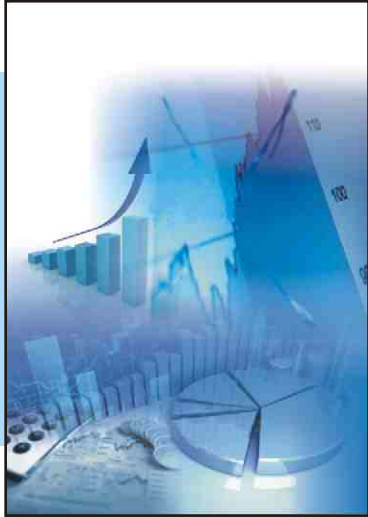


Sustainable Development Report 2007–08

SESA GOA LIMITED

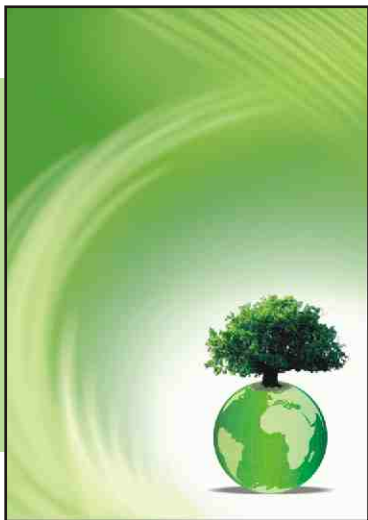


HIGHLIGHTS



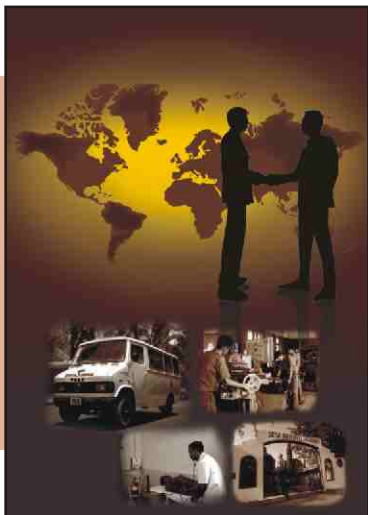
Economic Performance

- Net income from operations increased by 72% to Rs. 3,822.7 crore in 2007-08.
- PBDIT increased by 140% to 2,300.5 crore in 2007-08.
- The company is almost a zero debt entity, so there is almost negligible interest outgo.
- Profit after tax (PAT), net of minority interest, increased by 139% to Rs. 1,541.6 crore in 2007-08.
- Return on average capital employed (ROCE) increased from 63% in 2006-07 to 95.2% in 2007-08.
- Return on net worth (RONW) increased from 40.2% in 2006-07 to 52.4% in 2007-08.
- Earnings per share (EPS) increased from Rs. 164.15 in 2006-07 to Rs. 391.65 in 2007-08.



Environmental Performance

- Sesa Goa was honored as "Sustainable Asian Mining Project of the year" by Asian Mining Congress, 2008.



Social Performance

- Establishing and formalizing stakeholder engagement processes.
- Launching of 'Gram Nirman Codli 2010', a partnership program between the Government of Goa, the non governmental organization Mineral Foundation of Goa, and the company.
- Community development programs involve the community in planning, implementing, and subsequent ownership of the projects, which ultimately leads to sustainable and independent Community enterprise.

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STATEMENT BY THE MANAGING DIRECTOR

"We are Committed to Sustainability"

Dear Stakeholder,

It is Sesa's philosophy to follow the path of sustainable growth, a goal possible only if it is in complete harmony with the aspirations of all of our stakeholders. This report addresses the contributions we are making towards sustainable development and the effects of those actions both inside and outside our company.

We have followed the principles and methodology of the GRI-G3 guidelines and have prepared the Report in fulfillment of the A+ Application Level criteria of GRI-G3. Our report has been provided independent assurance by Ernst & Young; the Assurance Statement is included in the report.

With experience of more than five decades in the iron ore mining business, Sesa has withstood the test of long-term sustainability. We have been ably guided by corporate social responsibility, a conscientiousness that gives definite structure and shape to sustainability considerations and adds immense positive value to the organization in the long run. We are of the strong view that our interactions with various stakeholders, whether they are customers, suppliers, contractors, business associates, employees or the society at large (including but not limited to regulators), is akin to two-way traffic, something which ultimately creates enduring value for everybody connected with the organization.

Our customers—be it in the iron ore, pig iron or met coke business—have been with us for years. It is not difficult to guess why. 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 products as well. Over the years, Sesa's product specifications have been continuously fine-tuned to the requirement of our customers. It is no wonder then that Sesa has been, for more than 40 years, a consistent supplier to industrial customers.

We believe it is vital to balance growth with effectiveness of the business in society. Keeping this focus requires us to adapt to changes in our business milieu, in our environment and in the communities where we operate.

In the environmental field, our strategy is backed by investments and ongoing research in various technologies. For example, we are involved in research to help develop certain fungi and geo-textiles that will help in greening mine dumps with native plant species; we are continuously endeavoring to create sustainable development through energy recovery, and reduce greenhouse gas emissions. One of our projects is registered with the United Nations Framework Convention on Climate Change as a Clean Development Mechanism project that will generate certified emission reductions year after year.



Our concern thus is not just about creating cleaner products, but making the world a cleaner place to live in. With our operations and activities, we take care to reduce our environmental footprint.

Any company's success, growth, and leadership position in the industry depends on the energy and efforts of all its employees. And Sesa is no exception. Our employees are the pillars which have sustained our business. Sesa's mining and production facilities pose many challenges to safety management, and for us all safety standards are non-negotiable. Sesa is focused to make the workplace as safe as possible with continuous training and appropriate monitoring mechanisms. The LTIFR has reduced by 50% in case of pig iron and met coke plants and for the group by 17%, but the target of further reduction continues to be a challenge for all of us in Sesa. We have proposed to appoint DuPont, a world leader in safety management, to review our safety practices and suggest measures for improvement.

The company's commitment to the community around its operations is not only supreme but also passionate. We work in partnership with local organizations to support people. Sesa is a founder member of the Mineral Foundation of Goa, a non-governmental organization that brings together the mining businesses in Goa for a joint initiative to address various development needs of the community. Sesa's individual initiative is also manifested in the Sesa Community Development Foundation, which manages a technical school to produce skilled manpower and a residential football academy to train skilled footballers. Over the years, these initiatives have benefited hundreds of youths, who have got gainful employment.

Sesa has helped to augment farm and non-farm based livelihood options for the people around the areas of its operations. Villages now have basic amenities such as drinking water facilities, primary health care and primary education. Women's self-help groups have supplemented sources of income for innumerable families. Line managers meet community representatives periodically to informally identify their needs and to facilitate pragmatic solutions, without fanfare. In fact, the targets set for each year for such community initiatives are one of the performance parameters for line managers.

Sesa's integrated approach to its mining activities, and its innovative management of the impacts of those activities, has been acknowledged by its peers over the years. The awards that Sesa receives are an indication of the company's contribution to the sector. At Sesa, we believe that being awarded for our work adds additional responsibility on us—that of generating awareness and understanding about sustainable development that goes hand-in-hand with sound business practices.

We are committed to a business strategy that not only creates long term value for all our stakeholders but also enhances the world in which we live and work. We are committed to sustainability, to ethical commerce, and to good corporate citizenship.



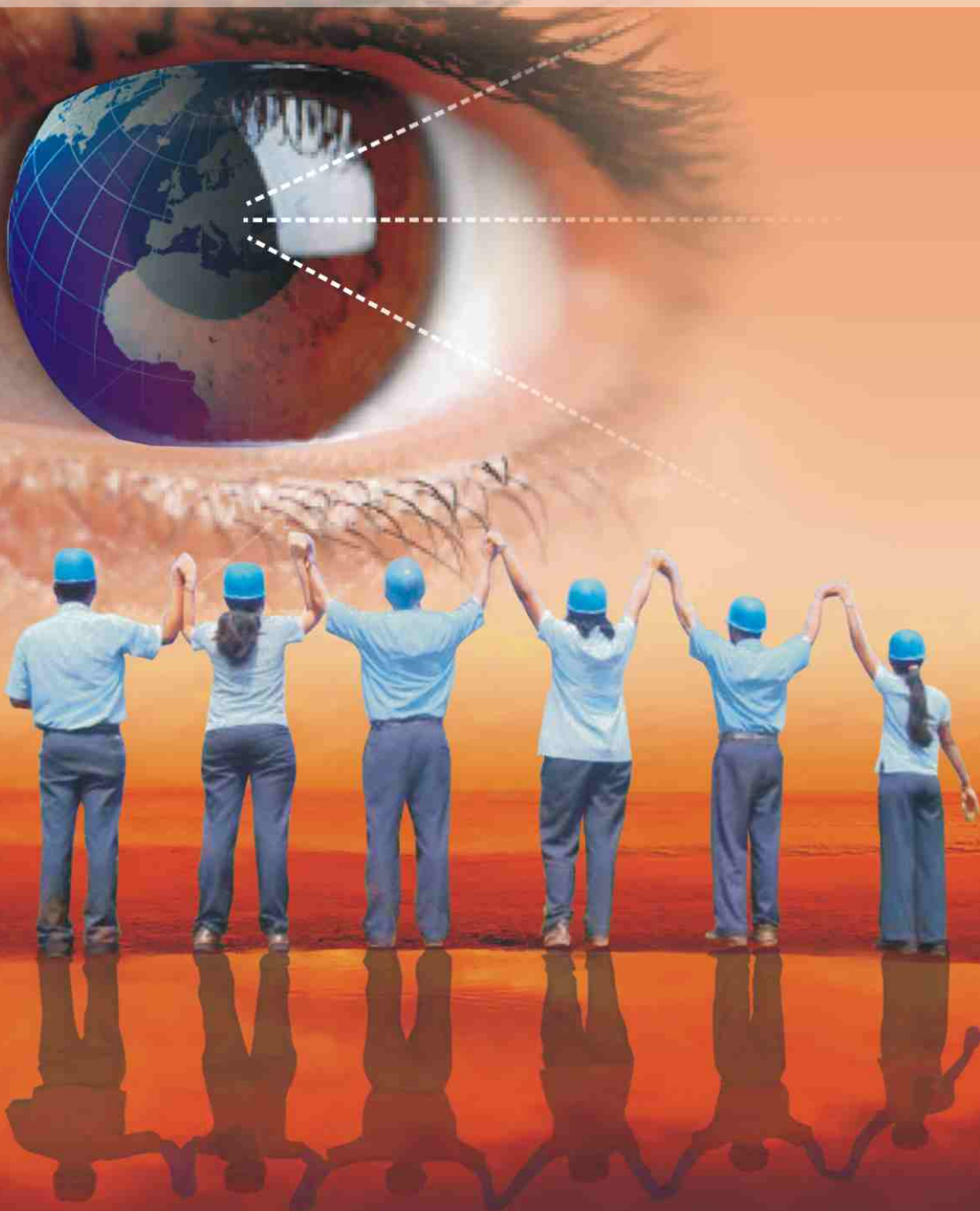
P. K. Mukherjee
Managing Director

Our Vision

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

Mission and Strategies

- To maximize stakeholders' wealth by exploiting core skills of iron ore mining, coke and iron-making.
- To constantly seek high levels of productivity and technical efficiency; to maintain technological superiority over competitors.
- To aggressively seek additional resources.
- To maintain costs in the lowest decile.
- To be an organization with best-in-class people and by attracting and retaining quality manpower.
- To continue to maintain our pre-eminent position in safety, environment and quality control management in the industry sector.
- To contribute to the development of the communities that we operate among, or influence as a result of our business activities.



Key Impacts, Risks and Opportunities

Opportunities

- In spite of a slowing down of the Indian economy, the mining sector has posted a positive growth rate.
- The continuous growth in demand of iron ore has also resulted in an increase in the international benchmark price of iron ore.
- Sesa's direct export figures for 2007-08 increased by 51% compared to last year.
- Sesa has been able to demonstrate that mining and environment-friendly development can co-exist.

There is an overall slowing down of the Indian economy—gross domestic product growth was 8.7% in 2007-08 compared to 9.4% in 2006-07. The industry and services sector growth has also slowed down; the agricultural sector could not maintain the growth momentum of the previous year of 3.8%.

There is concern for all export-oriented industries on account of strong rupee appreciation on the back of robust foreign investment inflows. Since the beginning of the year, the rupee has appreciated by about 8% and such a steep appreciation does not auger well for Sesa.

There is good news, however, that dispels these tidings of gloom. The mining sector posted a positive growth rate of 4.4% compared to 4.2% of the earlier year.

Sesa's total sales for 2007-08 went up to 12.391 MT, out of which export sales accounted for 11.59 MT and domestic sales for 0.804 MT.

The direct export figures for 2007-08 increased by 51% compared to last year's (2006-07) figure of 7.664 MT.

Robust growth in China's steel production resulted in higher requirement of iron ore. Iron ore imports by China also registered a growth of +19.3% to 389 million tons, as compared to the previous year. It is also interesting to know that China is increasing the production of, as well as beneficiating, its low grade ore at high costs for meeting its iron ore requirements. The domestic production of crude ore in China has registered a growth of 40% and reached 588 MT in 2006.

The continuous growth in demand of iron ore has also resulted in an increase in the international benchmark price of iron ore. While the price increase was 19% in 2006, the iron ore price went up by 9.5% in the current year (2007).

The three big mining companies in the world—Rio Tinto and BHP Billiton of Australia, and Vale [or CVRD as the company was known until November 2007] of Brazil—control over 70% of seaborne trade in iron ore. Their market clout is, thus, considerable. On the other hand, iron ore mining in India is quite fragmented and India is considered a marginal supplier of iron ore in the world market.

The Indian mining industry currently faces the following challenges:

- Various state governments have framed their own policy for allotting mining leases, particularly after the steep increase in international iron ore prices over the last few years.
- Starting green field mining projects or renewing existing leases involves enormous procedural delays for granting clearances by various departments of the central or state governments, for instance, Forest, Environment and Mining or Geology departments.
- Inadequate rail, road or port infrastructure with high costs.
- The operation of small scale mines by numerous leaseholders affects the scale of mining and, in turn, cost competitiveness. Consolidation in the Indian iron ore mining industry is, however, difficult due to the absence of policy support for the seamless transfer of mining leases.

Sesa's coke plant caters primarily to the requirements of the pig iron plant of the Group. The remaining production of about 35-40% is supplied to foundries, ferro alloy units and the cement industry. Metallurgical coke is produced from hard coking coal imported mainly from Australia. Since the cost constitutes about 85% of the cost of coke production, it is important that an optimal coal blend of high cost hard coking coal as well as a relatively cheaper and softer variety of coal is used to improve the bottom line.

Sesa's continuous endeavor to increase stakeholder value and our proactive approach in diversifying our mining activities in the state of Goa, India, has enabled the company to take advantage of the upturn in the iron ore market.

Challenges

- Starting green field mining projects or renewing leases involves enormous procedural delays for granting clearances.
- The industry faces inadequate rail, road or port infrastructure with high costs.
- The operation of small scale mines by numerous leaseholders affects the scale of mining and cost competitiveness.

Opportunities and Threats

Iron Ore

The increase in steel production, particularly in China and India, offers a great opportunity for the iron ore mining industry to expand production and growth, owing to geographical proximity to these growing markets. The time is also opportune for growth because of bullish ocean freight, which makes iron ore from Brazil costlier in the Chinese market.

Unfortunately, the Indian mining industry is not in a position to put in place a sustainable model of business growth. This could be due to the lack of a clear-cut mineral policy and a lack of consensus among the central/state governments to give the requisite thrust to the iron ore industry. The concern facing the Indian steel industry is the continuous availability of iron ore in India which would cater to its optimistic growth plan. Consequently, adequate investments are not flowing in the mining industry—which not only affects the growth opportunity for professional mining companies such as Sesa, but also impacts the availability of iron ore to the growing steel industry in India in the long run. The process of granting or allotting new mining leases, and of giving various clearances, also has its own effect on the situation.

Similar issues have hampered Sesa in augmenting its resource base. A prospecting license obtained from the Jharkhand government in 2005 is still waiting for forest clearances to start even prospecting. Although there is a considerable opportunity for consolidation in the fragmented iron ore industry in India, it cannot be pursued vigorously because of procedures for the transfer of mining leases.

Sesa is continuously looking for opportunities for debottlenecking its operations and logistics chain to optimize production. Efforts are continuously on to control costs, for example, by introducing cost effective machinery, equipment, barges, and renewing loading capacity of M. V. Orissa. Additional investment in railway rakes, although planned, is awaiting acceptance by the railway authorities due to constraints in the capacity of the railway line in the concerned sector. The new railway line in Orissa has been commissioned after a delay, but the railway authorities are, as yet, not allowing any traffic on that route at reduced cost if the traffic is originating at a point outside the new corridor. Consequently, the company's expectation of cost saving and higher availability of railing capacity (to substitute high cost road transport) has come to naught.



Environmental Impact

Sesa is a pioneering mining company that assiduously incorporates sustainable development in its areas of work. The very nature of the company's business, mining, is publicly perceived as being unfriendly towards the environment. However, Sesa has been able to demonstrate that mining and environment-friendly development can co-exist. The main impacts on the environment due to Sesa's operations concerns:

- (a) Land degradation due to breaking open of land area.
- (b) Effects on water due to ore beneficiation and working below ground water table.
- (c) Reducing tree cover.
- (d) Generation of solid waste and greenhouse gas emissions, leading to global warming.

Land Degradation and Reducing Tree Cover:

Breaking the earth's surface is unavoidable for accessing minerals that are the building blocks of modern civilization. However, Sesa has been conscious of this fact and has been proactively incorporating methods to minimize its impacts. For instance, mining software was used at the Codli mine while planning mine development so that the entire area is not opened at one time, and sequential mining and concurrent reclamation could be followed. Sesa has set up a nursery for growing plant saplings of native vegetation. Till date, more than 1.5 million trees have been grown on different mining sites of the company. Sesa has also received approval for its plantation management plan of the Sanquelim mine from the Forest Department of Goa. The plan will be implemented in the next three years. The biotechnological approach developed in collaboration with the National Environmental Engineering Research Institute (NEERI) is now well established and being replicated at other mining sites. Geo-textiles and grass seeding on overburden dumps has helped not only in reducing erosion but also in establishing ground vegetation.

Water Conservation: Sesa Goa recognizes that water is a 'limiting' resource and all efforts are made for its efficient utilization and conservation. Water is reused at most ore beneficiation plants and pig iron and met coke plants. Rain water harvesting is being done at the exhausted mining pit in Sanquelim; about 1,500 kiloliters per day (KLD) of water from these pits is used in the pig iron and met coke plants. Sesa is in the process of constructing a bundh [literally, a retaining wall or dam] on the river Volvonti, in Sanquelim, just before it meets saline water—this will help store and use fresh water for expansion projects. Rain water harvesting and water storage in village ponds has been undertaken in Chitradurga district, known for low rainfall. This has helped the villagers get drinking water for domestic needs and has also led to an increase in the ground water table.

Solid Waste Management:

Mining is a business of selection; there is, therefore, always a concomitant rejection. Sesa has developed a mining program that ensures the minimum possible rejects handling. All the waste dumps are stacked systematically and efforts are made to rehabilitate them in the best possible manner. As described earlier, geo-textiles and biotechnological efforts are made for rehabilitating waste dump. A Memorandum of Understanding (MoU) signed with the Department of Microbiology, Goa University, Goa, will help develop 'mycorrhiza' for faster growth of plants on mine dumps. All the slag generated at the pig iron plant is sold to cement manufacturers.

