



vedanta

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Sterlite Industries (India) Limited
Annual Report 2004 - 2005

Delivery and Growth

Vedanta at a Glance



Konkola Copper
Mines PLC
Copper Business
51%

Sterlite Industries
(India) Ltd
Copper Business
74%

Madras Aluminium
Company Ltd
Aluminium Business
80%

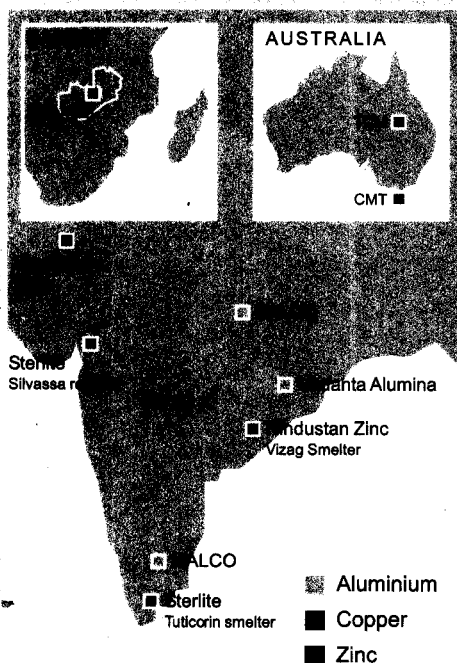
Vedanta Alumina
Ltd
Alumina Business
70.5%

Hindustan Zinc
Ltd
Zinc Business
64.92%

Bharat Aluminium
Company Ltd
Aluminium Business
51%

Vedanta listed on the London Stock Exchange in December 2003. It is in the FTSE 250, Metals and Mining sector. The principal operations are located in India, with further operations in Zambia and Australia. Vedanta has a unique profile of organic growth with an investment pipeline of \$2.2bn – expanding production in each of our metals. Vedanta offers access to the exceptional opportunities in India, which combines low metal consumption and world class but undeveloped mineral resources. The company believes it has the skills and opportunities to deliver highly cost effective projects which will secure Vedanta's position as a world class, cost competitive producer.

REPORT JUNCTION



Sterlite is principally a copper smelting and refining business in India with two small copper mines in Australia, which supply less than 20% of the required copper concentrate feed. The capacity at Tuticorin smelter was increased from 180,000 tpa to 300,000 tpa. The output is refined into copper cathode and rod at Tuticorin and Silvassa.

Konkola Copper Mines in Zambia was acquired in November 2004 and is an integrated operation, from mining to refining.

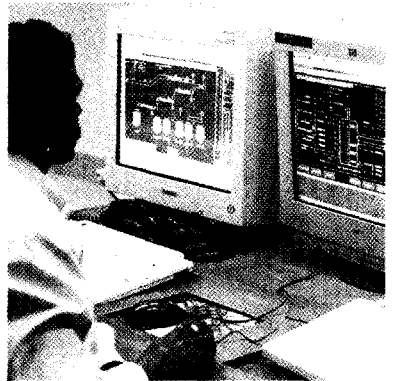
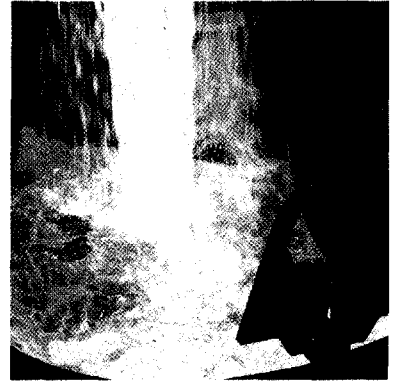
MALCO and BALCO are integrated aluminium producers with captive bauxite mines. MALCO, in Tamil Nadu, is the only aluminium producer in Southern India with capacity of 35,000 tpa. The more substantial operations at BALCO, in Chhattisgarh, are close to major supplies of bauxite and coal. Capacity at BALCO is being expanded from 100,000 tpa to 350,000 tpa, commissioning on March 2006. Vedanta Alumina Ltd, in Orissa, is a new project which will mine bauxite and refine aluminium for the new aluminium capacity at BALCO.

