sabha meets once in every six months or in case of emergencies, to deliberate on issues of development and also to take stock of ongoing activities.

Through these Sabha meetings we were able to take on focal issues for action namely health, hygiene, livelihood generation, sports, children's education and providing basic village amenities.

“

Any need that is brought to our notice and if we see our contribution towards it as necessary, we will do it.

”

Narendrakumar A. Baldota
Chairman & Managing Director
MSPL Limited & Baldota Group

This year we have adopted additional five villages - Jaisingapura, Basapura, Halavarthi, Hosahalli, and Shankarnagar in Karnataka



Greening our villages

We have distributed around 60 Kg. kitchen garden seeds for vegetables and 5,500 fruit plants to 1,075 families in our adopted villages through women SHG members. This has been done to not only make the villages greener but address malnutrition among women and children as these plants bear fruits like Sapota, Lemon, Guava, and papaya regularly. These fruits would help in improving family health. We have planted 540 saplings along the roads in Basapura, Hanumanahalli and Danapur villages.



United Nations Millennium Development - Goal 3 Promote gender equality and empower women

women's welfare & empowerment

Gender discrimination continues to be an enormous problem within the Indian society. This drastically affects women's health, financial status, education, and involvement on all fronts of decision making. Women are commonly married very young, become mothers at an early age, and

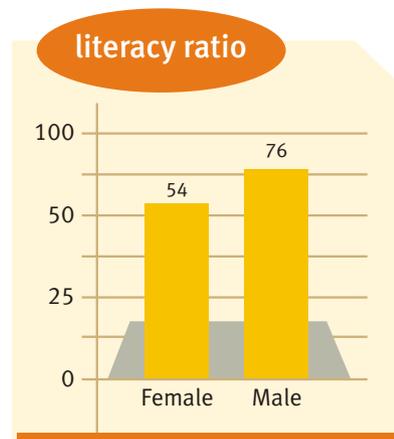
are then burdened by stringent domestic and financial responsibilities. Additionally, only 54 percent of Indian women are literate as compared to 76 percent of men. Women receive little schooling and face barriers in terms of addressing issues of education, financial dependency and also in exercising their basic rights. These issues are further aggravated among poor and rural women.

Problems of women arise primarily out of the lack of access to resources at both the household and the village level. Women's development has to go beyond the economic realm and we wanted to place emphasis on issues relating to equality, autonomy and self-reliance at the individual level and on solidarity of the community (of women) at the Group level. To address issues of empowerment and to bring in financial independence we mooted the formation of SHGs in our adopted villages.

Women's Self Help Groups (SHGs) in particular, represent a form of

“
Is it really possible for SHG members whose members are largely illiterate and can at the most write only their name and read numerals maintain these documents? Our experience has shown that once an SHG realises the importance of maintaining records members themselves invest the time and effort to manage good account keeping.

”
H. K. Ramesh
AGM - CSR
MSPL Limited



We have formed 45 women SHGs that cover a total of 757 families in 9 villages with the assistance of our CSR department

intervention which is an effective strategy for poverty alleviation, human development and social empowerment. In the previous year we had contributed to 35 SHGs and in the current year 10 new SHGs have been included. Thus in all we have formed 45 women SHGs that cover a



total of 757 families in 9 villages with the assistance of our CSR department. 27 SHGs out of the total 45 have been linked with a bank and were able to mobilise a seed fund of INR 985,000. We have trained women to handle the books of accounts and maintain on savings and credit list and also independently transact with the banks.

For effective community development, we firmly believe that women act as enablers of change. SHGs apart from being our deliberate attempt towards strengthening the financial handling and decision making power of women, have proven to be a strong and close knit women's group that has been effectively utilised to propagate awareness on key village issues that need to be addressed. The members of the SHG meet every week to undertake savings and credit activities.

The SHG provides a platform for

women of the village to come together, discuss, share information and motivate each other on vital issues such as women and child health, family planning, AIDS/HIV, pregnancy, pre & post natal care, education, sanitation, alcoholism among men, and family financial issues.

Our community workers also educate and bring about awareness on these issues and assist SHGs in taking informed decisions on vital issues that have changed their lives. Our SHG initiative by its grass-roots and participatory implementation methods has fuelled our success across our community development interventions.

“
The initiation of SHG formation and assistance towards construction of sanitation facilities have been the two major highlights of MSPL's contribution towards society that has drastically changed people's lives.

”
Srikar S. Bhattbhatt
Vice President - Corporate Affairs
& Company Secretary
MSPL Limited

Building homes through our SHGs

My name is Mumtaz. I am 24 years of age and reside in Danapur village. I work as a representative in Kaveri women Self Help Group, formed by MSPL. We are fourteen members working in our SHG, which is growing day by day with growth in our savings and loan recovery.

I am basically from a poor family and my parents work as daily labourers. We are 5 members in the family and live in a small hut, which is not sufficient for us. We planned to build a new house for which we got an amount of INR 0.3 lac from the Village Panchayat, under the Ashraya scheme. But this amount was insufficient. Since I was working as a representative in the Kaveri SHG, I could borrow an additional INR 0.1 lac with a low rate of interest. This helped us to construct the new house.

I am thankful to the Kaveri Self Help Group & to MSPL, due to which we could build our dream home. This has also helped me to contribute to my family's requirement, of which I am really proud.