Global Warming: The company has developed a two-pronged strategy to tackle greenhouse effects:

- Reduce specific energy consumption in operation through improved technology and process. The company has set itself the target of reducing 5% specific energy consumption across all its units for 2008-09.
- Create carbon sequestering, especially carbon dioxide through plantation. The power plant of the company is registered with the United Nations Framework Convention on Climate Change (UNFCCC) as a CDM (Clean Development Mechanism) project that will generate around 1.13 lakh of CER (certified emission reductions) annually.

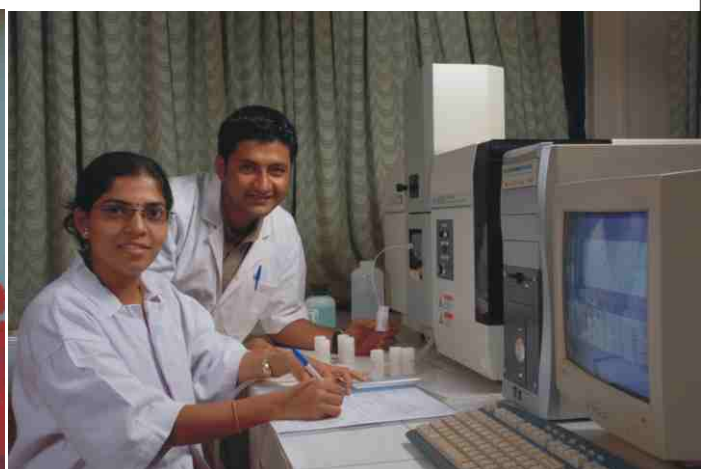
Social Impacts

Sesa Goa is conscious of its corporate social responsibility. It is committed not only to the development of its employees, but also the development of the communities it serves. Its philosophy is expressed through three channels:

- Sesa Community Development Foundation which manages Sesa Technical School and Sesa Football Academy.
- Needs-based Community Development Programs.
- Mineral Foundation of Goa, an NGO formed by the mining industry to address social and environmental issues in Goa's mining belt.

Sesa Goa has launched 'Gram Nirman Codli 2010', a program for total village development, in association with the Government of Goa, which has been planned and approved by the gram sabha (the village-level tier of local self government). Through this program, Sesa will help a population of nearly 25,000. It is a three-way partnership between the company, the NGO Mineral Foundation of Goa, and the Government of Goa.

The company has also started a formal stakeholder engagement process in Goa. In this process, the community is involved in the planning, implementation and subsequent ownership of development projects.



Company Profile

Sesa Goa Limited, the flagship company of the Sesa Group, is India's largest private sector exporter of iron ore. The company currently accounts for nearly 10-12% of India's iron ore exports and 1.3% of the world's seaborne iron ore trade

Sesa Goa is an associate of Vedanta, an FTSE 100 metals and mining company, with principal operations in India, Zambia and Australia. In 2007, Vedanta Resources plc, a diversified metals and mining group listed on the London Stock Exchange, had acquired 51% controlling stake in Sesa Goa Limited.

For the past five decades, Sesa Goa has been involved in iron ore mining, beneficiation and exports. Over the last decade, it has diversified into the manufacture of pig iron and metallurgical coke. The major metals it produces are aluminum, copper, zinc, lead and iron ore.

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 exports over 10 MioTons of iron ore annually 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 the world's seaborne iron ore trade.

The met coke division in 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 322,000 metric tons.

Sesa Goa has developed a world leading 'energy recovery technology' to manufacture coke, compliant with advanced global emission norms. This innovative coke-making technology sets cost-effective, exemplary

pollution control standards and meets stringent 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 meters with a combined annual capacity of 292,000 metric tons of pig iron and 60,000 metric tons of slag which, when dried to 2% moisture, is used in the cement industry. The pig iron plant is located in Amona village of Bicholim taluka in North Goa.

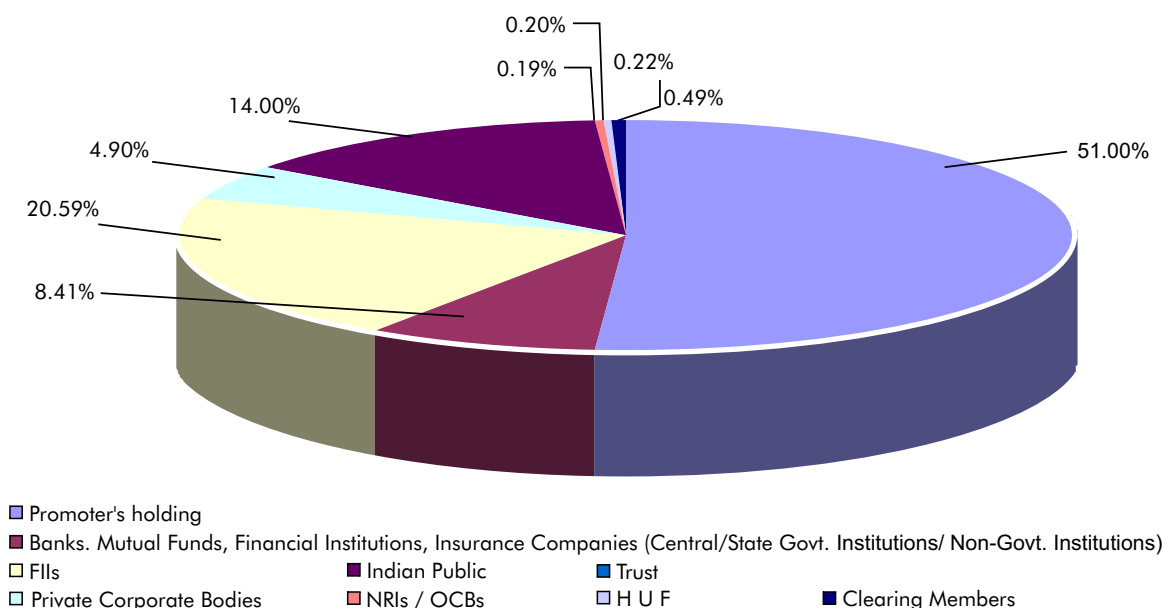
Sesa Community Development Foundation represents the Group's social focus. The Foundation comprises the Sesa Technical School that provides technical training to students, and the Sesa Football Academy that nurtures future footballers. The company is also deeply committed to the development and progress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

Commitment to social concerns is a byword 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 March 31, 2008, Sesa's authorized share capital was Rs 50 crore, with shares of Rs 10 each. The issued

and subscribed capital is Rs 393,620,200 with 39,362,020 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 March 31, 2008, is given in below.



Market and Customers

Sesa Goa predominantly exports iron ore. Its customers are large iron- and steel-making industries across the world. The 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 12.39 million tons of iron ore, about 11.59 million tons is exported and 0.0804 million sold in the domestic markets. Sesa Goa's central business focus is maintaining a long-term relationship with its customers, located mainly in

Japan, Europe, China and Pakistan. This has been achieved with an overarching 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 other countries, for example, Saudi Arabia, Taiwan, Thailand and Sri Lanka, amongst others. Some of the company's domestic buyers are world-renowned industries.

Report Parameters

Report Profile

The reporting period is April 2007 to March 2008 (financial year 2008). Sesa plans to publish the report annually. In order to ensure comparability, the performance indicators are reported using financial year criteria as per the core indicators of GRI Guidelines.

This is third Sustainability Report of Sesa Goa Ltd. The earlier reports covered the period 2005-06 and 2006-07. The reporting principles and methodology are in accordance with GRI Guidelines 3rd revision G3. Economic, environmental and social performances have been reported by following the relevant technical protocols for core as well as additional indicators.

To ensure comparability, the performance indicators are reported using financial year criteria in accordance with GRI-G3 Guidelines.

For further information, you may visit the Sesa Goa website at www.sesagoa.com or contact Mr. Mahesh Patil, General Manager, Environment, at the company's corporate office: Sesa Goa Ltd, 'Sesa Ghor' 20 EDC Complex, Patto, Panjim, Goa 403 001, or e-mail him at mpatil@sesagoa.com

Report Scope and Boundary

This Report covers mining units in Goa and Karnataka, the pig iron plant and the met coke division in Goa. This is the third report of the Company in the series prepared according to GRI Guidelines and assured by a third party.

This Report provides glimpses of the environmental and community development initiatives undertaken by the Company.

The mining operation in Orissa has been reported on only on economic indicators; data compilation process is in progress for environmental and social indicators and will be presented during subsequent years.

The Report has been audited by a third party auditor, Ernst & Young, who have provided the External Assurance Statement.



Governance and Management

Board of Directors

The Sesa Board of Directors, which includes the non-Executive Directors, is a blend of technology, business, finance, law and social visionaries who provide invaluable strategic direction to the company. With their technical and functional expertise, experience, human skills and business knowledge, members of the Board guide the company to innovative achievements in business.

Independent Directors are not related to the Executive Directors of the company. They are also not members of any company whose interests are in direct conflict with, or in similar fields as those of, the company. The Board comprises 12 Directors; of these, seven are independent Directors.

The Board is responsible for the overall direction for all business operations and has holistic control over activities. The Managing Director, through the powers delegated by the Board of Directors, is responsible for the regular business of the company. Directors are appointed after the approval of the shareholders, usually for a term of three years or less, according to the Board's resolution.

The Board meets periodically to assess business performance. The Board audits performance and reviews business operations with the help of various committees (as listed in the Governance Structure).

Code of Corporate Governance

The corporate governance philosophy of Sesa is driven by its strong belief that good governance is a key driver for sustainable business operations. Sesa is committed to transparency, accountability, integrity and equity in its operations and interactions with all its stakeholders.

Sesa is focused on guaranteeing that all its operations follow stringent safety norms. The company has adopted the best practices to not only ensure that it has a minimal impact on the environment, but also to guarantee the development and growth of the society in which it operates. The Sesa family is committed to high levels of productivity and technical efficiency with innovative practices, timely delivery of superior products to all its customers, and quality treatment to all its vendors or contractors who are partners in the value chain of Sesa's business.

Awards and Honors

Sesa's integrated approach to its mining activities, and its innovative management of the impacts of those activities, has been acknowledged by its peers over the years. The awards that Sesa receives are an indication of the company's contribution to the sector.

At Sesa, we believe that being awarded for our work puts a serious responsibility on us—that of generating awareness and understanding about sustainable development that goes hand-in-hand with sound business practices.

Sesa Goa has been selected as the top Indian company in the mining sector for the Dun & Bradstreet American Express Corporate Awards 2007.

Environment Awards, 2007-08

The environmental awards that Sesa has received bear testimony to the company's commitment to sustainable environmental practices that complement its business.

Mining, Karnataka

During the Mines Environment and Mineral Conservation (MEMC) Week celebrations in January 2008 (West & Central Zone, Karnataka), A. Narrain Mines received overall 2nd prize, and a special prize for Rain Water Harvesting Measures. A. Narrain Mines also received the 1st prize for:

- Afforestation.
- Dust Suppression Arrangement.
- Installation and Use of Mechanical Beneficiation Plant.
- Top Soil Management.

Mining, Goa

During MEMC Week celebrations, Sesa received the following awards:

Sonshi Mine received 'Super Status' award for the third consecutive year for excelling in all categories of competitions for very large mechanized mines.

Sanqualim mine received:

- 'Super Status' award in Reclamation and Rehabilitation.
- 1st prize for Noise, Vibration and other Scientific Studies.
- 2nd prize for Overall Performance in Medium
- Mechanized Mines category.

Mining, Orissa

At the Asian Mining Congress, 2008, Sesa was honored with the 'Sustainable Asian Mining Project of the year award.

Some other awards that Sesa has received are:

Certificate of participation for Pegasus Corporate Social Responsibility (CSR) award instituted by Readers' Digest

Certificate of participation for CSR Award instituted by Bombay Stock Exchange.

Safety Awards, 2007-08

Safety awards are proof of the company's commitment to international safety standards and a safe work environment at all its locations.

Mining, Karnataka

Sesa received the following awards during the Mines Safety Week celebrations, 2007-08 in Zone III, Group A (Mines):

- 1st prize for Overall Safety Performance
- 1st prize for Method of Working.
- 1st prize for Vocational Training/HRD.
- 1st prize for Exhibition Stall.
- 1st prize for Excavator Operations.
- 2nd prizes for Operation and Maintenance of Heavy Earth Moving Machinery, Welfare Amenities, First Aid Team, Wheel Loader Operation, Welder and Mine Mate.

Mining, Goa

Seas received the following awards during the Safety week celebrations Goa and part of Maharashtra:

- 1st prize for Codli mine for Overall Performance in Engineering group A-1 and for implementation of safety in mines.
- 1st prize for Sonshi mine for Welfare Amenities and Health Protection in Mining Aspects group A-1.
- 2nd prize for Codli mine for Housekeeping, Record Maintenance, Equipment Maintenance, Performance of Screening Plant, Welfare Amenities and Health Protection.
- 2nd prize for Sonshi mine for Overall Performance and Safety Consciousness.

Mining, Orissa

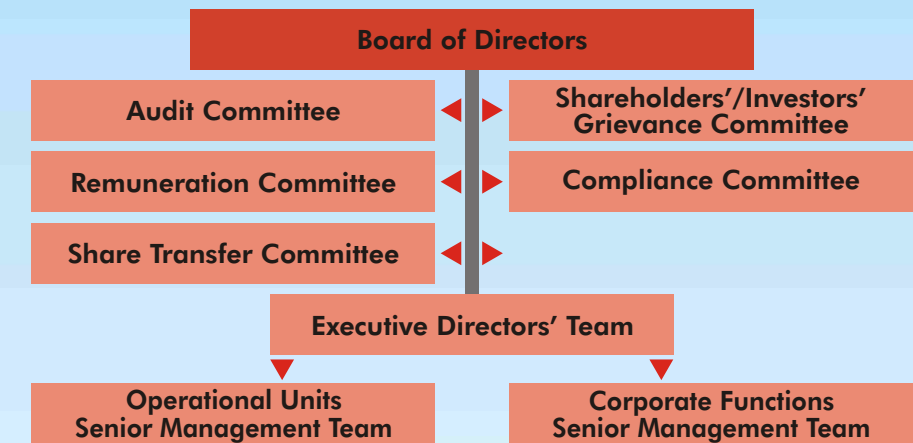
Seas received following awards during the Safety Week Celebrations Chaibasa Region:

- 1st prize for Explosive Handling.
- 1st prize for Tipper Operation.
- 2nd prize for Overall Performance.
- 2nd prize for Tipper Operation.



Mr. U. S. Tilve, GM (Mining, Goa) receiving the award for "Sustainable Asian Mining Project for the year".

Governance Structure



Non-Executive Directors

- Mr. S. D. Kulkarni (Chairman)
- Mr. K. R. V. Subrahmanian (Director)
- Mr. P. G. Kakodkar (Director)
- Mr. G. D. Kamat (Director)
- Mr. K. K. Kaura (Director)
- Mr. D. D. Jalan (Director)
- Mr. Akhilesh Joshi (Director)

Executive Directors

- Mr. P. K. Mukherjee (Managing Director)
- Mr. A. K. Rai (Director- P&L)
- Mr. H. P. U. K. Nair (Director- Iron and Coke)
- Mr. M. D. Phal (Director- Resources)
- Mr. Amit Pradhan (Director- Services)

Back Row (L-R) Mr. S. D. Kulkarni, Mr. D. D. Jalan, Mr. K. K. Kaura, Mr. K. R. V. Subrahmanian, Mr. G. D. Kamat, Mr. P. G. Kakodkar
Front Row (L-R) Mr. P. K. Mukherjee, Mr. M. D. Phal, Mr. Amit Pradhan, Mr. A. K. Rai, Mr. H. P. U. K. Nair, Mr. Akhilesh Joshi

Code of Conduct

The company has put in place a Code of Conduct, a set of guidelines to prevent Insider Trading, and a Whistleblower Policy.

The company has also adopted Business Conduct and Discipline Rules applicable to all its Directors and General Managers. The Business Conduct and Discipline Rules are posted on the Company's intranet (accessible at <http://intranet.sesagoadc.com>)

Shareholders' Feedback

Held once a year, the Annual General Meeting provides a significant 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 company's website, periodic written and other communications and other media, bringing the shareholders up-to-date with the operational issues of the company. The Investors Grievance Relation Committee of the Board of Directors provides direct access to shareholders to enable them to express their views and opinions. Their feedback is monitored by the Corporate Affairs and Secretarial Legal Department of the Company that periodically reports on these matters. The company encourages shareholders to write to the company on issues they want to raise with Sesa, and valid recommendations are taken into consideration.

Implementing Environmental Health and Safety Systems

It is only under astute leadership that a corporate entity can fulfil its vision and mission. The Executive Directors formulate policies on quality, environment, occupational health and safety. They also provide guidance for policies and assessment or audit systems.

The Corporate Environment and Safety Departments, 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 reviews 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 coordination and monitoring of issues related to human rights, human resource practices and other social issues.



Stakeholder Engagement

Gaining feedback from every stakeholder category in a company's market place—or stakeholder engagement—is a vital part of Sesa's philosophy. As a growing organization with ambitious plans of mining of iron ore and conducting business beyond Goa, Sesa Goa recognizes the importance of all its stakeholders—government and statutory bodies, shareholders, customers, employees, suppliers, contractors, local communities and society, everybody who is affected by the company's operation—for the success of its business.

Sesa Goa consistently strives to anticipate emerging stakeholders' expectations. The company's various businesses have evolved and institutionalized a structured system to formally review and update their understanding of stakeholder expectations. The company has started a formal stakeholders' consultation process at two major units—Kirlapal village panchayat in South Goa which is adjacent to

Codli Mine and Navelim; and Amona panchayat around the pig iron and met coke units. The process includes a committee of the local panchayat body, non-governmental organizations, educational and self help group representatives, and Corporate Social Responsibility groups of the company. This has helped Sesa to better understand the community's needs, as well as to involve communities in planning, implementing and owning the programs.

Sesa is committed to timely disclosures of relevant and reliable information on its financial performance, activities relating to Environment, Occupational Health and Safety, and Social Initiatives. The company believes that the disclosure of appropriate and useful information with regard to all company activities that can impact stakeholders is at the heart of good governance.

