

The World is Connected

**A behind the
scenes look at
Sterlite Technologies'
efforts to 'Connect
every home on the
Planet'**



The World is Connected

A BEHIND THE SCENES LOOK AT
STERLITE TECHNOLOGIES' EFFORTS TO
'CONNECT EVERY HOME ON THE PLANET'



All rights reserved. No part of this publication may be used or reproduced in any manner whatsoever, without written permission except in the case of brief quotations embodied in critical articles or reviews.

STERLITE TECHNOLOGIES LIMITED ("Sterlite") [BSE: 532374, NSE: STRTECH] is a leading global provider of transmission solutions for the power and telecom industries. Equipped with a product portfolio that includes power conductors, optical fibers, telecommunication cables and a comprehensive telecom systems / solutions portfolio, Sterlite's vision is to 'Connect every home on the planet'. Sterlite is also executing multi-million dollar power transmission system projects, pan-India. www.sterlitetechnologies.com

REGISTERED OFFICE: Survey No. 68/1, Rakholi Village, Madhuban Dam Road 396 230, Union Territory of Dadra & Nagar Haveli, India.

LOCATIONS: China, Denmark, India, Netherlands, Russia, South Africa, Taiwan, Turkey, United Arab Emirates, United Kingdom, United States of America.

BOARD OF DIRECTORS: Anil Agarwal, Arun Todorwal, A. R. Narayanaswamy, Haigreve Khaitan, Pravin Agarwal, Anand Agarwal

CHIEF FINANCIAL OFFICER: Anupam Jindal

COMPANY SECRETARY: Sandeep Deshmukh

MANAGEMENT COMMITTEE: Pravin Agarwal (Whole time Director), Anand Agarwal (CEO & Director), Anupam Jindal (CFO), K. S. Rao (COO – Telecom), Rajendra Mishra (COO – Power), Mandeep Bhatia (COO – Telecom Infrastructure), Pratik Agarwal (Head – Infrastructure Business), Prasanth Puliakottu (CIO), Dharmendra Jain (AVP – Finance).

AUDITORS: S R Batliboi & Company

BANKERS: Axis Bank, Bank of Baroda, Bank of India, Bank of Maharashtra, Barclays Bank, Citibank, Corporation Bank, DBS Bank, EXIM Bank, HDFC Bank, ICICI Bank, Kotak Mahindra Bank, Oriental Bank of Commerce, Punjab National Bank, State Bank of India, Union Bank, Yes Bank.

REGISTRAR & TRANSFER AGENTS: Karvy Compushare Private Limited, Unit – Sterlite Technologies Limited, Plot No 17 to 24, Vittalrao Nagar, Madhapur, Hyderabad – 500081, Andhra Pradesh, India. Phone: +91.40.23420818/828. Fax: +91.40.23420814. E-mail: einward.ris@karvy.com

FORWARD-LOOKING STATEMENT: In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements that we periodically make contain forward-looking statements that set out anticipated results based on the managements plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe that we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and estimates taken as assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

Publication designed by Quadrum Solutions Private Limited. www.quadrumltd.com

As a responsible corporate citizen, Slerlite welcomes and supports the 'Green Initiative' taken by the Ministry of Corporate Affairs, enabling the Company to effect electronic delivery of documents. This initiative will go a long way in conserving paper and also result in substantial savings on printing and posting of annual reports and other documents sent to shareholders. Members are requested to support this green initiative by updating their email addresses with the respective Depository Participants, in case of electronic shareholding; or registering their email addresses with the Company's Registrar and Transfer Agents, in case of physical shareholding. Join this cause and make the world a cleaner, greener and healthier place to live.