Providing livelihood opportunities

My name is Manjula and I am 20 years old. I am from Hanumanahalli village and I have studied till the 7th standard. My parents are agriculture labourers. For further studies I had to travel to my neighbouring village, but my family's financial situation did not allow me to continue my schooling further. So I had to quit schooling and started supporting my mother with the household work. At the same time I was also searching for other opportunities to earn an income.

I came to know that in Mariyammanahalli village someone was running a tailoring training centre, which I was interested in. But my parents did not allow me as they did not want me to travel to another village and this disappointed me. Later I was hopeful when I got to know that MSPL is providing free tailoring training for unemployed women in my own village. I immediately joined classes and have completed six months of tailoring training successfully. I have learnt a lot of things and this has made my dreams come true.

MSPL has also given me a sewing machine for free. I have now started earning a monthly income of INR 1,500 to 2,000 through tailoring.

The help & support from MSPL, has changed my lifestyle and so has my family's financial position. I thank MSPL for helping me gain self respect & income. I have saved around INR 7,000 from my income in the past six months and also joined the SHG.

SHGs for village development

The Self Help Group (SHG) movement has brought certain changes in the lives of the women. It has allowed poor women to move from their earlier position of silence to one of gaining voice, reduced fatalism, improved living standards, and increased their collective bargaining powers within their family and community as well as empowered their status in the communities.

MSPL families coverage details through SHG as on 31st March, 2009

sr. no.	village name	total families	Covered by MSPL	
			no. of families	percentage
1	Hanumanahalli	550	213	39
2	Danapur	320	96	30
3	Galemmanagudi	203	55	27
4	Ingaligi	210	38	18
5	Kanavihally	392	167	43
6	Basapura	235	84	36
7	Halavarthi	460	45	10
8	Jaishingpura	203	45	22
9	Vyasankere	30	14	47
Total		2603	757	30



In an effort to develop skills among rural women we decided to impart tailoring skills. This initiative started in 2007 has empowered women to become self-reliant and infused confidence in them to face the world. Since then women have been undergoing tailoring



training and receive constant encouragement and support from the Group. This year we trained 139 women on tailoring and distributed 160 sewing machines to trained women to continue their newly learnt skill cum profession. Post training some women have established their own tailoring business whereby they receive a regular income to support their families.

Women liberation is a complex issue and our foremost priority is to address this through education. In an effort to reduce the school drop out rates of girls, we conducted a house-to-house survey in all our 10 adopted villages.

In households where a girl child had dropped out of school, the family and the girl child were counseled by us to resume schooling. We motivated them

“
Our children will never know they can have a better life if they don't receive education. With proper education and support, we believe that we are shaping the growth of youth who are pillars of societal growth.”

”
H. K. Ramesh
AGM - CSR
MSPL Limited

by providing assistance like payment of fees, books and uniforms. Our efforts yielded results as we got 10 girl children to rejoin schooling, especially in the age groups of 11 to 17 years. Our plan now is to continue this in the forthcoming years and schedule our counseling activities well in advance. Our target is to re-enroll 100 girl children in the forthcoming academic year.

educational impetus



United Nations Millennium Development - Goal 2 Achieve universal primary education

Literacy in general plays a vital role in the overall development of any society. District statistics show that the literacy rate of the Bellary district is 58.04%. We believe that contribution towards education is key to investment in the social sector.

The Department of Education under the Ministry of Human Resource Development, towards the Universalisation of Elementary Education has made primary education more accessible and effective for children, especially girls and those from deprived communities

The school drop out rates are still high especially among girls from poor and rural backgrounds. According to UNICEF, currently, only 34 percent of India's girls are completing their schooling in India

and from disadvantaged social groups across the country.

Programs such as the 'Sarva Shiksha Abhiyan'- The 'Education for All' movement, a flagship program of the Government of India, has made education free and compulsory for children in the age group of 6 -14 years.

In spite of many such programs we still see high school drop out rates especially among girls from poor and rural backgrounds in most parts of the country including Karnataka.

It is an unfortunate fact that female literacy in India today is still considerably lower than male literacy. According to UNICEF, currently, only 34% of girls complete their schooling in India. Yet in Karnataka, as per last census held in 2001, the percentage of female literacy in the state was 57.45%.

We firmly believe that empowerment of women is through education and self sufficiency. Our activities hence have been through a combined approach of propagating education of the girl child along with providing livelihood opportunities for the adult women.

Our other efforts towards education, apart from the girl child education, has been supporting education at the primary, secondary and graduate levels across socio-economic segments and beyond geographical boundaries.

Special classes for 10th and 12th (2nd PUC) standard students were organised to improve student's competency level through hiring teachers and providing other facilities.

At the primary level, the Abheraj Baldota Foundation has been distributing free notebooks to schools in and around Hospet region for the past 3 years. We have been assisting schools in terms of providing computers and free computer training to children of higher classes.

Notebook Distribution



Children from poor and rural background find it hard to buy books and notebooks. Their economic situation is so bad that simplest of things like notebooks can deter their education. The Abheraj Baldota Foundation launched free notebook distribution program for the year on 30th June 2008.