Stakeholder and Mode of Engagement	Significance	Key Sustainability Concerns	Initiatives by the Company
Shareholders Annual General Meeting: Written communication	<ul style="list-style-type: none"> • Owners • Providers of capital 	Profitability and growth	<p>Announcing and publishing the quarterly results of the company within the completion of the quarter. Declaring audited annual results within the stipulated time. Posting results on the company's website (www.sesagoa.com)</p> <p>Posting information related to shareholding pattern, compliance with corporate governance norms, etc, on the company's website</p> <p>Making Sesa's corporate website a comprehensive source of information on its portfolio of business, social responsibility activities and Environment, Occupational Health and Safety performance: (a) 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'; (b) The 'News Corner' section provides press releases from the company and relevant press clippings; and (c) Clarifications as and when provided to institutional investors and analysts, including presentations (if any), are also posted on the company's websites</p>
Government Regular meetings and structured communication on key (a) economic; (b) environment, occupational health and safety; (c) social issues; and (d) regulatory trends	<ul style="list-style-type: none"> • Regulators • Policy-makers 	Regulatory interests and community interests	Proactively and periodically fulfilling all formalities and procedures

Stakeholder and Mode of Engagement	Significance	Key Sustainability Concerns	Initiatives by the Company
Employees <ul style="list-style-type: none"> Regular interaction through elected unions and delegates Direct interaction at the workplace Implementation of suggestion schemes Representation of employees in EHS and Social Committees, and other social initiatives 	Main resource to undertake sustainable development initiatives	<ul style="list-style-type: none"> Health and safety Growth prospects Employee satisfaction and commitment Ethical standards in business Attracting and retaining talent Career development opportunities 	<ul style="list-style-type: none"> Organizing EHS training programs Conducting awareness programs Encouraging systematic innovation Discovering and promoting leadership talent Creating an organizational culture that combines a warm and caring ambience with a high performance ethos Establishing a Code of Conduct Publishing Staff Handbook
Communities Public hearing for new projects; surveys through non-governmental organizations; need-based discussions/written communications; meetings with community representatives	Impact on the community due to the company's operations	<ul style="list-style-type: none"> Environment quality Mine land reclamation Education and training Health and hygiene Overall socio-economic development of villages 	Conducting public awareness programs on EHS for communities Organizing water supply to nearby villages in case of need Conducting health camps, for instance, pulse polio and eye camps, cataract operations, etc Providing infrastructural support through road building and effecting improvement in school buildings, community halls, etc Actively supporting local non-governmental organizations' initiatives in public health, sewerage and community development Improving the quality of life in the community Giving educational support such as supply of books, and other educational aids Creating community medical centers Initiating formal stakeholders' processes
Non-governmental Organizations Founder and contributor to the NGO 'Mineral Foundation of Goa'	Watchdog of the community	<ul style="list-style-type: none"> Socio-economic upliftment of community Trust and confidence 	Undertaking many environmental and social initiatives like health camps, educational aids, scholarships, agricultural improvements, watershed development, etc
Customers	Main source of existence of the business	Quality; Price/cost; Committed delivery; Customer satisfaction	<ul style="list-style-type: none"> Personal interaction Market/sales ISO-9000 Certification R&D in process improvement
Suppliers	Partners in progress	Material quality Cost, delivery Schedules	<ul style="list-style-type: none"> Participating in personal interaction, purchase and materials Setting up a vendor rating system Initiating quality improvement programs Establishing joint partnership programs

Social and Quality Systems

Sesa Goa Ltd is a member of Sustainable Miners Club, an initiative of the Federation of Indian Mineral Industries. The company is also an active member of various national and local industry and trade associations, such as the Confederation of Indian Industries (CII), the Federation of Indian Mineral Industry (FIMI), the Goa Mineral Ore Exporters Association (GMOEA), Mineral Foundation of Goa (MFG), and Goa Chamber of Commerce and Industry (GCCCI).

Sesa Goa is a founder member and the largest contributor to the voluntary initiative of Goa's mining industry—the Mineral Foundation of Goa. The Foundation undertakes environmental and social programs that benefit the communities in the state of Goa.

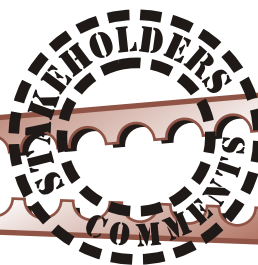
All the units of the Company (except for mining operations in Orissa)—that is, mining in Goa, Karnataka, the met coke division of Sesa Goa Limited, and the pig iron plant of Sesa Industries Limited—are certified in accordance with ISO9001, ISO14001 and OHSAS18001 systems for quality, environment and safety, respectively, through a third party certification agency, Bureau Veritas Certification (India) Pvt Ltd, formerly known as BVQI.

The company has adopted a policy on ozone depleting substances and is in the process of making a sustainability policy.

Our Stakeholders Say....

Sesa Goa is committed [towards social and] environmental work in our village... efforts are very good in overall development of the area like provision of advanced educational facilities right from Anganwadi level to high school, watershed development activities for improving farming, etc. I strongly feel that with Gram Nirman 2010 there would be good scope for the youth for self employment.

Mohan Gaonkar
Sarpanch, Kirlapale Dhabal



Sesa Goa Ltd is doing very good work in the villages... Other mining companies do not do [this] amount of work... Gram Nirman 2010... will be very good for the whole village.

Devidas Gaonkar
Pump Operator, Sesa Goa Ltd, Codli, and
Ward Development Committee member, Kirlapale Dabal

Started in 1994, the Sesa Technical School (STS) has given new meaning to the term 'corporate social responsibility'. Young men from the mining belts are trained in four grades—fitter, instrument mechanic, machinist and electrician—thus making them technically competent to seek better employment opportunities. This has also opened up new horizons of aspirations for them, empowering them to be productive citizens of society.

The courses are of two years and are affiliated to the Directorate General of Employment and Training, Delhi. Trainees are also assured campus interviews.

STS has a tradition of posting the best results out of all the industrial training institutes in Goa. In fact, surrounding industries prefer Sesa trainees as employees.

Sesa arranges for subsidized lunch for the trainees; hostel facilities are also available.

Vinayak Bhavsar
Principal, Sesa Technical School
Sanquelim



Training imparted in different fields helps the women gain knowledge and empowers them to carry out some trade to improve their household income. The company gives us first preference in jobs like stitching uniforms, catering, etc, which gives ladies confidence to take [on] more jobs outside. The Community Medical Center started by the company benefits the poorer people of the village, as it is close by and they get free service and medicines.

Suvarna Tendulkar
Resident, Ekvat Society (Women's Federation)



Our Stakeholders Say....

Sesa is a pioneer in addressing social and environmental issues through proactive stakeholder engagement. The CSR strategy is well structured, focused and result oriented.

Parag Ragnekar
Program Officer, Mineral Foundation of Goa

With Sesa's support, we have been able to provide excellent amenities for the students for instance, a computer center, and a library and resource center which will create a brighter future for our students.

The Victoria Memorial School for the Blind
Tardeo Road, Mumbai

Thank you for donating personal computers and other peripherals to our organization.

Goa Vidyaprasarak Mandal
Ponda, Goa

By painting our primary school building, which had not been painted for many years, you created a joyful environment. Wherever there is cleanliness there is happiness and, in such [an] environment, it feels nice to teach the students. You have... fulfilled our long-pending wish.

Government Primary School
Sirsaim (Bardez), Goa

Economic Performance

- Net income from operations increased by 72% to Rs. 3,822.7 crore in 2007-08.
- PBDIT increased by 140% to 2,300.5 crore in 2007-08.
- The company is almost a zero debt entity, so there is almost negligible interest outgo.
- Profit after tax (PAT), net of minority interest, increased by 139% to Rs. 1,541.6 crore in 2007-08.
- Return on average capital employed (ROCE) increased from 63% in 2006-07 to 95.2% in 2007-08.
- Return on net worth (RONW) increased from 40.2% in 2006-07 to 52.4% in 2007-08.
- Earnings per share (EPS) increased from Rs. 164.15 in 2006-07 to Rs. 391.65 in 2007-08.



The Indian economy continues to witness rapid growth. This growth has not left Sesa untouched—the year 2007-08 was a milestone year for the company. Sesa's shares reached a record Rs 3,969 as on January 01, 2008, valuing the company at Rs 15,622.79 crore.

Sale of iron ore touched a record figure of 12.391 million tons. The gross turnover of the Sesa Group for 2007-08 grew by 72.32% to Rs 3,827.29 crore, driven by a buoyant market for iron ore in Chinese markets; post tax profit increased by 139% to Rs 1,548.93 crore as against last year. Market capitalization as on March 31, 2008, stood at Rs 12,405 crore as against Rs 6,705 crore as on March 31, 2007.

Management Approach

The Sesa family is committed to high levels of productivity and technical efficiency with innovative practices, timely delivery of quality products to all its customers, and the best treatment to all its vendors and contractors who are partners in the value chain of Sesa's business.

Policy

The company's policy in respect of economic performance is spelt out in its Vision Statement: To be counted among the world's big players in terms of production and to be the lowest cost producer, thereby contributing to the Indian economy and to the company's stakeholders.

Goals and Performance

At the Group level, the company's goals include achieving leadership in each of its business segments within a reasonable time frame, driven by the mission of enhancing production capacity in all its segments.

During 2007-08, Sesa Goa delivered strong revenue growth, and backed it up with steep growth in profits. The highlights of the company's performance in 2007-08, on a consolidated basis, are:

- Net income from operations increased by 72% to Rs 3,822.7 crore.
- Profit Before Interest, Depreciation and Taxes (PBDIT) increased by 140% to Rs 2,300.5 crore.
- Profit after tax, net of minority interest, increased 139% to Rs 1,541.6 crore.

Table 1: Direct economic value generated and distributed (Rs in crore)

Direct economic value generated	2005-06	2006-07	2007-08
Net turnover (net of ocean freight and duties)			
- Iron ore	1468.67	1754.76	3208.80
- Metallurgical coke	72.65	79.54	114.83
- Pig iron*	357.88	446.89	582.70
- Other income**	22.58	41.92	69.77
	1921.78	2323.11	3976.10
Economic value distributed			
Cost of materials, goods and services	922.81	1147.83	1275.88
Personnel expenses	51.88	63.60	68.46
Taxes and royalties	361.15	437.24	1054.45
Dividends	157.45	157.45	177.13
Community contributions	5.45	6.17	10.92
Total economic value distributed	1498.74	1812.29	2586.84
Economic value added on consolidated basis			
	423.04	510.82	1389.26
Production by principal commodities			
Iron ore (million tons)	5.67	6.06	7.75
Metallurgical coke (tons)	248396	212774	258805
Pig iron (tons)	207179	243337	271493

* includes amount of excise duty.

**Includes income from investment and profit/loss on sales of investment.

Distributions to Capital Providers

Dividend: The Board of Directors of the Company has recommended a final dividend of Rs 30 per share of Rs 10 each for the financial year 2007-08. Besides this, the company has declared and paid an interim dividend of Rs 15 per share during 2007-08.

The merger petition of Sesa Industries Limited (SIL) with the holding company, Sesa Goa Limited, is pending before the High Court of Bombay at Goa, owing to objections from one SIL shareholder.

Upon requisite approvals, the merger will be effective from April 1, 2005. Cumulative dividend totaling to Rs 80 per equity share for the year ended March 31, 2006 and 2007, and interim/final dividend totaling to Rs 45 per share for the year 2007-08 is payable to the recipients of the company's share on approval of the merger of SIL with the company out of appropriable profits of the merged company for the relevant years.

Bonus shares: The Board of Directors has proposed to issue bonus shares in the ratio of one equity share for one equity share held, that is, in the ratio of 1:1 by way of capitalizing the share premium account of Rs 17.50 crore and general reserve of Rs 22.34 crore.

Split of equity share: The Board of Directors has proposed that each equity share of the face value of Rs 10 be subdivided into 10 equity shares of Rs 1 each.

Figure 1: Total revenue, 2007-08 (Rs in crore)

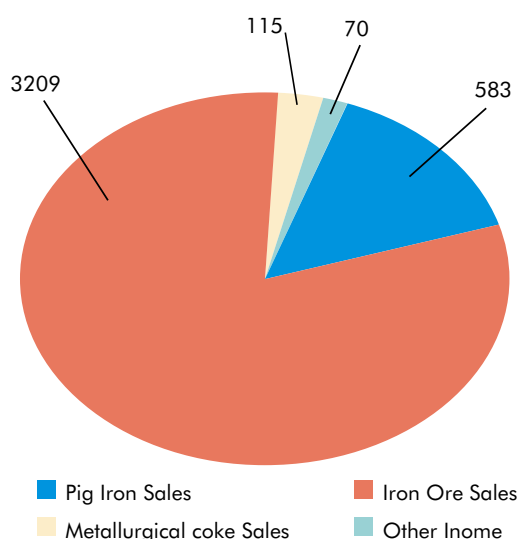
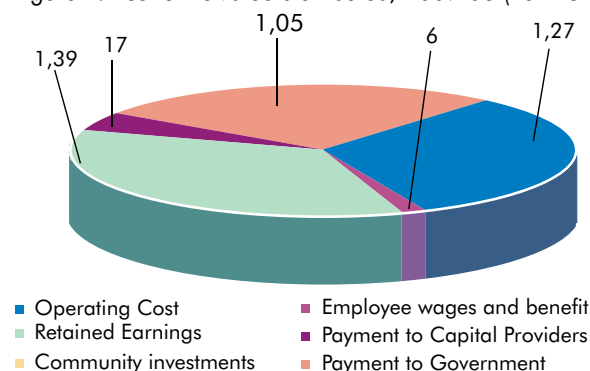


Figure 2: Economic value distributed, 2007-08 (Rs in crore)



Climate Change and its Financial Implications

India, a vast country covering 3.28 million square km, with varied soils, climate, biodiversity and ecological regimes, is a party to the United Nations Framework Convention for Climate Change (UNFCCC). The Government of India attaches great importance to climate change issues.

Our Climate Change Strategy and Action Plan

As a multi-business, multi-location company with manufacturing facilities and business units situated in Goa, Orissa and Karnataka, Sesa has adopted strategies to remain on the cutting edge of awareness, supporting international initiatives in mitigating the adverse impacts of climate change as well as derisking our various businesses and benefits from the emerging opportunities offered by climate change mitigation and adaptation.

Our businesses or units actively pursue 'Greenhouse Gas' (GHG) emission reductions through energy conservation and large-scale tree plantations through farm and social forestry initiatives. These concerted efforts provide the company the opportunity to minimize its environmental footprint and energy costs.

The company's approach has been spelt out under the heading 'Greenhouse gas emissions' in the section on Environment.

Once the power plant is operational and approval has been obtained on the CDM initiative on hot blast stoves in respect of the pig iron plant, formal accounting of and accrual of carbon credits will be undertaken along with the financial implications.

Currently there is no predicated risk or opportunity that is posed by climate changes that have potential financial implications for the organization.

Defined Benefit Plan Obligation

The Sesa Group realizes that employees are assets that give us a competitive edge. The company, therefore, has comprehensive Human Resource policies and procedures to retain as well as to enhance productivity. The Sesa Group administers various funds for employees' benefit retirement schemes through duly constituted and approved trusts, except for Family Pension where contributions are made to the Provident Commissioner.

The company offers its employees defined benefit plans in the form of gratuity schemes. The schemes cover all employees as statutorily required under Payment of Gratuity Act, 1972. Commitments are actuarially determined at the end of every year.

The company is contributing to the central government's 'Family Pension Scheme' on behalf of the employees @ 8.33% of basic salary subject to maximum Rs 541. Thereafter the company does not have any responsibility related to pension.

Figure 3: Number of employees, 2007-08

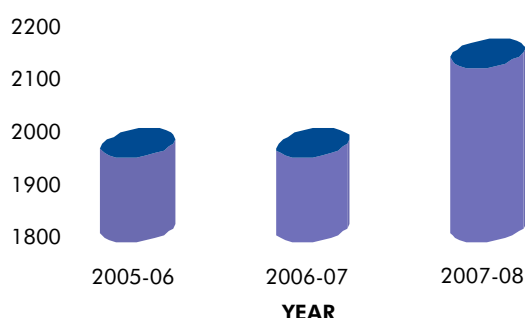
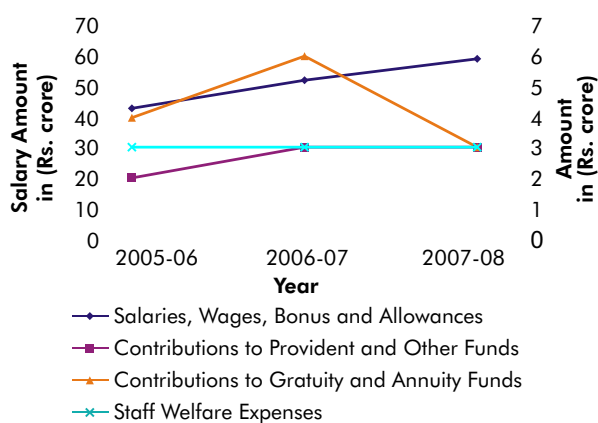


Figure 4: Payroll and benefits to employees



Financial Assistance Received from the Government

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 3.13 crore on import of capital goods and spares during the year. Besides, custom duty savings of Rs 1.19 crore on imports and excise duty savings of Rs 0.98 crore on indigenous purchases arose from the continuing Export Promotion Capital Goods scheme. Besides the above, the company has not received any other government subsidy, tax break, duty drawback, government benefits, etc, during the reporting period.

Market Presence

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 Sesa Goa Limited, the flagship company of the Group. The subsidiary company, Sesa Industries Limited, manufactures pig iron. The share of the iron ore segment in the segment-wise revenue contribution on a consolidated basis has remained at 84% due to the continued buoyancy in the international iron ore market.

Figure 5: Revenue contribution (%)

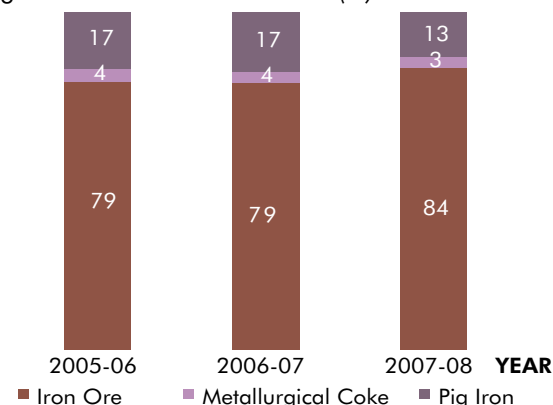
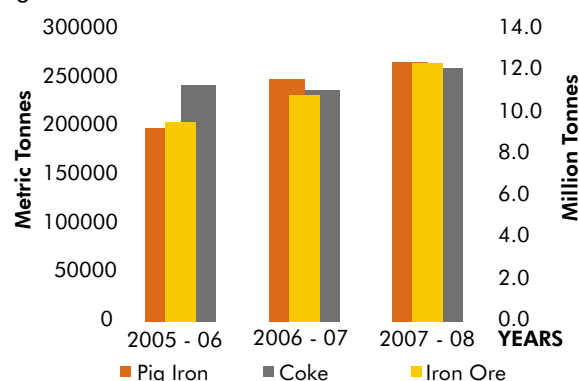


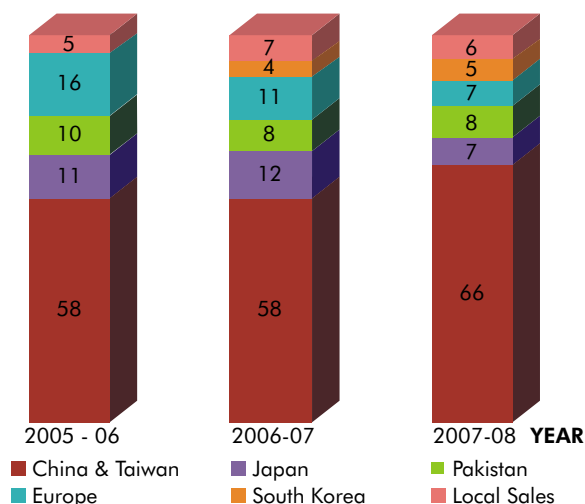
Figure 6 shows iron ore sales in million tons; pig iron and coke sales are shown in metric tons.

