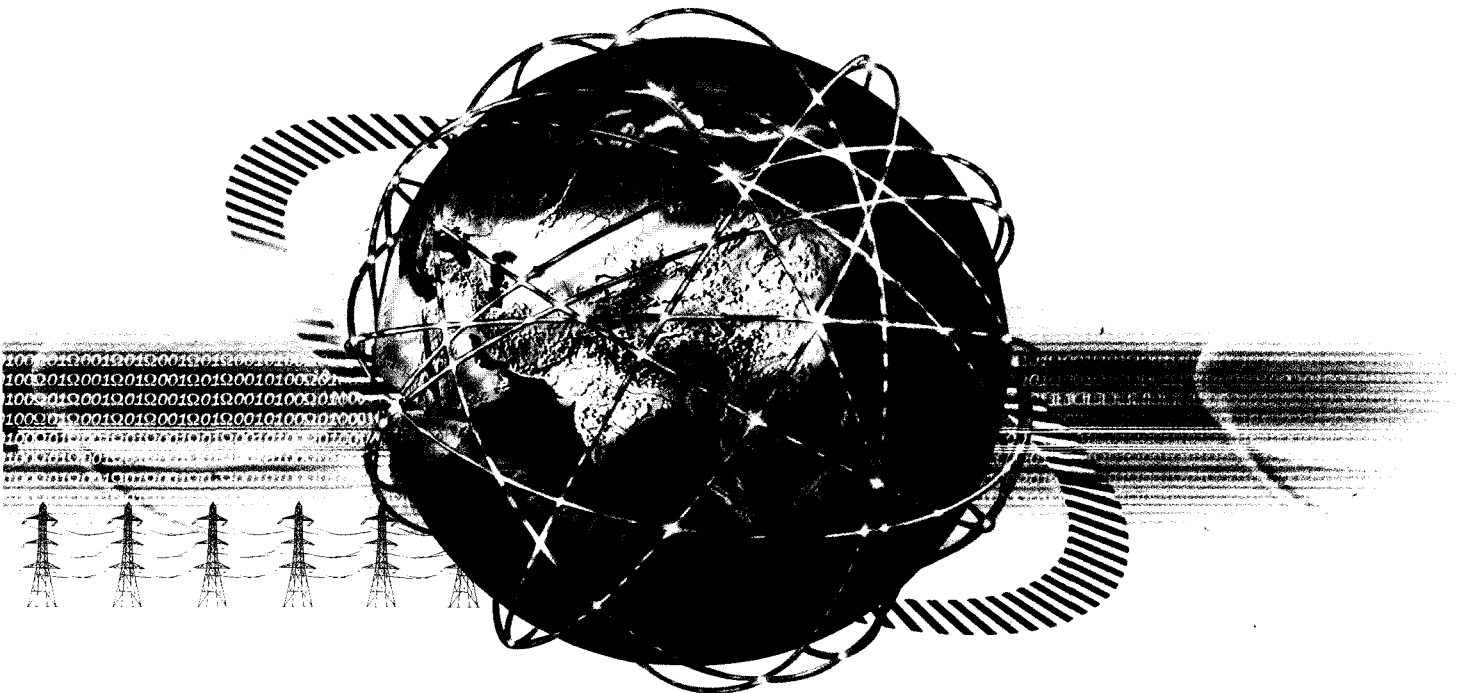


Report

Technology, Knowledge, Infrastructure to

**Bring the World Closer... Fast!**



Fiber to Every Home  
Power to Every Village

# Contents

Highlights of 2006-07	01
Financial Overview 2002 - 2006	02
Our Products	05
Board of Directors	06
Management Committee	07
Message from the Chairman	08
Message from the CEO	09
Management Discussion & Analysis Report	11
Directors' Report	21
Corporate Governance Report	27
Research, Product Development & Intellectual Property	38
New Products 2006 - 07	40
Human Resources	41
Health, Safety & Environment	43
Sustainable Development Report	44
Auditor's Report	45
Balance Sheet	49
Profit and Loss Account	50
Schedules to Accounts	51
Cash Flow Statement	76
Balance Sheet Abstract	78
Locations	79

