









Designed and developed by Green Evangelist

Sterlite Industries (India) Ltd.

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



r | The Miracle Metal







Sustainable Development Report 2010

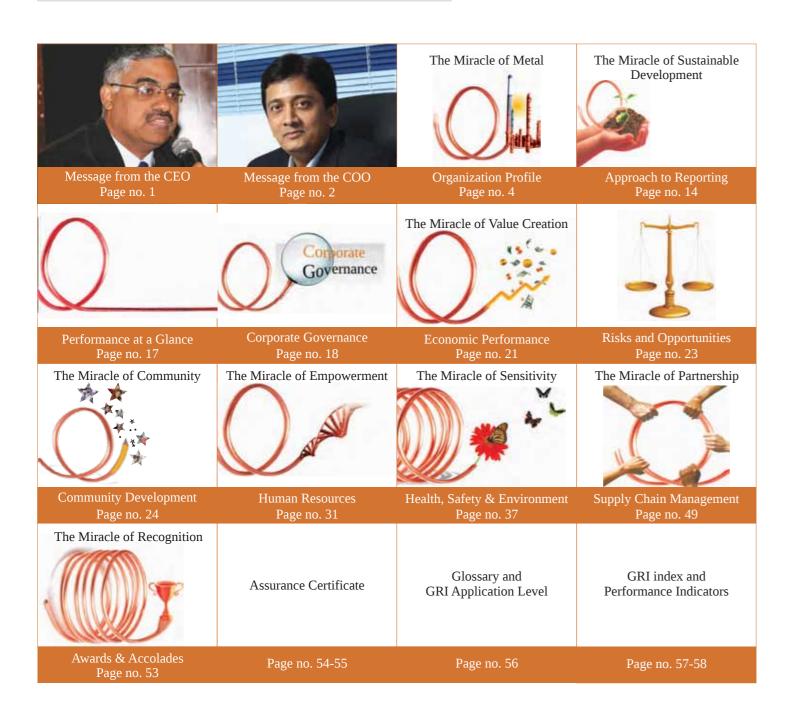
CopperSustainable Development
Report Summary 2009-10

Copper Message from the CEO

This is a concise, summary report initiated to deliver more reader-friendly and eco-friendly way of presenting the sustainable development report. We have designed a more elaborate and detailed online version of the report which has additional information on our economic, social and environmental performance.

Please dovisit: http://www.sterlite-industries.com/Sustainability





R. Kishore Kumar - Chief Executive Officer, SIIL



Dear Stakeholder.

There is one key element that drives our Sustainability strategy, and that is the Miracle Metal – Copper itself. Any Sustainability mission has at its foundation three core focus areas – Profitability, Environment Care and Socio-Economic Development – and at Sterlite Industries (India) Limited (SIIL), copper contributes very significantly to this 'Triple Bottom Line'.

Increasingly, copper is being used across a plethora of applications; more and more industries are turning to copper as the metal of choice. The demand for copper is at an all-time high, and this will only multiply over the coming years. For SIIL, it is not enough to be one of the largest producers of copper in the country; we are committed to propelling sustainable growth across the community, the environment and the economy. Our growth is linked to that of the Indian economy; and when both flourish, a bright future is in store for the stakeholders associated with us.

From generating wealth for our stakeholders to preserving the wealth of our natural resources, copper is a force to reckon with. On one hand, it plays a key role in industries as diverse as construction, automobiles, power generation, telecommunications, electronics, healthcare and many more. And on the other hand, copper contributes to environment protection and climate change in a big way being 100% recyclable, and provides opportunities for employment generation – ensuring a sustainable future. Powered by this Miracle Metal, we aim to drive our Sustainability initiatives further forward and work even harder towards the development and advancement of each of our stakeholders, as well as society at large.

Myriad efforts are in progress, to promote Sustainability in our sphere of influence and operation. Programs have been introduced to ensure employee satisfaction and welfare of the highest order, and provide a workplace that is high on safety and security. At the same time, we are nurturing and growing the communities in all the geographies we operate, through initiatives in the realms of healthcare, education and career opportunities. Mutually-beneficial relationships are fostered, as we believe in maintaining superior standards of ethics with all our business partners. And when it comes to caring for our Planet, we are adopting practices that conserve our precious natural resources and result in no adverse impact on environment. Thanks to Nature's Miracle Metal, lives are being improved, opportunities for self-sufficiency, well-being and progress are ever-increasing, and SIIL's Socio-Economic Development bottom line is on the upswing.

In our Sustainability mission, we are privileged to partner institutions and visionaries who share our goals and aspirations. Government bodies, NGOs and educational institutions join us in making a difference to the lives we interact with, and the projects we undertake. This report, with its adherence to the GRI framework and alignment to the United Nations Global Compact principles, is our way of acknowledging their stellar contributions.

This Sustainable Development Report is a testimony to the good work SIIL is undertaking. This would not have been possible without your constant encouragement and support. We are indeed grateful that like us, you too believe in miracles.

& ml. mm

R. Kishore Kumar Chief Executive Officer

For SIIL, it is not enough to be one of the largest producers of copper in the country; we are committed to propelling sustainable growth across the community, the environment and the economy.

Copper | Message from the COO

Ramesh Nair - Chief Operating Officer, SIIL

At SIIL, growth is accompanied by an effective Sustainability strategy which relies on the best technology, streamlined processes and a motivated team. "



Dear Stakeholder,

"

Across the globe, industries are seeking materials that make their products more efficient, longer-lasting and which, of course, have no or minimal negative impact on the environment. The answer lies simply at their feet, literally. For the earth itself yields that Miracle Metal – Copper – which is finding more and more applications in diverse industries around the world.

Today, the demand for copper is rapidly going up. Copper is working miracles in a variety of ways, bringing positive change to the lives it touches. Be it in heavy industries or power supply, hi-tech or healthcare, copper is being preferred for its inherent beneficial qualities.

At SIIL, growth is accompanied by an effective Sustainability strategy which relies on the best technology, streamlined processes and a motivated team. This in turn has helped us notch up many milestones on the way, starting with a net annual turnover of USD 2,765.56 million in 2009-10 and the highest ever production of our key products such as Copper Anode, Sulphuric Acid and Phosphoric Acid.

The past year was full of activities and new initiatives. We crafted our Vision & Mission for 2015 with direct emphasis on high quality assets, low cost of production, and providing superior returns to stakeholders. To accelerate our drive towards cost excellence and retain our position among the most efficient smelters, we launched an Operational Excellence Programe "Achieve Cost Excellence (ACE)-4000" designed to identify, implement and sustain solutions that would significantly reduce the current cost of production through a host of initiatives across our operations (Tuticorin and Silvassa). To align our ACE initiatives at par with best practices worldwide, we partnered with the renowned consultant, Boston Consulting Group. A meet on 'Asset Optimisation' across Vedanta group companies was held at Tuticorin with the core objective of leveraging quality output from existing assets and technology.

Some key highlights and achievements during the year were:

- SIIL won the "Outstanding Achievement Trophy" from RBNQA for the year 2009 for its robust system processes
- Highest ever sales of Phosphoric Acid, Silicic Acid and Gypsum
- SIIL won the International Star Award for Quality Gold category from Business Initiatives Directions, Spain
- ACE 4000 project commenced with Boston Consulting Group for achieving overall bottom-line improvement by ₹ 150 cr. (translating to ₹4,000 PMT COP reduction till cathode)
- RO plant commissioned in SAP during Dec '09 which helped us maintain the overall water balance in the system, thereby reducing an equivalent amount of fresh water consumption
- DO briquette process commissioned in Tuticorin Refinery resulting in recycling of hazardous waste •
- SIIL Tuticorin team won the Bhageerath award 1st prize in AOUA '09 held at Goa

- SIIL won the "Distinguished Award" in 5S in National Quality Convention conducted by Quality Circle Forum of India (QCFI)
- Fellowship Award" from M.S. Swaminathan Research Foundation
- span of 75 years of the SHG concept's existence
- of ₹85 lakhs
- 'Save A Child Heart' Programme in partnership with Apollo Hospitals / District Health Society supported 99 surgeries at a cost of ₹80 lakhs

These achievements make us proud and testify to our firm efforts towards attaining Sustainability.

However, there were disappointments in terms of our Safety performance. We regret to report the death of 3 people in separate incidents during the year. These fatalities emphasize a concerted focus for the future – Zero tolerance for unsafe acts and conditions. Key measures already in place include recruitment of a safety expat for international safety experience, deployment of Dupont elearning safety module, safety refresher courses, 3-day safety training for freshers, single point accountability to enhance line ownership, job safety analysis for online jobs, safety alerts to the entire workforce, and linkage of safety performance to performance appraisal for all SBU heads. The National Safety Day celebrations in March '10 saw enthusiastic participation from employees and contractors alike. Strong measures will be introduced to ensure compliance with the Company's safety standards. All this will certainly help us achieve an 'Incident-free Workplace'.

Our past and planned Sustainability programs have been segregated under the headings - Economic Performance, Community, Human Resources, Health, Safety and Environment and Supply Chain Management for your reading convenience. These are geared to realize the holistic vision of SIIL: "To be the world's leading copper producer delivering sustainable value to all stakeholders by leveraging technology and best practices."

The report is based on GRI Reporting Framework (G3) covering social, economic and environmental aspects of our business.

As a key stakeholder of SIIL, you will be proud to discover the many ways that your Company is championing Sustainability and working out miracles to improve people's lives and our planet's future. When you go through this report, please do communicate your feedback to us as it will help us in understanding your perspective and further improve upon. As always we look forward to your trust and support.

Ramesh Nair **Chief Operating Officer**

Two members of SIIL's Self Help Group, Ms. Dhanalaxmi and Ms. Maria Ponnammal, received the "National Virtual Academy

• The Rock Tamira Group, headed by Ms. Selvarani, is the first SIIL-run SHG in Tamil Nadu to receive the Government order in the

• Completion of construction of the Sterlite Pediatric Block – an Exclusive 30-bed block at Government Hospital, Tuticorin, at a cost

Copper | The Miracle of Metal

Sterlite Industries, where sustainability is driven by the Miracle Metal Indeed, copper itself is the inspiration for the Company – for its significant contribution to the human race.

For the Company, it is not enough to ensure there is a steady supply of this Miracle Metal, which is essential for numerous applications in all walks of life. There is also the Sustainability aspect of its operations, which directly impacts all stakeholders. Thus, keen attention is paid to the sustainable development of People and the Planet, to make a difference to Nature and the lives we touch, in multiple, positive ways.