Figure 6: Sales volumes



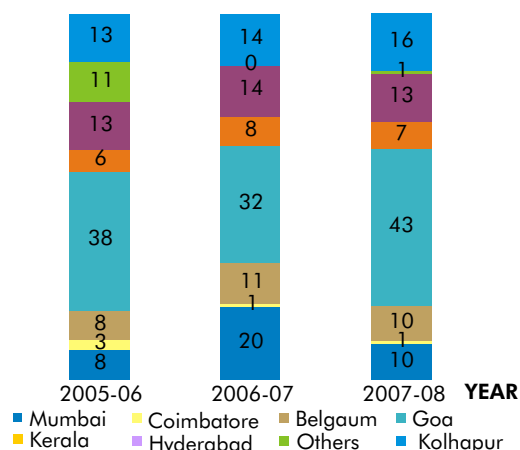
Iron ore: The company is India's largest private sector exporter of iron ore with mining operations in the states of Goa, Karnataka and Orissa, exporting over 11 million tons of iron ore annually. The sales mix comprises exports of around 93% (including indirect exports) and the balance quantity is local sales. The major exporting destinations are China, Japan, Pakistan, South Korea and Europe.

Figure 7: Iron ore sales



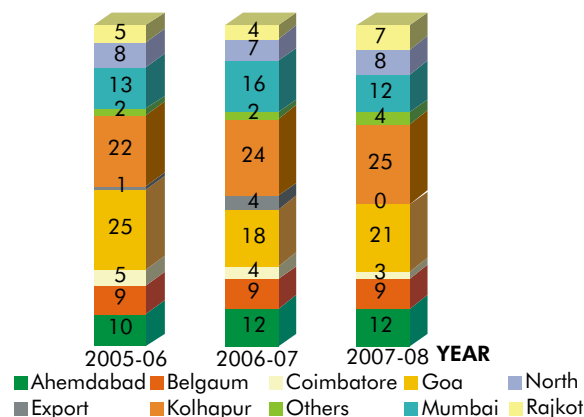
Metallurgical coke: Low ash metallurgical coke is manufactured from imported coal through the energy recovery coke-making technology. The company holds a patent for the process which produces excellent quality of coke for a given coal blend and has the lowest pollution levels of comparable technologies. This 'Sesa Energy Recovery Coke-making Technology' is marketed worldwide through licensing agreements. The coke plant consists of a battery of 84 ovens with an annual capacity of 300,000 metric tons. The main customer for the coke is Sesa Industries Limited which annually requires about 67% of the total coke produced for its pig iron manufacture. The remaining customer base is spread out across regions from Jaipur in the north to Coimbatore in the south.

Figure 8: Met coke sales (%)



Pig Iron: The manufacturing of pig iron is carried out through the process of iron ore reduction in two 173m³ blast furnaces with a combined annual capacity of 250,000 metric tons. The product is sold primarily in the indigenous market.

Figure 9: Pig iron sales



Suppliers

Besides its own iron ore mines in Goa and Karnataka, the company also operates mines in the three states of Goa, Karnataka and Orissa, which are third party leases. Ore produced in these mines is purchased. Payments to suppliers for iron ore, 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 and low-grade iron ore are also supplied from within the Sesa Group, while limestone, dolomite and high grade lumpy ore are procured from suppliers in Karnataka; all purchases and payments are against stipulated contracts.

Hard metallurgical coal with low ash content, which is the primary input for manufacture of low ash metallurgical coke, is imported from either Australia or China against letters of credit. Some softer varieties are also imported to reduce the cost of coal input blend without compromising on desired coke properties.

Specialized production machinery is sourced globally, including from Indian manufacturers. Construction and other services for upgrades are carried out by competent Indian contractors.

The company considers all suppliers within India as local suppliers. The value of imports on CIF basis is given in figure 10.

Figure 10: Import position

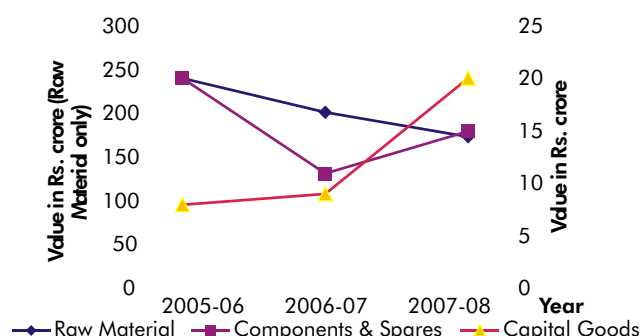


Table 2: Import position (Rs in crore)

Category	2005-06	2006-07	2007-08
Raw material	241	201	173
Components and spares	20	11	15
Capital goods	8	9	20
Total	269	221	208

Indirect Economic Impacts

The Sesa Group contributed an amount of Rs 1,087 crore to the exchequer during the year as against the earlier year's figure of Rs 462 crore.

Figure 11: Taxes and royalties (Rs in crore)

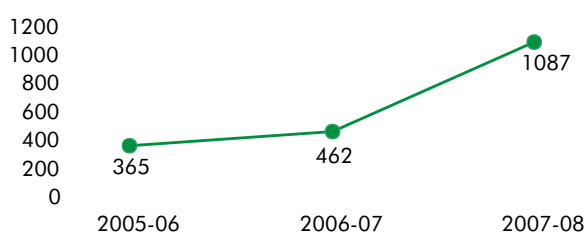


Figure 11 comprises different components which are listed in table 3.

Table 3: Taxes and royalties (Rs in crore)

Particulars	2005-06	2006-07	2007-08
Corporate Tax	266	299	738
Excise duty	49	62	79
Dividend tax	20	22	27
Royalty, cess and local taxes	15	14	16
Sales taxes	11	11	40
Export duty	0	33	169
Other duties and taxes	4	21	18
Taxes and royalties	365	462	1087

Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation:

Recruitment for all positions into the organization is on the basis of a well-defined policy, with the objective of inducting the best talent, ensuring a balance of skills and demographic mix, while striving to ensure fair recruitment and intake of capable and deserving candidates, through guidelines on qualifications and other requisite skill specifications.

Though there is no specific policy on hiring local people, the organization endeavors to give adequate preference to capable, qualified and meritorious people from the local and surrounding areas. To facilitate this process, the organization is also involved in various community development activities directed towards helping local youth in upgrading their skills.

Impact of Infrastructure Investment

Acknowledging its social responsibility, the Sesa Group made a contribution of Rs 1 crore to the Sesa Community Development Foundation, which manages a football academy (imparting football skills) and a technical school (providing vocational training in various trades) to local youth.

The Sesa Group has contributed Rs 2.87 crore to the construction of Usgaon Bridge over Mhadei river. This bridge is very useful for the entire population of Ambeshi as well as the nearby villages of Vinte, Shinge and Phanse which are at present connected to the nearby commercial place (that is, Usgaon) only by a road which passes through a steep hilly iron ore mining terrain; people had to travel on foot as no public transport is available. This caused great inconvenience, particularly in the monsoon, for the residents of these areas. This bridge will help them to go to other commercial places, such as Ponda, Valpoi, etc, without much difficulty.

Further details have been given under the heading 'Community' in the section on Society.

Context

Please refer to the 'Directors' Report and 'Management Discussion and Analysis' section of our Annual Report 2007-08 for the detailed discussion of the business environment, opportunities, key challenges, etc, pertaining to each of the company's business (available at www.sesagoa.com).

Environmental Performance

- Sesa Goa was honored as "Sustainable Asian Mining Project of the year" by Asian Mining Congress, 2008.



Management Philosophy

Policy

Sesa Goa is committed to minimizing negative environmental impacts, wherever possible, by adopting the best available technological resources as well as implementing meticulous recycling and reuse practices.

The Corporate Environment and Safety Department and/or the Management Review Committee not only frame policy and guidelines on Environment, Health and Safety, but also monitor and review the effectiveness of the system periodically.

At present, Sesa Goa has a separate policy on QEHS and QEMS for the mining and manufacturing units.

Goals and Performance

Broadly speaking, the Company has adopted the following goals in the area of Health, Safety, Environment and CSR (HSEC):

- Beyond compliance.
- Resource conservation and waste minimization.
- Community development initiatives.
- Appropriate reclamation of mined out areas.
- Ensuring healthy and safe working conditions.
- Adoption of safe working practices and minimizing exposure to risks.

Among other things, the company has achieved the following:

- Going beyond compliance, Sesa has set tougher standards for itself.
- Most water requirements are met through rainwater harvesting, or through recycling systems.
- Hot blast stoves have been identified as a Clean Development Mechanism project of the United Nations Framework Convention on Climate Change.

Responsibility

It is the responsibility of the heads or section heads of all the units and departments to ensure that the policy on QEHS/QEMS is implemented. Unit heads may, in turn, form committees and designate specific responsibilities to committees or individual members in their respective divisions to guarantee effective implementation and monitoring performance.

The Corporate Environment and Safety Department and/or the Management Review Committee are responsible for reviewing and updating QEHS/QEMS Policy Guidelines. They also provide the necessary guidance and support for effective implementation.

Quality Management

All the mines and their support services in Goa and Karnataka, and the manufacturing units in Goa, are certified according to ISO:140012004 Environment Management System, ISO:90012000 Quality Management System and OHSAS:180011999 Safety and Health Management System (the pig iron and met coke units in Goa are certified according to OHSAS:180012007). It is planned to implement the QEHS system in the mining operations during 2008-09 in Orissa.

Regular internal audits are conducted by a trained and experienced team of internal auditors from the units and by a Corporate Environment and Safety Team. Audits help to ascertain the effectiveness of implementation policies; they also provide necessary guidance or assistance required, which leads to further improvements in the QEHS/QEMS performance.

Awards

The Company's individual mines have received several awards at the 'Mines and Safety Week' and 'Mines Environment and Mineral Conservation Week', events that are organized in the respective regions. Notable among them are the Codli and Sonshi mines maintaining their super status. The Sanquelim mine has been conferred super status in Mines Environment Management and Mineral Conservation. (See pages 14 and 15 for more details.)

Addition Contextual Information

Sesa is in the process of identifying and quantifying the tangible and intangible benefits derived due to the implementation of its various environmental and community development initiatives. These will be presented and reported in subsequent years.

Materials

Sesa Goa endeavors to optimize the consumption of materials in its operations and processes. Basically, mining operations do not consume raw materials. Such operations, on the contrary, involve the excavation of raw material, that is, mineral ore from the ground.

The major materials which are used in the process of mining operations—steel for structural fabrication; lubricants for HEMM operation; explosives for breaking hard strata; and paint—are quantified and presented in figures 12 and 13. This also includes steel and paint used in the ship-building unit and the logistic support division of the mining division.

Figure 12: Materials consumed: Mining

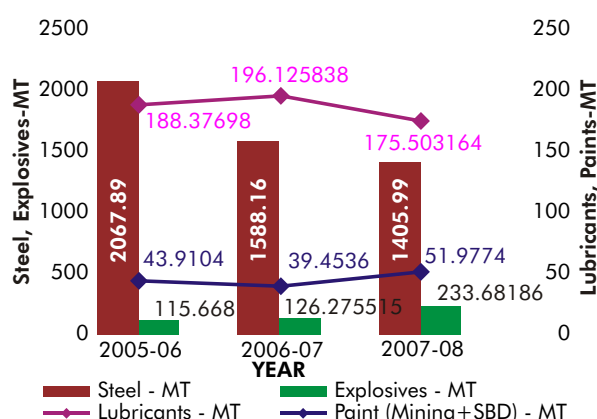
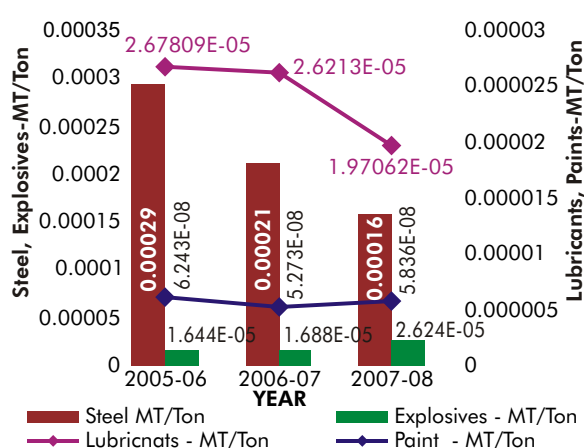


Figure 13: Specific material consumption: Mining



Lubricant consumption has increased as compared to the previous year, due to an increase in iron ore production from 7.43 million tons to 8.906 million tons. Steel consumption has reduced during the reporting period, indicating no major fabrication. Explosives consumption has increased from that of the previous year, indicating breaking of more hard strata.

The logistic division launched two new vessels, a launch named 'ML Sonshi' and a barge named 'MV Codli', during the reporting period.

At Sesa Industries, the major raw materials used are iron ore, met coke and fluxes. Iron ore is supplied partly from the mining division; the balance is purchased from the open market. Coke is supplied by the met coke division of the company. Fluxes are purchased from outside.

The company makes continuous efforts to bring down specific coke consumption. During the reporting period, specific coke consumption increased slightly due to the chilling of one blast furnace. Iron ore and fluxes consumption also increased due to an increase in pig iron production. Figures 14 and 15 show consumption patterns of raw materials at the pig iron plant during the last three years.

Figure 14: Material consumed: Pig iron plant

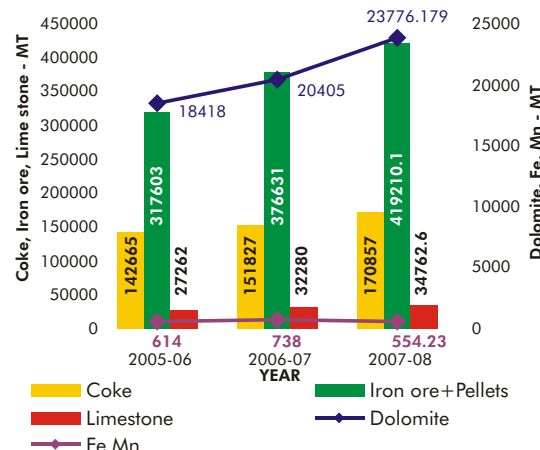
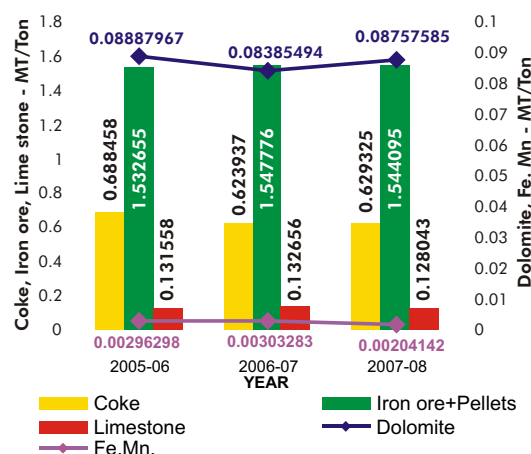


Figure 15: Specific material consumption: Pig iron plant



The major raw material in coke-making is low ash coal, which is imported. Trials are under progress for the successful commissioning of the stamp charging unit, which facilitates the use of semi-soft coking coal for coke-making.

Figures 16 and 17 show the raw materials' consumption pattern of the met coke plant during the last three years. Coal consumption has gone up in line with increase in production from 0.209 million tons in 2007-08 to 0.253 million tons during the reporting period. The fuel used in the coke grinding and dryer plant is covered under raw materials, since it used used as a raw material.

Figure 16: Material consumed: Met coke plant

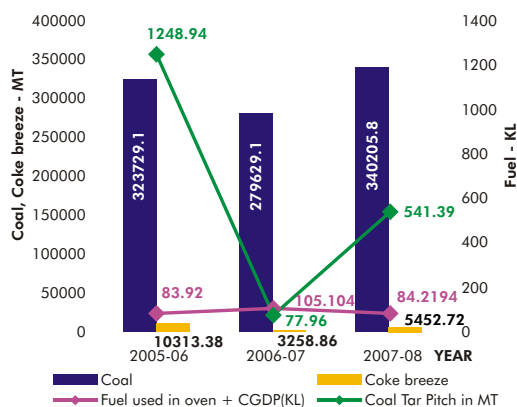
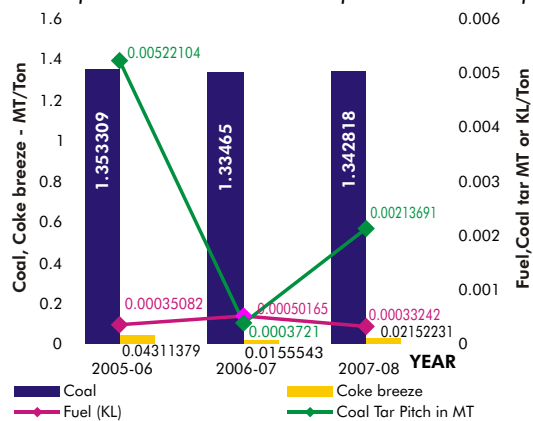


Figure 17: Specific material consumption: Met coke plant



Wastes as Raw Materials

Sesa Goa does not have processes or operations which can utilize industrial waste as raw materials.

Direct, Indirect and Total Energy

Energy conservation has always been the top priority on the agenda of all the units of Sesa Goa. By establishing and implementing clear objectives under environment management systems, the company ensures that energy conservation measures are never neglected in any of its activities.

During the reporting period, the pig iron unit implemented some of the recommendations of the Energy Audit conducted by a third party, TERI, during 2006-07. The remaining will be implemented during subsequent periods based on the feasibility of the recommendations.

In case of fuel consumed for transportation, energy calculations have been made considering specific gravity and calorific value of the fuel and converted into GJ. Electrical energy directly accounted in terms of kWh has been converted into GJ.

In the mines, electrical energy is required for operating the beneficiation plants and auxiliary consumption. Mining operations do not require electrical energy as most operations—such as mineral exploration, loading and transportation—are carried out through mechanical operations, for instance, HEMM and vehicles which are operated on fuel oils. Therefore, the fuel consumed by HEMM and vehicles directly involved in the production process and the power produced through DG sets at site, are considered and reported as direct energy.

Similarly, the fuel consumed for transportation of ore from the mines to discharge points or the nearest loading points is considered as indirect use of energy. It has been accounted for accordingly. Grid power is directly accounted for. The combined data for both has been presented as indirect energy.

In case of operations in Karnataka, fuel consumed for transportation up to the nearest loading point, that is, railway sidings, is considered and accounted for. Since consumption by rake is difficult to compute, it has been excluded.

The direct, indirect and total energy consumption for the mining division is shown in figures 18, 19 and 20, respectively.

