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CONNECTING

Volume - 10

EVERY HOME ON THE PLANET

Building data and power transmission highways

FEATURE STORY:
PROFIT BY NUMBERS



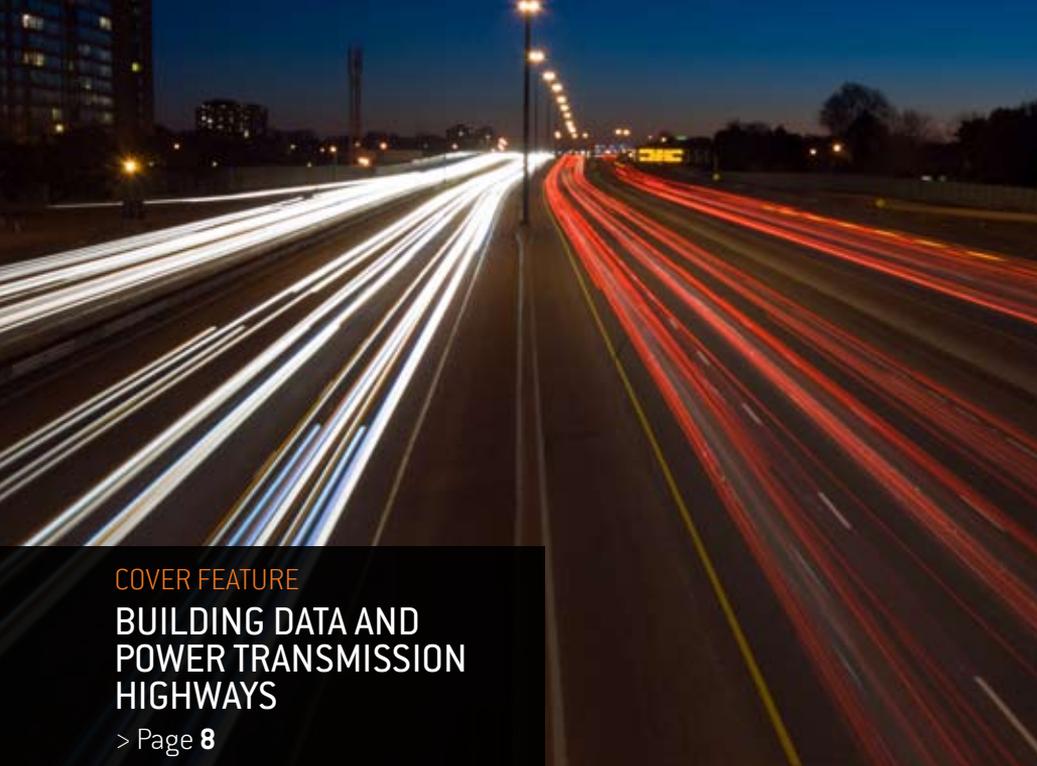
COLUMN:
HUMAN CAPITAL: THE NEW CORPORATE WEALTH STANDARD



Sterlite ECO.101
Go Green



LEADER SPEAK:
FROM THE CHAIRMAN'S DESK



STERLITE TECHNOLOGIES LIMITED
ANNUAL REPORT 2009-2010
www.sterlitetechnologies.com

REGISTERED OFFICE:

E1, MIDC Waluj, Aurangabad 431136,
 Maharashtra, India.

LOCATIONS:

China, Denmark, India, Netherlands, Russia,
 Saudi Arabia, South Africa, Taiwan, Turkey,
 United Arab Emirates, United Kingdom, United
 States of America

BOARD OF DIRECTORS:

Anil Agarwal, Arun Todarwal, 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 & Whole-time Director], Anupam
 Jindal [CFO], Anuraag Rai [VP-Human Resources],
 Rajendra Mishra [COO – Power], K S Rao [COO –
 Telecom], Prasanth Puliakottu [CIO], Dharmendra
 Jain [AVP – Finance].

AUDITORS: S R Batliboi & Co.

BANKERS:

Axis Bank, Bank of Baroda, Bank of India, Bank
 of Maharashtra, Barclays Bank PLC, Citi Bank,
 Corporation Bank, Exim Bank, HDFC Bank Ltd,
 ICICI Bank Ltd, Kotak Mahindra Bank, Oriental
 Bank of Commerce, Punjab National Bank, State
 Bank of India, Union Bank of India, Yes Bank

REGISTRAR & TRANSFER AGENTS:

Karvy CompuShare Private Limited, Unit – Sterlite
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 Nagar, Madhapur, Hyderabad – 500081, Andhra
 Pradesh, India. Phone: +91.40.23420818/828.
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 Email: 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 realized, 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 materialize, or should
 underlying assumptions prove inaccurate, actual results
 could vary materially from those anticipated, estimated or
 projected. Readers should bear this in mind.



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COVER FEATURE

**BUILDING DATA AND
 POWER TRANSMISSION
 HIGHWAYS**

> Page 8

Leader Speak

From the Chairman's desk 1

Business Highlights

The year that was 2
 In the news 3

Financial Performance

Powered by growth. Driven by
 performance 4

Business Performance

Letter to shareholders 6

Column

Human Capital: The new corporate
 wealth standard 25

Face-to-face

The new age of information
 technology 28

In focus

Sustainable Development: More than
 philanthropy 30

Technology

New product showcase 35
 View Point: Efficient power
 transmission systems 38

Board of Directors

..... 40

Reports

Directors' speak 42
 The age of governance 48
 Risk management: A close watch 59

Feature Story

Profit by numbers 61

Resources

Sterlite blog 127
 For your bookshelf 128

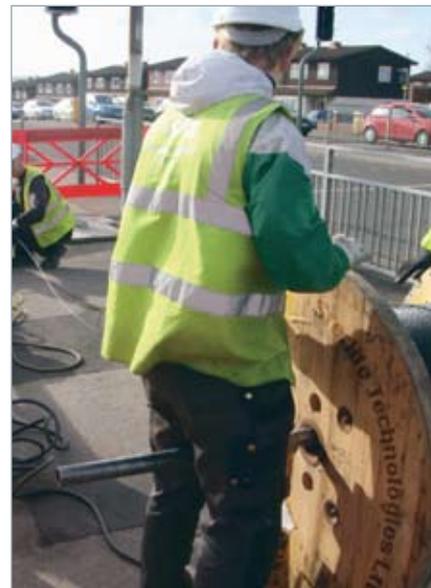
CASE STUDY

**STERLITE'S INNOVATIVE
 APPROACH TO ONBOARDING**

> Page 26

**STERLITE HELPS DUTCH
 CATV OPERATOR CUT THE
 COST OF FTTH DEPLOYMENT**

> Page 36



EXPERT OPINION

**INTELLECTUAL PROPERTY &
 PRODUCT DEVELOPMENT.**

> Page 32



From the Chairman's desk

“

Sterlite's success comes from recognising and capitalising on market transitions before they occur.”

I am delighted to report another excellent set of results in a challenging year of unprecedented global market transitions.

As we enter FY11, I am heartened by resilience shown in the power and telecommunication sectors, fuelled by large and coordinated stimulus from federal governments globally. I am very confident about the robustness of our business strategy to address the market opportunities and the success of our sustained growth programme.

Business Strategy

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

We continue to drive our business through scaling of volume, enhancement of our global client footprint, stringent focus on costs and advances in technology. We also ensure a strong connection with the needs of our stakeholders, which enables us to make strategic decisions, investments, and organisational moves to support the future.

Sustainable Development

Sterlite has a long-standing commitment to sustainable development, and we believe that business today has greater responsibility than ever before to

enhance society's overall well-being. We continue to proactively foresee social and environmental factors that would influence our businesses in the long-term and proactively prepare for those changes.

We believe that we can impact the environment in a positive way through the use of technology. We live by our organisational belief to conduct our operations in a responsible way, with a minimal impact on the environment, through the simple mantra of 'reduce, reuse and recycle.' We endeavour to build products that are more efficient and which would help to reduce the global carbon footprint.

Ensuring the safety of all our employees is also key priority for us, and the Board remains committed on continuously focussing on this crucial area. We remain focussed on active engagement with our key stakeholders, increasing transparency and building a strong legacy in the sustainability space.

Leadership & People

Our able leadership team has been instrumental in delivering unrivalled growth at global benchmark standards. I am confident that this will help us maintain sustainable growth and maximise shareholder value.

I am proud of the knowledge and intellectual capital that our young professional workforce brings to the organisation. The successes that I have been able to report are due to their outstanding commitment.

On behalf of the Board I would like to thank our employees for their contribution to the excellent performance during the year.

Outlook

As a Company, our vision is to 'Connect every home on the planet'. Through this vision we do not literally mean that we will go into every home and wire it with data connectivity cables or electrical wires. What we mean is that Sterlite would make it easier, faster and more cost-effective for service providers to build telecom and power infrastructures.

As leaders, it is our responsibility to lead by inclusion and collaboration. Sterlite would continue to innovate, capture market transitions and address the needs of every stakeholder.

The robust demand in the telecom and power industries appears well entrenched and the medium and long-term outlook for our products remains strong. Our priorities remain focussed on delivering a significant growth across our businesses and strengthening our global leadership position.

We are optimistic and I believe, well placed for the future. I look forward to sharing this journey with you.

Anil Agarwal

Chairman, Board of Directors
Sterlite Technologies Limited

The year that was

A closer look at some of the milestones that Sterlite achieved this year.

Business Highlights

>> **Net Revenues of Rs. 2,432 Crores**, EBITDA of Rs. 404 Crores and PAT of Rs. 246 Crores

>> **Net Profit up by 173%** over the last fiscal

>> **Diluted EPS** of Rs. 7.34

>> **ROCE of 26.6% against 16.9%** over the last fiscal

>> **Healthy cash flow** from operations – debt decreases from Rs. 497 Crores to Rs. 358 Crores



- Highest ever sales & production volumes for power conductors, optical fiber, data cables.

- Good Tier-1 clients added for all businesses, across geographies. Power business made a strong entry into the Indian private sector.

- Client footprint in 55 countries. International revenues are 23% of net revenues.

- Strategic developments in FTTx, IPTC, OPGW, Defense sectors.

- Capacity expansions on track for optical fiber, fiber optic cables, power conductors.

- Awards: Asia Pacific Entrepreneurship Award, Deloitte Technology Fast 500 Asia Pacific Award, 4th Employer Branding Award, V&D 100 Telecom Cables Award, BSNL Preferred Supplier Award, WebAward.

▲ 8 patents granted. 10 new products introduced

▲ Among Top 3 outperforming stocks of 2009

Sterlite Technologies announces aggressive plan to catapult into global top three manufacturers of optical fiber

June 26, 2009: Sterlite Technologies Limited announced the enhancement of the Company's optical fiber annual manufacturing capacity to 20 million-km, which would position Sterlite amongst the Top 3 manufacturers globally.

Sterlite's current facility of 6 million-km is already under expansion to 12 million-km, which would get established in the current fiscal. The enhanced capacity of 20 million-km that would be functional by 2011, would require a capex outlay of Rs. 250 Crores (US\$ 52 million).

The expanded facility would be capable of manufacturing the Company's existing range of optical fiber products, as well as have the intrinsic capability to manufacture new products that would cater to high bandwidth applications required by global markets. The expansion would be done by through a combination of brown-field expansion at its existing facility in Aurangabad, and a green-field setup at a location that would soon be finalised.

Sterlite Technologies wins BSNL's 'Best Telecom Equipment Manufacturer Award'

October 26, 2009: Sterlite Technologies Limited has won BSNL's award for 'Best Telecom Equipment Manufacturer (fiber optic cables)' for the year 2008-09. Sterlite topped evaluation by BSNL's Telecom Quality Assurance Circle on multiple business performance metrics including product quality, manufacturing infrastructure and field performance reliability.

This award strongly reinforces Sterlite's position as among the most integrated optical fiber companies in the world. Sterlite currently holds a 45% market share in India for optical fiber and cables. The Company has established a broadband solutions business that complements its fiber optic business and is currently executing a contract for BSNL, to supply NGN equipment for a GPON-FTTH network.

Sterlite Technologies partners with BSNL for India's first commercial scale GPON FTTH network

July 13, 2009: Sterlite Technologies Limited has won a contract from BSNL, valued at Rs. 372 Crores (US\$ 77 Million), for enabling a Fiber-to-the-Home (FTTH) Network based on Gigabit Passive Optical Network (GPON) technology. Sterlite was awarded a major share of the total outlay of project, amongst competition from global players.

BSNL plans to implement similar FTTH networks at 25 cities across India by Year 2012, which would impact 2 million subscribers. This would provide subscribers access to never-experienced bandwidth and speeds (in excess of 100 Mb/s) as well as multitude of applications ranging from utility applications such as High-Definition Video Conferencing or entertainment applications as High-Speed Gaming.

The current phase of the FTTH network would be capable of providing high-speed internet, IPTV solutions, VoIP, and other Value Added Services to about 500,000 subscribers. BSNL, one of the largest telecom service providers globally, will be the first telco in the country to deploy commercial scale Fiber-to-the-Home network.

MTNL launches prepaid broadband service in Mumbai in association with Sterlite Technologies

November 13, 2009: Mahanagar Telephone Nigam Limited ("MTNL"), the largest broadband service provider of Mumbai in association with Sterlite Technologies Limited ("Sterlite"), a leading global provider of transmission solutions for the telecom and power industries, launched its Prepaid Broadband Services for residential and enterprise customers in Mumbai. This unique service would give MTNL clients the flexibility to instantly customise their broadband subscription plans, based on their self-estimated bandwidth usage.

Sterlite's deployment of the Prepaid Broadband Solution for MTNL supports the operator's leadership in the competitive

market of Mumbai. It leverages common network hardware and software assets to provide MTNL with network scalability.

The prepaid solution deployment is part of a broadband project by MTNL in Mumbai, under which Sterlite Technologies is providing an end-to-end solution that includes OSS/BSS. Sterlite's scope of services for this project includes project management, installation and deployment, network operations, network maintenance, integration and testing.

Sterlite has also partnered with MTNL in implementation of several key technology platforms in Mumbai and New Delhi, that include MPLS Core Network, Metro-Ethernet Broadband + OSS/BSS.

Sterlite Technologies bags East-North interconnection mega transmission project

February 18, 2010: Sterlite Technologies Limited has been awarded a contract by Power Finance Corporation Limited (PFC) for its East-North interconnection mega transmission project.

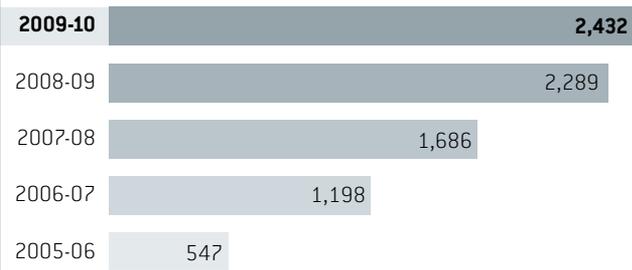
The Ministry of Power, Government of India, through PFC, has initiated a scheme for development of Independent Transmission projects through private sector participation, for evacuation of power from the generation stations, strengthening of the grid and transmission of power from pooling stations to the other grid stations, to load centers.

PFC's East-North interconnection mega transmission project aims to evacuate power from the North-East and Eastern states to the Northern region of India. The project involves establishment of two 400KV Double Circuit transmission lines that would respectively connect the Indian states of Assam, West Bengal and Bihar.

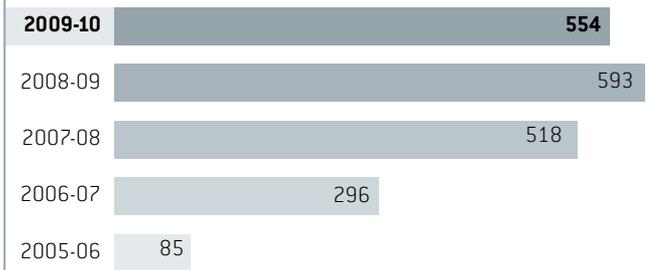
The project has been awarded to Sterlite Technologies on a 'Build, Own, Operate and Maintain' (BOOM) basis, wherein the transmission lines would be commissioned within 3 years and the Company would operate and maintain the same for a minimum tenure of 22 years thereafter.

Powered by growth. Driven by performance.

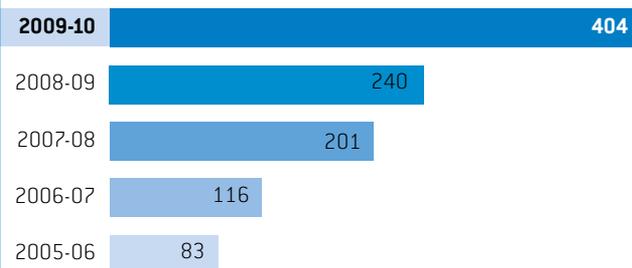
NET REVENUES (Rs. In Crores)



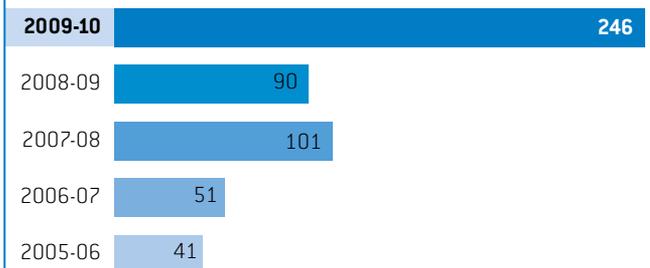
EXPORTS (Rs. In Crores)



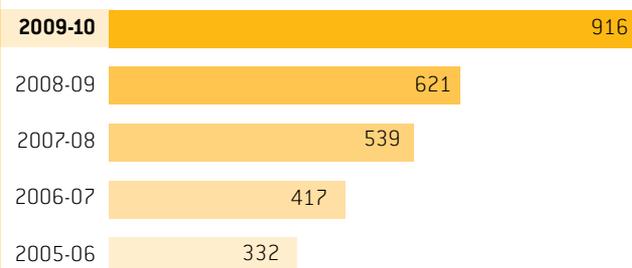
EBITDA (Rs. In Crores)



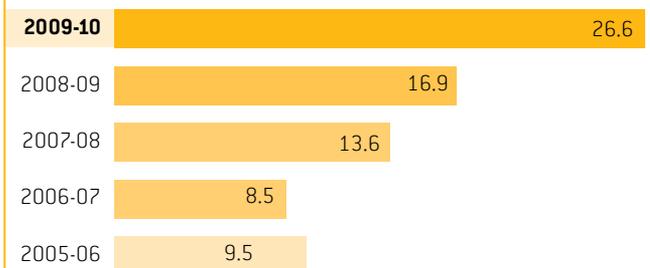
PAT (Rs. In Crores)



NET WORTH (Rs. In Crores)



ROCE (%)



	2005-06	2006-07	2007-08	2008-09	2009-10
RS. IN CRORES <i>(Except earning per share)</i>					
Net Revenues	547	1,198	1,686	2,289	2,432
Growth (%)	68	119	41	36	6
EBITDA	83	116	201	240	404
EBIT	54	85	164	198	356
PAT	41	51	101	90	246
Diluted EPS	1.45	1.57	3.09	2.78	7.34
US\$ IN MILLION * <i>(Except earning per share)</i>					
Net Revenues	122	266	375	509	540
EBITDA	19	26	45	53	90
EBIT	12	19	36	44	79
PAT	9	11	22	20	55
Diluted EPS	0.3	0.3	0.7	0.6	1.6
RATIOS					
EBITDA Margin (%)	15.2	9.7	11.9	10.4	16.6
EBIT Margin (%)	9.9	7.1	9.7	8.6	14.6
PAT Margin (%)	7.5	4.2	6.0	3.9	10.1
Effective Tax Rate (%)	(6.8)	4.2	22.8	18.0	22.5
Capital Employed (Rs. in Crores)	570	1,001	1,203	1,173	1,334
ROCE (%)	9.5	8.5	13.6	16.9	26.6
Interest Coverage Ratio	5.2	3.7	5.7	2.7	9.3
Working Capital Ratio	2.9	3.2	3.1	1.8	1.9
Debt Equity Ratio	0.7	1.4	1.2	0.8	0.4

* Conversion rate 1 US\$ = Rs. 45



173%

Growth in net profit (PAT) to Rs. 246 Crores, from Rs. 90 Crores in the last fiscal.

Letter to shareholders



Both our core business segments of power transmission conductors and optical fibers have shown significant volume growth this year and this has resulted in much better improved margins for the Company.



We are glad to present the Annual Report for FY10. Just going by the key numerical metrics, the achievements in FY10 mark a key milestone in the long-term growth plans of our company.

We closed FY10 with revenues of Rs. 2,432 Crores, which is a growth of 6% over the last year's revenue of Rs. 2,289 Crores. EBITDA and net profit for the year were Rs. 404 Crores and Rs. 246 Crores respectively. This translated into an EBITDA growth of 68% and net profit growth of 173% for this year against the last year.

The growth in revenues appears flat, which is on account of the changing mix of the business and lower realisations in power business prompted by lower metal prices last year. However, both our core business segments of power transmission conductors and optical fibers have shown significant volume growth this year and this has resulted in much better improved margins for the Company. The EBITDA margins have shown a marked improvement from 10.4% last year to 16.6% this year.

Revenue from international sales to over 55 countries in FY10 accounts for Rs. 554 Crores, which is 23% of net revenues in FY10 and this has been achieved with a right mix of repeat orders from current customers and an addition of new eminent global customers.

Our international sales were a right mix of growing economies and the more developed economies. Our major exports were in China, Africa, Middle East and, for the first time, Europe established a significant contribution of our export revenues.

We are also pleased to report that our debt position as at 31st March 2010 stood at approximately Rs. 358 Crores with cash and cash equivalents of Rs. 210 Crores. Return on capital employed has improved to 27% on account of higher profitability as better utilisation of capital employed.

We had announced a stock split and bonus this year, and consequently our diluted EPS for the full year stands at Rs. 7.3 against Rs 2.8 in the last year. We are also pleased to announce that the

Board has recommended a dividend of 25% for the year, subject to approval from shareholders.

As a Company, we have achieved several noteworthy milestones during FY10. To list just a few:

- Despite the turbulent global economic situation through the year, we have achieved the highest sales volumes historically for all our businesses – Power conductors, Optical Fibers & Communication Cables and Telecom Solutions.
- Good Tier-1 clients were added for all businesses, across geographies and we made a strong entry into the Indian private sector for our power business.
- We start the financial year FY11 with a strong order book of almost Rs. 2,400 Crores, as compared to Rs. 1,400 Crores at the beginning of the previous fiscal. A bulk of this order book would be executed during FY11. The most significant aspect of this order book is the contribution by the government utilities like Power Grid Corporation

and State transcos. Additionally, with the ramp-up of our optical fiber manufacturing capacities, we have also entered into strategic long-term supply agreements and frame contracts with global clients.

- We have enhanced our intellectual property portfolio with 8 more patents granted, taking our total up to 23. Anticipating our customers future needs, we have further enhanced our product portfolio, with the introduction of unique application-focussed products like Optical Ground Wire (OPGW) Cables, High Ampacity Conductors, specialised data cables and Optical fiber products that are optimised for FTTx applications.
- Sterlite also won a number of awards during the year – The Asia Pacific Entrepreneurship Award, Deloitte Technology Fast 500 Asia Pacific, 4th Employer Branding, V&D100 Telecom Cables, BSNL Preferred Supplier and the WebAward.
- Among other noteworthy milestones achieved, our market capitalisation has increased by over 500% in the past year. Sterlite's stock has been considered as one of the Top 3 outperforming stocks of India in 2009.

We have had some good successes with strategic initiatives that have paved the way for our future growth:

- Sterlite has won a contract for the country's first ultra mega power transmission project, on a model similar to the PowerGrid Corporation of India. Sterlite would build, own and operate a transmission network of two 400kV double circuit lines of approximately 430 km in the Indian states of Bihar, Assam and West Bengal.



Pravin Agarwal
Whole-time Director

- With our balanced approach to reduce dependence on a single customer segment, we are pleased to inform you that FY10 saw a good share of business from the non-government/private segment. We believe that with a strong growth momentum in both the telecom and power sectors, the private sector is poised to play a significant role in the investment and expansion of the networks in commitment to invest and expand their networks on both the telecom and power verticals.

We would also like to update you on our ongoing capacity expansion projects:

- The Company's capacity expansion projects for optical fibers, cables and power conductors are well on track.
- Our latest expansion in the Power conductors segment has taken our conductor capacity from 115,000 tonnes to 160,000 Metric Tonnes and with the prospect of further expansion, at 200,000 MT Sterlite would be the largest manufacturer of power conductors in the world by FY11.
- The optical fiber project is currently on to increase capacity from 12 million kms to 20 million kms. At this capacity Sterlite would be amongst the largest global manufacturers of optical fibers by FY12.

We have had several good achievements in FY10 that have paved the path for our future growth. We are confident that FY11 will bring in lots of positive news and the momentum that we have set in the last few quarters will continue.

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



Anand Agarwal
Chief Executive Officer



Despite the turbulent global economic situation through the year, we have achieved the highest sales volumes historically for all our businesses. Sterlite's stock has been considered as one of the Top 3 outperforming stocks of India in 2009.



BUILDING DATA AND POWER TRANSMISSION HIGHWAYS





By **Pulkit Bhatnagar** and **Vishal Agarwal** - Investor relation and corporate strategy.

Long, long ago, when everyone still believed that the world was flat and that regional prosperity would ensure individual contentment, Indian gurus proclaimed in Sanskrit – “**Vasudhaiva Kutumbakam**”, the world is one family.

Many centuries later, as we begin a new decade in this increasingly globalised world, an Indian company continues to strive to make the world flatter and individuals more contented.

Sterlite Technologies – “**Connecting every home on the planet**” – to make the world, one big happy family.

The World as one family

Our lives are increasingly moving into a virtual world. We communicate family moments by sharing photos and videos, we conduct business through emails and video-conferences. Children aren't worried about going to new places for education or employment, while parents aren't scared either, because they know they can remain in touch, by voice and video, over the Internet.

Small enterprises aren't worried about competing with global businesses as they know that they can find ways of competing on customer service or cost depending on what the customers' requirements are.

As we begin an exciting decade in a globalised world, distances grew larger whilst people got closer. Each of us is becoming increasingly connected, uniting the world into one large happy family.

Connecting and uniting this global family

If one looks back at the last year, there are three clear trends that define what 2009 would be remembered for. Although seeded in events of the past few years, these trends rooted themselves firmly in the spotlight last year.

1 THE WORLD GOT FLATTER:

Any entity, whether human or business, small or big, felt it possible to contribute towards enriching some aspect of life that they felt strongly about. Probably for the first time in history, geographical proximity became irrelevant in determining success. Social networks, online communities, freelance support, instant messaging and many more innovative workflow tools have enabled new global business models to evolve. This virtual flattening of the World has made it more conducive for enterprises and entrepreneurs to take that 'next quantum leap'.

2 THE WORLD EMERGED STRONGER:

A global phenomenon of stimulus plans and recovery packages had been witnessed in the lead-up to 2009-10. All eyes were on how countries and companies cope with the economic downturn. While some headway has been made to restore stability in the developed economies, World Bank data indicates that developing economies have been able to return to positive growth quicker. Infrastructure creation and strengthening seem to be playing an important role in quickening the pace of recovery in most countries.

3 THE WORLD TURNED GREENER:

There was enormous interest generated by the Copenhagen Climate Conference, about the condition of the environment. For the first time, developed and emerging economies acknowledged together the need for intensive, immediate efforts towards curbing global greenhouse gas emissions. There is a keen focus on devising newer strategies, methods and technologies to control the damage being done to the environment.

It is becoming increasingly evident that transmission highways that are capable of efficiently transmitting high speed data and high voltage power would continue to be developed, to keep the global family united and connected.

A family of 6 billion can connect on the data transmission highways

The Internet now touches over 1.8 billion users directly. 7 out of every 10 persons has access to a phone. The World Wide Web has 234 million websites today, out of which 47 million were added in 2009 itself. There were 90 trillion emails sent during the year – that's an astounding



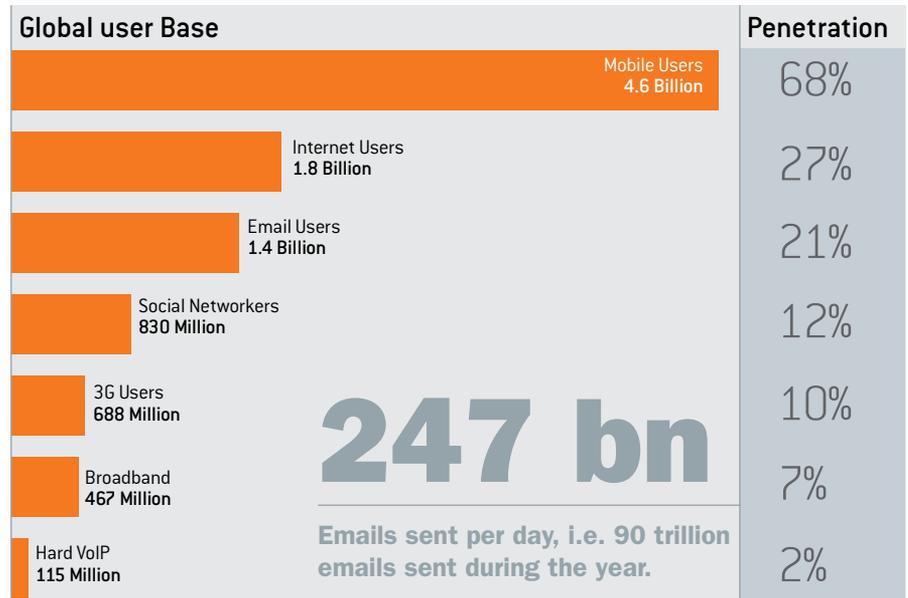
247 billion emails per day! There are over 130 million bloggers and more than 100 million tweeters sending 50 million tweets per day. 900 million unique users actively hook up with their friends through various social networking sites.

If Facebook were a country, it would be the third most populated country in the world. If Skype were a carrier, it would be the largest (by subscribers). Facebook users upload 2.5 billion photos and 14 million videos every month. Google has over 800 million users with some using the search engine hundreds of times per day. YouTube serves one billion videos each day. Amazon has more than 100 million active customers.

It seems that we have just reached the inflection point. Service providers and telecom operators are rolling out internet services into newer areas each day. They are constantly revamping their pricing plans to attract more subscribers. Content offered has also increased to include not just voice and internet surfing, but also TV, video, gaming, online surveillance, online education and healthcare, e-commerce and e-governance, data storage and hosting, etc.

The internet traffic generated in 2009, solely by Youtube is estimated to be 4 times that of the entire US Internet traffic in 2000. This is not just in terms of numbers of subscribers and numbers of applications, but also in terms of the amount of time spent per day.

And wireless is providing the icing on the cake. 3G networks and devices are giving more and more people the opportunity to join the virtual networking bandwagon and share their day's story in not just



words, but also in pictures, audio and videos. There are nearly 700 million 3G users across the globe, pre-dominantly in the developed economies. The BRIC countries – with their mobile base of over 1.5 billion users, are home to just 19 million 3G users.

According to a report on the telecom industry published by Morgan Stanley, an iPhone user spends nearly 50% more time with his phone compared to an average mobile user in USA. Also, the ratio of voice to other services drops to just 45:55, compared to 70:30 for an average user. This indicates the growing popularity trend of data services for a wireless telecom operator. Similarly, on the Internet, social network users spent over 210 million minutes per month. Put in a different way, while users spent barely any time on social networks or watching videos in 2005, they spend approx. 11% of their time today on Facebook and Youtube, playing games, sharing photos or videos, or just sending messages to other users.

“
The Internet now touches over 1.8 billion users directly. If Facebook were a country, it would be the third most populated country in the world. Facebook users upload 2.5 billion photos and 14 million videos every month.”

Global bandwidth available

SUBSCRIBERS GROWTH

- ☑ Voice / Voip
- ☑ Data / Internet / 3G / 4G
- ☑ Gaming
- ☑ Video / TV
- ☑ Enterprise / VPNs
- ☑ Remote Monitoring
- ☑ Inter-Regional Traffic

GAMES

- ☑ Consoles
- ☑ Social Networks
- ☑ MMORGs
- ☑ Real-time

SMART-PHONES GROWTH

- ☑ iPhone
- ☑ Blackberry
- ☑ Android

PRESSURE POINTS

- ☑ Increased minutes of Use
- ☑ High-Def, High Quality content
- ☑ Real-time, zero latency
- ☑ Storage in the Cloud
- ☑ Quality Rich Websites
- ☑ Remote Monitoring
- ☑ Security / Encryption

SOCIAL NETWORKS

- ☑ Facebook
- ☑ MySpace
- ☑ Buzz

AUDIO / VIDEO AVAILABILITY

- ☑ Youtube
- ☑ Hulu
- ☑ iTunes
- ☑ Pandora

NEW CONTENT TYPES

- ☑ e-Commerce
- ☑ e-Medicine
- ☑ e-Education
- ☑ e-Governance

All this growth is putting pressure on the internet backbone.

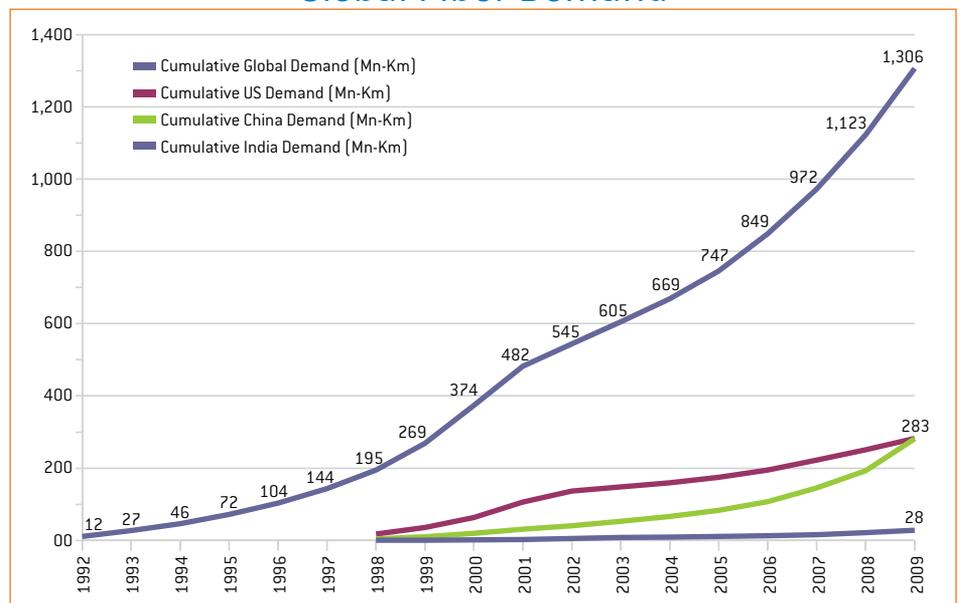
According to Telegeography, network operators added 9.4 Tbps of new international internet capacity in 2009, which amounted to 64% growth. Overall, 111 major submarine cables have been deployed globally, with another

19 planned to come into service by 2011. A number of the planned cables are to link the emerging economies of Africa, Latin America and South Asia with the developed markets. These are the most under-served markets right now, and a number of operators are eyeing these geographies due to the growth opportunities for subscriber base.

All of this bodes well for the optical fiber and telecom equipment vendors. Despite passing through a few recessionary quarters in 2008 and 2009, optical equipment manufacturers have performed satisfactorily – due to the emphasis shown by network operators to continue deploying telecom infrastructure to cater to the increased bandwidth demands

“The internet traffic generated in 2009, solely by Youtube is estimated to be 4 times that of the entire US Internet traffic in 2000.”

Global Fiber Demand



Source: CRU, UK

As in earlier years, different regions have had differing reasons for deploying communication networks. Countries like USA, Japan, Germany, Portugal, South Korea and Netherlands continued to build Fiber-to-the-Node and Fiber-to-the-Home (FTTH) networks. European countries (especially UK, France, Scandinavia) and North America (the US & Canada) consumed fiber to ease bandwidth pressure due to further penetration of 3G and anticipated launch of 4G services.

Developing regions like Africa and South America were still building their optical backbone networks. India and other countries in South-East Asia deployed fiber networks in the mobile backhaul to cater to the increased bandwidth requirement due to their burgeoning wireless subscriber base.

The biggest consumer however was China, occupying 46% of the global demand. This can be put into perspective by noting that in 2009, 85 million kms

of fiber was consumed in China out of a global demand of 183 million kms. This demand was driven by the network operators who continued to deploy fiber in the backbone, in the mobile backhaul for its 2G users, in anticipation of 3G/4G usage growth, for FTTX and for providing improved connectivity to their businesses, cities and citizens.

The Indian market continues to grow, with the government intensifying efforts to roll out broadband and 3G services, not only in the metros but also in semi-urban and rural areas, optical fiber consumption should continue to see good growth.

With 585 million wireless subscribers as on March 2010, India is the second largest telecom market in the World after China. As India continues to add over 20 million mobile subscribers every month, the market continues to attract attention of global telecom players who are in queue to take a share of the increasing pie. At the current levels, the penetration is still

46%

China share of the global demands for optical fiber. In 2009 China consumed 85 million kms of fiber out of a global demand of 183 million kms.

about 50%, offering immense potential for global telcos facing saturation in their home markets. Industry behemoths like NTT DOCOMO, Telenor, Etisalat and many others are making a beeline for the lucrative Indian mobile market.

The year 2009 also saw a series of price wars amongst the incumbents and new entrants which, while taking Voice ARPU's lower, continued to add new subscribers. With the number of operators in each



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Sterlite Technologies is today amongst the largest integrated manufacturer of optical fiber and cable manufacturers globally. With the inherent capabilities in product development, manufacturing efficiencies and technological advancements

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circle increased to 10-12, the competition would intensify further. The operators have reacted by coming up with innovative business models of passive infrastructure sharing to reduce cost and hiving off physical assets into separate companies to lighten their balance sheets while concentrating on customer acquisition and retention.

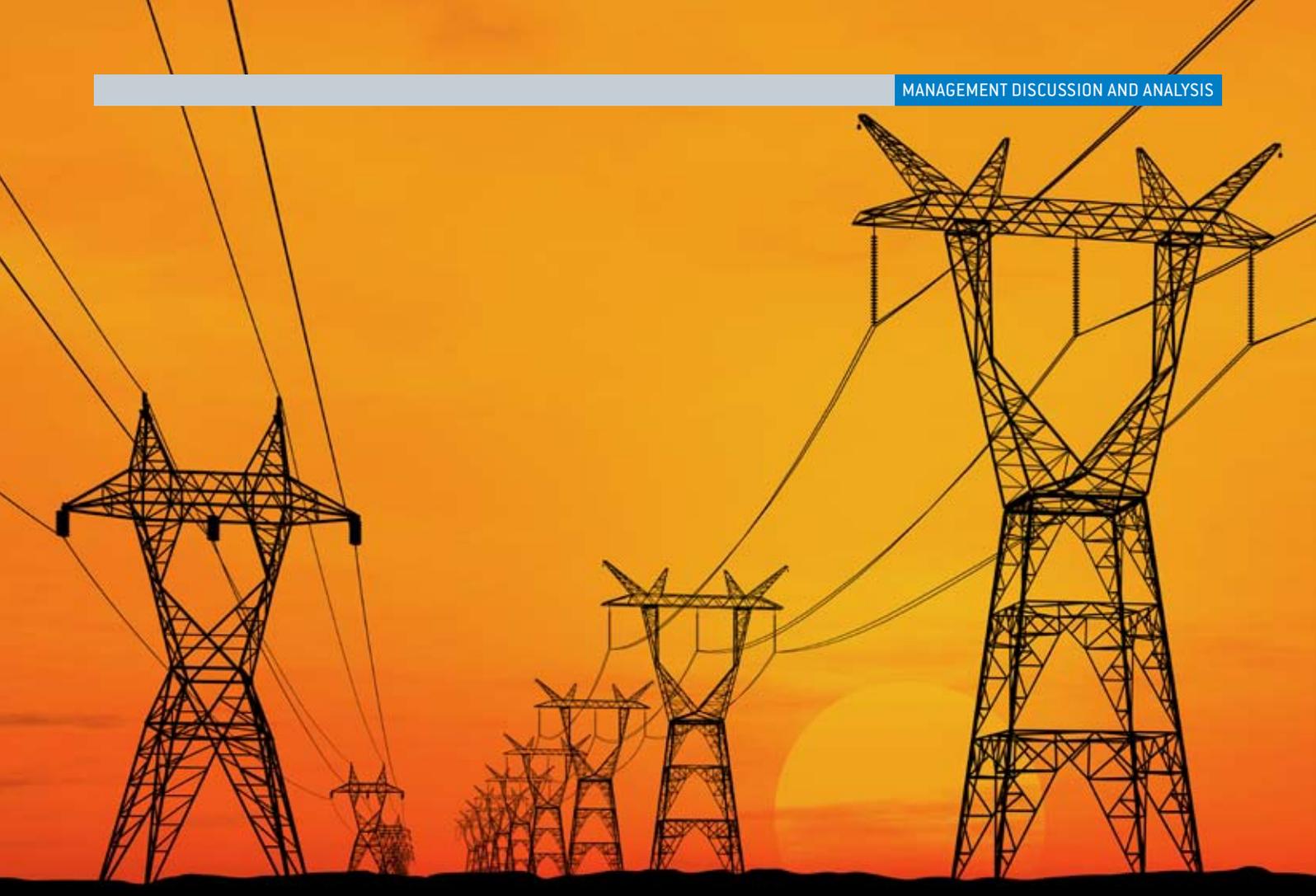
Another interesting dimension that was clearly visible during the year was, service providers intensifying focus on increasing the share of data revenue in their total ARPU. At 10-11% of revenues, contribution of Value Added Services to the overall revenues remains one of the lowest globally. A significant portion of current non-voice revenue comes from SMS and ring tones, while mix of data and other applications remain low. The recent auctioning of 3G and BWA spectrum and the aggressive bidding by the operators is a clear indicator of the fact that high-speed content and applications are going to be the key differentiator for driving the growth and more so the profitability of the service provider.

