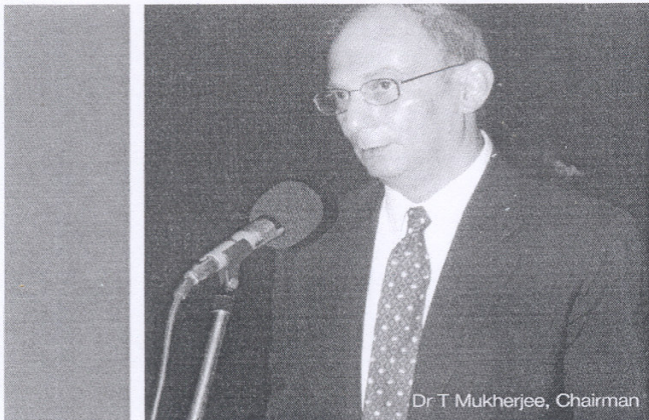


Corporate Social Responsibility (CSR) refers to operating a business in a manner that accounts for the social and environmental impact created by the business. CSR is a commitment to developing policies that integrate responsible practices into daily business operations, and reporting on the progress made toward implementing these practices. As a responsible corporate, Tata Metaliks Limited discloses its CSR based on certain globally recognised benchmarks. For instance, we abide by the Global Reporting Initiative (GRI) guidelines. The GRI is a multi-stakeholder process and an independent institution with the mission to develop and disseminate globally applicable Sustainability Reporting Guidelines for voluntary use by organizations. Started in 1997 by the Coalition for Environmentally Responsible Economies (CERES), the GRI became independent in 2002, and is an official collaborating centre of the United Nations Environment Programme (UNEP), also working in cooperation with UN Secretary-General Kofi Annan's Global Compact. Besides that, we also incorporate the best practices ascribed in the TATA Business Excellence Model (TBEM). Despite taking active help of the guidelines, when we decided to put together the Corporate Social Responsibility Report for 2006, we again delved deep into our business ethics and asked

ourselves some basic questions. Do our management teams view employees as assets rather than costs, integrating them into the decision-making processes? Are we compliant with social and environmental laws, focusing on the use of natural resources in a more efficient manner? Finally, is our economic performance making a difference to India as a whole? When we looked deep within us, we found out the answer. We had sown healthy seeds, and we had begun to reap what we had sown. The seeds of growth.



From the Chairman's desk

“Our 'triple
bottomline'
approach to
business, which
goes beyond
creating present-day
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for generations.”

The financial year 2005-06 was extremely significant for Tata Metaliks Limited (TML). From a Rs.320-cr Company, we grew into a Rs.500-cr Company, and we are bullish about our growth. Our strategic acquisition of the Redi plant at Maharashtra and the smooth integration of the workforce is a signal of the Company's strength. Our balance sheet reflects the success of our prudent business strategy: simultaneously looking outward and inward. However, all this activity does not mean that we favour irresponsible and selfish growth. Sustainable development and corporate social responsibility are recent inclusions in the global business ethics. But the philosophy and practice of these concepts are certainly not new to the Tata Group.

In keeping with the Tata Group philosophy, TML started reporting, three years back, on its corporate social responsibility practices, focusing on how we aim to evolve a symbiotic relationship with all stakeholders, including employees, community and our ecosystem. It is the 'triple bottomline' approach to business, which goes beyond creating present-day value, to preserve it for generations.

Our people lay the foundation of our success and we ensure a safe and worker-friendly environment for them. We recognize the needs of our surrounding communities and extend our responsibility towards them by providing them with basic amenities like health and education facilities.

We strive to map the success of our corporate sustainability, complying with:

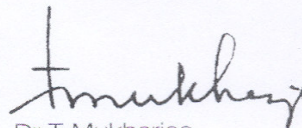
- The Global Reporting Initiative, which evaluates corporate performance in a holistic way
- The U N Global Compact, which comprises ten forward-looking principles related to labour and human rights
- The Tata Index for Sustainable Human Development, which quantifies our efforts towards community initiatives on an annual basis

Our people lay the foundation of our success and we ensure a safe and worker-friendly environment for them. We recognize the needs of our surrounding communities and extend our responsibility towards them by providing them with basic amenities like health and education facilities. We are also accountable to planet earth, making all efforts to minimise the discharge of harmful effluents and use non-renewable natural resources responsibly.