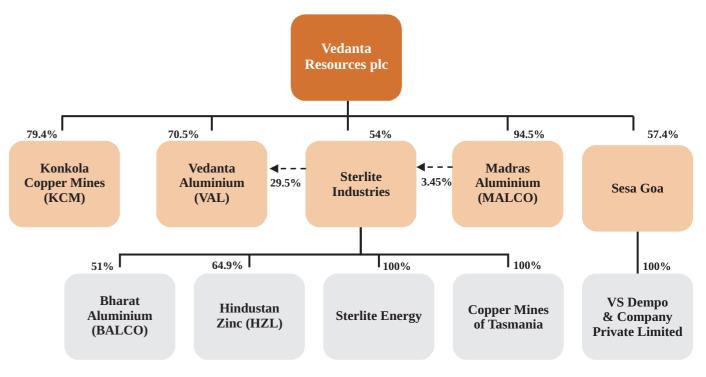
Our core product - copper - is intrinsically environmentally friendly. With the highest recycling rate of any engineering metal in the world, copper can be reused again and again.

Indeed, with its innumerable benefits, copper truly has earned the reputation of being a Miracle Metal. This, we believe, will sustain us and the generations to come, far into the future.

Our Parentage

Sterlite Industries (India) Limited (SIIL) is the principal subsidiary of Vedanta Resources plc, a diversified and integrated FTSE 100 metals and mining company, with principal operations located in India, Zambia and Australia. The Vedanta group produces Aluminium, Copper, Zinc, Lead, Iron Ore and Commercial Energy with operations in India, Zambia and Australia, and a strong organic growth pipeline of projects based on the foundation of 30,000 full-time employees.

Vedanta Resources plc – Snapshot





The story of copper is an ancient one, going back over 10,000 years. It plays a vital role even today, in a variety of applications – from Architecture and Automobiles to Electricity and Telecommunications, from Marine and Machined products to Cookware and Electronics.

It can also be said that copper is good for our health. Copper has been proven to inhibit the growth of food and water-borne pathogens like E. coli, polio virus, salmonella and more. Drinking water can be safely stored in copper vessels and in the long run, copper



plumbing will costs less and is much safer than other materials.

Indeed, copper stands the test of time; and a prime example of this is the main landmark of the United States of America - the Statue of Liberty. 80 tons of copper were used for the skin of the monument, and the metal has withstood all kinds of weather for over a hundred years, ensuring that Lady Liberty stands tall for ages to come.

Copper is truly a Miracle Metal - and Sterlite Industries (India) Ltd. is proud to be associated with the production and distribution of this priceless resource.

As one of the largest producers of copper in India, SIIL believes that its responsibility involves much more - and measures its success by the growth of its people, the well-being of its community and the sustainable development of the environment.



Our Vision

To be the world's leading copper producer delivering sustainable value to all stakeholders by leveraging technology and best practices

Our Mission - 2015

- To build a knowledge and process driven organization through TPM
- To create sustainable value through safe, clean and green processes
- To sustain a leadership position in domestic and global markets through market development and customer delight
- To secure raw material through long term contracts and captive mines
- To be the best and most respectable corporate citizen
- To leverage technology to its full potential across the business cycle
- To harness the profitable and growing CCR/value added product from 240KMT to 600 KMT per annum
- To achieve Zero cost and beyond

Our Values

ENTREPRENEURSHIP

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

GROWTH

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

EXCELLENCE

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

TRUST

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

SUSTAINABILITY

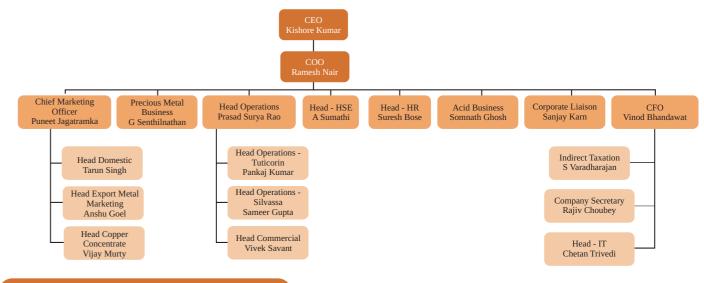
We practice sustainability within the framework of well-defined governance structures and policies, and with the demonstrated commitment of our management and employees. We aim not only to minimize damage to the environment from our projects but to make a net positive impact on the environment wherever we work.

Our Organizational Structure

Sterlite's copper business is headed by R. Kishore Kumar, Chief Executive Officer, and supported by Ramesh Nair, Chief Operating Officer, ably supported by management personnel at Tuticorin and Silvassa to help him conduct the business in a transparent and sustainable manner.

Location of the Organization and Organization Headquarters

Vedanta Resources plc. Address: Vedanta Resources plc 16 Berkeley Street, London W1J 8DZ Telephone: +44 (0) 20 7499 5900 Fax: +44 (0) 20 7491 8440 Website: www.vedantaresources.com Sterlite Industries (India) Ltd. Address: SIPCOT Industrial Complex Madurai Bye Pass Road, T.V.Puram P.O., Tuticorin - 628 002, Tamil Nadu Website: www.sterlite-industries.com



The Business of Miraculous Copper

Main Products (Copper Business)

- Copper Anode of purity > 99.5%
- 'A' class Continuous Cast Rod

By-Products (Acid Business)



Value-added Products

- Bismuth Bisulphate (99.5%)
- Selenium Powder (99.5%)

Our Operational Efficiency

To fulfill the Vision of becoming the world's leading copper producer, we constantly strive to innovate, improve operational efficiencies and reduce the unit costs. This in turn helps us to create small miracles across the length and breadth of our business, from production processes to delivering customer satisfaction to implementing environment-friendly initiatives and ensuring inclusive growth.



 Sulphuric Acid (concentration >98%) • Phosphoric Acid 43% & 54% (on P₂O₅ basis)



The Sterlite Story

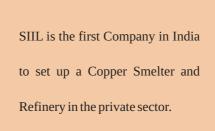
The Miracle Story

The Sterlite Story

From producing cables in 1975 as the erstwhile Rainbow Industries Ltd., to being the first company in India to set up a Copper Smelter and Refinery in the private sector, Sterlite Industries has had a clear, long vision of increasing stakeholder value.









With business excellence processes like TQM, the Company has a strong track record of increasing production, reducing unit costs and maximizing employee productivity.





To combat global warming, SIIL created a miracle - generating power from process waste heat. This project was registered as a CDM project in the United Nations Framework Convention on Climate Change (UNFCCC) in December 2009.

We have a track record of exceeding our own performance year on year in energy and water usage, recycling and reuse of waste innovatively and engaging and working with communities towards building a sustainable business.





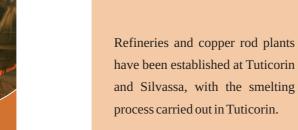
During the past 10 years, the Company witnessed an increase in turnover from ₹ 50 crores (approx. 11 million USD) in 1997 to ₹ 13,676 crores (approx. 3 billion USD) in 2009-10.



We are amongst the fastest growing non-ferrous metal companies in India, having principal businesses of smelting and refining, producing finished copper in the form of cathode, and copper rods. Our domestic copper sales increased to 2,06,150 MT in 2009-10.



and inventions r e l a t i n g t o electricity and magnetism of the late 18th and early 19th centuries by scientists such as Ampere, Faraday and Ohm, and the products manufactured from copper, helped launch the Industrial Revolution and propel copper into a new era.





The Miracle Story

Copper is the oldest metal used by man, dating back more than 10,000 years.



R e n e w a b l e energy sources such as solar, wind, geothermal, fuel cells and other technologies are all heavily reliant on copper due to its excellent conductivity.



Since 1900, demand for refined copper increased from less than 500 thousand tonnes to around 18 million metric tonnes in 2008 as demand over the period grew by an average of 4% per year.



Whether they are powered by sun, wind or water, efficient and renewable energy systems rely on copper for optimum performance.

Our Operational Efficiency

The Tuticorin copper complex comprises the following facilities:

- Copper Smelter of 1,200 TPD
- Refinery of 875 TPD
- Rod Plant of 410 TPD
- Sulphuric Acid Plant of 4,200 TPD
- Phosphoric Acid Plant of 800 TPD

Tuticorin, a major harbor in the southern state of Tamil Nadu, is strategically located with respect to our business, which involves importing ore through the sea route and also exporting our products to various locations.

Operations at Silvassa

The Silvassa unit comprises:

- Refinery: 1,95,000 TPA
- Rod Mill: 1,78,000 TPA

Silvassa is the capital of the Union Territory of Dadra and Nagar Haveli, strategically located between Maharashtra and Gujarat. It has a large number of factories and industries providing significant government revenue with special economic benefits.

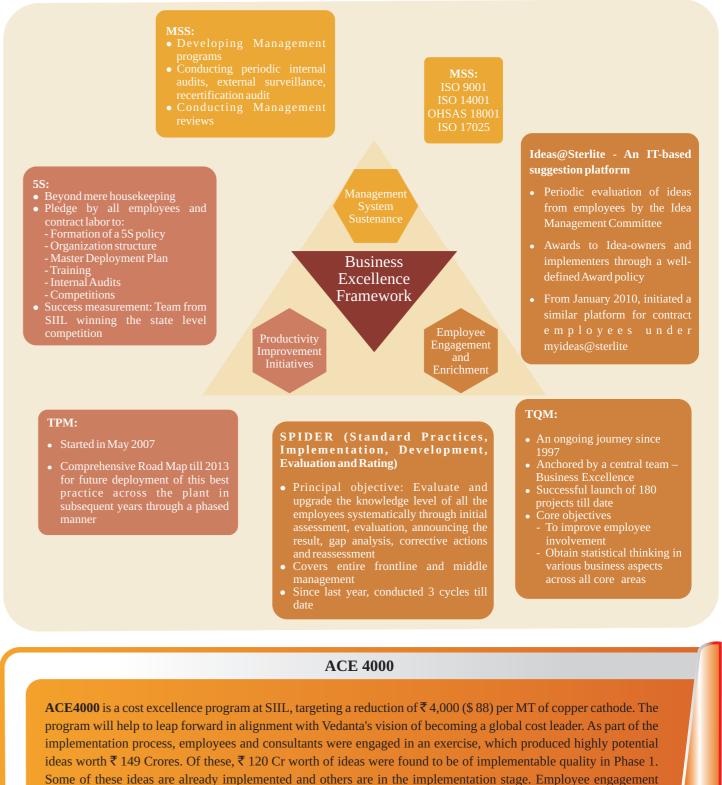


- DO plant commissioned in Dec 2009 with capacity of 0.5 MT/hr for the purpose of converting DO powder into briquettes and replacing master alloy usage, resulting in cost benefit of ₹3.32 Cr/yr
- RO commissioned in September 2009 with capacity of 1,300 m³/day to treat the effluent arising from copper production and recycle the water for boiler or cooling tower make up
- Reduced complex power cost by power trading on IEX / power exchange
- Tuticorin Smelter had the eighth lowest cost of production of all copper smelting operations worldwide, according to Brook Hunt
- Tuticorin and Silvassa refineries had the seventh lowest costs of production of all copper refining operations worldwide, according to Brook Hunt

Business Excellence at SIIL

A key area of Sustainability is commitment to Business Excellence across all areas. At SIIL, we are committed to excel on the journey towards business excellence. Business excellence itself provides the framework for sustainable growth by leveraging various proven best practices.

Business Excellence framework is depicted below:



across different functions was the key to the success of idea generation under this program.