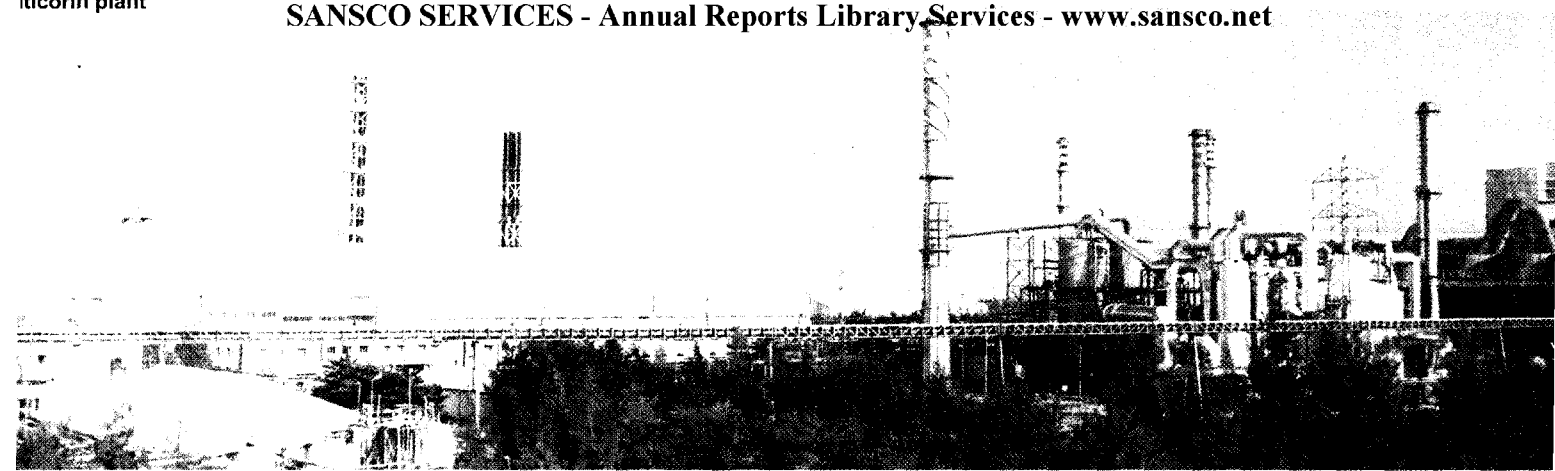
HZL is India's only Integrated Lead and Zinc producers and one of the lowest cost producers in the world. The main operation are in Rajasthan, Northwest India. In May 2005, the facilities were expanded to take capacity from 2,20,000 tpa to 3,90,000 tpa of finished Zinc.

Sterlite Industries (India) Limited

Vision

Quickly grasping the opportunities
provided by the ever changing global equations
and shifting paradigms,
restructuring and re-engineering
to achieve leadership in all facets;
building an organisation
that people are proud to be associated with,
and setting the standard
by which organisations measure quality and efficiency.