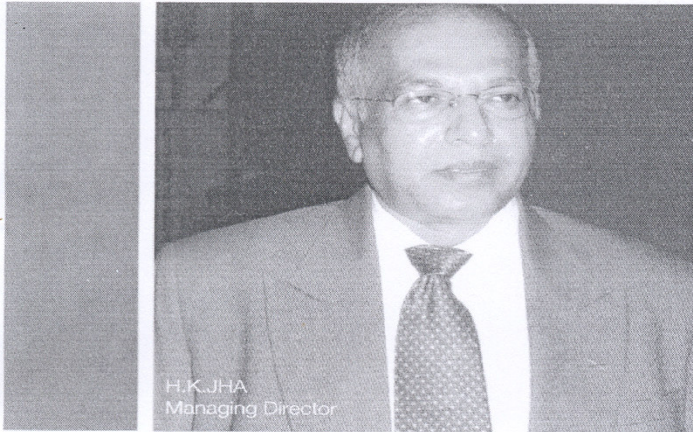
A few examples that make us feel good about being on the right track are our innovations in fuel

conservation, waste management and disaster management. Our community development schemes in 5 villages in and around Gokulpur near Kharagpur are well-entrenched in the fields of health, education and civic amenities. But what makes us really happy is the fact that we have started the ball rolling at Redi as well: within a few months, we have managed to reach water to the parched villages around the region. Through these environmental and social initiatives, we have demonstrated our commitment to 'sustainable development' - a key growth platform for us. These initiatives also make us upbeat about our short-term and long-term future.

In our 16th year of operations, we continue to sow the seeds of greater accountability towards all stakeholders.



Dr T Mukherjee
Chairman



From the Managing Director's desk

“Tata Metaliks aspires to become the largest global manufacturer of pig iron. We feel that our responsibilities and concerns towards our stakeholders must keep pace.”

Tata Metaliks aspires to become the largest global manufacturer of pig iron. We feel that our responsibilities and concerns towards our stakeholders must keep pace. Following the Tata tradition of looking beyond shiny glass cubicles to address real issues, we decided to sow an integrated and workable approach to make our concerns show results.

Hence, the Company's principles of **Reaching Tomorrow First** and **Uttam Se Sarvottam** are incorporated holistically into our business ethics, not only in economic value creation. For us, Corporate Social Responsibility is the only way a business can sustain itself across time. So our triple bottomline approach, our affiliation to the prestigious UN Global Compact and our adherence to the GRI guidelines in our disclosures testify to our seriousness with which we look at the social and environmental impact created by our business. In addition, we also incorporate the features of the Tata Business Excellence Model in our operations. In Tata Metaliks, good corporate governance is given; we constantly devise ways to better our best.

As a member of the senior management, I am personally aware of our commitment to integrate responsible practices like “Reduce, Recycle, Restore, Remake & Reuse” into daily business operations. Such practices include recycling of heat for drying coke, recycling of



As the overall environmental impact of our operations is of prime importance in the long-term, the Company monitors it in the nearby key-communities to accomplish long-term community sustainability vis-à-vis the Company's growth.

blast furnace gas to generate power, recycling of lime & graphite used in PCM, reduction of energy consumption by VVF drive, conservation of water (through recycling and water harvesting) selling of used pig iron moulds to casting manufacturers who remake them and sell them back to us, etc.

To align theory to practice, the following are our broad concerns:

- With operations in two places, Kharagpur and Redi, the Company is concerned about location-specific environmental issues and their proactive mitigation
- With customers and their associates having diverse needs due to location-specific business, the Company assesses them proactively, so that it can enrich its value proposition to meet all needs
- As the overall environmental impact of our operations is of prime importance in the long-term, the Company monitors it in the nearby key-communities to accomplish long-term community sustainability vis-à-vis the Company's growth

Based on these broad concerns, our main activities in the reporting year were:

- **Operational Efficiency:** As in the earlier years, we continued to stress upon operations in line with the

guidelines laid by ISO 14001:1996, OHSAS 18000 and the SHE pillar of Total Productive Maintenance (TPM). We achieved the TPM Consistency Award from JIPM, Japan. Efforts in rainwater harvesting, water conservation and carbon emission control further demonstrated our concern for society. Our strict compliance to environmental norms encouraged bodies like the WBPCB to partner us in a joint project to manage pollution in and around all Howrah-based foundries.