Figure 18: Direct energy: Mining

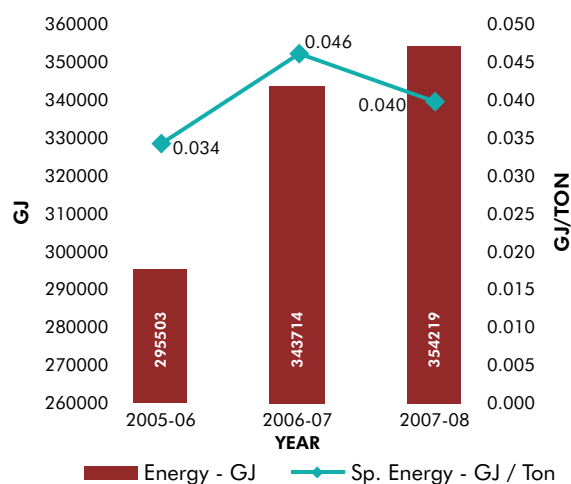


Figure 19: Indirect energy: Mining

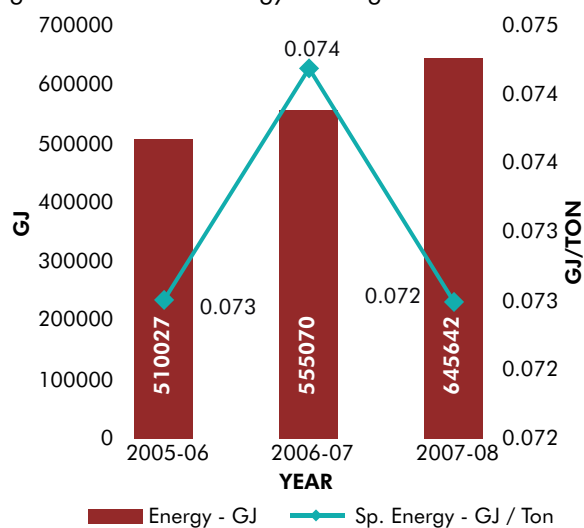


Figure 21: Direct energy: Pig iron plant

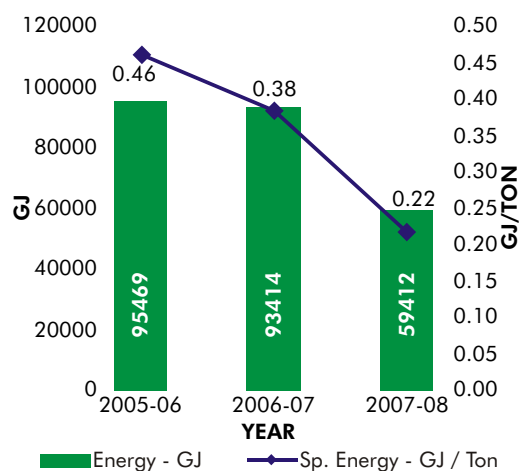


Figure 20: Total energy: Mining

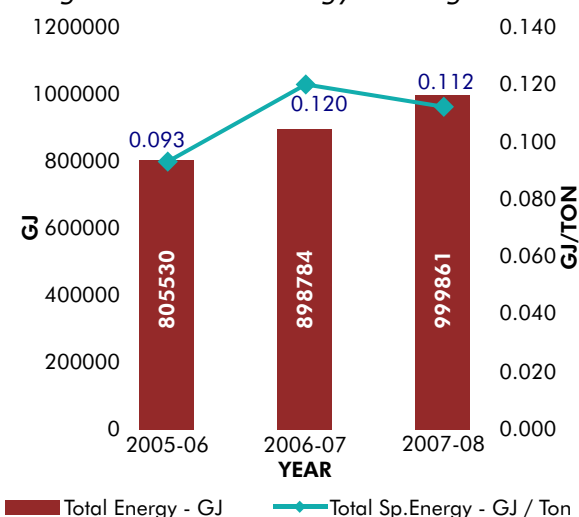
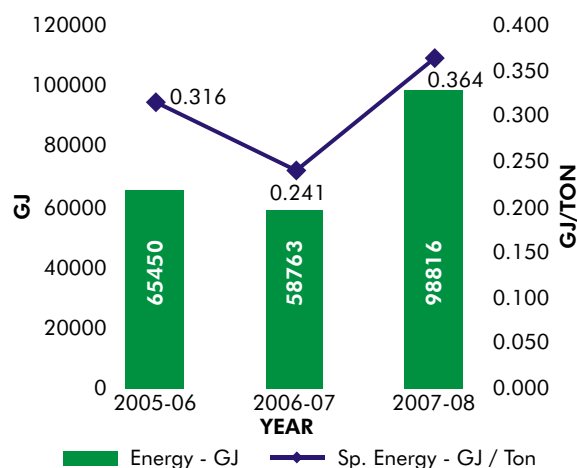


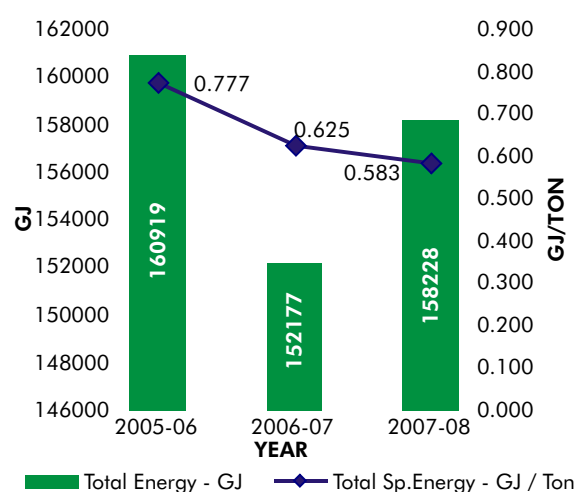
Figure 22: Indirect energy: Pig iron plant



At the pig iron plant, electrical energy is utilized for operating the plant and machinery, and for auxiliary consumption. This energy requirement is met through grid power, DG sets, GEPL and a captive power plant operated on blast furnace gas. While the power produced through DG sets and the captive power plant are considered as direct energy sources, power drawn from the grid, GEPL and the fuel used for transportation of goods and services within the plant premises are considered as indirect energy and reported as such.

Figures 21, 22 and 23, respectively, show the direct, indirect and total energy consumed at the pig iron plant and the specific energy consumption per ton of product. There has been a reduction in total specific energy consumption as a result of the implementation of energy conservation measures, improvement in operational efficiency and increased production.

Figure 23: Total energy: Pig iron plant



The met coke plant is operated on energy supplied by the pig iron plant, operation of the stand-by DG set, GEPL and grid supply. While power received from the pig iron plant and generated from the stand-by DG set is considered as direct energy, power drawn from the grid and GEPL and the fuel used for transportation of goods and services within the premises are considered as indirect energy and reported as such.

The direct, indirect and total energy consumption in the met coke plant and the specific energy per ton of product has been shown in figures 24, 25 and 26, respectively. There has been an increase in total energy consumption in line with increased production.

Figure 24: Direct energy: Met coke plant

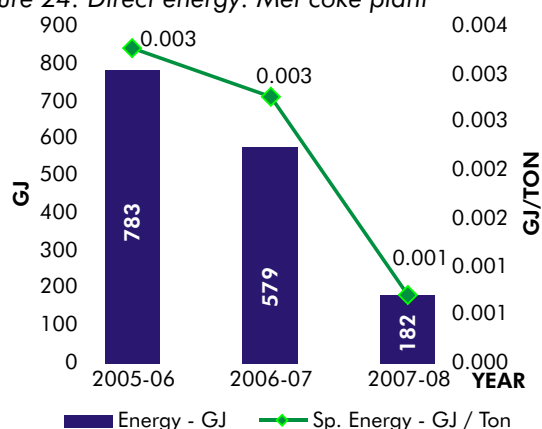


Figure 25: Indirect energy: Met coke plant

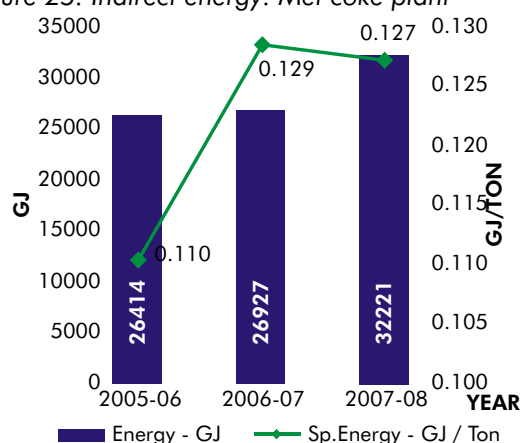
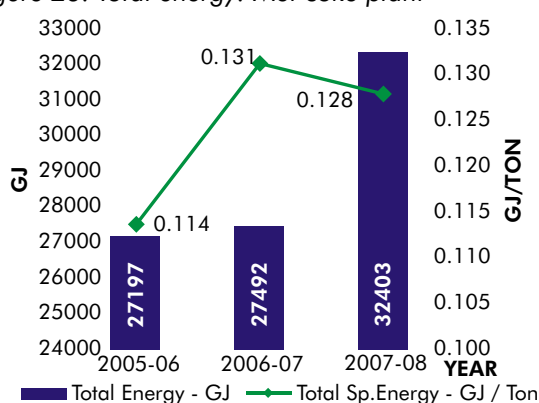


Figure 26: Total energy: Met coke plant



Water

Sesa Goa realizes the vital importance of water for sustaining life. The company endeavors to optimize water consumption at all its facilities and has implemented a policy of recycling and reuse of this natural resource.

Most of the water requirements in Goa's mining operations are met through rainwater harvesting in mine pits and recycling or reusing the treated tailing effluents generated from the beneficiation plants. In operations in Karnataka, ground water is used to meet dust suppression requirements. This is supplemented by rainwater harvesting ponds during the monsoon, and utilized for the plant nursery as well.

Water meters have been installed to measure and streamline specific water consumption on all major streams during the reporting period.

The water requirement of the pig iron and met coke plants is met from rainwater harvested in the exhausted Sanquelim mine pit located near the plants, and through government supply. Water meters have been installed at all major streams and consumption is being tracked.

Since water meters for the pig iron and met coke plants have been installed during the middle of the year, water consumption data for the reporting period is presented based on calculations, and partly through metered readings.

Specific water consumption for the mining division was 0.56 KL/MT; 2.61 KL/MT for the pig iron plant; and 0.65 KL/MT for the met coke plant.

Figure 27: Water consumption: Mining

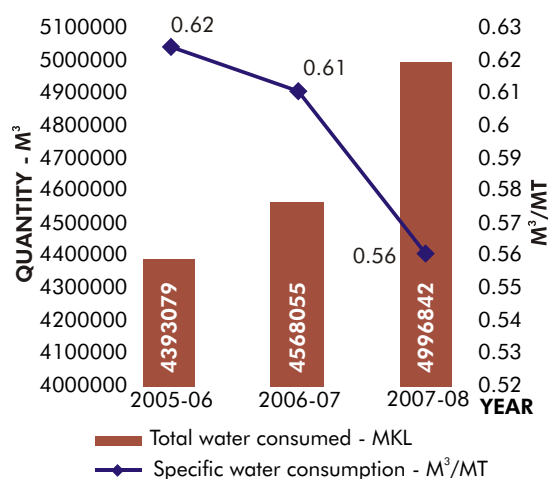


Figure 28: Water consumption: Pig iron plant

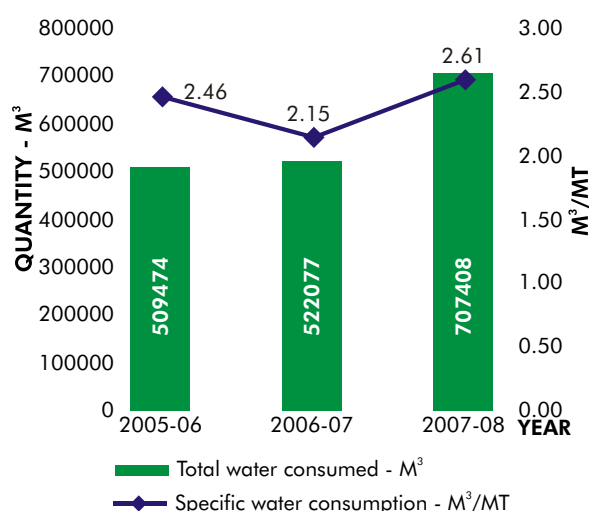
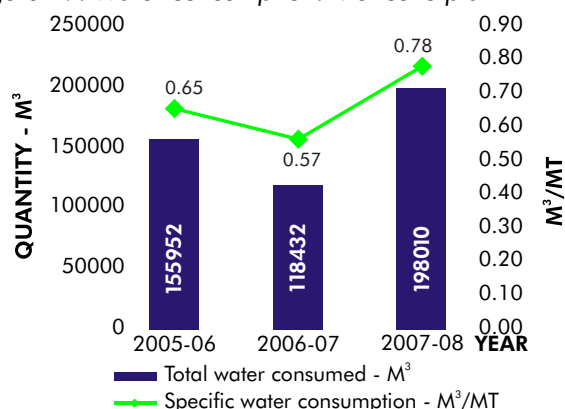


Figure 29: Water consumption: Met coke plant



Land and Biodiversity

The company's activities or operations are not situated in biodiverse or ecologically sensitive zones. The pig iron and met coke manufacturing facilities are located in an industrial area. The mines in Goa do not fall in Forest areas. However, mines in Karnataka and Orissa form part of Forest areas. All the necessary Forest Clearances have been obtained from the Ministry of Environment and Forests, Government of India, for operating these mines.

The company has not conducted any specific study to determine the major impacts of its products or services on the biodiversity of the areas around its operations. However, detailed Environment Impact Assessment studies have been conducted for all the mines, and an Environment Management Plan has been prepared. Reports do not indicate any major impact on biodiversity due to the company's activities, products or services. However, mitigating measures as suggested by the studies conducted are being implemented:

- A. Narrain Mines, Chitradurga, Karnataka: The company has initiated various rehabilitation measures in the 19-hectare wildlife protection area under the watershed and forestry management programs, including construction of check dams, plantation of agave and fruit-bearing trees, creation of water ponds, provision of watchtower and watch and ward arrangements with adequate manpower.

- Reclamation and rehabilitation in mines: The company celebrates a 'Green Belt Development Program' every year with the onset of monsoons, usually on World Environment Day on June 5. Tree plantation drives are undertaken at all the company's units; saplings are donated to educational institutions and people in the communities located around Sesa's business areas.

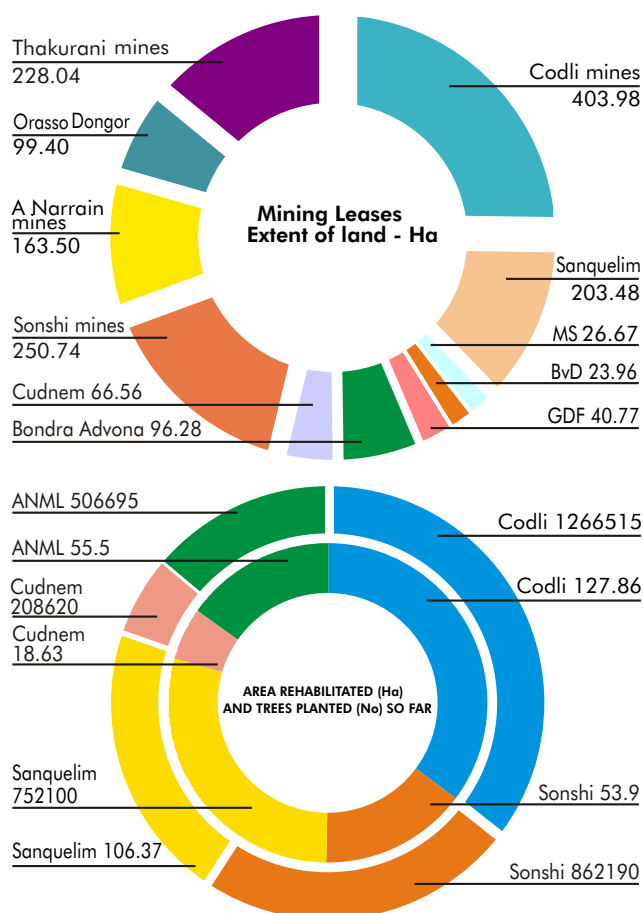
- During the reporting period, 83,132 saplings were planted at various mining locations, and about 1,679 tree saplings were planted in and around the plant premises of the pig iron and met coke units.

- The company has made significant progress in protecting and sustaining the natural environment around its mine and plant locations. The Plantation Management Plan prepared for the reclaimed Sanquelim mine has been approved by the Department of Forests, Government of Goa. The action plan for implementation is under progress, involving experts from the field. According to the approved Plan, selected trees (which had been planted after the completion of mining activities as part of mine reclamation) would be selectively cut and replaced with native species. This Plan would be implemented in a phased manner, over three years, to improve the biodiversity status of the area, as well as to add educational value.

- The ongoing Research Project for the identification of fungus for effective mine land reclamation conducted in association with the Microbiology Department of Goa University, has reached the field trial stage. It is expected to be implemented in regular plantation programs from 2008-09.

The land area rehabilitated and trees planted during the reporting period is shown in figure 30.

Figure 30: Land area rehabilitated and trees Planted

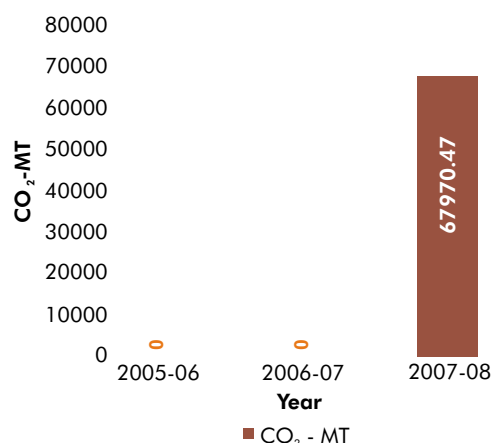


Greenhouse Gas Emissions

The company has taken up several initiatives of formal monitoring of CO₂ emissions. It is proposed to conduct carbon footprint studies across the group during the year 2008-09.

However, CO₂ emissions from all the fuels used and electricity purchased are estimated, based on standard methods, for the reporting period across the group companies, and are presented in figure 31.

Figure 31: Greenhouse gases and other emissions—Estimates



A 30 MW power plant based on waste heat of the met coke plant and the flue gas of the blast furnaces, which is a CDM project, began operations during 2007-08. About 45,000 CERs have accrued during the reporting period.

The installation of hot blast stoves at the pig iron plant has resulted in a significant reduction of coke rate in the blast furnaces which, in turn, has reduced CO₂ emissions. The project has been proposed as a CDM initiative and the next steps in this process are being worked out.

Ozone Depleting Substances (ODS)

The ozone layer is a layer in the Earth's atmosphere which contains relatively high concentrations of ozone (O₃). This layer absorbs 93-99% of the sun's high frequency ultraviolet light, which is potentially damaging to life on earth. Over 91% of ozone in earth's atmosphere is present here. It is mainly located in the lower portion of the stratosphere from approximately 10 km to 50 km above Earth's surface, though the thickness varies seasonally and geographically.

The Montreal Protocol, adopted in 1987, is an international treaty designed to protect the ozone layer by phasing out the production of a number of substances believed to be responsible for ozone depletion. India is one of the signatories to the Protocol; it has formulated rules and committed a schedule to phase out ODS' production and use in India.

Sesa Goa, as a responsible corporate citizen, proudly states that it has adopted a Policy on Ozone Depleting Substances. Its main tenets are:

- Purchase of new equipment that is free from CFCs, halons and methyl chloroform (MCF).
- Third party services used for repair or for servicing of airconditioners, coolers, refrigerators, fire extinguishers, etc, use substances which are not banned under ODS Rules.

The company practices an approved policy on the use of ODS substances.

Significant Air Emissions

Sesa Goa has state-of-the-art pollution control systems and monitoring facilities at all its locations. Monitoring and analysis of environmental parameters is undertaken through an inhouse environmental laboratory approved by the Ministry of Environment and Forests.

The environmental laboratory is equipped to undertake regular monitoring and analysis of source emissions and ambient air samples for suspended particulate matter (SPM), Respirable Particulate Suspended Matter (RSPM), Sulphur dioxide (SO₂) as well as physical and chemical—including heavy metals and bacteriological—analysis for water/wastewater.