Meanwhile, wireline providers are also looking at various options to emulate the success story of the wireless providers. The total wireline internet connections in the country stood close to 15 million at the end of December 2009, meanwhile the number of wireless internet subscribers has sky rocketed from 31 million in March 2007 to about 150 million by end of December 2009. The broadband subscriber base was 8.75 million at the end of last fiscal.

On the backdrop of the government's initiatives to bring broadband to every Indian home and an initial target of 20 million broadband subscribers by 2010 (as per the broadband policy 2004), this segment is at the point of inflexion today and offers significant growth potential. To add to the momentum are a host of new applications that are being introduced and increased usage of smart phones in the country.

All of this is translating into an exponential growth in bandwidth which would call for a robust and expanded network capability. Optical Fiber with its virtual limitless capacity to transfer bandwidth is today the preferred choice for Service providers for new rollouts of network and upgrading the existing ones to meet the needs of growing traffic.

Sterlite Technologies is today amongst the largest integrated manufacturer of optical fiber and cable manufacturers globally. With the inherent capabilities in product development, manufacturing efficiencies and technological advancements, Sterlite is well positioned to play a key role in building data transmission highways in India and globally.



A family of 6 billion can be unified through power transmission highways

We are now dependent on electrical appliances more than ever before. Power generation and power consumption are increasing in all regions of the world. Further automation in manufacturing, improvements in residential standards of living, advances in agricultural technology and focused governments pushing for rural electricity reforms have pushed the envelope for 24x7x365 always-on services.

There is growing acceptance of the fact that power is one of those critical infrastructures upon which the socio-economic development of a country depends.

The global financial crisis was expected to have some impact on the global power sector; however, so far it appears that the transmission and distribution (T&D) space has not suffered. This is due to the high backlog of orders released during the last eight to twelve quarters in China, India, Latin America, Middle East Asia and Africa. But there are other opportunities that the financial crisis has thrown up.

In a number of developed markets, a significant proportion of the T&D infrastructure is nearing the end of their design lives of 35-40 years. Utilities are weighing whether to maintain and refurbish their current equipment for a few years more or to pump in investments for upgrading and commissioning intelligent and high-capacity transmission networks.

Renewable energy installations are also demanding that new T&D infrastructure, which recognises the variable nature of power generation, is available to reduce losses and better utilise the generated electricity. Smart grids and intelligent metering systems will also benefit from newer transmission grids compared with working on the existing networks. The heightened awareness about reducing T&D losses, and thus contributing towards greening the planet have resulted in a growing desire by individuals and corporations to demand that utilities find energy efficient alternatives. Consensus is also building on power generation at very remote locations, away from the residential areas. These require low-loss and highly efficient power transmission infrastructure.



In emerging and under-developed markets, investments in the transmission grid still continue to remain high. After years of unbalanced focus on Power generation and Distribution networks, utilities are working overtime to eliminate the wasteful imbalances that have been created. The transmission sector is benefiting from this historical under-investment.

Equipment manufacturers and turnkey installers have increased their efforts to be seen as technical partners to the utility rather than as just a vendor. This change in relationship has allowed them to sign up for longer-term arrangements – creating a win-win for both. The utility is happy to have inventory and after-sales support available as needed while the vendor is happy for having an increased order-book.

Also, most transmission utilities and their vendors have realised that today's requirements cannot be satisfied by just evacuating power from the generating station and delivering it to the load center – what is required is embracement of newer technologies.

This can mean using advanced power electronics, or optimised transmission dispatch systems. It could also mean using Flexible AC Transmission Systems (FACTS) or advanced storage solutions. But one of the best approaches is to focus on upgrading to higher capacity conductors – whether the high voltage direct current (500 kV and above HVDC) or the high voltage alternating current (400 kV and above) conductors. The possibility of using specialty materials and various alloys for superior thermal resistance can also improve efficiency in high current transmission.

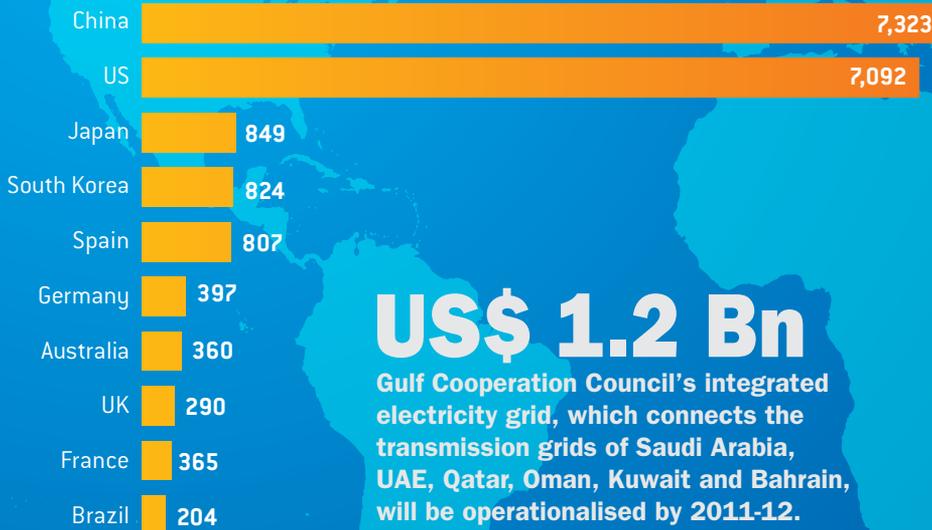
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Power is one of those critical infrastructures upon which the socio-economic development of a country depends. In emerging and under-developed markets, investments in transmission grid continues to remain high after years of unbalanced focus on Power generation and Distribution networks.”

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Top Ten Smart Grid Federal Stimulus Investments by Country, 2010

in U.S. Millions Dollar



US\$ 1.2 Bn

Gulf Cooperation Council's integrated electricity grid, which connects the transmission grids of Saudi Arabia, UAE, Qatar, Oman, Kuwait and Bahrain, will be operationalised by 2011-12.

Source: www.zpryme.com

The benefits are not just in increased transmission capacities. Other benefits for the utility include a reduction in overall capital expenditure (as these conductors are lighter and hence towers can be spread over larger distances); a reduction in the maintenance and operational expenses (plus better utilisation of rights of way and civil infrastructure); and shorter project execution durations. No wonder, there are more field trials which are happening for premium quality conductors.

On the markets side as well, the pace of investments has continued in all parts of the globe. China's investment in 2009 in the power sector grew by 19.9% to CNY 755 billion out of which CNY 385 billion was spent on building and revamping the power grid. Chinese transmission utilities have similar plans for 2010 and beyond: The State Grid Corp. of China (SGCC), which is the largest power grid operator

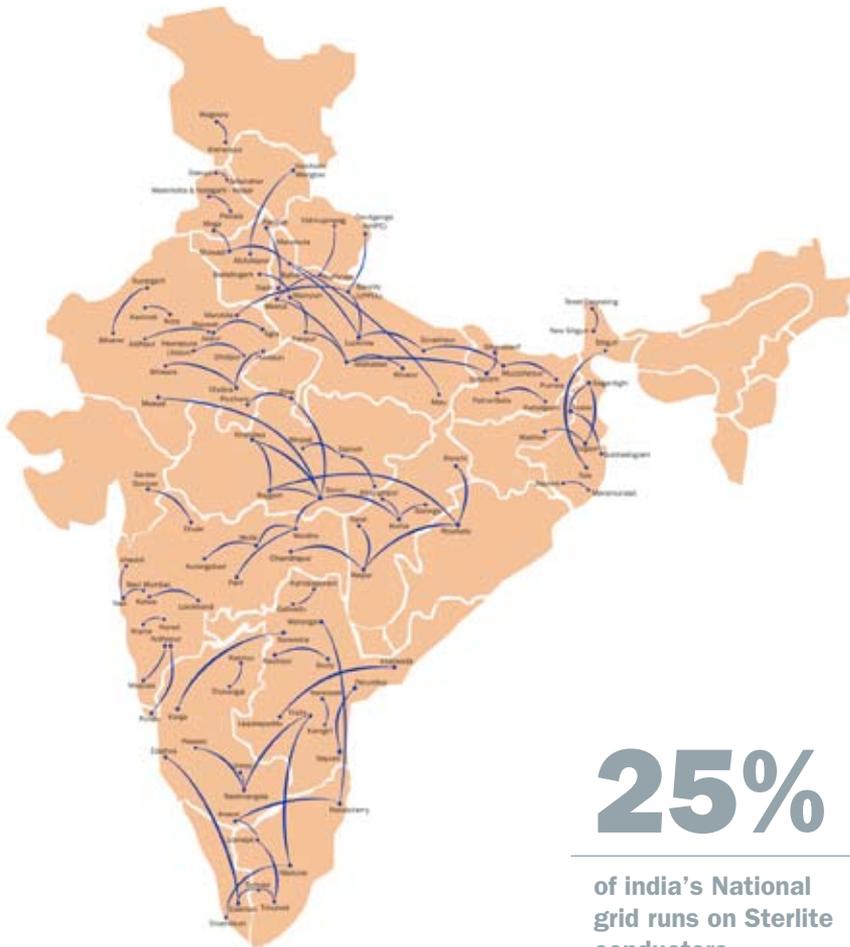
in the country, has plans to invest CNY 100 billion towards the building of ultra-high voltage power transmission lines over the next 3-4 years. Similarly, China Southern Power Grid (CSG), which is the smaller of the two transmission utilities, intends to invest CNY 104 billion in overall grid development in 2010. That's not all-China is already finalising plans for its large-scale smart grid construction and expects it to be operational in 2015.

Similar efforts for enabling smart grids have been started in other countries as well. Zpryme, an advisory firm which tracks developments related to Smart Grids, compiled recently the top ten countries by smart grid federal stimulus investments for 2010. While China is expected to invest over US\$ 7.3 billion, the US follows a close second with US\$ 7.1 billion. Other smaller countries like Japan, S. Korea, Germany, Australia and France have also announced hundreds of millions of dollars

\$257

Million World Bank loan to Bangladesh towards financing development in the power sector. A significant portion of which to be utilised in strengthening the transmission and distribution grid.

Power Conductors: Sterlite's India footprint



Sri Lanka for improving the latter's power transmission system. The World Bank loaned US\$ 257 million to Bangladesh to finance development of its power sector, a significant proportion was to be utilised in strengthening the transmission and distribution grid. China is giving US\$ 40 million to Guyana (in South America) for building a robust T&D network.

Egypt is also looking at developing a number of power infrastructure projects with support from European and Middle East Asian banks and funding organisations. There is a Euro 762 million project underway through 2013 to reinforce and extend the transmission network in the country. Egypt is also part of interlinking projects happening across the MEA region. Egypt, Sudan and Ethiopia are planning a tender to connect the power grids of the three countries.

The US\$ 1.2 billion Gulf Cooperation Council's integrated electricity grid, which connects the transmission grids of Saudi Arabia, UAE, Qatar, Oman, Kuwait and Bahrain, will be operationalised by 2011-12.

Japan and the African Development Bank are co-financing a US\$ 241 million power grid interconnection project between Uganda, Kenya and Rwanda. Ethiopia and Kenya have also signed a bilateral agreement to build an 1100 km transmission line for interconnecting their grids. Kenya is also involved in another interconnection project with Zambia and Tanzania for a 400 MW power line that is expected to be an 860 million dollar project.

On the same lines, there are large interconnection projects in various

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The Indian government is targeting a transmission line length of over 4.7 lakh ckm and AC substation capacity of over 7 lakh MVA by the end of March 2017, as per the XIIth five-year plan. ”

in investment for revamping their T&D grids to make them more intelligent.

Other countries like Japan and organisations like the World Bank are also pitching in to build transmission grids for other developing economies. According to the Global Transmission 2009 and early-2010 archives, Japan extended a US\$ 260 million loan to Pakistan for its National Transmission Lines and Grid Stations Strengthening Project. Japan had also extended a loan to

stages of planning and commissioning in Latin America, Central Asia and Europe. While countries like Brazil, Ecuador and Guatemala invested to grow their indigenous transmission networks, projects like SIEPAC worked towards interconnecting Central American nations of Costa Rica, Honduras, Nicaragua, Guatemala, El Salvador and Panama. The Guatemala-Mexico connector was completed in 2009, while the Panama-Colombia interconnector is being commissioned. There are further plans to create an energy corridor interlinking Central and South America with the North American electricity markets via Mexico.

In Central Asia, Turkmenistan, Tajikistan and Uzbekistan are cooperating to build an interconnecting grid. There is another link which exists between Afghanistan and Uzbekistan. In Europe, the focus in 2009 was the European Energy Programme for Recovery (EEPR); where a number of major power transmission assignments were selected as part of the energy sector projects spread across Europe, with investments of nearly one billion Euros. In the US, utilities are expected to spend over 23 billion dollars in the next two years on refurbish and extend their transmission infrastructure.

India, too, has been focussing on the transmission grid and the Power sector overall. While the XIth five-year plan projects are currently running behind schedule, the energies and attention towards planning and implementing are far greater than the previous five-year plans. This aggression is also visible in the targets and objectives being set for the XIIth five-year plan from 2012-2017.

While transmission has been an under-invested sector in the country compared to generation and distribution, there are indicators that it is being treated as a priority area as the country continues to pursue a high growth rate. There were several initiatives taken during the year, which point towards the next decade being a crucial one for the sector if India has to move from being a power-deficit country to a power-surplus one.

Better understanding of available resources for power generation and regions which are heavy load centres has meant that there is a better idea about how to build a high-quality, high-performance inter-regional transmission grid. The National Load Despatch Centre, operationalised in early 2009, is the apex body in-charge of facilitating exchange of surplus power. There are long-distance and high-capacity projects being discussed or commissioned with different neighbouring countries.

Power Grid Corporation of India Ltd. (PGCIL) is in the process of formalising various projects like a 285 km long proposed link with Sri Lanka, four transmission links between India and Nepal, projects for tapping Bhutan's surplus hydropower potential, and opportunities to partner with Bangladesh on 400 KV+ lines.

KPMG, in its report titled 'Think BRIC', has estimated that India's power consumption is expected to double by 2020, from its current 600 TWh. It also says that power generation will need to be more than 240 GW from the present 90 GW. These sentiments and analysis are mirrored by most global think-tanks. PGCIL, too, has said that it would be looking at spending more than 20 billion dollars to double the size of the current transmission grid to support the upcoming generation capacity. It has earmarked a capex of US\$ 3 billion in 2010 to add 7000 ckm to its transmission network.

Overall, the Indian government is targeting a transmission line length of over 4.7 lakh ckm and AC substation capacity of over 7 lakh MVA by the end of March 2017, as per the XIIth five-year plan. These proposed capacity additions in the five-year plan also indicate a high proportion of high voltage projects to be executed by national and state level transcos as well as the recent private player entrants.

The transmission segment in 2009-10, has witnessed an influx of private participation and companies eager to develop transmission corridors. These Build, Own, Operate, and Maintain (BOOM) type of projects are being increasingly seen as an approach to quickly bridge the supply-demand

\$23

Billion expected to spend in the US by utilities refurbishing and extending transmission infrastructure. Further plans also include interlinking Central and South America with the North American electricity markets via Mexico.

deficit between the various regions of the country. The IPTCs' (Independent Power Transmission Companies) will be responsible for constructing the transmission network according to certain guidelines laid out by Central Electricity Regulatory Commission (CERC) and other nodal agencies managing the bidding process like Power Finance Corporation (PFC) and Rural Electrification Corporation (REC) – and then will be able to own and operate the network, in a manner, similar to how PGCIL runs its operations. These projects are for differing lengths, along different corridors connecting the five zones of the country's transmission network. However, all of them will involve transfer of large amounts of electricity and are expected to be built using the best high capacity material available.

Another interesting trend that the country is witnessing today is convergence of Telecom and Power by allowing high capacity data and energy transfer over a single transmission network. Optical



Cash-rich utilities, network operators and other customer segments are keenly evaluating newer technologies and higher-capacity supporting media but not shying away from bold decisions.



Power Ground Wire (OPGW) is one such technology which allows transmission of data and does the job of ground wire by combining the two in one cable. This enables synergies between efficient power distribution grids and high-speed optical fibre based SCADA networks, giving utilities the unique capability of providing both services.

All these opportunities spell a robust global demand for overhead power conductors. Sterlite Technologies is the largest integrated manufacturer of overhead power conductors, globally. With inherent capabilities in product development, manufacturing efficiencies and technological advancements, Sterlite is well positioned to play a key role in building power transmission highways in India and on a global level.



The world will continue to get flatter, stronger and greener

The development of power and data transmission highways and power infrastructures is being treated on priority and with significant urgency by all stakeholders across the globe.

Policy-making and regulatory administration has been conducive in both sectors – there is support for newer ideas, demand for innovation, participation in partnering with private enterprise, and overall – a good mix of prudent independence and unbiased control.

Financing agencies are eager to support the infrastructure push in emerging economies while stimulus funds are being offered by developed countries. Cash-rich utilities, network operators and other customer segments are keenly evaluating newer technologies and higher-capacity supporting media but not shying away from bold decisions.

Manufacturers and vendors are cautiously buoyant about the varied reasons for

growth in various geographies – this has resulted in capacity additions but these have been planned after considering worst-case scenarios. Finally, raw material prices and availability as well as access to skilled human capital do not appear to be major concerns in the current economic scenario.

The prospects for our customer industries for FY11 and beyond remain buoyant. It is expected that the contribution from the emerging economies would continue to be the key driver for the growth of these industries. Growth of infrastructure in these economies is expected to lead to growth in the power and telecom segments. All in all, these industries are set to be the backbone for the growth of economies!

Each of us wants to contribute more towards preserving the environment. But we also want to make our lives more convenient and comfortable. Sophisticated gizmos, running on electrical power, are allowing us to do everything – from sharpening pencils, to mowing lawns, from computing taxes to navigating flights, automating facilities, etc. This growing dependence

on electricity is fueling the necessity to find renewable energy alternatives as well as to develop technology for efficient transfer of electricity from these sources.

Similarly, advanced telecom technologies are playing a part in reducing the carbon footprint – either by increasing work-from-home possibilities, thereby decreasing automobile pollution, or by using passive/energy-efficient devices, which require nominal or no electricity to operate appliances or entire networks. Thus, each of us can care for the environment by choosing the right telecom and power technologies.

Constant evolution of applications and the need for improved efficiencies in telecommunication and power networks continue to be the growth stimuli for companies like Sterlite Technologies; whose mission is to make it easier, faster and more cost effective for service providers to build telecom & power infrastructure. Sterlite remains passionate in its vision, to connect every home on the planet, unifying the world into one big happy family.

Let's talk about numbers

Financials at a Glance

	2009-10	2008-09	Growth
Net Revenue (Rs. Crores)	2,432	2,289	6%
EBITDA (Rs. Crores)	404	240	68%
Net Profit (Rs. Crores)	246	90	173%
EBITDA Margin (%)	16.6	10.4	–
Net Profit Margin (%)	10.1	3.9	–
Diluted EPS (Rs.)	7.3	2.8	164%
RONW (%)	26.9	14.5	–
ROCE (%)	26.6	16.9	–

Net Revenues

Net revenues for the year grew at about 6% from Rs. 2,289 Crores in FY 2008-09 to Rs. 2,432 Crores in FY 2009-10. The growth in revenue appears flat, which is on account of the changing mix of the business and lower realisations on power business prompted by lower metal prices last year. However, both our core business segments of power transmission conductors and optical fibers have shown significant volume growth this year.

The net revenues of the power transmission business grew from Rs. 1,473 Crores in FY 2008-09 to Rs. 1,525 Crores in FY 2009-10, showing a modest increase of 4% in value terms. However in volumes terms, there was an increase of 13% from 110,645 Metric Tons in 2008-09 to 124,572 Metric Tons in FY 2009-10.

The telecom business had a growth of 11% from Rs. 816 Crores in FY 2008-09 to Rs. 907 Crores in FY 2009-10. Sales volumes of optical fiber in FY 2008-09 was 5.7 million-fkm against 8.3 million-fkm in FY 2009-10 translating into a growth rate of 46% year on year.

While international sales revenues increased for the telecom business, from Rs. 264 Crores to Rs. 333 Crores, the international sales revenues for the power business decreased from Rs. 329 Crores to Rs. 221 Crores mainly on account of reduction in metal prices. In volume terms, the international sales volume remained almost flat due to high focus on domestic market in the year FY 2009-10.

Overall, the Company is well positioned to capitalise on the growth in the telecom and power sectors and has been expanding its manufacturing capacities for power conductors and optical fiber. With the first phase capacity expansion on board, next year should see the full benefit of these additional capacities and better revenue growth in both business segments.

Profitability

The earnings before interest, depreciation, tax and amortization (EBITDA) of the Company increased significantly by 68%, from Rs. 240 Crores in FY 2008-09 to Rs. 404 Crores in FY 2009-10. In percentage terms, this translated into an EBITDA

margin of 16.6% in FY 2009-10 against 10.4% in FY 2008-09. The strong growth in EBITDA has been primarily driven by the increased volumes, change in product mix due to migration from low profitable products and improvement in margins for core business segments.

EBITDA of the power business grew from Rs. 131 crores in FY 2008-09 to Rs. 206 Crores in FY 2009-10 showing an increase of 57%. EBITDA of telecom business grew at a rate of 81% from Rs. 109 Crores in FY 2008-09 to Rs. 198 Crores in FY 2009-10.

The interest costs saw a sharp decrease from Rs. 55 Crores in FY 2008-09 (excluding one-time foreign exchange fluctuation loss of Rs. 35 Crores) to Rs. 38 Crores in FY 2009-10. The decline was triggered by a decrease in borrowing levels and reduced cost of capital for the business.

The net profit for the year increased significantly by 173%, from Rs. 90 Crores in FY 2008-09 to Rs. 246 Crores in FY 2009-10. This was mainly driven by improvements in operating margins, by execution of high margin orders, favourable product mix and lower interest cost for the business.

Stock Split & Bonus

During the year, the Company has subdivided equity shares of face value of Rs. 5 each into face value of Rs. 2 each. Further, the Company has declared bonus shares in the ratio of 1:1 to all existing share holders and consequently diluted EPS for the full year stands at Rs. 7.3 against Rs. 2.8 in the last fiscal.

Dividend

In continuation of the Company's progressive dividend policy, the Board of Directors have recommended an equity dividend of 25%, i.e. Rs. 0.50 per share of Rs. 2 each on post bonus enhanced share capital. This will lead to an outflow of Rs. 20.8 crores (including corporate dividend tax).

Balance Sheet

GROSS BLOCK AND CAPITAL WORK-IN-PROGRESS

The Company has been expanding its manufacturing capacities to meet the increase in the demand in both the telecom and power businesses. For the company, gross block grew from Rs. 976 Crores as on March 31, 2009 to Rs. 1,095 Crores as on March 31, 2010.

The capital work-in-progress stood at Rs. 57 Crores at the end of FY 2009-10 against Rs. 111 Crores at the end of FY 2008-09. This is on account of the on-going expansion projects at the power conductors, optical fiber and fiber optic cables facilities.

The depreciation provision for the year under review was Rs. 48 Crores as against Rs. 43 crores in the previous fiscal on account of increased gross block.

DEBT, CASH & BANK BALANCE

The debt of the Company decreased from Rs. 497 Crores as on March 31, 2009 to Rs. 358 Crores as on March 31, 2010 on account of internal accruals and decrease in net fund involvement for the Company. The entire debt that the Company has on books is on account of working capital borrowings. The Company does not have any long-term debt on its balance sheet.

The total cash and bank balance as at the end of the year was Rs. 210 Crores in FY

2009-10 against Rs. 78 crores as at the end of FY 2008-09. Out of a total investment of Rs. 106 crores, Rs. 100 crores is invested in debt denominated mutual funds and the remaining amount of Rs. 6 crore is invested in equity of subsidiary companies.

During the fiscal, the Company has received Rs. 69 Crores on preferential allotment of equity shares.

As a result the Debt-Equity ratio of the company showed significant improvement from 0.80 as at end of FY 2008-09 to 0.39 as at end of FY 2009-10.

WORKING CAPITAL (Rs. in Crores)

	Mar '10	Mar '09
Inventories	171	100
Sundry Debtors	629	546
Cash and Bank Balances	210	78
Loans and Advances	156	201
(A) Total Current Assets	1,166	925
(B) Total Current Liabilities	621	500
Working Capital (A)-(B)	545	425

The net working capital cycle stood at 50 days in FY 2009-10 as against 55 days in FY 2008-09. The Company has shown a remarkable improvement in working capital cycle, and managed to reduce the net working capital requirement for the business, despite strong revenue growth and ongoing capacity expansions. The Company would continue to balance the business growth with the efficient working capital management.

Current ratio of Sterlite has reduced from 1.69 times in FY 2008-09 to 1.54 times in FY 2009-10.

Cash Flow

CASH FLOW STATEMENT (Rs. in Crores)

	March 2010	March 2009
Opening Cash and Cash Equivalents	2	2
Cash Flows From:		
(a) Operating Activities	347	476
(b) Investing Activities	(225)	(205)
(c) Financing Activities	(120)	(271)
Closing Cash and Cash Equivalents	4	2

During the year, the Company has generated strong flow of cash from operations, which enabled it to meet its commitment for expansion capital projects as well as reduce bank borrowings significantly.

RETURN ON CAPITAL EMPLOYED & NET WORTH

The Return on Capital Employed (ROCE) showed a healthy growth from 17% in FY 2008-09 to 27% in FY 2009-10 with better utilisation of assets and change in business mix. The turnover to capital employed ratio was at 1.9 in FY 2009-10 against 2.0 in FY 2008-09.

The net worth of the Company, including receipt of Rs. 69 Crores on account of preferential allotment, is Rs. 916 Crores as on March 31, 2010. When compared with previous year it increased by 48% from Rs. 621 Crores. Net worth for FY 2009-10 comprised of equity capital of Rs. 71 Crores and the balance, added by reserves and surpluses.

Making life safer and greener For 1 million commuters... Every day!

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Indraprastha
इन्द्रप्रस्थ

लिफ्ट
Lift



15:55

Some of the gravest problems now affecting our world are air pollution, global warming and ozone depletion. Development of mass transportation systems that are efficient, dependable and safe, could be an answer to a greener world.

97 stations. 107 trains. 110 Kms of route track. 196 Kms of Sterlite fiber optic cables.

Delhi Metro Rail Corporation and Sterlite are playing a crucial role in improving the quality of life for Delhi's citizens and preserving our environment.

Human Capital: The new corporate wealth standard

By Pilo Wadia – Human Resources

Innovation, at both organisational and employee level, is essential for averting stagnancy.

In the era of globalisation while racing towards the 21st century, organisations are becoming increasingly competitive, dynamic, innovative and productive. In this challenging business environment, attracting, engaging, developing and retaining talent is critical to all organisations, especially when they are undergoing exponential growth. It is in this context that we would need innovative HR practices to prepare employees to meet the challenges of a knowledge-based economy and to respond to the dynamics of the work environment with technological skills and a high level of thinking skills.

Human resource management as we know it is undergoing colossal transformation that will change career paths in as-yet uncertain ways. Employers are placing a premium on business acumen and are automating and outsourcing many administrative functions, which will force many HR professionals to demonstrate new skills and compete for new, sometimes unfamiliar roles.

There is no growth without talent. The whole concept of talent management itself has undergone a paradigm shift. Organisations worldwide are finding skill, head count and leadership gaps in their workforce. Consequently, one of the key drivers for human capital management

is the changing skill and competency requirements of business. Shifting market requirements, global business models, increasing technical demands and rapidly changing labour markets, are all intensifying the need for organisations to revisit their talent strategies.

Today, there is a raging war for attracting and retaining talent. But in the new economy, the way the game is played has changed, and traditional recruitment and retention strategies no longer work. Identification of Talent is both an art and science. It is a combination of scientific knowledge and assessment. It is a process that proactively seeks out the intrinsic characteristics of an individual for successful development and identification of physical, psychological and tactical capacities and capabilities.

It's relatively straightforward to identify and assess experts in specific functional or technical arenas, but much more

difficult to determine whether those individuals have the people skills, leadership capabilities, business breadth, and global diversity sensibilities required for the nature of leadership today. Increasingly, the challenge of developing these broader skill sets falls to the corporations.

Talent management has become the strategic approach to managing human capital. It is the process of developing employees throughout the lifecycle of their careers. It is driven from the belief that talent differentiates organisational culture and breeds competitive advantage, with benefits for both the individual and the organisation.

A rightly managed talent pool is like an inexhaustible and priceless gold mine. It will keep supplying wealth and value to the organisation, as long as the management can realise its worth, extract it, polish it and utilise it.

“ One of the key drivers for human capital management is the changing skill and competency requirements of business. ”



Sterlite's innovative approach to Onboarding

Like in any other relationship the initial days are crucial and requires careful nurturing to ensure that the employee feels welcome and an inclusive part of the organisation.



One of Sterlite's prominent people philosophies has been building a talent pool of young professionals who can be nurtured to take on leadership roles. Towards this philosophy the company places a premium on inducting fresh recruits from campus and providing them growth opportunities. This also brings about an infusion of new and fresh energy, ideas and thoughts and helps to improve processes, products, etc.

One of the major challenges faced by Sterlite in the 'Young Talent Onboarding Program' was the propensity of these freshers getting lost in routine line functions, resulting in the organisation being unable to leverage on the fresh thinking, energy and enthusiasm which should ideally be used to revitalise the

organisation. A need thus evolved to re-design the 'Young Talent Onboarding Program' to address these shortfalls while holding together the essence and philosophy of the company's Human Resources practice and management approach.

While designing the new program Sterlite wanted to ensure that the programme inculcated a strong sense of belonging and pride, helped the organisation capitalise on the initial Energy and Enthusiasm by channelising these towards productive goals, providing the organisation with the benefit of dedicated teams having unbiased ideas working on key improvement initiatives. The youngsters were enabled to visualise the bigger picture and the incumbent's parents/families aligned

with organisation's vision & mission while instilling in them a confidence with regards – development and career growth opportunities for their child.

Sterlite inducted a group of 18 Young Professionals in July 2009. These youngsters are Engineers and MBAs from country's reputed institutes. Sterlite followed a two pronged strategy as part of the 'Young Talent Onboarding Program':

- Family involvement.
- Smooth transition from campus to industry, by incorporating project based learning experience.

It is typically observed that there is a tendency towards early attrition among the younger, graduate student population. This is often due to the fact

that organisations are unable to help students make a comfortable transition from campus to industry. To enable the students to make a smooth transition, quickly settle-in at Sterlite and start contributing to their best potential; the onboarding program involved a healthy mix of coaching and mentoring and experiential learning, providing the new talent space to learn from sincere mistakes. The program was of a 3-month duration comprising of learning through interactive sessions and project based experiential learning.

On the first day the young talent was inducted into the organisation in the presence of the senior management team and their parents. There was also a Thanksgiving Ceremony where the each individual and Sterlite Management took the opportunity to thank the parents for their role in developing such bright talent and responsible world citizens.

“Sterlite has shown that it is a very caring organisation that went out of its way to make us feel comfortable and proud parents” shared Mrs. Kamini Mittal, a proud parent.

The interactive learning sessions included sessions with the company’s management team aimed to help build familiarity with business and organisational systems and processes also aid bonding with the management team. Additionally special sessions were organised with employees who had joined through similar route from the last two batches of Graduate Engineer Trainees and Management Trainees to give the new joinees a flavour of the assignments handled and opportunities available in the organisation and how best they can navigate their career paths.

The Project Based Experiential Learning sessions were aimed at providing the freshers an opportunity to work on real time break-through improvement projects. The modus operandi involved dividing the entire batch into small cross functional groups of 4-5 individuals,

who would be equipped to function as standalone independent teams and take on the project work across the various businesses of Sterlite Technologies. Each group had one month to complete a given project after which they took on a different project at another business/location.

All the projects were identified from different businesses and for each project the group was assigned one or more mentors. These mentors were from the core function, which would be directly impacted by the project. In all each group took on three projects in the duration of this program. A formal review mechanism was also designed, where at the end of the project, the group was required to make a presentation about the scope of project,

“

Today it has been reinforced that my child has joined the right company and is at the right place ”

Mr. Gupta, A proud parent

approach, study undertaken, methodology used, key findings and learning, recommendation for way forward and plan for implementation of the same.

One of the mentors felt that the ‘fresh thinking brought-in new and out of box approach to increase business efficiency’.

The success of the initiative was evident in the feedback Sterlite received from the incumbents, their parents and project mentors. This was also reflected in the successes the organisation enjoyed when the break through improvement projects were implemented.

“The induction program gave a clear insight into the overall Company-wide operations, as well as provided a first-hand opportunity to interact with the senior & middle level management. The 6 month training program which followed, exposed us to the detailed internal operations at various locations through high impact projects, apart from helping build a great rapport with colleagues & seniors alike within the Sterlite family”. – Gaurang Gadkari, Management Trainee 2009 batch.

Sterlite’s innovative human resource practices won 4 awards at the 4th Employer Branding Awards 2009-10’.



The new age of Information Technology

Our in-house correspondent, Keith D'Silva caught up with Prasanth Puliakottu, CIO – Sterlite Technologies to understand what he and his team is doing to enable Sterlite stay at the cutting edge of technology manufacturing.

Keith: *Prasanth, in your view, how critical is IT to manufacturing enterprises such as Sterlite?*

Prasanth: In any high-end manufacturing business, the basic challenge the IT function faces is to enable transparency in systems through accurate data acquisition and to facilitate analysis for operational efficiency. This not only enhances the effectiveness of our internal processes but it goes a long way in building stakeholder's trust.

Today distance or location is no longer a constraint. Our executive management can assess the health of the business wherever they are or whenever they wish to. Moreover, from a customer support perspective, it is very important to have end-to-end material and process traceability for the entire manufacturing value chain. Our integrated ERP platform enables us to do this very efficiently.

For Sterlite, IT is critical for creation of competitive advantage, optimisation of business processes, enabling growth and improving relationships with customers.

Keith: *What are the key challenges that your team faces while aligning complex business processes with IT Systems?*

Prasanth: Implementation of IT initiatives across platforms across business and across locations continues to have its challenges. Our first challenge is real-time data acquisition. Our products are manufactured in semi-batch and in high-speed processes, wherein the quality

parameters of a subsequent product batch can be adjudged by the quality of the previous batch. Hence it is extremely critical to have real-time information available on each sub-process, which can be possible only with a robust IT platform in place. Now we have working together with our own instrumentation experts and globally renowned manufacturers to make all data real-time.

We currently have a total of five manufacturing facilities located at Aurangabad, Silvassa and Haridwar, whose manufacturing processes are independent of each other. However these locations need to integrate into a pool of common business processes such as finance, banking, treasury, etc. Our second

challenge is integration all our IT platforms on a vastly seamless platform.

Keith: *Could you elaborate on the IT platforms that have been implemented at Sterlite?*

Prasanth: Apart from our base systems of 'SAP' and 'Oracle' which cover most of our manufacturing and financial processes, during FY10, we implemented platforms like CRM (Customer Relationship Management), PMS (Performance Management System) and BMI (Business Measurement Index), on a Companywide scale. In a complex structure like ours, it is not always practical to implement a completely unified platform. We continue to work towards enabling a high degree of seamlessness between platforms to make



the system user friendly and provide the necessary return on investment.

Keith: *In your view, how does IT help in managing complexity in your business?*

Prasanth: IT merges the different information silos into a common pool of information. IT ensures that when everyone talks a common language, as far as data is concerned.

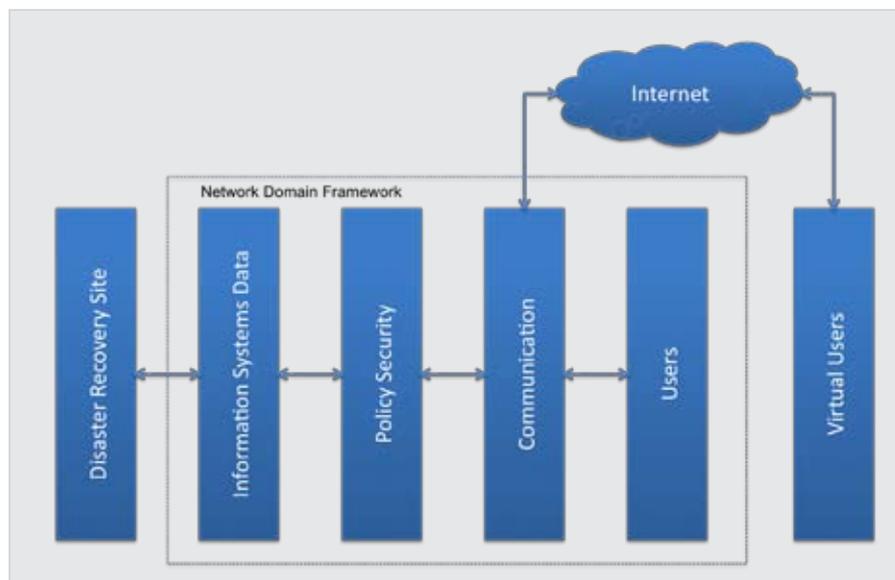
Our key focus is to reduce the complexity in business processes and facilitate communication through the organisation. We aim to use IT to enhance and enable existing processes. Through IT we endeavour to innovate and enable more efficient ways of doing existing things. Through IT, we want to make systems intelligent enough to implement automatic checks and controls within our business processes, where deviations solicit automatic alerts and in extreme cases, shut down the process to prevent the specific deviation from propagating.

Through a high degree of automation we have been able to free a significant amount of our valuable human resource to perform value-adding activities, rather than mere manual data entry. And I mentioned you earlier we will focus more towards this in coming years.

Keith: *Do you think IT has played a significant role in providing Sterlite Technologies with a global strategy, initiative and then carrying them through?*

Prasanth: We are committed to providing intelligent and analytical information for decision-making, whilst not losing focus on adequate security and process controls. Though the various IT applications implemented at Sterlite, we have been successful in keeping abreast of information and best practices related to markets, products, technology and competition.

Keith: *India is facing stiff competition from other Asian countries for the manufacturing sector pie. In your view, how can information technology play an enabling role in efficient manufacturing?*



Prasanth: In Sterlite's business, we have focussed on our core competencies to ensure that we are amongst the lowest cost producers of all our products. This has been done by vertical integration and intelligent manufacturing. All our products have a core linkage from the very basic natural resource i.e. we manufacture optical fibers from naturally occurring silicon ore and we manufacture aluminium conductors from aluminium ingots.

Our continuous focus is on achieving value addition from one form to another by expending minimum conversion resources in terms of energy, chemicals etc. which helps in terms of reducing cost, reducing pollution as well as utilising lesser energy and conversion agents. We effectively use IT to integrate manufacturing across the various stages of conversion as well as in reporting and controlling/optimising the usage of conversion agents.

We believe we have a unique edge with this approach on a global basis and we continue to work on this and such differentiators to ensure that Sterlite and India continue to be a big manufacturing hub for all the products that we produce and sell globally. With effective implementation of IT platforms, India has the potential to become the manufacturing hub for the world for technology equipment.

Keith: *What are your IT plans ahead?*

Prasanth: Our IT focus going forward would be majorly in three areas:

Business Intelligence: Provide intelligent & analytical data is the one of the key IT objectives for business and stakeholders. In 2009-10 we implemented SAP BI/BPC system for our finance and marketing functions. Through 2010-11 we intend to extend to this to the areas like Operations and Human Resources.