11

a. Domestic Market Segmentation

Sterlite segments the Domestic Copper market based on:

- Region
- Type of application industry the customer is further catering to
- Usage of Copper (primary and secondary)
- customer is further catering toGrowth of Industry
- Value potential and ability to realize
- Volume

b. Overseas Market Segmentation

Overseas customers are evaluated on two key parameters of potential and long-term partnerability in order to initiate or increase business. The evaluation process gauges overall business potential of the customer including future expansions, whilst Partnerability assessment determines the ease of doing business, financial potency and customer's attitude, reflected in similar corporate values and the customer's relationships with group companies of Sterlite. Through this process, the initial market which was in the Middle East has now developed an enviable customer base in SAARC, South East Asia and the Far East.

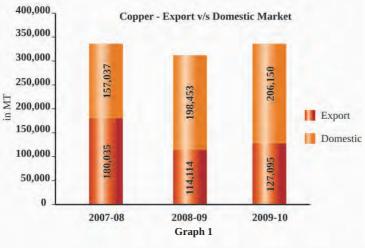
Copper Business

Domestic Market

Sterlite has stiff competition with immediate competitors in Cathodes and Copper Rod sales. Augmented capacity and consistent product quality standards have facilitated Sterlite to remain highly competitive in the domestic market. Domestic sales during 2009-10 increased to 2,06,150 MT from 1,98,453 MT in 2008-09 (refer to Graph 1). Growth in domestic copper industry is also linked to the performance of various sectors like cement, steel, crude oil, electricity, coal and petroleum refinery. During 2009-10, the core sector has registered a growth of 5.3% compared to 2.7% growth during 2008-09.

Export Market

Copper Cathodes are exported to markets in China, Korea and other South-East Asian countries. Copper Cathodes, which are converted into Rods, are supplied to both the domestic and export markets. Sterlite is recognized as a supplier of global repute across Asia and Middle-East markets.



Copper - Customer Satisfaction Surveys

We periodically conduct Customer Satisfaction Surveys once in two years to evaluate our overall performance and get feedback from our customers to enable us to offer improved services. The results of the last survey conducted shows that at least 77% of our customers think we are competitively priced.

Associations and Memberships

SIIL holds membership in prestigious institutions such as:

- All India Chamber of Commerce
- Confederation of Indian Industry
- Export Promotion Council for Export Oriented Units
- Indian Chamber of Commerce and Industry
- Indian Institute of Metals

- International Copper Association
- Tuticorin Chamber of Commerce and Industry
- International Copper Promotion Council of India (ICPCI)
- Indian Copper Development Centre (ICDC)
- Federation of Indian Chambers of Commerce and Industry (FICCI)

Acids Business

Strategy

Our Acids Business division is strategically based at Tuticorin to capitalize on our advantages of scale of production and proximity. We are located in the vicinity of major fertilizer producers such as Fertilisers and Chemicals Travancore (FACT), Coromandel International Limited (CIL), Mangalore Chemicals and Fertilisers (MCF) and Indian Farmers Fertiliser Cooperative Limited (IFFCO), and cement companies like India Cements, Madura Cements, Dalmia Cements, etc. who are some of our major customers.

Sulphuric Acid

The Sulphur market witnessed an all time low with the prices falling to USD FOB Adnoc, following the world economic slowdown, which had otherwise gone up to USD 800 FOB in the previous year. This depression was also witnessed in the sulphuric acid market with tonnages sold at negative realization. To avoid these negativities, we rationalized the sales of phosphoric acid, which increased by 31% for 2009-10. The first ever arrangement for tolling of phosphoric acid was done using external production facilities wherein we produced 10.78 kmt of phosphoric acid, thereby consuming and avoiding negative sales of approximately 32 kmt of sulphuric acid. Graph 2 shows the sales trend of sulphuric acid in 2009-10. It is evident that our sales model, supported by an efficient supply chain, is well evolved to eliminate most of the market uncertainties.

Phosphoric Acid

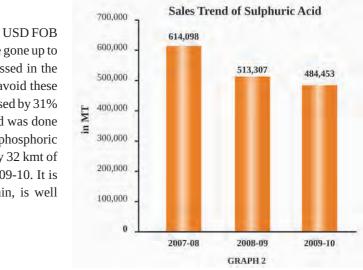
SIIL continues to be a dominant player of phosphoric acid in the Indian market with an impressive reputation as the only domestic seller in India. Graph 3 shows our sales trend of phosphoric acid in the past 3 years.



Acid - Customer Satisfaction Survey

Being a leader in the by-products market, we like to set new benchmarks for exceeding customer expectations. To understand the customer requirements better, we undertook a Customer Satisfaction Survey amongst 50 key customers. With an overall Customer Satisfaction Index (CSI) of 82% (refer Graph 4), we feel our performance is just satisfactory and believe that there is still some room for significant improvement.





Phosphoric Acid Sales Trend graph



Copper The Miracle of Sustainable Development



Making Miracles a way of life

Copper, one of humanity's oldest and most useful materials, contributes to the new model of sustainable growth and development, just as it has through the millennia. It is been estimated that at least 80% of all copper ever mined is still in existence – having been recycled time and again and in use today somewhere, somehow.

We believe Sustainability needs to be woven into every aspect of our business, starting from increasing efficiency into our daily operations right up to green field projects. Through this Sustainable Development Report 2009-10, we give you a glimpse into our Sustainability framework as well as the initiatives which we have undertaken across the length and breadth of our company with the single focus of creating sustainable miracles.

We acknowledge that our business has the potential to directly or indirectly impact all our key stakeholders. We focus on the following pillars which are modelled on our parent company Vedanta's Sustainability strategy and which help us build miracles in the every relevant space:

- Environmental Stewardship
- Empowering Communities
- Nurturing People
- Health and Safety

"Stakeholders play a key role in making any organization successful. It is only by engaging with its stakeholders that an enterprise can expedite progress on issues ranging from increasing efficiency, to resolving key conflicts to managing growth across interest groups."

- Ramesh Nair - COO, SIIL

Stakeholder Identification

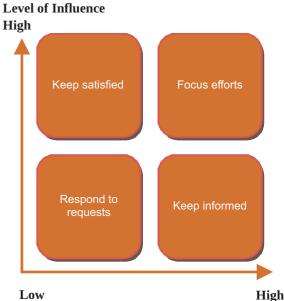
As an enterprise, we have several stakeholders. So we attempted a structured approach to identify stakeholder segments for engagement. Priority is given to those stakeholders who are directly impacted by the Company's operations and to those who can impact business itself. As shown, stakeholders were broadly categorized, depending upon the nature of impact a development intervention has on them and the degree of influence they form on the development decision.

We are committed to providing a safe, secure and healthy workplace for all employees by using the best technology and practices. Respect for nature, enhanced resource conservation and use of environment-friendly technology are embodied in our working. People are our key assets. We are committed to building a flexible, flat and learning organization with an engaged and high performing workforce. We believe in nurturing and mentoring leaders from within and providing opportunities for growth based on meritocracy, performance and integrity. Communities are integral to our business. We are committed to enhancing the quality of life of the communities near our operations and creating self-sustaining communities. We work to gain and nurture our social licence to operate in the host communities.

Stakeholder Engagement Mechanism

Stakeholders	Engagement Mechanism	Few Initiative
Communities & NGOs	Written Communication/ Need based discussions/ meeting with community representatives Open dialogue Survey & PRA's	 Giving educational suppo and giving scholastic exce Arranging monthly rural i Women empowerment: S generation projects Developing rural infrastru- works for schools, model Employment generation t HIV - AIDS awareness Horticultural trials with le Save-a-child heart progra Mother-daughter Mela
Government & Regulators	Monthly reports Monthly inspections	Regular compliance with Submission of monthly re Immediate response by th issues raised by the Gove
Employees	 Intranet facilities Newsletters Monthly and quarterly Training programs Employment suggestion scheme Communication meeting 	Employee suggestion sch Spot recognition scheme Employee retention bonu Event management team CEO kitty Team of the month Mentor-Mentee ideas@Sterlite Employee of the month & Family get-together
Customers	 Discussions / personal interactions on a daily basis Plant Visit 	Customer satisfaction sur Online access through E- Faster response for custor Arranging for plant visit
Suppliers / Transporters	 Discussions / personal interactions on a daily basis Plant Visit 	Vendor meets Drivers' training program Vendor Satisfaction Surv Evaluation of Vendor Site
Contract Labourers	Induction programs Training programs	Rewards & Recognition Welfare facilities for Con Contractor Safety Manag Idea Schemes Safety Performance Bonu
Educational Institutions	 Management Development program Academic interactions 	 Employees are guest fact Employees are sent for M programs
a J Investors/Shareholders	Redressal of investor grievances Quarterly/half-yearly results Website, Newspaper ads	 Annual reports Annual Shareholders' me

14



Level of Interest

s by the Company ort by organizing a study center cellence awards and scholarships l health camps and rural health unit Sterlite SHG and income ucture: Total sanitation, renovation l village development through coastal livelihood project ocal farmers rules, regulations & stipulations ne way of corrective action on rnment authorities vea Salesmate n for safety tractors as a part of HR initiatives ement Cell lties at leading institutions lanagement Developmen

We continuously engage with stakeholders to understand their expectations, which in turn enables us to respond to issues which have the potential to affect our operating environment and our community. The engagement helps us to identify and document significant opportunities, challenges, priorities and reasons. It is also in line with our commitment to the timely disclosure of relevant and reliable information on financial performance, the entire gamut of activities relating to Environment, Occupational Health and Safety (EHS), and social initiatives. Sterlite believes that the disclosure of all appropriate and useful information with regard to Company activities that can have an impact on stakeholders is at the heart of good governance. Alongside is a summary of Sterlite's key stakeholders, our mode of engagement with them and initiatives undertaken whether statutory or otherwise, to positively affect them.

Materiality Analysis

A cross-functional team representing the key stakeholders – Employees, Suppliers & Transporters, Customers, Communities, Media, Environment and Regulatory Authorities went through a 3-step process to identify key material issues.

At Sterlite, materiality analysis is used to identify environmental and social challenges and opportunities that are important to our stakeholders and to prioritize them in our business strategies.

A combination of engaging with our external stakeholders and internal strategic alignment ensures that this process leads to identification of key material issues. By linking our non financial performance with our business strategies, we focus our creating sustainable miracles which make us a successful company.

The process followed is:

Identification of Issues

The cross-functional team identified issues specific to the stakeholders, which they represented based on the following:

- Relevance to direct short-term financial performance
 Best practice norms exhibited by peers
 - Ability to deliver on Company's strategy and policies
- Societal norms



Identification of Material Issues

Issues identified were put through objective assessment using a materiality matrix, where it was assigned scores depending on their bearing on factors such as Reputation, Operational Efficiency, Talent Attraction, Access to Market, Environmental Footprint, License to Operate, Innovation Trigger, Access to Capital, etc. A threshold score was established to classify points into material and nonmaterial issues. A threshold score indicates whether an issue is considered significant enough to require corporate action (and at what level) and whether it is significant enough to provoke stakeholder action (and at what level).