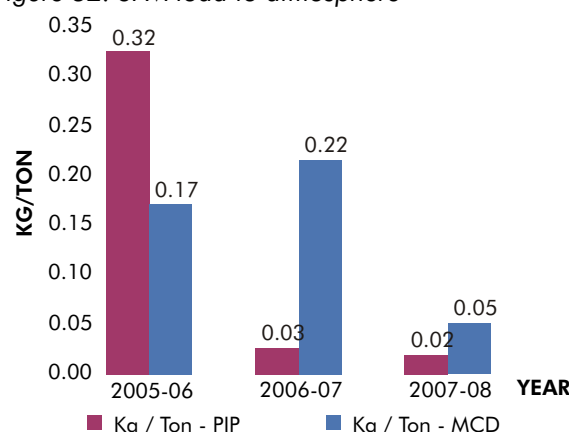
Regular monitoring of desired environmental parameters is carried out at all locations according to specified conditions and reports submitted to the concerned statutory and regulatory authorities. The monitored values have always been well within the stipulated norms.

The target for monitored values has been set at less than the legal limits required. Going beyond compliance, Sesa has achieved this target. For instance, compliance standard for dust levels are at less than 500 microgram per m³, but internal targets are lower than this.

Figure 32 shows the source emission monitoring trend at the pig iron and met coke plants for the last three years. There has been a drastic reduction in the SPM load from the pig iron plant in comparison with the previous years due to only one source of emission, that is, connected to the boiler unit. The installation of energy-efficient hot blast stoves in place of the earlier metallic blast pre-heaters has exempted source emission monitoring since the former are operated on cleaned BF gas.

In case of the met coke plant also, the source emission has drastically reduced due to diversion of hot flue gases (waste heat) to GEPL for power generation. Monitoring done during the time when the flaps were open into the atmosphere for a short period during the month has been monitored and presented.

Figure 32: SPM load to atmosphere



Ambient Air Quality

The company also regularly monitors the ambient air quality (AAQ) around its mining and manufacturing locations. The annual average values of SPM for the last three years are shown in figures 33 and 34, and it is clear that all the parameters are well within the stipulated limits.

Figure 33: Ambient air quality: Pig iron plant and Met coke division

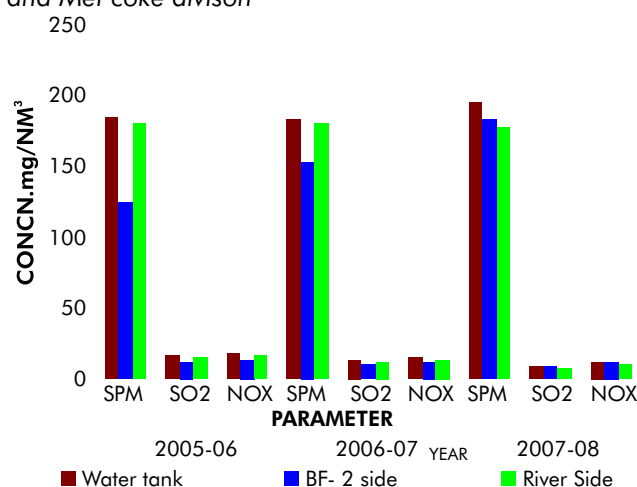
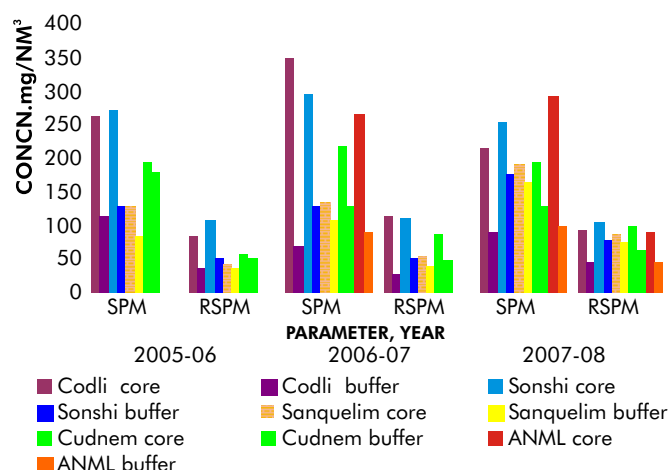


Figure 34: Ambient air quality: Mines



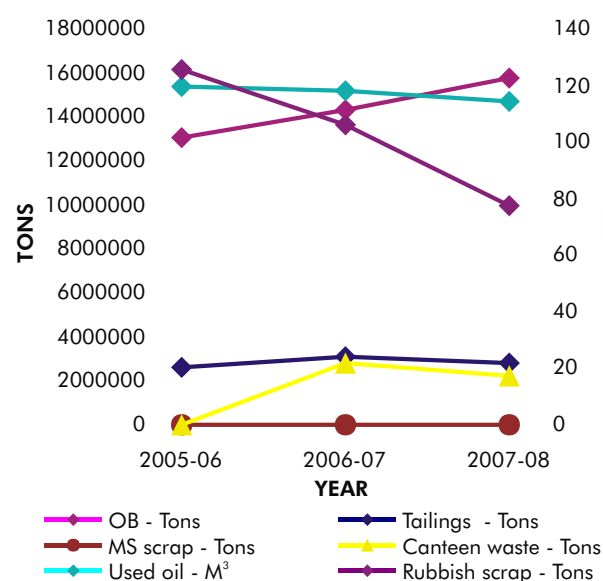
Solid Wastes

The majority of the solid wastes generated in the mines is the overburden and tailings. The company has adequate facilities and trained manpower to handle and manage these wastes effectively. Overburden waste is properly stacked and subsequently either backfilled into the exhausted mine pits or rehabilitated. Rehabilitation is done initially with planting fast-growing trees on the dump and then replaced with local species once the dump is stabilized. Geo-textiles are used for stabilization of dumps and as erosion control measures.

Tailings are treated with adequate dosing of flocculants and then sent to exhaust mine pits for settling. The supernatant is recycled in the beneficiation plants for the wet processing of ore. With this the company is reducing about 70% of fresh water usage. Once the pits are filled with tailings, they are covered with overburden material and suitably rehabilitated. (See case studies on pages 41 to 44 for details.)

Canteen waste is converted into vermi-compost using the latest technology and used as manure. Mild steel (MS) scrap is disposed through sale for recycling. Used or spent oil is disposed of to authorized recyclers and rubbish waste is segregated and disposed suitably. Figure 35 indicates the comparative generation of the different wastes during last three years.

Figure 35: Wastes generated during mining



At the pig iron plant, granulated slag, sludge from the thickener and dry dust from the gas cleaning plant are the major solid wastes generated. Granulated slag is sold to cement manufacturers. Thickener sludge and the dry dust are currently not quantified. However, they are blended with iron ore fines and sold.

Other wastes at the pig iron plant and the met coke plant include used or spent oil and metallic scrap. Metallic scrap is sold to scrap traders and used or spent oil is disposed of to authorized recyclers.

The waste generation trends in the pig iron and met coke plants during last three years are shown in figures 36 and 37, respectively.

Figure 36: Wastes generated in the pig iron plant

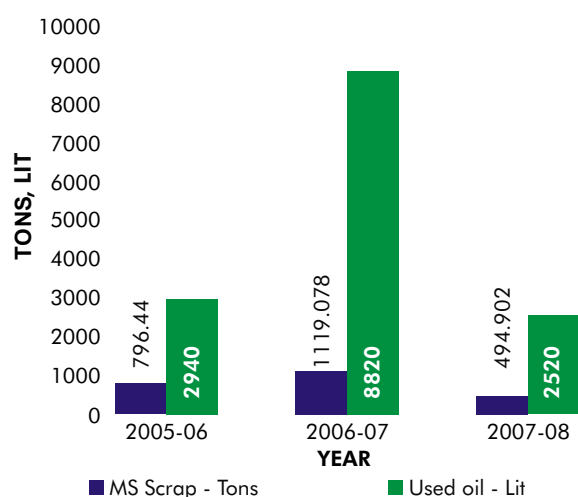
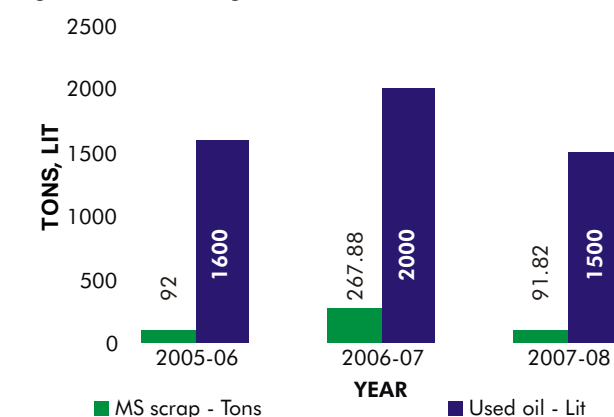


Figure 37: Wastes generated in the met coke division



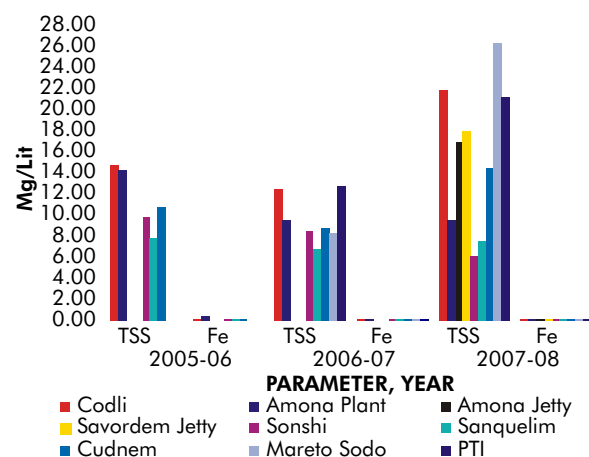
Significant Wastewater Discharges

Closing the water loop in any operation be it in a factory, mine or domestic setting helps optimize water consumption and prevents water pollution. Sesa endeavors to recycle and reuse process water in all its locations and facilities.

The company continues to use recycled water for its mining operations and for beneficiating iron ore, thereby reducing about 70% of freshwater consumption. Wash water generated from the vehicle washing ramp is passed through oil separators and reused for spraying or gardening. Overflow water, if any, meets the Khandepar rivulet. Going beyond compliance, Sesa has set an internal target of 50 mg/liter (the total suspended solids target is 100 mg/liter).

A major pollutant of concern from the mines are 'suspended solids' which occur mostly during the monsoons, due to run-off water carrying silt from the overburden dumps. Sesa endeavors to meet standards before the dump run-offs join the natural courses. Monitoring is carried out regularly for specified parameters, as shown in figure 38.

Figure 38: Effluent characteristics: Mines



In the pig iron plant, the entire process wastewater is treated and recycled and re-used after necessary treatment. Wastewater from the pig casting machine is diluted with slag granulation water and reused.

Storm water is diverted through drains and collected in a pond, allowed to settle. Clear water overflow from the pond, if any, is allowed to join the natural course of water.

A similar philosophy is followed in the met coke plant; the entire water used for quenching is cooled and recycled.

Rainwater Harvesting

The company harvests rainwater at its exhausted mine pits and re-uses it for process and operations. Rainwater harvested from the exhausted mine pits in the Sanquelim mine, for instance, is one of the major sources of water supply for the pig iron and met coke plant operations.

Significant Spills of Chemicals, Oils and Fuel

The company has framed guidelines for the effective control of spills and to quantify significant spillages, if any. These guidelines are made to create awareness among the employees and contractors to avoid and minimize spillages of chemicals, oils, fuels and hazardous substances, thereby preventing adverse impacts on the environment.

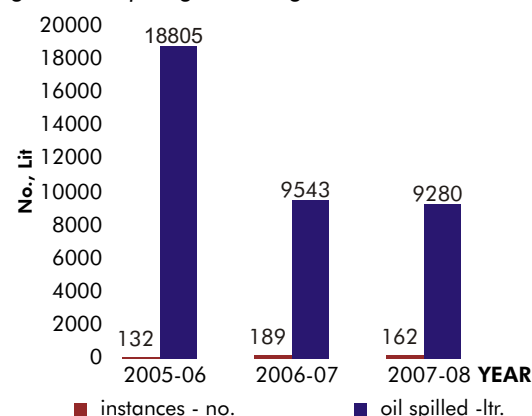
Sesa follows standard practices and prescribed control measures such as impervious flooring, dyke walls, etc, while designing storage facilities for fuels, oils and hazardous substances.

Before disposal, used or spent oil is stored in suitable containers, and on an impervious surface to prevent contamination due to leakage or spillage.

During system audits, these areas are inspected and observations, if any, are recorded to ensure effectiveness of the measures.

There were no significant spills of chemical, oil, fuel or hazardous substances in any of Sesa's facilities or operations during the reporting period. However, the total number of spillages and the quantity lost due to spillage is reported in figure 39.

Figure 39: Spillage: Mining



Significant Environmental Impacts

Principal products and services, and percentage of products sold and packaging material reclaimed:

Sesa's principal products are iron ore, pig iron and metallurgical coke. All these products are either basic raw materials or intermediates for the manufacture of other products and are 100% recyclable or usable. These products do not exist in their normal state, because they become part of other products. As such, it is difficult to keep track of the life cycle of these products. Hence, the company does not monitor the direct environmental impacts of its products.

The company's activities do not require the use of packaging materials for any of its products.

Beyond Compliance

Sesa endeavors to identify and comply with applicable legal and other requirements. The company has been certified according to system standards on quality, environment and health and safety, which helps ensure that all units continue to comply with relevant statutes on environment and occupational health and safety.

During the reporting period, internal audits and third party audits conducted on management systems such as ISO:14001 and OHSAS:18001 have ensured that Sesa units continued to be free of any violations regarding regulatory or voluntary requirements.

The company did not pay any fines and did not receive any communication for non-compliance from statutory and regulatory authorities during the reporting period. However, there was a general communication received by the met coke plant from the Goa State Pollution Control Board, which has been replied to satisfactorily.



CASE STUDY

Collaborating for Mine Land Reclamation

A mycorrhiza (Greek for 'fungus roots') is a symbiotic association between a fungus and the roots of a plant. Ectomycorrhizae form a mutual interaction with the roots of plants and take up the function of feeder roots. Because of the mycelial network that forms during this interaction, the physiologically active root zone increases tremendously. This provides competitive capability to the plant both in nutritionally sparse and in nutritionally rich environments.

This natural property of the fungus has led Sesa to sponsor a project at the Goa University to conduct studies on 'Ectomycorrhizal fungi and mass cultivation of these fungi for reclamation of mine dumps with native species'.

Ectomycorrhizal fungal strains have been isolated from the reclaimed mine sites of the company. Ectomycorrhizal formation in pot culture has also been completed subsequently. Mass cultivation of the ectomycorrhizal fungi is then applied to the experimental site for reclamation with the native species in the monsoon.

Initial results have shown good response. If successful, this project will help in the faster establishment of local species on mine reject soil.



CASE STUDY

Sustainable Development through Energy Recovery

Sesa energy recovery coke-making technology achieved a double milestone after the commissioning of a power plant by Goa Energy Private Ltd (GEPL) based on waste heat of met coke plant and the flue gases of the blast furnaces, in Amona.

Now, waste heat and excess blast furnace gas is used in the power plant. GEPL supplies 38 million units of power free of cost, per year, to the Sesa Group in Amona and sells the balance power as bulk supply to Power Trading Corporation Ltd. With the power plant, there is a corresponding substitution of the supply of electricity from the State Grid. It implies indirect CO₂ (carbon dioxide) emission reductions from fossil fuel combustion, corresponding to an equivalent amount of grid electricity that the power plant has replaced. The project has contributed to sustainable development by:

*** Conserving energy and natural resources**

The power plant has arrested waste heat and flue gas emission into the atmosphere, and utilizes them to produce steam for power generation. The power generated has replaced the Grid supply and conserved thermal power which could now be used for some other purpose.

Since the power plant site is close to the coke ovens, it has reduced electrical energy losses during transmission and distribution by a significant amount. This has also saved a significant amount of power.

• Providing cleaner technology and pollution control.

Waste heat recovery power generation is a clean technology using a waste resource for value added energy generation. By eliminating the plants' power demand on the grid and exporting the surplus power generated to other sectors through the grid, the power plant has reduced CO₂ emissions that would have otherwise been emitted while generating the same amount of power by the grid mix.

The power plant has thus resulted in many environmental and social benefits locally as well as globally: Recovering waste energy, which otherwise was emitted into the atmosphere.

- Generating 30 MW electricity with the waste heat for Sesa's consumption (thereby eliminating the supply from grid) and for export to grid.
- Using an environment-friendly process since there is net zero greenhouse gas-emission power generation.
- Conserving coal, a non-renewable natural resource, and making it available for other important applications.
- Reducing CO₂ (a greenhouse gas) emissions, thereby getting carbon credits.
- Getting approvals for Clean Development Mechanism (CDM) by the United Nations Framework Convention on Climate Change.



CASE STUDY

Hot Blast Stove for Resource Conservation

Mini blast furnaces in India were started with metallic blast pre-heaters to achieve desired blast temperatures of about 800 °C. (The first modern blast furnace was started in India in 1907 in TISCO—the Tata Iron and Steel Company—in Jamshedpur.) However, higher blast temperatures than that were not possible with mini blast furnaces due to their design parameters.

Today, Sesa Industries Limited has replaced mini blast furnaces with hot blast stoves--blast temperatures could now be increased to a raging 1050 °C. The commissioning of hot blast stoves meant that SIL could now:

- Achieve blast temperatures in the range of 960-1000°C.
- Benefit by saving 25 kg coke per ton of hot metal produced.
- Reduce greenhouse gas emissions per ton of hot metal.

This has been identified as a Clean Development Mechanism (CDM) project of the United Nations Framework Convention on Climate Change.



CASE STUDY

Geo-textiles: A New Approach to Dump Management

Initially, mining is carried out at upper layers and mine spread is horizontal, which ensures an abundant supply of laterite for covering the clay portions of the dump and also for making filters with a series of rock walls to arrest erosion. However, as the mine becomes deeper, the reject composition is mainly clay of a magniferous and phyllatic nature, which is very prone to erosion and does not support plant growth.

The use of geo-textiles is a new approach to control erosion of mine dumps and to establish plantations. A geo-textile is a thin, permeable material consisting of coir fibers interwoven with nylon filaments to provide support and strength. Initial experiments using geo-textiles were conducted with the technical support of the Coir Board, Kerala. It was only after three years of trial and error that the desired strength to withstand the monsoon and the right species of grass was developed.

At the Codli mine, geo-textiles are laid on the dump surface before the onset of the monsoon. To fix the geo-textile in the first year, special erosion control is practiced, and nitrogen-fixing grass seeds of *Stylosanthus hamata*, Congo and other mixed varieties are sown on the geo-textile; organic manure of *Glyricidia* (which is grown for use as green manure) pegs is put on it. Native plant species are planted subsequently.

Geo-textiles reduce the impact of rain on the dump surface, thus preventing erosion and also conserving moisture by acting as mulch for the plants. Grass seeds germinate and decompose within three years, by which time the dump stabilizes with vegetation.

The use of geo-textiles is an integral part of dump management and has now successfully been replicated in different mining sites for dump reclamation.



Social Performance

- Establishing and formalizing stakeholder engagement processes.
- Launching of 'Gram Nirman Codli 2010', a partnership program between the Government of Goa, the Non-governmental organization Mineral Foundation of Goa, and the company.
- Community development programs involve the community in planning, implementing, and subsequent ownership of the projects, which ultimately leads to sustainable and independent Community enterprise.