CONTENTS

Foreword	(Chairman's Message).....	5
----------	---------------------------	---

Introduction	(Letter to shareholders).....	6
--------------	-------------------------------	---

SECTION – I: A World of Connectivity

Chapter 1	Connecting the World (<i>Management Discussion and Analysis Report</i>).....	13
-----------	---	----

Chapter 2	Tying up the numbers (<i>Discussion on financials</i>)	29
-----------	---	----

SECTION – II: Sterlite's Inclusive Business Approach

Chapter 3	The Technology Interface (<i>Innovation and technology development</i>)	35
-----------	--	----

Chapter 4	The Leadership Standpoint (<i>Human resources</i>)	39
-----------	---	----

Chapter 5	The Process Network (<i>Information technology</i>)	43
-----------	--	----

Chapter 6	The Community Facet (<i>Sustainable development</i>)	45
-----------	---	----

SECTION – III: Sterlite’s Business Practices

Chapter 7	Charting Progress (<i>Directors’ report</i>)	51
Chapter 8	Demonstrating the Code (<i>Corporate governance report</i>)	64
Chapter 9	Bridging the Chasm (<i>Risk management</i>)	81

SECTION – IV: Sterlite’s Business Progress

Chapter 10	Auditors’ Report (<i>Standalone</i>)	87
Chapter 11	Financials (<i>Standalone</i>)	88
Chapter 12	Auditors’ Report (<i>Consolidated</i>)	127
Chapter 13	Financials (<i>Consolidated</i>)	128
Index	158

Foreword

Through human history, progress has been defined by a fundamental need for connectivity - connectivity between people, between places, in thoughts and of ideas.

The Industrial Revolution, the discovery of the structure of DNA and the invention of the 'Worldwide Web' remain amongst the milestone events that changed the course of recent history. Although these can be viewed as discrete events, when assessed holistically, it points to the reality that at a fundamental level, there exists an underlying connect without which none of the above could have been possible.

In a world that is increasingly reliant on connectivity, I believe that power and telecommunication are the two infrastructure platforms that have defined the progress of individuals, of organisations and of nations. There has been more economic progress made in the last 150 years since the commercialisation of power and telecommunication, than there has been through the last millennium.

In such dynamic global marketplaces, recognising and capitalising on market transitions before they occur provides a vital direction to an organisation's future growth strategy. Organisations need to develop and implement a multi-pronged strategy that encompasses a spectrum of aspects such as product development, research, people development, risk management, good governance standards and a responsibility to the community in which they operate.

Further, organisations have no choice but to adopt an inclusive and collaborative approach to ensure a strong connection with the needs of its stakeholders. By keeping a close ear to the ground, organisations can then make strategic decisions, investments and organisational moves to maintain their competitive advantage.

Power and telecommunication are the two infrastructure platforms that have defined the progress of individuals, of organisations and of nations.

'The World is Connected' is a comprehensive behind-the-scenes look at Sterlite's strategic decisions, investments, organisational capability building and business progress. Sterlite has maintained a judicious mix of facets that are critical for a successful organisation. This has resulted in sustained growth across its businesses and has strengthened its global leadership position.

Sterlite's insatiable desire for growth, backed by a clearly defined strategy and resilient demand for Sterlite's products and solutions, gives me immense optimism about the future.

ANIL AGARWAL

Chairman, Sterlite Technologies Limited

Introduction

Sterlite strives to connect our world

In a world obsessed with the need to interact and interconnect, power and telecommunication are two fundamental infrastructures that make this possible by augmenting individual and enterprise capabilities.

In both of these critical sectors, Sterlite has remained a significant contributor to the Indian and global economies by developing transmission solutions – connecting individuals, connecting enterprises and connecting nations.

Sterlite has maintained a keen balance in facilitating infrastructure effectiveness, whilst enhancing its business capabilities in power conductors, optical fiber, telecommunication cables, OPGW cables, data cables, telecom solutions and power grid infrastructure.

A mission to make it easier, faster and more cost-effective for service providers to build telecom and power infrastructure is what drives Sterlite's strategic decisions, investments, and organisational capability building. The Company continues to hone its intrinsic capabilities through focus on economies of scale, costs and technology advancements.

During FY11, Sterlite has achieved several noteworthy milestones that are inline with its long-term growth strategy:

- The Company achieved the highest sales volumes historically for its core businesses – power conductors, optical fibers cables.
- Good Tier-1 clients were added for all businesses, across geographies. Revenue from international sales in FY11 accounted for ₹ 700 crores, which is 31% of net revenues in FY10 and this has been achieved with a right mix of repeat orders from current customers and addition of new eminent global customers.
- The Company has enhanced its intellectual property portfolio with the grant of 7 more patents, taking the total up to 30.

