



Sterlite Industries (India) Limited

ANNUAL REPORT 2007-08

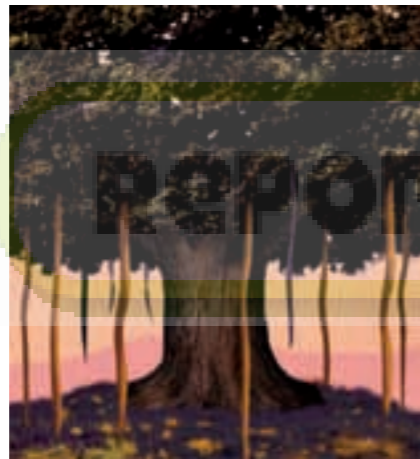


Sterlite is India's largest non-ferrous metals and mining company based on net sales with interests and Operations in aluminium, copper, zinc and lead. It is a subsidiary of Vedanta Resources plc, a London-based diversified FTSE 100 metals and mining group.

Sterlite has world class copper smelting and refinery operations in India. Its main operating subsidiaries are Hindustan Zinc Limited for its zinc and lead operations; Copper Mines of Tasmania Pty Limited for its copper mine in Australia; and Bharat Aluminium Company Limited for its aluminium operations. The company is in the process of setting up a 2,400MW independent power plant through its wholly owned subsidiary, Sterlite Energy Limited.

Sterlite is listed on the Bombay Stock Exchange and National Stock Exchange in India and the New York Stock Exchange in the United States.

# ENDURING VALUE THROUGH VALUES



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## CORPORATE INFORMATION

### Board of Directors

Mr. Anil Agarwal  
Chairman

Mr. Navin Agarwal  
Executive Vice-Chairman

Mr. Dwarka Prasad Agarwal  
Mr. Ishwarlal Patwari  
Mr. Sandeep Junnarkar  
Mr. Gautam Doshi  
Mr. Berjis Desai

Mr. Kuldip Kumar Kaura  
Managing Director and  
Chief Executive Officer

Mr. Tarun Jain  
Whole-time Director

### Company Secretary

Mr. Narendra Mehra

### Auditors

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

### Registered Office

Sterlite Industries (India) Limited,  
SIPCOT Industrial Complex,  
Madurai Bye Pass Road,  
T V Puram P.O., Tuticorin – 628 002,  
Tamil Nadu, India.

### Corporate Office

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

### Transfer Agents

Karvy Computershare  
Private Limited,  
Plot No 17 – 24, Vittal Rao Nagar,  
Cyberabad, Madhapur,  
Hyderabad – 500 081  
Phone: 040 23420815 – 824,  
Fax: 040 23420814  
E-mail: einward.ris@karvy.com

### Bankers

ABN Amro Bank N.V.  
ANZ Banking Group Ltd.  
Bank of India  
Calyon Bank  
Central Bank of India  
CITI Bank  
DBS Bank Ltd.  
Deutsche Bank AG  
HDFC Bank Ltd.  
HSBC Ltd.  
ICICI Bank Ltd.  
IDBI Bank Ltd.  
ING Vysya Bank Ltd.  
JP Morgan Chase Bank  
Oriental Bank of Commerce  
Standard Chartered Bank  
State Bank of India  
Syndicate Bank

# HIGHLIGHTS

## FINANCIALS

- **Rs. 28,438 crore.** Consolidated revenue for 2007-08
- **Rs. 9,434 crore.** EBITDA for 2007-08
- **Rs. 6,274 crore.** PAT for 2007-08
- **Rs. 65.19.** Consolidated EPS for 2007-08

## MARKET CAPITALISATION

- **Rs. 50,565 crore.** Sterlite's market capitalisation as on 31 March 2008
- **108%.** Total shareholder return for 2007-08
- **Listed on the NYSE.** June 2007. Largest ever IPO in the USA by any Indian company