Identification of Material GRI Indicators

A total of 67 material issues were identified through the materiality exercise. "Following which, GRI (G3) indicators and Global Compact principles covering critical issues were identified and the data collected and reported here". These material issues are addressed under various stakeholder categories as dedicated sections such as Economic Performance, HR, Corporate Social Responsibility, Health, Safety & Environment and Supplier Management.

Approach to Reporting

Sterlite's Sustainable Development Report 2009-10 which covers the environmental, social and economic performance has been based on the GRI – G3 Reporting Framework and the United Nations Global Compact principles. This will be Sterlite's third sustainable development report following the 2007-08 and 2008-09 reports.

The indicators can be found across the following key sections of the report:

- Economic and financial performance The Miracle of Value Supplier & vendor management The Miracle of Partnership Creation
- Corporate social responsibility The Miracle of Community
- Human resources The Miracle of Empowerment

Reporting Scope and Boundary

The Sustainable Development report 2009-10 communicates the initiatives undertaken during the period April 2009 to March 2010 across the following:

of Sensitivity

1. Sterlite Copper, Tuticorin 2. Sterlite Copper, Silvassa

Listening to our stakeholders

Specific Feedback received on Sustainable Development Report 2008-09 which has been incorporated as suggestions for this year's report are as follows:

- Giving values in US Dollars
- Giving a quick glance approach where significant change in values has occurred across different areas of work
- Interactive web report



• Health, safety and environmental management – The Miracle

	Performance Parameter	Units	Target for 2009-10	Performance for 2009-10	Target for 2010-11
H	HEALTH & SAFETY				
can Cu	Number of findings on occupational illness	Number	0	0	0
	Fatalities	Number	0	3	0
	LTIFR		0.20	0.62	0.10
	Severity Index		0.10	17.94	0

ENVIRONMENT				
CONSUMPTION OF WATER				
Primary Consumption	(million) M ³	3.11	2.84	2.56
Primary Consumption (Specific)	M ³ /MT of Cathode	7.90	6.30	5.62
CONSUMPTION OF ENERGY				
Primary Energy Consumption (incl Fuel)	(million) GJ	5.12	4.69	4.70
Primary Energy Consumption (incl Specific)	GJ/MT	17.15	16.95	16.38
SOLID WASTE GENERATION				
Hazardous Waste Generation	TPA	71,876	86,638	68,282
FERRO SAND				
Sale of Slag	TPA	2,44,000	1,46,856	12,60,000
GYPSUM				
Sale of Gypsum	TPA	14,40,000	12,27,027	18,00,000
EMISSIONS*				
SO ₂ Emission from process plants	Kg of SO ₂ /T of H ₂ SO ₄	<1	0.71	<1
Total SPM (from process plants & CPP)	TPA	289.06	154.18	289.06
Fluoride emissions from PAP	TPA	17.11	7.65	17.11

(4	SOCIAL				
N	Contribution to the local community	Rs. in Crores	1.66	1.48	1.68
	Total number of employees	Number	1,167	1,254	1,100
	Female employees	%	20	11	15

	PRODUCTION				
R	Main Products				
	Cathode	TPA	3,79,417	3,34,174	3,70,668
	Continuous Cathode Rod	TPA	2,50,401	1,96,882	2,50,932
	BY-PRODUCTS				
	Sulphuric Acid	TPA	12,57,521	10,36,353	12,76,231
	Phosphoric Acid	TPA	2,24,302.50	2,05,844	2,42.513
	VALUE ADDED PRODUCTS				
	Bismuth Bisulphate	TPA	17	0.44	14.50
	Selenium	TPA	97	115	128

Performance at a Glance - 2009-10

*All targets are as per regulatory standards



Business excellence is achieved when a company adheres to the highest levels of accountability, efficiency, responsibility and fairness across all areas of operations. This is the crux of Corporate Governance. At Sterlite Industries (India) Limited (SIIL), we aim at achieving transparency, accountability and equity across all facets of our operations and in all interactions with stakeholders, while fulfilling the role of a responsible corporate citizen committed to sustainable business practices.

The Company maintains good corporate practices which constantly undergo change and improvement, keeping its core goal in mind — maximizing stakeholder value. A firm focus on business ethics and commitment to Corporate Social Responsibility gives the Company the impetus to achieve excellence in its spectrum of stakeholder-advancement initiatives. The mandate is clear: all our operations and actions must benefit and be of value to every life we touch, and be sustainable for all time to come.

At SIIL, the overall governance structure is reviewed by the Board of Directors. At present, the Board has six members, with a mix of promoter, professional and independent directors. For further details on the governance structure of Sterlite, refer the corporate governance section of the annual report.

The Company's Corporate Governance structure is based on the following principles:

- Trusteeship: A transparent and independent Board with a balanced composition and size can provide effective leadership to the Company. The Board is the trustee for all the stakeholders.
- Aim: Accountability, independence, effective internal surveillance, voluntary legal compliance and governing rules & procedures.
- Entrepreneurship: Empowering the management and employees, especially women, to showcase strength, ownership, innovation and passion to excel and lead.
- Creating value: Efficient resource management to enhance enterprise value and return on investment.
- Concern and respect for people and environment: Working for society and the community.

These principles are reflected in the Company's day-to-day initiatives and policies.

The Board of Directors remains at the helm of affairs, guiding the Company by approving the broad framework and policies, annual operation plans, budgets and expansion plans. The dayto-day management is handled by the Copper Management Committee comprising the CEO, COO, CFO, Business Heads, Head - HR and Marketing.

Code of Business Ethics & Conduct

The Board of Sterlite Industries (India) Limited, in its meeting held on 12th January 2007 adopted the revised Code of Business Ethics which is applicable to all Board members, Senior Management and all employees of the Company. The code of business ethics and conduct is available on the website of the Company, www.sterlite-industries.com. All Board members and Senior Management personnel have affirmed compliance with the code of business ethics and conduct. The Whole Time Director, the Chief Executive Officer, the Chief Operating Officer have also confirmed and certified the same. The Company has a very strong internal control mechanism with a dedicated team called 'Management Assurance Team' (MAS) who run a well-defined framework to review all the compliances of Companies policies, and laws applicable to the Company. At the unit level, the Company has a compliance review mechanism which reports monthly compliance to Senior Management. The compliance status is updated to the Board of Directors every quarter.

Shareholders'/Investors' Grievances Committee

The Shareholders' Grievances Redressal Committee is empowered to perform all functions of the Board in relation to handling of Shareholders' Grievances, primarily focusing on review of investor complaints and their redressal, queries received from investors i.e. transfer of shares, issue of share certificates, non-receipt of Annual Report, non-receipt of declared dividends, etc. and work done by Share Transfer Agents. The Committee comprises of three members who met four times during the year - on April 28, 2009; July 29, 2009, October 29, 2009 and January 25, 2010.

Remuneration Committee

Sterlite's Remuneration Committee is responsible for recommending the fixation and periodic revision of remunerations (including commissions and/or incentives, etc.) of the Managing Director and Executive Directors.

This is done after reviewing their performance based on predetermined evaluation parameters and the Company policy of rewarding achievements and performance. The compensation for members of the highest governance body, senior management team, is based on the variable pay scheme over and above their monthly fixed components. The compensation is decided on the basis of the individual performance and measurement of business deliverables. This variable pay policy addresses the enterprise score card mechanism which measures all the business deliverables.

Share / Debenture Transfer Committee

The Board of Directors have delegated the power to approve share/debenture transfers, transmission and consider split / consolidation requests to the Share / Debenture Transfer Committee. The Share/Debenture Transfer Committee met eighteen times during the year.

Banking and Authorization Committee

The Banking and Authorization Committee consists of six members, i.e. 2 Directors and 4 Senior Management officials of the Company. The Committee approves, on behalf of the Company, any changes in authorised signatories for banking operations, delegation of powers for day-to-day excise and sales tax matters, authorization to specific employees for certain contractual obligations and such other delegation as may be required. The Committee met once during the year and other business was transacted by circulation.

Audit Committee and its role

As on March 31, 2010, the Company's Audit Committee consisted of Mr. Gautam Doshi (Chairman), Independent Director, Mr. Sandeep Junnarkar, Independent Director, and Mr. Berjis Desai, Independent Director. Mr. Gautam Doshi is the financial expert in the Audit Committee and all members have accounting and financial management knowledge and expertise. The Committee met six times during the course of the year on April 28, 2009, May 30, 2009, July 29, 2009, September 19, 2009, October 29, 2009 and January 25, 2010.

The Management is responsible for the Company's internal controls and the financial reporting process which is done internally by the MAS Team. The Company, on a rotation basis, appoints internal auditors who review the compliance of Group policies, internal control and laws and regulations. The Statutory Audit is undertaken by the Statutory Auditors who are responsible for performing statutory audit under the Companies Act, 1956, of the Company's financial statements in accordance with generally accepted auditing practices and for issuing reports based on such audits.

The Board of Directors have constituted an Audit Committee 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 and has entrusted it to supervise the below mentioned processes and thus ensure accurate and timely disclosures that maintain the transparency, integrity and quality of financial control and reporting.

The functions of the Audit Committee of the Company include the following:

- 1. Oversight the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible
- 2. Recommending to the Board, the appointment, reappointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees
- 3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors
- 4. Reviewing, with the management, the annual financial statements before submission to the Board for approval
- 5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval
- 6. Reviewing, with the management, performance of statutory and internal auditors, the adequacy of the internal control systems
- 7. Reviewing the adequacy of the internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit
- Discussion with internal auditor on any significant findings and follow-up thereon
- 9. Reviewing the findings of any internal investigations by the internal auditors particularly into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board
- 10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern
- 11. Reviewing the Company's risk management policies
- 12. Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors

- 13. Reviewing any changes in the accounting policies or practices as compared to the previous financial year and commenting on any deviation from the Accounting Standards
- 14. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee
- 15. Reviewing the financial statements, in particular, the investments made by the unlisted subsidiary companies (if any), in view of the requirements under Clause 49.

All disclosures relating to financial and commercial transactions where Directors may have a potential interest are provided to the Board, and the interested Directors do not participate in the discussion nor do they vote on such matters.

Disclosure of Accounting Treatment in Preparation of Financial Statements

Sterlite has followed the guidelines of accounting standards laid down by the Institute of Chartered Accountants of India (ICAI) in preparation of its financial statements.

Code for Prevention of Insider-Trading Practices

In compliance with the SEBI regulation on prevention of insider trading, the Company has instituted a comprehensive code of conduct for its Directors, management and officers. The code lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with shares of the Company, and cautioning them of the consequences of violations. The code clearly specifies, among other matters, that Directors and specified employees of the Company can trade in the shares of the Company only during the 'Trading Window Open Period'. The trading window is closed during the time of declaration of results, dividend and material events, etc. as per the Code. The Company Secretary is the Compliance Officer.