Customer Collaboration: In 2009-10 we successfully implemented CRM (Customer Relationship Management) to help our sales and marketing teams to address customer needs more effectively. In FY11 we take this opportunity to commit more work in customer collaboration. We aim to be known as 'the best people to do business with'.

Continuous Improvement: We are committed to continuously upgrade our IT infrastructure and business platforms. Infrastructure improvements planned would utilise state-of-the-art technologies like virtualisation, cloud computing and green IT.

Keith: *Thanks Prasanth. We are very excited to learn about the IT initiatives that you are implementing at Sterlite and we wish you and your team all the very best.*

Much more than philanthropy



By Meher Gadekar & Lalit Tiwari – CSR & HSE

Philanthropy is not enough. However well-intentioned or whatever the amount of the contribution, support of local good work and charity is not all there is to manufacturing's responsibility to society, to the people who are its employees and customers and the communities in which it does business.

There is a tendency to think of sustainable development as philanthropy and not think of it in terms of what it is fundamentally about – the obligations that an organisation has to society. A corporate has obligations to ensure its business is done in a moral and ethical manner. It is

clear that 'sustainable development' is being defined differently and more broadly than it used to be.

Several companies, like Sterlite Technologies have had a long-standing commitment to sustainable development. Sterlite's sustainability efforts have been in three thematic areas, viz. Education, Health and Environment and have been largely focussed in locations where the Company has its manufacturing operations. These initiatives include tree plantation, construction of check-dams, health camps, cleanliness drives, garbage recycling programs, a mobile

dispensary and support to schools for the under privileged.

However, businesses today have a greater responsibility than ever before to enhance society's overall well-being. It is important to proactively foresee social and environmental factors that would influence businesses in the long-term and prepare for those changes.

Today's need of business, demands that sustainable development efforts encompass responsibility to customers, suppliers and employees, respecting their dignity, recognising their merit, assuring

ECO.101 Data Cables

By Pramod Srivastava & Darshana Bhatt, Operations & Product Development

Introduction: Cabling infrastructure has established itself as a vital component of an enterprise's IT strategy. The threat of wireless taking the sheen off wired infrastructure is no longer real as the cabling needs of the enterprises are increasing year after year. Further new areas of structured cable deployment have emerged with the need for high-speed internet by retail and realty sectors.

The challenge on hand: Sterlite has a strong focus on research and product development, complimented by in-house domain expertise to provide unique solutions, whilst keeping its focus on sustainable development. The Company took on the 'ECO.101 Challenge' to develop a data transmission cable solution that is manufactured through judicious use of scarce natural resources, does not pollute the environment during manufacture/disposal and is non-hazardous to users.

Sterlite's solution: Sterlite's assessment indicated that sheathing and cable packaging were critical factors in meeting the challenge. The cables are packed on reels enclosed within a disposable corrugated cardboard cartons. Recycling of PVC sheath is quite difficult due to plasticisers and stabilising additives within the compound. PVC compound disposed in landfills takes decades to degrade. Disposal by incineration releases environmental and toxic pollutants due to halogen content.

After evaluating several options covering all three major aspects for environment protection (Reduce, Reuse and Recycle), Low Smoke Zero Halogen (LSZH) sheathing was found as the most suitable eco-friendly and non-hazardous alternative to traditional PVC sheathing material. Additionally, cables with LSZH sheathing were found to have advanced abrasion resistance, good mechanical properties, long-term performance reliability, excellent flame retarding properties, low smoke

generation on combustion. The finished cables are traditionally packed using Reelex/Reel and Corrugated box as enclosure which all uses wood as basic component. Disposal of such packing material becomes very tough task after installation of the cable at site and poses serious concern to environment. Sterlite unique packing solution offers cable in the form of coils covered with suitable plastic film wrap. A detachable cable pay-off stand is provided with each consignment to facilitate cable laying. This detachable Cable pay-off can be used multiple times cable laying purpose in field and enables very smooth payoff while laying. A truly eco-friendly solution: Sterlite ECO.101 Data Cables are a revolutionary concept in structured cabling. As the cables are devoid of halogen elements, they pose no health hazard, are eco-friendly and use minimal, fully recyclable packaging.

equal opportunity, compensating them fairly, providing them with a safe working environment and competent management whose actions are just and ethical, and helping them fulfill their family responsibilities.

Sterlite has recognised that its supply chain activities have a global impact and acting with social responsibility towards those involved in the production of its goods and services is crucial. In this context, Sterlite has established a supply chain initiative that outlines a set of standards based on the United Nations Universal Declaration of Human Rights and International Labour Organisation Conventions. Sterlite intends to gain the support of its direct suppliers to promote these standards throughout its supply base.

Sterlite also recently launched the Sterlite ECO.101 Program that examines ecological (ECO) aspects of product manufacture and supply from a fundamental (101) aspect. The program follows a three-pronged approach: Reduce, Recycle & Reuse. Reduce the use of non-bio degradable materials without compromise on stringent product quality standards, recycle resources wherever possible or dispose them responsibly and reuse resources wherever possible.

The report 'The Future of CSR: 2009', published by CSR Asia mentions climate change, partnerships with stakeholders and product responsibility amongst the key issues that are most important for corporates for the next decade. We are confident that these issues can be easily addressed, through a concerted focus on implementing responsible processes, by responsible people.

Businesses are increasingly realising the ability to practice environmentally conscious operations can help boost profits, develop brand value and build a strong position to beat less adaptive competitors. Sustainable Development is coming into its own, as a force to drive competitiveness and to keep ahead in the race for global market leadership.

Sterlite's 'ECO.101' Tips to go green at your workplace

By Keith D'Silva, Corporate Communications

A greener workplace can mean a lighter ecological footprint, a healthier and more productive place to work, and good news for the bottom line. Here are simple initiatives that we have implemented under the Sterlite ECO.101 Program that you could benefit from.

1 Telecommute

With technological advances and innovative workflow tools like instant messaging, teleconferencing and videoconferencing, at Sterlite, we question the fundamental need to travel. Over the past years, we have consciously invested in state-of-the-art infrastructure that has made effective telecommuting a reality and we are already reaping the benefits of our investments. The amount of employee travel and related costs have reduced, our employee productivity has improved significantly, they can utilise the commuting time saved to focus on value-added initiatives and most importantly, it has helped us take control of our work-life balance.



2 Digitize & paperless whenever possible

We encourage the habit to think before we print: could this be read or stored online instead? The greenest paper is no paper at all. We try to keep files on computers instead of in file cabinets, review documents onscreen rather than printing them out, sending emails instead of paper letters and faxes. We have switched to using e-mailers and PDFs to circulate our internal employee newsletters, announcements; have digitized and have created a central document repository for our policy

documents, training material and other 'version controlled' documentation. We also encourage the use of electronic clearance of payments to our employees and vendors whenever possible.

3 Reduce, reuse & recycle

Our primary focus is in reducing both materials and energy, whilst maintaining the quality standards of our product offerings. Once we believe we have reduced the levels of all extraneous resources, we turn focus on reuse & subsequently recycle. We try to reuse and recycle everything. We save and reuse packaging cartons, we recycle old newspapers and magazines, and much more. Not only have these initiatives impacted the environment in a positive way, they have also lead to substantial savings. For example, our specially designed envelopes for internal use between our offices has cut down volume consumption of envelopes by 96%, as each envelope can be reused 24 times.

4 Question the use of every resource

We live by our organisational belief to conduct our operations in a responsible way, with a minimal impact on the environment. We encourage employees to question the use of every resource. When we travel, can we intelligently car-pool? Should we use ceramic cups rather than disposable paper cups? Can our product packaging be more eco-friendly? Some of these questions have lead to remarkable innovations and changed our business playing field.

Above all, we keep an open mind. We have benefited from this. So can you.



Intellectual property and product development

Dr. Ian White, Senior Technologist at the 'Sterlite Center of Excellence' shares his insights on key aspects of research, technology development and intellectual property, which would determine an organisation's global competitiveness in the technology space.

Triggers for research and technology development

To be a successful global high-technology supplier, technology development must be focussed on the means through which the organisation can support its customers' needs.

For example, in technologies that support the information revolution that the world is experiencing today, organisations are required to continually provide more functionality, more data and easier utility of data at an ever-decreasing cost.

Moore's Law¹ exemplifies this classic situation wherein the cost of the same functionality in a microprocessor chip, is

reduced by 35% year over year, through advances in lithographic technology. Communication service providers and their customers, now accustomed to the miracle of silicon integrated circuits, demand that their suppliers of transmission network equipment provide technology solutions to complement this.

The bottom line is organisations need to make customers successful in the long-term, whilst maintaining demand for their products. Easier said than done. No single effort alone can accomplish this.

Companies must focus on product cost reduction through manufacturing innovation in materials and processes.

They need to evolve novel new product designs that can eliminate significant cost elements of a network. They need to have a visionary understanding of how networks need to evolve and how markets anticipate and accommodate disruptive technologies in their future planning.

Effective business practices need to be propagated, to minimise the 'growing pains' characteristic of disruptive revolutionary change in customers' business and personal lives.

At the Sterlite Center of Excellence, these are the core team's daily challenges. At Sterlite, this team comprises international experts and a talent pool of India's best minds, inducted from premium technology institutions.

Making Sterlite's customers successful in their business is the only guaranteed means of maintaining Sterlite's success nationally, regionally and globally.

Process for research and technology development

A successful R&D program includes creating a challenging and rewarding environment that encourages innovation, attention to detail and supporting innovative thinking in technology and manufacturing, while listening and acting on customers needs and desires, and anticipating their future needs.

Sounds complex? A holistic process in research and technology development can be elaborated through Sterlite's approach.

Sterlite recognises the value of the human mind and its abilities. Sterlite has accelerated its efforts in this area with the formation of the Sterlite Centre of Excellence with state-of-the-art, dedicated R&D resource and facilities and an expanded technical team to further leverage capabilities.

While forward thinking "blue sky" R&D is planned for this group, technologists at Sterlite understands that what supports

its customers is, today and tomorrow's product advancement and manufacturing advancement through technology innovation and application.

Unlike many R&D institutions in academic and industrial environments – every technologist at Sterlite understands the realities of commercial manufacturing through daily exposure to "real world" issues of production and in so doing has a more pragmatic and acute awareness of "design for manufacture" and customer impacts. This results in products that have lower capital expenditure and operating expenditure than competitors and are more easily deployed.

From implementing new manufacturing processes like six sigma and lean manufacturing, to project management tools that ensure that cost is minimised and quality is maximised, the Sterlite Center of Research continually innovates advances in support of our customers.

Sterlite recognises that knowledge, efficiency and effectiveness are not the sole domain of its people. The Company has created strong bonds across the elite of Indian and overseas academic research groups to help keep "ahead of the curve". Not only does this provide additional valuable insights technologically, these relationships foster stronger bonds and mental stimulation. This also provides

opportunities for academic institutions to gain a 'real world' appreciation for application of their technology and hone additional career opportunities for their students.

Benefits in protecting intellectual property

At a broad level, intellectual property (IP) refers to a number of distinct types of novel and commercially valuable creations of the mind for which property rights are recognised and can be protected through provisions of law. In the technology space, IP commonly includes copyrights, trademarks, patents, industrial design rights and trade secrets.

Typically, these exclusive rights allow owners of intellectual property to benefit from the property they have created, providing a financial incentive for the creation of and investment in intellectual property, and, in case of patents, through recovery of the associated research and development costs, by legally protecting these intellectual efforts through exclusive rights to use the advances in product.

However in reality, the benefits of protecting IP can be more closely linked with the industry lifecycle. For products that are launched in the introduction or growth stages of an industry, IP protection allows price premiums that accelerate the recovery of the company's R&D investment



A successful R&D program includes creating a challenging and rewarding environment that encourages innovation, attention to detail and supporting innovative thinking in technology and manufacturing.



that supported these novel technology advances. However in mature industries, such as fiber optics and power conductors, IP manifests itself in an organisation's need for rapid global market penetration.

A metric of success in Sterlite's technology development program is fact that the Company has an enviable patent portfolio of over 23 patents granted in India and globally. This has enabled Sterlite to gain inroads into several focus markets and to acquire quantifiable market shares.

“
A metric of success in Sterlite's technology development program is fact that the Company has an enviable patent portfolio of over 23 patents granted in India and globally.”

Development of a technology roadmap

To be a long-term global leader in any technology or market, a company needs to be able to anticipate the future needs of the industry and its customers, and be a first responder to these needs at the right time. Given the long development time for new technology to evolve from the laboratory to the factory floor, a company that is responsive to its customers' immediate needs must anticipate them many years before.

Apart from divining this future through psychic means, a technology leader must find reliable means through which this future can be determined with confidence. This requires the vision, experience and technology mastery of the technology teams in a disciplined process through which present trends are extrapolated and disruptive technologies anticipated and evaluated to define key technology initiatives for this future.

This is not “ivory tower” visioning, but requires true customer focus in which many skills apart from technology prowess are employed – active attention to customers' needs, pains and desires.

It is an unsaid given that the company has to put into place an innovative and knowledgeable technology team that is capable of converting these needs/pains/wants into technology developments and then execute these efficiently.

The planning becomes the technology roadmap for the company. This is a long-term plan to fulfill these customer needs/desires etc., reduced to an actionable set of internal initiatives in technology development plans. This should be linked intrinsically into manufacturing development plans for reducing cost and adding technology features.

Ensuring global competitiveness

Based on the knowledge, expertise and innovative talent acquired over two decades, Sterlite understands the market. More importantly, Sterlite listens to its customers.

This guarantees that not only will Sterlite's customers get the products they need today but in the future, when they have new demands on product performance and cost, Sterlite would be the first to offer a solution and waiting to be challenged once again, to solve their next generation of “pains”.

¹ Moore's law describes a long-term trend in the history of computing hardware, in which the number of transistors that can be placed inexpensively on an integrated circuit has doubled approximately every 18 months.



Sterlite High Ampacity Power Conductors

Development of efficient power transmission is the need of the hour, aimed to alleviate the increasing demands from today's power utility system. The evident challenge is to transmit more power over existing lines and develop more efficient power conductors for new lines.

Sterlite has introduced a range of high ampacity bare overhead conductors, manufactured from specialty alloys that offer superior thermal resistance, which improve the efficiency in high current transmission.

KEY FEATURES: Sterlite's AL-59, TACSR, ACSS and STACIR conductors can be used for re-conductoring and for new lines. These conductors offer numerous benefits that include enhanced current carrying capacity, higher corrosion resistance, cost effectiveness and reduction in overall operating expenditure.

PRODUCT RELEASE: 2009

PRODUCT CATEGORY: Bare overhead power conductors



Sterlite Mini DUCT-LITE™ Fiber Optic Cables

It has been almost three decades in the making, but fiber-to-the-home (FTTH) is finally emerging into the mainstream and is set to transform the telecom environment worldwide over the next decade.

The typical premise fiber installation are in existing multi-dwelling units (MDUs), through stairwells and into customer homes where there is a limited opportunity to lay new cable conduits. Thus it is necessary to have a solution that enables the cable installation within the existing conduit infrastructure within the building.

KEY FEATURES:

Sterlite Mini DUCT-LITE™ Fiber Optic Cables are very small diameter, lightweight and flexible cables that can be air blown into the existing ducts with sub duct size of 10/12 with a blowing pressure of maximum 12 Bar up to 2 km.

PRODUCT RELEASE: 2009

PRODUCT CATEGORY: Fiber optic cables



Sterlite AERIAL-LITE™ OPGW Cables

Develop of smart energy management solutions is a key focus for most power utilities across the world.

Since the past two decades, Sterlite has developed technical expertise in fiber optic cables and proven its capabilities in manufacture of energy efficient bare overhead power conductors. Sterlite has integrated these core strengths in its comprehensive OPGW solution that includes Optical Fiber Composite Ground Wire and related hardware.

KEY FEATURES:

Sterlite AERIAL-LITE™ OPGW Cables are a revolutionary solution that enables synergies between efficient power distribution grids and high-speed optical fiber based SCADA networks, giving power utility companies the unique capabilities of a telecom carrier or service provider.

PRODUCT RELEASE: 2010

PRODUCT CATEGORY: Optical ground wire (OPGW) cable.



Sterlite BOW-LITE™ Optical Fiber

The dream of installing optical fiber all the way to the home began in the early 1990s after extensive deployment of optical fibers in long-distance and metropolitan area networks. However, fiber optic cables manufactured with standard optical fiber must be installed very carefully in premises to avoid small bends along the fiber path, which can cause signal loss. This need has led to the development of a special range of optical fibers that are insensitive to bending during installation and can improve cost effectiveness of FTTH installations.

KEY FEATURES:

Sterlite BOW-LITE™ Optical Fiber is a bend insensitive single mode fiber that is optimised for use in the entire band of O, E, S, C & L band (1260-1625 nm). Low bend sensitivity of BOW-LITE™ makes it an ideal solution for fiber-to-the-premise (FTTx) networks with 16 channels CWDM operation.

PRODUCT RELEASE: 2009

PRODUCT CATEGORY: Optical fiber





Sterlite helps Dutch CATV operator cut the cost of FTTH deployment

Oss is a sophisticated city in the North Brabant province of The Netherlands. It is a mix of residential and industrial areas between 's Hertogenbosch and Nijmegen and, like most cities in The Netherlands, residents receive their television service via cable. Until just over a year ago, this service was delivered over coaxial cable. In early 2009 a decision was made by the municipality to move this and other services over to FTTH.

This decision to move to FTTH was made because it was deemed necessary to have faster connection speeds for both upstream and downstream services and additionally new services such as interactive TV, IP TV and video surveillance could be extended to the community. These would not be available over copper cable due to its inherent bandwidth limitations.

The local cable service provider Cable Media Brabant Gelderland (KBG) provides over

12,000 subscribers with CATV, TV and radio services, Internet and VOIP services. KBG made the decision to replace all its coaxial cables with optical fiber over a five-year period. In addition, all of the Company's new infrastructure in the area is already being designed to operate over fiber from the outset.

Project Aims

KBG needed to source its optical cable and passive components from a partner that would help them with the design of the network to ensure both technical and commercial success. It needed to buy a large volume of Micro-duct fiber and ensure that it could terminate a large number of connections at one point in serviceable "hand-holes" to avoid the need for street cabinets. KBG also had the following aims:

1. Ensure the delivery of CATV, TV and Radio, Internet and VOIP services to both existing and new customers into the future with higher speeds both upstream and downstream.
2. Enable the potential of future advanced services, such as Interactive TV, home and business security services and high speed internet wireless services.

3. Build an access infrastructure that would last for a minimum of 30 years.
4. Find a supplier that was willing and able to help design the network.

The Solution

KBG's team headed by network manager Henk Seepers decided, after a tendering process, to work with the local Benelux-based team of Sterlite Technologies. "We needed a turn-key solution and wanted to work with a team that could act as an extension to our own team to conceptualise and build the solution to meet our business objectives as well as a supplier who could meet and exceed our expectations on reliability, delivery, service and of course meet our technical specifications and price." said Seepers.

Installation

The plan for FTTH in Oss is coming to fruition but it will take five years for all of the coaxial cables to be replaced by optical fiber. Currently all CAI main distribution boards at KBG are already connected by fiber optic connections. Within five years existing customers will be upgraded to fiber but all new customers will have fiber deployed to their homes straight away.

With all FTTH deployments the density of connections at termination points is a major issue and this would normally require street cabinets above ground. As street cabinets are unsightly and vulnerable to being vandalised or damaged by car accidents, KBG specified that at the end of the project all connections should be underground. KBG also wanted to avoid the cost of multiple civil works as individual premises were added.

Sterlite's solution was to develop a specific enclosure for the purpose [see Fig. 1]. The hand-holes are modular and have the specific benefit of being accessible from street level during installation which makes adding and removing connections as simple as possible.

New concept for hand-holes

Henk Seepers explained the features and benefits of Sterlite's hand-hole approach to the fiber installation KBG is making: "Conventional solutions use either a cabinet or a buried hand-hole for connecting fiber during installation, and storing the fiber closure when all customers are connected. By understanding our needs and installation practices Sterlite offered us a solution that has the advantages of a street cabinet, street level hand-hole and buried hand-hole at different stages of the network build."

"In the roll-out phase, our installers can use the hand-hole as a cabinet or as a street-level box allowing customers to be easily connected to the feeder cable. Not all homes at a defined distribution point can be spliced and connected on the same day, and so existing buried hand-holes have to be buried and dug-up using civil works each day, which for KBG would be expensive and time-consuming. With the modular handhold at street level it is easy to open and close the handhold until all 48 homes are spliced and connected to the feeder cable."

"After completion of all our customer connections the street-level or cabinet hand-hole has the modular top unit removed to convert to a fully protected

underground box: no unsightly or vulnerable cabinet is left above ground. The modular design means installation time and cost is minimised during roll-out, and upon completion the fiber closure is completely buried for minimal disruption and maximum security."

The first phase of the FTTH deployment in Oss has been made in the autumn of 2009 and has posed no problems on either existing buried fiber or where new cable had to be air blown into existing ducts. The cable recommended by Sterlite and chosen by KBG is a 96-fiber Micro-duct design with a small diameter of only 6.8 mm (now further reduced to 6.5 mm).

“Sterlite offered us a solution that has the advantages of a street cabinet, street level hand-hole and buried hand-hole at different stages of the network build.”



Fig. 1

This cable maximises duct utilisation and enables simple installation. However it was the ability to re-use the "hand-holes" which meant KBG could significantly reduce its installation costs and were able to have a modular and flexible approach during each stage of the deployment. By reducing installation time and the number of hand-holes needed on the project, KBG were able to save significant costs. Having unfettered access to the hand-holes above ground during installation made it easier to add additional customers.

Partnership

The cooperative working relationship between KBG and Sterlite was key to the project as many of the challenges were overcome by careful forward planning in advance of deployment. One of KBG's key management issues was, and continues to be, keeping down the costs of the installation. That they have been able to do so, has meant that to date KBG has financed the project out of its own pocket.

Fiber is the future – the only sensible choice

KBG's thinking on this type of network is that fiber is the future. "To start a new network based on coax would be a waste", said Seepers. All new connections on KBG's network will be fiber.

For the business community, KBG are able to offer fiber connections to the business customers in their service area, and allows them to select and shop for the services that best suit their individual requirements. These services are offered over an open network using the NDIX network. "In part, our strategy in building out an FTTH network is to increase the value of a major asset on which other larger service providers can sell their services gaining us additional revenues from the network," he said.

Conclusion

The benefits of a close working relationship between KBG and Sterlite became evident through the project. Sterlite's helping to minimise the cost of installation, cooperating on the design of the network and working to a common set of goals has meant no delays in deployment, no loss of performance and simple on-site integration.

"Working with Sterlite Technologies for the delivery of the passive optical network infrastructure, has ensured that we can provide the residents of Oss, Berghem and Heumen with a reliable solution for now and into the future," said Henk Seepers.

Cable Media Brabant Gelderland (KBG) is a regional cable TV provider based in Berghem in The Netherlands. It is one of the first cable operators to broadcast high quality digital programs. www.kabeltv-kbg.nl

Efficient power transmission systems

By Anil Sikka - Transmission Networks

Energy efficiency is truly turning out to be the buzzword of the decade.

Thanks to larger issues such as global warming and cost cutting during recession, this topic has been taken up seriously by the global industry, which is making conscious efforts to adopt green technology. Taking this issue to a slightly different landscape, it may be worthwhile to explore its relevance and significance when it comes to where power consumption actually begins – the power transmission and distribution network.

“Electricity is today a basic necessity. However, it is necessary that users remember it as an economic asset and hence, used judiciously. As a country of one billion people and a dynamic economy growing at rates of over 7% per annum, we are going to consume more energy and we will have therefore to generate this energy. We need to work towards more rational pricing and distribution policies to ensure the new investment required to sustain this growth process”, said Dr. Manmohan Singh, Prime Minister of India, at the launch of the Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY).

“The electrification of rural India is a key foundation stone in the modernisation of our agriculture and in improving the quality of life of our citizens particularly those living in rural India. We cannot delay the implementation of this basic commitment any longer”, he added.

However, there are current challenges

such as lack of sufficient generation, non-efficient T&D networks and power thefts that might prove to be huge roadblocks in the path to India’s energy security. It must be emphasised here that a lot of attention needs to be laid on improvising transmission and distribution networks as there are significant power losses during the transmission and distribution phases.

A little more than a decade ago, India’s Telecom Sector was privatised, and we all know how efficiently this sector has grown. It is a welcome initiative from Ministry of Power is to bring in private investment and creating a base for Independent Power Transmission Systems in India. The first set of such Independent Power Transmission System has already seen success with three mega Transmission Projects getting awarded and Sterlite Technologies won the contract for India’s first ultra mega power transmission project. Sterlite would build, own, operate and maintain a transmission network of two 400kV double circuit lines, approximately 430 km in the Indian states of Assam, Bihar and West Bengal.

“The electrification of rural India is a key foundation stone in the modernization of our agriculture and in improving the quality of life of our citizens particularly those living in rural India”

Losses during power transmission and distribution have particularly been a concern for the Indian electricity sector for a very long time. Apart from the fact that the lines meander, along torturous routes, linking one village to another, the conductor sections are often inappropriate.

The evident challenge is to transmit more power over existing lines and to develop more efficient power conductors for new lines. Companies like Sterlite Technologies have taken heed of this pressing need very seriously and have introduced a range of high ampacity bare overhead conductors, manufactured from specialty alloys that offer superior thermal resistance, which improve the efficiency in high current transmission.

These specialty conductors are versatile in their deployment as they can be used for re-conductoring and for new lines. These conductors offer numerous benefits that include enhanced current carrying capacity, higher corrosion resistance, cost effectiveness and reduction in overall operating expenditure.

Over the next few years, the demand for transmission capacity is expected to increase dramatically, driven primarily by significantly greater increases in generation capacity, it becomes even more imperative that robust transmission and distribution networks are set up across the country. It is vital to improve the alignment between power transmission and distribution.

With numerous positive measures being taken towards ensuring power availability, supplemented by private investments and transparency coming into government administration, India’s power sector has the potential to become one of the most promising sectors.



‘Electricity to every Village’ will soon be a reality!

Power is one of those critical infrastructures upon which the socio-economic development of a country depends.

Automation in manufacturing, improvements in residential standards of living, advances in agricultural technology and rural electricity reforms are pushing the envelope for 24x7x365 always-on services.

Sterlite aims to make it easier, faster and more cost effective for utilities to build power infrastructures. Sterlite, the world’s largest manufacturer of power conductors, is playing a crucial role in improving the quality of life of citizens in 47 countries.



Anil Agarwal
Non-Executive Chairman

Anil Agarwal founded the Sterlite Group in 1976 and has been overseeing its operations since its inception. He is the Executive Chairman of Vedanta Resources Plc. He is also Chairman of Sterlite Industries (India) Limited, Bharat Aluminium Company Limited (BALCO) and Sterlite Energy Limited. Anil Agarwal is the Director at Vedanta Aluminium Limited. He has over three decades of experience in business strategy, general management and commercial matters.



Arun Todarwal
Non-Executive &
Independent Director

Arun Todarwal, partner of Todarwal & Todarwal, a Mumbai-based firm of chartered accountants, holds a bachelors degree in commerce and is a member of the Institute of Chartered Accountants of India. He has a rich and varied experience spanning over two decades in finance and audit.



Pravin Agarwal
Whole-time Director

Pravin Agarwal has been closely involved with the Sterlite Group's operations in India since its inception and has been instrumental in growing the telecom and power businesses. His rich experience in general management and commercial matters spans about three decades.



A. R. Narayanaswamy
Non-Executive &
Independent Director

A. R. Narayanaswamy is an Audit Practitioner and runs a management consultancy catering to the pharmaceutical, chemical, engineering and hospitality sectors. He is a Chartered Accountant by profession and his experience spans over three decades.



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, he worked with Siemens. He completed his B. Tech. in metallurgical engineering from IIT Kanpur and was awarded Masters and PhD from the Rensselaer Polytechnic Institute, USA.



Haigreve Khaitan
Non-Executive & Independent Director

Haigreve Khaitan, partner of Khaitan & Co. a Mumbai-based firm of lawyers, holds a bachelors degree in legislative laws. He has varied experience spanning a decade in commercial and corporate laws, tax laws, mergers and acquisitions, restructuring, foreign collaboration, licensing, etc.

Directors' Speak

To the Members,

Your Directors are pleased to present Sterlite Technologies' Annual Report, together with the audited accounts of your Company for the year ended March 31, 2010.



RESULTS OF OPERATIONS

(Rs. in Crores)

Particulars	2009-10	2008-09
Net Revenues	2,431.63	2,289.23
Profit / (Loss) before Interest, Depreciation & Tax	403.83	240.31
Less: Interest	38.12	88.00
Less: Depreciation	48.27	42.52
Net Profit/(Loss) before taxation	317.45	107.31
Provision for Taxation:	-	-
Current Tax	58.24	12.51
Earlier Year Tax / (Written Back)	10.93	0.83
Minimum Alternative Tax eligible for Set Off	(2.00)	(11.66)
Deferred Tax (Credit)	4.21	16.73
Fringe Benefit Tax	-	0.88
Net Profit / (Loss) for the year after tax	246.07	88.02
Net Profit / (Loss) for the year after tax (after prior period depreciation)	246.07	90.15
Balance carried forward from previous year	407.39	335.70
Amount available for appropriation	653.46	425.85
APPROPRIATIONS		
Transfer to General Reserve	24.61	9.02
Proposed Dividend	17.78	8.07
Provision for Tax for Dividend	3.02	1.37
Balance carried forward to the next year	608.05	407.39

PERFORMANCE

During the year, your Company registered net revenues of Rs. 2,432 Crores as against Rs. 2,289 Crores in the previous year. The revenue from the power business was Rs. 1,525 Crores in the current year vis-à-vis Rs. 1,473 Crores in the previous financial year. The revenue from the telecom business increased to Rs. 907 Crores in the current year, from Rs. 816 Crores in the previous fiscal.

The EBITDA of your Company showed a significant growth rate of 68% year on year, growing to Rs. 404 Crores from Rs. 240 Crores in the previous year. The profits of your Company after providing for interest, depreciation and tax increased to Rs. 246 Crores in the current year; a very impressive increase from Rs. 90 Crores in the previous fiscal.

The ongoing capital projects for expansion of the optical fiber manufacturing capacity to 12 million-fkm per annum is nearing completion and is expected to be fully commissioned during the

fiscal year 2010-11. The capacity expansion for power conductors to 160,000 Metric Tons is also expected to be completed in early FY11.

Your Company continued to focus on global market penetration and increase in market share by enhancing the manufacturing capacities in the existing businesses. In line with this, during the year 2009-10, your Company announced a further capacity enhancement of optical fiber from 12 million-fkm per annum to 20 million-fkm per annum. This capacity expansion is anticipated to complete by the end of FY 2011-12, making your Company the third largest manufacturing capacity in the world.

As a part of aforesaid Optical Fiber expansion plans, your Company also floated a new wholly owned subsidiary named Sterlite Infra Tech Limited, with the objective of setting up a green field facility for optical fiber at Aurangabad in a Special Economic Zone (SEZ).

INDEPENDENT POWER TRANSMISSION BUSINESS

The Ministry of Power, Government of India, has initiated a scheme for development of Independent Power Transmission projects through private sector participation, for evacuation of power from the generation stations, strengthening of the grid and transmission of power from pooling stations to the other grid stations and load centres. This offers a good opportunity for business and due to Company's understanding of the power sector, there is a unique synergy of this business and the Company's existing business line in power conductors.

The Company had participated in some of these business opportunities during the year and was successful in winning India's first mega independent power transmission project.

The East-North Interconnection Mega Transmission Project, which aims to evacuate power from the North-East and Eastern states to the Northern region of India, is the first Mega Independent Power Transmission Project awarded in India. The project involves establishment of two 400KV double circuit transmission lines that would respectively connect the Indian states of Assam with West Bengal and Bihar. This project was awarded to Sterlite Technologies on a 'Build, Own, Operate and Maintain' (BOOM) basis.

Your Company will be exploring similar opportunities in independent power transmission projects, thereby leveraging the inherent expertise in project execution, to build a sustainable stream of revenue in the long-term and enhance shareholder value.

The detailed analysis of Company's operations and segment-wise performance is covered under the 'Management Discussion & Analysis Report'.

SUB-DIVISION (SPLIT) OF EQUITY SHARES AND ISSUE OF BONUS SHARES

During the year, the equity shares of your Company of the face value of Rs. 5/- each were sub-divided into face value of Rs. 2/- each and subsequently, bonus shares were allotted in the ratio of one equity share for one equity share held. This is in line with your Company's philosophy of creating value for its shareholders and sharing the benefits of growth on a sustained basis.

DIVIDEND

Your Board of Directors is pleased to recommend a dividend of 25% (Rs. 0.50 per share of Rs. 2/- each) for the financial year 2009-10. The distribution of dividend will result in payout of Rs. 17.78 Crores excluding tax on dividend.

SHIFTING OF REGISTERED OFFICE FROM THE STATE OF MAHARASHTRA TO THE UNION TERRITORY OF DADRA AND NAGAR HAVELI

Subject to the approval of the Central Government (Company Law Board), the shareholders of your Company had approved through postal ballot, the shifting of the registered office from the State of Maharashtra to the Union Territory of Dadra and Nagar Haveli. Your Company is awaiting approval from Company Law Board, Mumbai for the same and expects to complete the process in the near future.

PREFERENTIAL ALLOTMENT

As approved by the shareholders, your Company has made a preferential allotment of 64,50,000 share warrants and 73,00,000 share warrants to Twinstar Overseas Limited, a Promoter of the Company, on August 8, 2009 and October 8, 2009, respectively.

Of this, 6,450,000 (16,125,000 after considering share split from face value of Rs. 5 each to Rs. 2 each) share warrants have been converted into an equal number of equity shares on March 29, 2010. Bonus shares in the ratio of 1:1 have also been allotted on these shares. The balance warrants outstanding as at March 31, 2010 aggregating 7,300,000 (18,250,000 after considering share split from face value of Rs. 5 each to Rs. 2 each) are convertible within a period of 18 months from the date of allotment, and are entitled to equal number of bonus shares.

EMPLOYEES STOCK OPTION SCHEME

As the members are aware, your Company had launched an Employee Stock Option Scheme in June 2006 (ESOP-2006). The details of the options granted, vested is provided in Annexure-II to this report, as required under Clause 12 of the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999.

Your Company will continue to drive growth of the organisation whilst sharing of the fruits of growth with employees in the form of stock options. It is proposed to obtain fresh approval of shareholders for the new scheme of ESOP for which suitable resolutions are proposed for approval of shareholders in the notice of forthcoming Annual General Meeting.

SUBSIDIARY COMPANIES

Sterlite Infrastructure Private Limited (SIPL), a subsidiary of your Company has at present not commenced any commercial activity. The Company had applied for Pan-India access licenses to provide telecom service, allotment of which is awaited from Department of Telecommunication.

During the year, your Company floated a wholly owned subsidiary viz. Sterlite Infra-Tech Limited (SITL) for capacity expansion of Optical Fibers in Aurangabad under SEZ scheme. SITL is expected to begin commercial production in the third quarter of current financial year.

As a part of implementation of mega independent power transmission project to establish two 400KV Double Circuit transmission lines in Assam with West Bengal and Bihar, your Company has acquired 100% holding of 'East-North Interconnection Company Limited' (ENICL), from Power Finance Corporation Limited. ENICL is the Special Purpose Vehicle (SPV) floated by Power Finance Corporation for the purpose of execution of this project.

EXPLANATION ON AUDITOR'S COMMENT

The remark of Auditors at Para 5 (vi) & (vii) of the Auditors' Report over Note No. 8 in Schedule 21 on Notes to Accounts regarding demand of excise duty and penalty amounting to Rs. 188 Crores is self-explanatory and does not require further comment.

In the year 2004-05 CESTAT upheld the demand of Rs. 188 Crores and interest thereon for alleged breach of norms pertaining to

Export Oriented Unit (EOU). Your Company had filed an appeal before the Hon'ble High Court of Bombay against this order. Your Company's appeal against this order was dismissed by the Hon'ble High Court Bombay during the year on the grounds that appeal is not maintainable in High Court, however without prejudice to the rights of the Company. Your Company subsequently filed a Special Leave Petition (SLP) and appeal with the Supreme Court of India which has been admitted by the Court. Hon'ble Supreme Court has also maintained the stay granted by Hon'ble High Court Bombay.

Based on merits of the case and the legal opinion obtained, the management believes that your Company has a strong case and it has been carrying adequate provisions for contingencies in the Books of Account in this matter and does not require any further provisioning.

FIXED DEPOSITS

During the year, your Company has not accepted any deposits from the public or otherwise in terms of Section 58A of the Companies Act, 1956 read with Companies (Acceptance of Deposit) Rules, 1975.

DIRECTORS

By virtue of Section 255 of the Companies Act, 1956 and the Articles of Association of the Company, Mr. A R Narayanaswamy and Mr. ArunTodarwal retire by rotation at the ensuing Annual General Meeting. A brief resume, expertise, shareholding in your Company and details of other directorships of these directors are given in the Corporate Governance Report.

MANAGEMENT DISCUSSION AND ANALYSIS

The report on Management Discussion and Analysis has been attached and forms part of the Annual Report.

CORPORATE GOVERNANCE

The report on Corporate Governance along with the Certificate from the Statutory Auditors certifying the compliance of Corporate Governance enumerated in Clause 49 of the Listing Agreement with the Stock Exchanges is included in the Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors confirm that:

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed;
- ii) They have selected such accounting policies and applied them consistently, and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company as at March 31, 2010 and of the profit of the Company for the financial year ended March 31, 2010;
- iii) They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- iv) They have prepared the accounts on a 'going concern' basis.

GROUP

Your Company is controlled by the Agarwal Group; being a Group as defined under the Monopolies and Restrictive Trade Practices Act, 1969. The list of entities in the Group is as under:

- i) Volcan Investments Limited, Bahamas
- ii) Twin Star Overseas Limited, Mauritius
- iii) Mr. Dwarkaprasad Agarwal
- iv) Mr. Agnivesh Agarwal

AUDITORS

M/s. S. R. Batliboi & Co., Chartered Accountants hold office till the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment. Your Company has received intimation to the effect that, proposed re-appointment, if made, would be within the prescribed limit under Section 224(1B) of the Companies Act, 1956.

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars of conservation of energy, technology absorption, foreign exchange earnings and outgo as prescribed under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosures of Particulars in the Report of Directors) Rules 1988, is given as Annexure-I and forms a part of the Directors' Report.

PARTICULARS OF EMPLOYEES

The particulars of employees as required under the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is annexed hereto and forms a part of the Directors' Report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the report and the Accounts are being sent to all shareholders of your Company excluding the aforesaid information. Any shareholder interested in obtaining such particulars may write to the "Company Secretary" at the Registered Office of the Company.

ACKNOWLEDGEMENT

It has been an impressive year for your Company especially with the expectations of continuing with the sterling performance it had displayed last year and of holding on to its domestic market share while at the same time expanding its global footprint.

The Board of Directors of take on record their sincere appreciation to the contributions made by the employees through their hard work, dedication, competence, support and co-operation towards the success of your Company. Last but not the least, your Directors are also thankful for consistent co-operation and assistance received from its investors, business associates, customers, vendors, bankers, regulatory and government authorities.

For and on behalf of the Board of Directors

Place : Mumbai
Date : April 22, 2010

Anil Agarwal
Chairman

Annexure I to the Directors' Report

Particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as per Section 217 (1) (a) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the report of Directors) Rules, 1988 for the year ended March 31, 2010.

1. CONSERVATION OF ENERGY

A. THE COMPANY ADOPTED THE FOLLOWING MEASURES ON ENERGY CONSERVATION:

- 1) Conservation in electricity consumption: Implementation of various energy saving mechanisms such as roof insulation, CFL lamps, additional capacitors, auto timers for air-conditioning and street lighting. Additional mechanisms were implemented to effectively curtail energy losses such as the installation of variable frequency drives, etc.
- 2) Optimisation of energy consumption: Various efforts were made to assess energy consumption during various manufacturing sub-processes and to optimise the same.
- 3) Conservation of furnace oil: Various engineering and process efficiency improvements were implemented across locations, that saved a cumulative of more than 200 kilolitres of furnace oil per annum.

B. ADDITIONAL INVESTMENTS AND PROPOSAL, IF ANY, BEING IMPLEMENTED FOR REDUCTION OF CONSUMPTION OF ENERGY

- 1) Implementation of Energy Management Systems and energy audits to assess scope of further reduction in energy consumption.
- 2) Improve carbon footprint by 10% per year from current levels by implementation of concepts of 'jumbo packs' of raw materials and by encouraging suppliers to follow carbon reduction at their facilities.
- 3) Implementation of various energy saving mechanisms such as forced air draft plant ventilation system and harmonics filters to reduce usage of localised air conditioners.