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## COPPER

- **339,294 tonnes.** Highest ever production
- **Efficient by-product management.** Highest ever sale of sulphuric acid and gypsum

## ZINC-LEAD

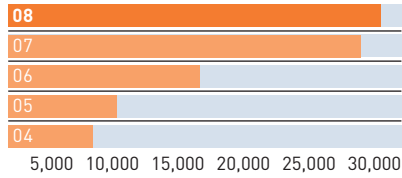
- **426,323 tonnes.** Highest ever refined zinc production
- **58,247 tonnes.** Highest ever refined lead production
- **170,000 tonnes.** Hydro II zinc smelter at Chanderiya, commissioned in December 2007, in a record time of 20 months – three months ahead of schedule. Achieved rated capacity within a month of operations

## ALUMINIUM

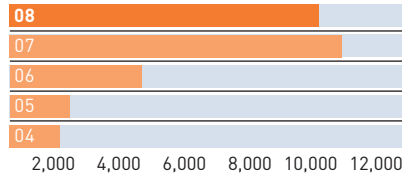
- **358,671 tonnes.** Highest ever production
- **358,328 tonnes.** Highest ever sales of aluminium

# CONSOLIDATED PERFORMANCE

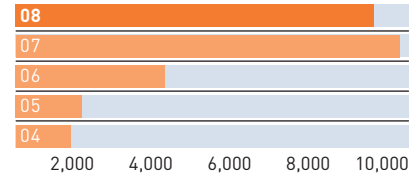
**SALES AND SERVICES RS. CR**



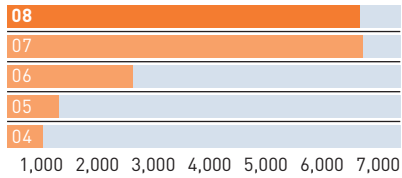
**GROSS PROFIT EBITDA RS. CR**



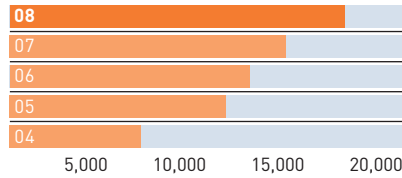
**CASH PROFIT PBDT RS. CR**



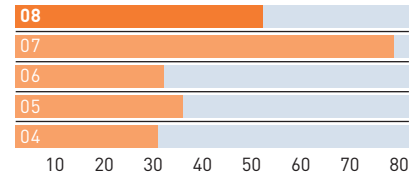
**NET PROFIT PAT RS. CR**



**GROSS FIXED ASSETS RS. CR**

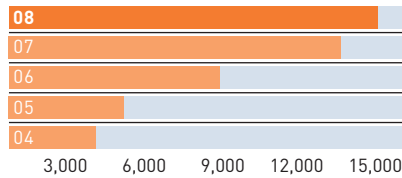


**RETURN ON CAPITAL EMPLOYED ROCE %**

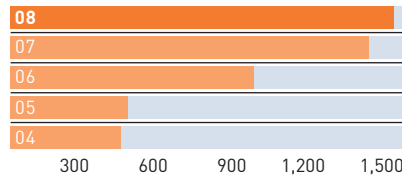


# STANDALONE PERFORMANCE

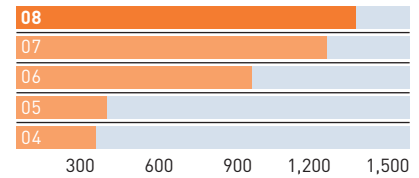
**SALES AND SERVICES RS. CR**



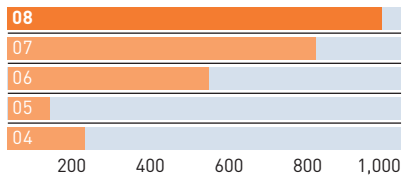
**GROSS PROFIT EBITDA RS. CR**



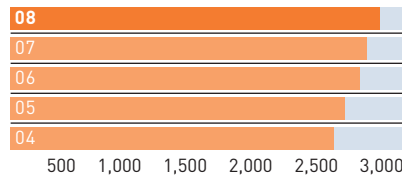
**CASH PROFIT PBDT RS. CR**



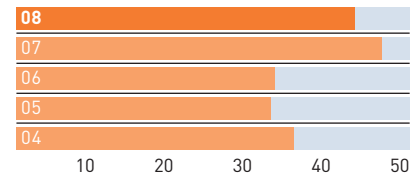
**NET PROFIT PAT RS. CR**



**GROSS FIXED ASSETS RS. CR**

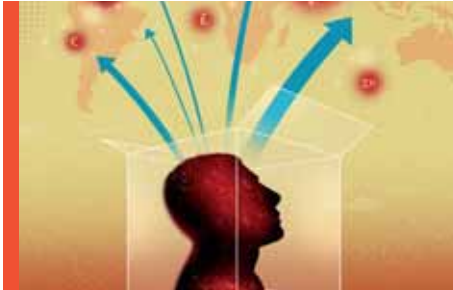


**RETURN ON CAPITAL EMPLOYED ROCE %**



# ENDURING VALUE THROUGH

## OUR VALUES



### ENTREPRENEURSHIP

We foster an entrepreneurial spirit throughout our businesses and value the ability to foresee business opportunities early in the cycle and act on them swiftly. Whether it be developing organic growth projects, making strategic acquisitions or creating entrepreneurs from within, we ensure an entrepreneurial spirit at the heart of our workplace.