# Highlights of 2006 - 07

## BUSINESS PERFORMANCE

- Net Revenue Rs. 11,982 Million, EBITDA Rs. 1,191 Million and PAT Rs. 509 Million
- Net Revenue up by 119%, EBITDA and PAT increased by 43% and 25% respectively over the last fiscal
- Basic EPS Rs. 8.59 (each share of face value of Rs. 5)
- Acquisition of the Power Transmission Business from Sterlite Industries (India) Limited from July 2006
- Revenues from exports up by 250% over that in the last fiscal

## NEW PRODUCTS

- Sterlite DOF-LITE™ ITU-T G.655 D and E range of Optical Fiber Products for access networks
- Sterlite ADSL 2+ Wireless and Wireline Modems for broadband applications

## INTELLECTUAL PROPERTY

- Total of 5 patents granted for Optical Fiber Products and Processes in the European Union, India and China

## CERTIFICATIONS / APPROVALS

- ISO 14001:2004 Environment Management System for Optical Fiber Plant
- British Safety Council (BSC) 5 Star Rating for Optical Fiber Plant
- RoHS Compliance for all Optical Fiber Products as per European Union Directive for Restriction of Hazardous Substances
- Underwriters Laboratories (UL) Certification for Cat 3, 4, 5, 5E and 6 Data Cables
- Six-Sigma Black Belt certifications by American Society for Quality (ASQ)

## AWARDS AND LISTINGS

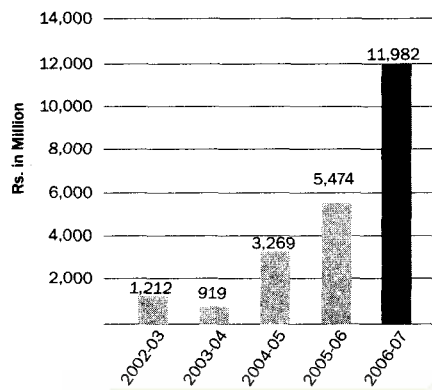
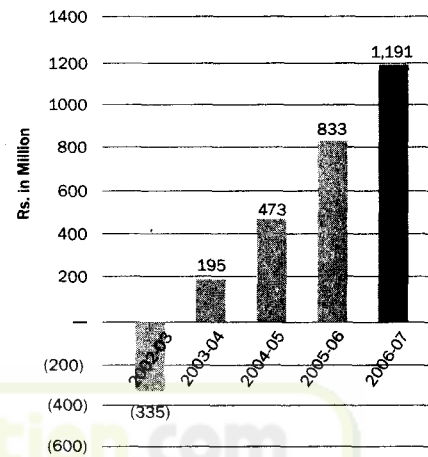
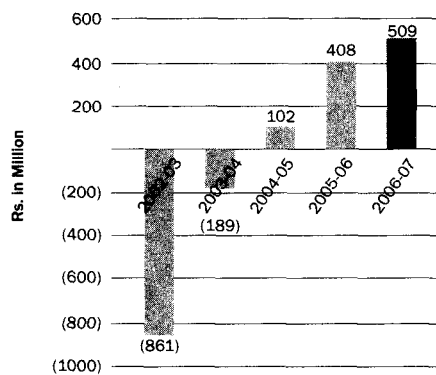
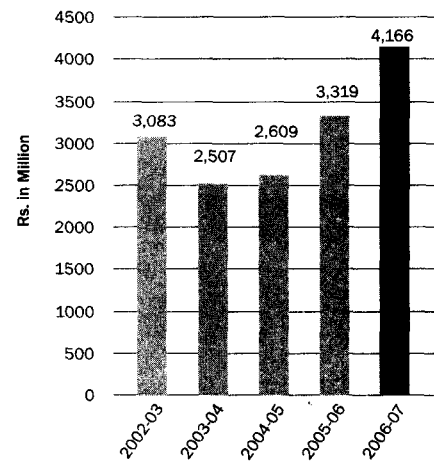
- Deloitte Technology Fast 500 Asia Pacific Award 2006 (Rank#73) & Fast 50 India Award 2006 (Rank#6)
- ELCINA Award for R&D for invention of Low Water Peak Optical Fiber
- IMC-Ramkrishna Bajaj National Quality Award - Quality Commendation Certificate for 2006 for Manufacturing (Optical Fiber Plant)
- Top Telecom Cables Company 2006 as per annual V&D100 Survey
- Listed among 'Dun & Bradstreet India's Top 500 Companies', 'EFY Top 100 Companies' & 'ET500 Fastest Growing Companies in India'

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## Financial Overview 2002 - 2006

