

# Corporate Sustainability Report 2005-06



*... Beyond Mining*



Baron Toeplitz acquires Orasso Dongor concession, starts a company called Scambi Economies S.A. Goa, with backing of Alessandro Vassalo.

1954

Sesa Goa and Mingoa amalgamated to form Sesa Goa Limited.

1979

Sesa Goa goes public, 60% shares held by 42,000 Indian shareholders and 40% by Finsider (now called Ilva)

1981

First Phase of 150,000 tons per year Pig Iron Plant commissioned and manufacture of low phosphorous foundry grade pig iron.

1992

Sesa Shipping launched with the acquisition of Transhipper M.V. ORISSA. 84 Coke Ovens commissioned at SKCCL in April.

1995

All the pig iron business consolidated in Sesa Industries through the transfer of first Blast Furnace from SESA GOA to SESA INDUSTRIES.

1996

Sesa Goa relinquishes representation Sesa Seat Board. Sesa Community Development Foundation established to encompass NCM Sesa Technical School and a new Sesa Football Academy.

1998

Sesa Group becomes the first business of its kind to be certified with OHSAS 18001. A Narrain Mines Limited, 100% subsidiary of Sesa Goa Limited, merged with Sesa Goa Limited with effect from 1<sup>st</sup> April 2002.

2002

2007

Publishes first Corporate Sustainability Report.

2003

The Shipbuilding Division launches its 60<sup>th</sup> vessel, MV Toni. Sesa Goa raised its equity in Sesa Industries to 88%.

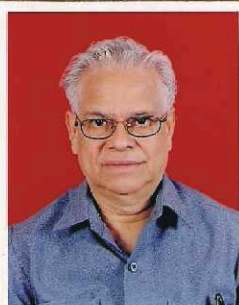
# Milestones

*For SESA GROUP success is not only about creating wealth and Shareholder value. It envisages making a positive and tangible impact on the source of our business activity and wealth, that is, the world around us*



# GOA STATE POLLUTION CONTROL BOARD

**Dr. L. U. JOSHI**  
Chairman



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Date :

24/04/2007

## FOREWORD

### GOA STATE POLLUTION CONTROL BOARD

Sesa Goa Limited is always found to be in the fore-front in maintaining highest standards in the Management of the Environment, Health and Safety practices observed at the place of work, using appropriate modern technologies thereby observing proper quality control in their processes.

Apart from mining of the iron ore, different innovative skills are appropriately used in iron and coke making thereby tremendous growth in the industrial activities are brought about taking into consideration the risk factors involved at various stages of technology development.

It is seen from the varied activities of Sesa Goa Limited, that the company with the proper advise of the Board has achieved high productivity using proper technical efficiency for sustaining international competition in the Global Scenario.

Sesa Goa's mining activities have high standards of customer satisfaction in the production and transportation of the mineral ore in an extremely eco-friendly manner. The company has always taken necessary steps to comply with all statutory, regulatory and other requirements.

The Corporate Sustainability Report 2005-2006 of Sesa Goa Limited has addressed all the required issues as per GRI guidelines (2002) and the presentation of the environmental parameters are within the laid down standards. The company has undertaken various Socio-economical measures to improve and uplift the standard of living of the communities surrounding their business areas.

I wish all the success to the company for continuing their journey towards sustainability in future.

**DR. L. U. JOSHI**  
**CHAIRMAN**

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## STATEMENT OF THE CEO (Mr. P. K. Mukherjee - Managing Director)

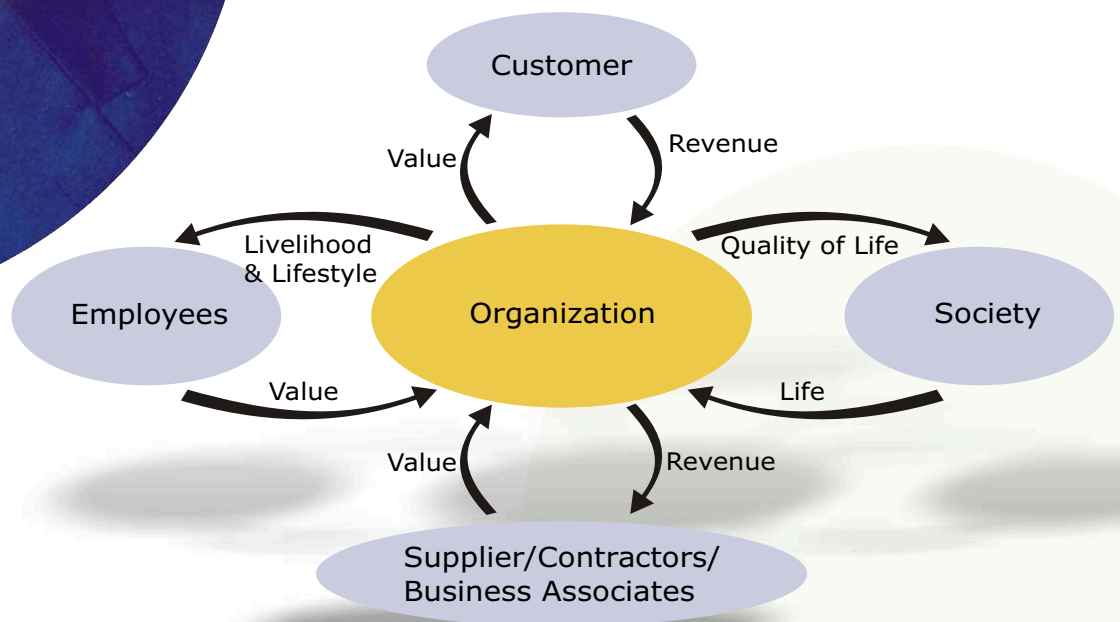
Dear Stakeholder,

In view of enhanced interest in Corporate Sustainability Reporting (CSR) in India, we, at Sesa Goa decided to come out with first such Report for the year 2005-06 which is only for need based limited circulation.



Sustainability by definition encompasses long-term horizon. Sesa being in the iron ore mining business for more than five decades has definitely withstood that test of long-term sustainability. In fact any business should have sustainability of all its Key Result Areas (KRA) always on focus while formulating its strategies and objectives. The Corporatization of business has also evolved out of corporatization of sustainability.

CSR obviously gives definite structures and shape to sustainability considerations and thus adds immense value to the organization in the long run. We are of the strong view that our interactions with various stakeholders, viz. Customers, suppliers/contractors/business associates, employees, society at large (including but not limited to regulators) are two way traffic as shown below which ultimately brings in enduring value to the owners/shareholders of the organization.



So, in the above where is the owner or shareholders? If the above cycles are smooth, the expectations of owner/shareholders are taken care of automatically and that too on a sustainable basis.

Sesa believes in sustainability of its operations since decades. The customers, be it iron ore or pig iron or met coke business, are with us for years together since Sesa products play a significant role in their value chain. Constant dialogues with customers add value in their production chain while adding value to our product as well. Over the years, Sesa's iron ore/pig iron/met coke specifications are continuously fine tuned to the requirement of customers. It is a fact that, Sesa is one of the consistent supplier for more than 40 years to one of its prime industrial customer.



Sesa's commitment to the community around its operations for basic amenities like drinking water facilities, primary health care, primary education is supreme. Sesa's line managers also meet the community representatives periodically to informally identify the needs and to facilitate the solution with pragmatic approach but without fanfare. In fact the targets set for each year for such community initiatives is one of the performance parameters for the line managers. Sesa also believes that community development initiatives can't be considered as charity but is part of the basic business process and the cost thereof should not be considered as appropriation of profit but a necessary cost element. Sesa is the founder member of Mineral Foundation of Goa to bring together the mining businesses in Goa for joint initiative to address various community development needs. However, with that Sesa has not remained complacent and continuously taking individual initiative in this regard. Sesa has also created Sesa Community Development Foundation which runs a technical school to produce skilled manpower and a residential soccer academy to produce skillful players (while pursuing basic academic studies) totally free of cost. Over the years, hundreds of such skilled manpower produced by Sesa's foundation have got gainful employment.

Like most of the successful organizations that have withstood the test of time, Sesa's employees are the pillars to sustain the organization over years. Sesa's mining and production facilities pose lot of challenges to safety management, which forced Sesa Management to go in for OHSAS 18001 to give the safety practices a concrete shape. Sesa is continuously focused to make its work place as safe as possible with continuous training and appropriate monitoring mechanism. We believe that, opportunity cost of any unsafe act is very prohibitive and hence all safety standards are non-compromisable. We are also convinced that, as a responsible organization, performance by the employees need to be adequately rewarded and recognized, to keep Sesa family happy, motivated and well knit. Sesa is a preferred employer, at least in the state of Goa.

We are of sincere opinion that, the support of our vendors/contractors/business associates is the pre-requisite for enduring benefits to the organization. Accordingly, our dealing with them should be transparent and pragmatic to bring sustainability in their operation also. Sesa's history of dealing with its stakeholders down the value chain - be it in their product development or inculcating good safety practices or financial dealing - is the testimony of our philosophy.

We strongly support the philosophy of "Beyond Compliance". Sesa's initiative in environment management of mining operations across the state of Goa to suit the local geology and geography is well recognized. We always strive to formulate innovative practices in water management, waste disposal and gaseous emissions to ensure that our operations do not contribute negatively to the natural surroundings. Our environment management initiatives are appreciated particularly in the areas of waste management and mine reclamation.

All our efforts and philosophy as stated above are part of a continuous journey and Sesa strongly believes that this is the only way to optimize the return to shareholders in the long run so that the sum of activities together should be greater than the value of individual efforts. Over the years, our aforesaid philosophy has enabled us to grow with operational efficiency resulting into continuous value addition and return to all our stakeholder groups. We believe that this report will bring stronger focus to our all round work practices through its structure and will help to improve all parameters of reporting in the years to come.

We will present our next year report on the basis of revised corporate sustainability guidelines; Global Reporting Initiatives, G3. This report contains all the economic, environmental and social performance of our units except Orissa mining operations, which has been included only for economic indicators. I welcome your suggestions on how we continue our journey of Sustainability "Beyond Mining".



**P. K. Mukherjee**  
Managing Director



## Our Vision

*To aspire continuously to remain  
best iron ore based resource business  
in its class and scale.*





## Our Mission

*To remain focused  
on creation of wealth  
for all stakeholders by exploiting  
core skills of iron ore mining,  
coke making & iron making  
in innovative ways.*

### STRATEGIES



To maintain Highest Standards of :

- Environment Management
- Corporate Social Responsibility
- Safe and Healthy work practice
- Quality Control



To follow the Growth trajectory  
in all businesses with appropriate  
Risk Management Policies.



To remain cost competitive  
by adopting best Technology,  
Innovative work process and  
maintaining best of class  
Human Resource.



## ORGANIZATION PROFILE

**Sesa Goa Limited**, the flagship Company of the Sesa Group, is India's largest private sector exporter of iron ore. With mining operations in Goa, Karnataka and Orissa, the Company sells around 9 million tonnes (mt) of iron ore annually to domestic customers and exports to leading clients in Europe and Asia.

The Company is engaged in iron ore prospecting, mining, processing and exporting for five decades in India. It is also actively involved in support activities such as shipping and shipbuilding. The Company currently accounts for nearly 10-12% of India's iron ore exports and 1.3% of world sea borne iron ore trade.

**Sesa Goa's Met coke Division** located at Amona Navelim, Goa manufactures and sells metallurgical coke used in foundries, blast furnaces and chemical industries. It has 84 coke ovens with a capacity of 280,000 MT. Sesa has developed a world leading energy recovery technology to manufacture coke, compliant with advanced global emission norms.

The Sesa "Energy Recovery" coke making technology is one of the world's leading coke making technology with cost-effective exemplary pollution control standards which meet global EPA norms. This technology enables production of high quality coke with superior levels of energy recovery.

**Sesa Industries Limited** an 88% subsidiary of Sesa Goa Limited, is engaged in the manufacture and sale of pig iron. The Company produces several grades of pig iron, including basic grade, foundry grade and spheroidal (nodular) grade. The Company's facilities consist of two blast furnaces, each with a working volume of 173 cubic metres with a combined annual capacity of 220,000 metric tonnes (MT) of pig iron and 60,000 MT of slag, which dried to 2% moisture, is used in the cement industry. Pig Iron Plant is located at Amona village of Bicholim Taluka in North Goa.

A five-decade mining heritage has given the organization unique insights into iron ore mining, beneficiation and export.

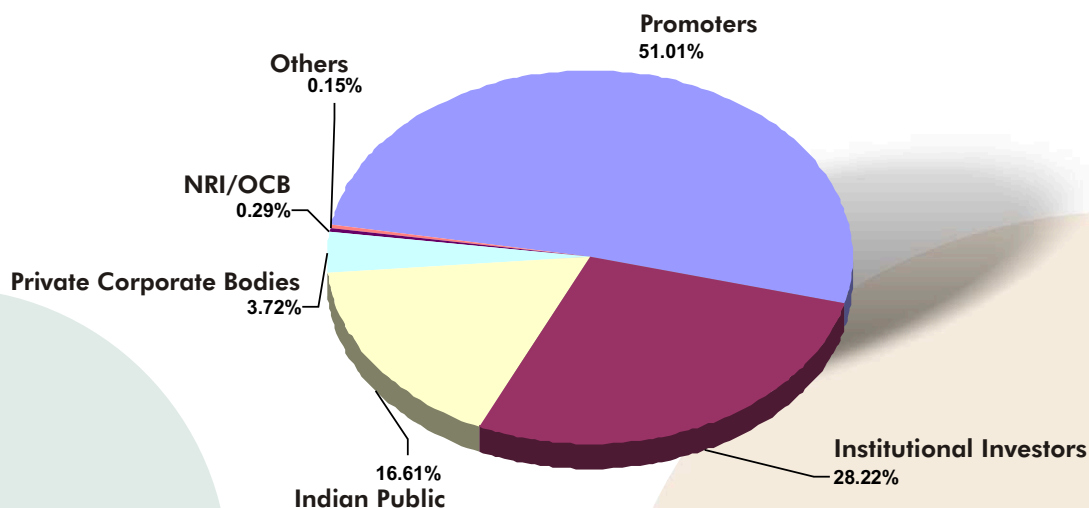
**Sesa Community Development Foundation** represents the Group's social focus. The Foundation comprises the Sesa Technical School which provides technical training to students and the Sesa Football Academy, which nurtures future footballers. The Company is also deeply committed to the development and progress of communities around its operations.

Commitment to social concerns is a by word at the Sesa Group. Initiatives in this direction began several years ago and were subsequently formalized under the Sesa Community Development Foundation. In addition to the Sesa Technical School and the Sesa Football Academy, the Sesa Group also undertakes a host of developmental activities for local communities. Distribution of educational aid to needy students, medical camps, agricultural demonstration camps and promoting women self-help groups are some of these social endeavors.



## Capital Structure and Ownership

As of 31 March 2006, Sesa's authorized share capital was Rs. 50 Crores with shares of Rs. 10 each. The Issued and Subscribed Capital is Rs. 3,93,62,020 with 39,36,202 shares of Rs. 10 each. Sesa is listed on the two Stock Exchanges - The Bombay Stock Exchange and The National Stock Exchange. The pattern of shareholding in the Company as of 31 March 2006 is as given in the chart below.

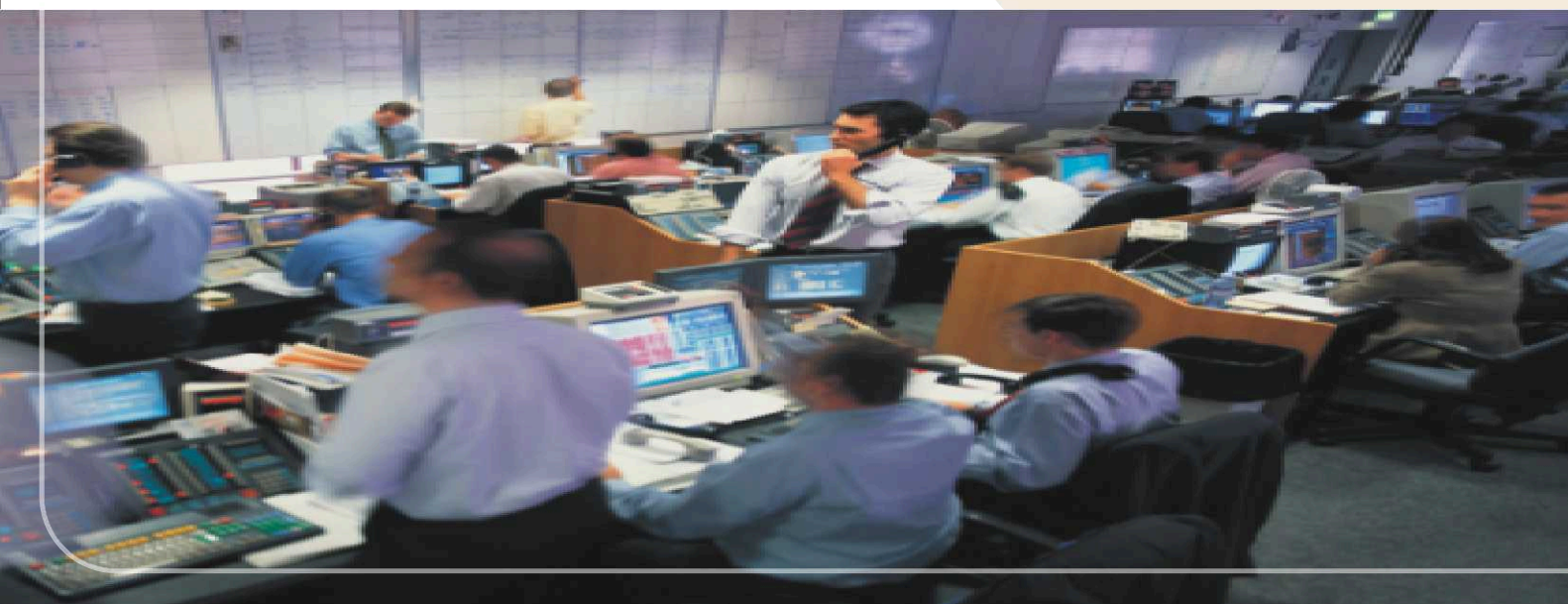


## Market and Customers

Sesa Goa predominantly exports iron ore. Its customers are large iron and steel making industries across the world. Met Coke Division caters to the iron and steel industry, while the pig iron plant caters to steel rolling mills, foundries and other allied industries.