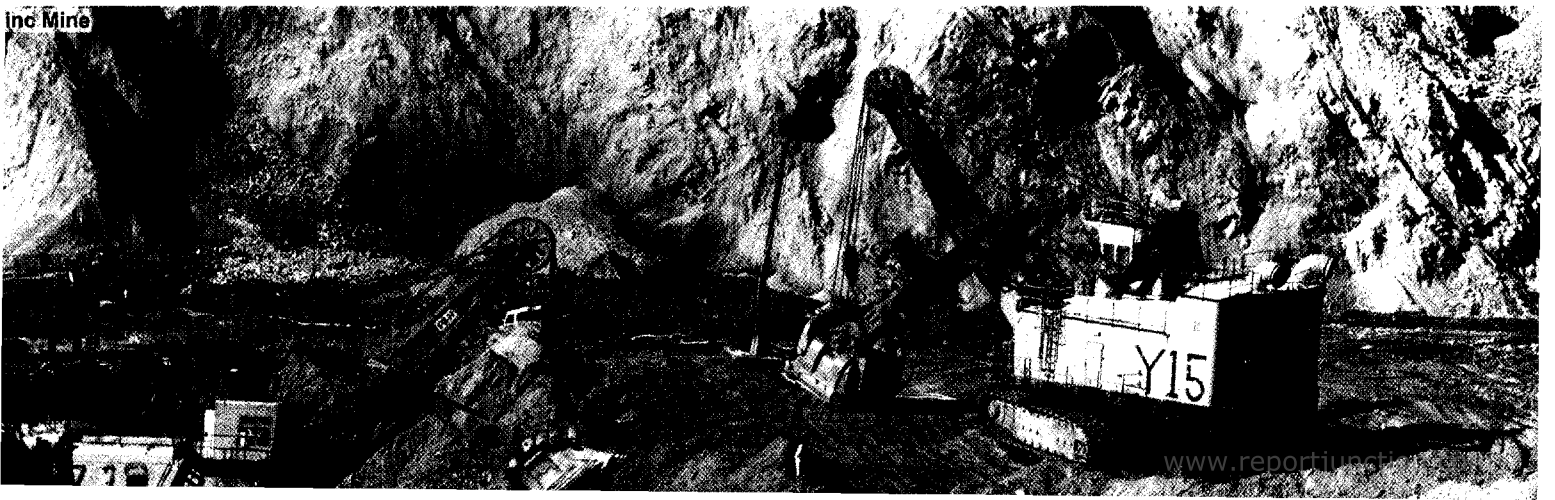
ALCO



ZL



the Mine



Company Details

Sterlite Industries (India) Limited

BOARD OF DIRECTORS

Anil Agarwal	Chairman
Navin Agarwal	Executive Vice-Chairman
Kuldip Kumar Kaura	Managing Director
Tarun Jain	Whole-time Director
Dwarka Prasad Agarwal	
Ishwarlal Patwari	
Sandeep Junnarkar	
Gautam Doshi	
Berjis Desai	

COMPANY SECRETARY

A. S. Khandwala

AUDITORS

- M/s. Chaturvedi & Shah - Mumbai
- M/s. Das & Prasad - Kolkata

REGISTERED OFFICE

B-10/4, Waluj M.I.D.C Industrial Area,
Waluj, Dist. Aurangabad - 431 133

CORPORATE OFFICE

Vedanta, 75 Nehru Road, Vile Parle (E),
Mumbai - 400 099.

TRANSFER AGENTS

Sharepro Services (India) Pvt. Ltd.

(Unit : Sterlite Industries (India) Limited)

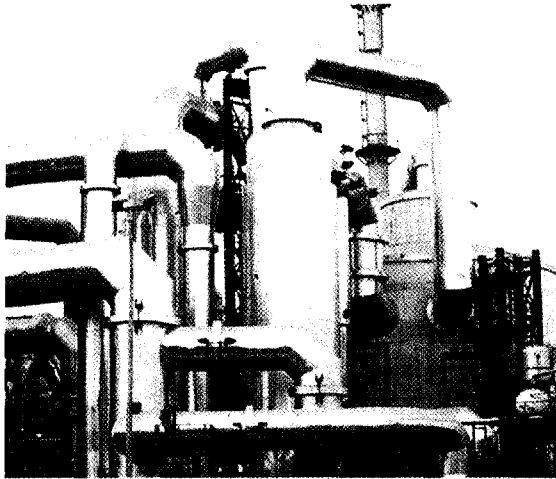
- Satam Estate, 3rd floor, Above Bank of Baroda, Chakala, Andheri (E), Mumbai - 400 099.
Tel.: (022) 2821 5168, 2834 8218 • Fax : (022) 2837 5646
- 912, Raheja Centre, Free Press Journal Road, Nariman Point, Mumbai - 400 021.
Tel.: (022) 2288 1568/69, 2282 5163 • Fax : (022) 2282 5484
E-mail : sharepro@vsnl.com

BANKERS

- ABN Amro Bank
- Bank of India
- Bank of Maharashtra
- Central Bank of India
- Corporation Bank
- DBS Bank Limited
- HDFC Bank Limited
- ICICI Bank Limited
- Oriental Bank of Commerce
- Standard Chartered Bank
- State Bank of Bikaner & Jaipur
- State Bank of Hyderabad
- State Bank of India
- Syndicate Bank
- The Hongkong & Shanghai Banking Corporation Limited
- The ING Vysya Bank Limited
- The Karur Vysya Bank Limited
- Union Bank of India

Expansion Programme

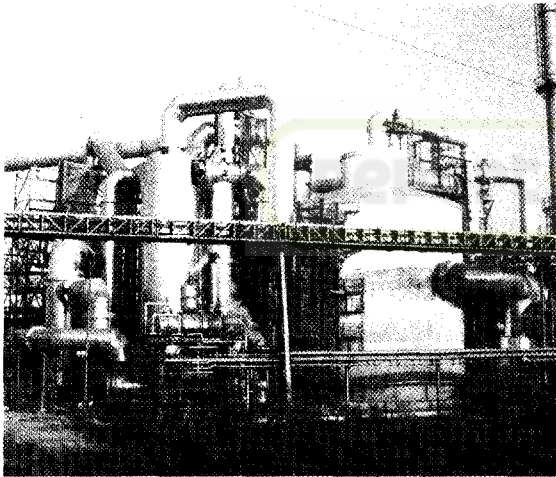
Tuticorin copper smelter (Sterlite)



The copper operations of Sterlite have now been significantly expanded taking total capacity to 300,000 tpa. The project included new acid and oxygen plants and a 22.5 MW power plant.