Communication to Shareholders

SIIL puts forth key information about the Company and its performance, including quarterly results, official news releases, and presentations to analysts, on its website www.sterlite-industries.com regularly for the benefit / information of the public at large. During the year, the quarterly results of the Company's performance have been published in leading newspapers such as 'The Economic Times' in English and 'Dinamalar' (Tamil Nadu edition) in the vernacular. Hence, they are not separately sent to individual shareholders. Sterlite, however, furnishes the quarterly and half-yearly results on receipt of a request from any shareholder.

Whistle-blower Policy

Sterlite has a whistle-blower policy, where any instance of non-adherence to the Policy or any observed unethical behaviour is to be brought to the attention of the Head of Management Assurance System.



Our economic impact can be categorized according to the affected groups (see Economic Value Summary). Immediate economic impacts are through the salaries and benefits are paid to employees and the money paid to our suppliers and contractors. Communities benefit directly from our social investment made through our Corporate Social Responsibility (CSR) activities, through voluntary donations and indirectly through spending by our employees and our suppliers. We also contribute to the National Exchequer, discharging responsibilities by paying all applicable taxes and levies (refer Table 1).

Economic Value Summary

Sterlite clocked revenues of USD 2,765.56 million in 2009-10 against USD 2,439.05 million in 2008-09. The increase in revenues is attributed mainly to the increase in Sales Volume and LME prices, which is basically a supply demand factor (refer Table 2). The Indian copper market continues to demonstrate a robust growth rate of 4% in 2009-10.



In relation to the sales volume, SIIL achieved domestic sales of 2, 06,150 tons and export sales of 1,27,095 tons. 2009-10 was a challenging year for the entire industry and global economy. Sterlite has performed exceptionally well this year by achieving the highest ever Anode Production of 3,32,056 tons and the same benchmark has been set for domestic sales. Cathode production for 2009-10 was 3,34,174 tons, 6.83% higher than the previous year due to planned maintenance in 2009-10 and lower copper grade in concentrate during 2008-09 (refer Table 3). The acid business faced a sharp decline in prices in the year 2008-09, mainly on account of cheaper fertilizer imports and low sulphur costs (refer Table 4). The same scenario occurred in the initial period of the year 2009-10. But with the passage of time, the Acid market showed signs of improvement and the year finished with good performance of the Acid business. One more milestone has been set by Sterlite this year by selling highest ever phosphoric acid in comparison to the last three years.

Table 3 - Copper Export v/s.Domestic Market (in tons)				
Particular	2007-08	2008-09	2009-10	
Export	1,80,035	1,14,114	1,27,095	
Domestic	1,57,037	1,98,453	2,06,150	
Total	3,37,072	3,12,567	3,33,244	

Copper | The Miracle of Value Creation

Reaping dividends through robust growth

Table 1 - Payment to Government					
Particular	2007-08 2008-09 2009-10				
	in USD (million)				
Total Payment	294.81	225.64	350.86		

Table 2 - Our Economic Performance 2009-10						
ticular	2007-08	2008-09	2009-10			
	in USD (million)					
Turn over (Net of duties)	2,672.29	2,439.05	2,765.56			
sonal expenses	13.96	17.35	16.30			
ained earning	409.97	565.88	546.39			
ital Expenditure	20.89	22.42	21.44			

Table 4 - Acid Sales (in MT)					
Phosphoric Acid			Su	lphuric Ac	id
2007-08	2008-09	2009-10	2007-08	2008-09	2009-10
1,60,665 1,57,108 2,05,836 6,14,098 5,13,307 4,84,453					

Investors and shareholders

Shareholders receive dividends and may benefit from growth in the value of their shares. In 2009-10, SIIL's dividends were worth USD 76.20 million (refer table 5). SIIL has announced bonus shares in the ratio of 1:1 and split of its equity shares of Rs. 2 each (approximately 4 cents each) into equity shares of Re. 1 each (approximately 2 cents each). Sterlite Industries (India) Ltd. puts forth key information about the Company and its performance, including quarterly results, official news releases, and presentations to analysts, on its website www.sterlite-industries.com regularly for the benefit of the public.

Table 5 - Investors				
Particular 2007-08 2008-09 2009-10				
Dividends (USD million)	59.76	52.29	76.20	

Community

CSR activities are a critical component in the overall vision of the Company to be a respectable corporate citizen. These are imbibed and implemented as part of the Company's DNA, rather than as an adhoc measure. Consequently, spend on CSR is taken up as part of the overall Business Plan exercise and aims to bring focus to the activities which will help achieve the overall corporate objectives. SIIL plays the role of a catalyst in bridging the community needs and the resources for sustainable development. Health, Education, Women Empowerment and Rural Infrastructure Development are the thrust areas under which SIIL has made significant contribution. Please refer to the dedicated section on CSR in this report (refer page no. 24).

Contribution to Community					
Particular	2007-08	2008-09	2009-10		
Community Development Initiatives (USD million)	0.18	0.39	0.35		
Donations (USD million)	0.28	0.19	0.04		
Total (USD million)	0.46	0.58	0.39		

Vendors

Vendors and suppliers are considered as business partners of the organization and are treated accordingly. SIIL's key suppliers and partners are informed of our vision and mission and the key deliverables expected from them through supplier / vendor meets and our website. Suppliers are evaluated based on their deliverable performance. The vendor meet conducted in Chennai in August 2009 was a grand success, with over 200 of our business partners attending the same. Periodic vendor review and feedback is also carried out to align them with our overall business requirements.

Suppliers				
Particular	2007-08	2008-09	2009-10	
Cost of Material, Goods and Services (USD million)	2,464	2,128.25	2,665.71	

Employees

In 2009-10, we employed over 1254 employees directly and 1715 employees through contract mode, thereby contributing a remuneration of Rs. 82.30 crores for Sterlite's operations. At SIIL, the Human Resources department supports the business operations to achieve key targets by implementing Key Result Areas (KRAs) and prescribing performance parameters for each employee. It motivates employees to innovate and improve their performance through various reward and recognition schemes like employee/team of the month, CEO kitty, etc. Employees are also part of cross functional and cross cultural teams. They are encouraged to contribute to the various community initiatives through volunteerism. Employees who volunteered were recognised in the 'Employee Communication Meet' to promote 'Corporate Volunteerism' among employees.

A Structured Employee Satisfaction Survey conducted at periodical intervals reveals the level of satisfaction and enables necessary follow-up actions. Quality of need-based training, HR transparency and sensitivity to people issues, employee of the month, Ideas@Sterlite effectiveness, etc are some indicative parameters that are measured through this satisfaction survey.

Employees				
Particular	2007-08	2008-09	2009-10	
Total No. of Employees	1,232	1,285	1,254	
Salaries, Wages, Bonus and Allowances (USD million)	10.56	12.99	12.55	
Contribution of Provident Fund and Other Funds (USD million)	0.68	0.79	0.77	
Contribution to Gratuity and Annuity fund (USD million)	0.20	0.29	0.45	
Participants in employees stock purchase plan	1.06	1.71	0.98	
Staff Welfare Expenses (USD million)	1.20	1.37	1.39	
Total employees training spend (USD million)	0.26	0.20	0.16	

Given the dynamic environment of the global economy combined with climate change looming large, every company is faced with risks that it needs to combat and opportunities that can become areas of improvement and provide an outline for sustainable development. At Sterlite, the Company is well equipped to handle the business challenges posed by the current global economic conditions apart from the inherent risks to which the industry is exposed.

For Sterlite, the current business operations are exposed to the following significant risks and opportunities:

Risks

- ✓ Fluctuations in metal prices on the LME and LBMA
- ✓ Currency fluctuations
- ✓ Limited availability of natural resources, especially concentrate and rock phosphate
- ✓ Limited infrastructure availability
- Disposal of bulk by-products such as slag √
- ✓ Developing / managing relationships with Government and other stakeholders (e.g. local community, opinion makers, local administration, etc)
- Availability of potential employees, their retention and succession plan
- Compliance requirements of health, safety and environment regulations
- Natural calamities and man-made disasters



Copper | Risks and Opportunities

Opportunities

- ✓ Tie-up long term contracts for ensuring consistent supplies for concentrate and rock phosphate
- ✓ Focused approach to inventory management to minimize cash outflows
- ✓ Explore and establish sustainable usage of slag in cement and road applications
- ✓ Develop infrastructure at port and inside plant for higher bulk material movement to cater to expansion requirements.
- Competency mapping and creating resource pool to ensure that succession planning is ensured
- ✓ Reduction of overall COP and improvement in margins by cost reduction programs
- Use of technology/automation initiatives to leverage implementation of best practices

When people work together, anything is possible. This is why we at SIIL involve the community at every step. This goes a long way in fostering their ownership and pride in CSR projects successfully executed. We interact with the local people from initial planning stages right through to the final execution.



Don NGO Acad Natio Hosp

Sterlite follows an approach of playing a catalyst role between Government agencies and domain specialists such as NGOs, academic institutions, nationalized banks & hospitals to deliver community results of high impact.

SIIL seeks to keep the community informed, with regard to various Government schemes, which have been established for their benefit. Based on the people's demands, projects are planned and executed, with each stakeholder playing a contributive role in the community.

At SIIL, we believe that an educated, healthy community living in clean and hygienic conditions can stand on their own feet and do things they never dreamt possible.

Education Projects - Nurturing success that goes beyond academics

From the very basic three R's (Reading, writing & arithmetic) to recognizing academic excellence, we cover an entire gamut of education programs. Our holistic approach ensures that every person who wants to learn gets an opportunity to do so, regardless of age or gender. We also conduct training programs for teachers, to ensure a specific quality standard in the teaching methods.

Through the endeavors, we witness miracles everyday

changing drop-outs who earn a distinction for themselves, achieve cent percent enrollment in schools, to career guidance that gives final year students a new determination of supporting themselves and their families. Single parent children are given special treatment under the project.

SIIL has launched a host of initiatives which are success stories in their own right. Here's a quick overview:

Project	Success Impact
Evening Study Centers	1781 students across 24 centers
Scholastic Excellence Awards	24 District toppers
Educational Scholarships	9 students during the reporting period
Notebook distribution	2,225 students
Support to children of single parents	591 students
Training for teachers	19 teachers

Copper | The Miracle of Community

Nurturing Self-Sufficiency

Our ancient civilization believed Copper to be a 'pure metal' and it has been scientifically proved that copper vessels are safer and healthier options to store food and drinking water due to its anti-fouling properties.

The Miracle of Changing Lives



Community is one of our most important stakeholders, forming a key pillar to achieving success in our Sustainability journey. We believe that our core concept of 'Changing Lives' can help bring miracles in the day-to-day lives of people, living in the rural and coastal areas of Tuticorin and Silvassa.

At SIIL, we strive to improve the quality of life in and around our operations in a way that promotes self reliance. Education, Health, Women Empowerment and Rural Infrastructure are the pillars on which our CSR programs are based, to deliver a better tomorrow for women, children and youth. The activities aim to benefit the community as a whole, so that each and every person experiences the miracle of a vibrant, self-supporting community.