2. TECHNOLOGY ABSORPTION

A. SPECIFIC AREAS IN WHICH THE COMPANY CARRIED OUT R&D

- 1) Development of a range of high ampacity bare overhead conductors (AL-59, TACSR, ACSS and STACIR) manufactured from specialty alloys, that offer superior thermal resistance and improve the efficiency in high current transmission.

- 2) Development of very small diameter, lightweight and flexible fiber optic cables (ie: Microduct Fiber Optic Cables) that are suitable for indoor-outdoor duct installation in subducts within existing ducts.
- 3) Development of specialised fiber optic cables for tamper-proof installation in high security application sectors, such as defence.
- 4) Introduction of dry fiber optic cables.
- 5) Development of OPGW Cables which are a revolutionary solution that enables synergies between efficient power distribution grids and high-speed optical fiber based SCADA networks.

B. BENEFITS DERIVED AS A RESULT OF ABOVE R&D

Benefits to customers

- 1) High ampacity offer superior thermal resistance and improve the efficiency in high current transmission.
- 2) Microduct Fiber Optic Cables save about 8% of the total capex for the customer, on account of reduced installation costs.
- 3) Dry fiber optic cables save about 10% of installation time for the customer, thereby reducing their capex costs.
- 4) OPGW cables give power utility companies the unique capabilities of a telecom carrier or service provider.

Benefits to Sterlite

Introduction of specialised products developed through the year, have enabled Sterlite gain market access through product differentiation.

C. FUTURE PLAN ON R&D

- 1) Focus on improving efficiency of manufacturing processes of existing product lines.
- 2) Develop products that would serve the needs of customers' product deployment and applications.
- 3) Proactively assess future market applications and initiate development of products to meet customers' future needs.

D. EXPENDITURE OF R&D

	<i>Rs. Crores</i>
1 Capital	Nil
2 Recurring	5.98
3 Total	5.98
4 Total R&D expenditure as a % of total turnover	0.25%

3. TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

- i) Efforts, in brief, made towards technology absorption, adoption and innovation: The technology used for manufacture of various products of the Company is fully absorbed and new innovations in process control, product development, cost reduction and quality improvements are being made on a continuous basis.
- ii) Benefits derived as a result of the efforts e.g., product improvement, cost reduction, product development: The Company is engaged in that business where product obsolescence is inherent. The efforts made for product improvement/development help Company not only to offer better value added products to its customers but also gain access to new markets.

- iii) Information regarding technology imported during last 5 years: The Company has not imported any technology.

4. FOREIGN EXCHANGE EARNING AND OUTGO

Discussion on activities relating to exports development of exports is covered in Directors' Report and Management Discussion & Analysis Report.

Foreign Exchange Earned : Rs. 554.22 Crores

Foreign Exchange Outgo : Rs. 44.16 Crores

The Company does not fall in the list of industries which are required to give details of power and fuel consumption as per "Form A" of Companies (Disclosure of Particulars in the Report of Directors) Rules, 1998.

Annexure II to the Directors' Report

Statement as at March 31, 2010 as required under Clause 12 of the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999.

1	Options granted	Total 69,46,750 options were granted as on March 31, 2010 <ul style="list-style-type: none"> • 23,28,500 options were granted on June 14, 2006 • 6,36,000 options were granted on March 19, 2007 • 13,07,750 options were granted on September 28, 2007 • 2,55,500 options were granted on June 14, 2008 • 24,19,000 options were granted on June 26, 2009
2	Pricing formula	Options vest at a nominal value i.e. Rs. 2 per option
3	Options vested	13,83,770
4	Options exercised	12,95,675
5	Total number of ordinary shares arising as a result of exercise of options	12,95,675
6	Options lapsed	31,43,980
7	Variation of terms of option	None
8	Money raised by exercise of option	Rs. 12,95,675.00
9	Total number of options in force	1,70,595
10	Number of options granted to Senior Managerial Personnel Dr. Anand Agarwal, CEO & Whole-time Director	3,79,500
11	Identified employees who were granted options during any one year, equal to or exceeding 1% of issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	None
12	Diluted earnings per share pursuant to issue of ordinary shares on exercise of Options calculated in accordance with Accounting Standard (AS) 20 "Earnings Per Share"	Rs. 7.34
13	Method of calculation of Employee Compensation Cost	The Company has used fair market value method for calculation of compensation cost, using the Black Scholes Option Pricing Model.
14	Weighted average exercise price and weighted average fair values of Options granted for options whose exercise price either equals or exceeds or is less than the market price of the stock.	Weighted Average exercise price (per option): Rs. 2.00 Weighted Average Fair value (per option): Rs. 35.23
15	A description of method and significant assumptions used during the year to estimate the fair values of options	The fair value of each option is estimate using the Black Scholes Option Pricing Model after applying following weighted average Assumptions (with reference to Grant dated June 26, 2009):
	1. Market Price (Rs.)	36.65
	2. Risk Free Interest rate(%)	5.61
	3. Expected Life (years)	1.50
	4. Expected Volatility(%)	97.30
	5. Expected Dividend Yield (%)	0.60
	6. The price of underlying share at the time of grant (Rs.)	35.23

Note:

As per the approval of the Shareholders in the Extra Ordinary General Meeting (EGM) held on February 25, 2010, the Company during the year made sub-division of the face value of its equity share from Rs. 5 to Rs. 2 per share. Further, the shareholders in the same meeting has approved bonus in the ratio of 1:1. The figures in this annexure have been recalculated and presented after considering the impact of the sub-division and bonus.

The Age of Governance

I. PHILOSOPHY OF THE COMPANY ON CODE OF GOVERNANCE

Corporate Governance represents the value, ethical and moral framework under which business decisions are taken. Investors want to be sure that not only is their capital handled effectively and adds to the creation of wealth, but that business decisions are also taken in a manner which is not illegal or involving moral hazard.

Your Company perceives good corporate governance practices as a key to sustainable corporate growth and long-term shareholder value creation. The primary objective is to develop and adhere to a corporate culture of harmonious and transparent functioning, increasing employee and customer satisfaction and enhancing shareholders' wealth by developing capabilities and identifying opportunities that best serve the goal of value creation. All actions and strategic plans are directed towards delivering value to all stakeholders, as well as conform to the highest standards of corporate behavior.

The five core values that drive Sterlite's business are:

- **Excellence:** Strive relentlessly and constantly improve ourselves in our offerings
- **Creativity:** Allow minds to reach beyond conventional and predictable solutions
- **Integrity:** Conduct our business fairly, with honesty and transparency
- **Responsibility:** For our words and actions
- **Respect:** For our employees, business partners and stakeholders

The Company has a three-tier governance structure:

Strategic Supervision: The Board of Directors occupies the topmost tier in the governance structure. It plays a role of strategic supervision that is devoid of involvement in the task of strategic management of the Company. The Board lays down strategic goals and exercises control to ensure that the Company is progressing to fulfill stakeholders' aspirations.

Strategic Management: The Corporate Management Committee is composed of the senior management of the Company and operates upon the directions of the Board.

Executive Management: The function of executive management is to execute and realise the goals determined by the Board and the Corporate Management Committee.

II. BOARD OF DIRECTORS

The Board of Directors consists of two Whole-time Directors and four Non-Executive Directors. Three Non-Executive Directors are also Independent Directors. Mr. Anil Agarwal is a Non-Executive Chairman. The Board composition is in compliance with the requirements of Clause 49 of the Listing Agreement, requiring that not less than half the Board of Directors should consist of Independent Directors. In absence of Mr. Anil Agarwal, the meetings were chaired by Mr. Pravin Agarwal. During FY 2009-10, seven meetings of the Board of Directors were held on April 2, 2009, April 24, 2009, June 26, 2009, July 20, 2009, October 20, 2009, November 12, 2009 and January 18, 2010. The composition of the Board of Directors, attendance of the Directors in Board Meetings and Annual General Meeting and their shareholding details in the Company are as follows:

Name	Designation	Board Meetings attended	Attendance at the last AGM	Directorships in other Companies**	Committee Memberships & (Chairmanships) in other Companies	No. of shares held in the Company
Mr. Anil Agarwal	Non-Executive Chairman	Nil	No	05	Nil	Nil
Mr. Arun Todarwal *	Non-Executive Director	06	Yes	07	07	625
Mr. Haigreva Khaitan*	Non-Executive Director	03	No	14	07	Nil
Mr. A. R. Narayanaswamy*	Non-Executive Director	07	No	02	01{03}	Nil
Mr. Pravin Agarwal	Whole-time Director	07	Yes	03	Nil	Nil
Dr. Anand Agarwal	CEO & Whole-time Director	07	Yes	02	Nil	1,34,120

*Independent Directors as defined in Clause 49 of Listing Agreement.

**While considering the total number of the directorships in which a director can serve, all Public Limited Companies, whether listed or not, have been included and all other companies including Private Limited Companies, foreign companies and companies under Section 25 of the Companies Act have been excluded.

DIRECTORS WITH MATERIALLY SIGNIFICANT, PECUNIARY OR BUSINESS RELATIONSHIP WITH THE COMPANY

As required under Accounting Standard 18, transactions with related parties are furnished under Note 15 of Schedule 21 – Notes to the Accounts. There are no transactions of material nature with the Promoters, Directors or their relatives, etc. that may have potential conflict with the interest of the Company.

Disclosures have been received from Directors and Senior Management relating to the financial transactions in which they or their relatives may have personal interest. However, none of these transactions have a potential conflict with the interest of the Company at large.

III. COMMITTEES OF THE BOARD

(A) AUDIT COMMITTEE

The Company has the Audit Committee constituted in accordance with the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement entered into with the Stock Exchanges. The primary objective of the Audit Committee of the Board of Directors of your Company is to discharge responsibilities relating to accounting and reporting of financial practices adopted by the Company and its subsidiaries, surveillance of internal controls as well as accounting and audit activities.

The terms of reference of the Audit Committee include:

- 1) Review of the Company's financial reporting process and the disclosure of its financial information.
- 2) Recommending the appointment and removal of external auditor.
- 3) Reviewing with management, the periodical financial statements.
- 4) Reviewing with the management, external and internal auditors, the adequacy of internal control systems, frequency of internal audit, significant findings by internal auditors and follow up there on.
- 5) Discussion with external auditors, nature and scope of audit as well as have post-audit discussions.
- 6) Reviewing the Company's financial and risk management policies.
- 7) Reviewing the Whistle Blower Mechanism.
- 8) Reviewing Management Discussion and Analysis Report, Statement of significant related party transactions submitted by the management; Management letters / letters of internal control weaknesses issued by the statutory auditors, if any; Internal audit reports relating to internal control weaknesses.
- 9) Reviewing of financial statements and investments made by subsidiary companies.

COMPOSITION AND MEETINGS

The Audit Committee comprises of three Non-Executive Directors

who are independent and one Executive Director. The representatives of internal and statutory auditors are permanent invitees of the Audit Committee. Mr. Arun Todarwal, Chairman of the Committee (Non-Executive Independent Director) is a Chartered Accountant and has accounting and financial expertise. The other Committee members are financially literate. The quorum of the Committee is two members or one-third of its members, whichever is higher.

The Chairman of the Audit Committee also attended the last Annual General Meeting of the Company. The Audit Committee met four times during the year 2009-10 on April 24 2009, July 20 2009, October 20 2009 and January 18 2010. The composition of the Audit Committee and attendance at Committee meetings is as follows:

Name	Category	Number of Meetings attended
Mr. Arun Todarwal, Chairman	Non-Executive & Independent	04
Mr. Haigreva Khaitan	Non-Executive & Independent	01
Mr. A. R. Narayanaswamy	Non-Executive & Independent	04
Mr. Pravin Agarwal	Whole-time Director	04

The Committee meetings are usually attended by the Executive Directors, the Statutory Auditor and the Internal Auditor. The business and operation heads are also invited to the meetings, as required. The Company Secretary acts as the Secretary of the Audit Committee. The Internal Audit function reports to the Audit Committee to ensure its independence.

(B) REMUNERATION/COMPENSATION COMMITTEE

The Remuneration/Compensation Committee discharges the Board's responsibilities relating to compensation of Company's Executive Directors. The Committee has overall responsibility for approving and evaluating the compensation plans, policies and programmes of the Executive Directors. This Committee has also been empowered to administer the Employees Stock Option Scheme 2006 of the Company.

COMPOSITION AND MEETINGS

The Committee comprises of three Non-Executive Directors, who are Independent. Mr. Arun Todarwal is the Chairman of the Committee.

The Committee met three times during the fiscal year 2009-10 on April 24, 2009, June 26, 2009 and August 8, 2009. The Composition of the Remuneration/Compensation Committee and attendance at

Committee meetings is as follows:

Name	Category	Number of Meetings attended
Mr. Arun Todarwal, Chairman	Non-Executive & Independent	02
Mr. Haigreve Khaitan	Non-Executive & Independent	01
Mr. A. R. Narayanaswamy	Non-Executive & Independent	03

DETAILS OF REMUNERATION PAID TO THE DIRECTORS

Mr. Pravin Agarwal and Dr. Anand Agarwal are the two Executive Directors of the Company. Mr. Pravin Agarwal was appointed as Whole-time Director of the Company for a period of three years with effect from October 30, 2009. As per the terms of appointment, the agreement can be terminated by giving 90 days notice or equivalent

pay by either of the sides. Dr. Anand Agarwal was appointed as Whole-time Director and designated as Chief Executive Officer of the Company for a period of 3 years with effect from July 30, 2009. As per the terms of appointment, the agreement can be terminated by giving 90 days notice or equivalent pay by either of the sides.

A sitting fee of Rs. 20,000/- for attendance at each meeting of the Board and Rs. 10,000/- for Audit Committee, Investors' Grievance Committee and Remuneration/Compensation Committee is paid to its Members (excluding Executive Directors). On September 25, 2006, the Members had approved the payment of remuneration by way of commission to the Non-Executive Directors of the Company, of a sum not exceeding 1% per annum of the net profits of the Company, calculated in accordance with the provisions of the Companies Act, 1956, for a period of 5 years commencing from financial year 2006-07. The break-up of remuneration actually paid to directors (excluding provisions, if any) during FY 2009-10 is as follows:

(Rs. in Lacs)

Director	Salary	Perquisites	Incentive/ Commission	Sitting Fee	Total
Mr. Anil Agarwal	-	-	-	-	-
Mr. Arun Todarwal	-	-	2.50	2.20	4.70
Mr. Haigreve Khaitan	-	-	2.50	0.80	3.30
Mr. A. R. Narayanaswamy	-	-	2.50	2.50	5.00
Mr. Pravin Agarwal	169.34	199.07	40.19	-	408.60
Dr. Anand Agarwal	30.87	83.44	35.17	-	149.48

Notes:

- In 2006, Dr. Anand Agarwal was granted 2,06,500* stock options, each option convertible in one equity share of Rs. 2 each. The first tranche of 41,300* options vested in June 2007, in respect of which equal number of shares were allotted to Dr. Anand Agarwal. During the year under review 57,820* options vested, in respect of which equal number of shares of Rs. 2 each were allotted to Dr. Anand Agarwal. During the year under review, Dr. Agarwal has been granted 1,73,000* Stock options, each option convertible in one equity share of Rs. 2 each.
*After stock split and bonus issue.
- As approved by the Board of Directors in the meeting held on April 22, 2010, a commission of Rs. 4,00,000/- each is payable to its Non-Executive Independent Directors viz. Mr. Arun Todarwal, Mr. Haigreve Khaitan and Mr. A. R. Narayanaswamy for financial year 2009-10.

(C) SHAREHOLDERS'/INVESTORS' GRIEVANCES COMMITTEE

The Shareholders'/Investors' Grievances Committee oversees redressal of shareholders' grievances. The Committee comprises of Mr. A. R. Narayanaswamy (Chairman), Mr. Arun Todarwal and

Mr. Pravin Agarwal as the members. The Company Secretary is the Compliance Officer of the Committee. The Committee met four times during the year 2009-10 on April 24, 2009, July 20, 2009, October 20, 2009 and January 18, 2009. During the year the Company received 357 complaints for various matters like non-receipt of share certificates, non-issue of duplicate certificates, rejection of demat request, etc. All the complaints were resolved by the Company to the satisfaction of investors.

The details of Committee meetings and attendance of Directors are as under:

Name	Category	No of meetings attended
Mr. A. R. Narayanaswamy, Chairman	Non-Executive & Independent	04
Mr. Arun Todarwal	Non-Executive & Independent	04
Mr. Pravin Agarwal	Whole-time Director	04

IV. PROFILE OF DIRECTORS TO BE REAPPOINTED

1. **Mr. A. R. Narayanaswamy** is an Audit Practitioner & runs a management consultancy catering to the pharmaceutical, chemical, and engineering and hospitality sectors. Mr. Narayanaswamy is a Chartered Accountant by profession and his experience spans over three decades. The details of Mr. A. R. Narayanaswamy for directorships and memberships/chairmanships of committees in other companies are as under:

1.	Date of birth	December 22, 1951
2.	Date of joining the Board of the Company	April 30, 2007
3.	Shareholding in the Company either in his own name or in the name of others and having beneficial interest, as on March 31, 2010	Nil
4.	Directorships including memberships and Chairmanships of Committees	<ol style="list-style-type: none"> 1. The Madras Aluminum Company Ltd <ul style="list-style-type: none"> - Audit Committee (Chairman) - Shareholders & Investors Grievances Committee (Chairman) 2. Hindustan Zinc Ltd <ul style="list-style-type: none"> - Audit Committee (Chairman) - Shareholders & Investors Grievances Committee (Member) 3. IBIS Softec Solutions Pvt Ltd 4. IBIS Logistics Pvt Ltd 5. IBIS Systems and Solutions Pvt Ltd

2. **Mr. Arun Tadarwal** is a Senior Partner of Tadarwal & Tadarwal, Chartered Accountants based in Mumbai and 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 Accounts. The details of Mr. Arun Tadarwal for directorships and memberships of committees in other companies are as under:

1.	Date of birth	June 16, 1957
2.	Date of joining the Board of the Company	January 25, 2003
3.	Shareholding in the Company either in his own name or in the name of others and having beneficial interest, as on March 31, 2010	625
4.	Directorships including memberships of Committees	<ol style="list-style-type: none"> 1. The Madras Aluminum Company Ltd <ul style="list-style-type: none"> - Audit Committee (Member) - Shareholders & Investors Grievances Committee (Member) 2. Welspun India Ltd <ul style="list-style-type: none"> - Audit Committee (Member) 3. Welspun Global Brands Ltd <ul style="list-style-type: none"> - Audit Committee (Member) - Shareholders & Investors Grievances Committee (Member) 4. Welspun Investments Ltd <ul style="list-style-type: none"> - Audit Committee (Member) - Shareholders & Investors Grievances Committee (Member) 5. Graviss Hospitality Ltd 6. Graviss Hotels & Resorts Ltd 7. Anuh Pharma Ltd 8. Lakecity Ventures Pvt Ltd

V. GENERAL BODY MEETINGS

The details of last three Annual General Meetings are as follows:

Date	Location	Time	Special Resolutions Passed
July 13, 2007	E-1, MIDC Waluj, Aurangabad 431136 Maharashtra, India	11:30 am	<ul style="list-style-type: none"> • Appointment of Mr. Pravin Agarwal as Whole time Director. • Change of Name of the Company to 'Sterlite Technologies Limited'.
August 8, 2008	E-1, MIDC Waluj, Aurangabad 431136 Maharashtra, India	11:00 am	NIL

Date	Location	Time	Special Resolutions Passed
July 24, 2009	E-1, MIDC Waluj, Aurangabad 431136 Maharashtra, India	11:00 am	<ul style="list-style-type: none"> Appointment of Mr. Pravin Agarwal as Whole time Director. Appointment of Dr. Anand Agarwal as Whole time Director. Issue of 73,00,000 (1,82,50,000)* Warrants to Promoters and its Associates on preferential basis.

* After share split from Rs. 5 per share to Rs. 2 per share.

All resolutions moved at the last Annual General Meeting were passed by a show of hands by the requisite majority of members attending the meeting. None of the items to be transacted at the ensuing meeting is required to be passed by postal ballot.

Postal Ballot

- i) The Company had successfully completed the process of obtaining the approval of its Members under Section 192A of the Companies Act, 1956, pertaining to Special Resolution for alteration of Memorandum of Association of the Company under Section 17 of the Companies Act, 1956 for shifting the Registered Office of the Company from the State of Maharashtra to the Union Territory of Dadra and Nagar Haveli. The results were announced on November 12, 2009.
- ii) Voting pattern and procedure for postal ballot:
- The Board of Directors of the Company had, at its meeting held on September 18, 2009, appointed Mr. S. Anand SS Rao, Company Secretary in Practice, as the Scrutinizer for conducting the postal ballot voting process.
 - The postal ballot process was carried out in a fair and transparent manner. The postal ballot forms had been kept under the scrutinizer's safe custody in sealed and tamper proof ballot boxes before commencing the scrutiny of such postal ballot forms.
 - All postal ballot forms received/receivable up to the close of working hours on November 9 2009, the last date and time fixed by the Company for receipt of the forms, had been considered during scrutiny.
 - No envelopes containing the postal ballot forms were received after the close of working hours on November 9, 2009.
 - The results of the postal ballot were announced on November 12, 2009 at the Registered Office of the Company as per the Scrutinizer's Report as under :

Particulars	Number of Postal Ballot forms	Number of Shares	% of total paid up equity capital	% of total votes polled
Total Postal Ballot forms received	1,895	29,983,335	46.41	
Less: Invalid Postal Ballot forms	42	29,717		
Net valid Postal Ballot forms	1,853	29,953,618		100.00
Postal Ballot forms with Assent	1,734	29,938,840		99.95
Postal Ballot forms with Dissent	119	14,778		0.05
Total	1,853	29,953,618		

Details of resolutions passed at the Extra Ordinary General Meetings

Date	Location	Time	Resolutions Passed
April 29, 2009	E-1, MIDC Waluj, Aurangabad 431136 Maharashtra, India	11:00 am	<ul style="list-style-type: none"> Special Resolution passed for Issue of 6,450,000 (16,125,000)* Warrants to Promoters and its Associates on preferential basis.
February 25, 2010	E-1, MIDC Waluj, Aurangabad 431136 Maharashtra, India	11:00 am	<ul style="list-style-type: none"> Ordinary resolution for sub-division of shares. Ordinary resolution for increase in authorised capital and amendment of Memorandum of Association. Special resolution for increase in authorised capital and alteration of Articles of Association. Special resolution for issue of bonus shares. Special resolution for issue of further shares.

* After share split from Rs 5 per share to Rs 2 per share.

VI. DISCLOSURES

i) Disclosures on materially significant related party transactions

There were no transactions with the Promoters, Directors and management during the period, which would have potential conflict with the interests of the Company at large.

ii) Details of non Compliance by the Company, Penalties and Strictures imposed on the Company by Stock Exchange, SEBI or any Statutory Authorities or any matter related to capital market in last three years

There was no non-compliance by the Company and Penalties and Strictures imposed on the Company by Stock Exchange, SEBI or any Statutory Authorities or any matter related to capital market in last three years.

iii) The Company has adopted a 'Whistleblower Policy', which has been communicated to all the employees along with Code of Business Conduct & Ethics. The Whistleblower policy is the mechanism to help the employees to raise their concerns about any malpractice, impropriety, abuse or wrongdoing at an early stage and in the right way, without fear of victimisation, subsequent discrimination or disadvantage. The policy encourages the employees to raise concerns within the Company than overlooking a problem. CEO/COO/ CFO have been designated as Ombudsmen in the policy. The Company has created a special email address to enable the employees to report their concerns. The employees can even report their concerns to the Audit Committee directly. The Ombudsman who is responsible to submit his report to the Audit Committee does the investigation in the reported concerns. Disciplinary action, if required, is determined by the Audit Committee. The reporting person can make appeal to the Board of Directors against the order of Audit Committee. The Whistleblower Policy also contains mechanism of redressal available for an employee, if he/she feels that he/she has been retaliated against due to disclosure of concern. No person has been denied access to the Audit Committee.

iv) The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreements executed with the Stock Exchanges. Comments on adoption of non-mandatory requirements are given at the end of this report.

VII. IMPLEMENTATION OF CODE OF CONDUCT

The Company has adopted the 'Code of Business Conduct & Ethics' for its employees at all levels including Senior Management and Directors. The Code has been effective from April 1, 2005 and was circulated to all the employees and directors of the Company and has also been posted on the Company's website. The Code serves

as a guide to the employees of the Company to make informed and prudent decisions and act on them. As required under Clause 49 of the Listing Agreement, the affirmation of compliance with the Code from Directors and Senior Management personnel has been obtained for this financial year.

VIII. COMPLIANCE WITH SEBI (PROHIBITION OF INSIDER TRADING) REGULATIONS 2002

Considering the amendments to these Regulations in 2008, the Board of Directors in their meeting held on October 20, 2009 had approved amended code of conduct namely 'Code of Conduct for Prevention of Insider Trading and the Code of Corporate Disclosure Practices' for Directors, Officers and Designated Employees for dealing in shares of the Company. The amended Code is being implemented with effect from October 20, 2009. Various forms have been designed to receive periodical information from the Directors, Officers and Designated Employees of the Company, as required in terms of these Regulations. Further, the Trading Window for dealing in shares of the Company has been closed for the Directors and employees of the Company as per the Insider Trading Code in force in the Company.

IX. SECRETARIAL AUDIT

- Pursuant to Clause 47(c) of the Listing Agreement with the Stock Exchanges, certificates, on half yearly basis, have been issued by a Company Secretary-in-Practice for due compliance of share transfer formalities by the Company.
- A qualified practicing Company Secretary carried out a Secretarial Audit to reconcile the total admitted capital with NSDL and CDSL and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialised form (held with NSDL and CDSL).

X. MEANS OF COMMUNICATION

- Quarterly Financial Results are published in English in the All-India Edition of The Business Standard or The Economic Times and are also published in Marathi or English, in the Aurangabad Edition of Sakal or Lokmat Times.
- Results are also posted on the Company's website: www.sterlitetechnologies.com
- The Company also displays official news releases and the presentations made to institutional investors or to analysts on the website.
- Management Discussion & Analysis is a part of the Annual Report.

XI. GENERAL SHAREHOLDER INFORMATION

Annual General Meeting	Day, Date: Wednesday, July 14, 2010 Time: 11.00 a.m. Venue: E-1, MIDC Waluj, Aurangabad 431 136, Maharashtra, India
Book Closure Dates:	July 7, 2010 to July 14, 2010
Dividend Payment Date:	Dividend, if declared in the Annual General Meeting will be paid within the statutory time limits.

Financial Calendar for financial year 2010-11 (Financial Year – Ending March 31)

First Quarter Results	Before end of July, 2010
Half Yearly Results	Before end of October, 2010
Third Quarter Results	Before end of January, 2011
Fourth Quarter/Annual Results	Before end of April, 2011

LISTING OF SHARES ON STOCK EXCHANGES

The equity shares of the Company are listed on the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE). Application for delisting from Calcutta Stock Exchange is pending for approval. Annual listing fees for the financial year ended March 31, 2010 have been paid to Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The Stock Codes of the Exchanges are as under:

Exchange	Code
BSE	532374
NSE	STRTECH

STOCK PRICE DATA

Stock Price data for the period April 1, 2009 to March 31, 2010 was as detailed below –

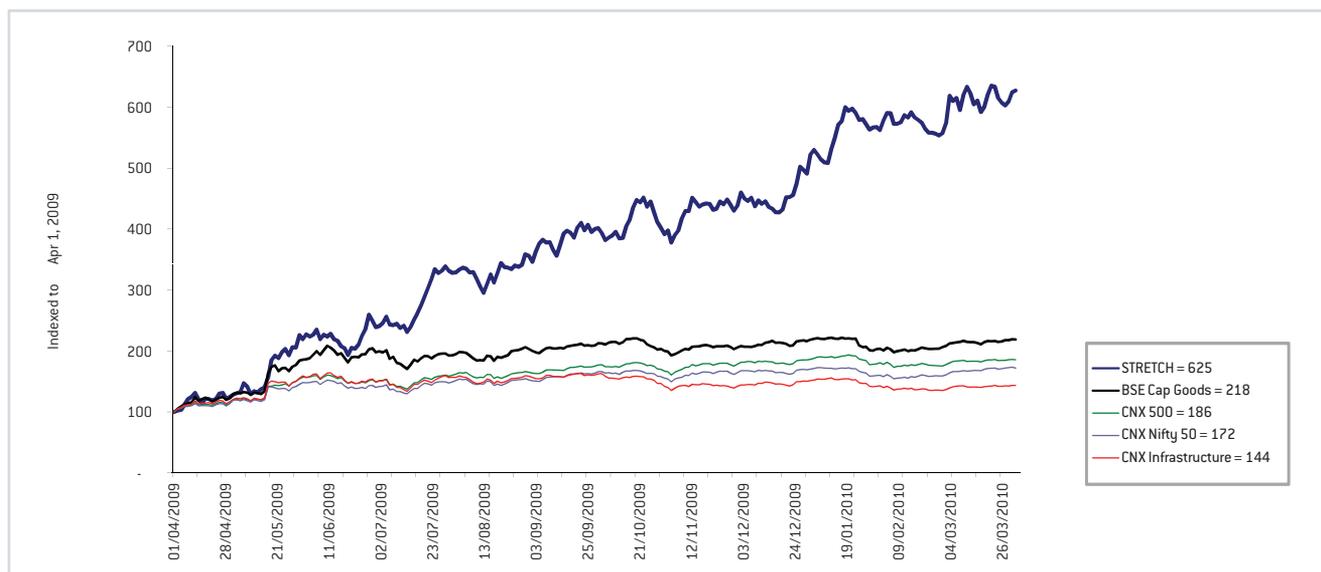
MONTH	Monthly High (Rs.) NSE	Monthly Low (Rs.) NSE	Monthly High (Rs.) BSE	Monthly Low (Rs.) BSE
Apr-09	19.8	13.4	19.7	13.8
May-09	31.9	17.4	31.9	17.3
Jun-09	37.9	26.7	37.9	26.9
Jul-09	49.6	32.4	49.8	32.4
Aug-09	52.4	41.1	52.3	41.3
Sep-09	58.9	48.2	58.9	48.0
Oct-09	66.4	52.2	66.3	52.3
Nov-09	65.2	51.2	65.3	51.4
Dec-09	76.8	59.8	76.8	59.8
Jan-10	87.6	70.0	87.7	71.1
Feb-10	85.0	78.0	85.0	77.7
Mar-10	95.5	80.8	95.7	80.8

Sources: Data Compiled from BSE & NSE official website.

Amount has been adjusted after considering the effect of sub-division and bonus issue.

STOCK PERFORMANCE

The performance of the Company's stock prices is given in the charts below:



Distribution of shareholding as at March 31, 2010

Range Of Shares	Number of Shareholders	% of Shareholders	Number of Shares	% of Equity
1 to 5,000	1,03,563	98.12	5,58,81,869	15.72
5,001 to 10,000	1,084	1.03	77,33,781	2.18
10,001 to 20,000	437	0.41	63,37,978	1.78
20,001 to 30,000	168	0.16	42,83,678	1.20
30,001 to 40,000	57	0.05	19,96,290	0.56
40,001 to 50,000	47	0.04	22,09,247	0.62
50,001 to 1,00,000	74	0.07	51,32,789	1.44
1,00,001 & Above	114	0.11	27,19,42,878	76.49
TOTAL	1,05,544	100.00	35,55,18,510	100.00

Equity holding pattern as on March 31, 2010

Category	As on March 31, 2010	
	No. of Shares	% to Equity
Promoters Group	17,76,68,045	49.97
Directors and their relatives	10,81,055	0.31
Life Insurance Corporation	2,12,93,925	5.98
Insurance Companies	12,19,325	0.34
Unit Trust of India	1,025	0.00
Mutual Funds	2,19,09,288	6.16
Foreign Institutional Investors	1,67,82,432	4.72
NRI/OCB/Foreign Body Corporate/Foreign National	36,86,924	1.04
Indian Financial Institutions/Trusts/HUF	44,03,567	1.24
Bodies Corporate	2,68,41,560	7.55
Banks	1,64,011	0.05
Clearing Members	5,95,445	0.17
Government/Government Companies	850	0.00
Individuals (Public)	7,98,71,058	22.47
TOTAL	35,55,18,510	100.00

DEMATERIALIZATION OF SHARES AND LIQUIDITY

The Company's equity shares are compulsorily traded in the electronic form. As at March 31, 2010, 34,41,79,465 shares representing 96.81% of total equity capital was held in electronic form. The Shareholders can hold the shares in demat form either through NSDL or CDSL. The ISIN number allotted to the Company is INE089C01029.

UNPAID / UNCLAIMED DIVIDEND

In terms of Section 205A and 205C of the Companies Act, 1956, the Company is required to transfer the amount of dividend remaining unclaimed for a period of seven years from the date of transfer to the unpaid dividend account to the Investor Education and Protection Fund (IEPF). Unclaimed dividend(s) will be transferred to IEPF, within a period as stipulated under the Companies Act, 1956, as follows:

- Dividend for the year 2005-06: Due for transfer from September 23, 2013
- Dividend for the year 2006-07: Due for transfer from August 17, 2014
- Dividend for the year 2007-08: Due for transfer from September 13, 2015
- Dividend for the year 2008-09: Due for transfer from August 29, 2016

Other facilities of interest to shareholders holding shares in physical form

- A) **Bank details:** Shareholders are requested to notify/send the following to the Company's Registrars and Share Transfer Agents to facilitate better services:
- Any change in their address/mandate/bank details, and
 - Particulars of the bank account in which they wish their dividend to be credited, in case they have not been furnished earlier.
- B) **Nomination facility:** Shareholders, who hold shares in single name and wish to make/change the nomination in respect of their shares as permitted under Section 109A of the Act, may submit to the Registrars and Transfer Agents, the prescribed Form 2B.
- C) Shareholders are advised that respective bank details and address as furnished by them to the Company will be printed on their dividend warrants as a measure of protection against fraudulent encashment.

OUTSTANDING GDRS / ADRS / WARRANTS OR ANY CONVERTIBLE INSTRUMENTS, CONVERSION DATE & LIKELY IMPACT ON EQUITY:

The Company has not issued any GDRs and ADRs and hence there are no outstanding GDRs/ADRs.

On August 8, 2009 and October 8, 2009, the Company has issued 1,61,25,000 share warrants at a price of Rs. 26.00 per warrant and 1,82,50,000 share warrants at a price of Rs. 59.40 per warrant to Twin Star Overseas Limited, a Promoter of the Company, respectively. Of the same on March 29, 2010, 16,125,000 share warrants have been converted into equity shares in the ratio of 1:1 and bonus shares in the ratio of 1:1 have also been given on these shares. The balance warrants outstanding as at the end of the fiscal year aggregating 18,250,000 are convertible within a period of 18 months from the date of its allotment.

SHARE TRANSFER SYSTEM

Two Directors and some Executives of the Company have been given powers to deal with all the matters related to transfers,

transmission, issuance of duplicate share/debenture certificates, split and/or consolidation requests. In addition, the Company Secretary and authorised officials of the Registrar and Transfer Agents of the Company have been given powers to endorse registration of transfers on share certificates. The Company's shares being in compulsory demat list are also transferred through the depository system. The Company has entered into agreements with both the depositories NSDL & CDSL.

Karvy Computershare Private Limited, Hyderabad is the Registrar and Transfer Agent for both physical and electronic mode of transfer of shares. Transfers for shares held in the physical mode are approved on a 10 days cycle. Physical shares sent for transfer are duly transferred within 10 to 15 days of receipt of documents, if found in order. Shares under objection are returned within 7 to 10 days.

REGISTRAR & TRANSFER AGENTS

Karvy Computershare Private Limited, Hyderabad is the Registrar and Transfer Agent of the Company:

Shareholders, beneficial owners and Depository Participants (DPs) can send / deliver the documents / correspondence relating to the Company's share transfer activity, etc to Karvy Computershare Private Limited at the following address:

Karvy Computershare Private Limited
(Unit – Sterlite Technologies Limited)
Plot No. 17 to 24, Vittalrao Nagar,
Madhapur, Hyderabad –500 081
Andhra Pradesh, India

Tel: +91.40.23420818 / 828

Fax: +91.40.23420814

E-mail: einward.ris@karvy.com

Shareholders' correspondence should be addressed to the Company's Registrar and Transfer Agents at the above-mentioned address. Members may also write to the Company Secretary at the Company's office:

Sterlite Technologies Limited
4th Floor Godrej Millennium
9 Koregaon Road, Pune - 411 001
Maharashtra, India

Phone: +91.20.30514000

Fax: +91.20.26138083

Email: sandeep.deshmukh@sterlite.com

Registered Office:

E-1, MIDC Waluj,
Aurangabad 431 136,
Maharashtra, India.

PLANT LOCATIONS

Optical Fiber

E2, E3, MIDC, Waluj, Aurangabad – 431136, Maharashtra, INDIA

Fiber Optic Cables

Survey No. 68/1, Rakholi Village,
Madhuban Dam Road, Silvassa - 396230
Union Territory of Dadra & Nagar Haveli, INDIA

Copper Cables

Survey No. 33/1/1, Waghdera Road, Dadra - 396191
Union Territory of Dadra & Nagar Haveli, INDIA

Power Transmission Conductors

Survey No. 99, Rakholi Village,
Madhuban Dam Road, Silvassa – 396230
Union Territory of Dadra & Nagar Haveli, INDIA
Plot 2D, Sector 10, IIE SIDCUL, Haridwar – 249403, INDIA

The status of compliance in respect of non-mandatory requirements of Clause 49 of Listing Agreement is as follows:

- **THE BOARD**

Mr. Anil Agarwal is the Non-Executive Chairman of the Board. As the Chairman has a separate office, the Company does not reimburse expenses incurred by him for maintenance of a separate Chairman's office. None of the Independent Directors of the Company have tenure, in the aggregate, exceeding a period of nine years, on the Board of a Company. The Company has ensured that all Independent Directors have the requisite qualifications and experience, which would be of use to the Company and which, in its opinion, would enable him to contribute effectively to the Company in his capacity as an independent director.

- **REMUNERATION COMMITTEE**

Details are given under the heading 'Remuneration/ Compensation Committee'.

- **SHAREHOLDER RIGHTS**

The Company publishes its results in the newspapers having nationwide circulation. Also results are uploaded on the Company's website. The copy of results is furnished to

all the shareholders who request for the same. Hence the Company does not circulate the half-yearly results to its shareholders.

- **AUDIT QUALIFICATIONS**

Please refer to the explanation by the Board of Directors in the Directors' Report, on the qualification of auditors on the accounts for the financial year 2009-10.

- **TRAINING OF BOARD MEMBERS**

The Directors interact with the management on any and every information that may be required by them in a very free and open manner. The Independent Directors are encouraged to attend training programmes that may be of relevance and interest to the Directors in discharging their responsibilities to the Company's stakeholders.

- **MECHANISM FOR EVALUATING NON-EXECUTIVE BOARD MEMBERS**

The performance evaluation of Non-Executive Board members is done by the Board annually based on criteria of attendance and contributions at Board/Committee Meetings as also for the role played other than at meetings.

- **WHISTLE BLOWER MECHANISM**

The Company has a Whistle-Blower Policy and the appropriate mechanism in place, which has been discussed in this report.

DECLARATION

In accordance with Clause 49 of the Listing Agreement with the Stock Exchanges, I hereby confirm that, all Board Members and the Senior Management Personnel have affirmed compliance with the Code of Conduct and Business Ethics of the Company for the Financial Year ended March 31, 2010.

For Sterlite Technologies Limited

Place : Mumbai
Date : April 22, 2010

Anand Agarwal
CEO & Whole-time Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of Sterlite Technologies Limited

We have examined the compliance of conditions of Corporate Governance by Sterlite Technologies Limited, for the year ended on March 31, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has

complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **S. R. Batliboi & Co.**
Firm Registration No. 301003E
Chartered Accountants

per **Tridibes Basu**
Partner
Membership No.: 17401

Place : Mumbai
Date : April 22, 2010

Risk management: A close watch



Sterlite's risk management philosophy encompasses identification, assessment, monitoring and mitigation of the various risks to business.

Risk management is integral and fundamental to our business model and enables us to recognise and analyse risks early on and take appropriate action. The objective is to minimise risks that may affect the achievement of our business objectives and enhance stakeholder value. Our risk management framework acts as an effective tool in mitigating the various risks which our businesses are exposed to in the course of their operations as well as in their strategic actions. Further, our risk management practices also seek to enhance the long-term competitive advantage of the Company on a sustainable basis.