Out of Sesa Goa's annual sale of around 9 million tonnes (mt) of iron ore, about 8 million tonnes (mt) are exported and 1 million (mt) sold in the domestic markets. Sesa Goa's central business focus is maintaining a long-term relationship with its customers, mostly located in Japan, Europe, China and Pakistan. This has been achieved with emphasis on quality and customer satisfaction. The company satisfies the wide and varied demands of its customers by providing on time deliveries of quality ore.

Sesa Industries also exports to countries like Saudi Arabia, Taiwan, Thailand and Sri Lanka amongst others. Some of the Company's domestic buyers are world-renowned industries.





This is the first Sustainability Report of the Sesa Goa Ltd. This Report has been prepared based on the Global Reporting Initiatives (GRI) guidelines, criteria, methodology and definitions (GRI - 2002). The Economic, Environmental and Social performances are reported on relevant core indicators of the GRI guidelines.

The reporting period is April 2005 - March 2006 (F Y 2006) and Sesa plans to come up this report on an annual basis. In order to ensure the comparability, the performance indicators are reported using financial year criteria as per the core indicators of GRI guidelines.

## SCOPE OF THE REPORT AND REPORT PROFILE

This Report covers mining units in Goa and Karnataka, the Pig Iron Plant and the Met Coke Division in Goa. The Report of these units encompasses all the three units of Sustainability i.e. Economic, Environmental, and Social. This Report provides glimpses of Environment and Community Development initiatives undertaken by the Company. Mining Operations - Orissa are reported only on Economic indicators, for environment and social indicators data compilation process is in progress and will be presented during subsequent Years.

This Report has been verified by an external Agency, M/s Ernst & Young Pvt. Ltd. and their Assurance Statement is included in this document.

For any further information you may visit the Sesa Goa Ltd.

Website [www.sesagoa.com](http://www.sesagoa.com) or  
contact Mr. Mahesh Patil,  
General Manager - Environment  
at the Company's Corporate Office address or  
E-mail at [mpatil@sesagoa.com](mailto:mpatil@sesagoa.com)

In order to ensure  
comparability, the performance  
indicators are reported using  
financial year criteria  
as per the core indicators  
of GRI guidelines.

## GOVERNANCE STRUCTURE AND MANAGEMENT SYSTEMS

### Well Represented Board of Directors:

Keeping in line with the tenets of Corporate Governance, Sesa's Non-executive Directors comprise key personalities and experts in the fields such as Finance, Law and other technical experts in the related fields of operations of the Company. Directors are appointed after the approval of the shareholders and are usually appointed for a duration of three years or less as per Board resolutions.

Independent Directors are not related to any of the Executive Directors of the Company. They are also not members of any Company whose interests are in direct conflict with the company's interests or in similar fields as those of the Company. The Board comprises of twelve Directors of which seven are independent Directors.

The Board is responsible for the overall direction of all business operations and has a holistic control over activities. As members of the Board, individuals have the necessary technical/functional expertise, experience, human skills and knowledge of business to provide necessary guidance and direction to the business. The Managing Director, through the powers delegated by the Board of Directors, is responsible for the regular business of the Company.

The Board meets periodically to assess business performance of the company. With the help of the various committees as listed in the Governance Structure, the Board audits performance and reviews business operations.

### Company's Philosophy on Code of Corporate Governance

Sesa's philosophy on corporate governance continues to be driven by its urge to maintain the highest level of transparency, accountability and equity, in all facets of its operations, and in all its interactions with the stake holders, including shareholders, employees, customers, suppliers, the Govt. agencies and the society at large. Sesa remains committed to maintaining the highest standards of corporate governance comparable to best in class and ensures that good governance is a key driver of normal business operations and not merely a compliance code.

Sesa believes that achieving high levels of PRODUCTIVITY and TECHNICAL EFFICIENCY is of paramount importance to sustain international competitiveness. Sesa recognizes that continuous INNOVATION in all its business process is the key to achieve optimum level of productivity and cost structure. Sesa strongly believes that long term competitiveness depends on QUALITY of the products supplied in TIMELY manner so as to remain as a key player in the value chain of the CUSTOMER. Sesa also strongly believes that to achieve sustainable development and business growth on a long term basis, utmost SAFETY and focused attention on the operating environment of all of the company's activities is a must.

### Code of Conduct

The Company has a Code of Conduct for prevention of Insider Trading. The Company has adopted its Business Conduct and Discipline Rules applicable to all the Directors and General Managers. The said Business Conduct and Discipline Rules are posted on the Company's intranet.

### Shareholder Feedback

The Annual General Meeting held once in a year provides a major platform for shareholders to congregate and provide feedback and recommendations to the management of the Company. In addition, information is continuously provided to the shareholders through the forum of the Company's website, periodic written communications and other media bringing the shareholders up to date with the operational issues of the Company. The Investor Relations Committee of the Board of Directors provides for direct access to shareholders to express their views and other related opinions. Their feedback is monitored by the Corporate Affairs and Secretarial Department of the Company which periodically reports on these matters. The Company encourages shareholders to write to the Company on such issues and valid recommendations are taken into consideration.

The Board is responsible for the overall direction of all business operations and has holistic control over activities. As members of the Board, individuals have the necessary technical / functional expertise, experience, human skills and knowledge of business to ensure necessary guidance and direction to the business.



## Structure & Key People for EHS

The team of Executive Directors provides the guidance and premise for Policies and assessment / audit systems, Policies are formulated by the Executive Directors on Quality, Environment, Occupational Health and Safety.

The Corporate Environment & Safety Department with the help of Operational Unit level representatives are responsible for the implementation and monitoring of these systems. They are also responsible for necessary periodic review and corrective measures implemented from time to time.

The Corporate Human Resource Department with the help of operational unit level teams is responsible for the co-ordination and monitoring of all issues related to human rights, human resource practices and other social issues.

## **SGL Mining Division QEMS Policy**

Sesa Goa Limited - Mining Division is committed to achieve customer satisfaction, by production and shipment of contractually specified iron ore in an eco-friendly manner.

We are committed to:

- Comply with all applicable statutory, regulatory and other requirements,
- Prevention of pollution and continually improve the system.

We shall strive for optimum utilization of natural resources, rehabilitation of mine in a sustainable manner and practice corporate social responsibility in our business area.

Management of Sesa Goa Limited shall provide necessary resources & support for successful achievements of objectives & targets and periodically review this policy for suitability and effectiveness.

## **SGL Mining Division OCCUPATIONAL HEALTH AND SAFETY POLICY**

### **Health and Safety Policy statement:**

In accordance with the Sesa Group policy, the Company recognizes and accepts that it must adopt the highest possible standards of occupational health and safety management in all its operations.

To achieve these standards, the Group will:

- ▶ Comply with both the spirit and the letter of all relevant legislative and statutory requirements of Iron ore, Pig iron and Coke making industries, ensuring sufficient provision of resources to meet these requirements.
- ▶ Take all reasonable measures to ensure Group premises, plant, equipment, access and systems of work are managed to prevent or minimize risk exposure of company employees, contractors and the general public.
- ▶ Continually seek to improve the management of health and safety by way of a formal programme of hazard identification and risk management.
- ▶ Provide all essential information, instruction, training and supervision to ensure the work place health and safety of all employees.
- ▶ Provide protection for employees, including the provision of appropriate protective clothing and safety equipment and instruction about its proper use.
- ▶ Provide necessary personnel, procedures and facilities to enable First Aid treatment and emergency management.
- ▶ Maintain records pertaining to employee health, hazardous events, work related injuries and illnesses and corresponding investigations and analysis.
- ▶ Support and encourage workplace health and safety committees to facilitate consultation and co-operation between all employees of the company
- ▶ Supply necessary and reasonable work place rehabilitation in accordance with the company's work place rehabilitation policy.
- ▶ Provide a report / statement of the health, safety and environment performance in every annual report

The responsibility of the day-to-day implementation of this policy rests with Group Staff and their commitment to all aspects of OH&S is a vital factor in the evaluation of their performance and their career development.

All employees have a fundamental statutory and moral duty to themselves, their fellow workers and the company, to eliminate or control risks within the working environment of the Group. Employees are encouraged to contact a Health and Safety Committee Member regarding any concerns in this respect.



## **SGL Met Coke Division QEHS Policy**

Sesa Goa Ltd - Met coke Division is committed to achieve customer satisfaction on an on-going basis by manufacturing & supplying Metallurgical Coke for Steel & foundry Industries on time, in an Eco-Friendly manner and by maintaining highest possible standard of Health & Safety in all its operation.

This shall be achieved through:

Establishing, maintaining & continually improving the Management Systems for Quality, Environment, Occupational Health & Safety.

Complying with all applicable Legal & other requirements. .

Adopting Programmes for improvement in Product Quality, Conservation of resources, Prevention/Reduction of Pollution and Safety Risk exposure to Company Employees & relevant interested parties.

Providing training & enhancing awareness of employees, contractors and suppliers on Quality, Environment & Safety with emphasis on their individual QEHS obligations.

Supporting and encouraging work place Health and Safety committees to facilitate consultation and co-operation between all employees of the company.

Provide information of the Health, Safety and Environment performance in every annual report. The responsibility of the day-to-day implementation of this policy rests with company staff and their commitment to all aspects of QEHS is a vital factor in the evaluation of their performance and their career development.

All employees have a fundamental and moral duty to themselves, their fellow workers and the company, to eliminate or control safety risks within the working environment of the company.

Employees are encouraged to contact a health and safety committee member regarding any concern in this respect.

The Management of Sesa Goa Ltd. - Met Coke Division is committed to provide the resources and support required to ensure the successful achievement of above Policy and will review it periodically.

## Sesa Industries Limited - QEHS Policy

Sesa Industries is committed to achieve customer satisfaction on an on-going basis by manufacturing & supplying quality Pig Iron for Steel & Foundry Industries on time, in an Eco-Friendly manner and by maintaining highest possible standard of Health & Safety in all its operations. This shall be achieved through:

- Establishing, maintaining & continually improving the Management Systems for Quality, Environment, Occupational Health & Safety.
- Complying with all applicable legal & other requirements
- Adopting Programmes for improvement in Product Quality, Conservation of resources, Prevention / Reduction of Pollution and Safety Risk exposure to Company Employees & relevant interested parties.
- Providing training & enhancing awareness of employees, contractors and suppliers on Quality, Environment & Safety with emphasis on their individual QEHS obligations.
- Support and encourage work place Health and Safety committees to facilitate consultation and co-operation between all employees of the company.
- Provide information of the Health, Safety and Environment performance in every annual report.

The responsibility of the day-to-day implementation of this policy rests with company staff and their commitment to all aspects of QEHS is a vital factor in the evaluation of their performance and their career development.

All employees have a fundamental and moral duty to themselves, their fellow workers and the company, to eliminate or control safety risks within the working environment of the company. Employees are encouraged to contact a health and safety committee member regarding any concern in this respect

The Management of SIL is committed to provide the resources and support required to ensure the successful achievement of above Policy and will review it periodically



## STAKEHOLDER ENGAGEMENT

Sesa Goa recognizes the importance of all the stakeholders in success of entire business i.e. Government and Statutory bodies, shareholders, customers, employees, suppliers, contractors, local communities and society at large.

Sesa Goa consistently strives to anticipate emerging stakeholders expectations. The Company's various businesses have evolved an institutionalized structured system to formally review and update the understanding of stakeholder expectations.

Sesa is committed to timely disclosure of relevant and reliable information on its financial performance its entire gamut of activities relating to Environment, Occupational Health and Safety (EHS), and Social initiatives. Sesa believes that the disclosure of all the appropriate and useful information with regard to all Company activities that can impact stakeholders is at the heart of good governance.

**Following is a summary of Sesa's different key stakeholders, the Company's mode of engagement with them, their key concerns regarding sustainability, and initiatives undertaken by the Company which positively impacts various sections of stakeholders:**

Stakeholder & Mode of Engagement	Key Sustainability Concerns	Initiatives by The Company
<b>Shareholders</b> <ul style="list-style-type: none"> <li>• Annual General Meeting</li> <li>• Written Communication</li> <li>• Investors Service Center</li> </ul>	Profitability & Growth	<p>The Quarterly results of the Company are announced and published within a completion of the quarter. Audited Annual results are declared within months of the financial year. All these results, are posted company's website.</p> <p>Information related to shareholding pattern, compliance with corporate governance norms, etc. is also posted on company's website.</p> <p>The Company's corporate website <a href="http://www.sesagoa.com">www.sesagoa.com</a> is a comprehensive source in information on Sesa's portfolio of business, social responsibility activities and EHS performance. The entire Report and Accounts as well as quarterly and half-yearly financial results are now available in downloadable formats under the section Investors Information on the Company's website to facilitate easy access to all information. The News Corner section includes all major Press Releases from the Company and relevant press clippings. Clarifications as and when provided to institutional investors and analysts, including presentations if any made to them are posted on the Company's websites.</p>
<b>Government</b> Regular meetings and structured communication on key economic, EHS & social issues and regulatory trends	Regulatory Issues & Community Interest	Proactive periodic fulfillment of all formalities and procedures.

Stakeholder & Mode of Engagement	Key Sustainability Concerns	Initiatives by The Company
<b>Employees</b> Regular interaction through elected unions and delegates.  Direct Interaction at the workplace.  Implementation of suggestion schemes.  Representation of employees in EHS and Social Committees.	<ul style="list-style-type: none"> <li>• Health and Safety</li> <li>• Growth Prospects</li> <li>• Employee satisfaction and commitment</li> <li>• Ethical standards in business</li> <li>• Attracting and retaining Talent</li> <li>• Career development opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• Organization of EHS Training Programmes</li> <li>• Conduct of Public Awareness Programmes</li> <li>• Systematic encouragement for innovation</li> <li>• Programmes to discover and promote leadership talent</li> <li>• Conceptualization and implementation of knowledge management tools</li> <li>• The creation of an organizational culture that combines a warm and caring ambience with a high Performance ethos</li> </ul>
<b>Communities</b> Public hearing for new projects, surveys through NGO's, need-based discussions/written communications.  Meetings with community representatives	<ul style="list-style-type: none"> <li>• Environment quality</li> <li>• Mine land reclamation</li> <li>• Education and training</li> <li>• Health &amp; hygiene</li> </ul>	<ul style="list-style-type: none"> <li>• The conduct of Public Awareness Programmes on EHS</li> <li>• The organization of water supply to Nearby villages</li> <li>• The organization of medical facilities like pulse polio and eye camps, cataract operations</li> <li>• Provision of infrastructural support through road construction and effecting improvement in school buildings, and community hall.</li> <li>• Active support to local NGO initiatives in public health, sewerage and community development.</li> <li>• Improving the quality of life in the Community</li> <li>• Educational support such as supply of books, and other educational aids.</li> </ul>
<b>NGO's</b> Founder and contributor to the NGO "Mineral Foundation of Goa"	Socio economic upliftment of community trust and confidence	Undertaken many Environmental and Social initiatives like health camps, educational aids, scholarships, agricultural improvements, Watershed development etc.
<b>Customer</b>	Quality Price / Costs Committed Delivery Customer satisfaction	Personal Interaction Market/ Sales



## OVERARCHING POLICIES AND MANAGEMENT SYSTEMS

Sesa Goa Ltd is a member of "Sustainable Miners Club" an initiative of the Federation of Indian Mineral Industries. The Company is an active member of various national and local Industry and Trade Associations like Confederation of Indian Industries (CII), Federation of Indian Mineral Industry (FIMI), Goa Mineral Exporters Association (GMOEA), Goa Chamber of a Commerce and Industry (GCCl).

Sesa Goa is a founder member and is the largest contributor to the voluntary initiative "Mineral Foundation of Goa" of Goan Mining Industry. The Mineral Foundation undertakes Environmental and Social Programmes for community benefit in the State of Goa.

