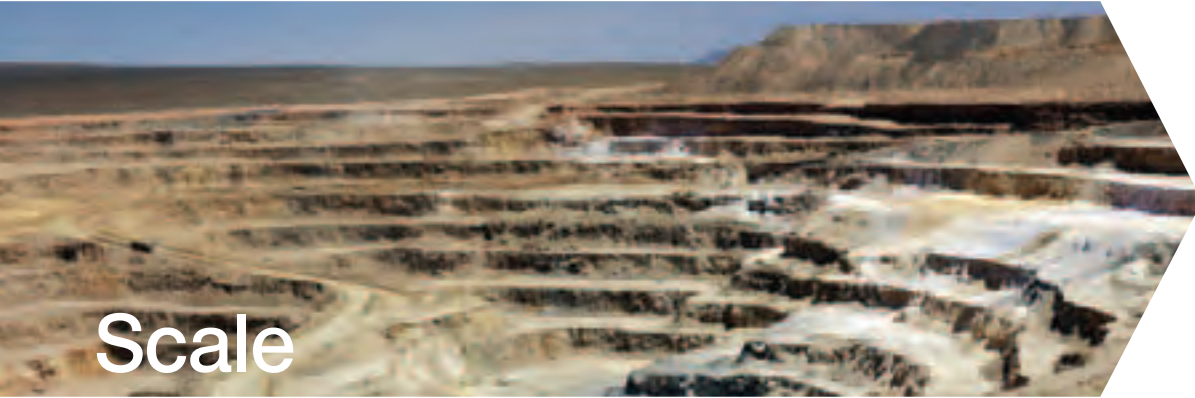




Diversification



Scale



Expertise



Sustainability

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Chairman's Message



Management Discussion and Analysis



Sustainability

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Our Vision

To be a world class diversified natural resources company providing superior returns to our shareholders.

Our Values



DIVERSIFIED

We produce aluminium, copper, zinc, lead, silver and power from our operations around the world.



SCALE

We have an extensive mining and production infrastructure matched by substantial reserves and resources.



EXPERTISE

We focus on building high quality, low cost assets on a sustainable basis.



SUSTAINABILITY

Our sustainability model comprises three pillars - Responsible Stewardship, Building Strong Relationships, Adding and Sharing value.



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.



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.



GROWTH

We continue to deliver industry leading growth and generate significant value for our shareholders. Moreover, our organic growth pipeline is strong and we are confident that we will 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.



SUSTAINABILITY

We practice sustainability within the framework of well defined governance structures and policies and with the demonstrated commitment of our management and employees.



EXCELLENCE

Achieving excellence in all that we do is our way of life. We consistently deliver projects ahead of time at industry-leading costs of construction and within benchmark costs. 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.

Highlights for FY 2011-12

FINANCIALS

₹ **40,967** Crore

Consolidated turnover

+35%

₹ **23,403** Crore

Cash and liquid investments

₹ **10,169** Crore

EBITDA

+26%

₹ **11,913** Crore

Exports

₹ **7,761** Crore

PAT

+6%

₹ **5,500** Crore

Contribution towards Indian exchequer in terms of taxes, duties and royalties

₹ **4,828** Crore

Attributable Profit

₹ **2** per share

Highest ever Dividend

₹ **14.4**

Consolidated EPS

CONSOLIDATED FINANCIAL RESULTS

(₹ in Crore except as stated)

Particulars	2011-12	2010-11	% change
Revenue	40,967	30,248	35%
EBITDA	10,169	8,050	26%
EBITDA margin	25%	27%	
Profit After Tax	7,761	7,322	6%
Attributable PAT	4,828	5,043	-4%
Basic Earnings Per Share (in ₹ per share)	14.4	15.0	
Underlying Earnings Per Share (in ₹ per share)	16.7	15.0	
ROCE (%)	16%	16%	
Dividend per share (₹)	2.0	1.1	

BUSINESS HIGHLIGHTS 2011-12



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COPPER

- > Cathode production of 326 kt up by 7.2%
- > Achieved highest ever copper recovery of 98.28%
- > Achieved zero cost of production



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ZINC, LEAD & SILVER INDIAN OPERATIONS