Internal Control Systems

The Company has strong internal controls and review mechanism in place. These systems also ensure that all transactions are authorised, recorded and reported correctly. There also exist well-established safeguards against loss from unauthorised use or disposition of assets. A detailed audit process and audit plan by external agencies cover the key risks as identified as part of the risk management initiative. This provides assurance to the management and Board that adequate systems are in place and that the responsibilities at various levels are discharged effectively. The review of the findings is done by the senior management on monthly basis and is an integral part of the performance management of the organisation.

Economic and Political Risks

The company's manufacturing facilities are based in India and a major chunk of revenue is derived from the customers in India. The revenue from exports is 23% of the total revenues. The company's performance and growth is dependent on the health of the overall Indian and global economy and the risks arising out of any downturn in the economic or political conditions of the global and Indian markets could have adverse impact on the performance of the company. The delay in any government spending on power or telecom sectors may affect or delay the spending by government utilities, which are major customers for the Company. The presence of the Company in the two verticals "Power" and "Telecom" provides some insulation to the Company by way of balancing of these risks. The Company has also been increasing its customer base to non-government utilities within India and in overseas markets, making a strong foray into the Indian private sector. Good Tier-1 clients have also been introduced for all businesses, across geographies with a particular focus on emerging markets. All these initiatives have significantly reduced the risk of dependence on one particular geography or customer.

Market and Competition Risks

The Company operates in a highly competitive environment. Most orders in India are finalised through the tendering process. While the Company dominates this segment, it does not have much pricing power and increased competition with the

entry of new players may cause a downward spiral in prices. The Company is also expanding its capacity; making the access to new markets and new customers even more essential.

A lot of the Company's growth plans hinge on capital expenditure plans in the power and telecom segments. Any slowdown or delay in capital expenditure plans by these players could adversely impact the growth.

The Company manages the above risks by adopting a continuous process of improving current product basket, service levels and seeking approvals from new Tier 1 customers towards increasing market share commensurate with its increased capacity. There is a focussed effort to ensure that the organisation continuously increases its market share by taking various initiatives like maintaining relationships with the customers, introducing enhanced features in the products, improving services and providing an enhanced Value proposition.

Product Obsolescence Risks

The Company carries the risk of product obsolescence as new technically improved variants of the product could put the Company's prospects at risks. To overcome this, Company has a strong focus on innovation and has been introducing technologically improved products in the market. This has helped limit the risk involved with obsolescence of products. The company's R&D & product development team constantly interacts with customers and with research institutions to understand application requirements and latest trends technology. Such interactions enable development of products and solutions that optimally fulfill the requirement and expectation of the end user. The company constantly strives to introduce future proof products and solutions to supersede stringent global standards and specifications.

Commodity Risks

Aluminium & alloys make up significant part of raw material cost of the company. The realisation of our products for this business are largely priced with reference to LME prices of Aluminium. In addition another raw material furnace oil prices are also linked to the Crude oil prices. LME Crude oil prices are influenced by the global demand and supply and outlook of the industry and could vary significantly. These price variations, if not managed adequately, could affect the profitability of the Company significantly. The Company manages the price variation risk in Aluminium by fully passing on the changes in the price to the customers or hedging the risk on LME or primary suppliers. The Company is also exposed to the risk of price fluctuation on other raw materials as well as finished goods. However, considering normal correlation in the prices of raw material and finished goods, the risk is substantially reduced. Company's policy of backward integration, like Hydrogen, Oxygen, Silicon Tetrachloride for Optical Fiber and Optical Fiber for Optical Fiber Cable business helps in minimising the effect of increase in prices of Raw Material.

Financial Risks

LIQUIDITY RISKS

The Company requires funds for ongoing operations, growth and expansion projects. The Company has sufficient committed lines of credit from various banks in India to fund the operations as well as expansion projects. The Company has a robust review mechanism for cash flow management and control on borrowings from the banks. This ensures that while liquidity is maintained for the company, it does not borrow above generally accepted financial norms and is able to meet the obligations to the banks and vendors without default. For organic growth plans, the primary source is internal accruals of cash from the operations of the Company. Currently the Company does not have any long-term debt as at the end of the year. This places the Company in a very strong position to

leverage its balance sheet in case of a suppressed financial market.

INTEREST RISK

The Company is exposed to the interest rate risks on its borrowing in both domestic and foreign currency borrowings. Interest rate is the function of global economic and financial dynamics and demand supply of liquidity. The Company keeps evaluating the various sources of short-term funding and uses a judicious mix of rupee and foreign currency borrowing to have a lower blended rate of interest. The rate of interest for rupee borrowings are largely linked to MIBOR and for foreign currency borrowing, the rate is linked to prevailing US Dollar LIBOR.



Company manages the price variation risk in Aluminium by fully passing on the changes in the price to the customers or hedging the risk on LME or primary suppliers.



FOREIGN CURRENCY RISK

The Company has two major categories of risk associated with foreign currency. The first is the risk associated with the operations of the company such as purchase or sale in foreign currency. The second is the risk associated with the borrowings of the Company denominated in foreign currency. The Company has a defined policy to manage both kinds of risk, which is reviewed frequently in the light of economic and global developments.

Legal and Regulatory Risks

The Company's manufacturing facilities are based in India. The legal, fiscal and other regulatory regimes of the country play an important role on the performance of the Company. Changes in government policies such as changes in import tariffs in India, reduction in assistance given by Government of India for exports and reduction or curtailment of income tax benefits available to some of our operations in India can pose risks to the Company. The Company also has customers based in various countries and changes in the legal, fiscal or regulatory regimes of these countries can also affect the competitiveness of our product in those countries and in turn the performance of the Company. There are some legal cases against the Company at various stages related to custom duty, excise duty, taxation, commercial or legal disputes. Any adverse result in such cases may also affect the profitability of the Company. Some of the above risks are beyond the control of the Company. The Company continues to actively review and monitor these risks which may have a bearing on our business.

Project Execution Risk

The Company has various green field and brown field expansion projects including an Ultra Mega Power Transmission Project (UMTP) awarded under the model similar to Power Grid Corporation of India. Company would Build, Own, Operate & Maintain (BOOM) a transmission network of two 400KV double circuit lines of approximately 430 Km in the states of Bihar, Assam and West Bengal. The project execution is largely dependent upon right of way and other clearances, project management skills, timely delivery by the equipment suppliers, receipt & renewal of regulatory approvals in time and adherence to schedule by civil contractors. Any delay in project implementation will impact revenues and profit for that period. Company reviews the project execution on timely basis to ensure that the implementation schedules are adhered.

Auditors' Report

To

The Members of **Sterlite Technologies Limited**

1. We have audited the attached Balance Sheet of Sterlite Technologies Limited ('the Company') as at March 31, 2010 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - v. On the basis of the written representations received from the directors, as on March 31, 2010, and taken on

record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

- vi. *As stated in Note no.8 of Schedule 21, the Company had in an earlier year received an order of CESTAT upholding a demand of Rs. 188 crores (including penalties and excluding interest) (Rs. 188 crores as at March 31, 2009) in a pending excise/custom matter. The Company's appeal against this order with the Honourable Supreme Court has been admitted. Based on the current status and legal advice received, provision for liability as recorded in the accompanying financial statements is considered adequate by Management. In the event the decision of the Honourable Supreme Court goes against the Company on any of the grounds of appeal, additional provision against the said demand may be required. Pending disposal of the matter by the Honourable Supreme Court, the amount of excise/custom duty payable, if any, is currently unascertainable. Our audit report on the financial statements for the year ended March 31, 2009 was qualified in respect of this matter.*
- vii. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and subject to the effect of the matter referred to in paragraph vi above give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2010;
 - b) in the case of the profit and loss account, of the profit for the year ended on that date; and
 - c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

For S. R. Batliboi & Co.

Firm Registration No. 301003E
Chartered Accountants

per Tridibes Basu

Partner

Membership No.: 17401

Place : Mumbai

Date : April 22, 2010

Annexure referred to in paragraph 3 of our report of even date

Re: Sterlite Technologies Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets were physically verified by the management in the previous year in accordance with a planned programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
- (c) There was no substantial disposal of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) As informed, the Company has not granted or taken any loans, secured or unsecured to or from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. As a result, provisions of paragraphs 4(iii) (b), (c), (d), (f) and (g) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (v) As informed, the Company has not entered into any contracts or arrangements to which the provisions of Section 301 of the Companies Act, 1956 apply. As a result, provisions of paragraphs 4(v) (a) and (b) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 in respect of "Power Cables and Conductors", and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (ix) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (including penalties and excluding Interest) (Rs. in Crores)	Period to which the amount relates	Forum where dispute is pending
Central Sales Tax Act, 1956	Sales Tax	0.59	1997-2001	Sales Tax Appellate Tribunal
Central Excise Act, 1944	Excise Duty	1.23 0.59 1.98 0.16 20.61 42.16 188.67 11.96	1994-1997 1994-2003 1994-2003 1995-1996 2000-2001 2001-2003 2001-2002 2004-2005	Commissioner (Appeal) CESTAT Commissioner (Appeals) Assistant Commissioner CESTAT CESTAT Supreme Court CESTAT
Customs Act, 1962	Custom Duty	68.43 4.92	1992-2005 2001-2003	CESTAT Commissioner
Service Tax Act, 1994	Service Tax	2.45	2000-2008	Commissioner

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by Management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution or bank. *As stated in Note 26, Schedule 21 the Company continues to dispute amounts aggregating to Rs. 18.87 Crores debited by one of the banks in the earlier year, towards import consignments under Letters of Credit not accepted by the Company, owing to discrepancies in documents. Since the matter is in dispute, we are unable to determine whether there is a default in repayment of dues to the said bank.*
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In respect of dealing/trading in shares, securities, debentures and other investments, in our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares, securities, debentures and other investments have been held by the Company, in its own name.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks.
- (xvi) The Company did not have any term loans outstanding during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) According to the information and explanations given to us, during the period covered by our audit report, the Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money through public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For S. R. Batliboi & Co.
Firm Registration No. 301003E
Chartered Accountants

per Tridibes Basu

Place: Mumbai
Date : April 22, 2010

Partner
Membership No.: 17401

Balance Sheet

(Rs. in Crores)

	Schedule	As at March 31, 2010	As at March 31, 2009
I. SOURCES OF FUNDS			
1. Shareholders' Funds			
Share Capital	1	71.10	32.27
Share Application Money Pending Allotment		27.11	0.00
Employee Stock Option Outstanding	2	3.91	5.26
Reserves & Surplus	3	813.91	583.41
		916.03	620.94
2. Loan Funds			
Secured Loans	4	357.91	467.89
Unsecured Loans	5	0.25	28.70
		358.16	496.59
3. Deferred Tax Liability (Net)			
(Refer Note 3, Schedule 21)		60.16	55.95
	Total	1,334.35	1,173.48
II. APPLICATION OF FUNDS			
1. Fixed Assets			
Gross Block	6	1,094.61	976.24
Less: Accumulated Depreciation & Impairment		468.18	430.92
Net Block		626.43	545.32
Capital Work-in-Progress including Capital Advances (Refer Note 29, Schedule 21)		56.97	111.35
		683.40	656.67
2. Investments			
	7	106.11	92.01
3. Current Assets, Loans and Advances			
Inventories	8	170.91	100.37
Sundry Debtors	9	628.97	545.89
Cash and Bank Balances	10	209.71	77.89
Loans and Advances	11	156.66	201.15
		1,166.25	925.30
Less: Current Liabilities and Provisions:			
Current Liabilities	12	570.35	479.06
Provisions	13	51.06	21.44
		621.41	500.50
Net Current Assets		544.84	424.80
	Total	1,334.35	1,173.48
Notes to Accounts	21		

The schedules referred to above and notes to accounts form an integral part of the Balance Sheet.

As per our attached report of even date

For and on behalf of the Board of Directors

For S. R. Batliboi & Co.
Registration No. 301003E
Chartered Accountants

Pravin Agarwal
Whole-time Director

Anand Agarwal
CEO & Whole-time Director

per Tridibes Basu
Partner
Membership Number: 17401

Anupam Jindal
Chief Financial Officer

Sandeep Deshmukh
Company Secretary

Place : Mumbai
Date : April 22, 2010

Profit and Loss Account

(Rs. in Crores)

	Schedule	Year Ended March 31, 2010	Year Ended March 31, 2009
I. INCOME			
Turnover (Gross)		2,495.50	2,389.70
Less: Excise Duty (Refer Note 31, Schedule 21)		63.87	100.47
Turnover (Net)		2,431.63	2,289.23
Other Income	14	22.88	6.16
	Total	2,454.51	2,295.39
II. EXPENDITURE			
Manufacturing and other expenses	15	1,813.05	1,868.72
Personnel Expenses	16	58.01	51.24
Selling and Distribution Expenses	17	78.36	75.63
Administration and General Expenses	18	95.28	53.53
Research and Development Expenses	19	5.98	5.96
Interest and Finance charges	20	38.12	90.48
		2,088.80	2,145.56
Profit before depreciation and taxation		365.71	149.83
Depreciation and Amortization		48.26	42.52
Profit before taxation		317.45	107.31
Provision for taxation			
– Current Tax for the year		58.24	12.51
– Minimum Alternate Tax Charge/(Credit) Eligible for Set Off (Refer Note 7, Schedule 21)		(2.00)	(11.66)
– Provision for earlier year		10.93	0.83
– Deferred Tax (Net) (Refer Note 3, Schedule 21)		4.21	16.73
– Fringe Benefit Tax		–	0.88
Profit after taxation and before prior period depreciation		246.07	88.02
Prior period depreciation (Net of tax Rs. Nil (Rs. 1.09 Crore))		–	(2.13)
Profit after taxation		246.07	90.15
Balance brought forward from previous year		407.39	335.70
Amount available for appropriations		653.46	425.85
Appropriations			
Transfer to General Reserve		24.61	9.02
Proposed Dividend on Equity Shares Rs. 0.50 Per Share (Rs. 0.25 Per Share)		17.78	8.07
Corporate Tax on Proposed Dividend		3.02	1.37
Balance carried to Balance Sheet		608.05	407.39
Earnings Per Share (Face value Rs. 2 each) (Refer Note 17, Schedule 21)			
Basic (After prior period depreciation)		7.61	2.80
Diluted (After prior period depreciation)		7.34	2.78
Notes to Accounts	21		

The schedules referred to above and notes to accounts form an integral part of the Profit and Loss Account.

As per our attached report of even date

For S. R. Batliboi & Co.
Registration No. 301003E
Chartered Accountants

per Tridibes Basu
Partner
Membership Number: 17401

For and on behalf of the Board of Directors

Pravin Agarwal **Anand Agarwal**
Whole-time Director CEO & Whole-time Director

Anupam Jindal **Sandeep Deshmukh** Place : Mumbai
Chief Financial Officer Company Secretary Date : April 22, 2010

Schedules forming part of the Balance Sheet

[Rs. in Crores]

	As at March 31, 2010	As at March 31, 2009
SCHEDULE 1: SHARE CAPITAL		
Authorised		
750,000,000 [90,000,000] Equity Shares of Rs. 2 each (Rs. 5 each)	150.00	45.00
	<u>150.00</u>	<u>45.00</u>
Issued, Subscribed & Paid up		
355,518,510 [64,538,347] Equity Shares of Rs. 2 each fully paid-up (Rs. 5 each) (Refer Note 32 (a), Schedule 21)	71.10	32.27
Total	71.10	32.27

Of the above:

- 139,781,397 [55,912,559 of Rs. 5 each fully paid-up] equity shares of Rs. 2 each were allotted to the shareholders of Sterlite Industries (I) Ltd. upon demerger pursuant to the scheme of arrangement sanctioned by the Honourable High Court of Judicature at Bombay being shares issued for consideration other than cash.
- During the year 16,125,000 Share Warrants were converted into 32,250,000 fully paid-up Equity Shares of Rs. 2 each which includes 16,125,000 equity shares issued as bonus shares. (Refer Note 32 (b), Schedule 21).
- During the year 576,775 of Rs. 2 each [70,100 Equity shares of Rs. 5 each] shares were issued to employees of the company under ESOP Scheme. For Stock Options outstanding details Refer Note 9, Schedule 21.
- Of the above equity shares 177,759,255 shares of 2 each were allotted as fully paid-up bonus shares by utilisation of Rs. 35.55 Crores from Securities Premium.

SCHEDULE 2: EMPLOYEE STOCK OPTION OUTSTANDING

Balance as per last Balance Sheet	5.26	5.73
Add: Employees Stock Option Expenses For the year (Refer Note 9, Schedule 21)	0.73	0.68
Less: Transferred to Securities Premium Account	2.08	1.15
Total	3.91	5.26

SCHEDULE 3: RESERVES & SURPLUS

Securities Premium

Balance as per last Balance Sheet	85.87	84.72
Add: Transfer from Employee Stock Option	2.08	1.15
Add: Received during the year	38.70	-
Less: Utilised for issue of Bonus Shares	35.55	-
	<u>91.10</u>	<u>85.87</u>

Schedules forming part of the Balance Sheet

[Rs. in Crores]

	As at March 31, 2010	As at March 31, 2009
SCHEDULE 3: RESERVES & SURPLUS (Contd.)		
General Reserve		
Balance as per last Balance Sheet	90.11	81.09
Add: Transfer from Profit and Loss account	24.61	9.02
	<u>114.72</u>	<u>90.11</u>
Capital Reserve		
Balance as per last Balance Sheet	0.04	0.04
Profit & Loss Account		
Surplus as per Profit & Loss Account	608.05	407.39
Total	813.91	583.41

SCHEDULE 4: SECURED LOANS

(A) Working Capital Loans from Banks	33.05	106.83
(B) Other Loans from Banks	324.86	361.06
Total	357.91	467.89

Note:

Working capital loans and Other loans from Banks are secured by hypothecation of Raw materials, Work-in-Progress, Finished Goods and Sundry Debtors.

SCHEDULE 5 : UNSECURED LOANS

Sales Tax Loan (Interest Free) [(Due within one year Rs. Nil Crore) (Rs. 7.39 Crores)]	0.25	13.70
Short-term Loans from other than Banks	–	15.00
Total	0.25	28.70

Schedules forming part of the Balance Sheet

SCHEDULE 6: FIXED ASSETS

(Rs. in Crores)

Nature of Assets	GROSS BLOCK			DEPRECIATION / AMORTISATION			IMPAIRMENT			NET BLOCK		
	As at 01.04.2009	Additions	Deletions	As on 31.03.2010	As at 01.04.2009	Additions	Deletions	As at 31.03.2010	During the year	Deletions	As at 31.03.2010	As at 31.03.2009
TANGIBLE ASSETS												
Freehold Land	24.00	—	3.15	20.85	—	—	—	—	—	—	20.85	24.00
Leasehold Land	17.04	1.20	—	18.24	0.33	0.17	—	0.50	—	—	17.74	16.71
Building	98.86	12.90	5.75	106.01	20.27	3.31	0.63	22.94	—	—	83.07	78.59
Plant & Machinery	774.54	112.13	9.19	877.48	325.90	40.15	7.86	358.19	—	—	461.48	390.83
Furniture & Fixtures	7.30	1.35	3.37	5.28	2.28	0.42	0.71	1.99	—	—	3.29	5.02
Data Processing Equipments	12.50	1.59	0.68	13.41	8.64	1.22	0.65	9.21	—	—	4.20	3.86
Office Equipments	4.86	0.43	0.28	5.01	1.47	0.25	0.09	1.63	—	—	3.33	3.34
Electric Fittings	32.03	1.79	1.54	32.28	11.91	1.38	0.78	12.51	—	—	18.63	18.98
Vehicles	4.25	1.50	0.55	5.20	0.84	0.45	0.27	1.02	—	—	4.18	3.41
INTANGIBLE ASSETS												
Software/ Licences	0.86	9.99	—	10.85	0.28	0.91	—	1.19	—	—	9.66	0.58
Total	976.24	142.88	24.51	1,094.61	371.92	48.26	10.99	409.18	—	—	59.00	545.32
Previous Year	918.88	68.84	11.48	976.24	335.10	39.30	2.48	371.92	—	0.90	545.32	—

Schedules forming part of the Balance Sheet

(Rs. in Crores)

	As at March 31, 2010	As at March 31, 2009
SCHEDULE 7: INVESTMENTS		
LONG-TERM INVESTMENTS (at Cost)		
Other than Trade (Unquoted)		
In Equity Shares of Subsidiary Companies		
6,005,200 (6,005,200) Equity shares of Sterlite Infrastructure Private Limited of Rs. 10 each fully paid-up.	6.01	6.01
50,000 (Nil) Equity share of Sterlite Infra Tech Limited of Rs. 10 each fully paid-up	0.05	–
50,000 (Nil) Equity share of East North Interconnection Company Limited of Rs. 10 each fully paid-up	0.05	–
Other than Trade (Quoted)		
100,000,000 (Nil) units of Rs 10/-each of Religare Fixed Maturity Plan - Series II	100.00	–
CURRENT INVESTMENT		
(at Cost or Market Value whichever is lower)		
In Units of Mutual Funds (Quoted):		
Nil units [19,843,758.02] of Rs 10/-each of Birla Sun Life Savings Fund-Institutional -Growth	–	33.00
Nil units [13,098,109.05] of Rs 10/-each of SBI SHF - Ultra Short Term - IP - Growth	–	15.00
Nil units [84,965.31] of Rs 10/-each of UTI Treasury Advantage Fund-Growth Plan	–	10.00
Nil units [2,201,988.78] of Rs 10/-each of Reliance Medium Term Fund - Growth Plan	–	4.00
Nil units [5,040,055.079] of Rs 10/-each of Birla Sun Life Savings Fund	–	5.00
Nil units [4,766,808.18] of Rs 10/-each of ICICI Prudential Flexible Income Plan	–	5.00
Nil units [50,272.69] of Rs 1000/-each of UTI Treasury Advantage Fund	–	5.00
Nil units [5,970,992.68] of Rs 10/-each of HDFC Liquid Fund Premium Plan	–	9.00
Total	106.11	92.01

Aggregate amount of quoted investments (Market Value Rs. 100.37 Crores (Rs. 86.15 Crores))

Note: The following Current Investments were purchased and sold during the year:

Mutual Fund Units	Face Value (Rs.)	Units (Nos.)	Amount in Rs.
Birla Sun Life Cash Plus Instl. Prem. DDR	10	69,863,766	700,000,000
Birla Sun Life Savings Fund Instl. DDR	10	272,439,570	2,728,110,699
Birla Sun Life Savings Fund – Institutional – Growth	10	110,797,273	1,107,622,855
DWS Insta Cash Plus Fund – Super IP – Daily Dividend	10	36,395,277	365,000,000
DWS Ultra Short-term Fund – IP – Daily Dividend	10	35,225,521	352,555,259
HDFC Cash Management Fund Savings Plan DDR	10	11,752,097	125,000,000
HDFC Cash Management Fund Treasury Advantage Plan Wholesale DDR	10	280,301,152	2,898,527,371
HDFC Cash Mgmt Fund – Savings Plan – Daily Dividend	10	26,139,284	278,000,000
HDFC Floating Rate Income Fund– St Plan Wholesale Option – DDR	10	105,190,748	1,058,192,955
HDFC Floating Rate Income Fund– St Plan Wholesale Option – Growth	10	2,608,489	40,004,314
HDFC Liquid Fund – DDR	10	26,789,095	270,025,450
HDFC Liquid Fund Premium Plan DDR	10	104,752,921	1,284,249,862
ICICI Prud Flexible Income Plan Premium – DDR	10	11,490,573	185,001,285
ICICI Prud Liquid Fund – Inst – DDR	10	63,421,382	942,500,000
ICICI Prudential Institutional Liquid Plan– Super Inst. – Daily Dividend	10	1,999,620	20,000,000
IDFC Cash Fund – Super Inst. Plan C – Daily Dividend	10	11,259,988	112,508,892
JM High Liquid Fund – Daily Dividend	10	117,573,047	1,437,500,000
JM Money Manager Fund – Daily Dividend	10	11,248,415	112,500,000
Kotak Floater Long Term Daily Dividend	10	6,970,219	70,000,000

Schedules forming part of the Balance Sheet

Mutual Fund Units	Face Value (Rs.)	Units (Nos.)	Amount in Rs.
SCHEDULE 7: INVESTMENTS (Contd.)			
Kotak Liquid Inst. Premium – Daily Dividend	10	24,997,095	250,000,000
Principal Cash Management Fund – Liquid Option – Institutional	10	22,027,694	220,247,265
Principal Floating Rate Fund – FMP – Institutional DDR	100	3,244,897	342,529,789
Reliance Liquid Fund Treasury Plan Inst Option – DDR	1,000	33,931,989	1,725,145,527
Reliance Liquidity Fund – DDR	10	6,998,586	70,000,000
Reliance Liquidity Fund – Growth Plan	10	3,020,195	40,024,229
Reliance Medium Term Fund – Growth Plan	10	14,489,830	247,523,790
Reliance Medium Term Fund Daily Dividend Plan	10	3,509,696	60,000,000
Reliance Money Manager Fund – Inst. – DDR	10	150,370,576	2,298,500,000
Religare Liquid Fund – Inst. – DDR	10	17,789,908	178,014,422
Religare Ultra Short-term Fund – Inst. – DDR	10	41,127,309	411,500,000
SBI Magnum Insta Cash Fund – DDR	10	98,451,730	990,101,352
SBI SHF – Ultra Short-term – IP – Growth	10	41,903,241	442,543,175
SBI SHF – Ultra Short-term – IP – Daily Dividend	10	4,002,197	40,003,198
Tata Floater Fund – Daily Dividend	1,000	592,291	660,000,000
Tata Liquid Super High Investment Fund – Daily Dividend	10	45,619,150	457,543,469
UTI Money Market Fund – Daily Dividend Reinvestment	1,000	41,657,008	1,031,000,000
UTI Money Market Fund – Growth Plan	10	3,045,438	75,000,000
UTI Treasury Advantage Fund – Inst. Plan – Daily Dividend Reinvestment	1,000	1,015,274	1,013,833,636
UTI Treasury Advantage Fund – Inst. Plan Daily Div. Opt.	1,000	139,970	140,000,000
UTI-Floating Rate Fund – Short-term Plan – Institutional Daily Dividend Plan	1,000	192,815	192,516,522

(Rs. in Crores)

	As at March 31, 2010	As at March 31, 2009
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SCHEDULE 8: INVENTORIES

(At cost or net realisable value, whichever is lower)

Raw Materials (Including Goods in Transit Rs. 5.94 Crores (Rs. 3.07 Crores))	91.26	49.85
Work-in-Progress	31.90	25.39
Finished Goods	31.89	12.60
Stores, Spares, Packing Materials & Others	15.86	12.53
Total	170.91	100.37

SCHEDULE 9: SUNDRY DEBTORS (UNSECURED)

(a) Debts Outstanding for a period exceeding 6 months:

- Considered good	174.77	190.94
- Considered doubtful	38.30	27.87
	213.07	218.81
Less: Provision for Doubtful Debts	38.30	27.87
	174.77	190.94
(b) Others – Considered good	454.20	354.95
Total	628.97	545.89

Schedules forming part of the Balance Sheet

[Rs. in Crores]

	As at March 31, 2010	As at March 31, 2009
SCHEDULE 10: CASH & BANK BALANCES		
Cash in hand	0.06	0.04
Balance with Scheduled Banks in:		
(i) Current Accounts	2.22	1.45
(ii) Deposit Accounts	205.37	75.89
(iii) Dividend Accounts*	0.09	0.10
Balances with Non-Scheduled Banks in:		
(i) Current Accounts **	1.97	0.41
Total	209.71	77.89

* The Cash and Cash Equivalents includes balance of Rs. 0.09 Crore (Rs. 0.10 Crore) which are not available for use by the Company.

** Balance with Non Scheduled banks is maintained with:

Balance with Industrial Bank of China Rs. 0.09 Crore (Rs. 0.11 Crore) (Maximum Amount Outstanding During the year Rs. 0.29 Crore) (Rs. 0.11 Crore)	0.09	0.11
Balance with Dubai Bank Rs. Nil (Rs. 0.00 Crore) (Maximum Amount Outstanding During the year Rs. Nil) (Rs. 0.05 Crore)	Nil	Nil
Balance with Bangkok Bank PCL Rs. Nil (Rs. 0.00 Crore) (Maximum Amount Outstanding During the year Rs. Nil) (Rs. 0.20 Crore)	Nil	Nil
Balance with Sun Trust Bank Rs. 0.08 Crore (Rs. 0.24 Crore) (Maximum Amount Outstanding During the year Rs. 0.39 Crore) (Rs. 0.24 Crore)	0.08	0.24
Balance with Commercial Bank of Ethiopia Rs. 0.33 Crore (Rs. Nil) (Maximum Amount Outstanding During the year Rs. 0.41 Crore) (Rs. Nil)	0.33	Nil
Balance with HSBC UK Rs. 1.47 Crore (Rs. 0.06 Crore) (Maximum Amount Outstanding During the year Rs. 2.24 Crores) (Rs. 0.06 Crore)	1.47	0.06

SCHEDULE 11: LOANS & ADVANCES (UNSECURED CONSIDERED GOOD)

To Subsidiary Companies (Refer note 11, Schedule 21)	28.43	0.31
Advances recoverable in cash or in kind or for value to be received	57.85	101.68
Balances with Central Excise Authorities	25.03	35.92
Deposits - Others	5.06	3.46
Income Tax - Advance Tax and TDS (Net of Provisions Rs. 91.35 Crores (Rs. 35.59 Crores))	—	1.37
Minimum Alternate Tax Credit Entitlement	26.78	35.44
Interest accrued on Investment	0.34	0.02
Other Advances	13.17	22.95
Total	156.66	201.15

Schedules forming part of the Balance Sheet

[Rs. in Crores]

	As at March 31, 2010	As at March 31, 2009
SCHEDULE 12: CURRENT LIABILITIES		
Acceptances	1.25	6.79
Sundry Creditors		
(i) Micro, medium and Small Enterprises (Refer Note 28, Schedule 21)	0.41	–
(ii) Others	441.81	297.96
Interest accrued but not due on Loans	–	2.62
Unclaimed Dividend (Refer Note 12, Schedule 21)	0.09	0.10
Sundry Deposits	0.42	0.50
Advance from Customers	78.74	140.88
Other Liabilities	47.63	30.21
Total	570.35	479.06

SCHEDULE 13: PROVISIONS

For Contingencies	24.50	9.50
For Employee Benefits	3.66	2.50
Proposed Dividend on Equity Shares	17.78	8.07
Corporate Tax on Proposed Dividend	3.02	1.37
Provision for Taxation (Net of Advance tax of Rs. 89.25 Crores (Rs. 36.96 Crores))	2.10	–
Total	51.06	21.44

Note :

The Company had made a provision of Rs. 9.50 Crores towards contingencies in the earlier years in respect of various disputed claims against the company as described in Note 26 of Schedule 21, the timing and quantum of which is presently unascertainable. The management has decided to increase the provision by Rs. 15 Crores.

Schedules forming part of the Profit and Loss Account

[Rs. in Crores]

	As at March 31, 2010	As at March 31, 2009
SCHEDULE 14: OTHER INCOME		
Income from Investments	3.82	0.54
Profit on Sale of Asset	10.32	–
Unclaimed Liabilities written back	0.53	0.71
Interest received on Customers & Fixed Deposits [Tax Deducted at Source Rs. 1.64 Crores (Rs. 0.48 Crore)]	7.86	2.48
Interest on Income Tax refund	0.02	–
Miscellaneous Income	0.33	2.43
Total	22.88	6.16

SCHEDULE 15: MANUFACTURING & OTHER EXPENSES

Raw materials consumed	1,631.28	1,641.92
Decrease/(Increase) in stock		
Opening Stock:		
Work-in-Progress	25.39	39.89
Finished Goods	12.60	53.09
	<u>37.99</u>	<u>92.98</u>
Closing Stock:		
Work-in-Progress	31.90	25.39
Finished Goods	31.89	12.60
	<u>63.79</u>	<u>37.99</u>
Decrease/(Increase) in stock	(25.80)	54.99
Excise Duty on stocks (Refer Note 31, Schedule 21)	0.83	(0.11)
Stores & Spares	29.72	23.51
Power, Fuel & Water	86.08	66.84
Repairs and Maintenance		
– Building	1.58	0.60
– Machinery	7.97	7.12
– Others	–	0.12
Carriage Inward	2.31	2.27
Packing Material	55.15	54.40
Other Manufacturing Expenses	23.93	17.06
Total	1,813.05	1,868.72

SCHEDULE 16: PERSONNEL EXPENSES

Salaries, Wages, Bonus & Commission	49.56	43.49
Contribution to Provident Fund and Superannuation Funds	2.93	2.60
Gratuity Expenses (Refer Note 18, Schedule 21)	1.05	0.79
Employees' Welfare & Other Amenities	3.74	3.68
Employees Stock Option Expenses (Refer Note 9, Schedule 21)	0.73	0.68
Total	58.01	51.24

Schedules forming part of the Profit and Loss Account

(Rs. in Crores)

	Year ended March 31, 2010	Year ended March 31, 2009
SCHEDULE 17: SELLING & DISTRIBUTION EXPENSES		
Sales Commission (Other than Sole Selling Agent)	21.83	17.22
Sales Promotion	5.58	3.45
Carriage Outward	49.06	51.75
Other Expenses	1.89	3.21
Total	78.36	75.63

SCHEDULE 18: ADMINISTRATION & GENERAL EXPENSES

Rent	2.62	2.08
Insurance	2.84	1.80
Rates & Taxes	1.34	0.61
Conveyance & Travelling Expenses	10.42	8.25
Loss on sale of Fixed Assets	–	0.20
Bad Debts Written Off	1.81	0.78
Provision for Doubtful Debts	10.28	7.80
Directors Sitting Fee and Commission	0.12	0.05
General Expenses	65.85	31.96
Total	95.28	53.53

SCHEDULE 19: RESEARCH & DEVELOPMENT EXPENSES

Salaries, Wages, Bonus & Commission	1.91	1.65
Stores & Spares	–	0.04
Raw materials consumed	2.86	3.21
Rates & Taxes	–	0.51
General Expenses	1.21	0.55
Total	5.98	5.96

SCHEDULE 20: INTEREST & FINANCE CHARGES

On Fixed Loans	–	1.33
Others	29.09	46.08
Exchange Fluctuation on Borrowings	–	34.76
Bank charges	9.03	8.31
Total	38.12	90.48

Schedules forming part of the Accounts

SCHEDULE 21: NOTES FORMING PART OF THE ACCOUNTS

1. NATURE OF OPERATIONS

The Company is primarily engaged in the manufacturer of Power Transmission and Telecom products in India. Telecom Business includes integrated Optical Fiber, Telecom Cables (Fiber Optic Cables, Copper Telecom Cables and Structured Data Cables), access equipments and integrated management business.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation of Financial Statements

The financial statements have been prepared to comply in all material respects with the Accounting Standards notified by the Companies Accounting Standard Rules, 2006 (amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis of accounting except in case of assets which have been impaired. The accounting policies have been consistently applied by the Company.

(b) Use of Estimates

The preparation of the financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting year.

Difference between the actual result and estimates are recognised in the year in which the results are known/materialised. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(c) Fixed Assets and Intangible Assets

Fixed Assets are stated at cost (net of Cenvat) less accumulated depreciation and impairment. Cost comprises of the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Capital work-in-progress comprises of advances paid to acquire fixed assets and the cost of fixed assets that are not yet ready for their intended use as at the balance sheet date.

Expenditure during the construction period incurred on projects under implementation are treated as Pre-operative expenses, pending allocation to the assets, and are included under "Capital work-in-Progress".

Cost of an internally generated asset comprises all expenditure that can be directly attributed, or allocated on a reasonable and consistent basis, to create, produce and make the asset ready for its intended use.

Intangible assets are recorded at the consideration paid for their acquisition.

(d) Depreciation and Amortisation

(i) Depreciation on Fixed Assets is provided on straight line method, unless otherwise stated, pro-rata to the period of use of assets at the rates specified in Schedule XIV of the Companies Act, 1956 which represents the useful life of these assets.

(ii) Cost of leasehold land is amortised over the period of lease.

(iii) Cost of acquired intangible assets is amortised over a period of five years.

(iv) Cost of capital and insurance spares is amortised over a period of four years.

(e) Impairment of Assets

(i) The carrying amounts of assets belonging to each cash generating unit are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

(ii) After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

(iii) A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

(f) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments.

Schedules forming part of the Accounts

SCHEDULE 21: NOTES FORMING PART OF THE ACCOUNTS

Current investments are carried at lower of cost and fair value determined for category of investments.

Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

(g) Inventories

Inventories of stores, spares, raw material, packing material, work-in-progress and finished goods are valued at cost or net realisable value, whichever is lower, except for scrap which is valued at net realisable value. Cost is ascertained on a weighted average cost basis. The cost of work-in-progress and Finished goods includes direct materials, labor and a proportion of manufacturing overhead based on normal operating capacity. Cost of finished goods includes excise duty. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

(h) Foreign Currency Transactions

(i) Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

(iii) Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

(iv) The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contracts is recognised as income or as expense for the year. None of the forward exchange contracts are taken for trading or speculation purpose.

(i) Borrowing Costs

Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to profit and loss account. Borrowing cost consists of interest and other costs that an entity incurs in connection with borrowing of funds.

(j) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Sale of Goods

Revenue from sale of goods is recognised when significant risks and rewards of ownership of the goods have passed to the buyer. Sales include excise duty, sale of scrap and are net of sales tax and quantity discount. Freight charged on sales and recovered is included as part of revenue.

Income from Services

Income from services is recognised on pro-rata basis as and when services are rendered.

Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividend

Revenue is recognised when the shareholders' right to receive payment is established by the balance sheet date.

(k) Retirement and other Employee Benefits

(i) Retirement benefits in the form of Provident Fund and Superannuation Fund are defined contribution schemes and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. The company has no other obligation other than the contributions payable.

Schedules forming part of the Accounts

SCHEDULE 21: NOTES FORMING PART OF THE ACCOUNTS

- (ii) Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on Projected Unit Credit Method calculated at the end of each financial year.
- (iii) Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation done as per Projected Unit Credit Method calculated at the end of each financial year.
- (iv) Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

(l) Employee Stock Option

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Company measures compensation cost relating to employee stock options using the fair value method. Compensation expense is amortised over the vesting period of the option on a straight line basis.

(m) Research and Development

Revenue expenditure on research and development is expensed as incurred.

(n) Export Incentives

Export incentive benefits are recognised as income on the basis of receipt of proof of export.

(o) Taxes on Income

Tax expense comprises of current and deferred tax. Current income tax is determined as the amount of tax payable in respect of taxable income for the year based on provisions of Income Tax Act, 1961. Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if legally and enforceable right exist to set off current tax asset against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In case of unabsorbed depreciation and carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The company writes down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified future period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence that the MAT credit will be utilised during the specified future period.

(p) Expenditure on new projects and substantial expansion

Expenditure directly relating to construction activity is capitalised. Indirect expenditure incurred during construction period is capitalised as part of the indirect construction cost to the extent to which the expenditure is related to construction or is incidental thereto. Income earned during construction period is deducted from the total of the indirect expenditure.

Schedules forming part of the Accounts

SCHEDULE 21: NOTES FORMING PART OF THE ACCOUNTS

(q) Operating Leases

Assets taken on Lease under which all significant risks and rewards of ownership are effectively retained by the lessor are classified as Operating Leases. Lease payments under Operating Leases are recognised on straight line basis over the lease period unless another systematic basis is more representative of the time pattern of the users benefit.

(r) Earnings Per Share

The Company reports basic and diluted earnings per share in accordance with AS-20, Earnings per share issued by The Institute of Chartered Accountants of India and notified under the Companies (Accounting Standards) Rules, 2006. Basic earning per share is computed by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of Equity shares outstanding during the period. The weighted average number of shares outstanding during the period is adjusted for any bonus shares issued during the year. Diluted earnings per share is computed by dividing the net profit or loss for the period by the weighted average number of equity shares outstanding during the period. For computing diluted earnings per share both profit and loss for the year and weighted average number of shares are adjusted for the effects of all dilutive potential equity shares except where the results are anti-dilutive.

(s) Cash and Cash equivalents

Cash and Cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(t) Segment Reporting Policies

The Company's operating businesses are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segment is based on the areas in which major operating divisions of the Company operate.

The Company accounts for intersegment sales and transfers as if the sales or transfers were to third parties at current market prices. Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs. The Corporate and Other segment includes general corporate income and expense items which are not allocated to any business segment. The company prepares its segment information in conformity with the accounting policy adopted for preparing and presenting the financials statement of the company as a whole.