The program inaugurated by Capt. Dr. Rajendra, Asst. Commissioner, Hospet, witnessed the distribution of 120,000 notebooks to 21,024 students across 88 schools in Hospet taluka and five schools in Koppal taluka. We pledge to continue this on a yearly basis to motivate children towards their pursuit of higher education.

We supported the Education Department, in organising a science exhibition in Hospet. More than 24 schools participated in this program

Our activities hence have been through a combined approach of propagating education of the girl child along with providing with livelihood opportunities for income generation for adult women

meant to create interest and awareness on science and its importance in the minds of school children.

We have offered financial support to hire teachers wherever there has been a shortage of teaching staff. We conducted a teachers' training program where four teachers were trained for computer education. We have donated teaching material and



also assisted towards mid-day meals schemes for 10 schools and 15 anganwadis in adopted villages by providing vessels etc. Upgradation of basic facilities in Government schools have been carried out by providing chairs and tables. We also provided 50 desks, 4 tables and 4 chairs for Halavarthi school.

We run a primary school for the children of our mine workers and

To promote and improve rural student's competency level and reduce drop outs, we have also supported financially to hire teachers wherever there has been a shortage of teaching staff to handle classes

provide them with free education, text books, notebooks, other stationery etc. These have been some of our humble contributions to sustain and provide essential education to the youth of growing India.

To create awareness on environment, community and public health issues, we provided a sound system to a well-known theatre group in Mariyammanahalli. This team has over the years put up plays, in the village, to disseminate messages on community issues, public health and environmental issues and children's education. This theatre group also works on educating children on environment, anti-social issues, child rights and patriotism by staging dramas in schools and villages. They also publicise information and messages on these vital issues through the public address system provided by us.

To address the educational needs of higher and mature students we encourage aspiring students and assist them to achieve their aims by ensuring that their financial situation does not affect their zest for education. We have made various contributions for graduate students who are pursuing their business, engineering, medical or computer education. We financially supported 24 poor talented students to pursue higher studies in the field of engineering, medicine and management.

We also contributed and honoured academic achievers of the Proudadevaraya Institute of Technology and gold medals were awarded to 6 top rankers in different branches of engineering. The Baldota Fellowship for Masters in Technology (M. Tech) in mineral exploration, in the current year involved a grant of INR 1.2 Million

towards the entire M. Tech education expenses of four candidates. We also distributed laptops to the Mineral Exploration graduates. The Abheraj Baldota Foundation's special program also supports ten academically brilliant students to pursue college education in engineering and medical studies.



supporting sports

Apart from education, we believe that a sport is an integral part of an individual's all round development. We are facilitating talented sports persons in rural communities to perform to their true potential. We sponsor prizes and certificates for the winners of various sports competitions in high schools and higher primary schools at the taluka and zonal levels. We provided sports kits to youth groups. We also organised sports event at the zonal and taluka levels in and around Hospet. ABF encourages talented sportspersons to achieve their dreams and have sponsored the youth basket ball teams for participating in the state level championship. We have also provided financial assistance to talented sportspersons for participating in international tournaments. Besides

promoting talent, to reward and recognise achievement. We have contributed INR 200,000 each to honour the Olympic Games medalists Mr. Vijendra Singh (Boxing) and Mr. Sushil Kumar (Wrestling).

Beyond education and sports, we are also working to ensure equal access and opportunity to enhance quality of life of students.

The ABF contributes towards music training in schools especially for the poor and physically challenged students. We contributed to award the winners of the Pratibha Karanji Program - organised by the Department of Public Instruction at the district and taluka levels to promote cultural competitions such as dancing, singing, drama, art, handicraft, science, speech, etc. among school children.

support for healthcare

Over the past few years India has seen an impressive economic growth and progress on the human development front. The growth rates of the country were as high as nine per cent in 2006-07, while the population below the poverty line gradually declined. Yet we have not been fast or equitable enough to reach the disadvantaged populations. Access to healthcare is among basic necessities, but still out of reach for many.

Better health is the key to wealthy societies. Almost 40% of the Indian populations cite health as the main concern before issues such as financial problems, housing or crime. We realise that good health makes an important contribution to economic progress, as healthy populations live longer, are more productive and save more. We are sharing this huge responsibility with the Government to improve the access to quality healthcare for the communities we interact with and operate in. Healthcare specifically for the rural poor and the vulnerable (women and children), is the focus of our action on this front.

Recent statistics from the Bellary health council enumerate that out of the 7 talukas in the district, there are only 54 Primary Health Centres (PHC) and 6 hospitals to serve the district population of 2,025,242. With large populations still without access to basic healthcare, we recognised the

need to contribute towards and augment efforts in providing health facilities. Over the years our prime goal has been to provide sustained contributions for existing hospitals to upgrade, their facilities and also in assisting individuals towards their healthcare needs and associated costs.

We are also taking a more holistic approach to our social activities. We have aligned our initiative with national development targets of the Government of India, which are derived from and address the United Nations Millennium Development Goals of providing access to sanitation, clean water, education and empowerment of women and eliminate poverty along side developmental targets.