### GROWTH

We continue to deliver growth and generate significant value for our shareholders. Moreover, our organic growth pipeline is strong as we seek to continue to deliver significant growth for shareholders in the future. We have pursued growth across all our businesses and into new areas, always on the basis that value must be delivered.



### EXCELLENCE

Achieving excellence in all that we do is our way of life. We strive to consistently deliver projects ahead of time at industry-leading costs of construction and within budget. We are constantly focused on achieving a top decile cost of production in each of our businesses. To achieve this, we follow a culture of best practice benchmarking.



### TRUST

The trust that our stakeholders place in us is key to our success. We recognise that we must responsibly deliver on the promises we make to earn that trust. We constantly strive to meet stakeholder expectations of us and deliver ahead of expectations.



### SUSTAINABILITY

We practice sustainability within the framework of well defined governance structures and policies and with the demonstrated commitment of our management and employees. We aim not only to minimise damage to the environment from our projects but to make a net positive impact on the environment wherever we work. We fully recognise the importance of including local communities and other key stakeholders in our development strategy to ensure that our impact is positive.

# VALUES

- **88,000 tonnes zinc** smelting capacity debottlenecking in Chanderiya & Debari
- **Several improvement projects** voluntarily undertaken by our employees including research on beneficial use of solid wastes

- **37% – Five year compounded growth in revenue**
- **93% growth in market capitalization** as compared to the previous year
- Successfully completed expansion projects across our copper, zinc and aluminium businesses on which we have spent **Rs. 16,956 crores since fiscal 2004**
- **Rs. 3,602 crores** expansion projects under implementation in zinc and lead