(u) Provisions, Contingent Liabilities and Contingent Assets

As per AS-29, Provisions, Contingent Liabilities and Contingent assets, issued by the Institute of Chartered Accountants of India and notified under the Companies (Accounting Standards) Rules, 2006, the Company recognises provisions (without discounting to its present value) only when it has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation as and when a reliable estimate of the amount of the obligation can be made. Contingent assets are neither recognized nor disclosed in the financial statements.

(v) Derivative Instruments

As per ICAI announcements, accounting for derivative contracts, other than those covered under AS-11, Effects of changes in Foreign Exchange rates, are marked to market on a portfolio basis, and the net loss after considering the offsetting effect on the underlying hedge items is charged to the income statement. Net gains are ignored.

The Company enters into Commodity Futures contracts (Aluminium Contracts) against future sales transactions. These Commodity contracts are rolled over in case the period of the contracts is less than the period of future sales transactions. On roll over, the Company has to pay/receive the differential amount in case, aluminum prices have gone down/up (loss/profit). The Company carries the loss/profit in the balance sheet till the future sales transactions take place. This loss/profit is transferred to profit and loss account on conclusion of the future sales transactions.

Schedules forming part of the Accounts

SCHEDULE 21: NOTES FORMING PART OF THE ACCOUNTS

3. DEFERRED TAX

a) The break-up of closing net deferred tax liability is as under (Rs. in Crores)

Particulars	March 31, 2010	March 31, 2009
Deferred Tax Liability		
(a) Depreciation	78.37	70.10
Deferred Tax Assets		
(a) On provision for doubtful debts	11.86	7.99
(b) On unabsorbed tax depreciation and carried forward losses	–	5.28
(c) On employee benefits	1.25	0.88
(d) Provision for contingencies	5.10	–
Deferred Tax Liability (Net)	60.16	55.95

b) Deferred tax charge for the year: (Rs. in Crores)

Particulars	March 31, 2010	March 31, 2009
Opening deferred tax liability	55.95	38.13
Less:-closing deferred tax liability	60.16	55.95
Deferred tax charge for the year before prior period depreciation	4.21	17.82
Less: Deferred tax on prior period depreciation	–	1.09
Deferred tax charge for the year after prior period depreciation	4.21	16.73

4. The amount of foreign exchange (gain)/loss adjusted during the year to the carrying cost of the fixed assets and capital work in progress is Rs. 5.00 Crores (Rs. 0.87 Crore) and that (credited)/debited to respective heads of accounts in Profit and Loss Account is Rs. (12.39) Crores (Rs. 12.53 Crores); premium on forward exchange contract to be recognised in the Profit and Loss account of subsequent accounting period is Rs. 5.75 Crores (Rs. 6.37 Crores).

5. DERIVATIVE INSTRUMENTS

The company has entered into the following derivative instruments:

(a) The following are the outstanding Forward Exchange Contracts entered into by the company, for hedge purpose, as on March 31, 2010:

Year	Currency type	Foreign Currency [Crores]	Amount	Buy/Sell	No. of Contracts
(Rs. in Crores)					
March 31, 2010	US \$	13.59	626.18	Buy	234
	US \$	6.91	319.41	Sell	142
	Euro	0.41	25.25	Buy	8
	Euro	0.42	26.00	Sell	20
	GBP	0.37	25.77	Sell	6
March 31, 2009	US \$	10.02	499.58	Buy	264
	US \$	8.42	419.60	Sell	203
	Euro	0.30	19.41	Buy	8
	Euro	0.52	35.03	Sell	11
	SGD	0.03	1.12	Buy	2

Schedules forming part of the Accounts

SCHEDULE 21: NOTES FORMING PART OF THE ACCOUNTS

(b) The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

i. Amounts receivable in foreign currency on account of the following:

Year ended	Category	Currency Type	Foreign Currency (in Crores)	Amount (Rs. in Crores)
March 31, 2010	Export of goods	US \$	0.21	9.39
	Export of goods	Euro	0.03	1.61
	Export of goods	GBP	0.00	0.04
	Advance to Suppliers	US \$	0.17	7.32
	Advance to Suppliers	Euro	0.01	0.63
	Advance to Suppliers	GBP	0.00	0.16
	Advance to Suppliers	JPY	0.19	0.09
	Advance to Suppliers	RMB	0.00	0.01
	Advance to Suppliers	CAD	0.00	0.04
	Advance to Suppliers	AED	0.00	0.01
	Advance to Suppliers	CHF	0.00	0.03
	Balance with Non-Scheduled Bank	USD	0.00	0.08
	Balance with Non-Scheduled Bank	GBP	0.02	1.46
	Balance with Non-Scheduled Bank	ETB	0.07	0.33
	Balance with Non-Scheduled Bank	CNY	0.01	0.09
March 31, 2009	Export of goods	US \$	0.06	2.97
	Export of goods	Euro	0.06	3.97
	Export of goods	GBP	0.01	0.48
	Advance to Suppliers	US \$	0.00	0.02
	Advance to Suppliers	Euro	0.00	0.12
	Advance to Suppliers	SGD	0.08	2.65
	Advance to Suppliers	RMB	0.10	0.32
	Advance to Suppliers	CAD	0.01	0.20
	Balance with Non-Scheduled Bank	US \$	0.00	0.24
	Balance with Non-Scheduled Bank	CNY	0.01	0.11
	Balance with Non-Scheduled Bank	GBP	0.00	0.06

ii. Amounts payable in foreign currency on account of the following:

Particulars	Currency Type	Foreign Currency in Crores	Amount (Rs. in Crores)	Foreign Currency in Crores	Amount (Rs. in Crores)
		March 31, 2010	March 31, 2010	March 31, 2009	March 31, 2009
Import of goods and services	US \$	1.10	42.31	0.04	2.27
Import of goods and services	Euro	0.01	1.15	0.08	5.61
Import of goods and services	GBP	0.00	0.25	0.00	0.01
Advance from Customers	US \$	0.46	20.60	0.76	37.19
Advance from Customers	Euro	0.00	0.01	0.00	0.21
Advance from Customers	ETB	0.01	0.05	–	–
Buyers Credit		–	–	0.31	13.19

(c) Commodity Future Contracts to hedge against fluctuation in commodity prices (aluminium).

The following are the outstanding future contracts entered into by the Company as on 31st March, 2010:

Year	No. of Contracts	Contracted Quantity	Buy/Sell
March 31, 2010	19	3,825	Buy
	5	2,200	Sell
March 31, 2009	71	10,025	Buy

6. In terms of accounting policy [Refer Note 2 (n) of Schedule 21] for the accrual of export incentives, estimated benefits of Rs. 32.07 Crores [Rs. 30.01 Crores] have been taken into account under the DEPB/High Value Add Income scheme/Duty Drawback scheme/Advance License Scheme. These have been grouped as part of turnover in the profit & loss account.

Schedules forming part of the Accounts

SCHEDULE 21: NOTES FORMING PART OF THE ACCOUNTS

7. The provision for tax has been made as per Minimum Alternative Tax under Section 115 JB of the Income Tax Act, 1961. The Company is entitled to avail Credit under Section 115JAA (1A) and accordingly it has considered MAT credit entitlement as an asset.
8. The Company had in an earlier year received an order of CESTAT upholding the demand of Rs. 188 Crores (including penalties and excluding interest) (Rs. 188 Crores as at March 31, 2009) in the pending excise/custom matters on various grounds. The Company's appeal with the Honourable High Court of Mumbai was rejected on the grounds of jurisdiction. The Company preferred an appeal with the Honourable Supreme Court of India against the order of CESTAT which has been admitted. The Company has reevaluated the case on admission of appeal by the Honourable Supreme Court. Based on their appraisal of the matter, the legal advisors/consultants are of the view that under most likely event, the provision of Rs. 5 Crores made by the Company against the above demand is adequate. The management is confident of a favourable order and hence no further provision is considered against the said demand.

9. EMPLOYEE STOCK OPTION SCHEME

The Company has granted Employees Stock Options Plan, 2006 (ESOP) to its employees pursuant to the resolution passed by the shareholders at the Extraordinary General Meeting held on March 13, 2006. The Company has followed the fair value method (Black Scholes Options Pricing Model) for the valuation of these options. The Compensation Committee of the Company has approved five grants vide their meeting held on June 14, 2006; March 19, 2007, September 28, 2007, June 14, 2008 and June 26, 2009. As per the plan, Options granted under ESOP would vest in not less than one year and not more than five years from the date of grant of such options. Vesting of options is subject to continued employment with the company. The plan is an equity settled plan.

Other details of the options are as follows:

Particulars	Grant 1*	Grant 2*	Grant 3*	Grant 4*	Grant 5*
Date of grant	14-Jun-06	19-Mar-07	28-Sep-07	14-Jun-08	26-Jun-09
Number of options granted	2,328,500	636,000	1,307,750	255,500	2,419,000
Method of Settlement	Equity	Equity	Equity	Equity	Equity
Vesting Period (years)	3	2.25	1.71	1	5
Exercise Period	1	1	1	1	1
Vesting Conditions	Business Performance				

The details of the activity under the plan have been summarised below:

	Current Year		Previous Year	
	Number of Options	Weighted Average Exercise Price (Rs.)	Number of Options	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	1,820,605	1	3,508,050	1
Granted during the year	2,419,000	1	255,500	1
Forfeited during the year	Nil	–	Nil	–
Exercised during the year	576,775	1	350,500	1
Expired during the year	1,155,735	1	1,592,445	1
Outstanding at the end of the year	2,507,095	1	1,820,605	1
Exercisable at the end of the year	170,595	1	404,140	1
Weighted average remaining contractual life (in years)	1.70	–	0.21	–
Weighted average fair value of options granted	34.98		32.17	

Schedules forming part of the Accounts

SCHEDULE 21: NOTES FORMING PART OF THE ACCOUNTS

The fair value as per the Black Scholes Options Pricing Model was measured based on the following input:

Date of grant June 14, 2006	Vest 1	Vest 2	Vest 3
Variables	June 14, 2007	June 14, 2008	June 14, 2009
Weighted average Stock Price	17.85	17.85	17.85
Expected volatility (**)	59.78%	58.90%	60.52%
Risk free rate	7.07%	7.16%	7.26%
Exercise price (Rs. per Option)	1	1	1
Time to maturity (years)	1.5	2.5	3.5
Dividend yield	0.57%	0.57%	0.57%
Outputs			
Option Fair Value	16.80	16.76	16.72
Vesting Percentage	20.00%	40.00%	40.00%
Option Fair Value		16.76	

Date of grant March 19, 2007	Vest 1	Vest 2
Variables	June 19, 2008	June 14, 2009
Weighted average stock price	35.80	35.80
Expected volatility (**)	62.90%	57.75%
Risk free rate	8.07%	8.06%
Exercise price (Rs. per Option)	1	1
Time to maturity (years)	1.5	2.5
Dividend yield	0.57%	0.57%
Outputs		
Option fair value	34.61	34.47
Vesting percentage	60.00%	40.00%
Option Fair Value		34.55

Date of grant September 28, 2007	Vest 1	Vest 2
Variables	September 28, 2008	June 14, 2009
Weighted average stock price	47.46	47.46
Expected volatility (**)	56.69%	60.98%
Risk free rate	7.20%	7.29%
Exercise price	1	1
Time to maturity (years)	1.50	2.21
Dividend yield	0.51%	0.51%
Option Fair Value	46.20	46.08
Vesting Percentage	50.00%	50.00%
Option Fair Value		46.14

Date of grant June 14, 2008	Vest 1
Variables	June 14, 2009
Weighted Average Stock Price	39.70
Expected Volatility (**)	72.11%
Risk free Rate	8.34%
Exercise Price (Rs. per Option)	1
Time To Maturity (years)	1.50
Dividend yield	0.49%
Outputs	
Option Fair Value	38.53
Vesting Percentage	100.00%
Option Fair Value	38.53

Schedules forming part of the Accounts

SCHEDULE 21: NOTES FORMING PART OF THE ACCOUNTS

Date of grant June 26, 2009	Vest 1	Vest 2	Vest 3	Vest 4	Vest 5
Variables	June 26, 2010	June 26, 2011	June 25, 2012	June 25, 2013	June 25, 2014
Weighted average stock price	36.65	36.65	36.65	36.65	36.65
Expected volatility (**)	97.30%	81.93%	77.57%	72.68%	70.10%
Risk free rate	5.61%	5.83%	6.05%	6.27%	6.47%
Exercise price (Rs. per Option)	1	1	1	1	1
Time to maturity (years)	1.5	2.5	3.5	4.5	5.5
Dividend yield	0.60%	0.60%	0.60%	0.60%	0.60%
Outputs					
Option Fair Value	35.40	35.24	35.08	34.93	34.77
Vesting Percentage	50.00%	20.00%	10.00%	10.00%	10.00%
Options Fair Value	35.23				

Notes:

* As approved by the Extra-Ordinary General Meeting of the company held on February 25, 2010, the Company has made sub-division of the face value of its equity share capital from Rs. 5 per share to Rs. 2 per share. Further, the company in the same meeting has approved bonus in the ratio of 1:1. Thus, ESOP data in the above table has been recalculated and presented after considering the impact of the sub-division of face value of the equity share and bonus thereon.

(**) The measure of volatility used in the above model is the annualised standard deviation of the continuously compounded rates of return on the stock over a period of time. The volatility periods considered above, corresponding to the respective expected lives of the different vests are prior to the grant date. The daily volatility of stock prices is considered as per the National Stock Exchange (NSE) prices over these years.

10. Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of Advances) are Rs. 75.58 Crores (Rs. 25.80 Crores.)

11. LOANS AND ADVANCES GIVEN TO SUBSIDIARIES

The details are provided as required by Schedule VI of Company's Act, 1956 and SEBI circular SMD/policy cir-2/2003 dated 10 January, 2003 of the listing agreement.

Outstanding Loans/Advance given to subsidiary Sterlite Infrastructure Private Limited is Rs. Nil Crore (Rs. 0.31 Crore). The maximum amount outstanding from Sterlite Infrastructure Private Limited during the year is Rs. 0.56 Crore (Rs. 0.31 Crore).

Outstanding Loans/Advance (including interest) given to subsidiary Sterlite Infra-tech Limited is Rs. 6.56 Crores (Rs. Nil). The maximum amount outstanding from Sterlite Infra-tech Limited during the year is Rs. 6.59 Crores (Rs Nil).

Outstanding Loans/Advance given to subsidiary East North Interconnection Company Limited is Rs. 21.87 Crores (Rs. Nil). The maximum amount outstanding from East North Interconnection Company Limited during the year is Rs. 21.87 Crores (Rs. Nil).

12. There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

13. PAYMENT TO AUDITORS (EXCLUDING SERVICE TAX)

(Rs. in Crores)

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
a) Audit Fees	0.37	0.37
b) Tax Audit Fees	0.03	(*)0.06
c) Any other Capacity (Certification work)	0.02	0.02
d) Out of Pocket expenses	0.05	0.05
Total	0.47	0.50

(*) The payment is inclusive of Rs. 0.03 Crore paid for previous year.

Schedules forming part of the Accounts

SCHEDULE 21: NOTES FORMING PART OF THE ACCOUNTS

14. MANAGERIAL REMUNERATION

(Rs. in Crores)

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
(i) Salary	4.23	3.32
(ii) Perquisites	0.48	0.82
(iii) Contribution to superannuation fund	0.29	0.49
(iv) Contribution to provident fund	0.58	0.20
Total	5.58	4.83

Note: As the liability for gratuity and leave encashment are provided on an actuarial basis for the Company as a whole, the amount pertaining to the directors are not included above.

15. RELATED PARTY DISCLOSURES

Related party disclosures as required by AS-18, Related Party Disclosures issued by the Institute of Chartered Accountants of India and notified under the Companies (Accounting Standards) Rules, 2006 are given below:

(a) Name of related party and nature of its relationship:

(i) Subsidiary

Sterlite Infrastructure Private Limited

Sterlite Infratech Limited (*) (100% subsidiary incorporated in December 2009)

East North Interconnection Company Limited (**) (The Company was acquired on March 31, 2010)

(ii) Key Management Personnel

Mr. Pravin Agarwal

Dr. Anand Agarwal

(iii) Investing Company

Twin Star Overseas Limited.

(b) There are no provisions for doubtful debts or no amounts have been written off in respect of debts due to or from related parties.

Schedules forming part of the Accounts

SCHEDULE 21: NOTES FORMING PART OF THE ACCOUNTS

(c) The transactions with related parties during the year and their outstanding balances are as follows: (Rs. in Crores)

Sr No.	Transactions	Sterlite Infrastructure Private Limited		Sterlite Infratech Limited		East North Interconnection Company Limited		Twin Star Overseas Limited		Key Management Personnel	
		09-10	08-09	09-10	08-09	09-10	08-09	09-10	08-09	09-10	08-09
		Transactions during the year:									
1.	Remuneration (*)	-	-	-	-	-	-	-	-	5.58	4.83
2.	Investments during the year	-	-	0.05	-	0.05	-	-	-	-	-
3.	Dividend	-	-	-	-	-	-	3.52	2.81	-	-
4.	Issue of Equity Share Capital	-	-	-	-	-	-	3.23	-	-	-
5.	Equity Share Premium Received	-	-	-	-	-	-	38.70	-	-	-
6.	Share application money for warrants issued	-	-	-	-	-	-	27.10	-	-	-
7.	Advance given to Subsidiary	0.25	0.01	-	-	-	-	-	-	-	-
8.	Repayment of advances from subsidiary	0.56	-	-	-	-	-	-	-	-	-
9.	Loans given to subsidiary	-	-	6.37	-	21.87	-	-	-	-	-
10.	Interest Charged on Loans	-	-	0.19	-	-	-	-	-	-	-
11.	Sale of Car	-	-	-	-	-	-	-	-	-	0.06
12.	Sale of Bungalow (**)	-	-	-	-	-	-	-	-	4.08	-
13.	Sale of Land (**)	-	-	-	-	-	-	-	-	17.98	-
Balance outstanding as at the year end:											
14.	Advances	-	0.31	-	-	-	-	-	-	-	-
15.	Loans receivables (including interest)	-	-	6.56	-	21.87	-	-	-	-	-

(*) It includes payment of Rs. 4.09 Crores to Mr. Pravin Agarwal (Rs. 3.58 Crores) and Dr. Anand Agarwal of Rs. 1.49 Crores (Rs. 1.25 Crores).

(**) The sale value has been determined by the Company based on the valuation received from independent valuer.

(***) The sales value of the Bungalow includes related assets such as electrical installation, plant and machinery, furniture and fixtures etc. as per the valuation report received from independent valuer.

Note: As the liabilities for gratuity and leave encashment are provided on an actuarial basis for the company as a whole the amounts pertaining to the Directors are not included above.

16. OPERATING LEASES

The Company has taken Office Buildings on Operating lease. The lease term is for a period of three years and renewable at the option of the Company. Disclosures in respect of Operating Leases of office buildings as per the requirement of Notified AS-19 under the Companies (Accounting Standard) Rules, 2006 on Leases issued by The Institute of Chartered Accountants of India, is as under:

- Lease payments recognised in the statement of Profit and Loss for the period is Rs. 0.85 Crore (Rs. 1.23 Crores).
- The future minimum lease payments payable over the next one-year is Rs. 0.53 Crore (Rs. 1.37 Crores).
- The future minimum lease payments payable later than one year but not later than five year is Rs 0.54 Crore (Rs. 1.92 Crores).

Schedules forming part of the Accounts

SCHEDULE 21: NOTES FORMING PART OF THE ACCOUNTS

17. EARNINGS PER SHARE (EPS)

(Rs. in Crores)

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
I. Net Profit as per Profit and Loss Account available for Equity Shareholders	246.07	90.15
II. Weighted average number of equity shares		
For Basic Earning Per share	323,158,397	322,517,160
For Diluted Earnings Per Share	335,267,048	324,188,015
III. Earnings Per Share (Weighted Average)		
Basic (On Nominal Value of Rs. 2 Per Share) Rupees/share	7.61	2.80
Diluted (On Nominal Value of Rs. 2 Per Share) Rupees/share	7.34	2.78

18. The disclosures as per AS-15, Employee benefits, issued by the Institute of Chartered Accountants of India and notified under the Companies (Accounting Standards) Rules, 2006 are as follows:-

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with Life Insurance Corporation of India in the form of a qualifying insurance policy.

Changes in the present value of the defined benefit obligation are as follows:

Particulars	March 31, 2010	March 31, 2009
Defined benefit obligation at the beginning of the year	2.34	1.89
Current service cost	0.44	0.35
Interest cost	0.20	0.16
Actuarial (gain)/loss on obligation	0.28	0.27
Past service cost	0.19	–
Benefits paid	(0.22)	(0.33)
Defined benefit obligation, end of the period	3.23	2.34

Changes in the fair value of plan assets are as follows:

Particulars	March 31, 2010	March 31, 2009
Fair value of plan assets at the beginning of the year	1.73	2.06
Expected return on plan assets	0.14	0.15
Contribution by employer	–	–
Benefits paid	(0.22)	(0.33)
Actuarial gain/(loss) on plan assets	(0.03)	(0.15)
Fair value of plan assets at the end of the year	1.62	1.73

* The Company expects to contribute Rs. 1.10 Crores (Previous year Rs. 0.53 Crore) to its defined benefit gratuity plan in 2010-11.

Schedules forming part of the Accounts

SCHEDULE 21: NOTES FORMING PART OF THE ACCOUNTS

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	March 31, 2010 %	March 31, 2009 %
Investment with Insurer (Life Insurance Corporation of India)	100.00	100.00

Details of defined benefit obligation (Rs. in Crores)

Particulars	March 31, 2010	March 31, 2009
Defined Benefit Obligation	3.23	2.34
Fair Value of Plan Assets	1.62	1.73
Plan (Assets)/Liability	1.61	0.61

Net employees benefit expense recognised in the profit and loss account: (Rs. in Crores)

Particulars	March 31, 2010	March 31, 2009
Current Service cost	0.44	0.35
Interest cost on benefit obligation	0.20	0.16
Net actuarial (gain)/loss recognised in the year	0.55	0.43
Expected return on plan assets	(0.14)	(0.15)
Net benefit expense	1.05	0.79

Amounts for the current and previous periods are as follows: (Rs. in Crores)

Particulars	2009-10	2008-09	2007-08	2006-07
Defined benefit obligation	3.23	2.34	1.89	1.88
Plan assets	1.62	1.73	2.14	1.64
Surplus/(deficit)	1.61	0.61	(0.25)	0.24
Experience adjustments on plan liabilities	0.70	–	–	–
Experience adjustments on plan assets	1.31	–	–	–

The principal assumptions used in determining defined benefit obligation are shown below:

Particulars	March 31, 2010	March 31, 2009
Discount rate	8.25%	7.50%
Expected rate of return on plan asset	8.00%	8.00%
Employee Turnover	2.00%	2.00%
Actual Rate of return on plan assets	8.00%	9.30%

The estimated future salary increase, considered in actuarial valuation, takes into account the effect of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. The overall expected rate of return on plan assets is determined based on the market prices prevailing as on balance sheet date, applicable to the period over which the obligation is to be settled.

19. DETAILS REGARDING LICENSED/REGISTERED, INSTALLED CAPACITY AND ACTUAL PRODUCTION (AS CERTIFIED BY THE MANAGEMENT)

A. Capacity	UNIT	Licensed/Registered Capacity		Installed Capacity	
		2009-2010 Per Annum	2008-2009 Per Annum	2009-2010 Per Annum	2008-2009 Per Annum
Power Transmission Line – Distribution Conductor **	MT	N.A	N.A	160,000	115,000
Optical Fiber	KM	12,000,000	12,000,000	10,000,000	9,000,000
Fiber Optic cables *	FKM	5,309,059	3,222,528	4,500,000	3,222,528
Copper Telecom Cables	CKM	9,500,000	9,500,000	3,500,000	9,500,000
Broadband Access Networks	NOS.	1,500,000	1,500,000	1,000,000	1,000,000

* Based on Average Fibre Km.

** N.A. – Delicensed vide notification no 477 (E) Dated 27th July, 1991.

Schedules forming part of the Accounts

SCHEDULE 21: NOTES FORMING PART OF THE ACCOUNTS

B. Production (including for captive consumption)	UNIT	March 31, 2010	March 31, 2009
Power Transmission Line – Distribution Conductor (AAC/ACSR) **	MT	126,240	108,113
Optical Fibre*	KM	8,283,983	5,587,374
Fiber Optic cables	FKM	2,732,919	2,773,872
Copper Telecom Cables	CKM	830,750	2,729,370
Broadband Access Networks	NOS	221,487	309,262

* It includes 2,906,150 KM (2,093,030 KM) produced for captive consumption

** Current Year 129,036 KM (137,729 KM)

20. QUANTITATIVE INFORMATION IN RESPECT OF OPENING STOCK, CLOSING STOCK, SALES OF FINISHED GOODS AND CONSUMPTION OF RAW MATERIALS

(Rs. in Crores)					
a) Opening Stock	UNIT	2009-2010		2008-2009	
		Quantity	Value	Quantity	Value
Power Transmission Line - Distribution Conductor (AAC/ACSR) (Current year 997 KM Previous Year is 2,932 KM)	MT	403	3.46	2,935	29.74
Optical Fibre	KM	194,037	5.60	316,276	10.08
Fiber Optic cables	FKM	22,891	2.27	53,113	4.38
Copper Telecom Cables	CKM	24,054	1.13	111,717	8.67
Broadband Access Networks	NOS	2,719	0.14	3,123	0.22
Total			12.60		53.09

(Rs. in Crores)					
b) Closing Stock	UNIT	2009-10		2008-09	
		Quantity	Value	Quantity	Value
Power Transmission Line Conductor (AAC/ACSR) (Current year 1604 KM Previous Year is 997 KM)	MT	2,071	22.68	403	3.46
Optical fibre	KM	182,297	5.41	194,037	5.60
Fiber optic cables	FKM	70,800	2.76	22,891	2.27
Copper telecom cables	CKM	10,590	0.88	24,054	1.13
Broadband Access Networks	NOS	2,408	0.16	2,719	0.14
Total			31.89		12.60

(Rs. in Crores)					
c) Sales	UNIT	2009-10		2008-09	
		Quantity	Value	Quantity	Value
Power Transmission & Distribution Conductors AAC/ACSR [Current Year 128,551 KM, (139,600 KM)] **	MT	124,572	1,537.04	110,645	1,515.95
Optical Fibre **	KM	5,389,573	234.12	3,616,583	128.51
Fibre Optic cables **	FKM	2,685,010	272.80	2,804,094	317.52
Copper Telecom Cables **	CKM	844,214	96.96	2,817,033	271.09
Broadband and Access Networks		*	339.89	*	126.45
Others			14.69		30.18
Total			2,495.50		2,389.70

* It is not practicable to furnish quantitative information in view of large number of items which differ in size and nature.

** Export benefits earned are included as a part of sales of respective product.

Schedules forming part of the Accounts

SCHEDULE 21: NOTES FORMING PART OF THE ACCOUNTS

(Rs. in Crores)					
d) Raw Material Consumed	UNIT	Current Year		Previous Year	
		Quantity	Value	Quantity	Value
Aluminum/Alloy	MT	104,903	1,025.01	85,043	1,015.21
Copper Rods	MT	1,744	50.41	4,760	135.72
Polyethylene Compounds	MT	3,637	22.65	7,772	47.68
Galvanised Steel Wire/Steel tape	MT	23,992	119.01	25,796	144.77
Resin	KG	428,058	18.53	273,059	13.26
Others			395.67		285.28
			<u>1,631.28</u>		<u>1,641.92</u>

(Rs. in Crores)		
21. CIF VALUE OF IMPORTS	2009-2010	2008-2009
Particulars		
Raw Material	593.68	552.11
Stores Spares & Consumables	10.40	7.44
Capital Goods	26.84	78.11
	<u>630.92</u>	<u>637.66</u>

(Rs. in Crores)		
22. EXPENDITURE IN FOREIGN CURRENCY (ACCRUAL BASIS)	2009-2010	2008-2009
Particulars		
Travel	1.20	1.07
Sales Commission	4.53	6.13
Interest	3.95	11.83
Others	32.16	13.71
Royalty	2.68	—
	<u>44.52</u>	<u>32.74</u>

(Rs. in Crores)		
23. EARNINGS IN FOREIGN CURRENCY	2009-2010	2008-2009
Particulars		
FOB Value of Exports	554.22	592.58
FOB Value of Deemed Exports	264.86	345.64

24. VALUE OF RAW MATERIAL CONSUMED				
Description	2009-2010 (Rs. in Crores)	% of Total Consumption	2008-2009 (Rs. in Crores)	% of Total Consumption
Indigenous	990.17	60.70	1,042.78	63.10
Imported	641.11	39.30	599.14	36.90
	<u>1,631.28</u>	<u>100.00</u>	<u>1,641.92</u>	<u>100.00</u>

25. VALUE OF COMPONENTS, STORES AND SPARE PARTS CONSUMED				
Description	2009-2010 (Rs. in Crores)	% of Total Consumption	2008-2009 (Rs. in Crores)	% of Total Consumption
Indigenous	22.97	77.28	17.84	75.88
Imported	6.75	22.72	5.67	24.12
	<u>29.72</u>	<u>100.00</u>	<u>23.51</u>	<u>100.00</u>

Schedules forming part of the Accounts

SCHEDULE 21: NOTES FORMING PART OF THE ACCOUNTS

26. CONTINGENT LIABILITIES INCLUDING INTEREST AND PENALTY

(Rs. in Crores)

Sr. No.	Particulars	2009-2010	2008-2009
1.	Disputed Liabilities in Appeal		
	a) Sales Tax	0.59	0.59
	b) Excise Duty	78.69	78.80
	c) Customs Duty	74.31	74.52
	d) Service Tax	2.45	2.45
	e) Claims lodged by a Bank Against the company (*)	18.87	18.87
	f) Claims against the company not acknowledged as Debt	2.07	2.78
	g) Excise Duty Case in Supreme Court (Refer Note 8, Schedule 21)	–	–
2.	Outstanding amount of Export obligation against Advance Licence	58.99	0.37
3.	The company has given Corporate Guarantee to the Income Tax Department on behalf of group companies. The outstanding amount is Rs. 114.00 Crores (Rs. 114.00 Crores) on this account as at the year-end.		

The Company has deposited Rs. Nil (Rs. 8.14 Crores) under protest against above contingent liabilities.

The Company has not provided for disputed Sales Tax, Excise Duty, Customs Duty and Service Tax arising from disallowances made in assessments which are pending with Appellate Authorities for its decision.

It is not practicable to indicate the uncertainties which may affect the future outcome and estimate the financial effect of the above liabilities.

(*) In earlier year, one of the bank of the Company had wrongly debited an amount of Rs. 18.87 Crores, towards import consignment under Letter of Credit not accepted by the Company, owing to discrepancies in the documents. The Company has filed the case against the bank in the High Court of Mumbai. The bank has also filed a claim against the Company in the Debt Recovery Tribunal. The Company does not believe that any liability will arise to the Company.

27. In accordance with the Notified AS-17 under the Companies (Accounting Standards) Rules, 2006 on "Segment Reporting", issued by the Institute of Chartered Accountants of India, the Company has identified two reportable Business Segments i.e. Telecom Product Business and Power Transmission Business, which are regularly evaluated by the Management, in deciding the allocation of resources and assessment of performance. Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common cost. The segment performance as follows:

(i) Particulars	Telecom		Transmission		Unallocable		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Segment Revenue	949.05	868.96	1,546.45	1,520.74	–	–	2,495.50	2,389.70
Less: Excise	42.19	52.53	21.68	47.94	–	–	63.87	100.47
Net Revenue	906.86	816.43	1,524.77	1,472.80	–	–	2,431.63	2,289.23
Segment Results (PBIT)	164.34	80.62	191.22	117.17	–	–	355.57	197.79
Less: Interest	–	–	–	–	38.12	90.48	38.12	90.48
Profit Before Tax	–	–	–	–	–	–	317.45	107.31
Provision for Tax (Net)	–	–	–	–	71.38	19.29	71.38	19.29
Profit After Tax	–	–	–	–	–	–	246.07	88.02
Prior Period Depreciation	–	–	–	–	–	(2.13)	–	(2.13)
Profit after Tax and Prior Period Depreciation	–	–	–	–	–	–	246.07	90.15
Segment Assets	1,192.67	910.85	730.30	720.00	32.79	43.13	1,955.76	1,673.98
Segment Liabilities	472.99	252.85	121.77	235.61	26.65	12.04	621.41	500.50
Capital Expenditure Incurred	70.82	33.58	(6.15)	35.26	–	–	64.67	68.84
Depreciation	33.46	28.88	14.81	13.64	–	–	48.26	42.52
Significant non cash expenditure	13.72	7.49	3.62	1.09	(3.45)	1.47	13.89	10.05

Schedules forming part of the Accounts

SCHEDULE 21: NOTES FORMING PART OF THE ACCOUNTS

	(Rs. in Crores)	
(ii) Particulars	2009-2010	2008-2009
1. Segment Revenue - External Turnover		
– Within India	1,908.55	1,735.81
– Outside India	586.95	653.89
Total Revenue	2,495.50	2,389.70
2. Segment Assets		
– Within India	1,875.22	1,539.67
– Outside India	80.54	134.31
Total Assets	1,955.76	1,673.98
3. Capital Expenditure		
– Within India	64.67	68.84
Total Capital Expenditure	64.67	68.84

28. DISCLOSURE OF MICRO, SMALL AND MEDIUM ENTERPRISES –

Description	2009-10
(i) The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year.	0.41
(ii) The amount of interest paid by the buyer in terms of Section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	–
(iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	0.03
(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year.	0.03
(v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro Small and Medium Enterprise Development Act, 2006.	–

Interest payable as per Section 16 of the Micro, Small and Medium Enterprises Act, 2006 is 0.03 Crore and same is not accrued in the books of accounts. During, the year 2008-2009 the Company has not received any confirmation for Micro, Small and Medium enterprise.

29. Expenditure of Rs. 4.39 Crores (Rs. Nil) and 0.35 Crore (Rs. 2.30 Crores) on account of financing cost relating to borrowed funds for construction or acquisition of fixed assets is debited to “Fixed Assets” and “Capital work-in-Progress” respectively.

30. REMITTANCES IN FOREIGN CURRENCY:

On account of final dividend to non-resident shareholders

Particulars	2009-2010	2008-2009
No. of Shareholders	1	1
No. of Equity Shares	140,652,750	140,652,750
Amount Remitted, net of tax (Rs. in Crores)	3.52	2.81
Year to which it pertains	2008-09	2007-2008

31. Excise duty on sales amounting to Rs. 63.87 Crores (Rs. 100.47 Crores) has been reduced from sales in profit & loss account and excise duty on increase/decrease in stock amounting to Rs. 0.83 Crore (Rs. (0.11) Crore) has been disclosed in Schedule 15 of financial statements.

Schedules forming part of the Accounts

SCHEDULE 21: NOTES FORMING PART OF THE ACCOUNTS

32. OTHER NOTES

- (a) Effective February 25, 2010, the Company has subdivided the face value of equity shares from Rs. 5 each to Rs. 2 each (share split), after obtaining shareholders approval vide Extra-Ordinary General Meeting held on February 25, 2010. Accordingly, the number of equity shares and face value of shares disclosed in the financial statements have been adjusted for the impact of share split. Further, the basic and diluted earnings per share disclosed have been computed for the current year and recomputed for the previous year based on the revised face value of Rs. 2 each. In the same meeting the Company has declared bonus shares in the ratio of 1:1 to all existing shares holders along with outstanding equity share warrants and outstanding ESOP scheme as disclosed in the Note 9 of Schedule 21.

During the current year, the company has issued 16,125,000 share warrants at a price of Rs. 26 per warrant and 18,250,000 warrants at a price of Rs. 59.40 per warrant to Twinstar Overseas Limited a promoter of the Company, 16,125,000 shares have been converted into equity shares in the ratio of 1:1 and bonus shares in the ratio of 1:1 have also been given on these shares. The balance warrants outstanding as at year end aggregating 18,250,000 are convertible within a period of 18 months from the date of issue.

33. PREVIOUS YEAR COMPARATIVES

Previous Year's figures have been regrouped where necessary to confirm to current year's classification.

For S. R. Batliboi & Co.

Registration No. 301003E
Chartered Accountants

per Tridibes Basu
Partner

Membership Number: 17401

For and on behalf of the Board

Pravin Agarwal
Whole-time Director

Anupam Jindal
Chief Financial Officer

Anand Agarwal
CEO & Whole-time Director

Sandeep Deshmukh
Company Secretary

Place : Mumbai

Date : April 22, 2010

Cash Flow Statement

(Rs. in Crores)

	Year ended March 31, 2010	Year ended March 31, 2009
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) after tax as per Profit & Loss Account	246.07	90.15
Adjustment for Taxation	71.38	19.29
	317.45	109.44
Adjustments for:		
- Depreciation, Amortisation and Impairment	48.26	42.52
- Prior Period Depreciation (Net of Tax)	–	(2.13)
- Unclaimed Liability Written Back	(0.53)	(0.71)
- Provision for Doubtful Debts	10.28	7.80
- Bad Debts written off	1.81	0.78
- Provision for Contingencies	15.00	–
- Income from Investments	(3.82)	(0.54)
- Interest and Finance Charges	38.12	90.48
- Interest Income	(7.86)	(2.48)
- Exchange difference	(13.12)	5.60
- (Profit)/Loss on Sale of Assets	(10.32)	0.20
- Employees Stock Option Expenses amortised	0.73	0.68
	78.55	142.20
Operating profit before working capital changes	396.00	251.64
Movements in working capital:		
- (Increase)/Decrease in Trade and other receivables	(34.73)	(47.89)
- (Increase)/Decrease in Inventories	(70.55)	119.02
- Increase/(Decrease) in Trade payables	111.18	167.15
	5.89	238.28
Cash generated from operations	401.89	489.92
Direct taxes Paid / TDS deducted (Net of Refunds)	(55.04)	(14.38)
Net cash flow from Operating Activities	346.85	475.54
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets (Including Capital Work-in-Progress)	(88.51)	(145.07)
Proceed from Sale of Fixed Assets	23.84	7.90
Purchase of Investments	(2,597.33)	(549.52)
Sale of Investments	2,583.33	463.52
Investment in Subsidiaries	(0.10)	–
Income from Investments	3.82	0.54
Investment in Bank Fixed Deposits*	(129.48)	10.77
Advances to Subsidiaries	(28.12)	(0.01)
Interest Received	7.56	6.60
Net cash flow (used) in/from Investing Activities	(224.99)	(205.27)

Cash Flow Statement

[Rs. in Crores]

	Year ended March 31, 2010	Year ended March 31, 2009
C. CASH FLOW FROM FINANCING ACTIVITIES		
– Proceeds from issue of short-term Unsecured Loans	1,650.00	3,797.00
– Repayment of short-term Unsecured Loans	(1,650.00)	(3,797.00)
– Proceeds/(Repayment) of Secured Loans (Net)	(109.98)	(164.76)
– Proceeds/(Repayment) of Share Capital	41.93	–
– Proceeds of Share Application Money	27.10	–
– Proceeds/(Repayment) of Employee Stock Option	0.06	0.04
– Proceed of unsecured Long Term Loans	–	15.00
Repayment of Unsecured Loans	(28.44)	(20.48)
Interest paid	(40.74)	(92.45)
Dividend paid on Equity Shares (Including Corporate Dividend Tax)	(9.45)	(8.03)
Net Cash flow from Financing Activities	(119.52)	(270.68)
Net Increase/(decrease) in cash and cash equivalent	2.34	(0.41)
Cash and cash equivalent as at beginning of year	2.00	2.41
Cash and cash equivalent as at year end**	4.34	2.00

* Investments in Bank Fixed Deposits having maturity of more than 3 months have been shown under the cash flows from Investing activities.

** The Cash and Cash Equivalents includes balance of Rs. 0.09 Crore (Rs. 0.10 Crore) which are not available for use by the Company.

Components of Cash & Cash Equivalents:

Cash & Bank Balance as per Schedule 10	209.71	77.89
Less : Fixed deposits not considered as cash equivalents as maturity period is more than 3 months.	205.37	75.89
Cash & Cash Equivalent in Cash Flow Statement**	4.34	2.00

The schedules referred to above and notes to accounts form an integral part of the Cash Flow Statement.

As per our attached report of even date

For S. R. Batliboi & Co.
Registration No. 301003E
Chartered Accountants

per **Tridibes Basu**
Partner
Membership Number: 17401

For and on behalf of the Board

Pravin Agarwal **Anand Agarwal**
Whole-time Director CEO & Whole-time Director

Anupam Jindal **Sandeep Deshmukh** Place : Mumbai
Chief Financial Officer Company Secretary Date : April 22, 2010

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No. State Code

Balance Sheet Date

Date Month Year

II. Capital Raised during the year (Amount in Rs. Crores)

Public Issue Private Placement

Rights Issue

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Crores)

Total Liabilities Total Assets

Sources of Funds

Paid-up Equity Share Capital Share Warrants

Employee Stock Option Outstanding Reserve & Surplus

Secured Loans Unsecured Loans

Deferred Tax

Application of Funds

Net Fixed Assets Investments

Net Current Assets Miscellaneous Expenses

Accumulated Losses

IV. Performance of Company (Amount in Rs. Crores)

Turnover Profit after Tax

Other Income Earnings Per Share in Rs.