“
Even in this period of recession, our social activities have actually increased than in any other year.
”

Narendrakumar A. Baldota
Chairman & Managing Director
MSPL Limited and Baldota Group



United Nations Millennium Development - Goal 6 Combat HIV/AIDS, malaria & other diseases

AIDS Awareness

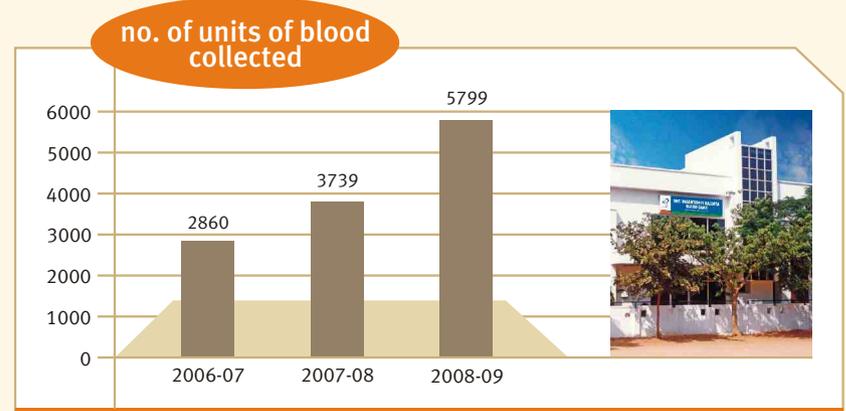
UNICEF estimates indicate that approximately 2.4 million (2 million - 3.1 million) people in India were living with HIV in 2007. The national adult HIV prevalence of the country is 0.3%; the epidemic continues to affect large numbers of people in the country. The district of Bellary also has alarming HIV figures when compared to other districts in the state. We perceive that this is an epidemic that needs to be addressed through education and awareness.

We have been part of the campaign by The Rajiv Gandhi Foundation National AIDS Control Organisation and Nehru Yuva Kendra Sangathan which in the year 2004 was one of the largest rural campaigns on rails, to create awareness on HIV/AIDS. As part of this campaign in Hospet, a three-day campaign was conducted. We participated and contributed by making arrangements for rural women to attend the campaign, since it is of prime importance to us that women make decisions and protect their health and that of their family.

Blood Donation

Hospet has a history of high accident rate with over 300 accidents recorded each year till 2001. This called for an imminent need to have a blood bank. On 17th December 2001, Smt. Vasantidevi Baldota Blood Bank was established and since then there has been a dedicated drive to encourage blood donation as we assist the local communities to use this precious resource in their hour of need. The blood bank is the only one in the region within a radius of 100km and has been a blessing for the people. Utmost care is taken to follow all safety standards at every stage. The blood bank is managed by a trained and qualified staff consisting of a Convenor, a Medical Officer, four technicians, a Pharmacist and two other staff members.

Since the inception of the blood bank the number of units of blood collected has gradually increased from 399 units in 2001-2002 to 5,799 units in 2008-2009 and with an increase in average per day collections from 2.19 units in 2001-2002 to 15.9 units in 2008-2009.



Sanitation and Health



Some 2.5 billion people, almost half the developing world's population, lives without proper sanitation facilities. Today, even as India enjoy more than a half century after independence, it is still struggling to provide sanitation and clean drinking water to its teeming millions. According to the Government of India, more than half a billion people practice open defecation.

The lack of adequate sanitation and safe water has significant negative health impacts. It has been estimated by the World Health Organisation in 2002 that around 700,000 Indians die each year from diarrhea and according to the Planning Commission Report in India (2003) almost 400,000 to 500,000 children under the age of five die due to water borne diseases such as diarrhea, hepatitis and typhoid in the country.

Governments across the world, including the Government of India, have agreed to the eight Millennium Development Goals (MDGs) to reach targets addressing extreme poverty. Goal seven aims to reduce the number of people without access to sanitation by half, till 2015.

The importance of providing sanitation facilities was recognised by our

Chairman as we initiated provision of sanitation facilities for the individual households across our adopted villages. We conducted a survey among individual households which pointed that our initiative to assist households for toilet constructions was whole-heartedly welcome. This exercise also proved to be a vehicle for women to voice their concerns and demand for their basic needs.

This initiative is also in line with the UN Millennium Development Goals of addressing maternal and child health as well as empowering women to make decisions. Our interactions with the community indicate that the need for toilet facilities is felt more so for the privacy and safety of women. We observed that women were truly concerned of being burdened with



additional tasks and correlated the economic costs imposed by poor sanitation in terms of increased disease occurrence and mortality, especially that of children.

We initiated work by hiring independent contractors who built toilets as per approved toilet designs. We have contributed majority of the expenses for construction with only a

marginal investment by individual houses. The number of toilets constructed by us in villages have grown from 130 to 288 in 2008-2009.

We recognise the fact that community involvement in sanitation, health and hygiene has to be built through sustained campaigns. Apart from addressing the need for sanitation facilities, we also realised the need to consolidate our efforts on this front. Hence we narrowed our efforts towards activities such as construction of soak pits for safe disposal of waste water, construction of drains, support for drinking water, conducting health camps and building awareness among community members on the importance of hygiene and sanitation.

As per the Bellary district statistics, the birth rate in the district is 27. The ratio of infant death to 1000 live births is 35.60, which is higher than the national average. The ratio of maternal death to 1000 births in the district is 2.20. These statistics highlight the stark reality on the status and nature of women and children's health in our area. We therefore remain focused on maternal and child health.