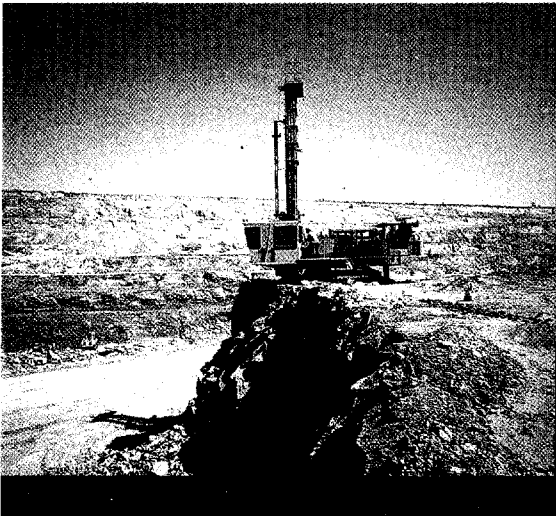
A new cathode refinery of 120,000 tpa and 100,000 tpa rod plant have also been built at Tuticorin. The site is well placed for export from the nearby port of Tuticorin. Anode from Tuticorin will continue to be refined at the existing plant at Silvassa for the domestic market.

Tuticorin copper smelter (Sterlite)



Sterlite is one of the lowest cost copper producers in the world and the new facilities should allow costs to be reduced further towards our target of 6.0 US cents per pound.

Rampura Agucha zinc mine (HZL)



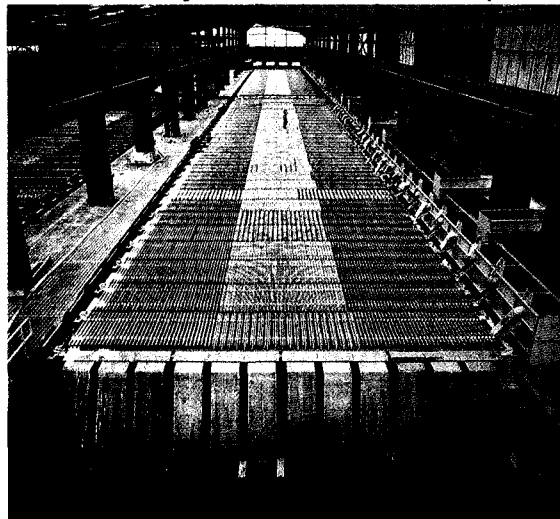
At the heart of the operations at Hindustan Zinc is the Rampura Agucha mine, a world class ore body, highly regarded for its consistent and high grade ores and low cost of production.

Expansion has taken place to increase the output from the Rampura Agucha mine from 2.0 million tpa to 3.75 million tpa. This will meet the requirements of the new smelting facility at Chanderiya.

Drilling work has also been undertaken around the mine which has taken reserves to 50.1 million tonnes. This has extended the life of the mine by three years at the expanded level of production. Further exploration is being undertaken.

The delivery of this expansion programme is transforming our business, increasing production across all metals and further lowering costs.

Chanderiya zinc smelter (HSL)



HSL is India's only integrated zinc company, operating from mine to finished metal. The ore produced at the mines contains lead which is smelted alongside the zinc.

New facilities at Chanderiya were commissioned in May 2005, taking total zinc capacity from 220,000 tpa to 390,000 tpa. The project was delivered on time and significantly below our budget and the international benchmarks. HSL is already one of the lowest cost producers of zinc globally and the expansion will allow costs to be reduced further.

A new 50,000 tpa lead smelter is also being built, which will take total capacity to 85,000 tpa and should be commissioned by the end of the financial year.

Korba power plant (BALCO)



Aluminium is a significant user of power and the new facilities at Korba are being accompanied by a 540 MW power plant, to be powered with local coal.

The total expansion is due to be commissioned in March 2006, but we anticipate starting to use the power plant in July 2005.

The plant consists of four units which will be introduced in stages as production at the new smelter is ramped-up.

Korba aluminium smelter (BALCO)



The facilities at Korba are being expanded with a new 250,000 tpa aluminium smelter to take total production from 135,000 tpa to 385,000 tpa. This new plant uses the latest technology from GAMI in China.