- **Economic Prudence:** Surplus production was witnessed in the pig iron industry in the year under review causing prices to plummet. Despite the depression in the pig iron market, the Company was able to improve on its total revenue figures due to increased sales volumes. To reverse the trend, the Company decided on a prudent strategy of backward and forward integration, product diversification and value addition.

- **Empowering Plants:** To minimize usage of precious natural resources, we did not connect our Kharagpur plant to a power grid, but generated 6.76MW power in-house from the surplus hot blast furnace gas, a co-product of the manufacturing process. In Redi, we installed a 2.5 MW Turbo Generated set and inherited a facility of grid power from the Maharashtra State Electricity Board, aiming to use only the minimum guaranteed amount. Therefore, for the time being, the Company is more or

less self-sufficient in power at Redi.

● **Plant Acquisition:** Our new acquisition, the Redi pig iron plant with an estimated production capacity of 320,000 MT p.a., was completed on January 20, 2006. Operations commenced on February 10, 2006, and by the end of the reporting period, the unit had already produced 13,217 tonnes of hot metal. Tata Metaliks Limited adequately complied with all the environmental norms that the erstwhile promoters had fallen short on.

● **Market Consolidation:** With the Redi acquisition, the Company made rapid strides in consolidating its presence in both Eastern and Western India, enabling it to cater to market demands faster and at a lower cost in these regions. In addition, exports to the Middle East and European countries would be cost effective due to proximity of ports.

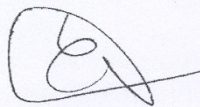
● **Community Uplift in Kharagpur:** In the year of reporting, we stepped up our community development efforts in the six villages around Kharagpur. In the health segment, we conducted free medical camps for cataract and IOL implantation benefiting 300 villagers and carried out health check-ups, nutritional surveys blood donation camps and HIV/AIDS Awareness Programmes. To build capacities, we increased infrastructure for learning and sports in schools, created employment within the plant and trained selected village youth to become drivers.

● **Community Uplift in Redi:** In Redi, despite our recent entry, we managed to solve the critical problem of water shortage. As far as water supply is concerned, the Company now uses co-generation power from waste gas to drive electric pumps instead of a diesel generated set, as the latter is costly and polluting. The Company also organised medical check-ups of schoolchildren with adequate health

measures. We will do our utmost to ensure that the Redi plant becomes profitable, and once this happens, according to the Tata Code of Conduct, a part of the profits will be ploughed back into the community.

In all the Company's activities, we encouraged our HR to develop transparent policies for employees, and fostered a culture of employee involvement and leadership to facilitate a sense of ownership and belonging among employees. Furthermore, we continued to make our work atmosphere non-hazardous and worker-friendly by reducing coke consumption, deploying renewable energy wherever possible and optimizing the use of recycled wastes.

Finally, let me conclude by saying that at Tata Metaliks, a Corporate Social Responsibility Report is not a mere formality or a brand-building exercise. It is a serious disclosure on the issues involving our stakeholders both in the short-term and long-term, issues incidentally closest to our heart. At Tata Metaliks, we attempt to walk the talk and live by the profound statement of our visionary Founder, JN Tata, "In a free enterprise, the community is not just another stakeholder in the business but is in fact the very purpose of its existence." We welcome our stakeholders to contact us at the following e-mail id: sustainability@tatametaliiks.co.in with their comments and suggestions.



H.K. JHA
Managing Director

Sowing Right

business opportunities for customers

Armouring the Plant and Beyond

The Company addresses diverse issues in and around the plant(s) through:

- Deploying best-in-class HR practices for operational efficiency and empowerment of workers
- Managing environmental balance by controlling pollution and conserving natural resource through technical interventions, keeping surveillance on our BOO partners and vendors as well
- Creating a congenial worker-friendly environment for employees and launching thoughtfully-planned capacity-building initiatives in selected villages surrounding the plant
- Contributing to the regional economy by upgrading the economic condition of locals

Precautionary approach is engrained in all the guidelines and policies formulated by TML. Its commitment to all stakeholders includes no wasteful use of natural resources and proactive management of the impact of its products, services and operations on the environment, as well as safety and health aspects of impacted stakeholders. Application of Business Impact Principles for formulating strategies and action plans is carried out within the broad framework of its policies/guidelines where safety, health and environmental concerns get equal weightage with financial concerns.