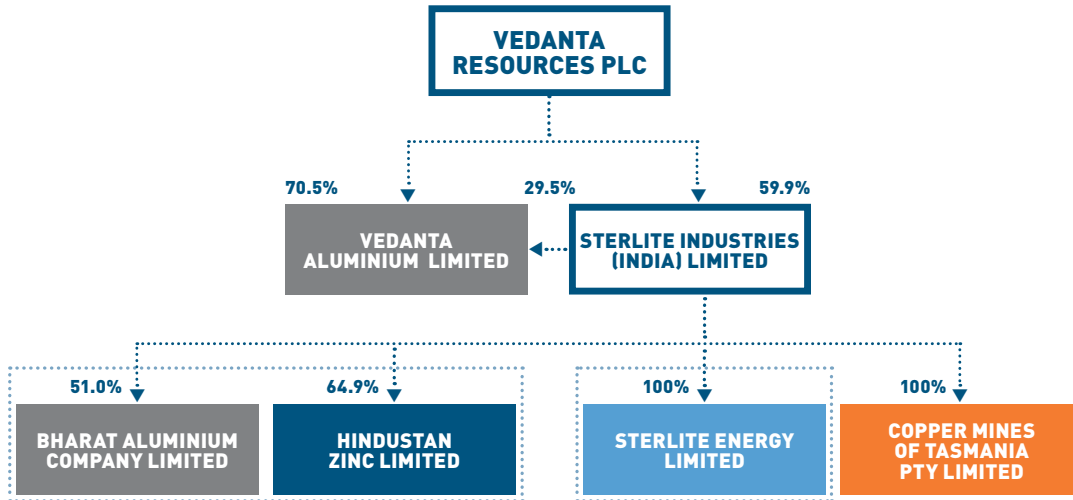
- **Frost & Sullivan, India Manufacturing Excellent Award, 2007: Platinum Award** for Silvassa copper refinery, and the **Gold Award** for Tuticorin unit
- **170,000 tpa** Chanderiya Hydro II zinc smelter commissioned in a benchmark time of 20 months
- Exploration led **28.7 million tonnes** increase in zinc-lead mineral resource in 2007-08

- **Several public private partnership** social development projects implemented
- Our ability to **attract the talent** and its retention

- CII National award for excellence in **Energy & Water Management** for Sterlite
- **TERI Corporate Social Responsibility Award 2007** for Hindustan Zinc
- **LTIFR at 0.115 in 2007-08**

# STERLITE AT A GLANCE

## GROUP STRUCTURE

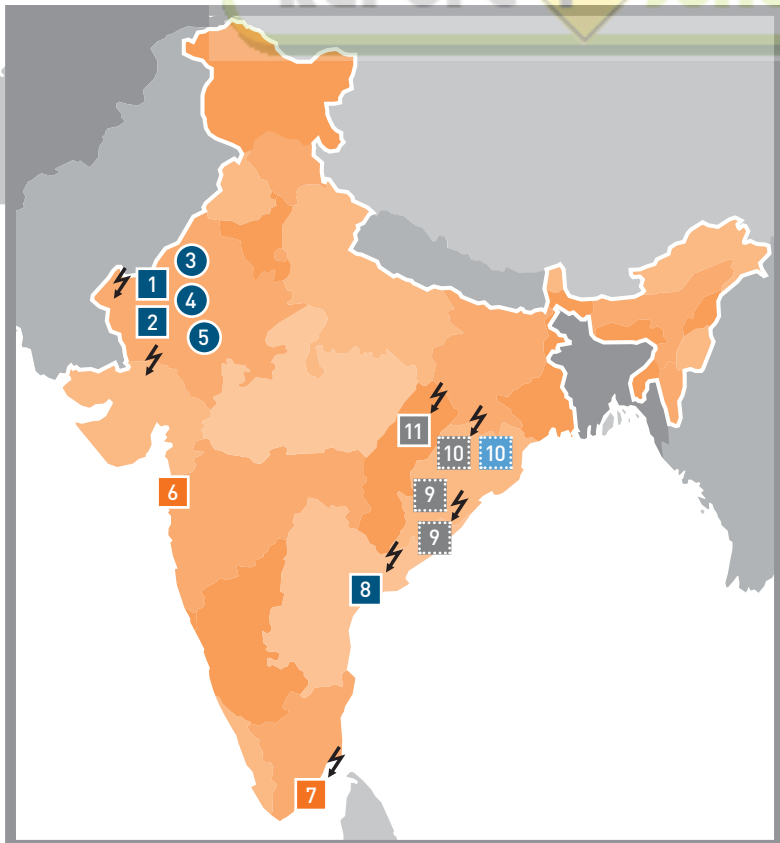


Our principal operations are located in India, where we have a substantial market share in each of our main metals: aluminium, copper, zinc and lead. There is also a copper mine in Australia.