The project is due to be commissioned in March 2006 and some of the 288 pots are already being tested and are producing metal.

The completion of the smelter and power plant will transform our Aluminium Business, increasing output and reducing costs.

Sterlite Industries (India) Limited

Turnover	EBITDA	Production	SIIL and Subsidiary Operating companies	Activity
Rs. 4279 crores	Rs. 439 crores	171,992 MT	CMT 100%	Copper smelter and refinery with our mines supplying approximately 20% of copper concentrate requirements
PY Rs. 3290 crores	Rs. 421 crores	178,654 MT	TCM 100%	

Copper operations began with Sterlite Industries (India) Ltd. (SIIL). SIIL specializes in smelting and refining of Copper. The initial processing of Copper is done at the smelter in Tuticorin, India. Being a port, Tuticorin is ideal for the import of concentrate and the export of finished Copper. Silvassa gives the advantage of being in close quarters of the Indian industrial belt. SIIL had a domestic market share approximately 40%.

The Copper operations span Australia, where two Copper mines, supply around 20% of the company's Copper concentrate requirements.

Turnover	EBITDA	Production	Subsidiary and Operating companies	Activity
Rs. 1216 crores	Rs. 262 crores	100,272 MT	BALCO 51%	Integrated aluminium producers
PY Rs. 1006 crores	Rs. 195 crores	97,023 MT		

BALCO is based in Central India and has a capacity of 1,00,000 tpa. The company has their own bauxite mines, where bauxite is converted to Alumina and then to Aluminium. There also are facilities to produce rolled sheets and other value added products.

Zinc

Turnover	EBITDA	Production	Subsidiary and Operating companies	Activity
Rs. 2440 crores	Rs. 1015 crores	212,445 tonnes	HZL 64.9%	Integrated zinc producers
PY Rs. 2079crores	Rs. 868 crores	220,664 tonnes		

The Zinc business is propelled by Hindustan Zinc Limited. (HZL). HZL is the only integrated Zinc company in India. With a capacity of producing 2,10,000 tpa of Zinc, the Group caters to almost 75% of India's Zinc requirements. India's rapid strides in the fields of infrastructure and construction has generated more demand for Zinc over the past few years.

The Company is in entire gamut of Zinc operations right from mining to providing the finished metal. Raw material is largely generated from the Rampura Agucha mine, a place known for its low cost and high-grade ore.

The production of Zinc also generates a considerable quantity of Lead, which is also smelted at HZL.

Sustainable Growth

Employees

Care is taken that the role of an efficient team is not underrated in the success of the organization. Hence, the company has always strived to nurture and reward its employees for their efforts. With a business ethics policy ample and equal opportunities are provided to all through a change management programme. Employees' families are also provided support through the provision of housing, schools, medical and recreational facilities.

Emphasis is also on employee training programmes so that the employees are constantly able to improve technically and technologically. Efforts are made to ensure that employees are able to align company's objectives with their own objectives so that they are motivated and see the big picture in totality. The Group has around 12,300 employees in India.



Health, Safety and Environment

All sites and plants follow high safety standards. Having won several safety awards time and again it has confidence in its policies. In March 2002, Tuticorin Smelter received the British Safety Council five star award, the first Copper Smelter in the world to achieve such a rating. In September 2003, the National Safety Award was presented to HZL's Debari Zinc Smelter by the Indian Ministry of Labour for taking initiatives in industrial safety.

Many of sites systems are certified ISO: 18001 and are on a journey of continual improvement in the areas of Occupational Health & Safety.

To broad-base safety consciousness among all employees, an intranet based system has been introduced wherein employees can report immediately about the safety hazards. Regular audits on safety by competent agencies are important part of Health & Safety programme.

Being committed to the issues of environment, the Company's operations are always in harmony with the environment.

As a routine Group policy, several projects are undertaken on ongoing basis in areas of water conservation, solid waste management, improving air quality.

A review of environmental impacts is an ongoing process at all our sites.

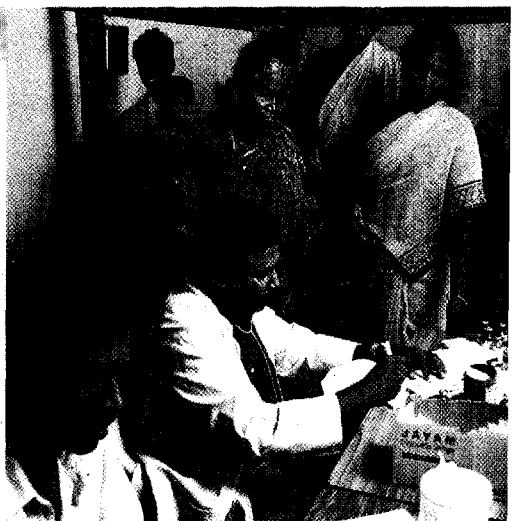


Social Responsibility

Prime importance is laid on leveraging our success to create better lives for masses at large.