US\$ In Million	2006 - 07	2005 - 06	2004 - 05	2003 - 04	2002 - 03
Net Revenue	265	124	73	20	25
EBITDA	26	19	11	4	(7)
PBDT	19	15	8	1	(12)
PBT	12	9	2	(5)	(18)
PAT	11	9	2	(4)	(18)
Net Worth	96	76	60	58	71
Capital Employed	230	128	93	96	126
Basic EPS	0.19	0.16	0.04	-0.07	-0.32
Rs. In Million					
Net Revenue	11,982	5,474	3,269	919	1,212
% Growth	119	67	256	(24)	(80)
EBITDA	1,191	833	473	195	(335)
% Growth	43	76	143	(158)	(120)
% to Net sales	10	15	14	21	(28)
PBDT	847	671	369	65	(584)
% to Net sales	7	12	11	7	(48)
PBT	531	382	103	(216)	(861)
% to Net sales	4	7	3	(24)	(71)
PAT	509	408	102	(189)	(861)
% to Net sales	4	7	3	(21)	(71)
Net Worth	4,166	3,319	2,609	2,507	3,083
Capital Employed	10,014	5,697	4,075	4,184	6,002
Return on Capital Employed%	8.74	9.53	5.07	(2.08)	(10.20)
Interest Coverage ratio	3.46	5.16	4.55	1.51	(1.35)
Working Capital Ratio	3.23	2.91	1.64	2.06	2.86
Debt Equity Ratio	1.41	0.72	0.56	0.67	0.95
Basic EPS	8.59	7.27	1.83	-3.38	-15.38

**Net Revenue****EBITDA****Net Profit****Net Worth**

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## Our Products

### OPTICAL FIBER

BEND-LITE™ Single Mode Optical Fiber  
BEND-LITE™ (E) Single Mode Optical Fiber  
OH-LITE™ Single Mode Optical Fiber  
PMD-LITE® Single Mode Optical Fiber  
DOF-LITE™ (RS) Single Mode Optical Fiber  
DOF-LITE™ (LEA) Single Mode Optical Fiber  
DOF-LITE™ (Metro) Single Mode Optical Fiber  
MULTI-LITE™ 50/125 Multi Mode Optical Fiber  
MULTI-LITE™ 62.5/125 Multi Mode Optical Fiber

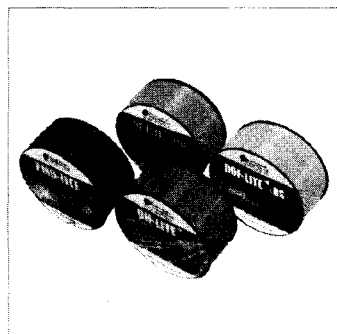
### FIBER OPTIC CABLES

ADSS Fiber Optic Cable Series  
ARMOR-LITE™ Fiber Optic Cable Series  
Breakout Fiber Optic Cable Series  
Dielectric Fig-8 Fiber Optic Cable Series  
DROP-LITE™ Fiber Optic Cable Series  
DUCT-LITE™ Fiber Optic Cable Series  
Duplex Fiber Optic Cable  
Duplex Flat Fiber Optic Cable  
FRP Armor-LITE™ Fiber Optic Cable Series  
Indoor Distribution Fiber Optic Cable Series  
Indoor-Outdoor Fiber Optic Cable Series  
Micro-Duct Fiber Optic Cable Series  
Ribbon Cord Fiber Optic Cable Series  
RIBBON-LITE™ Fiber Optic Cable Series  
Simplex Fiber Optic Cable  
Tactical Fiber Optic Cable Series

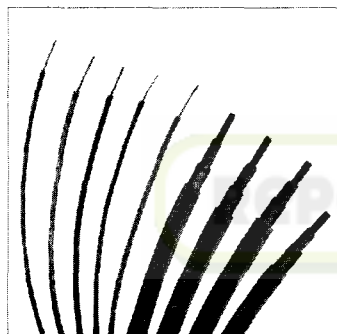
### POWER TRANSMISSION CONDUCTORS

AAAC (All Aluminum Alloy Conductor)  
AAC (All Aluminum Conductor)  
AACSR (Aluminum Alloy Conductor Steel Reinforced)  
ACAR (Aluminum Conductor Alloy Reinforced)  
ACSR (Aluminum Conductor Steel Reinforced)