We have also undertaken the responsibility of providing households with clean and safe drinking water. We distribute around 10,000L of water per day to Vyasankere - an adopted village that has around 40 households. Apart from this, we supply water to the village that faces, acute shortage of water supply. A case in point are the Hanumahalli and Danapur villages, where we supplied drinking water for 4 days, till the local water supply was resumed.

“

Our commitment for the future is to construct 1,500 toilets by 2010

”

Narendrakumar A. Baldota
Chairman & Managing Director
MSPL Limited and Baldota Group

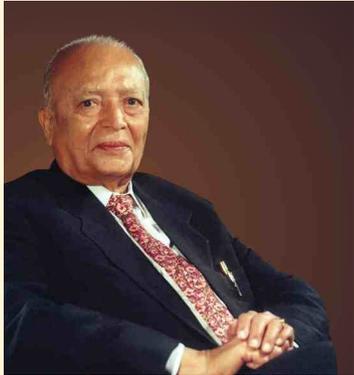
“

Sanitation is more important than independence, Mahatma Gandhi said it once. We believe in it and have made conscious efforts over the years to address this issue for our communities.

”

H. K. Ramesh
AGM - CSR
MSPL Limited

The Abheraj Baldota Foundation



The Abheraj Baldota Foundation (ABF) was established in the name of our Founder Chairman Shri Abheraj Hirachand Baldota who was a well-known industrialist, philanthropist and social worker.

The foundation is a registered charitable trust, through which we route our contributions to social welfare including provision of healthcare facilities and assistance for the same. For the last 30 years, the foundation has been a vehicle for our social endeavours and contributions.

We have supported patients by contributing for their hospitalisation, surgery and medical expenses. We have also financially supported hospitals which needed upgradation and additional facilities. Contribution was also made towards the

purchase of an ambulance cum emergency Intensive Care Unit (ICU) to a hospital in Ahmednagar, Maharashtra that undertakes cardiac surgery and care for poor people. Eye camps were conducted at a nearby hospital - Nethralakshmi Vaidyalaya. We also contributed to the Anandrishiji Hospital and Medical Research Center, Ahmednagar for providing health services to poor and needy patients.

Apart from contributing towards health in the Hospet region, we also aided the Endoscopy Research Foundation in Mumbai. This helped the foundation establish the Abheraj Baldota Cancer Detection Centre at the Institute of Advanced Endoscopy.

This state-of-the-art centre facilitates early detection and cure of cancer ailments, specifically that of the abdomen. The centre also has reservations for patients referred from Government or Municipal Hospital, thus providing access to the smallest sections of the society.

Apart from healthcare, community infrastructure facilities have also been addressed through our foundation. The ABF has contributed towards street lights and also constructed a bus stop near Vijayanagar College, Hospet.

baba ramdevji's visit to hospet



Yogishri Swami Baba Ramdevji Maharaj is one of the most Eminent Yoga Gurus in India.

He is well known in the country for his ability to address and cure illnesses through the practice of yoga. The Baldota management organised a six-day yoga science camp by Swamiji and his team for the entire township of Hospet from 11th to 16th January 2009. The camp was attended by over 11,000 people from Hospet and near by towns. Apart from the daily yoga camps conducted, 40 Ayurvedic physicians accompanying Swamiji were present at the OPD the whole day to attend to the health problems of the entire town of Hospet.

The camp was a welcome event that rejuvenated the minds and hearts of

people where they learnt the art of yoga, good health and the art of good living.

As a part of this mega event, we took the opportunity to bestow his knowledge and wisdom on the Baldota Group employees and their family members. During the meet people learnt stress management, work ethics management and yoga.

Also various other events were coordinated by us during Swami Baba Ramdevji's presence in Hospet. A Yoga teachers' training was held for around 400 teachers from all over Karnataka. A camp for school children was also conducted. Swamiji also inaugurated the newly constructed bus stop and a walk over bridge at Vijayanagar College, Hospet.





BALDOTA

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EN9	Water sources significantly affected by withdrawal of water.	4 / 9-10	Reported
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EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	4 / 5, 13	Reported
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	4 / 5	Reported
EN13	Habitats protected or restored.	4 / 13-15	Reported
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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.	4 / 16	Reported
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EN23	Total number and volume of significant spills.	4 / 6	Reported
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.		
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.	4 / 2, 4 3 / 2	Reported
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.		
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.		
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	4 / 7-8	Reported
EN30	Total environmental protection expenditures and investments by type.		
Social: Labor Practices and Decent Work			
LA1	Total workforce by employment type, employment contract, and region.	5 / 5	Reported
LA2	Total number and rate of employee turnover by age group, gender, and region.	5 / 5-6	Reported
LA3	Benefits provided to Reporting-time employees that are not provided to temporary or part-time employees, by major operations.	2 / 9-10	Reported
LA4	Percentage of employees covered by collective bargaining agreements.		
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.		
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.	5 / 5-6	Reported
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	5 / 8-9	Reported
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	5 / 6-7	Reported
LA9	Health and safety topics covered in formal agreements with trade unions.		
LA10	Average hours of training per year per employee by employee category.	5 / 7	Reported