TML identifies, measures and manages the risks associated with its present and future products, services and their impact on overall environment. The entire process takes place through the ESHQ management system in a proactive manner (covering all the standards i.e. ISO 9001/14001, OHSAS 18001 and applicable legal requirements). The business impact principles of TML are given below:

Business Impact Principles:

- How many stakeholder categories are benefited
- Financial Impact
- Social Impact
- Implication of not taking such action in case of adverse social impact
- Time-frame for taking such action

Table 7 includes examples of actions taken by the Company to manage the risks associated with its products, services and/or operations. Prior to the application and/or implementation of any kind of technological innovation or upgradation, the Company ensures that all the new projects are subjected to ESHQ management system. All necessary environmental improvement measures are in place and are strictly monitored under ESHQ management norms.

4.12 Externally developed, voluntary economic, environmental, and social charters, sets of principles, or other initiatives to which the organisation subscribes or which it endorses

The TATA Group adopted the United Nations Global Compact (declared on 31 January 1999) in July 2002. TML, being part of TATA Group of companies, abides by ten principles of the Compact pertaining to Human Rights, Labour, Environment and Anti-corruption. The Company ensures compliance to these principles through the ESHQ Management System and various contracts e.g. Purchase Orders (of service purchase and declaration by service providers regarding non-deployment of child labour), wage contract (collective bargaining through Charter of Demand).

TML is a signatory to the mandatory TATA-CoC. Tata Metaliks adopted the Tata- CoC on the 14th of June 2002. The values and ethical norms enunciated in the Code are binding on the Company and all of its employees, thus reinforcing the values upheld in the UN Global Compact. These standards pertain to Corporate Conduct,



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blast furnace gas to generate power, recycling of lime & graphite used in PCM, reduction of energy consumption by VV drive, conservation of water (through recycling and water harvesting) selling of used pig iron moulds to casting manufacturers who remake them and sell them back to us, etc.

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From the Chairman's Desk

There is an increasing recognition that business exists to profit promoter, society and the environment. There is also a concurrent recognition that business must profit all stakeholders – not just one or two - to create a model that is truly and enduringly sustainable.

As a result, the success of a corporate house depends truly on how efficiently it can align its strategic objectives with the expectations of the earth and society, merging the economic with the social & the ecological objectives and prompting the observation that *"Corporate social responsibility is not philanthropy. It is not charity. It is an investment in our collective future."*

At Tata Metaliks, the strain of sustainability was embedded in its DNA when the founder of the Group, J N Tata directed that *"What comes from the people should go back to the people many times over."*

Over the years, the company has created a win-win engine of growth and prosperity through the following obligations to its various stakeholders:

- To the employees through a non-hazardous, pollution-free and worker-friendly working environment, in addition to vendors and shareholders.
- To the society as a responsible citizen and caring community supporter through self-employment, adult education and hygienic living conditions.
- To the world in general by making a responsible use of non-renewable natural resources and protecting the interest of succeeding generations.

Over the years, Tata Metaliks has emerged as a progressive corporate citizen, aligned with a 'triple bottom line' approach, through a compliance with the following:

- Global Reporting Initiative, which evaluates corporate performance in a holistic way, and
- U N Global Compact, which comprises ten forward-looking principles related to labour, human rights, environment and anti-corruption.

I am pleased to state that in recognition the 'triple bottomline' is not a goal but a never-ending journey and that the company is determined to continue to make its business enriching, meaningful and life changing for its vast family of stakeholders in a number of ways.

Dr T Mukherjee
Chairman
Tata Metaliks Limited

Annexure - 3

THE TEN PRINCIPLES OF THE UN GLOBAL COMPACT

The Global Compact's ten principles in the areas of human rights, labour, the environment and anti-corruption enjoy universal consensus and are derived from:

- The Universal Declaration of Human Rights
- The International Labour Organization's Declaration on Fundamental Principles and Rights at Work
- The Rio Declaration on Environment and Development
- The United Nations Convention Against Corruption

The Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment, and anti-corruption:

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HUMAN RIGHTS

- ⇒ Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.
- ⇒ Principle 2: Businesses should make sure that they are not complicit in human rights abuses.

LABOUR STANDARDS

- ⇒ Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
- ⇒ Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour.
- ⇒ Principle 5: Businesses should uphold the effective abolition of child labour.
- ⇒ Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.

ENVIRONMENT

- ⇒ Principle 7: Businesses should support a precautionary approach to environmental challenges.
- ⇒ Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.
- ⇒ Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.

ANTI-CORRUPTION

- ⇒ Principle 10: Businesses should work against all forms of corruption, including extortion and bribery.