Labor Practices and Decent Work Environment Management Approach

Policy: Sesa Goa provides its employees with a work environment that encourages initiative and recognizes potential and performance. The company follows well-defined guidelines for recruitment which ensures that employees are recruited in a fair manner. Employees are encouraged to enhance their knowledge and skill levels and adequate support is given by the organization for employees who wish to do so.

Goals and Performance: To create a productive work environment and strive for an optimum work-life balance, Sesa believes in the following ideals:

HR Vision

To become an employer of choice, for the best talent in the industry, with the best HR practices.

HR Mission

- Create a culture to promote excellence.
- Identify and encourage high performance.
- Align HR practices with the best in the industry.
- Develop capabilities and provide opportunities.
- Develop entrepreneurial ability.

Organizational Responsibility:

The Human Resources team at the Corporate Office, along with teams in the company's various units, is responsible for implementing HR policies and achieving the outlined HR objectives.

Training and Awareness:

There are a variety of forums used for sharing HR policies and initiatives, including communication exercises, circulars, pre-placement talks, e-mails and the in-house magazine, *Dhortori*. Besides this, all relevant policies are outlined in the *Staff Handbook*.

Monitoring and Follow-up:

The status of various HR-related activities and initiatives are monitored through the monthly Operational Review meetings organized in the company. Internal audits are held every month to monitor statutory compliances. Besides these, there are regular audits by agencies that ensure compliances and regularity in departmental activities.

Additional Contextual Information

In the past year, a number of organization-wide initiatives were introduced:

Employee Satisfaction Survey

To capture the views and opinions of employees across all units and departments, Sesa initiated a survey that was conducted on a pre-determined list of 132 employees (25% of employee staff strength). These employees had been selected randomly; during selection, it was ensured that 25% of each level and department was covered.

The survey consisted of 35 questions on various parameters which were later categorized into the following themes:

- Corporate culture and values;
- Job content and design;
- Pay and facilities;
- Training and development;
- Rewards and recognition;
- Communication; and
- Employee involvement.

KRA (Key Result Areas) Exercise

To add additional objectivity to the performance appraisal system, it was decided to formulate KRAs for employees in the managerial cadre. Accordingly, KRAs for such employees were developed and used in the performance appraisal process this year. In a similar fashion, KRAs for junior-level employees were also formulated and were used in their appraisals.

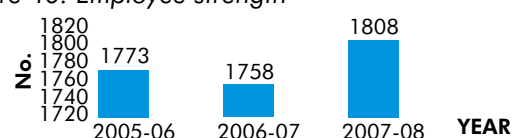
Communication Exercises

Communication workshops were initiated in the last year to spread awareness about the company's philosophy and relevant issues to a wide cross-section of the employees. In these workshops, the company's Vision and Mission were also explained to the employees. These workshops were held in various locations to facilitate communication between all levels of employees and to discuss general issues, achievements and avenues for improvement.

Employment

As of March 31, 2008, Sesa had a total permanent workforce of 1,808 employed on its rolls in all its units and operations spread across the states of Goa, Karnataka and Orissa; 179 temporary employees; 147 trainees and 65 apprentices. In addition, there were approximately 2,000 contractors' employees. Employee strength over the last three years is shown in figure 40.

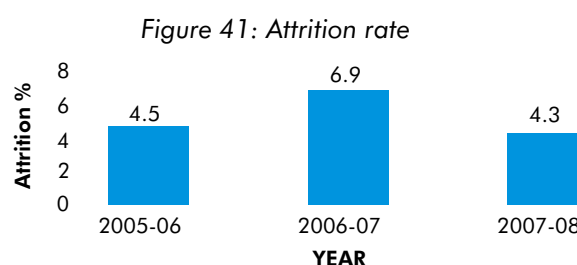
Figure 40: Employee strength



The number of employees for the period represented in this report is more than the previous year by 58 employees. This figure only reflects the number directly employed by the company.

Employee Turnover

As can be seen from figure 41, over the last three years, the attrition rate has fallen from 6.9% in 2006-07 to 4.3% in 2007-08.



Labor-Management Relations

Of Sesa's total permanent workforce of 1,808 as of March 31, 2008, there are 1,252 persons who belong to the workmen category. All the non-executive employees are represented by independent trade unions. Box 1 gives the names of the trade unions representing the employees. Management staff, including managers, officers, engineers, etc, do not have any association or union.

Box 1: Trade unions representing employees

All non-executive employees of :	Represented by
<ul style="list-style-type: none"> Sesa Goa Limited – Goa Mining operations Met Coke Division River Fleet & Shipping Office, Shipbuilding Division Sesa Industries Limited 	Sesa Goa Workers Union
<ul style="list-style-type: none"> Sesa Goa Limited – Karnataka Mining operations 	Sesa Goa Limited Employees Union
<ul style="list-style-type: none"> Barge Crew of River Fleet & Shipping Office 	United Bargemens' Association
<ul style="list-style-type: none"> Launch Crew of River Fleet & Shipping Office 	Goa Labour Union

Notice Period

This is followed as per the following Acts:

- Industrial Disputes Act, 1947—Pig Iron Plant and Met Coke Division.
- Mines Act, 1952—For all mines and beneficiation plant.
- Bombay Shops and Establishment Act, 1948—for all bundars (Jetty location).

Safety Performance

Sesa's safety performance is acknowledged as one among the best nationally and internationally. The company's relentless effort for health and safety is the key factor for this success. This is because Sesa believes that the health and safety performance of an organization is a core value to the successful running of a business.

Lost Time Injury Frequency Rate

We measure our safety performance through our Lost Time Injury Frequency Rate (LTIFR) per million hours worked, as shown in figures 42, 43 and 44. Despite a significant improvement in our overall safety efforts, there was one fatal accident in our mining area that occurred during the reporting period. The Sesa group's LTIFR in the current reporting period is 1.8, which is 17% less than the previous year. The LTIFR of the pig iron plant and coke plant of the Group has come down to 50% compared to the previous year.

Figure 42: Lost Time Injury accidents

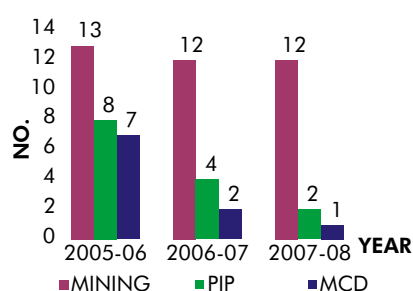


Figure 43: Frequency severity incidence

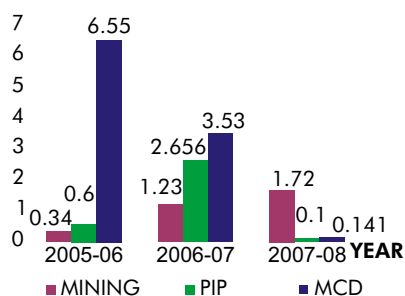
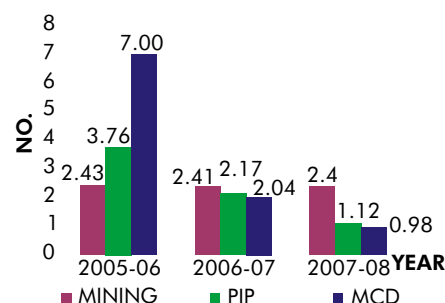


Figure 44: Lost Time Injury frequency rate



Accidents/Near-miss Investigations

Sesa believes that identifying the root causes of accidents and preventing any recurrence is possible only through indepth investigations of accidents and near-misses. All lost time accidents and potential near-miss cases are, therefore, investigated and reported. The management reviews the reports and recommends suggestions to prevent any recurrence. The causes of accidents and near-misses are also discussed during the management review meeting.

Occupational Health and Safety Committees

Sesa Goa believes an Occupational Health & Safety (OH&S) committee can be an effective means on which to build the foundations of a safety culture. In the company's safety committees, representation of company workers to staff is in the ratio of 2:1 in case of mining, and 1:1 in case of pig iron plant and met coke division; contractor workmen also participate in the committee. Safety committee members visit the workplace with the staff members for workplace inspection prior to the meeting. The committee discusses safety and health issues; pending issues, if any, are discussed during the occupational health and safety management review meeting. The involvement of workers in the inspection system is ensured.

Awards

If the correct systems and procedures are diligently followed, the laurels keep coming. Winning safety awards is an affirmation of Sesa's constant endeavor towards excellence. The company's mining divisions receive major awards during Mine Safety Week every year.

- Karnataka mining division won the first prize for 'Best overall performance during Mines Safety Week, 2007'.
- Codli mines (Goa) received the first prize for 'Overall performance in engineering group and for implementation of Safety in mines aspect', apart from other prizes.
- Sonshi mines (Goa) received the first prize for 'Welfare amenities and health protection in mining aspects'.
- Thakurani Mines (Orissa) received the first prize for 'Explosive handling and tipper operations', apart from other prizes.

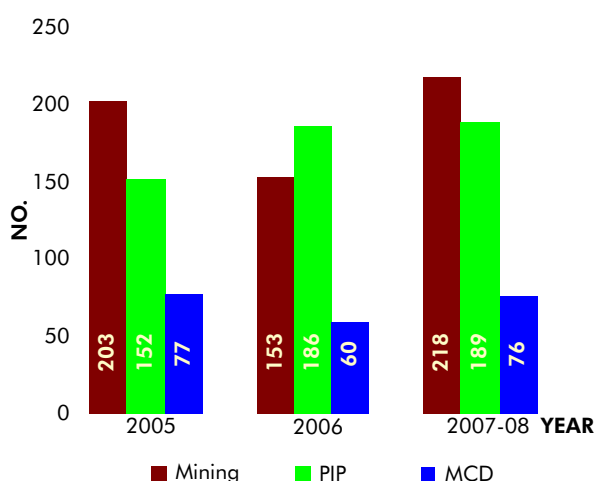
Occupational Health and Hygiene

Sesa Goa believes that the health of the workforce is critical for achieving the vision of an organization—a healthy employee is a productive member of society (see figures 45 and 46). In addition to complying with statutory requirements for workers, staff of other categories are checked annually across the group, according to company policy. Food handlers from the canteens undergo regular health and hygiene checks. Dust and noise levels, and lighting are regularly monitored to ensure workplace hygiene. Inhouse facilities for occupational health monitoring are available in the mines and industry sites in Goa. In 2007-08 there were no occupational related illnesses reported by any unit of the company. The company's doctors impart health education talks to the employees and local school children around its mining establishments, stressing the need for maintaining health and hygiene and preventing communicable diseases.

Figure 45: Medical examinations given



Figure 46: Statutory medical examinations



Training and Education

Training is an integral part of a growing organization. It builds capacity, and also helps maintain and enhance the knowledge and skill level of the organization. In the last year, various programs were conducted inhouse on interpersonal effectiveness, communication skills, executive effectiveness and work-life balance, creativity, problem solving and managerial effectiveness. Besides these, employees also participated in a host of open training programs that were conducted by external trainers.

Besides the regular programs, special efforts were made to introduce attitudinal change modules for employees across all levels. These were introduced with the intention of generating enthusiasm, open communication, initiative and change readiness. The programs were held in batches that had combinations of people from reporting relationships. This sort of mingling was well appreciated and good feedback was obtained about the program.

Another new initiative in the field of training that was introduced was the Leadership Programs by Dale Carnegie. A group of employees was sent to attend the first inhouse program in Goa. Further sessions will continue through the year.

The average training man-days for 2007–08 are two.

Diversity and Equal Opportunity

Sesa's equality policy is well articulated in the employees' code of conduct, for instance, in the *Staff Handbook* or the 'Certified Standing Orders'. This policy is thoroughly communicated to an employee at the time of induction, through the circulation of policy documents and through the intranet. The company believes that discrimination of any kind is detrimental to individual growth and organizational sustainability. Diversity is indicated in the composition of the senior management of the company as well, which is an amalgamation of experts from various educational and cultural backgrounds.

The Compliance Policy of the company provides the freedom and opportunity to employees to approach superior officers other than the reporting officer. Grievance handling procedures in the units enable operational workforce to air individual views. The recognized unions are the other forums in the units that employees can use for grievance redressal.

The grievance redressal procedure as stated in the Standing Orders provides for time-bound redressal of all grievances. 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 and grievances still exist, the Industrial Disputes Act, 1947, is used as a final recourse for arbitration.

Emphasis is laid on equal opportunity during recruitment and career progression. In its endeavor to build a performance-driven culture, Sesa ensures that equal opportunities are given to all employees. To cite an example, company applications forms for recruitment to various positions do not ask for information about ethnicity, caste, religion and domicile.

With regard to compensation, Sesa Goa does not distinguish on the basis of gender; men and women are compensated solely on the basis of their experience and education (while deciding remuneration for new employees), level in the organization and their performance.

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

Ratio of Basic Salary of Men to Women by Employee Category

In Sesa Goa Limited, there is no difference in the salary structure of men and women employees who have joined on the same date and at same designation. However, there can be a difference in the salary based on qualification, experience and seniority.

Human Rights Management Approach

Policy: Sesa values the rights of individuals and takes every step necessary to safeguard human rights. Sesa's respect for human rights—which includes the basic rights and freedoms to which all humans are entitled—is aptly demonstrated in its policies, codes of conduct for management staff, executives and non-executives.

Though the Group does not have a formal policy on human rights as per the guidelines laid down by the International Labour Organization (ILO) and other organizations, policies for specific issues attempt to address these concerns.

The company's *Staff Handbook* indicates that human rights must be respected and there should be no discrimination between persons on any grounds. Staff must respect each other and ensure an open and comfortable work environment.

Organizational Responsibility: All employees are responsible for ensuring that there is no discrimination in the workplace. The HR teams in the various locations ensure implementation of the company's policy.

Training and Awareness: The Human Rights and Work Environment Policy is clearly outlined in the *Staff Handbook*.

Investment and Procurement Practices

The company'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 of the company require the service provider's adherence to all labor 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 a service provider's adherence to such standards, except in the realm of labor laws and practices, the company seeks to exercise its influence over service providers to increase awareness and adherence to the maximum extent possible.

Currently, company does not have any provision for screening of supplier or contractor for human right issues

Non-discrimination

The Sesa Code of Conduct for executives and Standing Orders for non-executives emphasise equal opportunities and non-discrimination. There have been no incidents of discrimination reported in the company.

Freedom of Association and Collective Bargaining

The Sesa Group's *Staff Handbook* and certified Standing Orders requires the Sesa Group and its employees to comply with all the laws. The Group has encouraged 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 is entirely an initiative of the employees and is a fine example of the freedom of association within the Sesa Group. All our operations provide for the right to exercise freedom of association and collective bargaining.

Child Labor

Sesa believes in the fundamental rights of a child to pursue education and does not permit its service providers, contract labor, etc, to engage children at work. The Factories Act, 1948, and the Mines Act, 1952, specify the minimum age required for employment. The units of Sesa comply strictly with both 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 labor is not employed. Frequent checks and other mechanisms are also in place to ensure that there is no non-compliance. Internally, the administrative, safety and medical departments ensure that measures taken to avoid child labor are addressed as per guidelines.

Safety managers and the security departments have been suitably empowered and been given the necessary powers to check and monitor this issue.

Forced and Compulsory Labor

There is no forced and compulsory labor in Sesa Goa and relationships with employees are based on mutual agreement.

Society Management Approach

Policy: Sesa Goa has always indicated its commitment to improving the quality of life of the people in the communities it serves. The Business Conduct Rules stipulate that good relationships must be maintained with all stakeholders of the company and efforts be made to contribute to the communities in which we work. Sesa Goa commits itself to a variety of community development initiatives that benefit society as a whole.

In addition, no benefit must be offered to or accepted from any such stakeholder.

Organizational Responsibility: Every employee is responsible for ensuring that he/she follows the Code of Conduct outlined by the company.

Monitoring and Follow-up: With reference to the policy on Gifts and Favors, the Staff Business Conduct Rules clearly mention that any non-compliance with the policy could lead to the employee's termination.

However, in the event that an exception has to be made, the concerned Director's approval must be obtained.

Management: The Corporate Environment Department/Management Committee is the primary custodian of the company's social initiatives. Implementation is monitored and reviewed periodically at the Unit Corporate levels. The Corporate Environment Department provides assistance in implementing and monitoring activities. The respective Units are responsible for responding to specific needs spelt out by local communities and implementation is monitored by the Corporate Environment Department/Management Committees. In discharging social responsibility projects, all applicable rules and regulations are complied with.

Training and Awareness: All employees are given a copy of the *Staff Handbook* which clearly indicates the company's attitude towards corruption and society.

Objective: The primary focus of the company's Community Development Initiative is to provide basic amenities and health care around its business areas. The company also carries out activities in the areas of education, and women and children welfare. Work on

'Gram Nirman Codli 2010', a joint partnership between the company, the Mineral Foundation of Goa and the state government has been taken up jointly with the objective of developing the village.

The company also supports sports and cultural activities in the rural areas around its operations.

Context: Involvement of the community through a stakeholder engagement process has made it possible to establish long term and enduring relationships that contribute to creating a stable environment for the company's operations. Sesa Goa's commitment to community initiatives has increased its credibility and image in the minds of stakeholders and policy-makers.

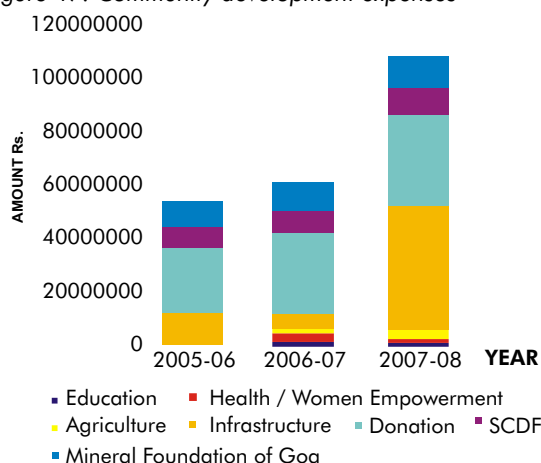
Community

The company contributes to society in three ways: (a) contribution to Mineral Foundation of Goa; (b) Community Development Foundation; and (c) through 'need-based community initiatives'. Need-based programs are prepared and implemented based on community requests received during periodic stakeholder meetings and interaction with community leaders. An annual budget is prepared and approved by the management for implementing these activities, which comprise infrastructural development, educational aids, health initiatives, contributions to cultural activities and sports, provision of drinking water and sanitary facilities, philanthropic donations, etc. During the year, the thrust of the company's social sector investments was on community health, under which two community medical centers were opened, one each in North and South Goa, to cater to the health needs of the general public.

The company's community development initiatives are also spread over the states of Orissa, Karnataka and Jharkhand, apart from Goa.

The company ensures that its projects and activities are sustainable and make the larger community self-reliant. For instance, wherever land reclamation has been done, fruit-bearing trees such as cashew have been planted, as well as plantation on a massive scale in Orasso Dongar mine and Sanquelim mine, has been done. This ensures that the people and community living around that area can use the cashew trees and plantations to generate income for themselves. Even if the company ceases operations in that area, the people are self-reliant.

Figure 47: Community development expenses



Corruption

Sesa's Business Conduct Rules state that employees must not get involved in any activity that could conflict with the company's interest. In addition, employees are also prohibited from offering or accepting any benefit, bribe or advantage to or from any external party that they deal with on behalf of the company.

There has been no formal identification of risk related to corruption and no incidents of corruption has been reported during the year 2007-08.

Public Policy

There is currently no formal policy regarding lobbying or donations. The responsibility to take decisions fairly about such contributions rests with the Board.