Various units of Company have heralded changes in their surrounding areas. Sterlite Industries (India) Ltd., Tuticorin, runs rural health clinics to provide quality healthcare and free medicines. It organizes health camps in various other villages. It actively supports Vidya Prakasham, a special school for mentally challenged children.

On its part, BALCO has taken up the cause of medical services for 20 villages around its Korba unit. It has also set up self help groups for women, wherein women are imparted skills like tailoring, artwork, embroidery, basket weaving, etc

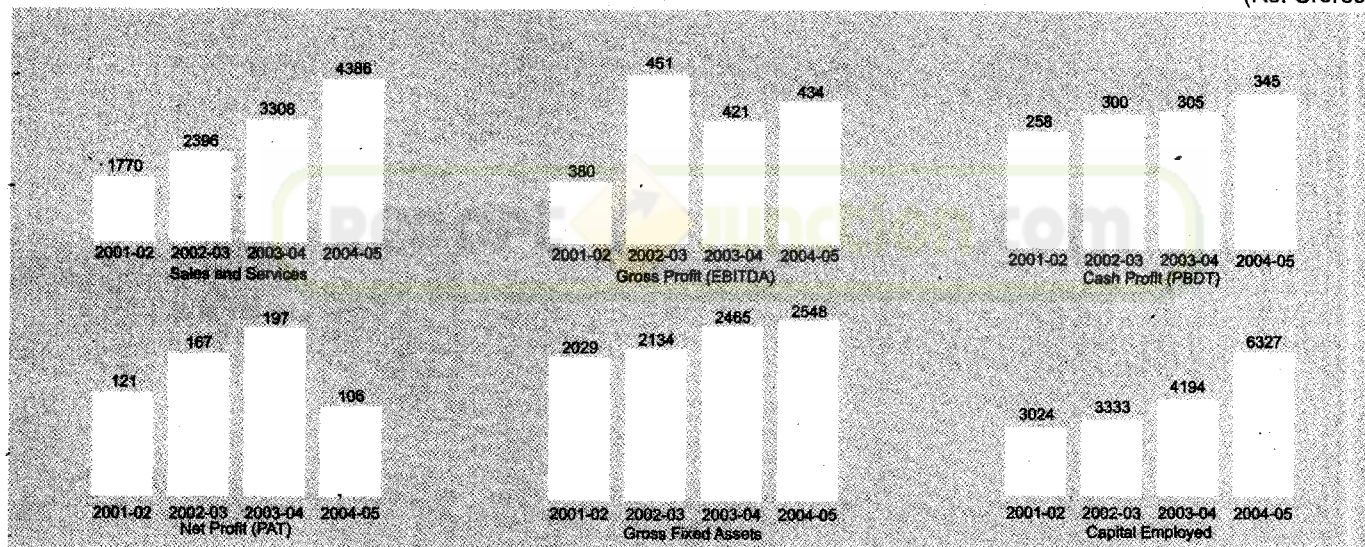


Highlights for 2005

Sterlite Industries (India) Limited

- Gross turnover (including other income) up 30% (Rs. 3308 crores to Rs. 4386 crores)
- Cash Profit up by 13% (Rs. 305 crores to Rs. 345 crores)
- PBT (before extra-ordinary items) up by 17% (Rs. 197 crores to Rs. 231 crores)
- Export up 6% from (84,295 MT to 89,296 MT)
- COP of Copper Cathode down from 7.4 Cents/Pound to 7.05 Cents/Pound
- Interest cost down by Rs. 350 M Avg. Interest rate from 8.25% to 4.84%

(Rs. Crores)



(Rs. Crores)

	2001-02*	2002-03	2003-04	2004-05
Sales & Services				
(including Other Income)	1770	2396	3308	4386
Gross Profit (EBITDA)	380	451	421	434
Cash Profit (PBDT)	258	300	305	345
Net Profit (PAT)	121	167	197	106
Gross Fixed Assets	2029	2134	2465	2548
Net Current Assets	577	470	715	1526
Capital Employed	3024	3333	4194	6327

*Annualized