Sterlite's business performance

Fiscal year 2010-11 closed with net revenue of ₹ 2,263 crores, EBITDA of ₹ 282 crores, PAT of ₹ 141 crores and EBITDA margin of 12%. The telecom business had revenues of ₹ 657 crores



at an EBITDA margin of 26% and the power business had revenues of ₹ 1,606 crores at an EBITDA margin of 7%.

Diluted EPS for the full year stands at ₹ 3.72 against ₹ 7.34 in the last year. At its meeting held on April 29, 2011, the Board of Directors of the Company recommended a dividend of 25% for the year, subject to approval from shareholders.

Globally, the power and telecommunication sectors have shown tremendous resilience, fuelled by large and coordinated stimulus from federal governments. This heralds the next wave of connectivity through broadband and power grids across the world.

Sterlite's achievements have been recognised with 18 awards during the year for excellence in human resources, financial reporting, environmental conservation, product sales and system integration. These awards include the '5th Employer Branding Awards 2010-11', '6th RASBIC Awards 2010-11', 'Global HR Excellence Awards 2010-11', 'LACP Spotlight Awards 2010', '2009/10 Vision Awards', '10th Greentech Environmental Excellence Award 2010', 'National Telecom Award 2010', 'Star Performer Silver Shield' and 'V&D100 Award 2010'.

Sterlite commences financial year 2011-12 with a strong order book of about ₹ 2,200 crores which is represented by a balanced mix of orders from prominent utilities like Power Grid Corporation of India, state transmission companies, electricity boards and telecommunication service providers from across the globe. A bulk of this order book would be executed during FY12.

Sterlite remains committed to develop infrastructure, to make the world even more connected

Sterlite's success comes from recognising and capitalising on market transitions before they occur. Sterlite's goal is to capture these market transitions as per applications desired by its clients, and by recognising major technologies and markets, that would play a crucial role in the future of power and telecommunications.

Globally, the power and telecommunication sectors have shown tremendous resilience, fuelled by large and coordinated stimulus from federal governments. This heralds the next wave of connectivity through broadband and power grids across the world.

A mission to make it easier, faster and more cost-effective for service providers to build telecom and power infrastructure is what drives Sterlite's strategic decisions, investments and organisational capability building.

To fuel this growing need for critical transmission solutions, Sterlite has undertaken capacity enhancements of its power conductors to 200,000 MT and optical fiber to 20 million-km, with project completion well on track. Further, Sterlite has agreed to form a joint venture company Jiangsu Sterlite Tongguang Fiber Company Limited in China to manufacture, market and distribute optical fiber used in the production of fiber optic cables.

With a resolute belief that the right infrastructure is crucial to India's future economic progress, Sterlite recently made its foray in the transmission grid ownership space. During FY11, the Company won two new projects for development of India's transmission systems on 'Build, Own, Operate and Maintain' (BOOM) basis. Sterlite now has a portfolio of three projects with a total value of about ₹ 4,000 crores (~US\$ 900 Million) for power transmission systems with a network of about 2,200 km of transmission lines and 2 substations.

To address the critical challenges in improving efficiencies in new telecom and power infrastructure, Sterlite increased the breadth of its portfolio by introducing new products and solutions like bend-free fiber, OPGW cables and fiber connectivity solutions.

Sterlite also entered into a strategic relationship with CTC Cable Corporation, USA for manufacture specialty ACCC® power conductors for the Indian market. These conductors would offer India a unique ability to increase the current carrying capacity of existing lines and to significantly improve the overall economics on new lines.

Sterlite has had several significant achievements in FY11 that have paved the path for its sustained growth and for a world that is even more connected.

Pravin Agarwal

Whole time Director
Sterlite Technologies Limited

Anand Agarwal

Chief Executive Officer
Sterlite Technologies Limited