Total Expenditure Dividend Rate %

Profit before Tax

V. Generic Names of Three Principal Products of Company

Item Code No. (ITC Code)
Product Description OPTICAL FIBER

Item Code No. (ITC Code)
Product Description OPTICAL FIBER CABLE

Item Code No. (ITC Code)
Product Description JELLY FILLED TELEPHONE CABLE

Item Code No. (ITC Code)
Product Description ALUMINIUM CONDUCTORS (AAC/ACSR)

Item Code No. (ITC Code)
Product Description BROADBAND ACCESS NETWORKS

For and on behalf of the Board

Pravin Agarwal
Whole-time Director

Anupam Jindal
Chief Financial Officer

Anand Agarwal
CEO & Whole-time Director

Sandeep Deshmukh
Company Secretary

Place : Mumbai
Date : April 22, 2010

Statement Pursuant to Section 212 of the Companies Act, 1956 Relating to Subsidiary Companies

Sr. No.	Name of the Subsidiary Company	Sterlite Infrastructure Private Limited	Sterlite Infra-tech Limited	East-North Interconnection Limited
1.	Financial year of the Subsidiary Company ended on	March 31, 2010	March 31, 2010	March 31, 2010
2.	Shares of the Subsidiary Company held on that date and extent of holding			
	(a) Equity Shares of Rs. 10 each	60,05,200	50,000	50,000
	Extent of Holding	58.7%	100.0%	100.0%
3.	The net aggregate amount of the Subsidiary's profit/ (loss) so far as it is concerned with the members of Sterlite Technologies Limited			
	I) Not dealt with in the Holding Company's Account (Rs. in Crores)			
	a) For the financial year of the subsidiary	0.11	(0.31)	(0.03)
	b) For the previous financial years of the subsidiary since it became a subsidiary of the Holding Company	0.35	(0.31)	(0.03)
	II) Dealt with in the Holding Company's Accounts (Rs. in Crores)			
	a) For the financial year of the subsidiary	NIL	NIL	NIL
	b) For the previous financial years of the subsidiary since it became a subsidiary of the Holding Company	NIL	NIL	NIL
4.	Material changes, if any, between the end of the financial year of the subsidiary company and the Holding Company	N.A.	N.A.	N.A.

For and on behalf of the Board

Pravin Agarwal
Whole-time Director

Anand Agarwal
CEO & Whole-time Director

Anupam Jindal
Chief Financial Officer

Sandeep Deshmukh
Company Secretary

Place : Mumbai
Date : April 22, 2010

Auditors' Report

To

The Board of Directors

1. We have audited the attached consolidated Balance Sheet of Sterlite Technologies Limited and its subsidiaries ('the Group'), as at March 31, 2010, and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These Consolidated financial statements are the responsibility of the Sterlite Technologies Limited's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of Sterlite Infrastructure Private Limited, Sterlite Infra-tech Limited and East North Interconnection Company Limited whose audited financial statements reflect Group's share of total assets of Rs 37.89 crores as at March 31, 2010, the total revenue of Rs 0.28 crores and net cash outflows amounting to Rs. 1.71 crores for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.
4. We report that the consolidated financial statements have been prepared by the Sterlite Technologies Limited's management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated financial statements, notified pursuant to the Companies (Accounting Standards) Rules 2006.
5. As stated in Note no. 8 of Schedule 21, the Company had in an earlier year received an order of CESTAT upholding a demand of Rs.188 Crores (including penalties and

excluding interest) (Rs. 188 Crores as at March 31, 2009) in a pending excise/custom matter. The Company's appeal against this order with the Honourable Supreme Court has been admitted. Based on the current status and legal advice received, provision for liability as recorded in the accompanying financial statements is considered adequate by Management. In the event the decision of the Honourable Supreme Court goes against the Company on any of the grounds of appeal, additional provision against the said demand may be required. Pending disposal of the matter by the Honourable Supreme Court, the amount of excise / custom duty payable, if any, is currently unascertainable. Our audit report on the financial statements for the year ended March 31, 2009 was qualified in respect of this matter.

6. Based on our audit and on consideration of report of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements, subject to the matter referred to in paragraph 5 above, give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the consolidated balance sheet, of the state of affairs of the Group as at March 31, 2010;
 - b) in the case of the consolidated profit and loss account, of the profits for the year ended on that date; and
 - c) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

For S.R. Batliboi & Co.
Firm Registration No. 301003E
Chartered Accountants

per Tridibes Basu

Partner

Membership No.:17401

Place: Mumbai

Date: April 22, 2010

Consolidated Balance Sheet

(Rs. in Crores)

	Schedule	As at March 31, 2010	As at March 31, 2009
I. SOURCES OF FUNDS			
1. Shareholders' Funds			
Share Capital	1	71.10	32.27
Share Application Money Pending Allotment		27.11	—
Employee Stock Option Outstanding	2	3.91	5.26
Reserves and Surplus	3	813.92	583.65
		916.04	621.18
2. Minority Interest		2.75	2.67
3. Loan Funds			
Secured Loans	4	357.91	467.89
Unsecured Loans	5	0.81	28.70
		358.72	496.59
4. Deferred Tax Liability (Net) (Refer Note 4, Schedule 21)		60.16	55.95
	Total	1,337.67	1,176.39
II. APPLICATION OF FUNDS			
1. Fixed Assets			
Gross Block	6	1,094.61	976.24
Less: Accumulated Depreciation and Impairment		468.18	430.92
Net Block		626.43	545.32
Capital Work-in-Progress including Capital Advances (Refer Note 22 and 23, Schedule 21)		85.18	111.35
		711.61	656.67
2. Goodwill		2.47	2.43
3. Investments	7	106.98	92.65
4. Current Assets, Loans and Advances			
Inventories	8	170.91	100.37
Sundry Debtors	9	628.97	545.89
Cash and Bank Balances	10	210.31	77.94
Loans and Advances	11	130.33	200.85
		1,140.52	925.05
Less: Current Liabilities and Provisions:			
Current Liabilities	12	572.85	479.06
Provisions	13	51.06	21.44
		623.91	500.50
Net Current Assets		516.61	424.55
5. Miscellaneous Expenditure (to the extent not written off or adjusted)		—	0.09
	Total	1,337.67	1,176.39
Notes to Consolidated Accounts	21		

The schedules referred to above and notes to accounts form an integral part of the Consolidated Balance Sheet.

As per our attached report of even date

For **S.R. Batliboi & Co.**
Registration No. 301003E
Chartered Accountants

per **Tridibes Basu**
Partner
Membership Number: 17401

For and on behalf of the Board

Pravin Agarwal **Anand Agarwal**
Whole-time Director CEO & Whole-time Director

Anupam Jindal **Sandeep Deshmukh** Place : Mumbai
Chief Financial Officer Company Secretary Date : April 22, 2010

Consolidated Profit and Loss Account

(Rs. in Crores)

	Schedule	Year Ended March 31, 2010	Year Ended March 31, 2009
I. INCOME			
Turnover (Gross)		2,495.50	2,389.70
Less: Excise Duty (Refer Note 24, Schedule 21)		63.87	100.47
Turnover (Net)		2,431.63	2,289.23
Other Income	14	22.96	6.67
	Total	2,454.59	2,295.90
II. EXPENDITURE			
Manufacturing and Other Expenses	15	1,813.05	1,868.72
Personnel Expenses	16	58.03	51.24
Selling and Distribution Expenses	17	78.36	75.63
Administration and General Expenses	18	95.49	53.55
Research and Development Expenses	19	5.98	5.96
Interest and Finance charges	20	38.12	90.48
		2,089.03	2,145.58
Profit before depreciation and taxation		365.56	150.32
Depreciation and Amortization		48.26	42.52
Profit before taxation		317.30	107.80
Provision for taxation			
– Current Tax for the year		58.24	12.51
– Minimum Alternate Tax Charge/(Credit) Eligible for Set Off (Refer Note 8, Schedule 21)		(2.00)	(11.66)
– Provision for earlier years		10.93	0.83
– Deferred Tax (Net) (Refer Note 4, Schedule 21)		4.21	16.73
– Fringe Benefit Tax		–	0.88
Profit after taxation and before prior period depreciation		245.92	88.51
Minority Interest		0.08	0.19
Profit after minority interest and before prior period depreciation		245.84	88.32
Prior Period Depreciation (Net of Tax Rs. Nil (Rs. 1.09 Crores))		–	(2.13)
Profit after taxation and after prior period depreciation		245.84	90.45
Balance brought forward from previous year		407.63	335.64
Amount available for appropriations		653.47	426.09
Appropriations			
Transfer to General Reserve		24.61	9.02
Proposed Dividend on Equity Shares Rs. 0.50 Per Share (Rs. 0.25 Per Share)		17.78	8.07
Corporate Tax on Proposed Dividend		3.02	1.37
Balance carried to Balance Sheet		608.06	407.63
Earnings Per Share (Face Value Rs. 2 each) (Refer note 17 of Schedule 21)			
Basic (After Prior Period Depreciation)		7.61	2.80
Diluted (After Prior Period Depreciation)		7.33	2.78
Notes to Accounts	21		

The schedules referred to above and notes to accounts form an integral part of the Consolidated Profit and Loss Account.

As per our attached report of even date

For **S.R. Batliboi & Co.**
Registration No. 301003E
Chartered Accountants

For and on behalf of the Board

Pravin Agarwal **Anand Agarwal**
Whole-time Director CEO & Whole-time Director

per **Tridibes Basu**
Partner
Membership Number: 17401

Anupam Jindal **Sandeep Deshmukh** Place : Mumbai
Chief Financial Officer Company Secretary Date : April 22, 2010

Schedules forming part of the Consolidated Balance Sheet

[Rs. in Crores]

	As at March 31, 2010	As at March 31, 2009
SCHEDULE 1: SHARE CAPITAL		
Authorised		
750,000,000 (Previous Year 90,000,000) Equity Shares of Rs. 2 each (Previous Year Rs. 5 each)	150.00 <u>150.00</u>	45.00 <u>45.00</u>
Issued, Subscribed & Paid up		
355,518,510 (Previous Year 64,538,347) Equity Shares of Rs. 2 each fully paid-up (Rs. 5 each) (Refer Note 25 (a) of Schedule 21)	71.10 <u>71.10</u>	32.27 <u>32.27</u>
Total	71.10	32.27

Of the above:

- 139,781,397 [55,912,559 of Rs. 5 each fully paid-up] equity shares of Rs. 2 each were allotted to the shareholders of Sterlite Industries (I) Ltd. upon demerger pursuant to the scheme of arrangement sanctioned by the Honourable High Court of Judicature at Bombay, being shares issued for consideration other than cash.
- During the year 16,125,000 Share Warrants were converted into 32,250,000 fully paid-up Equity Shares of Rs. 2 each, which includes 16,125,000 equity shares issued as bonus shares. (Refer Note 25 (b) of Schedule 21).
- During the year 576,775 of Rs. 2 each (70,100 Equity shares of Rs. 5 each) shares were issued to employees of the company under ESOP Scheme. For Stock Options outstanding details (Refer Note 10 of Schedule 21.)
- Of the above equity shares 177,759,255 shares of 2 each were allotted as fully paid-up bonus shares by utilisation of Rs. 35.55 Crores from Securities Premium.

SCHEDULE 2: EMPLOYEE STOCK OPTION OUTSTANDING

Balance as per last Balance Sheet	5.26	5.73
Add: Employees Stock Option Expenses For the year (Refer Note 10, Schedule 21)	0.73	0.68
Less: Transferred to Securities Premium Account	2.08	1.15
Total	3.91	5.26

SCHEDULE 3: RESERVES & SURPLUS

Securities Premium

Balance as per last Balance Sheet	85.87	84.72
Add: Transfer from Employee Stock Option	2.08	1.15
Add: Received during the year	38.70	-
Less: Utilised for issue of bonus shares	35.55	-
	<u>91.10</u>	<u>85.87</u>

Schedules forming part of the Consolidated Balance Sheet

[Rs. in Crores]

	As at March 31, 2010	As at March 31, 2009
SCHEDULE 3: RESERVES & SURPLUS (Contd.)		
General Reserve		
Balance as per last Balance Sheet	90.11	81.09
Add: Transfer from Profit and Loss account	24.61	9.02
	114.72	90.11
Capital Reserve		
Balance as per last Balance Sheet	0.04	0.04
Profit & Loss Account		
Surplus as per Profit & Loss Account	608.06	407.63
Total	813.92	583.65

SCHEDULE 4: SECURED LOANS

Working Capital Loans from Banks	33.05	106.83
Other Loans from Banks	324.86	361.06
Total	357.91	467.89

Note:

Working capital loans and Other loans from Banks are secured by hypothecation of Raw materials , Work-in-Progress, Finished Goods & Sundry Debtors.

SCHEDULE 5 : UNSECURED LOANS

Sales Tax Loan (Interest Free)	0.25	13.70
[(Due within one year Rs. Nil Crore) (Rs. 7.39 Crores)]		
Short-term Loans		
– From Banks	0.56	–
– Other than banks	–	15.00
Total	0.81	28.70

Schedules forming part of the Consolidated Balance Sheet

SCHEDULE 6: FIXED ASSETS

(Rs. in Crores)

Nature of Assets	GROSS BLOCK			DEPRECIATION / AMORTISATION			IMPAIRMENT			NET BLOCK		
	As at 01.04.2009	Additions	Deletions	As on 31.03.2010	As at 01.04.2009	Additions	Deletions	As at 31.03.2010	During the year	Deletions	As at 31.03.2010	As at 31.03.2009
TANGIBLE ASSETS												
Freehold Land	24.00	—	3.15	20.85	—	—	—	—	—	—	20.85	24.00
Leasehold Land	17.04	1.20	—	18.24	0.33	0.17	—	0.50	—	—	17.74	16.71
Building	98.86	12.90	5.75	106.01	20.27	3.31	0.63	22.94	—	—	83.07	78.59
Plant & Machinery	774.54	112.13	9.19	877.48	325.90	40.15	7.86	358.19	—	—	461.48	390.83
Furniture & Fixtures	7.30	1.35	3.37	5.28	2.28	0.42	0.71	1.99	—	—	3.29	5.02
Data Processing Equipments	12.50	1.59	0.68	13.41	8.64	1.22	0.65	9.21	—	—	4.20	3.86
Office Equipments	4.86	0.43	0.28	5.01	1.47	0.25	0.09	1.63	—	—	3.33	3.34
Electric Fittings	32.03	1.79	1.54	32.28	11.91	1.38	0.78	12.51	—	—	18.63	18.98
Vehicles	4.25	1.50	0.55	5.20	0.84	0.45	0.27	1.02	—	—	4.18	3.41
INTANGIBLE ASSETS												
Software/Licences	0.86	9.99	—	10.85	0.28	0.91	—	1.19	—	—	9.66	0.58
Total	976.24	142.88	24.51	1,094.61	371.92	48.26	10.99	409.18	59.00	—	626.43	545.32
Previous Year	918.88	68.84	11.48	976.24	335.10	39.30	2.48	371.92	59.90	0.90	545.32	523.88

Schedules forming part of the Consolidated Balance Sheet

(Rs. in Crores)

	As at March 31, 2010	As at March 31, 2009
SCHEDULE 7: INVESTMENTS		
LONG-TERM INVESTMENTS (at Cost)		
Other than Trade (Quoted)		
100,000,000 (Nil) units of Rs. 10 each of Religare Fixed Maturity Plan-Series II	100.00	—
CURRENT INVESTMENT (at Cost or Market Value whichever is lower)		
In Units of Mutual Funds (Quoted):		
4,081,868.81 Units of Reliance Medium Fund Daily Dividend Plan	6.98	6.65
Nil units (19,843,758.02) of Rs. 10 each of Birla Sun Life Savings Fund - Institutional - Growth	—	33.00
Nil units (13,098,109.05) of Rs. 10 each of SBI SHF - Ultra Short Term - IP - Growth	—	15.00
Nil units (84,965.31) of Rs. 10 each of UTI Treasury Advantage Fund - Growth Plan	—	10.00
Nil units (2,201,988.78) of Rs. 10 each of Reliance Medium Term Fund - Growth Plan	—	4.00
Nil units (5,040,055.079) of Rs. 10 each of Birla Sun Life Savings Fund	—	5.00
Nil units (4,766,808.18) of Rs. 10 each of ICICI Prudential Flexible Income Plan	—	5.00
Nil units (50,272.69) of Rs. 1000 each of UTI Treasury Advantage Fund	—	5.00
Nil units (5,970,992.68) of Rs. 10 each of HDFC Liquid Fund Premium Plan	—	9.00
Total	106.98	92.65

Aggregate amount of quoted investments (Market Value Rs. 107.35 Crores (Rs. 92.80 Crores))

Note: The following Current Investments were purchased and sold during the year :

Mutual Fund Units	Face Value (Rs.)	Units (Nos.)	Amount in Rs.
Birla Sun Life Cash Plus Instl Premium DDR	10	69,863,766	700,000,000
Birla Sun Life Savings Fund Instl DDR	10	272,439,570	2,728,110,699
Birla Sun Life Savings Fund - Institutional - Growth	10	110,797,273	1,107,622,855
DWS Insta Cash Plus Fund - Super IP - Daily Dividend	10	36,395,277	365,000,000
DWS Ultra Short Term Fund - IP - Daily Dividend	10	35,225,521	352,555,259
HDFC Cash Management Fund Savings Plan DDR	10	11,752,097	125,000,000
HDFC Cash Management Fund Treasury Advantage Plan Wholesale DDR	10	280,301,152	2,898,527,371
HDFC Cash Management Fund - Savings Plan - Daily Dividend	10	26,139,284	278,000,000
HDFC Floating Rate Income Fund - St Plan Wholesale Option - DDR	10	105,190,748	1,058,192,955
HDFC Floating Rate Income Fund - St Plan Wholesale Option - Growth	10	2,608,489	40,004,314
HDFC Liquid Fund - DDR	10	26,789,095	270,025,450
HDFC Liquid Fund Premium Plan DDR	10	104,752,921	1,284,249,862
ICICI Prud Flexible Income Plan Premium - DDR	10	11,490,573	185,001,285
ICICI Prud Liquid Fund - Inst - DDR	10	63,421,382	942,500,000
ICICI Prudential Institutional Liquid Plan - Super Inst - Daily Dividend	10	1,999,620	20,000,000
IDFC Cash Fund - Super Inst Plan C - Daily Dividend	10	11,259,988	112,508,892
JM High Liquid Fund - Daily Dividend	10	117,573,047	1,437,500,000
JM Money Manager Fund - Daily Dividend	10	11,248,415	112,500,000
Kotak Floater Long Term Daily Dividend	10	6,970,219	70,000,000
Kotak Liquid Inst Premium - Daily Dividend	10	24,997,095	250,000,000
Principal Cash Management Fund - Liquid Option-Institutional	10	22,027,694	220,247,265
Principal Floating Rate Fund - FMP - Institutional DDR	100	3,244,897	342,529,789
Reliance Liquid Fund Treasury Plan Inst Option - DDR	1,000	33,931,989	1,725,145,527
Reliance Liquidity Fund - DDR	10	6,998,586	70,000,000

Schedules forming part of the Consolidated Balance Sheet

Mutual Fund Units	Face Value (Rs.)	Units (Nos.)	Amount in Rs.
SCHEDULE 7: INVESTMENTS (Contd.)			
Reliance Liquidity Fund - Growth Plan	10	3,020,195	40,024,229
Reliance Medium Term Fund - Growth Plan	10	14,489,830	247,523,790
Reliance Medium Term Fund Daily Dividend Plan	10	3,509,696	60,000,000
Reliance Money Manager Fund - Inst - DDR	10	150,370,576	2,298,500,000
Religare Liquid Fund - Inst - DDR	10	17,789,908	178,014,422
Religare Ultra Short Term Fund - Inst - DDR	10	41,127,309	411,500,000
SBI Magnum Insta Cash Fund - DDR	10	98,451,730	990,101,352
SBI SHF - Ultra Short Term - IP - Growth	10	41,903,241	442,543,175
SBI SHF - Ultra Short Term - IP - Daily Dividend	10	4,002,197	40,003,198
Tata Floater Fund - Daily Dividend	1,000	592,291	660,000,000
Tata Liquid Super High Investment Fund - Daily Dividend	10	45,619,150	457,543,469
UTI Money Market Fund-Daily Dividend Reinvestment	1,000	41,657,008	1,031,000,000
UTI Money Market Fund - Growth Plan	10	3,045,438	75,000,000
UTI Treasury Advantage Fund- Inst Plan - Daily Dividend Reinvestment	1,000	1,015,274	1,013,833,636
UTI Treasury Advantage Fund -Inst Plan Daily Div. Opt.	1,000	139,970	140,000,000
UTI - Floating Rate Fund - Short Term Plan - Institutional Daily Dividend Plan	1,000	192,815	192,516,522

(Rs. in Crores)

	As at March 31, 2010	As at March 31, 2009
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SCHEDULE 8: INVENTORIES

(At cost or net realisable value, whichever is lower)

Raw Materials (Including Goods in Transit Rs. 5.94 Crores (Rs. 3.07 Crores))	91.26	49.85
Work-in-Progress	31.90	25.39
Finished Goods	31.89	12.60
Stores, Spares, Packing Materials & Others	15.86	12.53
Total	170.91	100.37

SCHEDULE 9: SUNDRY DEBTORS (UNSECURED)

(a) Debts Outstanding for a period exceeding 6 months:

- Considered good	174.77	190.94
- Considered doubtful	38.30	27.87
	213.07	218.81
Less: Provision for Doubtful Debts	38.30	27.87
	174.77	190.94
(b) Others – Considered good	454.20	354.95
Total	628.97	545.89

Schedules forming part of the Consolidated Balance Sheet

	(Rs. in Crores)	
	As at March 31, 2010	As at March 31, 2009
SCHEDULE 10: CASH & BANK BALANCES		
Cash in hand	0.06	0.04
Balance with Scheduled Banks in:		
(i) Current Accounts	2.82	1.50
(ii) Deposit Accounts	205.37	75.89
(iii) Dividend Accounts*	0.09	0.10
Balances with Non-Scheduled Banks in:		
(i) Current Accounts **	1.97	0.41
Total	210.31	77.94

* The Cash and Cash Equivalents includes balance of Rs. 0.09 crore (Rs. 0.10 crore) which are not available for use by the Company.

**** Balance with Non Scheduled banks is maintained with:**

Balance with Industrial Bank of China Rs. (Maximum Amount Outstanding During the year Rs. 0.29 Crore) (Rs. 0.11 Crore)	0.09	0.11
Balance with Dubai Bank Rs. (Maximum Amount Outstanding During the year Rs. Nil) (Rs. 0.05 Crore)	Nil	Nil
Balance with Bangkok Bank PCL Rs. (Maximum Amount Outstanding During the year Rs. Nil) (Rs. 0.20 Crore)	Nil	Nil
Balance with Sun Trust Bank Rs. (Maximum Amount Outstanding During the year Rs. 0.39 Crore) (Rs. 0.24 Crore)	0.08	0.24
Balance with Commercial Bank of Ethiopia Rs. (Maximum Amount Outstanding During the year Rs. 0.41 Crore) (Rs. Nil)	0.33	Nil
Balance with HSBC UK Rs. (Maximum Amount Outstanding During the year Rs. 2.24 Crores) (Rs. 0.06 Crore)	1.47	0.06

SCHEDULE 11: LOANS & ADVANCES (UNSECURED CONSIDERED GOOD)

Advances recoverable in cash or in kind or for value to be received	59.70	101.68
Balances with Central Excise Authorities	25.03	35.92
Deposits - Others	5.06	3.46
Income Tax - Advance Tax and TDS (Net of Provisions Rs. 91.35 Crores (Rs. 35.59 Crores))	-	1.37
Minimum Alternate Tax Credit Entitlement	26.78	35.44
Interest accrued on Investment	0.34	0.02
Other Advances	13.17	22.96
Total	130.33	200.85

Schedules forming part of the Consolidated Balance Sheet

[Rs. in Crores]

	As at March 31, 2010	As at March 31, 2009
SCHEDULE 12: CURRENT LIABILITIES		
Acceptances	1.25	6.79
Sundry Creditors		
(i) Micro, medium and Small Enterprises (Refer Note 21, Schedule 21)	0.41	–
(ii) Others	442.10	297.96
Interest accrued but not due on Loans	–	2.62
Unclaimed Dividend (Refer Note 13, Schedule 21)	0.09	0.10
Sundry Deposits	0.92	0.50
Advance from Customers	78.74	140.88
Other Liabilities	49.34	30.21
Total	572.85	479.06

SCHEDULE 13: PROVISIONS

For Contingencies	24.50	9.50
For Employee Benefits	3.66	2.50
Proposed Dividend Equity Shares	17.78	8.07
Corporate Tax on Proposed Dividend	3.02	1.37
Provision for Taxation (Net of Advance tax of Rs. 89.25 Crores (Rs. 36.96 Crores))	2.10	–
Total	51.06	21.44

Note :

The Company had made a provision of Rs. 9.50 Crores towards contingencies in the earlier years in respect of various disputed claims against the company as described in Note 19 of Schedule 21, the timing and quantum of which is presently unascertainable. The management has decided to increase the provision by Rs. 15 Crores.

Schedules forming part of the Consolidated Profit and Loss Account

[Rs. in Crores]

	As at March 31, 2010	As at March 31, 2009
SCHEDULE 14: OTHER INCOME		
Income from Investments	3.90	1.05
Profit on Sale of Asset	10.32	–
Unclaimed Liabilities written back	0.53	0.71
Interest received on Customers & Fixed Deposits [Tax Deducted at Source Rs. 1.64 Crores (Rs. 0.48 Crore)]	7.86	2.48
Interest on Income Tax refund	0.02	–
Miscellaneous Income	0.33	2.43
Total	22.96	6.67

SCHEDULE 15: MANUFACTURING & OTHER EXPENSES

Raw materials consumed	1,631.28	1,641.92
Decrease/(Increase) in stock		
Opening Stock:		
Work-in-Progress	25.39	39.89
Finished Goods	12.60	53.09
	<u>37.99</u>	<u>92.98</u>
Closing Stock:		
Work-in-Progress	31.90	25.39
Finished Goods	31.89	12.60
	<u>63.79</u>	<u>37.99</u>
Decrease/(Increase) in stock	(25.80)	54.99
Excise Duty on stocks (Refer Note 24, Schedule 21)	0.83	(0.11)
Stores & Spares	29.72	23.51
Power, Fuel & Water	86.08	66.84
Repairs and Maintenance		
– Building	1.58	0.60
– Machinery	7.97	7.12
– Others	–	0.12
Carriage Inward	2.31	2.27
Packing Material	55.15	54.40
Other Manufacturing Expenses	23.93	17.06
Total	1,813.05	1,868.72

SCHEDULE 16: PERSONNEL EXPENSES

Salaries, Wages, Bonus & Commission	49.58	43.49
Contribution to Provident Fund and Superannuation Funds	2.93	2.60
Gratuity Expenses (Refer Note 18, Schedule 21)	1.05	0.79
Employees' Welfare & Other Amenities	3.74	3.68
Employees Stock Option Expenses (Refer Note 10, Schedule 21)	0.73	0.68
Total	58.03	51.24

Schedules forming part of the Consolidated Profit and Loss Account

[Rs. in Crores]

	As at March 31, 2010	As at March 31, 2009
SCHEDULE 17: SELLING & DISTRIBUTION EXPENSES		
Sales Commission (Other than Sole Selling Agent)	21.83	17.22
Sales Promotion	5.58	3.45
Carriage Outward	49.06	51.75
Other Expenses	1.89	3.21
Total	78.36	75.63

SCHEDULE 18: ADMINISTRATION & GENERAL EXPENSES

Rent	2.62	2.08
Insurance	2.84	1.80
Rates & Taxes	1.39	0.61
Conveyance & Travelling Expenses	10.42	8.25
Loss on sale of Fixed Assets	–	0.20
Bad Debts Written Off	1.81	0.78
Provision for Doubtful Debts	10.28	7.80
Directors Sitting Fee and Commission	0.12	0.05
General Expenses	66.01	31.98
Total	95.49	53.55

SCHEDULE 19: RESEARCH & DEVELOPMENT EXPENSES

Salaries, Wages, Bonus & Commission	1.91	1.65
Stores & Spares	–	0.04
Raw materials consumed	2.86	3.21
Rates & Taxes	–	0.51
General Expenses	1.21	0.55
Total	5.98	5.96

SCHEDULE 20: INTEREST & FINANCE CHARGES

On Fixed Loans	–	1.33
Others	29.09	46.08
Exchange Fluctuation on Borrowings	–	34.76
Bank charges	9.03	8.31
Total	38.12	90.48

Schedules forming part of the Consolidated Accounts

SCHEDULE 21: NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

1. BACKGROUND AND BASIS OF CONSOLIDATION

(a) Background

The Group is primarily engaged in the manufacturer of Power Transmission and Telecom products in India. Telecom Business includes integrated Optical Fiber, Telecom Cables (Fiber Optic Cables, Copper Telecom Cables and Structured Data Cables), access equipments and integrated management business.

(b) Basis of Consolidation

The consolidated financial statements relate to Sterlite Technologies Limited (hereinafter referred to as the 'Company') and its subsidiaries (together referred to as 'the Group'). The consolidated financial statements are prepared in accordance with AS 21, Consolidated Financial Statements notified by Companies Accounting Standards Rules, 2006 as amended ('the Rules') and the relevant provisions of the Companies Act, 1956 ('the Act'). The accounting policies have been consistently applied by the Group; and the accounting policies not referred to otherwise, are in conformity with Indian Generally Accepted Accounting Principles ('Indian GAAP'). The consolidated financial statements have been prepared on the following basis:

- (a) The financial statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating all significant intra group balances and intra group transactions and unrealized profits. Unrealised losses resulting from intragroup transactions are eliminated unless cost cannot be recovered.
- (b) The difference of the cost to the Company of its investment in subsidiaries over its proportionate share in the equity of the investee company as at the date of acquisition of stake is recognized in the financial statements as Goodwill or Capital Reserve, as the case may be.
- (c) The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and necessary adjustments required for deviations, if any, are made in the consolidated financial statements and are presented in the same manner as the company's standalone financial statements.
- (d) The financial statements of the entities used for the purpose of consolidation are drawn up to same reporting date as that of the Company i.e. Period ended March 31, 2010.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation of Financial Statements

The financial statements have been prepared to comply in all material respects with the Accounting Standards notified by the Companies Accounting Standard Rules, 2006 (amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis of accounting except in case of assets which have been impaired. The accounting policies have been consistently applied by the Company.

(b) Use of Estimates

The preparation of the financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting year. Difference between the actual result and estimates are recognized in the year in which the results are known/materialized. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(c) Fixed Assets and Intangible Assets

Fixed Assets are stated at cost (net of Cenvat) less accumulated depreciation and impairment. Cost comprises of the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Capital work-in-progress comprises of advances paid to acquire fixed assets and the cost of fixed assets that are not yet ready for their intended use as at the balance sheet date.

Expenditure during the construction period incurred on projects under implementation are treated as Pre-operative expenses, pending allocation to the assets, and are included under "Capital work in Progress".

Cost of an internally generated asset comprises all expenditure that can be directly attributed, or allocated on a reasonable and consistent basis, to create, produce and make the asset ready for its intended use.

Intangible assets are recorded at the consideration paid for their acquisition.

Schedules forming part of the Consolidated Accounts

SCHEDULE 21: NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

(d) Depreciation and Amortisation

- (i) Depreciation on Fixed Assets is provided on straight line method, unless otherwise stated, pro-rata to the period of use of assets at the rates specified in Schedule XIV of the Companies Act, 1956 which represents the useful life of these assets.
- (ii) Cost of leasehold land is amortized over the period of lease.
- (iii) Cost of acquired intangible assets is amortized over a period of five years.
- (iv) Cost of capital and insurance spares is amortized over a period of four years.

(e) Impairment of Assets

- (i) The carrying amounts of assets belonging to each cash generating unit are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.
- (ii) After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.
- (iii) A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

(f) Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments.

Current investments are carried at lower of cost and fair value determined for category of investments.

Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of investments.

(g) Inventories

Inventories of stores, spares, raw material, packing material, work-in-progress and finished goods are valued at cost or net realizable value, whichever is lower, except for scrap which is valued at net realizable value. Cost is ascertained on a weighted average cost basis. The cost of work-in-progress and finished goods includes direct materials, labor and a proportion of manufacturing overhead based on normal operating capacity. Cost of finished goods includes excise duty. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

(h) Foreign Currency Transactions

- (i) Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.
- (ii) Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.
- (iii) Exchange differences arising on the settlement of monetary items or on reporting Group's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.
- (iv) The premium or discount arising at the inception of forward exchange contracts is amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contracts is recognized as income or as expense for the year. None of the forward exchange contracts are taken for trading or speculation purpose.

(i) Borrowing Costs

Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to profit and loss account. Borrowing cost consists of interest and other costs that an entity incurs in connection with borrowing of funds.

Schedules forming part of the Consolidated Accounts

SCHEDULE 21: NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

(j) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Sale of Goods

Revenue from sale of goods is recognized when significant risks and rewards of ownership of the goods have passed to the buyer. Sales include excise duty, sale of scrap and are net of sales tax and quantity discount. Freight charged on sales and recovered is included as part of revenue.

Income from Services:

Income from services is recognized on pro-rata basis as and when services are rendered.

Interest

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividend

Revenue is recognised when the shareholders' right to receive payment is established by the balance sheet date.

(k) Retirement and other Employee Benefits

- (i) Retirement benefits in the form of Provident Fund and Superannuation Fund are defined contribution schemes and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. The Group has no other obligation other than the contributions payable.
- (ii) Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on Projected Unit Credit Method calculated at the end of each financial year.
- (iii) Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation done as per Projected Unit Credit Method calculated at the end of each financial year.
- (iv) Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

(l) Employee Stock Option

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Group measures compensation cost relating to employee stock options using the fair value method. Compensation expense is amortized over the vesting period of the option on a straight line basis.

(m) Research and Development

Revenue expenditure on research and development is expensed as incurred.

(n) Export Incentives

Export incentive benefits are recognised as income on the basis of receipt of proof of export.

(o) Taxes on Income

Tax expense comprises of current and deferred tax. Current income tax is determined as the amount of tax payable in respect of taxable income for the year based on provisions of Income Tax Act, 1961. Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if legally and enforceable right exist to set off current tax asset against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In case of unabsorbed depreciation and carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the Group re-assesses unrecognized deferred tax assets. It recognises unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Schedules forming part of the Consolidated Accounts

SCHEDULE 21: NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Group writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

MAT credit is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified future period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence that the MAT credit will be utilized during the specified future period.

(p) Expenditure on new projects and substantial expansion

Expenditure directly relating to construction activity is capitalised. Indirect expenditure incurred during construction period is capitalised as part of the indirect construction cost to the extent to which the expenditure is related to construction or is incidental thereto. Income earned during construction period is deducted from the total of the indirect expenditure.

(q) Operating Leases

Assets taken on lease under which all significant risks and rewards of ownership are effectively retained by the lessor are classified as Operating Leases. Lease payments under Operating Leases are recognized on straight line basis over the lease period unless another systematic basis is more representative of the time pattern of the users benefit.

(r) Earnings Per Share

The Group reports basic and diluted earnings per share in accordance with AS-20, Earnings per share issued by The Institute of Chartered Accountants of India and notified under the Companies (Accounting Standards) Rules, 2006. Basic earnings per share is computed by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of Equity shares outstanding during the period. The weighted average number of shares outstanding during the period is adjusted for any bonus shares issued during the year. Diluted earnings per share is computed by dividing the net profit or loss for the period by the weighted average number of equity shares outstanding during the period. For computing diluted earnings per share both profit and loss for the year and weighted average number of shares are adjusted for the effects of all dilutive potential equity shares except where the results are anti-dilutive.

(s) Cash and Cash equivalents

Cash and Cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(t) Segment Reporting Policies

The Group's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segment is based on the areas in which major operating divisions of the Group operate.

The Group accounts for intersegment sales and transfers as if the sales or transfers were to third parties at current market prices. Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs. The Corporate and Other segment includes general corporate income and expense items which are not allocated to any business segment. The Group prepares its segment information in conformity with the accounting policy adopted for preparing and presenting the financials statement of the Group as a whole.

(u) Provisions, Contingent Liabilities and Contingent Assets

As per AS 29, Provisions, Contingent Liabilities and Contingent assets, issued by the Institute of Chartered Accountants of India and notified under the Companies (Accounting Standards) Rules, 2006, the Group recognizes provisions (without discounting to its present value) only when it has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation as and when a reliable estimate of the amount of the obligation can be made. Contingent assets are neither recognized nor disclosed in the financial statements.

Schedules forming part of the Consolidated Accounts

SCHEDULE 21: NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

(v) Derivative Instruments

As per ICAI announcements, accounting for derivative contracts, other than those covered under AS 11, Effects of Changes in Foreign Exchange Rates, are marked to market on a portfolio basis, and the net loss after considering the offsetting effect on the underlying hedge items is charged to the income statement. Net gains are ignored.

The Group enters into Commodity Futures contracts (Aluminium Contracts) against future sales transactions. These Commodity future contracts are rolled over in case the period of the contracts is less than the period of future sales transactions. On roll over, the Group has to pay/receive the differential amount, in case aluminum prices have gone down/up (loss/profit). The Group carries the loss/profit in the balance sheet till the future sales transactions take place. This loss/profit is transferred to profit and loss account on conclusion of the future sales transactions.

3. The list of subsidiary companies which are included in the consolidation and the Company's effective holdings therein are as under:

Name of the Company	Effective ownership in subsidiaries as on March 31, 2010	Effective ownership in subsidiaries as on March 31, 2009
Sterlite Infrastructure Private Limited	58.02%	58.02 %
Sterlite Infra-Tech Limited	100%	-
East North Interconnection Limited	100%	-

4. DEFERRED TAX

- a) The break-up of closing net deferred tax liability is as under: -

Particulars	(Rs. in Crores)	
	March 31, 2010	March 31, 2009
DEFERRED TAX LIABILITY		
(a) Depreciation	78.37	70.10
DEFERRED TAX ASSETS		
(a) On provision for doubtful debts	11.86	7.99
(b) On unabsorbed tax depreciation and carried forward losses	-	5.28
(c) On employee benefits	1.25	0.88
(d) Provision for contingencies	5.10	-
DEFERRED TAX LIABILITY (NET)	60.16	55.95

- b) Deferred tax charged for the year:-

Particulars	(Rs. in Crores)	
	March 31, 2010	March 31, 2009
Opening deferred tax liability	55.95	38.13
Less: Closing deferred tax liability	60.16	55.95
Deferred tax charge for the year before prior period depreciation	4.21	17.82
Less: Deferred tax on prior period depreciation	-	1.09
Deferred tax charge for the year after prior period depreciation	4.21	16.73

5. The amount of foreign exchange (gain)/loss adjusted during the year to the carrying cost of the fixed assets and capital work-in-progress is Rs. 5 Crores (Rs. 0.87 Crore) and that (credited)/debited to respective heads of accounts in Profit and Loss Account is Rs. (12.39) Crores (Rs. 12.53 Crores); premium on forward exchange contract to be recognized in the Profit and Loss account of subsequent accounting period is Rs. 5.75 Crores (Rs. 6.37 Crores).