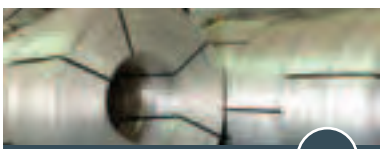
- > Highest ever refined zinc and lead production of 759 kt and 99 kt, respectively
- > Record silver metal production of 242 MT, up 35% over previous year
- > Maintained lowest quartile cost position
- > FY 2011-12 gross addition of 27 mt to Reserves and Resources prior to depletion of 8 mt
- > Commissioned 100 ktpa lead smelter at Dariba increasing total refined lead capacity to 185 ktpa
- > 350 tonne per annum (tpa) silver refinery taking total silver refining capacity to 518 tpa



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ZINC-LEAD INTERNATIONAL OPERATIONS

- > Integration successfully completed
- > Stable operating performance, higher volume of 444 kt as compared to 434 kt in previous year
- > Mine life extended at all three locations



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ALUMINIUM

- > Hot metal production of 246 kt
- > Valued added products - Highest ever production of Rods -168 kt and Rolled Products - 70 kt

VEDANTA ALUMINIUM

- > Highest ever alumina production of 928 kt
- > Record aluminium production of 430 kt



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POWER

- > Record power sales of 7,579 million units, up by 183% from previous year
- > Commissioned two 600 MW units of the SEL power plant and the fourth 600 MW unit under trial run.
- > 150 MW wind power expansion completed during the year taking the green power generation capacity to 274 MW



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PORT & INFRASTRUCTURE PROJECT

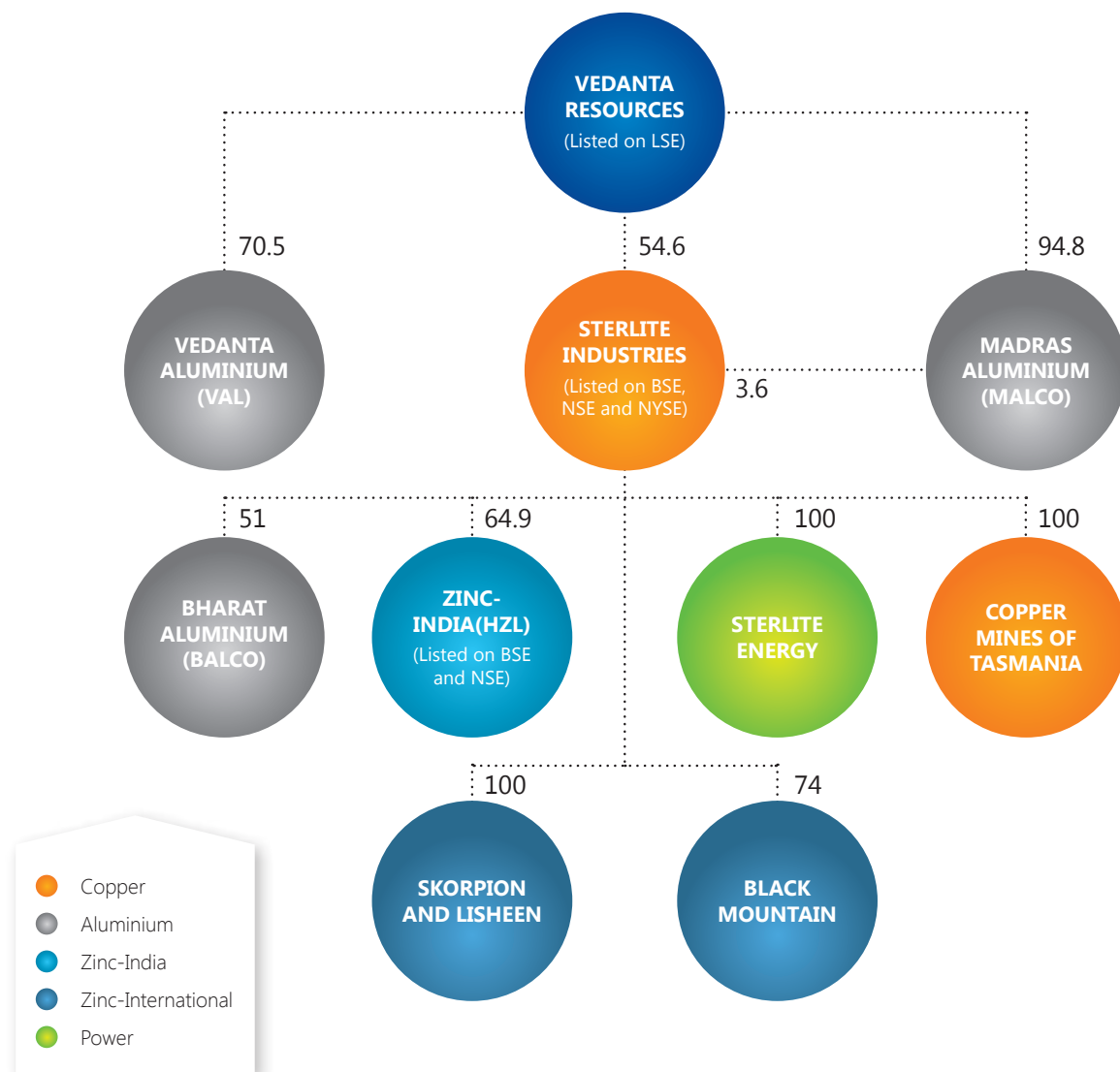
- > Construction of coal handling berth at Vizag is expected to complete October 2012