Except for the Mining Operations - Orissa, all the units of the Company i.e. Mining Division of Goa, Karnataka and Met Coke Division of Sesa Goa Limited, Pig Iron Plant of Sesa Industries Limited are certified to ISO 9001, ISO 14001 and OHSAS 18001 system for Quality, Environment and Safety respectively, through third party certification agency, Bureau Veritas Certification(India) Pvt. Ltd. Formerly known as BVQI.

A



## ISO CERTIFICATION

- A) SGL Mining Division
- B) SIL Pig Iron Plant
- C) SGL Met Coke Division

B



C



# Economic Performance

*India's largest private sector Iron Ore Mining Company.  
Sesa Goa Limited is listed on BSE and NSE;  
Market capitalisation as on 31<sup>st</sup>, March 2006 was 5057 Crores.*





## ECONOMIC PERFORMANCE INDICATORS

### DIRECT ECONOMIC IMPACT: Financial performance

The business segments of the Sesa Group consist of iron ore, low ash metallurgical coke and pig iron. The activities of iron ore mining and manufacture of low ash metallurgical coke are carried out by M/s. Sesa Goa Limited the flagship company of the Group. The subsidiary company M/s Sesa Industries Limited manufactures pig iron. The share of the iron ore segment in the segment-wise revenue contribution on a consolidated basis, has grown to 79% due to the continued buoyancy in the international iron ore market; the segment wise contribution has been shown in Fig. A1

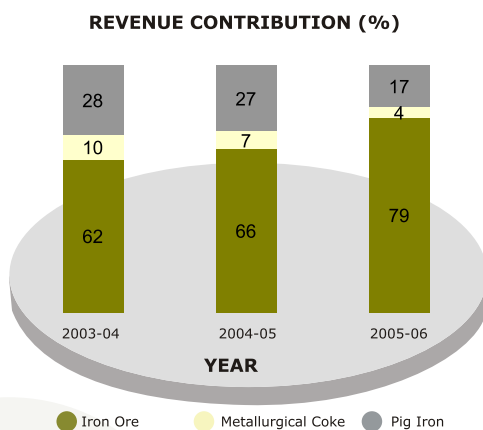


Fig: A1

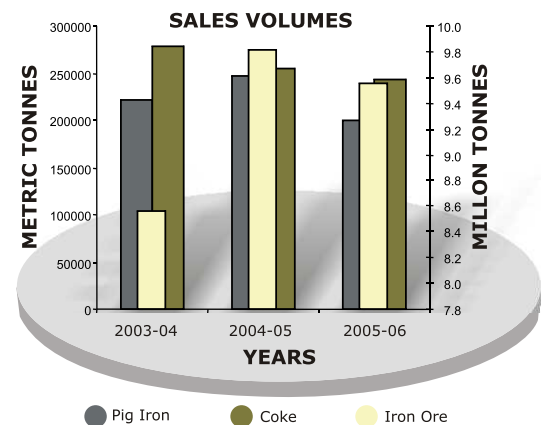
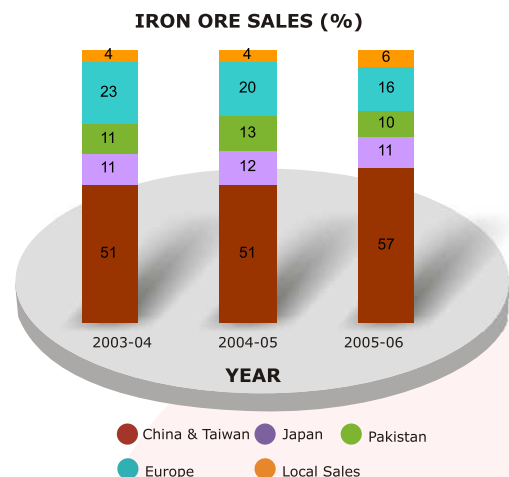


Fig: A2

Fig: A2 shows iron ore sales in million tonnes; pig iron and coke sales in metric tonnes

### Iron ore

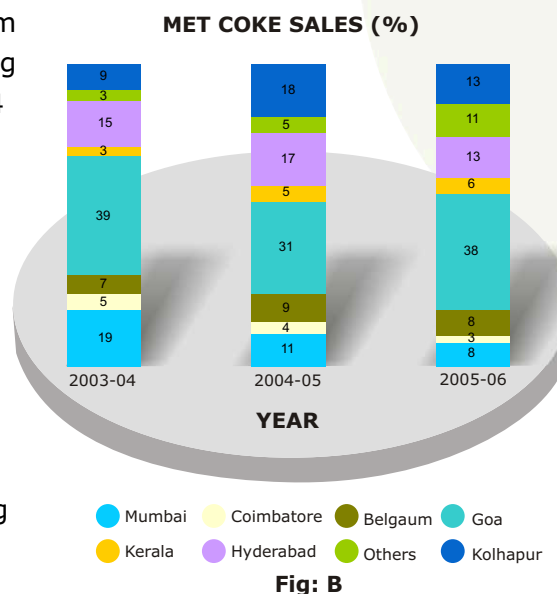
The Company is India's largest private sector exporter of iron ore with mining operations in the states of Goa, Karnataka and Orissa, exporting over 9 million tonnes of iron ore annually. The sales-mix comprises of exports of around 95% (including indirect exports) and the balance quantity is local sales. The major exporting destinations are China, Japan, Pakistan, and Europe.



## Metallurgical Coke

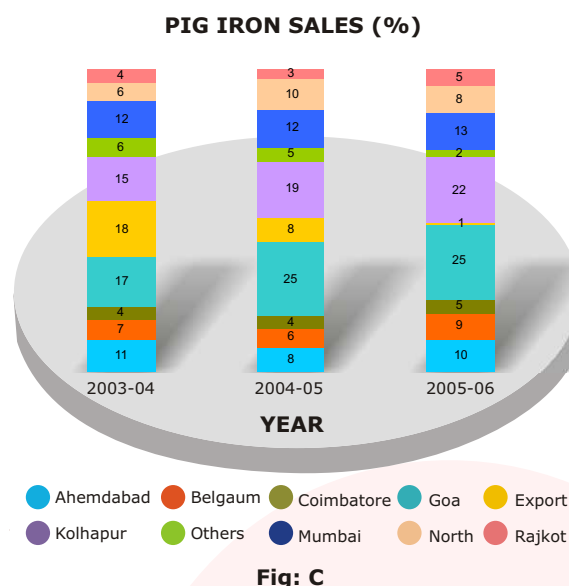
Low ash metallurgical coke is manufactured from imported coal through energy recovery coke making technology. The coke plant consists of a battery of 84 ovens with an annual capacity of 280,000 metric tonnes. During the year 2005-06, 61% of the total produce was internally consumed by pig iron manufacturing unit. The external customer base is spread out across regions from Jaipur in the north to Coimbatore in the south. The regional sales volume break-up of external customers is shown in Fig: B.

The group holds a patent of "Sesa Energy Recovery Coke Making Technology", which is sold through licensing agreements.



## Pig Iron

The manufacturing of pig iron is carried out through the process of iron ore reduction in two 173m<sup>3</sup> blast furnaces with a combined annual capacity of 220,000 metric tonnes. The product is primarily sold in indigenous market. The regional sales volume break-up of pig iron (inclusive of skull) is given in Fig: C.



## Payment to Suppliers and Purchases

Besides its own iron ore mines in Goa and Karnataka, the Company also operates third party Mining leases in Goa, Karnataka and Orissa. Ore that is extracted from these third party mines is contractually purchased by the company. Payments to suppliers for iron ore, coal, other goods and services are made as per agreed terms and conditions.

The main raw materials used in the manufacture of pig iron are iron ore, coke, limestone and dolomite. Coke, low-grade and some high grade iron ore are also supplied from within the Sesa Group, while limestone, dolomite and some high grade lumpy ore are procured from suppliers in Karnataka. All purchases and payments are against stipulated contracts.

Payroll and Benefits	2003-04	2004-05	2005-06
No. Of employees	1901	1921	1961
	(Rs. In Millions)		
Salaries, Wages, Bonus and Allowances	329	393	428
Contribution to Provident and other funds	18	21	24
Contribution to gratuity and Annuity Funds	28	49	39
Staff Welfare Expenses	19	30	28
<b>Total Benefits</b>	<b>394</b>	<b>493</b>	<b>519</b>

## Payroll and Benefits to Employees

Sesa Group realizes that their employees are its assets that gives it a competitive edge and therefore has comprehensive HR policies and procedures to retain as well as to enhance their productivity. Sesa Group administers various funds in respect of the employees' benefit retirement schemes through duly constituted and approved trusts except for Family Pension where contributions are made to the Provident Commissioner.

## Distributions to Capital Providers and Change in Retained Earnings

A petition is pending before the High Court of Bombay at Goa for merger of the subsidiary company M/s Sesa Industries Limited (SIL) with the holding company M/s Sesa Goa Limited (SGL) with a proposal of a swap ratio of one equity share of SGL for every five equity share of SIL. The Board of Directors of M/s. Sesa Goa Limited has recommended a final dividend of Rs. 25/- per share in addition to the interim dividend of Rs. 15/- per share declared and paid during the year. In view of the pending merger petition, the Board of Directors have decided not to recommend any dividend. The consolidated profit after tax for the Sesa Group for the year is Rs.5748 million an increase of more than 20% over the earlier year's figure of Rs. 4764 million.

## Benefits received from Govt. And Tax Contributions

M/s. Sesa Goa Limited is the first company in Goa to achieve the 'Star Export House' status, which qualified it for a reward under the 'Target Plus Scheme' introduced by the Government of India for high performing Star Export Houses. The Company availed of a custom duty credit of Rs. 46 million on import of capital goods and spares during the year. Besides, custom duty savings of Rs. 14 million arose on imports under the continuing Export Promotion Capital Goods scheme. Sales tax exemptions were claimed in respect of pig iron and coke sales to the tune of Rs. 1,725 million and Rs. 677 million respectively. Additionally, the coke manufacturing unit claimed a benefit of Rs. 38 million under the Goa Value Added Tax Deferment-cum-Net Present Value Compulsory Payment Scheme.

Sesa Goa is the first Company to get **Star Export House** license in Goa, which facilitated in utilizing custom duty credit of Rs. 46 millions under **Target Plus Scheme** on import of capital goods and spares during 2005-06.



## CONTRIBUTION TO THE NATIONAL EXCHEQUER

Sesa Goa is a profitable business and therefore contributes significantly to the National exchequer in terms of payment of Excise tax, Income tax, Dividend tax etc. Sesa Group contributed an amount of Rs. 3648 million to the exchequer during 2005-06 as against the earlier year figure of Rs. 3165 million. The details of the contribution to the exchequer is as given in the Table below.

(Rs. In Millions)	2004-05	2005-06
Corporate Tax	2,393	2659
Excise Duty	435	491
Dividend Tax	40	200
Royalty, Cess and Local Taxes	135	151
Sales taxes	140	106
Other Duties and Taxes	22	41
<b>Taxes and Royalties</b>	<b>3,165</b>	<b>3,648</b>

## DONATIONS TO COMMUNITY

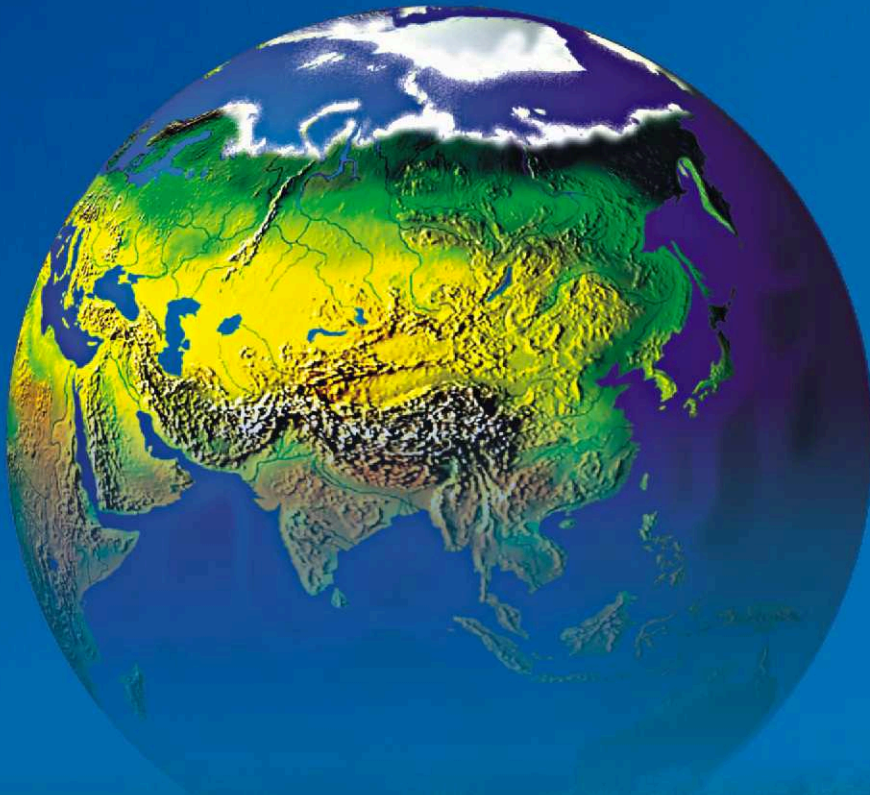
A contribution of Rs. 10 million was made during the year to the Federation of Indian Mineral Industries a part of the Company's continuing efforts towards its objective of establishing a vibrant and environmentally benign mineral industry. Additionally, in discharge of its social responsibility the Sesa Group made a contribution of Rs. 8 million to Sesa Community Development Foundation, which manages a football academy and a technical school imparting football skills and vocational training in various trades to the local youth respectively. Sesa Goa participated in various need based Community Development Initiatives worth 23 million rupees.

ECONOMIC ISSUES	2003-04	2004-05	2005-06
Net Turnover (Net of Ocean Freight & Duties) (mn Rs.)			
- Iron Ore	5515	10,159	14,687
- Metallurgical Coke	902	1,030	726
- Pig Iron	2509	4,155	3,100
	<b>8,926</b>	<b>15,344</b>	<b>18,513</b>
Cost of Materials, Goods and Services (mn Rs.)	5,735	7,386	9,260
Personnel Expenses (mn Rs.)	394	493	519
Taxes and Royalties (mn Rs.)	1,208	3,039	3,616
Retained Earnings (mn Rs.)	1,462	3,742	3,953
Capital Expenditure (mn Rs.)	181	325	872
Dividends (mn Rs.)	197	892	1574
Economic Value Added on Consolidated basis (mn Rs.)	1,018	3,549	4,460
<b>Production by Principal Commodities</b>			
Iron Ore (Million tonnes)	4.497	5.046	5.667
Metallurgical Coke (Tonnes)	271159	259465	248,396
Pig Iron (Tonnes)	220,363	247,354	207,179
Sesa Community Development Foundation (mn Rs.)	7	6	8
Community Contributions (mn Rs.)	4	13	23



# Environmental Performance

*Sesa Goa is the first Iron Ore mining Company to be certified for ISO 14001  
for complying to international environmental management system.  
ISO 1400 - 1996 guidelines (Limca Book of World Record - 1998)*





## ENVIRONMENTAL PERFORMANCE INDICATORS

Natural resources are limited and it is absolutely essential that, their consumption needs to be optimized by adopting recycling and re-use practices. As a policy, the company undertakes conservation and preservation measures at all its facilities to ensure that the negative impact of its operations on the environment and surrounding communities are a minimum.

Over the years, the Company has been undertaking environmental protection activities in and around its operating facilities. Environmental initiatives at the Company are driven by its commitment towards the environment and community at large, with a belief that these initiatives are imperative and help the Company to sustain its business over the long term.

Environmental Management and Eco-restoration Programme in the Company dates back to 1960's in Goa. The resulting benefits can be seen at the mine site - Orasso Dongor in Goa, which is now a thriving cashew orchard benefits of which are reaped by the local village community. The other example of Eco-restoration is the Sanquelim mine, wherein the exhausted mine has been converted into a horticultural garden of coconut, banana, areca nut, jackfruit, rubber and a variety of other medicinal plants. The mine pit is reclaimed to a pisciculture pond.

Environmental activities include adoption of new initiatives and approaches in water and energy conservation and also in mine land reclamation. Environmental Management System (EMS) based on international guidelines has been implemented and certified for ISO: 14001 - 1996 in 1996 and was the first iron ore Mining Company in the world to be thus certified (Limca Book of World Records).

In the Pig Iron Plant, the blast furnace gas is cleaned and used to operate a 3 MW power plant which supplies electrical energy for the plant operations.

At the Met Coke Division, coking batteries based on non recovery type technology is installed to produce the metallurgical coke; with a byproduct of clean electrical energy.

The Group has also signed an agreement with M/s Videocon International at India to set up a Power Plant on a BOO basis for generation of electricity from the exhaust gases of the Pig Iron Plant and the Met Coke Plant.