Political Contribution

There is currently no formal policy regarding political contributions or donations. The responsibility to take decisions fairly about such contributions rests with the Managing Director.

Compliance

There were no instances of non-compliance with applicable laws and regulations and no fines or penalties have been paid during the reporting period.



Product Responsibility Management Approach

Policy: Sesa Goa's product leadership is based on its product quality, manufacturing technology, competitive cost and timely delivery. The company has the required core competencies and capabilities to deliver the product as per contractually agreed specifications. Added to this, an effective supply chain management continuously endeavors to provide products that not only meet, but exceed, consumer expectations.

Responsibility: It is the overall responsibility of the unit heads/department heads and other members of the respective units, to ensure that the products manufactured or produced are in accordance with the above stated policy.

Management: All the units of the company are certified for ISO:9001, ISO:14001 and OHSAS:18001 management systems.

Goals and Performance: The company continuously endeavors to supply products that meet customer specifications.

Customer Health and Safety

The company has, so far, not felt the need to make a formal procedure for assessing the impact of its product and services during its life cycle stages. This is because the products manufactured by the company are materials or intermediates used for manufacturing some other products and utilized in totality and do not pose any health or safety hazard because of their use.

Product and Service Labeling

The company provides Test Certificates along with delivery challans [literally, invoices] to customers, indicating the specification or type of the product being sold. Test Certificates comprise information on physical dimensions and chemical composition of the products.

Marketing Communications

At present, Sesa does not manufacture consumer goods or any such products which require advertising. However, the company follows all applicable laws for exporting its product (iron ore) to external customers.

Compliance

There were no instances of non-compliance with regulations related to provision and use of products and services and no fines or penalties have been paid during the reporting period.

CASE STUDY

Enhancing Livelihood Opportunities

Sesa Goa has always stressed capacity building rather than providing things easily. It believes in the adage of teaching a man fishing rather than providing him fish.

To see how Sesa could help the village communities around its mining areas, the company conducted a survey, which revealed that though the women wanted to work, they were unemployed either because they were not educated or there were no appropriate jobs. Sesa's management decided to provide opportunities for self-employment to the women.

After discussions with the women along with local elected organizations, it was decided to build capacity on two fronts. One front was to provide people employment as per the market rates in accordance with their education levels. Along with the Mineral Foundation of Goa and Reddy's Foundation, Sesa introduced the Livelihood Advance Business School (LABS) program for the youth. The second option was mostly for housewives, so that they could earn some extra income.

Under the LABS program, three-month training was given in five areas: Home nursing/Bedside patients' assistance; Multi-skilled workers; Hospitality management; Customer relations and sales; and IT enabled services. The response to this initiative has been wonderful, and the results are beyond expectations. Many students are now gainfully employed.

For housewives, Sesa initiated the formation of self help groups (SHGs) in the villages of Vagona, Kirlapale, Sadgal, Dabal, etc. Groups were trained in stitching and embroidery, quilt making, vermi-composting, candle making, catering, masala making, making handicraft items (from coir and coconut shells), among others.

The SHGs have benefited many women in the villages. The success of these capacity-building programs initiated by Sesa is seen in the coming together of 17 SHGs to form the Women's Federation in South Goa, which will give them a better forum for marketing their products. It will also empower the rural communities in the long run.



CASE STUDY

Back to Farming!

Agriculture is the main occupation in the villages of Kalsai and Vagona around the mining areas. However, many paddy fields had been left fallow because of increased labor costs, stray cattle menace, lack of irrigation for the second crop, and share cropping patterns. In addition, direct and indirect employment provided by companies and easy money in the form of compensations paid by mining companies were some of the factors which discouraged farming. During interactions with some elderly entrepreneur farmers, Sesa's Corporate Social Responsibility (CSR) team heard stories about traditional farming and fishing. The company launched the 'Back to Farming' initiative in 2005, and partnered the Department of Agriculture and the farmers themselves. The farmers, in fact, formed self-help groups.

Areas and beneficiaries covered under the scheme

	Kalsai		Vagona	
Year	Area (Ha)	Beneficiaries	Area (Ha)	Beneficiaries
2005	4.6	33	10	60
2006	4.1	23	10	60
2007	---	---	10.6	63
2008	---	---	10.6	63

Several training programs were conducted, and Sesa motivated the villagers to create the facilities required initially to start farming in the rainy season. Experienced farmers offered to do the fencing with subsidies from the Agriculture Department. Sesa helped them with machines to dig trenches and settling ponds to prevent roadside mud running into the fields. High yielding seeds, tractors for tilling, organic manure and fertilizers were provided to improve the fertility of the so far uncultivated, fallow land, and for getting a second crop. In 2005, the first crop was commendable: 3,500 kg/Ha, about Rs 320,000. An old farmer reminisced that about Rs 130,000 was the income they generated during the 1990s from paddy and from dry grass after deducting the cultivation expenses, which is nowhere near present profits.

Agriculture experts, who had made regular inspection of the fields, suggested that output could be increased further with advanced agriculture practices, by use of organic manure, bio-fertilizers, and getting a second crop.

Women too were active in the farming effort—they requested for irrigation so that a second vegetable crop in 2006-07 could be obtained. In 2007-08, along with the Mineral Foundation of Goa, Sesa dug an open well for irrigation. The impact that this livelihood program made on the farmers in the village of Vagona goes much beyond gain in form of money or the amount spent by the company. In 2006, the benefits of 'Back to Farming' and its publicity by government departments inspired farmers from Cudnem village in North Goa to replicate it in their village in 2006. Sesa's CSR took on the challenge—47 Ha and more than 212 families in 2007-08. The impact of the 'Back to Farming' livelihood program is evident in the smiles of the villagers. The CSR team is now working to improve on this project and bring more areas under its ambit.



CASE STUDY

A Ray of Hope for Women Empowerment

An empowered woman can enrich the life of her family. The story of Mrs Neeta D. Gawas, who has become economically strengthened due to the efforts of Dyandeep self Help Group in association with Sesa Goa, illustrates this fact.

Mrs Gawas, a resident of Kalamwada (Amona, Goa), lives in a joint family. She is a housewife, her husband is unemployed. On her shoulders rest the responsibility of educating two small children and the care of her ailing and aged in-laws.

With no viable option before her to improve her straitened condition, she joined Dyandeep Self Help Group (SHG) as a member.

Dyandeep SHG, which started its activities five years ago, has 14 women members at present. They are engaged in running a canteen, coconut cultivation and selling, performing in cultural activities, preparing and exhibiting food products, etc.

Sesa Goa has always been committed to the development and upliftment of the communities around its operational area. The company therefore handed over the operation of the canteen of its pig iron plant in Amona to Dyandeep SHG.

Today Mrs Gawas manages the canteen in the pig iron plant. Daily around 200 or 250 employees eat meals here two times a day, as well as a snack during the day. She has been running the canteen successfully for the last 12 months.

Her son and daughter are enjoying the fruits of this initiative; they are happily studying in Class 3 and 1, respectively.

Over the years, Dyandeep SHG has also grown. Mrs Gawas too has benefited. Concomitant with its growth has been the economic strengthening of its members.



CASE STUDY

Amona Panlot Sangh: Preserving Traditional Livelihoods

Due to Sesa Goa's support, a ray of hope is now visible on the faces of farmer members of Amona Panlot Sangh (APS) in Amona village, because of the possibility of selling traditionally grown paddy at higher prices. The elder members of the community were particularly interested--higher prices for produce would offset the rising costs of cultivation. In the past, dwindling returns had made farming less remunerative for the younger generation.

APS is a non-governmental organization registered under the Societies Registration Act, 1860, in 2003, and working in the field of natural development for the last four years. The organization was established under the National Watershed Development Project for rainfed areas. (Amona watershed is the part of Savoi Vere watershed located in Bicholim taluka, North Goa, on the banks of river Mandovi.) The watershed is the association of 280 members that includes paddy cultivators and farmer (tenant) community in the village of Amona.

The younger generation was not interested in agriculture as it was laborious and not very remunerative. The older generation, on the other hand, was anxious to preserve their natural and traditional livelihood.

At a stakeholders' meeting with the company, Mr. Shashikant Ghadi (who heads the APS) proposed the idea of a partnership between the Sangh and Sesa, which was accepted. Sesa Goa's financial backing proved to be the blessing to the farmers. The APS initiated, for the first time, a cooperative effort to certify the organic paddy traditionally cultivated by the local farmers. The process of certification is done under the supervision of Indocert Indian Organic agency Ernakulam, Kerala. The entire efforts are supported by the company.

The promotion of handicrafts by financially supporting purchases of raw material for jute training programs, soil and water conservation activities like desilting of *nallahs* [inland canals] benefiting nearly 80 farmers, and the purchase of 1,500 coconut saplings are additional activities that the APS undertakes to give an impetus to rural skills and training of self employment groups. Assured financial support has enabled the community to move towards their objectives.

Sesa has played the role of a mentor, and its intervention would certainly boost the certification process. Above all, traditional cultivation methods would be proven to be sustainable. This will lead to higher returns for the farmers, and also attract the younger generation to paddy cultivation.



CASE STUDY

Spotlight on Future Superstars!

Football is Goa's most popular game. And Sesa has chosen this sport in which to spot and nurture potential superstars in the state.

The Sesa Football Academy (SFA), which started in June 1999 in Virdi (Sanquelim, Goa), is a unit of Sesa Community Development Foundation, promoted by Sesa Goa Ltd. Its objective is nurture and coach young talent in football at a residential academy—which will produce not only skilled footballers but also disciplined students and citizens.

Trainees are selected for the four-year course on the basis of their performance in various tournaments or coaching camps or on the basis of open trials. Induction is done in accordance with their academic sessions so that their academic year is not disturbed. The schedule at the SFA is as normal as possible, with time set aside for gym, studies and recreational activities. All expenses, including those related to academic studies, are taken care of by the SFA.

Multi-pronged technical, tactical and physical training schedules exercise the body as well as the mind. Physical training takes care of endurance, strength, speed, flexibility, tactical planning and agility. Communication abilities, competitiveness, attitude and temperament, teamwork and motivation are also honed to a fine art. Successful graduates are presented Certificates at their convocation. The fourth batch will graduate in 2008.

Among a host of achievements, Sesa Football Academy's teams have been Under-17 and Under-19 champions; All Goa Idea Cup winners; and 2nd Division champions. The SFA has also received the Journalist Sports Promotion award.



CASE STUDY

Fostering Technical Excellence

Sesa has acknowledged its responsibility to contribute to the society in which the company operates. With this in mind, the Sesa Community Development Foundation was constituted to foster the development of youth around the company's areas of operations.

The Nicola Corvo Memorial Sesa Technical School was founded in 1994 and has already a reputation of identifying potential and nurturing excellence. Vocational training is provided in four different trades: Fitter, Machinist, Instrument Mechanic and Electrician. All four are affiliated to the National Council of Vocational Training, New Delhi.

The training modules have been created keeping in mind job opportunities in the surrounding industries and their skill requirements. The School arranges campus interviews to ensure that all its trainees are placed in good companies. So far, 568 graduates have kickstarted their career in various companies.

The 35 graduates of the August 2007 batch, for instance, have been placed in companies such as Nestle India, Proctor & Gamble, Schiffer, Diebold India and Indoco Remedies, among others. Another 56 trainees will begin their training in August this year.

The School also participates in sports. Its team, in fact, bagged the State-level Runner's-Up Trophy for volleyball in an Inter ITI sports competition held in January 2008.



Visitors' Gallery

"... It is a myth that mining means only the destruction of the eco system. It can be restored so very Effectively given the will to do so. We should make Sesa a place to bring in all who have doubts About green... and clean mining..."

- J.D. Singh, Secretary, Mines Ministry, Government of India

"... We need to understand how your company has thought about how to use and reuse/recycle resources. This will be critical for us. Thank you for helping us understand the possibilities."

- Sunita Narain, Centre for Science and Environment, New Delhi

"It is a beautiful initiative and an exemplary one for all mining companies. The greenery and the Medicinal garden [were] really impressive."

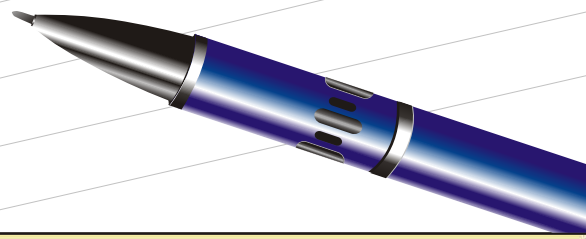
- Vikram Kishore Pradhan, ACF Probationer, SFS, Dehradun

"I visited this reclaimed site of Sesa Goa Ltd... It is a very impressive and good effort. I appreciate the company and wish them all the best in all their similar endeavors."

- Dr U. Sridharan, Additional Director, Ministry of Environment and Forests, Regional Office (South Zone), Bangalore

"Nice work done on the mining dumps as well as the pits... Would advice that local Varieties of plants be planted... Maintain a record of ground water levels in and around the area..."

- Arun V. Madgavkar, Khandola, Marcel, Goa



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The Board of Directors
Sesa Goa Limited
Sesa Ghor, 20, EDC Complex, Patto
Panjim 403001
Goa, India

Independent Assurance Statement

At the request of Sesa Goa Limited (the Company), we have reviewed the 2007-08 Corporate Sustainability Report (the report) of the Company. The Company has stated in the Report that it has followed the G3 Guidelines of the Global Reporting Initiative launched in October 2006.

The preparation of the Report and its content is the sole responsibility of the management of the Company. Our responsibility is to provide 'limited assurance' on the report contents as described in the scope of assurance. 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.

Scope, limitation and methodology of assurance

The scope of our work for this assurance statement was limited to verification of information pertaining to environment, health & safety (EHS) and social performance for the year 1st April 2007 to 31st March 2008. We have not performed review of the past years' information included in the Report.

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 assurance provided to the Report is in accordance with the International Federation of Accountants' (IFAC) International Standard for Assurance Engagements [ISAE 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information].

The assurance was performed by our multidisciplinary team of professionals in the field of environment, health, safety and social matters, who visited the Company's head office at Panaji and its Met Coke Division and Pig Iron Plant located respectively at Navelim and Amona in Goa and its iron ore mine located at Codli, Sanguem (Goa), reviewing and verifying the information and data; information and data pertaining to the other manufacturing facilities and mines were made available to us at the Corporate office at Goa.

Our conclusions are based on:


- Review of the Company's sustainability plans, policies and practices to ascertain whether the Report provides a fair and honest representation on these aspects;
- Interviews with a selection of the company's senior management, personnel and stakeholders to gain an understanding of their approach to managing social and EHS issues;
- Review of selected sample 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 select plants and offices; 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

On the basis of the work undertaken, the key conclusions are as follows:

- Based on our scope of review and approach, nothing has come to our attention that causes us not to believe that the Company is concerned about environment, health & safety (EHS) and social issues pertaining to its business activities.
- 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 generally reliable. The Company may consider further improvement of internal review process going forward.
- The report covers a broad range of environmental and social issues that are material to the sustainability performance of the Company.
- The Company has demonstrated efforts to compile the Report on the basis of G3 Guidelines of the Global Reporting Initiative. The Report provides a relevant description of measures for tracking performance against the reported sustainability performance parameters.

Ernst & Young Private Limited


Sudipta Das
Partner

24th October 2008
Kolkata, India

LIST OF ABBREVIATIONS

AAQM	Ambient Air Quality Monitoring
ANML	A Narrain Mines Ltd. (Iron ore mine)
BF	Blast Furnace
BOO	Build Own Operate
BVQI	Bureau Veritas Quality International
CDM	Clean Development Mechanism
CEO	Chief Executive Officer
CER	Certified Emission Reduction
CII	Confederation of Indian Industry
Co₂	Carbon Dioxide
COFG	Coke Oven Flue Gases
CSR	Corporate Social Responsibility
DG	Diesel Generator
EDIFAR	Electronic Data Information Filing And Retrieval System
EHS	Environment, Health and Safety
EMS	Environment Management Systems
EPA	Environmental Protection Agency
FIMI	Federation of Indian Mineral Industry
FY	Financial Year
G3	Sustainability Reporting Guidelines Version 3
GCCI	Goa Chamber of Commerce and Industries
GDF	Gao Tona Dusrifal Iron ore mine
GHG	Greenhouse Gas
GJ	Giga Joules
GMOEA	Goa Mineral Ore Exporters Association
GRI	Global Reporting Initiative
Ha	Hectares
HBS	Hot Blast Stove
HEMM	Heavy Earth Moving Machinery
HR	Human Resources
ILO	International Labour Organization
ISO	International Organization for Standardization
JV	Joint Venture
Kg	Kilogram
KL	Kilo Litres
KLD	Kilo Liters per Day
kWh	Kilowatt hour
LPG	Liquefied Petroleum Gas
LTIFR	Loss Time Injury Frequency Rate
M.V.	Motorized Vehicle
MBPs	Metallic Blast Pre-heaters
MCD	Met Coke Division
MioTon	Million Tons
Mn	Million Rupees
MoU	Memorandum of Understanding
MS	Mareto Sodo (Iron ore mine)
MS	Mild Steel
MT	Metric Tonnes
MT	Million Tonnes
MW	Megawatt
NEERI	National Environmental Engineering Research Institute
NGO	Non-governmental Organization
NM³	Normalized Cubic Meter
NOx	Oxides of Nitrogen
OB	Over Burden
OD	Orasso Dongor (Iron ore mine)
ODS	Ozone Depleting Substances
OH&S	Occupational Health and Safety
OHSAS	Occupational Health and Safety Assessment Series
PCB	Pollution Control Board
PIP	Pig Iron Plant
QEHS	Quality Environment and Safety and Health Systems
QEMS	Quality Environment Management Systems
RSPM	Respirable Suspended Particulate Matter
SEBI	Securities and Exchange Board of India
SGL	Sesa Goa Limited
SIL	Sesa Industries Limited.
SPCB	State Pollution Control Board
SPM	Suspended Particulate Matter
T & D	Transmission and Distribution
THM	Tonne Hot Metal
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change
WHO	World Health Organization

FEEDBACK FORM FOR SUSTAINABLE DEVELOPMENT REPORT 2007-08

- 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:

.....
.....
.....
.....

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

.....
.....
.....
.....

Name:

Designation:

Organisation:

Contact Address:

Please mail your feedback to:

Mahesh Patil

General Manager Environment,

Sesa Goa Limited, 'Sesa Ghor',

20 EDC Complex,

Patto, Panaji, Goa 403001

Email: mpatil@sesagoa.com



Report Application Level		C	C+	B	B+	A	A+
Standard disclosures	G3 Profile Disclosures OUTPUT	Report on	Report Externally Assured	Report on all criteria listed for level C plus:	Report Externally Assured	Same as requirement for Level B	Report Externally Assured
	G3 Management Approach Disclosures OUTPUT	Not Required		Management Approach Disclosures for each Indicator Category		Management Approach Disclosures for each Indicator Category	
	G3 Performance Indicators & sector supplement Performance Indicators OUTPUT	Report on a minimum of 10 Performance Indicators, including at least one from each of: Economic, Social and Environmental.		Report on a minimum of 20 Performance Indicators, at least one from each of Economic, Environmental, Human rights, Labor, Society, Product Responsibility.		Report on each core G3 AND Sector Supplement* Indicator with due regard to the Materiality Principle by either: a) reporting on the Indicator or b) explaining the reason for its omission	

*Sector supplement in final version



To find out more about us, visit us at www.sesagoa.com
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