Performance Indicator	Description	Booklet / Page nos.	Status of reporting
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	5 / 6-8	Reported
LA12	Percentage of employees receiving regular performance and career development reviews.	5 / 6-7	Reported
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	5 / 5	Reported
LA14	Ratio of basic salary of men to women by employee category.	5 / 2, 6	Reported
Social: Human Rights			
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.		
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.		
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.	5 / 6-7	Reported
HR4	Total number of incidents of discrimination and actions taken.	5 / 2	Reported
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.	5 / 2	Reported
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.		
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.	5 / 2 6 / 14	Reported
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	6 / 14	
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.		
Social: Society			
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.	1 / 2-3	Reported
SO2	Percentage and total number of business units analyzed for risks related to corruption.	6 / 13	Reported
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.		
SO4	Actions taken in response to incidents of corruption.	6 / 13	Reported
SO5	Public policy positions and participation in public policy development and lobbying.	2 / 4, 14	Reported

content index - GRI

Performance Indicator	Description	Booklet / Page nos.	Status of 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.		
Social: Product Responsibility			
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.	5 / 8 3 / 2	Reported
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.	5 / 8	Reported
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.		
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	3 / 2	Reported
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	2 / 16-18	Reported
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	4 / 3 3 / 2	Reported
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.		
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.		

acronyms and abbreviations

ABF	Abheraj Baldota Foundation	GJ	Giga Joules
AGM	Assistant General Manager	Gol	Government of India
AIDS	Acquired Immuno Deficiency Syndrome	GRI	Global Reporting Initiative
AIR	All India Radio	Ha	Hectare
AIISL	Aaress Iron and Steel Ltd.	HDI	Human Development Index
BCF	Business and Community Foundation	HIV	Human Immunodeficiency Virus
BOD	Biochemical Oxygen Demand	HR	Human Rights
CA	Corporate Affairs	HSD	High Sulphur Diesel
CAPEXIL	Chemicals & Allied Products Export Promotion Council	IBM	Indian Bureau of Mines
Capt.	Captain	ICMM	International Council on Mining and Metals
CDM	Clean Development Mechanism	ICU	Intensive Care Unit
CFO	Chief Financial Officer	IFC	International Finance Corporation
CMD	Chairman and Managing Director	ILO	International Labour Organisation
COD	Chemical Oxygen Demand	IMF	International Monetary Fund
CPCB	Central Pollution Control Board	INR	Indian Rupees
CS	Company Secretary	IPCC	Intergovernmental Panel on Climate Change
CSR	Corporate Social Responsibility	IPO	Initial Public Offering
DGM	Deputy General Manager	ISO	International Organisation for Standardisation
ED	Executive Director	ITI	Industrial Training Institutes
EIA	Environmental Impact Assessment	IUCN	International Union for Conservation of Nature
EMS	Environmental Management Systems	Kg	Kilo Grams
EOU	Export Oriented Unit	KIAD	Karnataka Industrial Areas Development Board
Fe	Iron	KPI	Key Performance Indicator
FICCI	Federation of Indian Chambers of Commerce & Industry	KSPCB	Karnataka State Pollution Control Board
FIMI	Federation of Indian Mineral Industries	KwH	Kilo Watt Hour
FKCCI	Federation of Karnataka Chambers of Commerce & Industry	M. Tech.	Masters in Technology
FY	Financial Year	m³	Cubic Meter
		MD	Managing Director

acronyms and abbreviations

MEAI	Mining Engineers' Association of India	R&D	Research and Development
MoEF	Ministry of Environment and Forests	RMML	Ramgadh Mines and Minerals Limited
MT	Metric Tonnes	RSPM	Respirable Suspended Particulate Matter
MTPA	Million Tonne Per Annum	SAP	System application products
MW	Mega Watt	SHG	Self Help Group
NACO	National AIDS Control Organisation	SMIORE	Sandur Manganese Iron Ore Co. Ltd.
NGO	Non Governmental Organisation	SOx	Oxides of Sulphur
NOx	Oxides of Nitrogen	SPM	Suspended Particulate Matter
O&M	Operation & Maintenance	SPV	Special Purpose Vehicle
OHSAS	Occupational Health & Safety Assessment Series	SWaN	Society for Wildlife and Nature
P.U.C	Pre University Education	UN	United Nations
PCB	Pollution Control Board	UNFCCC	United Nations Framework Convention on Climate Change
PHC	Public Health Centre	UNICEF	United Nations Children's Fund
PLF	Plant Load Factor	UN MDGs	United Nations Millenium Development Goals
PPE	Personal Protective Equipment	USD	United States Dollar
PRA	Participative Research Assessment	VIOM	Vyasankere Iron Ore Mines
PRCI	Public Relations Council of India	WHO	World Health Organisation
PVS	P. Venganna Shetty and Brothers		

glossary of mining terms

Beneficiation

The treatment of ore & making it more in mineral content.

Blasting

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 favourable conditions, a definite crystal form.

Open Pit

A mine, that is entirely on surface. Not being underground. 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.

glossary of mining terms

Overburden

The associated waste rocks occurring with Iron Ore is termed as overburden.

Stripping is the operation of removing the overburden prior to the working of the mineral.

Pellet

A marble-sized ball made from iron ore fused with additives clay and coke. It is intermediate product for use in steelmaking.