Aligning our initiatives with the United Nations' Millennium Development Goals and the principles of the Global Compact, we work together with the community, the NGOs and the government - together creating miracles.

"We do not see CSR as charity; not even as a responsibility; but as an opportunity to change. All our CSR activities are determined by the concept of 'Changing Lives', where we constantly endeavor to improve the quality of life of the communities where we operate."

- Ramesh Nair - COO, SIIL



pproach		
	Catalyzing Miracles	
ain experts s		
emic institutions nalized banks	STERLITE Facilitates	Government resources
itals		
	Community results	
<i>c</i> 11		





Health Projects - Nurturing Healthy Mindsets

Where Healthcare is concerned, we focus mainly on the Mother and the Child. We aim to improve mother and child-care facilities in all the geographies we touch. In addition, we run a plethora of programs that seek to improve the wellbeing of the populace starting right from inducing a behavioral change to creating a natural tendency to healthy habits.

Here too we adopt a holistic approach; from offering an array of health services to running need-based health camps, to supporting Government health initiatives and partnering with their efforts to raise awareness on key issues such as HIV-AIDS. It is heartening to see that our employees too play an active role – for instance, 43 of them donated generously at a Blood Donation Camp.

Following is a list of the projects we are conducting, along with the number of people whose lives are directly impacted:

Project	Number of People Helped
Sterlite Pediatric Block	200 children/day
Save A Child Heart Program	44 children
Rural Health Clinics	6,270 people across 7 Clinics
General Health Camps	3,472 people
Polio Eradication Project	22,000 children
Project Clean Hand	550 children
Eye Camps	900 people
Industrial Intervention on HIV-AIDS	1,011 students across 11 schools and 325 members of women self help groups
Blood Donation Camp	43 employees donated blood
Partnering with Government Multi Speciality camps	1,500 people



"The significant support extended by SIIL towards the 'Save a Child Heart' programme in association with the District Health Society is highly commendable. SIIL has touched the Young Buds Heart and given rebirth."

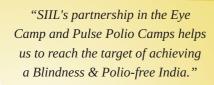
- Dr. S. Uma, Deputy Director of Health Services, Tuticorin

First Aid Training

Sterlite's CSR department organized "First Aid Training" for nine teachers in Chinchpada school premises, Silvassa. At the end of the training, First Aid Kits were distributed to the participating schools.

Specialized healthcare for children

SIIL completed the construction of an exclusive Pediatric Block in the government hospital campus to help the hospital to provide improved healthcare for children of the Tuticorin district.



Dr. D. Selvi, Medical Officer -Pudukottai Primary Health Center, Tuticorin



Rural Infrastructure Projects - Nurturing the Current and Future Community

When basic amenities are improved, people are privy to better living conditions, and this only leads to the advancement of society as a whole. Our objective in this regard is two-fold: On one hand, we encourage community participation in order to put in place relevant solutions that sustain self-sufficiency. At the same time, we partner with Government's initiatives to improve the rural landscape and bring about development at a faster pace.

The miracle of model villages had unfolded before our eyes - through our programs, we have ensured no school dropouts in these villages; while kitchen gardens provide sustainable livelihood, healthcare & nutrition and sanitation facilities are significantly improved and women are empowered to take on their own enterprises. Our specific initiatives with regards to rural infrastructure are listed below, along with the successes we have achieved:

Project	Achievements
Total sanitation	76 policies
Model villages	3 villages
Child friendly villages; Celebration	No school dropouts
of 1st birthdays of all babies	12 first birthdays c
Kitchen garden	2,000 families

Sterlite Women Empowerment Project (SWEP)



Sterlite Women Empowerment Project (SWEP) envisages social and economic empowerment of women. The aim of the project is to generate supplementary income for women Self Help Groups (SHGs) and to provide training to upgrade the skills of women by creating opportunities for viable economic activities. With the objective of empowering rural and coastal women, SWEP was launched on March 5th 2005. 1012 Self-Help Groups (SHGs) have been formed, covering 14,095 rural women from marginalized sections of society. More than 151 groups

have taken up profitable income generation activities. Focus has been given to microfinance as a strategy to reach more women and involve them in the development process. The microfinance has helped to alleviate poverty and maximize economic output. The income generation activities vary from prawn pickle processing to dry flower making, household provision supply, candle making, milk vending, rabbit rearing, vessels rental and petty shops.

The Project was implemented in partnership with six local NGOs. Around 30 field level group organizers have been playing a key role in forming women groups at the village level. Periodic training programs have been organized for the women groups which include training in book keeping, leadership qualities and decision making. The SHGs hold regular monthly meetings, which provide a platform for sharing and discussing broad social, legal, political and economic issues that affect their lives, and help identify the income generation programs. Exposure visits to different markets have been organized for the group members, helping them to learn marketing skills and from other people's experiences. The groups, recognized by the District Women Development Corporation of the Government of Tamil Nadu, repay the bank loans in easy installments.

Result

The income generation programs have enabled the women to increase their family income and on an average, earning increased to Rs. 2200 -3000 per month as additional source of income. During the reporting period the groups have availed of loans ranging from Rs. 50,000 to Rs. 4,00,000. The project has enabled the women to have greater access to capital credit.

The Rock Tamira Group, headed by Ms. Selvarani, the first SHG in Tamil Nadu received the Government order to supply 3,000 beds and 6,000 pillows to the retail handloom shops in Tamil Nadu for the first time in the span of 75 years.



ts in model villages; celebrated

> "SIIL's Women Empowerment Project results in economic empowerment of women, by helping them turn into
> entrepreneurs. This is visible in Tuticorin through microenterprise."
> Mr. S. Selvakumar, Employee



International Women's Day Celebrations

SIIL celebrates International Women's Day by organizing a grand public function of SHG women members under the Sterlite Women Empowerment Project on March 8th of every year, since 2006. This program helps to create awareness about International Women's Day and to encourage and inspire more SHG women under SWEP to undertake Income Generation Projects. The most interesting part of this function was the parade and drill performed by over 7000 SHGs, which was the first and largest of its kind in this part of the state. Awards for excellence in Income Generation Projects, for the 24 Best SHGs, 11 Entrepreneurs, two Woman Exemplars and also for 6 respective NGOs were also distributed during this occasion. A variety of folk dances like Karagaatam, Oyilattam, Kolaattam, OyilKummi, and Villupattu were performed by the SHGs . Also various sports events were conducted and prizes distributed.



Coastal Livelihood Project (CLP)



SIIL launched a 'Coastal Livelihood Project' to promote technical skills among coastal youth in Tuticorin. ₹ 15-lakh is allocated for this project which enables them to get employment in different fields, with the support NGOs. In 2009, ₹ 12 lakhs was spent on the project offering vocational education to more than 325 people. Eighteen courses are offered under the initiative that include fashion designing, desktop publishing, shipping management, nurse assistant training, garment manufacturing and so on. SIIL has identified various areas of skills development which need to be offered to the fishing community members such as:

- Computer training
- Beautician
- Nursing assistant
- Cell phone mechanic
- Embroidery
- Tailoring
- Shipping management

These trainings have given confidence to the young men and women of coastal areas and helped them to find a job in Tuticorin. During the reporting year, we have achieved an employability rate of 68% with an average earning of ₹ 3000-4000 per month.

Awards and accolades

Two women members Ms. Dhanalaxmi and Ms Maria Ponnammal of the Sterlite Women Empowerment Project, received the "National Virtual Academy Fellowship" award from M.S.Swaminathan Research Foundation".

"SIIL Coastal Livelihood vocational trainings have boosted up the coastal youth in generating supplementary income for their families. SIIL's involvement in the CLP project is superb."

- Mr. S. Princeton Ferando, **General Secretary - Coromandel** Social Service, Tuticorin

CSR Activities at Silvassa

SIIL supported the "Mother Daughter Mela" initiated by the Education Department in Chinchpada Primary School, Silvassa. Around 65 students and their mothers attended the program, whose objective was to help reduce the girl child's school drop-out rate and also to improve their hygiene habits.

SIIL helped to improve the infrastructure of Chinchpada School, by supporting their garden development and beautification of school premises and classrooms. As part of the garden development, 1,100 saplings were planted in the school premises and a new gate was installed at Chinchpada Primary School.

SIIL inaugurated two borewells with hand pumps and handed them over to villagers in Chinchpada-Khadiphada and Nimalphada Village, Silvassa. 250 villagers obtained easy access to drinking water.



Donation of Suiting & Shirting Material - Vanvasi Kalyan Ashram



The Silvassa unit of SIIL provided suiting & shirting material to 100 tribal students of 'VANVASI KALYAN ASHRAM' in Randha and Khanvel, Silvassa with a contribution of ₹5000/- towards stitching charges.







Employee Volunteerism

Sterlite recognizes that employee volunteerism benefits the Company, the employee (both personally and professionally) and the community. At SIIL, employee volunteerism is a key part of our activities related to community development. Employees keenly participate in activities that benefit the deprived and lesser privileged. An amount of ₹ 2 Lakhs was donated by 256 employees for supporting CSR activities. Some of the activities, heartily participated in and supported by employees are:

Activity	Achievements
Leprosy home	Contribution by 12 employees for the St Josephs leprosy home
Supporting physically challenged women	Purchase of tricycle for Ms. Kaliammal of South Veerapandiapuram Village from contribution of employees
Supporting parentless children	Distribution of free notebooks and school bags for 591 parentless children, through donation by 48 employees
Supporting washermen community	Ironing vehicle and Iron boxes distributed to two villagers of South Veerapandiapuram, through donation by 16 employees
Supporting fire-affected families	Donation and support to 3 families affected of Inigonagar by fire accidents, by 11 employees



CSR team and employees visit the Leprosy Home

Once in a while, Miracles too need a reality check!

Although we have been pursuing CSR activities since 1996, and are fairly confident of the results, we decided to undertake a reality check to determine possible areas of improvement and plan the way forward. Therefore, in early 2009, SIIL's Tuticorin unit engaged M/s AC Nielson to conduct a study to understand the current brand status among the neighborhood community, and help identify ways to further improve our services to the community.

The methodology followed was Quantitative House to House Surveys, as well as Face to Face Interviews using a Structured Questionnaire.

Some key areas requiring focus:

- To conduct more health and hygiene related camps in needful areas from northern blocks i.e. Kayathar and Vilathikulam, Tamil Nadu.
- To focus more on health / hygiene-related activities and transportation.

Whilst we are currently formulating a strategy for initiating some of the activities recommended, few activities are already under progress. Each activity will have a measurement approach built in to determine its efficacy.