## QUANTITY OF MATERIAL USED FROM EXTERNAL SOURCES

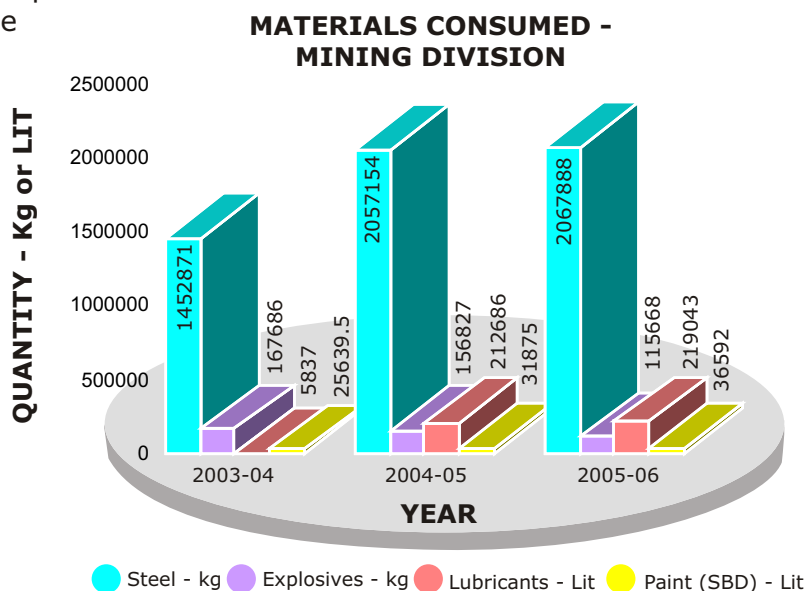
In the mining division, no raw materials are used. However, steel is used for structural fabrication. Explosives though rarely used for blasting the hard strata, Lube oil used for vehicle and machinery are accounted and presented.

Pig iron is produced by reducing iron ore in presence of Fluxes and Metallurgical Coke used as fuel. Coke produced at the Met Coke Division is used in the Pig iron plants and Iron ore is either supplied from Mining Division or purchased from the open market. Fluxes are purchased from suppliers. Efforts are being made to reduce the specific coke consumption. One such example is the installation of Hot Blast stoves. Which is expected to reduce Coke consumption by about 20 Kg/THM during 2006-07 after successful commissioning of Hot Blast stoves. Specific Coke consumption in the Year 2005-06 is on higher side due to premature failure of lining of one of the Blast furnace.

In the Met coke Division, the main raw material is coal which is imported. With the successful commissioning of the proposed Stamp Charging facility during 2006-07, it will be possible to use Semi-soft Coking coal which ensures better utilization of natural resources.

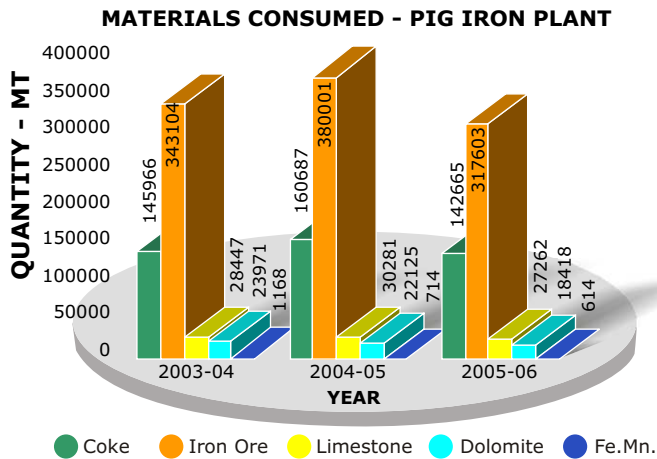
Ship building division is the Logistic support division for river transportation of ore in Goa iron ore operations. Steel is used for fabrication and repairs, which is accounted and presented.

Fig:D shows the material consumed at Iron Ore Division, Fig:E shows material consumption at Pig Iron Plant and Fig:F shows material consumption at Met Coke Plant, during last three years.

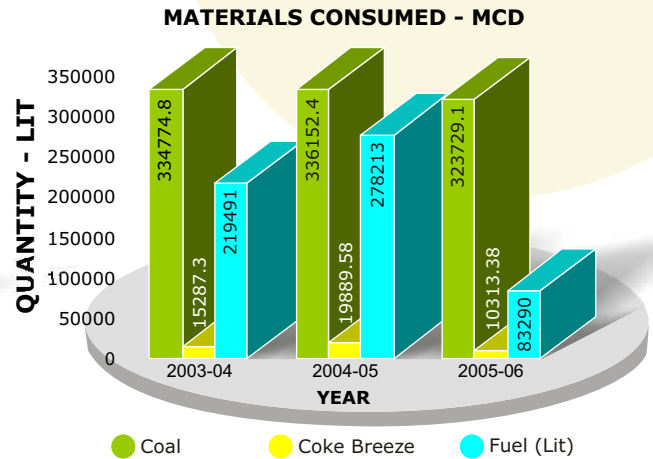


**Fig: D**





**Fig: E**



**Fig: F**

## UTILIZING INDUSTRIAL WASTES AS RAW MATERIALS

We do not use any industrial waste from outside the organization as raw material for any of our manufacturing process.

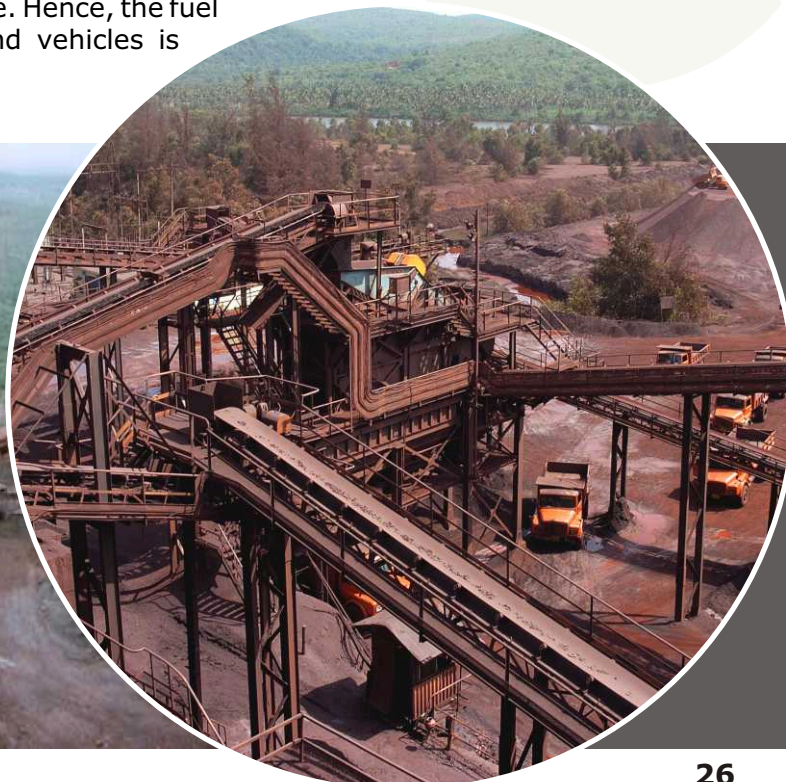
## DIRECT ENERGY

"As earth's energy sources are finite, it has been constant endeavor of Sesa Goa to reduce energy consumption, which is inspired by both business and environment concerns".

The specific energy consumption at our Pig Iron Plant has been affected due to the failure of furnace lining prematurely in the year 2005-06. Energy requirements at the Pig Iron Plant are met through a captive power plant and the State Grid.

At the captive power plant, waste flue gases generated from the blast furnace are burnt to produce steam in the Boiler and fed to a Turbo-Generator to produce 3 MW power. The JV signed with Videocon International under the name of Goa Energy Private Limited to produce 30 MW power by utilizing the waste heat from the Met Coke Plant and the waste flue gases from the Pig Iron Plant. The project has recently commenced and once completed the electrical energy requirements of Pig Iron and Met Coke Plants can be met from the Year 2007-08.

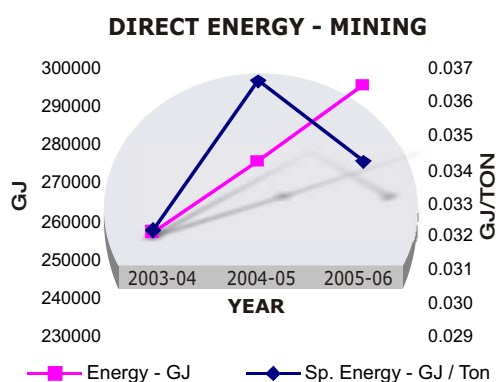
As such there is no electrical energy utilized for mining operations. However, energy is utilized for processing of extracted Iron ore and auxiliary consumption. Only fuel is used by HEMM for exploration and by vehicles for transportation of ore. Hence, the fuel used in mining operations by the machinery and vehicles is considered under direct energy and reported.



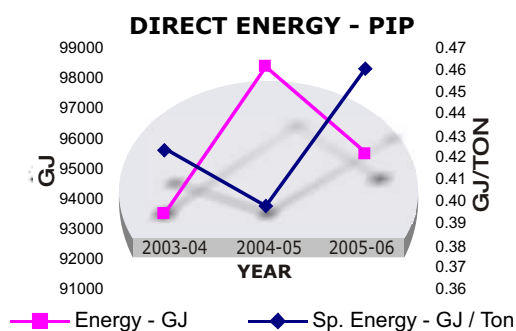


The fuel used for transportation of ore from the mines to the nearest loading point is accounted and reported under indirect energy. In case the of Karnataka operations, transportation upto the nearest loading point i.e. Upto the Railway siding point is accounted and presented. Fuel consumption by transportation of ore through railways has been excluded due to difficulty in accurate computation.

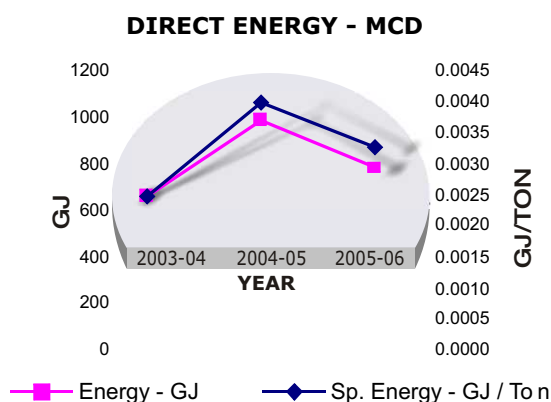
In overall terms, the Company has accounted the energy generated and consumed from three major segments i.e. Energy generated from (i) waste heat, (ii) through DG sets and (iii) machinery and vehicles. The chart & Fig:G, H and I below shows the energy data in GJ for last three years and the specific energy consumption in GJ per ton of individual product. At the Ship building division, the LPG consumption is not accounted as the quantity is very small.



**Fig: G**



**Fig: H**



**Fig: I**

DIRECT ENERGY CONSUMPTION - GJ			
UNT/ YEAR	2003-04	2004-05	2005-06
MINING	257387	275855	295503
SIL - PIP	93510	98380	95469
SGL - MCD	662	994	783

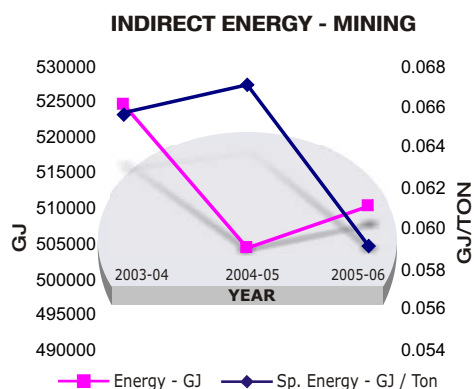
DIRECT SP.ENERGY CONSUMPTION PER TON OF PRODUCT - GJ/TON			
UNIT / YEAR	2003-04	2004-05	2005-06
MINING	0.0322039	0.0366459	0.0342549
SIL - PIP	0.4237833	0.3976697	0.4607054
SGL - MCD	0.0025013	0.0039999	0.0032732



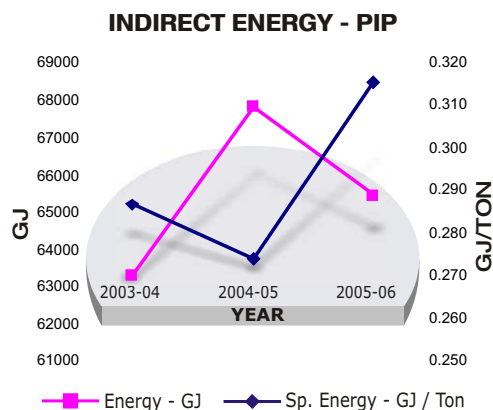
## USAGE OF INDIRECT ENERGY

Fuel consumed for transportation of goods and the power drawn from the State Grid at all the units is considered under Indirect Energy and presented as in Fig:J, K and L and the chart below

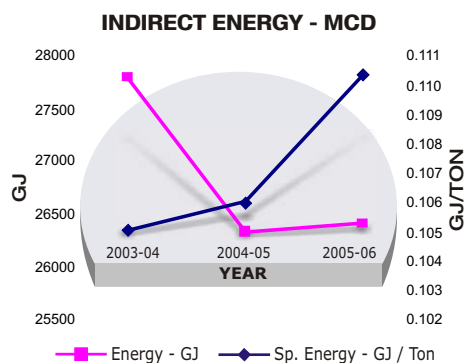
The total energy consumed unit wise for the last three years is as in the chart below.



**Fig: J**



**Fig: K**



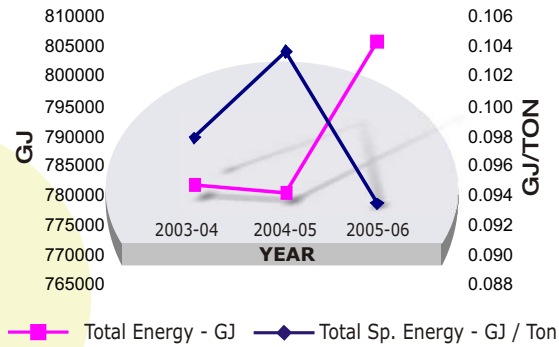
**Fig: L**

INDIRECT ENERGY CONSUMPTION - GJ			
UNT/ YEAR	2003-04	2004-05	2005-06
MINING	524371.25	504477.26	510026.57
SIL - PIP	63276	67807	65450
SGL - MCD	27806	26330	26414
INDIRECT SP.ENERGY CONSUMPTION PER TON OF PRODUCT - GJ/TON			
UNIT / YEAR	2003-04	2004-05	2005-06
MINING	0.0656087	0.0670171	0.0591226
SIL - PIP	0.287	0.274	0.316
SGL - MCD	0.105	0.106	0.110

## TOTAL ENERGY

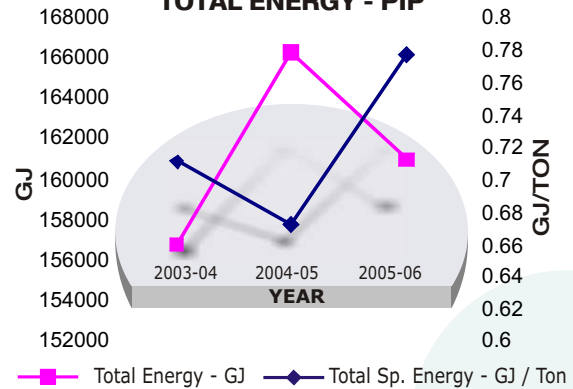
The combination of direct and indirect energy of Mining, Met coke and Pig iron division has been considered as total energy consumed for that division and data of last three years is presented in the following chart and Fig: M, N and O below.

**TOTAL ENERGY - MINING**



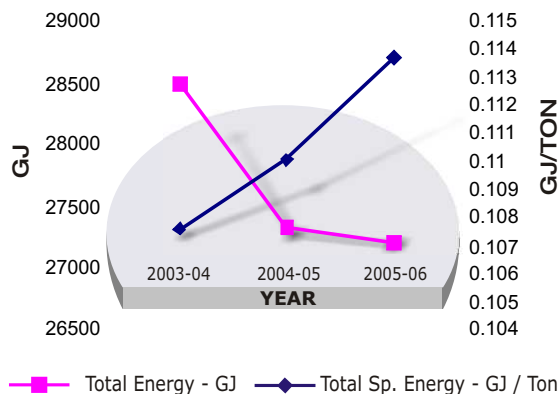
**Fig: M**

**TOTAL ENERGY - PIP**



**Fig: N**

**TOTAL ENERGY - MCD**



**Fig: O**

Note: MCD Gross Production Considered inclusive Of Coke breeze feed.