Reclamation

The process of returning the land to another productive use after mining has been completed. 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.

annex - I code of conduct

Corporate and Organisational 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, employees 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 listen to all employees.

annex - I code of conduct

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 equipment 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 equipment.

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 need 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 organised 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

ICMM principles

- 01 Implement and maintain ethical business practices and sound systems of corporate governance.
- 02 Integrate sustainable development considerations within the corporate decision-making process.
- 03 Uphold fundamental human rights and respect cultures, customs and values in dealings with employees and others who are affected by our activities.
- 04 Implement risk management strategies based on valid data and sound science.
- 05 Seek continual improvement of our health and safety performance.
- 06 Seek continual improvement of our environmental performance.
- 07 Contribute to conservation of biodiversity and integrated approaches to land use planning.
- 08 Facilitate and encourage responsible product design, use, re-use, recycling and disposal of our products.
- 09 Contribute to the social, economic and institutional development of the communities in which we operate.
- 10 Implement effective and transparent engagement, communication and independently verified reporting arrangements with our stakeholders.

Principle 01

Implement and maintain ethical business practices and sound systems of corporate governance.

- Develop and implement company statements of ethical business principles, and practices that management is committed to enforce.
- Implement policies and practices that seek to prevent bribery and corruption.
- Comply with or exceed the requirements of host-country laws and regulations.
- Work with governments, industry and other stakeholders to achieve appropriate and effective public policy, laws, regulations and procedures that facilitate the mining, minerals and metals sector's contribution to sustainable development within national sustainable development strategies.

Principle 02

Integrate sustainable development considerations within the corporate decision-making process.

- Integrate sustainable development principles into company policies and practices.
- Plan, design, operate and close operations in a manner that enhances sustainable development.
- Implement good practice and innovate to improve social, environmental and economic performance while enhancing shareholder value.

- Encourage customers, business partners and suppliers of goods and services to adopt principles and practices that are comparable to our own.
- Provide sustainable development training to ensure adequate competency at all levels among our own employees and those of contractors.
- Support public policies and practices that foster open and competitive markets.

Principle 03

Uphold fundamental human rights and respect cultures, customs and values in dealing with employees and others who are affected by our activities.

- Ensure fair remuneration and work conditions for all employees and do not use forced, compulsory or child labour.
- Provide for the constructive engagement of employees on matters of mutual concern.
- Implement policies and practices designed to eliminate harassment and unfair discrimination in all aspects of our activities.
- Ensure that all relevant staff, including security personnel, are provided with appropriate cultural and human rights training and guidance.
- Minimise involuntary resettlement, and compensate fairly for adverse effects on the community where they cannot be avoided.
- Respect the culture and heritage of local communities, including indigenous people.

Principle 04

Implement risk management strategies based on valid data and sound science.

- Consult with interested and affected parties in the identification, assessment and management of all significant social, health, safety, environmental and economic impacts associated with our activities.
- Ensure regular review and updating of risk management systems.
- Inform potentially affected parties of significant risks from mining, minerals and metals operations and of the measures that will be taken to manage the potential risks effectively.
- Develop, maintain and test effective emergency response procedures in collaboration with potentially affected parties.

Principle 05

Seek continual improvement of our health and safety performance

- Implement a management system focused on continual improvement of all aspects of operations that could have a significant impact on the health and safety of our own employees, those of contractors and the communities where we operate.
- Take all practical and reasonable measures to eliminate workplace fatalities, injuries and diseases among our own employees and those of contractors.

annex - II

ICMM principles

- Provide all employees with health and safety training, and require employees of contractors to have undergone such training.
- Implement regular health surveillance and risk-based monitoring of employees.
- Rehabilitate and reintegrate employees into operations following illness or injury, where feasible.

Principle 06

Seek continual improvement of our environmental performance

- Assess the positive and negative, the direct and indirect, and the cumulative environmental impacts of new projects - from exploration through closure.
- Implement an environmental management system focused on continual improvement to review, prevent, mitigate or ameliorate adverse environmental impacts.
- Rehabilitate land disturbed or occupied by operations in accordance with appropriate post-mining land uses.
- Provide for safe storage and disposal of residual wastes and process residues.
- Design and plan all operations so that adequate resources are available to meet the closure requirements of all operations.

Principle 07

Contribute to conservation of biodiversity and integrated approaches to land use planning

- Respect legally designated protected areas.
- Disseminate scientific data on and promote practices and experiences in biodiversity assessment and management.
- Support the development and implementation of scientifically sound, inclusive and transparent procedures for integrated approaches to land use planning, biodiversity, conservation and mining

Principle 08

Facilitate and encourage responsible product design, use, re-use, recycling and disposal of our products

- Advance understanding of the properties of metals and minerals and their lifecycle effects on human health and the environment.
- Conduct or support research and innovation that promotes the use of products and technologies that are safe and efficient in their use of energy, natural resources and other materials.
- Develop and promote the concept of integrated materials management throughout the metals and minerals value chain.
- Provide regulators and other stakeholders with scientifically sound data and analysis regarding our products and operations as a basis for regulatory decisions.

- Support the development of scientifically sound policies, regulations, product standards and material choice decisions that encourage the safe use of mineral and metal products.