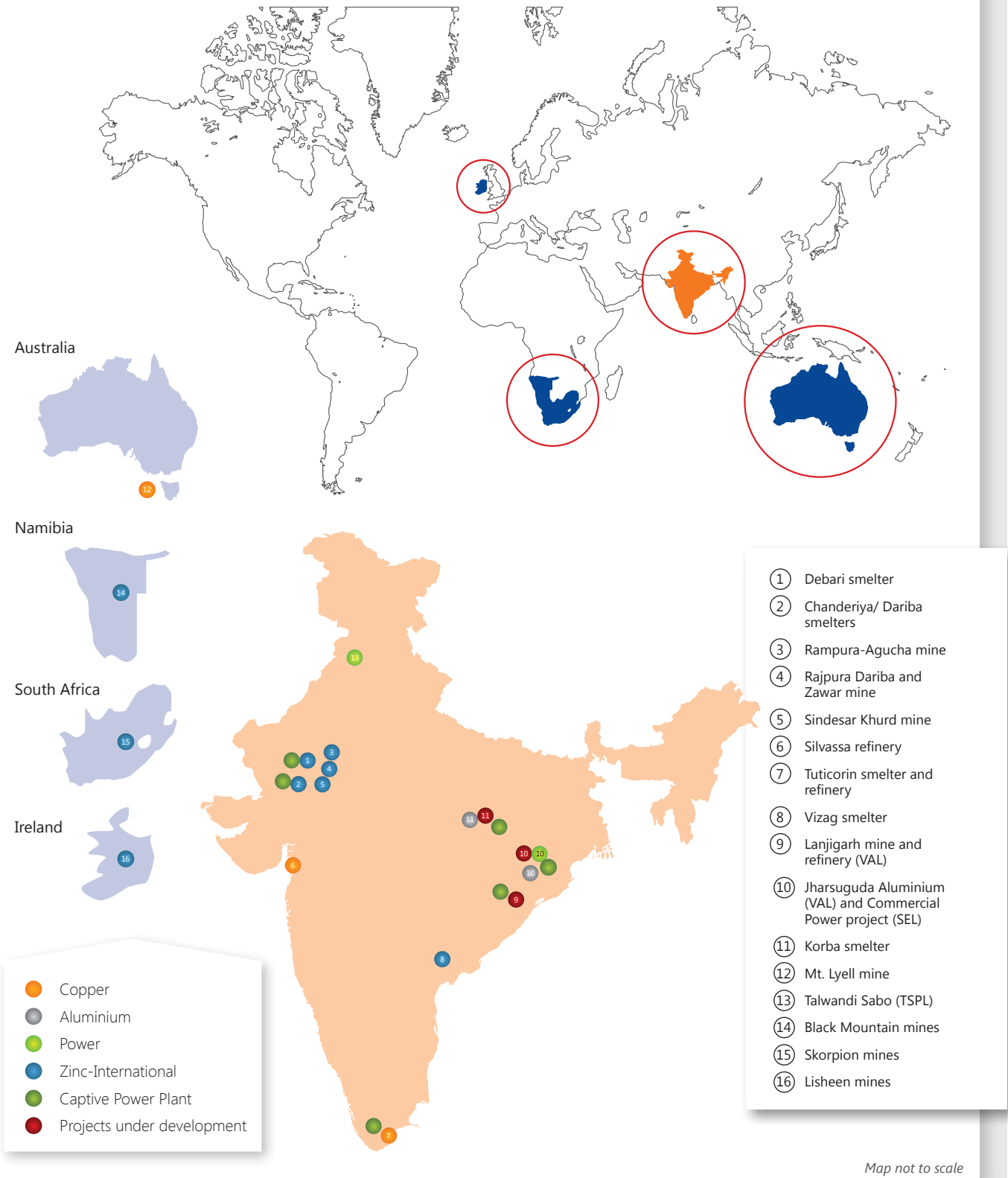
Sterlite at a Glance

Our principal operations are located in India, where we have a substantial market share in each of our main metals: aluminium, copper, zinc, lead and silver. We have integrated Zinc International entities in Namibia, South Africa and Ireland. We also operate a copper mine in Australia.

GROUP STRUCTURE

(Percentage Shareholding as of March 31, 2012)





A Diversified Portfolio

COPPER

We have an custom copper smelting operations in India and our Australian mines produce copper for our Indian smelting operations.

Key Strengths

- > One of the world's lowest cost copper smelter in Tuticorin, India
- > Copper rod production facilities in India

Key Statistics

- > Current Capacity: India 400 ktpa
- > No of employees: 1,221

POWER

We are expanding our independent power plants (IPP) rapidly, with new plants at Jharsuguda and Talwandi Sabo India coming on stream alongside growth in our wind energy capacity.

Key Strengths

- > One of the largest IPP in the private sector in India
- > Significant 'green energy' capacity

Key Statistics