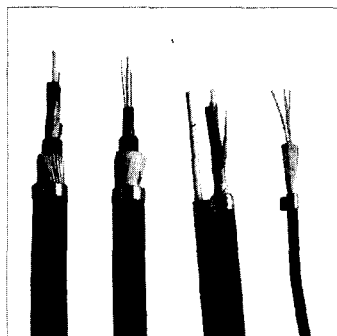




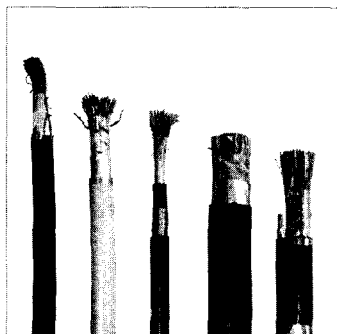
Optical Fiber



Power Transmission Conductors



Fiber Optic Cables



Copper Telecom Cables

### COPPER TELECOM CABLES

- Cat 3 Indoor Copper Cable
- Cat 3 Self Supporting Fig-8 Aerial Copper Cable
- Direct Buried Armored Copper Cable
- Duct / Direct Buried Unarmored Copper Cable
- Indoor Individual Pair Screened Copper Cable
- Internal Exchange Telephone Copper Cables
- Outdoor Screened PCM Copper Cable
- Self Supporting Dry Core Aerial Copper Cable
- Self Supporting Jelly Filled Aerial Copper Cable

### STRUCTURED DATA CABLES

- Cat 5 Fig-8 Self Supporting Cable
- Cat 5 Indoor Cable
- Cat 5e Drop Cable
- Cat 5e LAN Cables
- Cat 6 LAN Cables
- Combo Cable

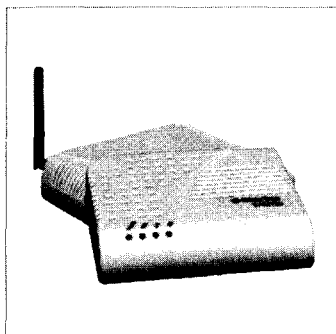
### CUSTOMER PREMISE EQUIPMENT (CPE)

- SAM100 Dual Port ADSL 2+ Modem
- SAM200 Wireless Dual Port ADSL 2+ Modem
- SAM300 Multi Port ADSL 2+ Modem
- SAM400 Wireless Multi Port ADSL 2+ Modem

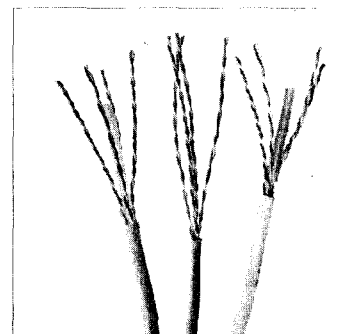
### ALUMINUM AND ALLOY RODS

- Grades 1050, 1080, 1120, 1350, 5052, 6101, 6061, 6201

### CABLE ACCESSORIES



ADSL2+ Modems



Structured Data Cables

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## Board of Directors



### **Anil Agarwal - (Non-Executive Chairman)**

Anil Agarwal founded the Sterlite Group in 1976 and has been overseeing the Sterlite Group's operations since its inception. Anil Agarwal is the Executive Chairman of Vedanta Resources Plc, Sterlite Industries (India) Limited, Bharat Aluminum Company Limited (BALCO) and is a director of Hindustan Zinc Ltd (HZL) and Vedanta Alumina Limited. He has over 30 years of experience in business strategy, general management and commercial matters.



### **Navin Agarwal - (Non-Executive Director)**

Navin Agarwal has been overseeing the Sterlite Group's operations since its inception. Navin Agarwal is Deputy Executive Chairman of Vedanta Resources Plc, Executive Vice Chairman of Sterlite Industries (India) Limited, Chairman of Konkola Copper Mines (KCM-Zambia) and MALCO and is also a director of Bharat Aluminum Company Limited (BALCO), Hindustan Zinc Ltd (HZL) and Vedanta Alumina Limited. He has over 20 years of experience in business strategy, general management and commercial matters.



### **Arun Tadarwal - (Non-Executive & Independent Director)**

Arun Tadarwal, Partner of Tadarwal & Tadarwal, a firm of Chartered Accountants based in Mumbai, holds a Bachelors Degree in Commerce and is a member of The Institute of Chartered Accountants of India. Mr. Tadarwal has rich and varied experience spanning over two decades in Finance and Audit.