Principle 09

Contribute to the social, economic and institutional development of the communities in which we operate

- Engage at the earliest practical stage with likely affected parties to discuss and respond to issues and conflicts concerning the management of social impacts.
- Ensure that appropriate systems are in place for ongoing interaction with affected parties, making sure that minorities and other marginalised groups have equitable and culturally appropriate means of engagement.
- Contribute to community development from project development through closure in collaboration with host communities and their representatives.
- Encourage partnerships with governments and non-governmental organisations to ensure that programs (such as community health, education, local business development) are well designed and effectively delivered.
- Enhance social and economic development by seeking opportunities to address poverty.

Principle 10

Implement effective and transparent engagement, communication and independently verified reporting arrangements with our stakeholders

- Report on our economic, social and environmental performance and contribution to sustainable development.
- Provide information that is timely, accurate and relevant.
- Engage with and respond to stakeholders through open consultation processes.

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Independent Assurance Statement

The Board of Directors
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Baldota Enclave
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Hospet 583203
Karnataka, India

OUR ENGAGEMENT

We, Ernst & Young Pvt. Ltd. (EY) have been engaged by MSPL Limited (the 'Company') to provide assurance to its Corporate Sustainability Report 2008-2009 (the 'Report').

The Company's management is responsible for the contents of the Report, including identification of key sustainability issues, engagement with stakeholders and its presentation. EY's responsibility is to provide an independent assurance on the Report content as described in the scope of assurance.

Our responsibility in performing our assurance activities is to the management of the Company only, and in accordance with the terms of reference agreed with the Company. We do not therefore accept or assume any responsibility for any other purpose or to any other person or organisation. 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.

REPORTING CRITERIA AND ASSURANCE STANDARD

The Company has mentioned its intention of applying the GRI 2006 (GRI-G3) Guidelines issued by Global Reporting Initiative (GRI) for the Report.

Our assurance is in accordance with International Federation of Accountants' International Standard for Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000), and our conclusions are for 'limited' assurance as set out in ISAE 3000.

OUR SCOPE

The scope of our assurance covers sites and indicators considered relevant with respect to the Company's operations and their impact on Sustainability, and include:

- Data and information related to the Company's sustainability performance reported for the period 1st April 2008 to 31st March 2009;
- The Company's internal protocols, processes, and controls related to the collection and collation of sustainability performance data;

- Review of selected data streams pertaining to GRI indicators to determine the level of accuracy of reported data.

LIMITATIONS AND EXCLUSIONS

Our assurance scope excludes:

- Aspects of the Report other than those mentioned above;
- Data and information outside the defined reporting period (1st April 2008 to 31st March 2009);
- The Company's statements that describe expression of opinion, belief, aspiration, expectation, aim or future intention provided by the Company;
- Data and information on economic and financial performance of the Company.

OUR APPROACH

The nature and scope of our work was based on our professional judgment and we have performed all the procedures deemed necessary to provide a basis for our conclusions. Within the scope of our engagement, we requested evidence on a sample basis based on materiality criteria.

The approach to the assurance exercise included interaction with key personnel of the Company to identify the processes in place to capture sustainability performance data and information as per GRI 2006 (GRI-G3) guidelines, followed by reviews of the processes for collecting, compiling, and reporting on these indicators at the corporate and operating unit levels.

EY's team visited the Company's corporate office in Hospet, Vyasankere Iron Ore Mines (VIOM) in Vyasankere village and Export Oriented Units (EOUs) (1&2) in Vyasankere and Ingaligi villages respectively in Hospet taluka, Bellary district, Karnataka, to review the systems for managing and reporting on sustainability activities. Information pertaining to other locations was made available to us at the Company's corporate office in Hospet.

Assumptions made for arriving at reported numbers against the sustainability performance indicators were understood and necessary clarifications obtained. Stakeholder engagement process was reviewed through interviews with concerned personnel. Sufficient, relevant and appropriate evidences to support the conclusions in this assurance report were obtained from the Company, to support our conclusion.

OUR ASSURANCE TEAM

Our assurance team, comprising of multidisciplinary professionals, has been drawn from our Climate Change and Sustainability Services that undertakes similar engagements with a number of significant Indian and international businesses.

OUR OBSERVATIONS

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

- The Company has made efforts to report on its sustainability performance as per A+ application level of the GRI 2006 (GRI-G3) guidelines;

- The Company needs to further strengthen their sustainability data base management system for collection and collation of data across all operations and functions;
- The Company has developed a Sustainability Policy this year, to lend further focus on sustainability performance;
- The Company could set up a specific internal task force which could be cross functional to effectively implement the sustainability policy through defining key targets/framing score cards.

OUR CONCLUSIONS

On the basis of our scope of review and methodology, nothing has come to our attention that would cause us not to believe that:

- The Report presents the Company's sustainability performance across its 'triple bottom line' covering economic, environmental and social indicators and the sustainability challenges faced by it.
- The report contents are presented fairly, in material respects, in keeping with the Global Reporting Initiative's 2006 Sustainability Reporting (GRI-G3) principles and criteria.
- The reported information on non-financial sustainability parameters are supported by documentary evidences and internal records.

for Ernst & Young Private Limited



Sudipta Das
Partner

September 12, 2009
Kolkata



BALDOTA

MSPL LIMITED

www.mspllimited.com