**TOTAL ENERGY CONSUMED (DIRECT+INDIRECT) GJ**

UNT/ YEAR	2003-04	2004-05	2005-06
MINING	781758	780333	805529
SIL - PIP	156785	166187	160919
SGL - MCD	28468	27324	27197

**TOTAL SPECIFIC ENERGY PER TON OF PRODUCTION - GJ/TON**

UNIT / YEAR	2003-04	2004-05	2005-06
MINING	0.0978126	0.103663	0.0933775
SIL - PIP	0.7105458	0.6717585	0.7765462
SGL - MCD	0.1075584	0.1099979	0.1136935

## WATER

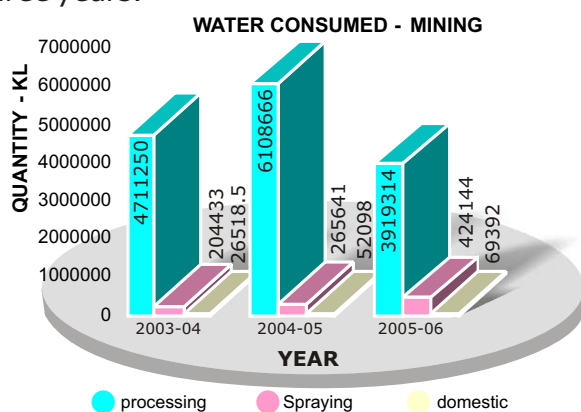
Water is the most precious natural resource and needs to be used most judiciously. As a policy, Sesa Goa promotes water conservation measures at all the units of the group companies.

In order to monitor and measure specific consumption, water meters are installed at major streams in the Pig iron and Met coke units, during 2005-06. Whereas, at Mines presently the water consumption is measured based on calculations for the type of Ore being processed. It is proposed to install water meters during 2006-07 at mining operations.

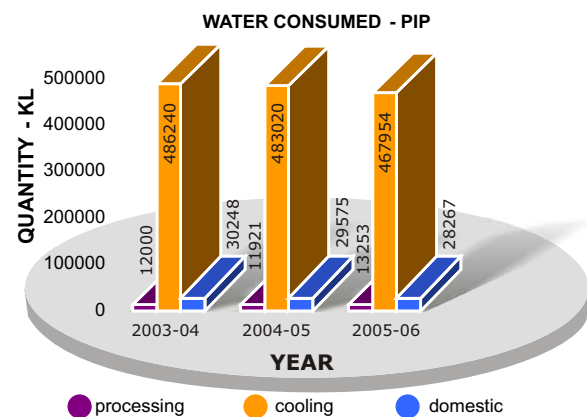
The major fresh water requirement of the Pig Iron and Met Coke Division is met through pumping of harvested rain water collected in one of the exhausted mining pits located at Sanquelim mines. For dust suppressions, cooling etc. brackish water from the adjacent River 'Mandovi' is used. During the monsoons when salinity is low, the fresh water requirements are also met from the river water. For processing and cooling mostly recycled water is used, except for makeup water.

At the Mines, the major quantity of water is required for beneficiation of ore, spraying on haul roads and domestic needs. This water requirement is met through the rain water harvested in the exhausted mine pits, which is recycled and re-used after treatment.

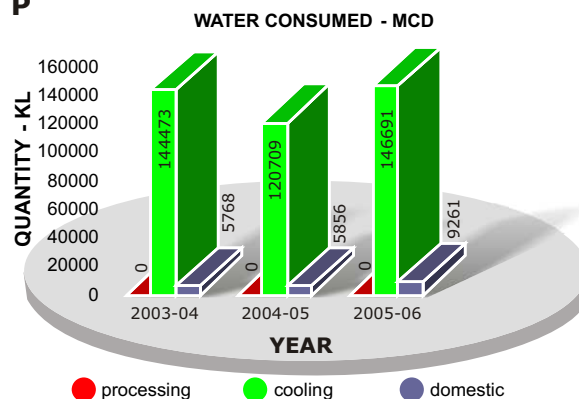
Fig: P, Q and R below shows the unit wise water consumption for different purposes during last three years.



**Fig: P**



**Fig: Q**



**Fig: R**

## LAND LOCATION AND BIO-DIVERSITY

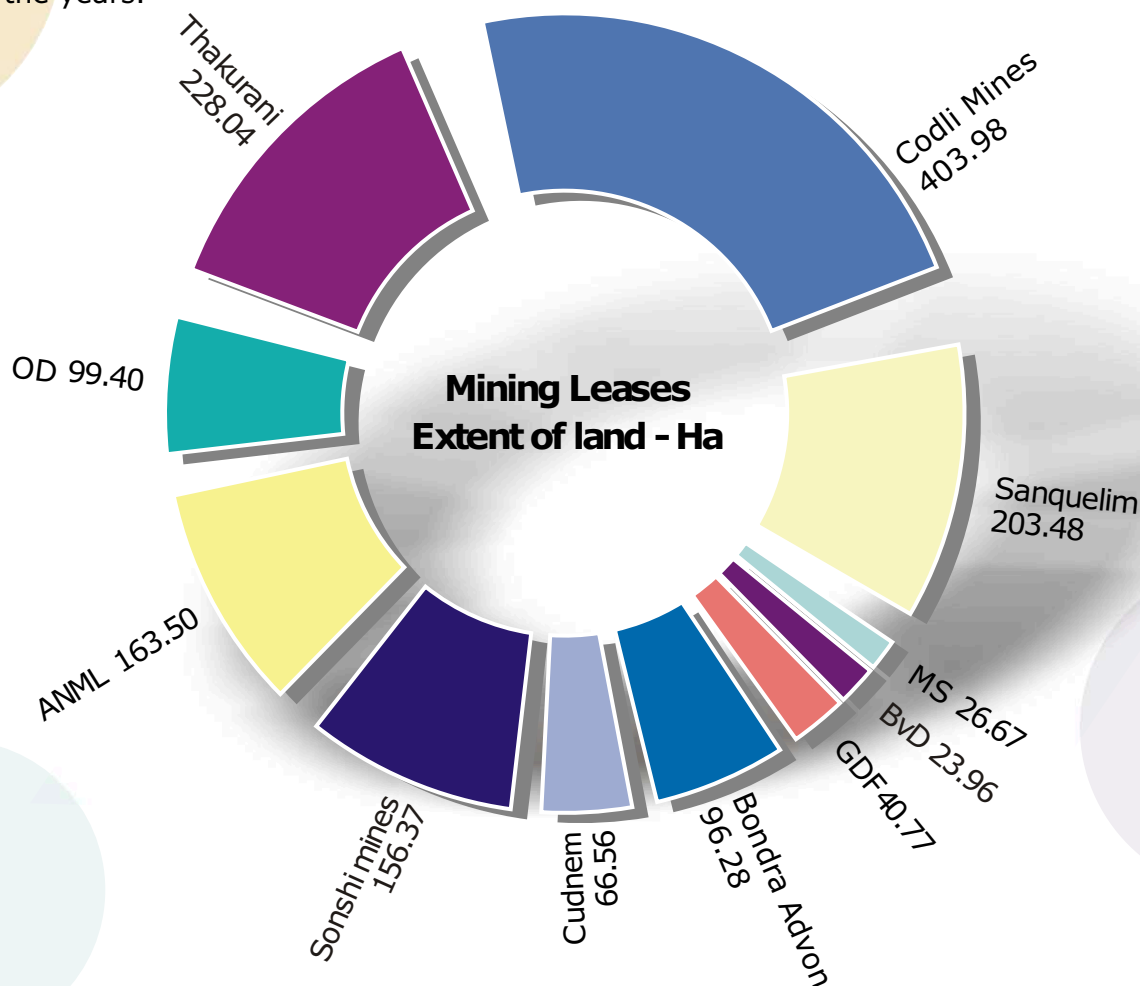
Pig Iron & Met Coke plants are located in the industrial area. As of now, impacts of our products and services on bio - diversity has not been studied.

Mines in Goa are not in the forest area. However, for Karnataka and Orissa mines, which partly fall under the forest areas, necessary forest clearance for mining purpose has been obtained from statutory authorities.



To enhance our reclamation programme and to improve better survival of plants, Company has collaborated for a research project with the Goa University, Goa titled "Ectomycorrhizal fungi and mass cultivation of fungi for reclamation of mine dumps with native species."

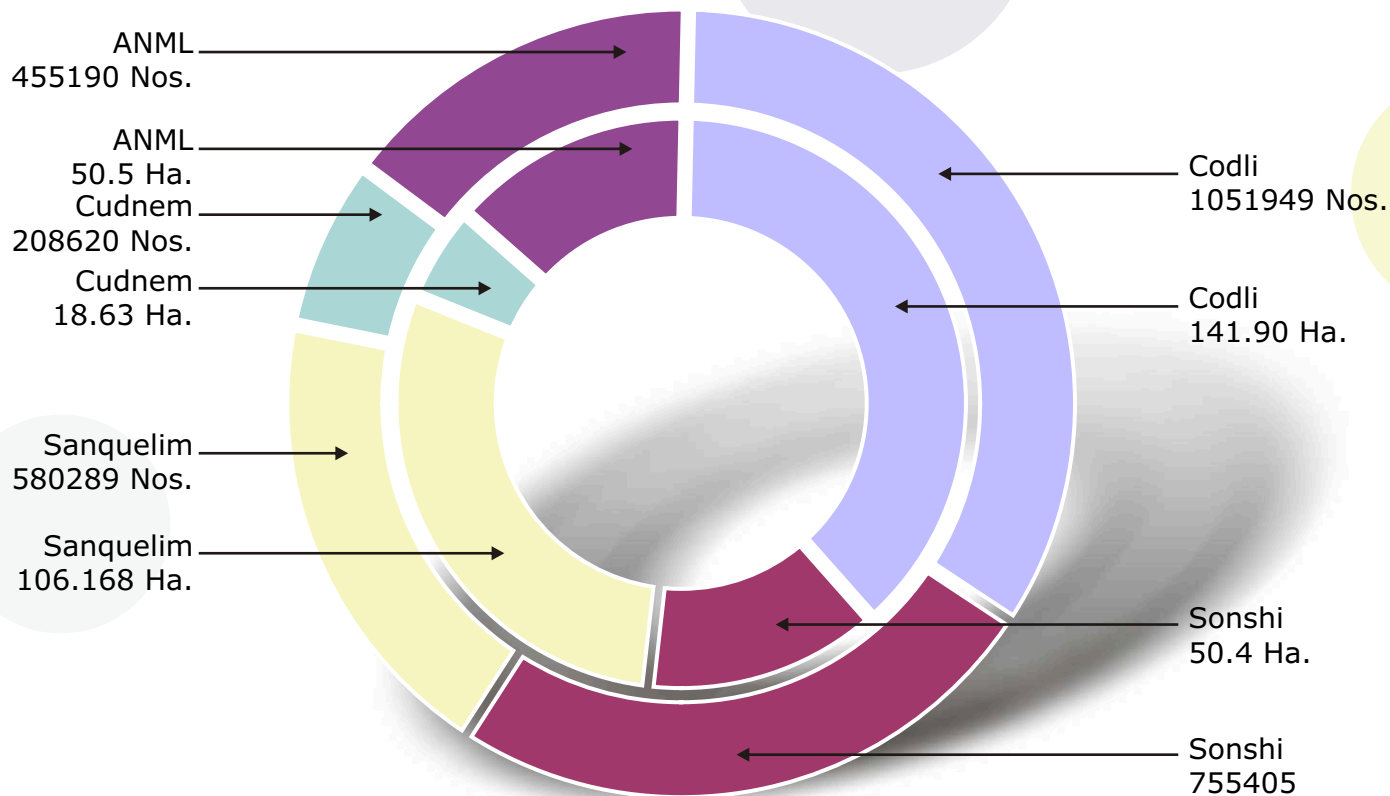
Fig:S and T below shows the extent of different mining areas and the area reclaimed over the years.



**Fig: S**

## RECLAMATION & AFFORESTATION MEASURES

- 'Van Mahotsav' is launched at all the units of the company on the eve of 5th June "World Environment Day" .
- So far more than 3.5 million saplings have been planted at the exhausted mines covering an area of around 350 hectares.
- A project entitled "Integrated Biotechnological approach for Mine Land Reclamation" has been recently completed at Codli mines in collaboration with NEERI Nagpur, the Department of Biotechnology- Government of India and the University of Lund - Sweden. The aim of the project was to establish native species on overburdened waste by treating plants with bio fertilizers, research has helped in developing better micro climate conditions for stabilization of plants on hostile dump conditions.
- Sesa Goa's in house nurseries cater to the total sapling requirement for afforestation.



**AREA REHABILITATED (Ha) AND TREES PLANTED (No) SO FAR**

**Fig: T**

The Company had conducted an "Environmental Impact Assessment Studies" of all the mines during the year 2004 and 2005 in view of enhancement of production and lease renewal requirements. The study indicates that there are no major impacts on bio-diversity associated with the organization's activities and/or products and services in territorial or fresh water environments.

At present the Company does not monitor CO<sub>2</sub> emissions from its operations and energy utilisation, though, it is planned to monitor and record the same from 2006-07 onwards. The energy conservation initiatives taken up at the Pig Iron and Met Coke Division will help the Company to achieve CO<sub>2</sub> reduction. Some of them are as under:

- Upcoming 30 MW Power plant based on BF gas of Pig Iron and waste heat of Met Coke Plant, a CDM project.
- Replacement of Glendon tubes with Hot Blast Stoves at Pig Iron Plant for performance improvement and efficient use of energy.
- Proposed installations of stamp charging facility at Met Coke Plant for improving product quality and efficient use of energy.
- Use of slag in cement manufacture.

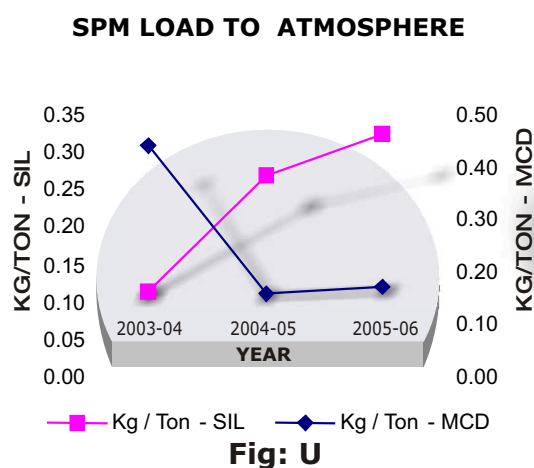
## USE AND EMISSIONS OF OZONE DEPLETING SUBSTANCES

Ozone Depleting Substances are not used in any of the processes or operations of the Company. As a responsible Corporate, we ensure use of coolants/refrigerants in the Air conditioners/Refrigerators which are complying to requirements of ODS Rules,2000.

## NO<sub>x</sub>, SO<sub>x</sub> AND OTHER SIGNIFICANT AIR EMISSIONS BY TYPE

At the Pig iron and Met coke plant, presently monitoring is undertaken for the suspended particulate matter from source emissions as per Statutory requirements.

The average SPM data for the last three years from different sources monitored on a monthly basis is presented as in the Table and Fig: U below.



SPM LOAD TO ATMOSPHERE			
UNIT/YEAR	2003-04	2004-05	2005-06
Kg/Ton-SIL - PIP	0.12	0.27	0.32
Kg/Ton-SGL - MCD	0.44	0.16	0.17

The blast furnace gas is cleaned and reused as main fuel for generating power through the Turbo-generator Boiler. Hence, the monitoring of Boiler & Metallic Blast Pre-heater Stack though carried out earlier, has been discontinued since the values were within the permissible limit, as the fuel used is BF gas.

Due to the superior design of the ovens used in the Met coke division, the emissions from the stacks are well within the limits.

Very rarely there are occasions where momentarily emissions are on higher sides due to unusual process conditions.

## AMBIENT AIR QUALITY

Ambient air quality is monitored in and around premises, at the manufacturing units and mines. The following Table and Fig:V1 and V2 depicts the annual average values of SPM for the last three years.