- Aluminium
  - Copper
  - Zinc
  - Power
  - ⋯ Projects under development
  - ⚡ Captive power plant
- 1 Debari smelter
  - 2 Chanderiya smelters
  - 3 Rampura-Agucha mine
  - 4 Rajpura Dariba and Zawar mines
  - 5 Sindesar Khurd mine
  - 6 Silvassa refinery
  - 7 Tuticorin smelter and refinery
  - 8 Vizag smelter
  - 9 Lanjigarh mine and refinery (VAL)
  - 10 Jharsuguda Aluminium (VAL) and Commercial Power project
  - 11 Korba smelter
  - 12 Mt. Lyell mine





# CHAIRMAN'S STATEMENT

Fiscal 2008 was another excellent year for Sterlite. A significant increase in volumes across all our metals combined with productivity gains and stable operating costs delivered industry-leading growth and returns for our shareholders.

## 2008 HIGHLIGHTS

We achieved consolidated revenues of Rs. 28,438 crore and consolidated EBITDA of Rs. 9,434 crore. Consolidated profits after tax were Rs. 6,274 crore.

I am also happy to report that in June 2007 Sterlite completed its US ADS offering, successfully raising \$2 billion, the largest ever IPO by an Indian company in the US at that time.

We continue to offer a unique investment story by delivering expansion projects ahead of schedule and within budget, in a challenging environment. We have significant near term organic growth projects across our businesses.

## ACCELERATING ORGANIC GROWTH

Our goal is to generate strong financial returns and create a world class metals and mining company. To achieve this, we will take full advantage of our competitive strengths.

We continue to remain focused on asset optimisation and reducing the cost of production. We made good progress this year with the substantial increase in our zinc-lead reserves and resources by 28.7 million tonnes on the back of a strong exploration effort, the completion of the 88,000 tonne debottlenecking project in Hindustan Zinc and the efficient by-product management at our Tuticorin smelter. The overall result of several ongoing

efficiency initiatives has helped maintain stability in operating costs and increase in productivity and volumes.

We continue to deliver projects at industry leading benchmark capital costs, within budget and ahead of schedule. Our 170,000 tonne Hydro II zinc smelter at Chanderiya was commissioned in December 2007, three months ahead of schedule. We also recently announced expansion projects that will increase our total integrated zinc-lead capacity to 1,065,000 tonnes per annum, which when completed we expect will make us the world's largest integrated zinc-lead producer. This expansion is also expected to gradually increase our silver production from 2.8 million oz to over 16.1 million oz per annum.

A total of 68.8 MW of wind power capacity was commissioned during the year, taking our total installed green wind energy capacity to 107.2 MW. I am also happy to report that work on the 2,400MW independent power project at Jharsuguda remains on track for progressive commissioning from December 2009.

## PEOPLE

Driving our achievements and success is our dedicated and talented workforce of nearly 13,000 people. I would like to thank them for their superior efforts this year. We remain committed to continuing to provide a challenging and

rewarding work environment for all our employees.

I would also like to thank all my fellow directors for their invaluable contribution to our decision making and the healthy and constructive direction and support they provide our management team.

## SUSTAINABLE DEVELOPMENT

We see sustainable development and Corporate Social Responsibility (CSR) matters as central to the way that we conduct our business and recognise that our obligations to society include ensuring that we manage our health, safety, environmental and social impacts, risks and opportunities effectively.

Our approach and engagement with communities within which we operate is holistic and robust. Our work encompasses 378 villages across India positively enhancing the quality of life of over two million people.

We conceived the "Integrated Village Development Program" as a benchmark to address the sustainable and inclusive growth goals of the communities where we operate. This community development model is aligned to the Millennium Goals to best provide for a longer-term socio-economic impact and inclusive growth. It has been successfully implemented in 32 villages in Rajasthan.