### **A. R. Narayanaswamy - (Non-Executive & Independent Director)**

A. R. Narayanaswamy is an Audit Practitioner & runs a Management Consultancy catering to the Pharmaceutical, Chemical, Engineering and Hospitality sectors. Narayanswamy is a Chartered Accountant by profession and his experience spans over 30 years



### **Haigreave Khaitan - (Non-Executive & Independent Director)**

Haigreave Khaitan, Partner of Khaitan & Co, a firm of lawyers based in Mumbai, holds a Bachelors Degree in Legislative Laws. Mr. Khaitan has varied experience spanning 8 years in Commercial and Corporate laws, Tax laws, Mergers and Acquisitions, Restructuring, Foreign Collaboration, Licensing etc.



### **Pravin Agarwal - (Whole-time Director)**

Pravin Agarwal has been closely involved with the Vedanta Group's operations in India. In addition to overseeing the Telecom Sector Businesses of the Vedanta Group, Mr Pravin Agarwal has been closely associated with Sterlite's Power Transmission Line Business. His rich experience in general management and commercial matters spans over 25 years.



### **Anand Agarwal - (CEO & Whole-time Director)**

Anand Agarwal joined Sterlite in 1995 and has held various positions including manufacturing, quality assurance and business development. Prior to joining Sterlite, Anand worked with Siemens. Anand holds a Bachelor of Technology degree in Metallurgical Engineering from the Indian Institute of Technology (IIT - Kanpur); and his Master's degree and Ph.D. in Materials Engineering from the Rensselaer Polytechnic Institute, USA.



# Management Committee

## **Anand Agarwal** - (CEO & Whole-time Director)

Anand joined Sterlite in 1995 and has held various positions including manufacturing, quality assurance and business development. Prior to joining Sterlite, Anand worked with Siemens. Anand holds a Bachelor of Technology degree in Metallurgical Engineering from the Indian Institute of Technology (IIT - Kanpur); and his Master's degree and PhD in Materials Engineering from the Rensselaer Polytechnic Institute, USA.

## **Anupam Jindal** - (Chief Financial Officer)

Anupam joined Sterlite in 1998 and since then has worked with the Group's Aluminum Foils and Copper Telecom Cables businesses, before heading finance and accounts at Sterlite's Australia operations. His key focus areas have been Finance, Treasury, Accounts and Management Information System. Anupam holds a degree in Chartered Accountancy from the Institute of Chartered Accountants of India.

## **Pankaj Khanna** - (Chief Operating Officer - Telecom Business)

Pankaj joined Sterlite in 2000 and was responsible for new projects for Sterlite's Optical Fiber Business. His key focus area has been process development & project management. Prior to joining Sterlite Pankaj worked with Mitsubishi Electric, Japan. Pankaj holds a Bachelor of Technology degree in Mechanical Engineering from the Indian Institute of Technology (IIT - Kanpur).

## **K S Rao** - (Chief Marketing Officer - Telecom Business)

K S Rao joined Sterlite in 1992 and since then has held various profiles within the company's telecom business. His key focus areas have been engineering, manufacturing, sales, marketing and business development. K S Rao holds a Bachelor's degree in Mechanical Engineering.

## **Anil Khandelwal** - (Vice President, Finance and Commercial - Power Transmission Business)

Anil joined Sterlite in 2002 and his key focus areas have been Finance & Commerce and General Management. His experience spans over 20 years with companies like Hindalco & Lotus 2000 Ltd, South Africa. Anil holds a degree in Chartered Accountancy from the Institute of Chartered Accountants of India.

## **Anil Sikka** - (Associate Vice President, Marketing - Power Transmission Business)

Anil joined Sterlite in 2005 and his key focus areas have been Marketing and General Management. His experience spans over 22 years with companies like ABB, India & Bahwan Engineering Company, Oman. Anil holds a Bachelor's degree in Electrical Engineering from Indian Institute of Technology (erstwhile University of Roorkee), Roorkee and a Masters in Management & Systems from Indian Institute of Technology (IIT - Delhi).

## **Ajay Bakshi** - (Head - Human Resources)

Ajay joined Sterlite in 2004 and headed the Learning and Development function at Vedanta Resources Plc. Prior to joining Sterlite, Ajay worked with Castrol, Gillette and Kotak Mahindra Life Insurance. His experience spans over 13 years and his key focus areas have been Learning & Development, Talent and Performance Management. Ajay holds a Degree in Mechanical Engineering from MIT, Manipal and a MBA from Pune University.