## AAQM IN AND AROUND OUR MINES

Mine/year	Zone	2003-04		2004-05		2005-06	
		SPM	RSPM	SPM	RSPM	SPM	RSPM
Codli	core	219	69	211	65	263	85
	buffer	101	39	104	36	112	37
Sonshi	core	450	152	270	96	272	106
	buffer	144	68	142	52	129	50
Sanquelim	core	0	0	93	26	129	42
	buffer	0	0	63	25	85	35
Cudnem	core	226	71	206	67	193	57
	buffer	153	58	164	62	179	52

## AAQM IN AND AROUND OUR MINES

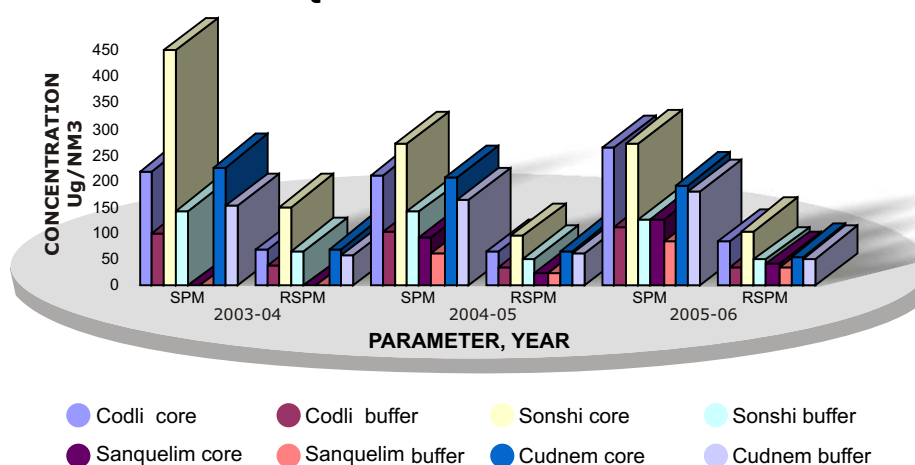


Fig: V1

## AAQM IN AND AROUND SIL/MCD

Location/Year	2003-04			2004-05			2005-06		
	SPM	SO2	NOX	SPM	SO2	NOX	SPM	SO2	NOX
Water Tank	193.69	23.26	25.57	156.64	18.31	19.69	184.84	16.96	18.81
BF- 2 side	107.42	15.55	16.74	106.09	12.62	13.87	124.57	11.85	13.59
River	184.06	17.88	19.65	154.05	15.28	16.79	179.99	14.85	16.33

## AAQM IN AND AROUND PIP/ MCD

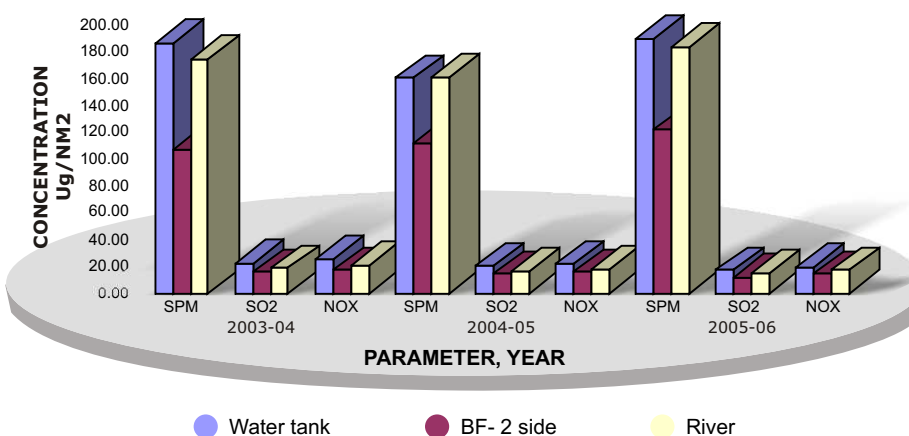


Fig: V2

## TOTAL AMOUNT OF WASTE BY TYPE AND DESTINATION

The solid waste generated on account of the mining activity is overburden and tailings. The overburden waste is properly stacked or backfilled into the exhausted mine pits. Rehabilitation is undertaken initially by planting fast growing trees on the dump and then replaced with local/native species, once the dump is stabilized. Geo- textiles are used for stabilization of dumps and as erosion control measures. Pictures below show rehabilitated dump, laden with geo-textiles in the initial stages and the dump after stabilization.

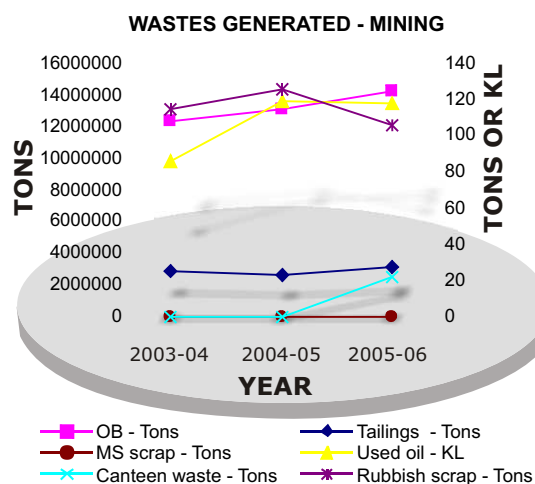
The tailings from the beneficiation plant is let to exhausted mine pits after dosing flocculants for settling and the supernatant is recycled for wet processing of ore. This helps conserve fresh water. Once the pits are filled with tailings, overburden material is dumped over the area and later suitably rehabilitated.

Granulated slag generated by the Pig iron plant is dried and sold as raw material to Cement manufacturers.

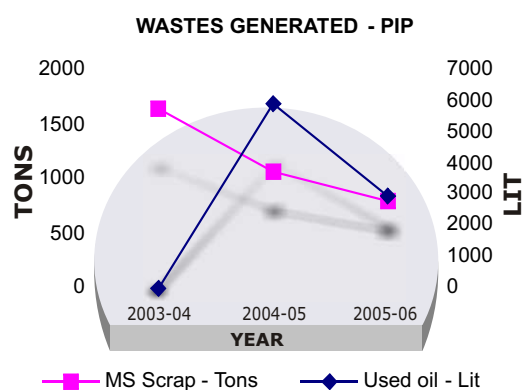
The blast furnace gas is re-used as fuel for power generation and blast preheating process. Excess gas if any, is flared. It is now proposed to establish a 30 MW Waste Heat recovery Power plant, wherein the excess gas from the Blast furnace and the waste heat of Met coke plant are used as fuel.

Other major wastes from all our units include steel scrap, rubbish scrap, used oil categorized as Hazardous waste and canteen waste. The quantity of these wastes generated during the last three years is presented in the following Table and Fig:W1, W2 and W3 .

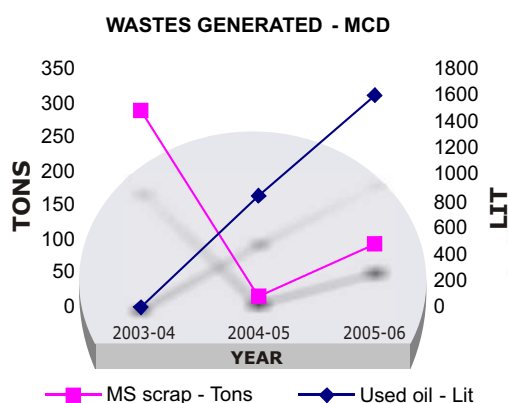




**Fig: W1**



**Fig: W2**



**Fig: W3**

**WASTE GENERATED - MINING DIVISION**

TYPE/YEAR	2003-04	2004-05	2005-06
OB- Tons	12386000	13084000	14295000
Tailings - Tons	2921000	2606000	3092000
MS scrap - Tons	676.32	727.16	706.64
Used Oil - KL	85.699	119.348	118.156
Canteen Waste - Tons	0	0	21.949
Rubbish Scrap - Tons	114.27	125.5	106.04

**WASTE GENERATED - SIL**

TYPE/YEAR	2003-04	2004-05	2005-06
MS scrap - Tons	1640.66	1060.43	796.44
Used Oil - Lit	0	5880	2940

**WASTE GENERATED - MCD**

TYPE/YEAR	2003-04	2004-05	2005-06
MS scrap - Tons	290	17	92
Used Oil - Lit	0	840	1600

Waste such as, sludge from BF gas cleaning plant is disposed in low lying areas within the premises and presently data is not available. However, it is proposed to capture information/data during subsequent years.

Hazardous wastes i.e. used oil generated at the Mines, Pig Iron Plant and the Met Coke Plant is disposed by selling to registered recyclers. Rubbish scrap is disposed in low lying areas.

Canteen waste is converted into compost through the Vermi-composting system established at Mines and compost produced is used as manure for the plantation and gardens.



At the Pig Iron & Met Coke Division, all the process water is recycled after necessary treatment and recycled water is monitored.

The water discharged from the Plant area during the monsoons is analysed and conforms to the requirements of State Pollution Control Board norms.

Major discharge from the working mine which contain the suspended solids as the main pollutant occurs only during the monsoons. Water is monitored regularly and analysis of the treated water from the mine, both for the point source and dump run offs is presented in the following Table and Fig: X.

Vigorous efforts are also made to prevent contamination of the land due to discharge of effluents from the workshop. Treated wastewater is used for the gardening or for dust suppression, thus conserving the water and preventing the land contamination.

Effluents from vehicle washing ramps is treated at the oil separation trap and then the same is used for gardening or dust suppression.



EFFLUENT CHARACTERISTICS FROM MINES - TSS and Fe in mg/lit.						
Mine/Year	2003-04		2004-05		2005-06	
	TSS	Fe	TSS	Fe	TSS	Fe
Codli	11.50	0.20	5.50	0.30	14.80	0.20
Amona	6.30	0.30	8.70	0.50	14.30	0.40
Sonshi	11.30	0.20	6.80	0.30	9.80	0.20
Sanquelim	0.00	0.00	7.00	0.10	7.90	0.20
Cudnem	8.60	0.20	6.80	0.40	10.70	0.20

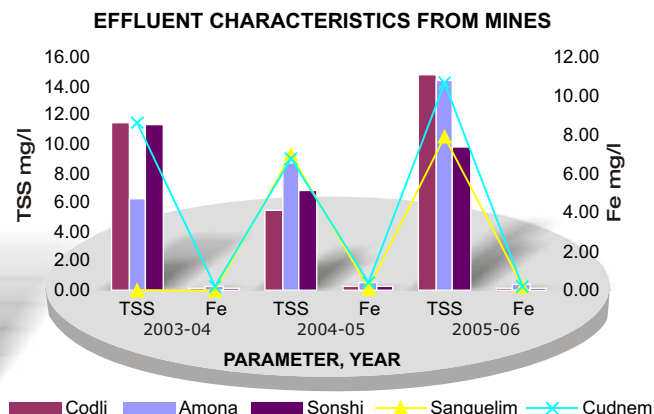


Fig: X

## SIGNIFICANT SPILLS OF CHEMICALS, OILS AND FUELS IN TERMS OF TOTAL NUMBER AND TOTAL VOLUME

There were no significant spills of chemicals, oils and fuels during the Reporting Period.

Efforts are made to collect the used oil/burnt oil from the HEMM and vehicles. This is being achieved through awareness and an established objective for oil recovery under EMS, so that spillage on barren earth is avoided. Presently about 60% of the waste oil is being recovered and disposed as per statutory requirement.

## SIGNIFICANT ENVIRONMENTAL IMPACTS OF PRINCIPAL PRODUCTS AND SERVICES AND PERCENTAGE OF THE WEIGHT OF PRODUCTS SOLD THAT IS RECLAIMABLE AT THE END OF THE PRODUCTS USEFUL LIFE AND PERCENTAGE THAT IS ACTUALLY RECLAIMED

Principal products of the company are Iron ore, Pig iron and Metallurgical coke. All these products are either basic raw materials or intermediates for manufacture of other products and are 100% recyclable/usable. It is difficult to keep track of life cycle of these products, since, they



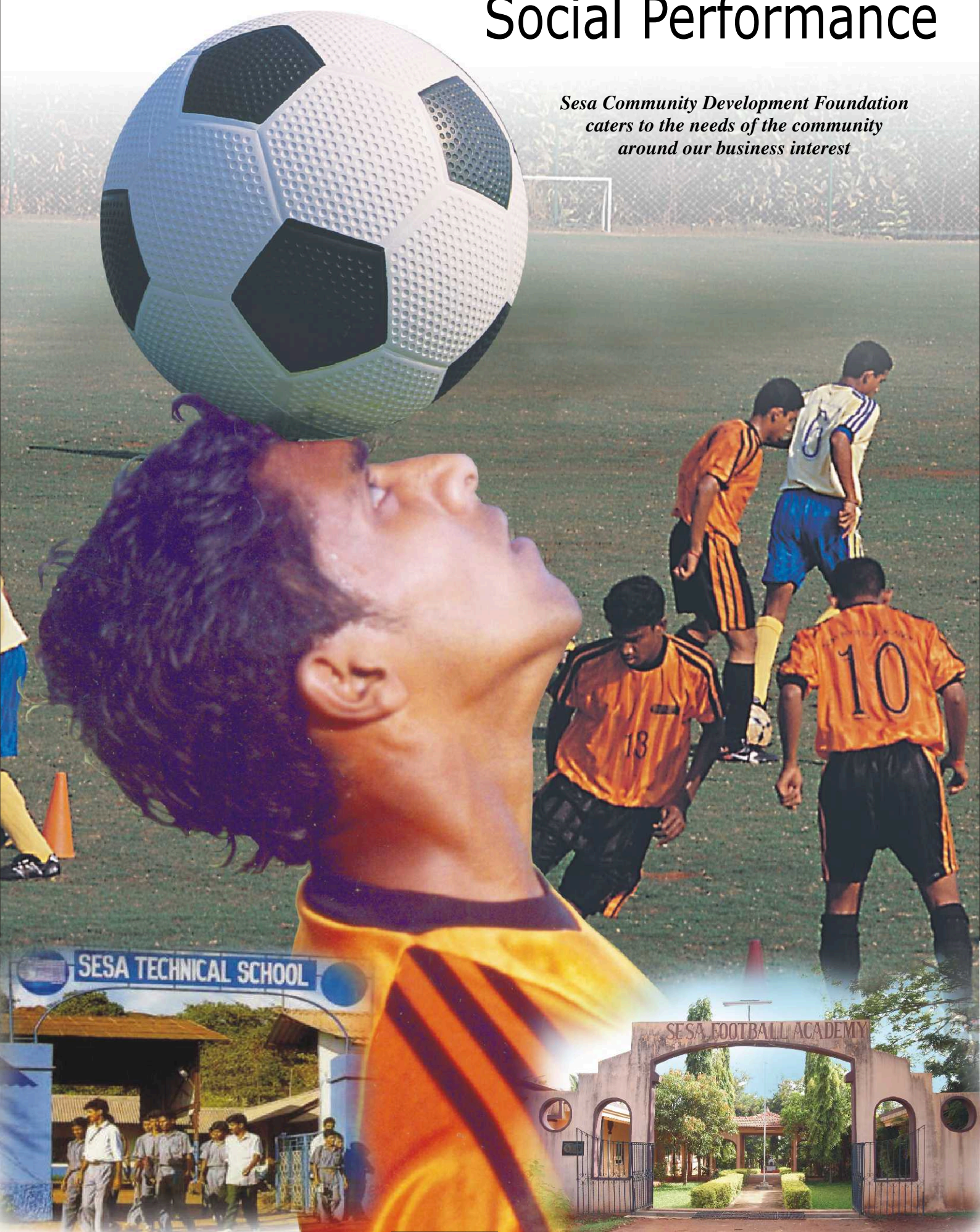
## **INCIDENTS OF AND FINES FOR NON-COMPLIANCE WITH ALL APPLICABLE INTERNATIONAL DECLARATIONS /CONVENTIONS /TREATIES, AND NATIONAL, SUB NATIONAL REGIONAL, AND LOCAL REGULATIONS ASSOCIATED WITH ENVIRONMENTAL ISSUES**

The Company makes sincere efforts to identify and comply with applicable legal requirements and other requirements. The Company did not pay any fines for non compliance during the Reporting Period. The Company has valid consents/license issued from the Regulatory Authorities for all the operating units and has not received any communication from them regarding non compliance. However, some complaints were received from neighboring villagers on issues pertaining to noise pollution, dust pollution etc. These have been replied to and appropriate action was immediately taken as a part of EMS (Environment Management System). External communications and necessary action has been initiated to avoid recurrence of the complaints. We also have a system in place to address complaints, wherein complaints from the same person/agency three times in a row are considered as a significant aspect in the EMS and suitable action is promptly taken.



# Social Performance

*Sesa Community Development Foundation  
caters to the needs of the community  
around our business interest*





## SOCIAL PERFORMANCE INDICATORS

**"Sesa is committed to improving the Quality of Life of the People in the communities it serves."**

**"Sesa is committed to improving the Quality of Life of People in the communities it serves."**

Sesa Goa's most valuable resource and one of the key contributors to its ongoing success is its efficient and dedicated workforce, a family of around 1800 employees. Each and every employee of the Organization, makes an important contribution to the Company.

Sesa Goa maintains an open, transparent and positive work culture where opinions and suggestions are valued and teamwork is given utmost priority. The Company encourages work related innovation and is always open to suggestions that benefit the Organization and in turn, its people. The Company believes in skill enhancement, professional growth and personal development. This is supported by way of timely inputs of training either in the technical or behavioural field.

Throughout the history of the Company, interpersonal relations between its workforce and the employer have been healthy and friendly. This has formed the basis for several innovative changes in practices and performance across Group companies.

In keeping with the Group's focus on people, safety of employees is an area of supreme concern. Group companies operate with the motto 'Safety First' at each work site. Endeavors

in this direction are a combined synergistic effort of the management as well as employees. Sesa's employees are trained to follow safety protocols, including broad-based safety procedures, such as wearing safety glasses and safety helmets and other guidelines specific to particular areas.

The Group's commitment towards the health and safety of employees can be seen from its formal Occupational Health and Safety Policy. The tenets of this philosophy provide directives that ensure the health and safety of its employees. Safety Committees have been set up to maintain the norms laid down in this policy.