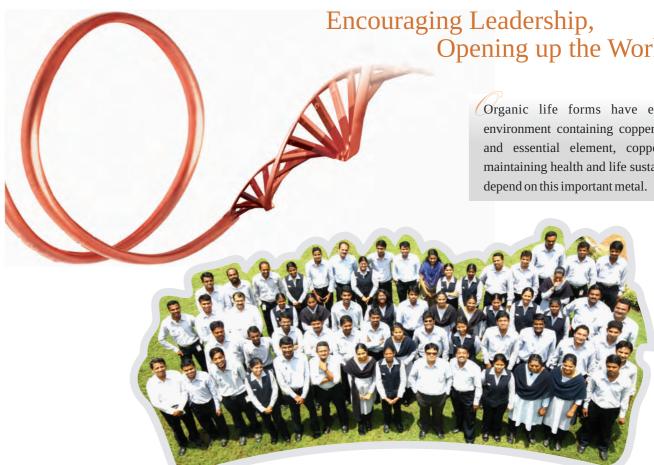
CSR External Review

We hired the services of KPMG, in April 2009, to study our current CSR activities and give us their observations and recommendations for improvement. They interviewed stakeholders such as members of the community, staff of NGOs and representatives of Government departments.

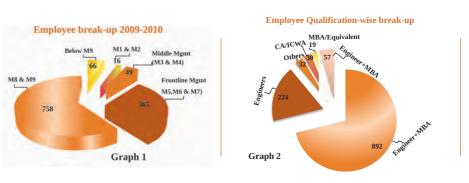
Recommendations made are under review and we are trying to assess the impact of the same on the community if we were to implement them. The emphasis on long-term investments in education, infrastructure and resources made by KPMG is already in alignment with our corporate strategy and we are committed to create bigger miracles with the community in the long term.



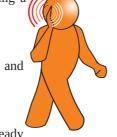
Dress materials distributed to the inmates of the home



Just as copper ore goes through a rigorous refining process before the Miracle Metal is created, so too our people are trained, challenged and developed to bring out the best in them. At SIIL, we believe that people are our biggest assets in creating a worldclass organization. One of the key to achieve the true miracle of sustainability is to empower employees, especially young talent, with the objective of evolving potential leaders. Our mission is to attract and build a progressive, motivated and engaged workforce who will take SIIL to new heights. As of March 2010, the total workforce employed by SIIL was 1,254 (refer to Graph 1, 2, and 3).



"For any organization to grow in a sustainable way, employees play a key role. We are therefore in a continuous process to identify what our employees expect of us and try to give them a company which they are proud to be associated with in every dimension."

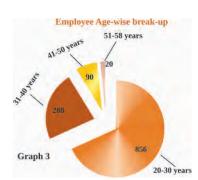




Copper | The Miracle of Empowerment

Opening up the Workplace

Organic life forms have evolved in an environment containing copper. As a nutrient and essential element, copper is vital to maintaining health and life sustaining functions



- Suresh Bose, GM-HR, SIIL

Our recruitment strategy: 'Get, Nurture and Grow'

Our strategy is to source the best talent as trainees, through campus recruitments from best-in-class institutes. For senior level positions, we try to get suitable candidates from our group companies through internal advertisements; else we recruit them through advertisements and consultancy firms.

We offer an environment conducive to work, competitive salary packages and perks in order to attract the best people and retain them. Our focus is to maintain a healthy geographical mix amongst our employees from all regions. We believe in equal opportunity and do not discriminate on the basis of color, caste, region, religion and sex.

Learning and training development – Nurturing future leaders

We focus on learning and development to enhance knowledge and skills, and prepare our people to face any challenge. Our in-house Faculty Development Program gives opportunities for knowledge sharing, whereby any employee can take training sessions on business needs and self-development.

Detailed training calendars are drawn up for all management cadre employees, as well as non-executive employees, which cover -Individual training needs for achieving short-term employee objectives, and Organizational training needs for achieving long-term objectives. The training programs conducted for our employees are as follows:

- 1. Safety, Health and Environment
- 2. Quality Management Systems: 5S Practices, TPM Awareness, Quality, Environment, Safety Management System (QESMS), Structured Problem Solving Techniques
- 3. Functional / Technical Programs: Multi Skilling, On the job training
- 4. Behavioral Improvement Programs
- 5 Management Development Program (MDP)

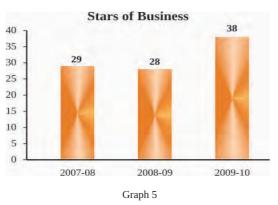
During the year, we had organized various training programs in order to achieve a minimum of 3-4 days of training for every employee.

Leadership Development

Our vision is to build a fast, flexible and flat organization with world-class capabilities and a high performance culture across all of our businesses. We believe in nurturing leaders from within and providing opportunities for growth across all levels and geographies.

Stars of Business and ACT UP

SIIL has a structured process to identify and nurture fast track performers called "Stars of Business". Top performers from middle to first level senior management are identified based on annual appraisals and their age. Short-listed employees are put under a leadership development program – Accelerated Competency Mapping & Upgradation Programme (ACT UP). They are earmarked for key roles, fast growth and increase in compensation. The mapping is done through an assessment center comprising case-study presentations, group activities, psychometric testing and one-on-one interaction. This is linked to the Sterlite Leadership Model to ensure future leaders have the required competency. Over the years, 124 Stars have been identified. They have proved to be an asset for the Vedanta Group and thus made Sterlite a leadership pool for Vedanta. Graph 5 refers to the number of Stars over the last 3 years.





"Sterlite gives me enough freedom to utilize my knowledge and skills for personal as well as organizational growth."

-Tushar Vyas, GET

CASE STUDY 1

Global Leadership Program - Positioning Miracle Workers across the world



2010.

CASE STUDY 2 **The Miracle of Mentoring**

This year at SIIL, we went in for voluntary nominations for Mentoring and around 36 people volunteered. This ensured that only people who have the innate need to guide new joinees become mentors. We also engaged an external expert – Mentor Learning – to conduct an assessment and design an Intervention Roadmap for us. Based on this, new joinees were given inputs on how they could utilize the Mentee - Mentor relationship effectively.

We also had a Skill Building & Certification program for 40 Managers, who were given insights on different personality types and how each type had to be guided. After the program, 8 Managers volunteered to become Mentors. To build momentum for this initiative, we drafted a communication strategy, sent out e-mails and put up posters about Mentorship around the plant. A Rendezvous Allowance of Rs. 500 per Mentee per month was also set, to encourage Mentor - Mentee meetings. Not only the Mentees, but also the Mentors have gained through the process, becoming more mature individuals who know how to nurture and groom future leaders.

CASE STUDY 3

The Miracle of Unleashed Creativity



The Business Excellence department embarked upon a new initiative -"Creativity Meet". The primary objective of this was to provide a platform for showcasing the meritorious ideas as case studies by respective owners, which leads to knowledge sharing amongst fellow participants. The 2 day event was facilitated by INSSAN (Indian National Suggestion Scheme Association), Northern chapter. The meet started out with presentation from participant employees including 5 contract employees, which was then followed a expert sessions from guest faculty. Subsequent to the success of this meet, a similar initiative has been taken up at Silvassa. To leverage on the success of this initiative, we intend to conduct inter-location competitions within Tuticorin and Silvassa in the near future, which will result in higher level of employee engagement.



This Program provides talented employees an opportunity to work overseas for 6-12 months on important projects and focused assignments. The objective is to create an elite pool of managers who are ready to take leadership positions in the globalized environment. Two cycles of the program have been completed, in which over 50 employees were covered from the operations, maintenance, mining and enabling areas (HR, Commercial, etc).

This year, 6 GLPs from Zambia stayed with SIIL for one year, for grooming on technical and behavioral skills. The GLPs of Vedanta also underwent a Leadership Development Program at Tuticorin on 26th & 27th January





HR Policies

Awareness Programs regarding Company policies and our Code of Conduct are conducted regularly, and we have several engagement processes to record employees' grievances. Inputs on the business code of conduct/ethics given is carried out regularly in communication meets, which include information on malpractices such as prevention, bribery and corruption. We registered one incident of malpractice by an employee for this financial year and the necessary action was taken. The Company's remuneration policy and practices do not differentiate on the basis of gender. As a principal employer for contractor laborers, we ensure that there is no grounds for discrimination and they are paid as per the Minimum Wages Act. Training and awareness programs were also conducted for employees on road safety and healthrelated issues such HIV/AIDS, Hypertension, etc.



Performance Evaluation System

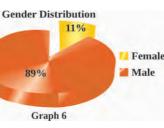
KPO (Key Performance Objectives) / KRA (Key Result Areas) are assigned to individual employees on a 'SMART' (Specific, Measurable, Achievable, Realistic, Time-bound) basis in line with our business plan. Targets are revised as per business needs through mid-term performance reviews. The performance of trainees / probationers is reviewed systematically and high performers are recognized by suitably curtailing their training / probation period. Through our Annual Performance Appraisal System, employees are awarded with a suitable rise in their compensation package based on their performance rating, with effective feedback on performance and areas for improvement.

Through ACT UP, Stars of Business are identified and their skill gaps bridged through appropriate training at reputed institutes. Stars are elevated and given cross-functional responsibilities / seconded to group companies, wherever required..

Women Empowerment



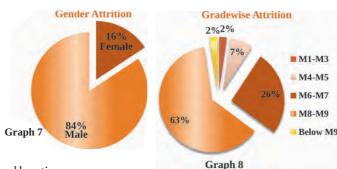
At SIIL, women employees are given equal roles and responsibilities in all areas. Our Women's Committee strives to foster the advancement, development and empowerment of women through continuous monitoring and effective working. Graph 6 refers to the percentage of women employed at SIIL for 2009-10 in ratio with their male colleagues.



A special function was held to celebrate International Women's Day on 8th March 2010, by the Women's Committee. Prizes were distributed to the winners of various competitions held as a run-up to the main event.

Employee Retention

Attrition, as with all companies across the globe, remains one of the biggest challenges to HR. At SIIL too, we strive hard to proactively take measures to combat attrition, by attracting the right and best talents and becoming the preferred employer of choice. Graph 7 & 8 show the gender-wise and gradewise attrition for the reporting period 2009-10.



Key issues identified for attrition were:

• Higher education • Location • Work conditions • Remoteness of plant and location



"SIIL is the place where only attitude and performance counts, not the gender. If you have the fire within you, then SIIL is the place to sow your dreams and grow.

- N. Deepa, SIIL

Equal Opportunity Employer

As an equal opportunity employer, SIIL does not discriminate on grounds of gender, age, religion, origin or political affiliation. We do not employ forced, bonded or child labor - all our contractors have to submit valid identity proof, before they enter the plant.

We are governed by the standing order as set by Government of India with respect to any sort of operational change.

Wherever possible, we favor utilizing local manpower resources and give preference to the local community while hiring fresh graduates. As a Recruitment Policy, we try to maintain a mix of 60% from Tamil Nadu, 30% from the rest of India and 10% from Southern states, in order to bring cultural diversity into our workforce (refer Graph 9).

Addressing challenges and utilizing opportunities Graph 10 Employee Satisfaction Surve The key challenge for HR is to retain the right talent in an extremely competitive environment (refer Graph 10). We proactively take measures to address attrition and retain good talent. Some of these are: 76% 74% 73% 70% 1. Manpower planning for the expansion project of our operations 2. Skill enhancement of our workforce 3. Knowledge management 4. Building a strong leadership pipeline for future expansion projects 5. Building a culture of nurturing and transparency 6. Becoming an employer of choice 7. Utilization of technology in all HR processes The results of an Employee Satisfaction Survey conducted based on the Hewitt Model showed One of the measures which has helped boost the morale of the process controllers is an overall satisfaction index score of 71.5%. rationalization of B.Sc. Compensation package to make it at par with the best in the industry.