- > Current Capacity: Independent coal-based power: 2,070 MW; Wind power: 274 MW
- > No of employees: 266

ALUMINIUM

Our integrated aluminium business is well-located in the bauxite and coal reserve rich region of India encompassing mines, smelters and associated captive power plants.

Key Strengths

- > 245 ktpa smelter now operational in Korba, India
- > Captive bauxite mines in Chhattisgarh, India

Key Statistics

- > Current Capacity: Aluminium smelting: 245 ktpa; Captive power: 5400 MW
- > No of employees: 3,978

ZINC-LEAD / SILVER

We are the world's largest integrated zinc producers with operations in India, Namibia, South Africa and Ireland. We operate the world's largest zinc mine, the Rampura Agucha Mine in India, and are one of the leading global silver producers.

Key Strengths

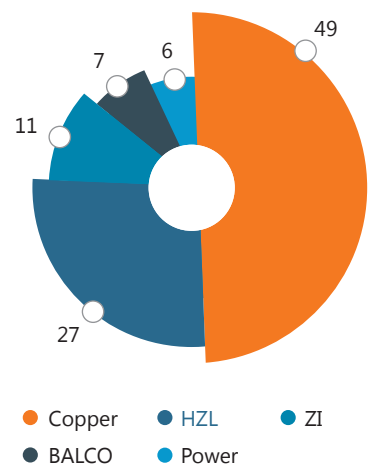
- > One of the world's largest undeveloped zinc deposits in Gamsberg, South Africa
- > Silver-rich ore from Sindesar Khurd mine in India

Key Statistics

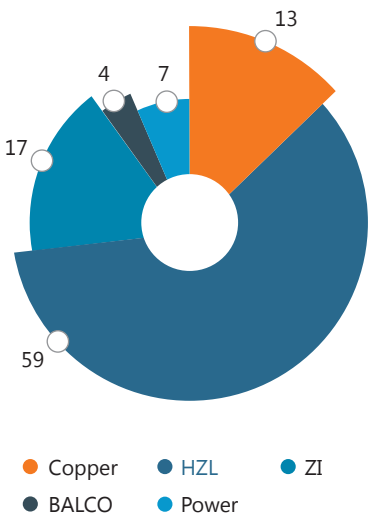
- > Current Capacity: Zinc-Lead: 1.5 mtpa; Silver: 518 MT
- > No of employees: 8,060