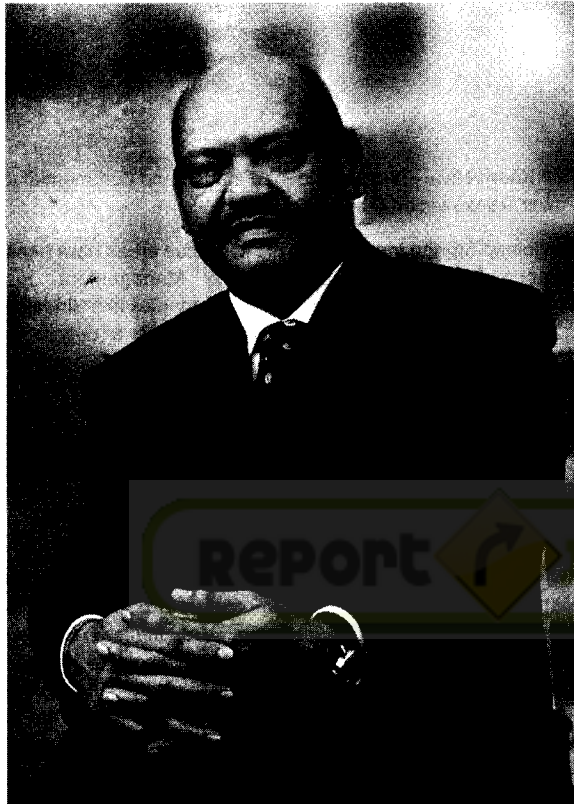
## **Dharmendra Jain** - (General Manager, Finance, Banking & Treasury - Power Transmission Business)

Dharmendra joined Sterlite in 1997 and his key focus areas are Finance, Treasury, Taxation, Commercial, Accounts & MIS. His experience spans over 16 years with companies like Indian Aluminium Cable Ltd (HDC Group). Dharmendra holds degree for Chartered Accountancy from the Institute of Chartered Accountants of India.

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With privatization of Telecom and Power sectors, and increased globalization, Sterlite Optical Technologies has evolved into a company with a leadership in all its business segments in India and an increasingly strong global presence.



Dear Stakeholder,

As you are aware, Sterlite Optical Technologies is the Group's vehicle for participation in the growing infrastructure sectors of Telecom and Power. The Company remains a key part of the Group's overall vision of attaining a Leadership Position in all the businesses we operate in.

Post the telecom meltdown, the Company saw a couple of difficult years, but it has come a long way since its inception. Through focused efforts in backward integration, technological innovations and operational efficiencies, the Company has transformed from an India-centric, manufacturing based organization into a truly global, market-centric organization.

Indian manufacturing is now a global phenomenon and the Ministry of Communications has a definite mandate of making India into a Technology Manufacturing Hub. We believe we are uniquely positioned to capitalize on this opportunity.

During the last year, the Company acquired a power transmission business into its portfolio to participate in the

power growth story in India, which in my belief is similar to the telecom growth story.

The power transmission business is very synergistic with our telecom cables business. Globally, most companies have both power & telecom cables as business segments on account of sourcing, operational and selling synergies. This also ties in strategically with the Group's foray in the power generation business.

Till FY 2006, Sterlite Optical was essentially a telecom cables company with majority of its revenues coming from sales in the government sector in India, however this has significantly changed in the last year.

As industry leaders in India, we remain committed and would continue to contribute to India's growth in the telecom and power sectors. With privatization of these sectors, and increased globalization, SOTL has evolved into a company with a leadership in all its business segments in India and an increasingly strong global presence.

In both Optical Fiber & Power businesses, we are running at nearly 100% capacity and we have expansions underway. Going forward, we see the company evolving into a dominant position in its optical fiber business and power conductor business.

We continue to be very bullish about the growth in telecom and power sectors, and SOTL's positioning both in India and internationally. Our strategic path is to grow our business to a \$ 1 billion Company by 2010 and our vision is to be positioned within the Top 5 global companies, for each of our business segments. We believe we have the right leadership, the right team and the right technology to make this happen.

I take this opportunity to thank you, our shareholders, for your confidence in the Company and we look forward to continuing our service to you.

Anil Agarwal  
Chairman