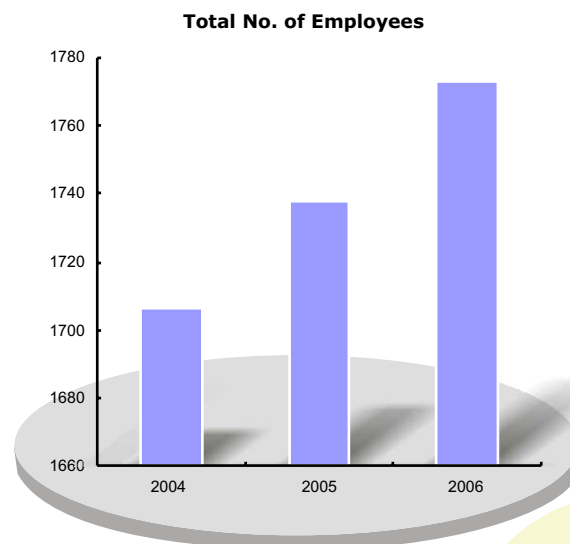
Sesa understands that safety is not limited to the workplace alone. The Company conducts regular training programs to stress adherence to safe behavior beyond the offices and the factories.

The Group's Health and Safety initiatives have won numerous accolades and the OHSAS 18001 standards certification for all its units and operations; one of the first in the country.

### EMPLOYMENT

As of 31 March 2006, Sesa Goa's total permanent workforce, employed on its rolls at all its units and operations spread across the States of Goa, Karnataka and Orissa numbered 1773. Approximately 1500 contractors' employees were associated with our activities during the same period.

Company	Category	2004	2005	2006
<b>Sesa Goa Ltd</b>				
<b>Iron Ore Division</b>	Executive	309	320	319
	Workmen	944	973	995
	<b>Total</b>	<b>1253</b>	<b>1293</b>	<b>1314</b>
<b>SGL - Met Coke Division</b>	Executive	60	60	58
	Workmen	76	75	79
	<b>Total</b>	<b>136</b>	<b>135</b>	<b>137</b>
<b>Sesa Industries Ltd. (PIP)</b>	Executive	119	115	117
	Workmen	198	195	205
	<b>Total</b>	<b>317</b>	<b>310</b>	<b>322</b>
	<b>Grand Total</b>	<b>1706</b>	<b>1738</b>	<b>1773</b>



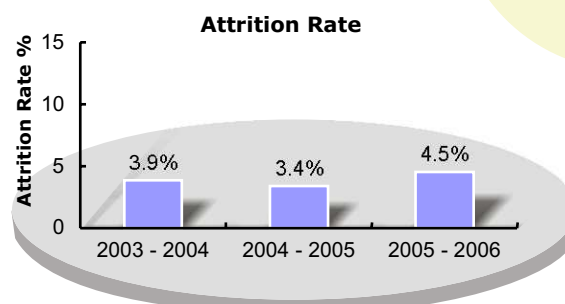
**Fig: 1**

## EMPLOYMENT CREATION

The number of employees for the period represented in this report is more than the previous year and has increased by 35 employees. Fig:1 and 2 reflects only the number of employees directly employed by the Company.

## UNIONIZATION

All the Non-executive employees are represented by independent Trade Unions. The names of the Trade Unions representing various employees are given below. Management staff including Managers, Officers, Engineers, etc. do not have any Association or Union.



**Fig: 2**

All non-executive (non-management) employees of:	Represented by:
Sesa Goa Limited - Goa Mining Operations Met Coke Division River Fleet & Shipping Office, Shipbuilding Division Sesa Industries Limited Corporate Office	Sesa Goa Worker Union
Sesa Goa Limited - Kanataka Mining Operations	Sesa Goa Employee Union
Barge Crew of River Fleet & Shipping Office	United Bargemen's Association
Launch Crew of River Fleet & Shipping Office	Goa Labour Union



## COMMUNICATION

Sesa is committed to the process of continuous dialogue with its employees, which is reflected in its communication processes and information flow. Major changes in work processes and operations are preceded by a series of discussions with the employees, through the union representative. Staff briefings and communication workshops form an integral part of information dissemination. Sesa Goa's intranet and its in-house publication "Dhortori" are the other forums for business information and communication.

The various periodic settlements made with the Unions also provide for discussions on issues such as new initiatives in improving productivity, training, safety, canteen, etc. Beyond this, the Occupational Health and Safety Committees incorporate a joint consultation system that ensures participation of employees at all levels in the unit's operations.

## HEALTH AND SAFETY

Sesa Group at all its Mining and Factory locations comply with the requirements pertaining to Occupational Health and Safety as per Mines Act, 1952 and Factories Act, 1948 respectively. Sesa Group is certified for OHSAS: 18001-1999.

### Accident Reporting:

Accidents are recorded, investigated and reported to management. If the injured is likely to be unfit for more than 48 Hrs. the report in the prescribed format is sent to Statutory bodies. The status of action taken are discussed during the OHSAS management review meeting.

### Near - miss Reporting:

Near miss cases are also recorded and reported to management. The near-miss of potential nature is investigated and discussed during the review meetings.

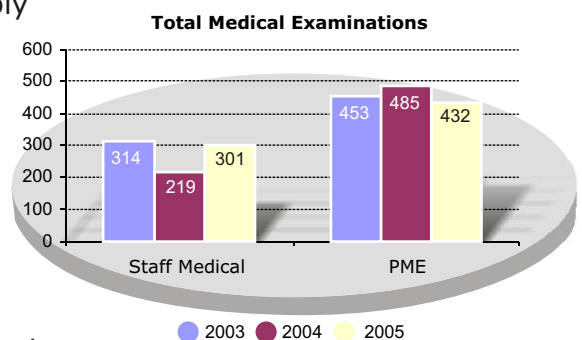
## Occupational Health

Statutory and Medical examinations are conducted for all employees by Doctors trained in Occupational & Industrial Health. Medical Services Dept. has well equipped Dispensaries for conducting clinical tests. Management Staff are examined as per Company's Policy. Fig: 3 and 4 depicts the total number of medical examinations carried out during last three years.

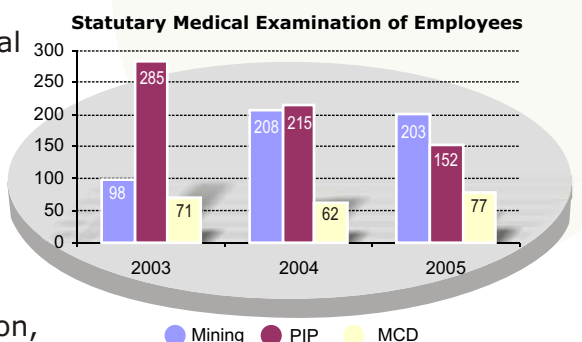
Medical Services conducts First Aid training for Company employees.

## OCCUPATIONAL HEALTH & SAFETY COMMITTEE

Sesa Goa has Health & Safety Committee at each location, which meets monthly to discuss the issues related to work place safety, accident, incidents and formulates action plan to improve safety at work place. The Committee has representation from the Management, Workers Union and Contractors. The Committee deals with issues concerning to Health & Safety. The issues discussed in the meeting are reported to the management. Observations of the Safety Committee meetings and status of the action taken is discussed during the review meetings.



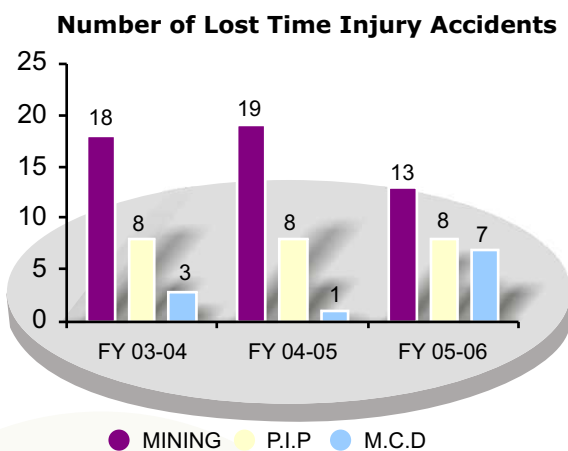
**Fig: 3**



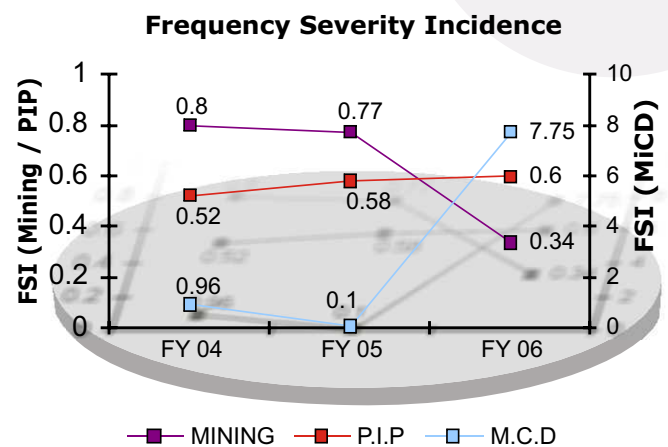
**Fig: 4**

Sesa believes that health and safety are two most important aspects of an organization's smooth and effective functioning. To achieve good safety performance, Sesa has adopted loss control measures to control all lost time accidents. One such measure is the established "Risk Management Practice" wherein, within the workplace, Line Managers, Supervisors and Workmen have responsibility to identify, evaluate and control risks that are likely to result in injury, damage or loss.

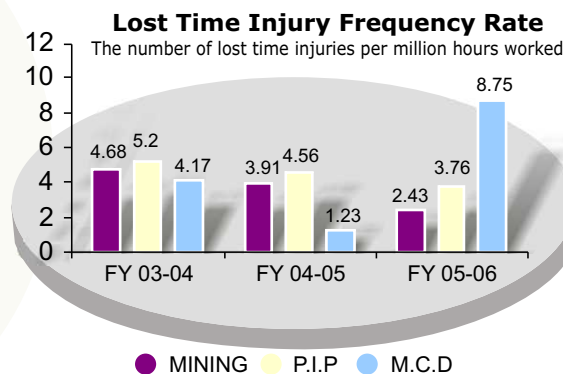
Identification of risks is done through work place inspections, Audits, outcomes of Safety Committee meetings and accident reports. These practices and increased awareness training, resulted in decrease in the lost time injury frequency rates in FY- 2005-06 at Mining and Pig Iron plant as compared to previous years except at our Met Coke Division.



**Fig: 6**



**Fig: 7**



**Fig: 8**

## POLICIES & PROGRAMMES

The Company takes a serious view and is concerned about the ill effects of alcoholism and its consequences with special reference to the health and safety of its workforce. Various awareness and health education programmes are conducted at the work place from time to time.

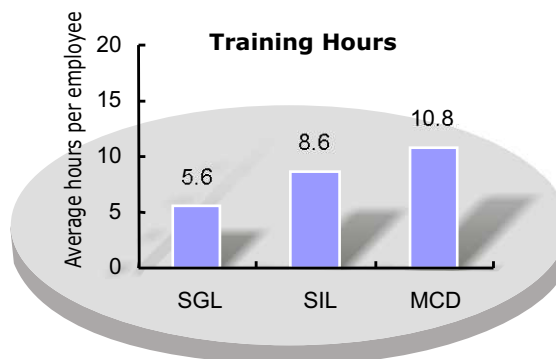
The Management of Sesa Goa Limited is also sensitized towards the global problem of HIV/AIDS and its impacts on the community and society at large. The Company is in the process of formulating a progressive policy based on the guidelines of WHO and ILO recommendations and the same will be implemented in due course of time.

## TRAINING & DEVELOPMENT

Training is a key element towards the growth and development of the Organization through the growth of its employees. Training in technical and behavioral aspects is a regular process, arising out of the systematic approach of identification of training needs. With the Company's investment in modern infrastructure systems and equipment, training plays a key role in increasing awareness, skill upgradation and career growth.

Sesa Goa lays great emphasis on training in Occupational Health Safety, Environment awareness, Fire safety, etc. In addition, it also lays equal emphasis on social concerns, which is reflected in the training conducted on alcoholism, HIV awareness, absenteeism and other concerns. During 2005-06, training was an important activity, involving 11544 hours of training in total. On an average the training hours per employee of the Group is shown in the Fig: 8 below:

In addition, 45 apprentices were provided "On The Job Training" in various operational units of the organisation during this period.



**Fig: 8**

## EQUAL OPPORTUNITY

Sesa's Equality Policy is well articulated in the 'Employee's Code of Conduct', in the form of "Staff Handbook" and the "Certified Standing Orders." This policy is well communicated to all its employees at the time of induction and also through circulation of policy documents, in training programmes and through the intranet /internet. The company believes that discrimination of any kind, is detrimental to individual growth and organisational sustainability.

The Compliance Policy of the company provides for freedom and opportunity to employees to approach superiors other than the Reporting Officer. Grievance handling procedures in the units provide operational workforce an opportunity to air individual views. The recognised Union is another forum for grievance redressal at the various Units.

The grievance redressal procedure as stated in the standing orders, provides for time bound redressal of all grievances. The immediate Supervisors, HR / Personnel Managers and Unit Heads are empowered to answer employees' grievances. The top management's intervention is provided for as a final avenue for redressal. After all avenues are exhausted, the machinery provided under the Industrial Disputes Act, 1947 is used as a final recourse.

Emphasis is laid on this during recruitment and career progression. Sesa Goa in its endeavours to build a performance driven culture ensures that equal opportunities are given to all employees. To cite an example, Company applications forms for recruitment to various positions do not solicit information about ethnicity, caste, religion and domicile.



## COMPOSITION

Sesa's senior management team represents a microcosm of the Indian cultural diversity. The team is well balanced with people from different backgrounds, different cultures and various walks of life. As mentioned above, the Company does not allow discrimination of any form.

Iron ore mining is the main business activity of the Company, with concentration of employees in this business operation. Over the last three years the gender ratio of the Sesa Group has been 98 men to every 2 women.

However, in the Corporate and Administrative Offices, this ratio translates as 75 men to every 25 women, with women representing senior management/functional head responsibilities. At present, there is one woman among the top 20 executives of the Company. There is no woman representation on the Board of Directors.

## ENSURING HUMAN RIGHTS

Sesa values the rights of individuals and all necessary steps are taken to ensure this and safeguarding of human rights. This is well demonstrated in its policies for code of conduct of management, staff, executives and non-executives. Violations of human rights are not permitted and the disciplinary procedures coupled with the compliance procedure enumerated severally, add value to this endeavor. Though the Group does not have a formal policy on human rights, based on the guidelines issued laid down by the ILO, policies for specific issues attempt to address these concerns.

The Sesa Code of Conduct for Executives and Standing Orders for Non-executives specifies equal opportunities and non-discrimination. It requires employees to respect human rights and any discrimination on grounds of race, creed, sex, social status, religion, nationality, age or bodily or mental disability are firmly discouraged. Sesa Goa is committed to equal opportunities for attracting best available talent.

## HUMAN RIGHTS BY CONTRACTORS

Sesa Goa's focus on human rights and the need to safeguard individual rights is evident from the method of procurement of services from contractors and others suppliers. The terms of contract for services to the Company, require the service provider's adherence to all labour laws in letter and spirit. As significant partners to the Company's business, the service providers are expected to adhere to standards and ethical practices.

Though there is no formal policy for monitoring the service provider's adherence to such standards, other than the realm of labour laws and practices, the Company seeks to exercise its influence to the maximum extent possible over the service providers, to increase their awareness and adherence to these standards.

## FREEDOM OF ASSOCIATION

The Sesa Group's Staff Hand Book and Certified Standing Orders requires all employees to comply with applicable laws. The Group encourages freedom of association as enshrined under the Constitution of India in the Trade Union Act. Besides the registered Trade Unions, the Sesa Goa Employees Credit Society, which is entirely an initiative of the employees, is a fine example of the freedom of association within the Sesa Group.

## CHILD & FORCED LABOUR

Sesa does not engage child labour. It is a compulsory requirement of Law. However, Sesa believes in the fundamental right of a child to pursue education and does not permit its service providers, contract labour, etc. to engage children at work. Under various provisions of the Factories Act 1948, the Mines Act, 1952, the minimum age required for the employment is 18 years. The units of Sesa strictly comply with either of these Acts as applicable.

The recruitment process necessitates that candidates furnish appropriate proof of age and school certificates where applicable, to ensure that under age persons are not employed. Contractors are strictly monitored to ensure that child labour is not employed. Frequent checks and other mechanisms are also utilised to ensure that there is no non-compliance. Safety managers and the security departments have been given necessary powers to check and monitor this issue.

India is the world's largest democracy and as a constituent of this country, Sesa believes in a free and voluntary participation in all pursuits. There is no forced and compulsory labour in the Sesa Group. Relationships with the employees are based on mutual agreement which is a prerequisite for all changes. Grievance redressal procedure provides for adequate monitoring of violation of such requirements.

## COMMUNITY

Sesa Goa has established the "Sesa Community Development Foundation" to undertake Community Development Initiatives. This Foundation is registered under Societies Act. All the Community Development Initiatives/Socio-economic activities at Corporate level are undertaken through this Foundation.

Sesa Goa's commitment on Corporate Social Responsibility can be seen in its Integrated Quality-Environment Policy, wherein thrust is given to social aspects also. Separate Environment Management Programmes are made in for implementing Socio-economic programmes. Targets are laid and reviewed by Chief Executive Officer during Management Review meetings.