SEGMENT CONTRIBUTION 2011-12

Revenue (%)



EBITDA (%)



Consolidated Performance

Revenue (₹ in Crore)

41,179	2011-12
30,429	2010-11
24,682	2009-10
21,448	2008-09
25,047	2007-08

EBITDA (₹ in Crore)

10,169	2011-12
8,050	2010-11
8,031	2009-10
6,858	2008-09
9,434	2007-08

Cash Profit (PBDT) (₹ in Crore)

12,174	2011-12
10,221	2010-11
7,689	2009-10
6,461	2008-09
9,116	2007-08

Attributable Profit (₹ in Crore)

4,828	2011-12
5,043	2010-11
3,744	2009-10
3,540	2008-09
4,399	2007-08

Gross Fixed Assets (₹ in Crore)

52,259	2011-12
43,339	2010-11
29,263	2009-10
22,365	2008-09
17,025	2007-08

Net Worth (₹ in Crore)

46,056	2011-12
41,435	2010-11
37,012	2009-10
25,613	2008-09
22,303	2007-08

Chairman's Message

OVERVIEW

The year FY 2011-12 has been a transformational year for Sterlite. Your company has made considerable progress in the execution of its strategy this year, delivering production growth and increasing reserves and resources, completing Zinc International acquisition. Over the years, Sterlite has become a world-class, diversified resources company, contributing around ₹ 5,500 Crore to the Indian exchequer in terms of taxes, duties and royalties.

ROBUST FINANCIAL RESULTS

Despite volatile economy conditions, Sterlite increased volumes across most of its commodities and successfully integrated recent Zinc International acquisition, which contributed to our strong revenue growth, which were up 35% at ₹ 40,967 Crore. In line with the revenue growth, FY 2011-12 EBITDA grew 26% to ₹ 10,169 Crore. We continue to maintain a strong and liquid balance sheet with Cash and liquid investments of ₹ 23,403 Crore.

STRONG OPERATIONAL PERFORMANCE

Record production of Refined Zinc, Lead including Silver and Power and increased contributions from the Zinc International assets were the key drivers of our strong operational performance as our growth projects started to yield results.

The ramp up of the silver-rich Sindesar Khurd mine and the new Silver refinery delivered an impressive 35% increase in Silver production for the year, with production reaching a new high of 242 tonnes and contributing ₹ 1,014 Crore to EBITDA in FY 2011-12.

The commissioning of two 600 MW power plant at the 2,400 MW SEL power plant and the Lead smelter



Anil Agarwal, Chairman

at Dariba significantly boosted our power generation and lead production.

This performance is the result of the hard work and commitment of our 13,525 employees across the organization and on behalf of the Board; I would like to thank them for their contribution to this excellent performance.

GLOBAL MARKETS

Despite volatile global market conditions, demand for commodities remained strong throughout the year, driven by economic growth and urbanization in emerging economies, which account for approximately 94% of our revenues. Commodity prices were strong in the first half of FY 2011-12, but corrected in the second half of the year, with the end result that prices for silver moved up substantially, zinc prices fell and copper TC/RCS, aluminium and lead were ahead of the previous year.

Growth rates in India, our home market, moderated to 6.9% due to higher inflation. Demand for natural resources however continued its upward trend particularly for aluminium with India projected to become the second largest consumer of aluminium in Asia during CY 2012.

Over the long-term, we believe that the increasing size of the domestic market in India and favourable demographics will continue to drive robust economic growth. We meet 82% of India's Zinc consumption and approximately 46.5% of its Copper and Lead requirements.

KEY STRATEGIC DEVELOPMENTS

Growth

We continued to focus on extending our existing resources and growing our assets organically, investing in projects that expand our high quality asset base, zinc assets life and increase our production volumes. During the year, we invested ₹ 7,439 Crore in our organic growth programme, increasing production of Zinc-Lead, Silver, Copper, Aluminium, and Power. We have successfully completed the integration of the assets acquired from Anglo American last year, now our Zinc International business. The assets we acquired also included the Gamsberg deposit in South Africa, which is one of the largest undeveloped zinc deposits in the world. With a resource base of 186 mt, Gamsberg has the potential to deliver over 400 ktpa over a mine life of more than 20 years and a feasibility study is underway to scope the project.