Schedules forming part of the Consolidated Accounts

SCHEDULE 21: NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

6. DERIVATIVE INSTRUMENTS: -

The Group has entered into the following derivative instruments:

- (a) The following are the outstanding Forward Exchange Contracts entered into by the Group, for hedge purpose, as on March 31, 2010:

(Rs. in Crores)					
Year	Currency type	Foreign Currency (Crores)	Amount	Buy/Sell	No of Contracts
March 31, 2010	US \$	13.59	626.18	Buy	234
	US \$	6.91	319.41	Sell	142
	Euro	0.41	25.25	Buy	8
	Euro	0.42	26.00	Sell	20
	GBP	0.37	25.77	Sell	6
March 31, 2009	US \$	10.02	499.58	Buy	264
	US \$	8.42	419.60	Sell	203
	Euro	0.30	19.41	Buy	8
	Euro	0.52	35.03	Sell	11
	SGD	0.03	1.12	Buy	2

- (b) The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

i. Amounts receivable in foreign currency on account of the following:

Year ended	Category	Currency Type	Foreign Currency (in Crore)	Amount (Rs. in Crores)
March 31, 2010	Export of goods	US \$	0.21	9.39
	Export of goods	Euro	0.03	1.61
	Export of goods	GBP	0.00	0.04
	Advance to Suppliers	US \$	0.17	7.32
	Advance to Suppliers	Euro	0.01	0.63
	Advance to Suppliers	GBP	0.00	0.16
	Advance to Suppliers	JPY	0.19	0.09
	Advance to Suppliers	RMB	0.00	0.01
	Advance to Suppliers	CAD	0.00	0.04
	Advance to Suppliers	AED	0.00	0.01
	Advance to Suppliers	CHF	0.00	0.03
	Balance with Non Scheduled Bank	USD	0.00	0.08
	Balance with Non Scheduled Bank	GBP	0.02	1.46
	Balance with Non Scheduled Bank	ETB	0.07	0.33
	Balance with Non Scheduled Bank	CNY	0.01	0.09
March 31, 2009	Export of goods	US \$	0.06	2.97
	Export of goods	Euro	0.06	3.97
	Export of goods	GBP	0.01	0.48
	Advance to Suppliers	US \$	0.00	0.02
	Advance to Suppliers	Euro	0.00	0.12
	Advance to Suppliers	SGD	0.08	2.65
	Advance to Suppliers	RMB	0.10	0.32
	Advance to Suppliers	CAD	0.01	0.20
	Balance with Non Scheduled Bank	US \$	0.00	0.24
	Balance with Non Scheduled Bank	CNY	0.01	0.11
Balance with Non Scheduled Bank	GBP	0.00	0.06	

Schedules forming part of the Consolidated Accounts

SCHEDULE 21: NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

ii. Amounts payable in foreign currency on account of the following:

Particulars	Currency Type	Foreign Currency	Amount	Foreign Currency	Amount
		in Crores	(Rs. in Crores)	(in Crore)	(Rs. in Crores)
		March 31, 2010	March 31, 2010	March 31, 2009	March 31, 2009
Import of goods and services	US \$	1.02	42.31	0.04	2.27
Import of goods and services	Euro	0.01	1.15	0.08	5.61
Import of goods and services	GBP	0.00	0.25	0.00	0.01
Advance from Customers	US \$	0.46	20.60	0.76	37.19
Advance from Customers	Euro	0.00	0.01	0.00	0.21
Advance from Customers	ETB	0.01	0.05	–	–
Buyers Credit		–	–	0.31	13.19

(c) Commodity Future Contracts to hedge against fluctuation in commodity prices (aluminium).

The following are the outstanding future contracts entered into by the Group as on 31st March 2010:

Year	No. of Contracts	Contracted Quantity (MT)	Buy/ Sell
March 31, 2010	19	3,825	Buy
	5	2,200	Sell
March 31, 2009	71	10,025	Buy

- In terms of accounting policy (Refer Note 2 (n) of schedule 21) for the accrual of export incentives, estimated benefits of Rs. 32.07 Crores (Rs. 30.01 Crores) have been taken into account under the DEPB/High Value Add Income scheme/Duty Drawback scheme / Advance License Scheme. These have been grouped as part of turnover in the profit and loss account.
- In case of certain entities, the provision for tax has been made as per Minimum Alternative Tax under section 115 JB of the Income Tax Act, 1961. Such entities are entitled to avail Credit under section 115JAA (1A) and accordingly it has considered MAT credit entitlement as an asset.
- The Company had in an earlier year received an order of CESTAT upholding the demand of Rs. 188 Crores (including penalties excluding interest) (Rs. 188 Crores as at March 31, 2009) in the pending excise/custom matters on various grounds. The Company's appeal with the Honourable High Court of Mumbai was rejected on the grounds of jurisdiction. The Company preferred an appeal with the Honourable Supreme Court of India against the order of CESTAT which has been admitted. The Company has reevaluated the case on admission of appeal by the Honourable Supreme Court. Based on their appraisal of the matter, the legal advisors/consultants are of the view that under most likely event, the provision of Rs. 5 Crores made by the Company against the above demand is adequate. The management is confident of a favourable order and hence no further provision is considered against the said demand.

10. EMPLOYEE STOCK OPTION SCHEME

The Company has granted Employees Stock Options Plan, 2006 (ESOP) to its employees pursuant to the resolution passed by the shareholders at the Extraordinary General Meeting held on March 13, 2006. The Group has followed the fair value method (Black Scholes Options Pricing Model) for the valuation of these options. The Compensation Committee of the Company has approved five grants vide their meeting held on June 14, 2006; March 19, 2007, September 28, 2007, June 14, 2008 and June 26, 2009. As per the plan, Options granted under ESOP would vest in not less than one year and not more than five years from the date of grant of such options. Vesting of options is subject to continued employment with the company. The plan is an equity settled plan.

Other details of the options are as follows:

Particulars	Grant 1*	Grant 2*	Grant 3*	Grant 4*	Grant 5*
Date of grant	14-Jun-06	19-Mar-07	28-Sep-07	14-Jun-08	26-Jun-09
Number of options granted	2,328,500	636,000	1,307,750	255,500	24,19,000
Method of Settlement	Equity	Equity	Equity	Equity	Equity
Vesting Period (years)	3	2.25	1.71	1	5
Exercise Period	1	1	1	1	1
Vesting Conditions	Business Performance				

Schedules forming part of the Consolidated Accounts

SCHEDULE 21: NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

The details of the activity under the plan have been summarized below:

	Current Year		Previous Year	
	Number of Options	Weighted Average Exercise Price (Rs.)	Number of Options	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	1,820,605	1	3,508,050	1
Granted during the year	2,419,000	1	255,500	1
Forfeited during the year	Nil	–	Nil	–
Exercised during the year	576,775	1	350,500	1
Expired during the year	1,155,735	1	1,592,445	1
Outstanding at the end of the year	2,507,095	1	1,820,605	1
Exercisable at the end of the year	170,595	1	404,140	1
Weighted average remaining contractual life (in years)	1.70	–	0.21	–
Weighted average fair value of options granted	34.98		32.17	

The fair value as per the Black Scholes Options Pricing Model was measured based on the following input:

Date of grant June 14, 2006	Vest 1	Vest 2	Vest 3
Variables	June 14, 2007	June 14, 2008	June 14, 2009
Weighted average Stock Price	17.85	17.85	17.85
Expected volatility (**)	59.78%	58.90%	60.52%
Risk free rate	7.07%	7.16%	7.26%
Exercise price (Rs. Per Option)	1	1	1
Time to maturity (years)	1.5	2.5	3.5
Dividend yield	0.57%	0.57%	0.57%
Outputs			
Option Fair Value	16.80	16.76	16.72
Vesting Percentage	20.00%	40.00%	40.00%
Option Fair Value		16.76	

Date of grant March 19, 2007	Vest 1	Vest 2
Variables	June 19, 2008	June 14, 2009
Weighted average stock price	35.80	35.80
Expected volatility (**)	62.90%	57.75%
Risk free rate	8.07%	8.06%
Exercise price (Rs. Per Option)	1	1
Time to maturity (years)	1.5	2.5
Dividend yield	0.57%	0.57%
Outputs		
Option fair value	34.61	34.47
Vesting percentage	60.00%	40.00%
Option Fair Value	34.55	

Schedules forming part of the Consolidated Accounts

SCHEDULE 21: NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

Date of grant September 28, 2007	Vest 1	Vest 2
Variables	September 28, 2008	June 14, 2009
Weighted average stock price	47.46	47.46
Expected volatility (**)	56.69%	60.98%
Risk free rate	7.20%	7.29%
Exercise price	1	1
Time to maturity (years)	1.50	2.21
Dividend yield	0.51%	0.51%
Option Fair Value	46.20	46.08
Vesting Percentage	50.00%	50.00%
Option Fair Value	46.14	

Date of grant June 14, 2008	Vest 1
Variables	June 14, 2009
Weighted Average Stock Price	39.70
Expected Volatility (**)	72.11%
Risk free Rate	8.34%
Exercise Price (Rs. Per Option)	1
Time To Maturity (years)	1.50
Dividend yield	0.49%
Option Fair Value	38.53
Vesting Percentage	100.00%
Option Fair Value	38.53

Date of grant June 26, 2009	Vest 1	Vest 2	Vest 3	Vest 4	Vest 5
Variables	June 26, 2010	June 26, 2011	June 25, 2012	June 25, 2013	June 25, 2014
Weighted average stock price	36.65	36.65	36.65	36.65	36.65
Expected volatility (**)	97.30%	81.93%	77.57%	72.68%	70.10%
Risk free rate	5.61%	5.83%	6.05%	6.27%	6.47%
Exercise price (Rs. Per Option)	1	1	1	1	1
Time to maturity (years)	1.5	2.5	3.5	4.5	5.5
Dividend yield	0.60%	0.60%	0.60%	0.60%	0.60%
Option Fair Value	35.40	35.24	35.08	34.93	34.77
Vesting Percentage	50.00%	20.00%	10.00%	10.00%	10.00%
Options Fair Value			35.23		

Schedules forming part of the Consolidated Accounts

SCHEDULE 21: NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

Notes: -

* As approved by the Extra-Ordinary General Meeting of the company held on February 25, 2010, the Company has made sub-division of the face value of its equity share capital from Rs. 5 per share to Rs. 2 per share. Further, the company in the same meeting has approved bonus shares in the ratio of 1:1. Thus, ESOP data in the above table has been recalculated and presented after considering the impact of the sub-division of face value of the equity share and bonus thereon.

[**]The measure of volatility used in the above model is the annualized standard deviation of the continuously compounded rates of return on the stock over a period of time. The volatility periods considered above, corresponding to the respective expected lives of the different vests are prior to the grant date. The daily volatility of stock prices is considered as per the National Stock Exchange (NSE) prices over these years.

11. Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of Advances) are Rs. 108.15 Crores (Previous Year Rs. 25.80 Crores.)
12. **PAYMENT TO AUDITORS (EXCLUDING SERVICE TAX):-**

Particulars	(Rs. in Crores)	
	Current Year	Previous Year
a) Audit Fees	0.37	0.37
b) Tax Audit Fees	0.03	(*)0.06
c) Any other Capacity (Certification work)	0.02	0.02
d) Out of Pocket expenses	0.05	0.05
Total	0.47	0.50

(*) The payment is inclusive of Rs. 0.03 Crore paid for previous year.

13. There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.
14. **MANAGERIAL REMUNERATION**

Particulars	(Rs. in Crores)	
	Year ended March 31, 2010	Year ended March 31, 2009
(i) Salary	4.23	3.32
(ii) Perquisites	0.48	0.82
(iii) Contribution to superannuation fund	0.29	0.49
(iv) Contribution to provident fund	0.58	0.20
Total	5.58	4.83

Note: As the liabilities for gratuity and leave encashment are provided on an actuarial basis for the Group as a whole, the amounts pertaining to the directors are not included above.

15. RELATED PARTY DISCLOSURES

Related party disclosures as required by Notified AS 18 under the Companies (Accounting Standards) Rules, 2006 "Related Party Disclosures" are given below:-

(a) Name of related party and its relationship:

(i) Key Management Personnel

Mr. Pravin Agarwal

Dr. Anand Agarwal

(ii) Investing Company

Twin Star Overseas Limited

- (b) There are no provisions for doubtful debts or no amounts have been written off in respect of debts due to or from related parties.

Schedules forming part of the Consolidated Accounts

SCHEDULE 21: NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

(c) The following transactions were carried out with the related parties:

Sr. No.	Transactions	Twin Star Overseas Limited		Key Management Personnel	
		09-10	08-09	09-10	08-09
Transactions during the year:					
1	Remuneration (*)	–	–	5.58	4.83
2	Dividend	3.52	2.81	–	–
3	Issue of Equity Share Capital	3.23	–	–	–
4	Equity Share Premium Received	38.70	–	–	–
5	Share Application Money for warrants Issued	27.10	–	–	–
6	Sale of Car	–	–	–	0.06
7	Sale of Bungalow (**)	–	–	(***)4.08	–
8	Sale of Land (**)	–	–	17.98	–
Balance outstanding as at the yearend:		–	–	–	–

Note: As the liabilities for gratuity and leave encashment are provided on an actuarial basis for the Group as a whole, the amounts pertaining to the directors are not included above.

(*) It includes payment of Rs. 4.09 Crores to Mr. Pravin Agarwal (Rs. 3.58 Crores) and Dr. Anand Agarwal of Rs. 1.49 Crores (Rs. 1.25 Crores).

(**) The sale value has been determined by the Company based on the valuation received from independent valuer.

(***) The sales value of the Bungalow includes related assets such as electrical installation, plant and machinery, furniture and fixtures etc. as per the valuation report received from independent valuer.

16. OPERATING LEASES

The Company has taken Office Buildings on Operating lease. The lease term is for a period of three years and renewable at the option of the Company. Disclosures in respect of Operating Leases of office buildings as per the requirement of Notified AS- 19 under the Companies (Accounting Standard) Rules, 2006 on Leases issued by The Institute of Chartered Accountants of India, is as under:

- (a) Lease payments recognised in the statement of Profit and Loss for the period is Rs. 0.85 Crore (Previous year Rs. 1.23 Crores).
- (b) The future minimum lease payments payable over the next one-year is Rs. 0.53 Crore (Previous year Rs. 1.37 Crores).
- (c) The future minimum lease payments payable later than one year but not later than five year is Rs. 0.54 Crore (Previous year Rs. 1.92 Crores).

17. EARNINGS PER SHARE (EPS)

Particulars	(Rs. in Crores)	
	Year ended March 31, 2010	Year ended March 31, 2009
I Net Profit as per Profit and Loss Account available for Equity Shareholders	245.84	90.45
II Weighted average number of equity shares		
For Basic Earning Per share	323,158,397	322,517,160
For Diluted Earning Per Share	335,267,048	324,188,015
III Earnings Per Share (Weighted Average)		
Basic (On Nominal Value of Rs. 2 Per Share) Rupees/share	7.61	2.80
Diluted (On Nominal Value of Rs. 2 Per Share) Rupees/share	7.33	2.78

18. The disclosures as per AS 15, Employee benefits, issued by the Institute of Chartered Accountants of India and notified under the Companies (Accounting Standards) Rules, 2006 are as follows:-

Schedules forming part of the Consolidated Accounts

SCHEDULE 21: NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with Life Insurance Corporation of India in the form of a qualifying insurance policy.

Changes in the present value of the defined benefit obligation are as follows:

Particulars	(Rs. in Crores)	
	March 31, 2010	March 31, 2009
Defined benefit obligation at the beginning of the year	2.34	1.89
Current service cost	0.44	0.35
Interest cost	0.20	0.16
Actuarial (gain)/loss on obligation	0.28	0.27
Past service cost	0.19	–
Benefits paid	(0.22)	(0.33)
Defined benefit obligation, end of the period	3.23	2.34

Changes in the fair value of plan assets are as follows

Particulars	(Rs. in Crores)	
	March 31, 2010	March 31, 2009
Fair value of plan assets at the beginning of the year	1.73	2.06
Expected return on plan assets	0.14	0.15
Contribution by employer	–	–
Benefits paid	(0.22)	(0.33)
Actuarial gain/(loss) on plan assets	(0.03)	(0.15)
Fair value of plan assets at the end of the year	1.62	1.73

* The Company expects to contribute Rs 1.10 Crores (Previous year Rs. 0.53 crore) to its defined benefit gratuity plan in 2010-11.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	(Rs. in Crores)	
	March 31, 2010 %	March 31, 2009 %
Investment with Insurer (Life Insurance Corporation of India)	100.00	100.00

Details of defined benefit obligation

Particulars	(Rs. in Crores)	
	March 31, 2010	March 31, 2009
Defined Benefit Obligation	3.23	2.34
Fair Value of Plan Assets	1.62	1.73
Plan (Assets)/Liability	1.61	0.61

Net employees benefit expense recognised in the profit and loss account:

Particulars	(Rs. in Crores)	
	March 31, 2010	March 31, 2009
Current Service cost	0.44	0.35
Interest cost on benefit obligation	0.20	0.16
Net actuarial (gain)/loss recognised in the year	0.55	0.43
Expected return on plan assets	(0.14)	(0.15)
Net benefit expense	1.05	0.79

Schedules forming part of the Consolidated Accounts

SCHEDULE 21: NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

Amounts for the current and previous periods are as follows:

Particulars	[Rs. in Crores]			
	2009-10	2008-09	2007-08	2006-07
Defined benefit obligation	3.23	2.34	1.89	1.88
Plan assets	1.62	1.73	2.14	1.64
Surplus/(deficit)	1.61	0.61	(0.25)	0.24
Experience adjustments on plan liabilities	0.70	–	–	–
Experience adjustments on plan assets	1.31	–	–	–

The principal assumptions used in determining defined benefit obligation are shown below:

Particulars	March 31, 2010	March 31, 2009
Discount rate	8.25%	7.50%
Expected rate of return on plan asset	8.00%	8.00%
Employee Turnover	2.00%	2.00%
Actual Rate of return on plan assets	8.00%	9.30%

The estimated future salary increase, considered in actuarial valuation, takes into account the effect of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. The overall expected rate of return on plan assets is determined based on the market prices prevailing as on balance sheet date, applicable to the period over which the obligation is to be settled.

19. CONTINGENT LIABILITIES (INCLUDING INTEREST AND PENALTY)

Sr. No.	Particulars	[Rs. in Crores]	
		2009-10	2008-09
1	Disputed Liabilities in Appeal		
	a) Sales tax	0.59	0.59
	b) Excise duty	78.69	78.80
	c) Customs duty	74.31	74.52
	d) Service tax	2.45	2.45
	e) Claims lodged by a Bank against the company (*)	18.87	18.87
	f) Claims against the company not acknowledged as debt	2.07	2.78
	g) Excise Duty Case in Supreme Court (Refer Note 8, Schedule 21)		
2	Outstanding amount of Export obligation against Advance Licence	58.99	0.37
3	The company has given Corporate Guarantee to the Income Tax Department on behalf of group companies. The outstanding amount is Rs. 114.00 Crores (Rs. 114.00 Crores) on this account as at the year-end.		

The Company has deposited Rs. Nil (Rs. 8.14 Crores) under protest against above contingent liabilities.

The Company has not provided for disputed Sales Tax, Excise Duty, Customs Duty and Service Tax arising from disallowances made in assessments which are pending with Appellate Authorities for its decision.

It is not practicable to indicate the uncertainties which may affect the future outcome and estimate the financial effect of the above liabilities.

(*) In an earlier year, one of the Bankers of the Company had wrongly debited an amount of Rs. 18.87 crores, towards import consignment under Letter of Credit not accepted by the Company, owing to discrepancies in the documents. The Company has filed the case against the bank in the High Court of Mumbai. The bank has also filed a claim against the Company in the Debt Recovery Tribunal. The Company does not believe that any liability will arise to the Company.

20. In accordance with the Notified AS 17 under the Companies (Accounting Standards) Rules, 2006 on "Segment Reporting", issued by the Institute of Chartered Accountants of India, the Group has identified two reportable Business Segments i.e. Telecom

Schedules forming part of the Consolidated Accounts

SCHEDULE 21: NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

Product Business and Power Transmission Business, which are regularly evaluated by the Management, in deciding the allocation of resources and assessment of performance. Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common cost. The segment performance as follows:

(Rs. In Crores)

(i) Particulars	Telecom		Transmission		Unallocable		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Segment Revenue	949.05	868.96	1546.45	1,520.74	–	–	2495.50	2,389.70
Less: Excise	42.19	52.53	21.68	47.94	–	–	63.87	100.47
Net Revenue	906.86	816.43	1524.77	1,472.80	–	–	2,431.63	2,289.23
Segment Results (PBIT)	164.01	80.62	191.22	117.16	0.19	0.49	355.42	198.27
Less: Interest	–	–	–	–	38.12	90.48	38.12	90.48
Profit Before Tax	–	–	–	–	–	–	317.30	107.79
Provision for Tax (Net)	–	–	–	–	71.38	19.28	71.38	19.28
Profit After Tax (Before minority interest)	–	–	–	–	–	–	245.92	88.51
Less: Share of profit of minority	–	–	–	–	0.08	0.19	0.08	0.19
Profit/(Loss) After Tax (After Minority Interest)	–	–	–	–	–	–	245.84	88.32
Prior period depreciation	–	–	–	–	–	(2.13)	–	(2.13)
Profit after Tax and Prior Period Depreciation	–	–	–	–	–	–	245.84	90.45
Segment Assets	1,192.94	910.85	732.16	720.00	36.48	45.94	1,961.58	1,676.79
Segment Liabilities	473.58	252.85	123.67	235.61	26.66	12.04	623.91	500.50
Capital Expenditure Incurred	77.14	33.58	15.85	35.26	–	–	92.99	68.84
Depreciation	33.46	28.88	14.81	13.64	–	–	48.27	42.52
Significant non cash expenditure	13.72	7.49	3.62	1.09	(3.45)	1.47	13.89	10.05

(Rs. In Crores)

(ii) Particulars	2009-10	2008-09
1. Segment Revenue - External Turnover		
- Within India	1,908.55	1,735.81
- Outside India	586.95	653.89
Total Revenue	2,495.50	2,389.70
2. Segment Assets		
- Within India	1,881.04	1,542.48
- Outside India	80.54	134.31
Total Assets	1,961.58	1,676.79
3. Capital Expenditure		
- Within India	92.99	68.84
Total Capital Expenditure	92.99	68.84

21. DISCLOSURE OF MICRO, SMALL AND MEDIUM ENTERPRISES

(Rs. In Crores)

Description	2009-10
(i) The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year.	0.41

Schedules forming part of the Consolidated Accounts

SCHEDULE 21: NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

(ii)	The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	–
(iii)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	0.03
(iv)	The amount of interest accrued and remaining unpaid at the end of each accounting year.	0.03
(v)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006.	–

Interest payable as per section 16 of the Micro, Small and Medium Enterprises Act, 2006 is 0.03 crore and same is not accrued in the books of accounts. During, the year 2008-2009 the Company has not received any confirmation for Micro, Small and Medium enterprise.

22. Expenditure of Rs. 4.39 Crores (Rs. Nil) and Rs. 0.35 Crore (Rs. 2.30 Crores) on account of financing cost related to borrowed funds for construction or acquisition of fixed assets is debited to "Fixed Assets" and "Capital work in Progress" respectively.
23. Details of Pre – Operative Expenses capitalised are as follows:

Particulars	(Rs. In Crores)
	2009-2010
Personnel	0.25
Admin and General Expenses	0.16
Total	0.41

24. Excise duty on sales amounting to Rs. 63.87 Crores (Rs. 100.47 Crores) has been reduced from sales in profit & loss account and excise duty on increase/decrease in stock amounting to Rs. 0.84 Crore (Rs. (0.11) Crore) has been disclosed in Schedule 15 of financial statements.

25. OTHER NOTES

- (a) Effective February 25, 2010, the Company has subdivided the face value of equity shares from Rs. 5 each to Rs. 2 each (share split), after obtaining shareholders approval vide Extra-Ordinary General Meeting held on February 25, 2010. Accordingly, the number of equity shares and face value of shares disclosed in the financial statements have been adjusted for the impact of share split. Further, the basic and diluted earnings per share disclosed have been computed for the current year and recomputed for the previous year based on the revised face value of Rs. 2 each. In the same meeting the Company has declared bonus shares in the ratio of 1:1 to all existing shares holders along with outstanding equity share warrants and outstanding ESOP scheme as disclosed in the Note 9 of Schedule 21.
- (b) During the current year the Company has issued 16,125,000 share warrants at a price of Rs. 26 per warrant and 18,250,000 share warrants at a price of Rs. 59.40 per warrant to Twinstar Overseas Limited a promoter of the Company, 16,125,000 shares have been converted into equity shares in the ratio of 1:1 and bonus shares in the ratio of 1:1 have also been given on these shares. The balance warrants outstanding as at year end aggregating 18,250,000 are convertible within a period of 18 months from the date of issue.

26. PREVIOUS YEAR COMPARATIVES

Previous Year's figures have been regrouped where necessary to confirm to current year's classification.

As per our attached Report of even date

For and on behalf of the Board of Directors

For **S. R. Batliboi & Co.**
Registration No. 301003E
Chartered Accountants

Pravin Agarwal
Whole-time Director

Anand Agarwal
CEO & Whole-time Director

Anupam Jindal
Chief Financial Officer

Sandeep Deshmukh
Company Secretary

Per **Tridibes Basu**
Partner
Membership Number : 17401

Place : Mumbai
Date : April 22, 2010

Cash Flow Statement

(Rs. in Crores)

	Year Ended March 31, 2010	Year Ended March 31, 2009
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) after tax as per Profit & Loss Account	245.92	90.64
Adjustment for Taxation	71.38	19.28
	317.30	109.92
Adjustments for :		
- Depreciation, amortisation and impairment	48.26	42.52
- Prior period depreciation (Net of Tax)		(2.13)
- Unclaimed liability written back	(0.53)	(0.71)
- Provision for doubtful debts	10.28	7.80
- Bad debts written off	1.81	0.78
- Provision for contingencies	15.00	
- Income from Investments	(3.90)	(1.05)
- Interest and finance charges	38.12	90.48
- Interest income	(7.86)	(2.48)
- Exchange difference	(13.12)	5.60
- (Profit) / Loss on Sale of Assets	(10.32)	0.20
- Amortisation of Preliminary Expenses	0.09	0.01
- Employees stock option expenses amortised	0.73	0.68
	78.56	
Operating profit before working capital changes	395.86	251.62
Movements in working capital :		
- (Increase)/Decrease in trade and other receivables	(36.56)	(47.90)
- (Increase)/Decrease in inventories	(70.54)	119.02
- Increase/(Decrease) in trade payables	113.66	167.15
	6.56	
Cash generated from operations	402.42	489.89
Direct taxes Paid / TDS deducted (Net of Refunds)	(55.29)	(14.37)
Net cash flow from Operating Activities	347.13	475.52
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets (Including Capital Work in Progress)	(116.72)	(145.07)
Proceed from sale of fixed assets	23.84	7.90
Purchase of investments	(2,604.31)	(550.08)
Sale of investments	2,589.98	463.52
Investment in subsidiaries	-	-
Payment for acquisition of subsidiaries	(0.04)	-
Income from Investments	3.90	1.05
Investment in bank fixed deposits*	(129.48)	10.77
Interest received	7.56	6.60
Net cash flow (used) in / from Investing Activities	(225.27)	(205.31)

Cash Flow Statement

(Rs. in Crores)

	Year Ended March 31, 2010	Year Ended March 31, 2009
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Short Term Unsecured Loans	1650.00	3,797
Repayment of Short Term Unsecured Loans	(1650.00)	(3,797)
Proceeds/(Repayment) of secured loans (net)	(109.98)	(164.76)
Proceeds/ (Repayment) of share capital	41.93	–
Proceeds of Share Application Money	27.10	–
Proceeds/ (Repayment) of employee stock options	0.06	0.04
Proceeds of unsecured loans	–	15.00
Repayment of unsecured loans	(27.89)	(20.48)
Interest paid	(40.74)	(92.45)
Dividend paid on equity shares (including corporate dividend tax)	(9.45)	(8.03)
Net Cash flow from Financing Activities	(118.97)	(270.68)
Net Increase/(decrease) in cash and cash equivalent	2.89	(0.47)
Cash and cash equivalent as at beginning of year	2.05	2.52
Cash and cash equivalent as at year end **	4.94	2.05

* Investments in Bank Fixed Deposits having maturity of more than 3 Months have been shown under the cash flows from Investing activities.

** The Cash and Cash Equivalents includes balance of Rs. 0.09 crore (Rs. 0.10 crores) which are not available for use by the Company.

Components of Cash and Cash Equivalents:

Cash and bank balance as per schedule 10	210.31	77.94
Less : Fixed deposits not considered as cash equivalents as maturity period is more than 3 months.	205.37	75.89
Cash and cash equivalent in Cash Flow Statement **	4.94	2.05

The schedules referred to above and notes to accounts form an integral part of the Consolidated Cash Flow Statement.

As per our attached Report of even date

For and on behalf of the Board of Directors

For **S. R. Batliboi & Co.**
Registration No. 301003E
Chartered Accountants

Pravin Agarwal
Whole-time Director

Anand Agarwal
CEO & Whole-time Director

Anupam Jindal
Chief Financial Officer

Sandeep Deshmukh
Company Secretary

Per **Tridibes Basu**
Partner
Membership Number : 17401

Place : Mumbai
Date : April 22, 2010



**We have
simplified purchase;
even a baby can do it**

Introducing S-Mart, Sterlite's web-based online customer ordering and self-service portal that can be used as an end-to-end shopping cart experience.

Benefits of S-Mart

- Easy ordering
- Management of supply chains
- Reduction of purchase cycle time
- Optimisation of inventories
- Cuts business costs

Features of S-Mart

- Inventory search
- Online order entry
- Secure online payment
- Delivery within 72 hours
- Shipment tracking

S-Mart, the 'smarter' way to purchase sterlite's products and manage YOUR inventories.

Video-conferencing takes off as flights are grounded.



Posted by Pulkit Bhatnagar.

A volcanic eruption might just become the tipping point for video-conferencing!

As the Icelandic volcano continues to send ash south and east towards Europe and Russia, [NASA's brilliant images] more and more companies are moving towards video-conferencing and tele-presence solutions to do business.

The head of Cisco's Tele-presence Technology group, Fredrik Halvorsen, said recently that they have seen a huge spike in usage and interest for their telepresence solutions (see a telepresence video here). Another interesting comment came from the CEO of a Norway-based startup, Videoworks. Even Zimmer said the volcano would make business people think about the benefits of video-conferencing.

One more company doing well is Regus, a company that provides meeting rooms and video-conferencing suites. Bookings of the suites jumped 75% in the US, and 108% across the U.K., says Guillermo Rotman, president of the Regus Group Americas.

But what I really liked, was when Norway's Prime Minister, Jens Stoltenberg, got stuck at New York, he just took out his iPad and began doing his governmental duties using the Internet. Talk about a PM who's showcasing why his country is among the most tech-savvy telecom markets!

I am sure if you have corresponded with people in Europe recently, you would have come across at least one out-of-office Video-conferencing takes off as



flights are grounded. message due to the volcanic eruption. Travellers are stranded at airports, frustration is rising, and losses due to missed deadlines or business meetings are piling up.

I know of some friends stuck in Europe who have been using Skype to reach out to family and bosses in India. Their time at the airport or hotel is spent trying to work remotely or in watching movies/playing games online. Bottomline – everyone's tying up bandwidth; while losing out on time that could be spent with family or working more productively.

Enter Video-conferencing!!! Lets look at the benefits of video-conferencing:

1. Less travel-related expenses (airfare, hotel, foreign exchange, food, etc).
2. Quicker decision-making possibilities and turn-around response times. Reduced down-time.
3. Opportunities to collaborate with multiple people in multiple locations simultaneously without worrying about logistical details.

4. Non-productive time and energy savings. In fact, utilisation in pursuing other revenue-generating ideas or quality family time.
5. More effective presentation possibilities. [Tech staff can show through video how to repair a damaged part without having to travel and ascertain what the problem is. Savings for both!]
6. Reduced risk of travel-related injury or problems like passport issues, security problems, getting stuck at airports due to missed/cancelled flights or over-active volcanoes.
7. Environmental benefits. All the fuel saved will definitely lead to a cleaner and greener planet.

Implications: The more video the world uses, the more bandwidth gets utilised. The more bandwidth is required, the more broadband networks will need to be deployed. The more broadband becomes a necessity, the more optical fiber demand will grow. Ergo, More Video = More Fiber.

For your bookshelf



Spanning a broad range of industries, cultures and schools of thought, the realworld examples presented as evidence of his theory are undeniable. Friedman defines ten “flatteners” that he sees as leveling the global playing field:

1 Collapse of the Berlin Wall–

11/9/89: The event not only symbolised the end of the Cold War, allowing people from the other side to join the economic mainstream. “11/9/89” is a discussion about the Berlin Wall coming down, the “fall” of communism, and the impact that Windows powered PCs (personal computers) on the ability of individuals to create their own content and connect to one another. At this point, the basic platform for the revolution to follow was created: IBM PC, Windows, a standardised graphical interface for word processing, dial-up modems, a standardised tool for communication, and a global phone network.

2 Netscape – 8/9/95: Netscape and the Web broadened the audience for the Internet from its roots as a communications medium used primarily by “early adopters and geeks” to something that made the Internet accessible to everyone from five-year-olds to ninety-five-year olds. The digitisation that took place meant that everyday occurrences such as words, files, films, music and pictures could be accessed and manipulated on a computer screen by all people across the world.

3 Workflow software:

The ability of machines to talk to other machines with no humans involved,

as stated by Friedman. He believes these first three forces have become a “crude foundation of a whole new global platform for collaboration”. There was an emergence of software protocols (SMTP – simple mail transfer protocol; HTML – the language that enabled anyone to design and publish documents that could be transmitted to and read on any computer anywhere) Standards on Standards.

4 Open Source: Communities uploading and collaborating online.

Examples include open source software, blogs, and Wikipedia. Friedman considers the phenomenon “the most disruptive force of all”.

5 Outsourcing: Friedman argues that outsourcing has allowed companies to split service and manufacturing activities into components which can be subcontracted and performed in the most efficient, cost-effective way. This process became easier with the mass distribution of fiber optic cables during the introduction of the World Wide Web.

6 Offshoring: The relocation of a company’s manufacturing or other processes to a foreign land to take advantage of less costly operations there. China’s entrance in the WTO (World Trade Organization) allowed for greater competition in the playing field. Now countries such as Malaysia, Mexico, Brazil must compete against China and each other to have businesses offshore to them.

7 Supply-chaining:

Friedman compares the modern retail supply chain to a river, and points to Wal-Mart as the best example of a company using technology to streamline sales, distribution, and shipping.

The World Is Flat: A Brief History of the Twenty-First Century

is an international bestseller by Thomas L. Friedman that analyses globalisation, primarily in the early 21st century. The title is a metaphor for viewing the world as a level playing field, where all competitors have an equal opportunity.

Author: Thomas L. Friedman

8 Insourcing:

Friedman uses UPS as a prime example for insourcing, in which the company’s employees perform services – beyond shipping – for another company. For example, UPS repairs Toshiba computers on behalf of Toshiba. The work is done at the UPS hub, by UPS employees.

9 In-forming:

Google and other search engines are the prime example. The growth of search engines is tremendous; for example take Google, in which Friedman states that it is “now processing roughly one billion searches per day, up from 150 million just three years ago”.

10 “The Steroids”: Personal digital devices like mobile phones, iPods, personal digital assistants, instant messaging, and Voice over Internet Protocol (VoIP). Digital, Mobile, Personal and Virtual can be digitised and therefore shaped, manipulated and transmitted; virtual – processes can be done at high speed with total ease; mobile – can be done anywhere, anytime by anyone; and personal – can be done by you.

The World is Flat leaves no stone unturned in a quest for answers to a problem that most cannot even define. Friedman’s dissection of globalisation is a valiant attempt at explaining and understanding the forces driving the flattening of the world. This candor is in keeping with the theme of the entire book, in that we must learn how to learn, teaching ourselves to stay curious and innovative, if we are to excel in a global economy.

The ABC of demat

About dematerialisation

Dematerialisation (Demat) is the process by which securities held in physical form are cancelled and destroyed; and the ownership thereof is entered into and retained in a fungible form with depository by way of electronic balances.

Benefits of dematerialisation

- Elimination of bad deliveries.
- Elimination of all risks (loss, mutilation or theft) associated with physical certificates.
- No stamp duty on transfer of shares in electronic form.
- Immediate transfer/trading of securities.
- Faster settlement cycle.
- Faster disbursement of non-cash corporate benefits like rights, bonus, etc.
- SMS alert facility.
- Periodic status reports available with Depository Participant.
- Ease related to change of address of investor.
- Elimination of problems related to transmission of demat shares.
- Ease in portfolio monitoring.
- Ease in pledging of the shares.

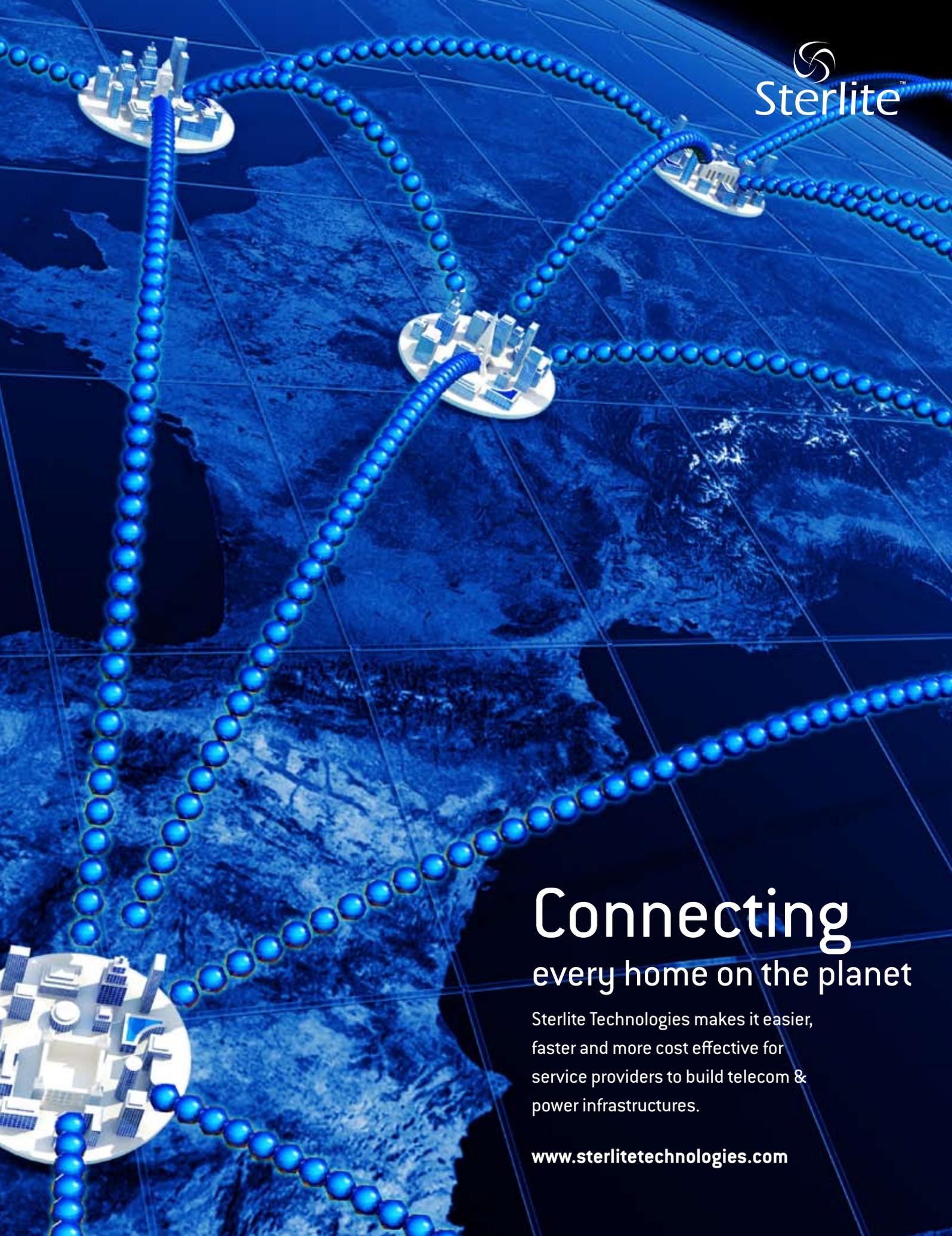
Carrying out your transactions

- Open a Beneficiary Account with a Depository Participant (DP) registered with SEBI.
- Submit the Demat Request Form (DRF) as given by the DP, duly signed by all the holders with the names and signatures in the same order as appearing in the concerned certificate(s) and the Company records along with Original share certificate(s).
- Demat confirmations are required to be completed in 21 days as against 30 days (excluding time for dispatch) for physical transfer. Service standards prescribed by the Company for completing dematerialisation of shares is 7 days from the date of receipt of requisite documents for the purpose.
- Receive a confirmation statement of holdings from the DP. Statement of holdings is sent by the DPs from time to time.

In view of the above, you are requested to open depository account with any of the SEBI registered DP, if not opened earlier, and submit your physical share certificates through your DP for the purpose of converting the securities from physical form to electronic form. You can get the details of SEBI registered DPs on website of NSDL at www.nsdl.co.in or CDSL at www.cdslindia.com. Alternatively, you can contact Karvy Computershare Private Limited - Registrars and Transfer Agents of the Company on toll free number 1800 425 8282, who can guide you for opening of your demat account.



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