A Socio-economic study of surrounding communities was conducted through Tata Energy Research Institute, New Delhi. The recommendations of the Reports which are aimed at uplifting Socio-economic status of communities residing around business area are being implemented. However specific and need based community development programmes are also planned and implemented at individual units.

## Education:

The "Nicolo Corvo Memorial- Sesa Technical School" has been established under the Sesa Community Development Foundation, for imparting training in few selected engineering trades, leading to a three year Diploma. The prime objective of this school is to impart skills for developing technical knowledge and to train local youth in employment oriented fields so as to enhance the opportunities in securing jobs in industries or help in self-employment. The courses are exclusively designed to cover entire trade skills and also to suit specific job requirements of the local Industries.

The courses are offered in following trades:

- (1) Fitter
- (2) Machinist
- (3) Multi Trade Electrical
- (4) Multi Trade Mechanical
- (5) Instrument Mechanic.

This Technical School was established in 1994 with the initial capital investment of Rs.50 Lakhs. Fifty-seven students are admitted in an academic year. The school has achieved 100% First Class results for the last three years and all the students have received placements in campus interviews. Annual expenditure towards maintenance is to the tune of Rs.25 to 30 Lakhs.

## Sports

The SESA's FOOTBALL ACADEMY - is another unit of Sesa Community Development Foundation, created to nurture football talent in Goa and to make a positive contribution to our society by producing football players and disciplined citizens. The Football Academy was established with the initial capital investment of Rs.80 Lakhs. Selection of the boys is based on their credentials, performance during the preliminary and final selection matches, medical fitness and personal interview. The boys are taken in two age groups viz. 13 to 15 years and 15 to 16.5 years. While the boys in the age group of 13 to 15 years will be undergoing training for 4 years, the boys in upper age bracket will pass out after two years.

Besides Football training the boys also pursue their academic careers in local schools. The boys are provided with scientific football training and stimulating environment for studies. The annual maintenance cost of the Academy is around Rs. 25-30 Lakhs.

## MINERAL FOUNDATION OF GOA

Sesa Goa has been instrumental in the formation of the "Mineral Foundation of Goa" which is a voluntary organization supporting environmental and social improvement programmes for the local community in the iron ore mining belt of Goa. The mineral industry of Goa supports the Foundation. However Sesa Goa takes pride in being the major contributor of around Rs. 7 to 8 million per annum to the Foundation.

This is an additional contribution to the community apart from the "Sesa Community Development Foundation" and other need based programmes that are supported by the Company.

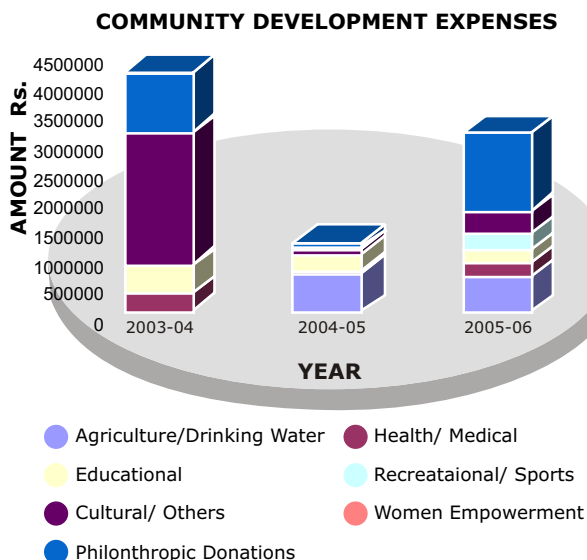




## NEED BASED COMMUNITY DEVELOPMENT INITIATIVES

Apart from the above, Sesa Goa also makes provision in its budget to meet and satisfy need based community requests which are not addressed through the Mineral Foundation of Goa. Here the specific requests received from various sections of society with regard to Education, Health care, Drinking water, Infrastructure, etc, are scrutinized and implemented.

Fig:9 below depicts the need based Community Development expenditure during the last three years.



**Fig: 9**

NEED BASED COMMUNITY DEVELOPMENT INITIATIVES (Amount in Rupees)			
Areas/Year	2003-04	2004-05	2005-06
Agriculture/ Drinking Water	20391	671367	614343
Health / Medical	297048	54216	222799
Educational	469948	274652	247305
Recreational/ Sports	36735	8166	277492
Cultural/ Others	2281119	100058	371390
Women Empowerment	2650	20350	23075
Philanthropic Donations	1046840	61427	1336471
<b>Total</b>	<b>4154731</b>	<b>1190236</b>	<b>3092875</b>

Note: Above expenditure is in addition to the community contribution shown in the table under Economic Performance Indicators section (Pg. 22)

## GENERATION OF EMPLOYMENT

Besides direct employment to local villagers, the Company involves local people in various supporting activities like construction activities, transportation of ore, nursery management, garden maintenance, etc.

Training and assistance for animal husbandry, sericulture, pisciculture, improved methods of agriculture, traditional crafts, for self employment, employable skills is also extended



Hypertension & Diabetes  
Detection Camp  
Phanaswadi, 30<sup>th</sup> January 2006



Eye Camp  
(Cataract Detection Camp)  
Shiroda 17<sup>th</sup> February 2006



## Case Study

### Health Care for the Local Communities- Approach for total medical care

The traditional approach of need based response to the community Health care was changed this year to prepare a programme for total health care. The Programmes were prepared with the aim to first diagnose and treat the common ailment and then to provide long term relief to the needy patients by either operations or suitable medical aid. The programmes were conceived by the Company Doctors based on the past experiences and the feed back from the communities.

For regular Health checkup Hypertension & Diabetes detection camps were conducted at Phanaswadi & Capxem, while specialty camps were conducted at Phanaswadi, Pissurlem, Codli, Capxem and Shiroda in Goa.

A total number of 581 people were examined and treated for their complaints. This year apart from providing the spectacles to the patients cataract operations and post operation care was undertaken.

Eye Camp  
(Cataract Detection Camp)  
Codli 19<sup>th</sup> February 2006



Cataract operated patient  
from Codli



## **BRIBERY AND CORRUPTION**

Sesa's Code of Conduct Rules enumerate that employees must avoid situations in which there is a conflict of interest with the Company's business. The specific clauses in the Code and other Policies indicate that employees should immediately notify the Company if there is a possibility of a conflict of interest arising out of any situation. The specific clause on gifts and favours, stresses that employees may not solicit or accept any benefit, bribe or advantage, in cash or otherwise, from customers, suppliers, contractors or any person having business dealings or seeking to do business with the Company.

Similarly, the company also disallows employees from offering a benefit, bribe or advantage to any external agency, business group or individual with the intent of furthering Company's business interests.

Power to take disciplinary action rest with the supervisor. The compliance procedure empowers freedom for employees to bring any such violations to the notice of the Company's management.

## **POLITICAL CONTRIBUTION**

Though there is no formal policy on the matter of political contributions and donations, the Company makes such contributions on an equitable basis, based on judicious decisions of the Board.

## **PRODUCT RESPONSIBILITY**

### **Customer Health And Safety**

So far, there are no formal procedures for preserving customer health and safety during use of the company's products. As such, these products are either materials or intermediates used for manufacturing some other products, and utilized in total and do not pose any health or safety hazard because of their use.

There were no instances of non-compliance with regulations related to health and safety of our products, no fines or penalties and also no complaints during the reporting period.

### **Products And Services**

There are no regulations on product information and labeling other than the standards on physical dimensions and chemical composition on various grades of ore produced by us. Test Certificates are issued at the time of delivery to the customers. No instances of non-compliance with regulations concerning product information and labeling including any fines, assessed for these breaches have occurred in the reporting period.

### **Respect For Privacy**

Privacy related to consumer information such as contractual terms are protected by minimum circulation of contracts within the process owners and Statutory Bodies such as Customs & Sales Tax offices.

There were no complaints regarding breach of consumer privacy against the Company during the reporting period.



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**The Board of Directors**  
**Sesa Goa Limited**  
**Sesa Ghor, Panjim,**  
**Goa, India**

### Independent Assurance Statement

#### **Engagement and objective of assurance, responsibilities**

We have been engaged by Sesa Goa Limited (the 'Company') to review the contents of "Corporate Sustainability Report 2005-06" (the 'Report') prepared under its responsibility and provide 'limited assurance' to the report contents. However, this assurance report should not be taken as a basis for interpreting the Company's performance across the scope of issues covered in the Report.

The Report and its contents are the responsibilities of the Company and this assurance statement is the responsibility of Ernst & Young

#### **Reporting Criteria**

There is currently no statutory requirement in India for preparation and publication of sustainability report. We understand that the Company is voluntarily communicating to its stakeholders on sustainability matters through this report. The Company has stated in the Report that it has prepared this report based on the Global Reporting Initiative (GRI) 2002 guidelines.

#### **Approach**

Our review process included a series of customized work steps to ensure consistency in our assessment across the operations of the Company. This involved challenging a sample of assertions and claims made in the Report and verifying on substantiation of the same, and also involved a review of selected processes for the collection, collation and internal reporting of non-financial data relating to Environment, Health, Safety (EHS) and social performance.

#### **Scope and limitation for assurance**

Our assurance is in accordance with the International Standard on Assurance Engagement 3000 ('ISAE 3000') and our conclusions are for 'limited assurance'. The work to perform limited assurance does not focus on the comprehensive gathering of evidence. The assurance engagement was performed by a multi disciplinary team of professionals in the field of environment, health and safety (EHS) and social matters in conformity with the standard.

We understand that the economic performance indicators' included in the Report are derived from the Company's audited financial records. We have not performed any review of these data and information.

The scope of our work for this assurance statement was limited to verification of information pertaining to environment health safety (EHS) and social performance of the Company for the period April 2005 to March 2006. We have not performed review of performance included in the Report pertaining to the period previous to the year 2005-2006.

The scope of our work was limited to physical verifications at the Company's head office (Panaji) and its Met Coke Division (Navelim), Pig Iron Plant (Amona) and its iron ore mines at Goa while information pertaining to the other iron ore mine (Karnataka) was made available to us at Company's head office.

#### **Basis of our review**

Our conclusions are based on review of:

- \* The Company's sustainability plans, policies and practices to ensure that the Report provides a fair and honest representation on these aspects.
- \* Interviews with a selection of the company's senior management and personnel to gain an understanding of their approach to managing social and EHS issues,
- \* Review of selected documents as well as processes and activities those were used to capture and collate information relating to EHS and social performance parameters;



- \* Physical review of integrity of processes and activities relating to collection, collation and internal verification by the Company of such data through a visit to the plants and mines; and
- \* Review of the information relating to EHS and social performance, specifically with respect to the performance indicators, to substantiate the assertions made in the Report, including review of evidences against selected claims.

## Conclusions


The management of the Company is concerned about Environment, Health, Safety (EHS) and social issues in its domain of business. The Company has taken initiatives in stakeholder identification and consultation. The Company has demonstrated efforts to compile the Report on the basis of GRI 2002 Sustainability Reporting Guidelines. On the basis of our review the key conclusions are as follows:

- \* The Report provided a relevant description of sustainability performance of the Company.
- \* The system and procedures applied by the Company for collection, collation and interpretation of non-financial historical data on EHS and social performance parameters for inclusion in the Report are fairly reliable. The data capturing management and transmission system may be strengthened. The Company may also consider documenting protocols used for collation and computation of the reported performance indicators, and include them in report for clearer comprehension of readers;
- \* We have observed that the Company has taken initiatives in stakeholder consultation. System for documentation of stakeholder feedback needs to be augmented for effective utilisation in decision making process. The stakeholder need identification process also needs to be strengthened, particularly for stakeholder groups like community, suppliers and employees.

## Other observations

- \* The scope of improvement we felt for the following parameters:
  - Water Management: In absence of metering facility at some of the intake and distribution points, the data is based on estimates, accuracy of which may be improved after metering provisions are made.
  - Greenhouse Gas (GHG) emissions and emission reduction: Efforts could be made to report the GHG emissions from the operations of the Company as per guidance of GRI 2002 guidelines;
  - Waste quantity: Some data related to waste quantity has not been captured in the Report viz. Sludge from blast furnace gas cleaning plant.
- \* The Report does not delineate a path forward or proposed plan of action on sustainability front for the next year.
- \* The company has a policy on not employing child labour in any of its facilities. It is suggested that the Company may consider further initiatives to implement a proper system in order to maintain and monitor records for age proof of employees particularly that of the contract employees.
- \* We observed some instances of non-usage of appropriate personal protective equipments (PPEs) during site verification. Usage of PPEs in the workplace areas (plants & mines) may be improved upon.
- \* Qualitative statements and claims may be supported by evidences. For example, the claim that appraisal process of line managers also include evaluation on the basis of targets achieved on community initiatives was not verifiable through evidence. It is our opinion that the appraisal system on this account should be formalized.
- \* The Company has initiated steps to enhance the EHS performance of their Suppliers and Service Providers. We have observed evidence of communication in the form of terms and conditions provided to the suppliers on EHS management. However, we feel that the process may be further improved through a closer monitoring across defined parameters.
- \* Internal review and audit of reported data need to be better evidenced.

Ernst & Young Private Limited



Sudipta Das  
Partner

Kolkata, India  
Dated July 6, 2007

FEEDBACK FORM FOR  
SUSTAINABILITY REPORT 2005-06

- Relevance to sustainability of the issues covered in the Report
  - ☐ High
  - ☐ Medium
  - ☐ Low
- Clarity of information provided in the Report
  - ☐ High
  - ☐ Medium
  - ☐ Low
- The quality of design and layout of the Report
  - ☐ Excellent
  - ☐ Good
  - ☐ Average
  - ☐ Poor

- Suggest what other issues should be covered in the Report

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- Suggest the areas, if any, where more details should be reported

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Name: .....

Designation: .....

Organisation: .....

Contact Address: .....

**Please mail your feedback to:**  
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General Manager Environment,  
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Patto, Panaji, Goa 403001  
Email: [mpatil@sesagoa.com](mailto:mpatil@sesagoa.com)

<b>AAQM-</b>	Ambient Air Quality Monitoring
<b>ANML-</b>	A Narrain Mines Ltd. Iron ore mine
<b>BF</b>	-Blast Furnace
<b>BOO</b>	-Build Own Operate
<b>BVQI</b>	-Bureau Veritas Quality International
<b>CDM</b>	-Clean Development Mechanism
<b>CII</b>	-Confederation of Indian Industry
<b>Co<sub>2</sub></b>	-Carbon Dioxide
<b>EDIFAR</b>	-Electronic Data Information Filing And Retrieval System
<b>EHS</b>	-Environment, Health and Safety
<b>EMS</b>	-Environment Management Systems
<b>EPA</b>	-Environmental Protection Agency
<b>FIMI</b>	-Federation of Indian Mineral Industry
<b>FY</b>	-Financial Year
<b>GCCI</b>	-Goa Chamber of Commerce & Industries
<b>GDF</b>	-Gao Tona Dusrifal Iron ore mine
<b>GJ</b>	-Giga Joules
<b>GMOEA</b>	-Goa Mineral Ore Exporters Association
<b>GRI</b>	-Global Reporting Initiative
<b>Ha</b>	-Hectares
<b>HEMM</b>	-Heavy Earth Moving Machinery
<b>HR</b>	-Human Resources
<b>ILO</b>	-International Labor Organization
<b>ISO</b>	-International Organization for Standardization
<b>JV</b>	-Joint Venture
<b>Kg</b>	-Kilogram
<b>KWh</b>	-Kilowatt hour
<b>LPG</b>	-Liquefied Petroleum Gas
<b>MCD</b>	-Met coke Division
<b>Mn</b>	-Rs. Million Rupees
<b>MS</b>	-Mild Steel
<b>MS</b>	-Mareto Sodo Iron ore mine
<b>MT</b>	-Metric Tonnes
<b>MT</b>	-Million Tonnes
<b>MW</b>	-Megawatt
<b>NEERI</b>	-National Environmental Engineering Research Institute
<b>NGO</b>	-Non Governmental Organization
<b>Nox</b>	-Oxides of Nitrogen
<b>OB</b>	-Over Burden
<b>OD</b>	-Orasso Dongor Iron ore mine
<b>ODS</b>	-Ozone Depleting Substances
<b>OH&amp;S</b>	-Occupational Health & Safety
<b>OHSAS</b>	-Occupational Health and Safety Assessment Series
<b>PCB</b>	-Pollution Control Board
<b>PIP</b>	-Pig Iron Plant.
<b>QEHS</b>	-Quality Environment and Safety & Health Systems
<b>QEMS</b>	-Quality Environment Management Systems
<b>RSPM</b>	-Respirable Suspended Particulate Matter
<b>SEBI</b>	-Security and Exchange Board of India
<b>SGL</b>	-Sesa Goa Limited
<b>SIL</b>	-Sesa Industries Limited.
<b>SPCB</b>	-State Pollution Control Board
<b>SPM</b>	-Suspended Particulate Matter
<b>THM</b>	-Tonne Hot Metal
<b>UNEP</b>	-United Nations Environment Programme
<b>WHO</b>	-World Health Organization





To find out more about us - visit us at <http://www.sesagoa.com>  
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