Benchmarking best practices

This year, we organized visits to foreign smelters and other companies in India in order to benchmark best practices. Around 50 employees visited Bosch, Toyota Kirloskar, Dell, Wheels India, ABB, L&T, Reliance Industries, Shanmugar Mills and Sundaram Fasteners. As part of the Know-L2-edge scheme, ten employees visited foreign smelters - Codelco, Chile and PD Miami - to benchmark and implement global best practices. They shared their knowledge with colleagues and drew up an action plan for implementation.

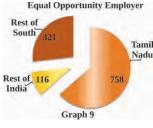
Induction program

A Structured Induction Module spanning 15 days was introduced, covering all departments and plant processes. At the end of this, new joinees have to undergo a 3-day e-Learning Safety Module before they start work. After this, they have an informal interaction with Senior Management during which they are given a platform to exhibit their talents.

Team-Building Workshop

To enhance team-building skills, we held a Team-Building Workshop, targeted at Senior Management. Two workshops were held where participants had to work on their skills not just inside the classroom, but also outside by battling natural forces together as a team. **Employee Benefits** Benefits provided to full-time employees include: • Personal Accident Insurance • Mediclaim Insurance • Paternity/Maternity Leave • Conveyance • Food Allowance for full time employees • Uniforms "Such a vibrant and demanding environment to excel at SIIL, with the promise of growth in a short span of time. What an environment to begin my career with!!!" -Vimal Raj, MT







Internal Training Courses

We regularly conduct in-house training programs, like the Leadership Excellence Acceleration Program, Passion to Win, Maintenance Workshops and other programs essential to the Company's processes. Refer Graph 11 for grade-wise Man-days/employee.

Funding support for external training or education

Employees are sent to external institutes for customized training programs based on the need identified for each individual.

Employee Rewards

Spot recognition slips are issued by the HOD to reward employees for any extra initiative taken by them in their day to day work. Apart from the regular production incentive schemes, we have Employee / Team of the Month, CEO Kitty, Employee / Team of the Year, etc.

Security Personnel

Security personnel hired from a third party organization undergo training on a regular basis – in 2009-10, 152 hired security personnel had training on 'How to deal with employees and visitors'.

Provision of sabbatical period with growth

Two employees attended a one-year training course at the Regional Labor Institute, Chennai, to take on specified roles in safety function on their return.

Pre-retirement planning for intended retirees

Retirement planning sessions are held with the Head – HR, who briefs them on the benefits and also provides general counseling.

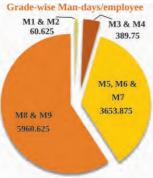
Retraining for those who intend to continue working

When such people are taken back to work, they are provided classroom training and on-the-job training.



"Sterlite gives freshers like us immense opportunities, as well as freedom to grow and express our talents."

-Subhakanghki, GET



Graph 11





system that continuously improves our environmental, quality and OH&S performance, in line with ISO 14001 and OHSAS 18001 laid standards.

Management Approach

The HSE policies of all the group companies are in lieu of the corporate policy of Vedanta. To oversee HSE matters, a Committee has been in place since June 2004 at the corporate level of Vedanta, currently comprising of Mr. M.S. Mehta, the Chief Executive Officer - Vedanta Group, along with the Chief Executive Officers (CEOs) of Zinc, Copper and Aluminium businesses and Mr. Naresh Chandra as an Independent Director, overseeing the activities of the Committee. The Committee monitors the HSE performance of the group's businesses, providing advice and guidance to the Board and management in enforcing amendments and achieving the goals of the corporate HSE policy. At Sterlite, we have an Assistant General Manager (AGM-HSE), who directly reports to the Chief Operating Officer (COO) on HSE performance. The AGM-HSE ensures the implementation of the goals of the HSE policy, and dissemination of best practices across all levels and operations of the Company through a team of qualified Health, Safety and Environment specialists.

"For us, environmental management is all about preserving the eco-system to our best ability, as it is the core pillar of Sustainability."

Copper | The Miracle of Sensitivity



Replacing all Aluminum wound transformers with copper can save 4,500 million kwhr of energy annually and ₹1,800 crores for India.



Ramesh Nair - COO. SIIL

Environmental Performance

At SIIL, environmental management is an ongoing effort to improve our performance towards achieving our long-term goal of environmental sustainability, thereby resulting in a healthy and ever-improving triple bottom line. We make a conscious attempt at designing more efficient processes that use fewer types and quantities of materials that are hazardous, and which produce lesser waste and emissions. The overall environmental performance for the year 2009-10 is classified under the following heads and covers information for our Tuticorin and Silvassa plants.

- 1. Raw materials consumption
- 7. Waste management
- 8. Ozone depleting substances 2. Energy use and conservation
- 3. Water consumption and conservation 9. Climate change
- 4. Bio-diversity

5. Emissions

6. Effluents

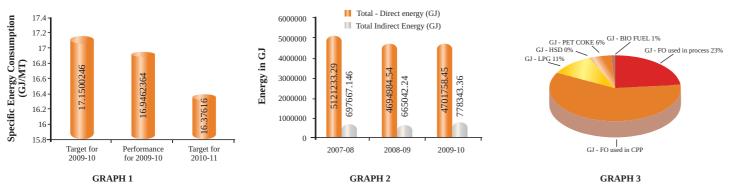
- 10. Environmental compliance
 - 11. Products and services
 - 12. Environmental expenditure

Major raw materials used during the reporting period 2009-10 are given below:

Table 1 - Consumption of raw materials				
Material	2007-08	2008-09	2009-10	
	Raw Material	s (Tons)		
Copper concentrate	10,82,095	10,46,769	11,40,324	
Rock Phosphate	5,07,031	5,61,174	6,36,135	
	Associated Mater	rials (Tons)		
Limestone	20,206	24,494	17,393	
Quartz Fines	94,255	1,03,858	1,11,757	
Quartz Chips	38,057	36,779	39,212	
Pig Iron	7,304	5,714	5,635	
Coke	6,857	7,147	7,367	
Packaging materials (Tons)				
Strap steel zinc coate 32mm(w) *0.8mm to	1.2.4	110	88	
Strap steel zinc coate 19 mm(w) * 0.64mm	5	18	26	
Total packaging mate	erial 139	128	114	

2. Energy Use and Conservation

Smelting operations being highly energy intensive in nature, put a strong challenge and pressure on us to keep energy efficiency as one of core areas of our focus. All possible measures and efforts are attempted to reduce our energy consumption, including having a dedicated Energy Manager for both Tuticorin and Silvassa plants, who identifies and implements energy efficient projects on a regular basis.



Graph 1 refers to the reduction in specific energy consumption to produce 1 ton of cathode. Graph 2 refers to the direct and indirect energy consumption of SIIL for the year 2009-10, while Graph 3 refers to the fuel-wise break-up of energy used for SIIL for 2009-10. The values have been restated for the last two years to correct inadvertant understatement of FO consumption.

We have taken several measures to reduce energy consumption. Currently there are no initiatives in place for introducing renewable energy based products and services. Some of the energy conservation projects which we have under taken during the reporting period are given in table 2 below along with approx. energy saving:

Table 2 - Energy Conservation projects in SIIL 2009-10

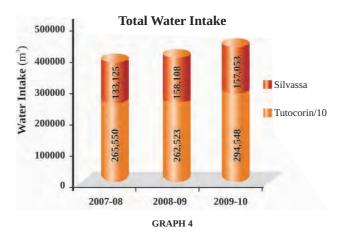
SrNo	Project Title	Fuel	UOM	Annual Energy saving
1	Instrument air line modification at SAP - 1	Power	KWh	10,95,000
2	LPG consumption reduction by IL covering	LPG	MT	350
3	SOV provision for plant air line in feed area	Power	KWh	2,31,000
4	ISA Furnace Oil line modification	FO	MT	396
5	FO consumption reduction by increasing the temperature	FO	MT	130
6	High installation of fan C for power saving scrubber	Power	KWh	7,92,000
7	Forced circulation in electro winning instead of gravity flow	Power	Kwh	8,25,000
8	Replacing of acid mist exhaust fan with acid absorption pads	Power	KWh	1,74,240
9	Bus bar gap filling with silver alloy	Power	KWh	1,65,000
10	Impeller trimming in electrolyte circulation pump	Power	Kwh	68,310
11	Installation of flux max in CCR LPG line	LPG	MT	27.06

Highlights during the reporting period:

- 11 energy conservation projects were implemented
- Reduction in specific energy consumption was due to higher production
- Reduction of 1% of conventional energy source through usage of bio briquette instead of furnace oil
- Specific energy consumption to produce one ton of cathode was reduced by 3%

Our source of water has not changed since last year & the same was reported in the earlier Sustainable Development Report. The total water withdrawal for both Tuticorin and Silvassa from surface sources for the last year is given in Graph 4. During the reporting period, specific water consumption (Graph 5) has been reduced to 6.3 m³/MT of cathode from 6.48 m³/MT of cathode. This was achieved by taking several water conservation initiatives, including commissioning of an RO plant for treated water having a capacity of $1,300 \text{ m}^3/\text{day}$.

Nearly 20% of total water demand is managed by the recycling and reusing process. Further, we have two rain water catchment ponds of capacity 30,000 m³ to collect rain water which is used for green belt development and other process activities.





The major raw materials used for production of copper and phosphoric

acid are copper concentrate and rock phosphate, both of which are imported.

During the reporting period, raw

material consumption grew due to

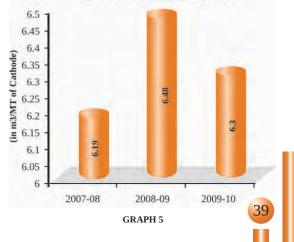
increased production. As of today, we do not use recycled materials as input

in any of our processes.





Specific Water Consumption



4. Bio-diversity

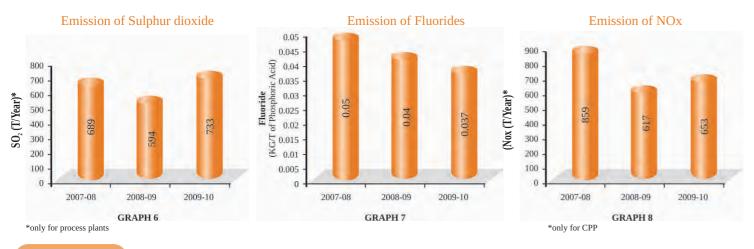
In order to understand the impact of our activities and operations on the surrounding bio-diversity, we carried out a bio-diversity study to assess the impact of our activities and operations on flora and fauna around a 10 km radius area of SIIL by the Forest Research Institute (FRI), Dehradun. The study concluded that there is no significant change in the plant-animal-marine animals due to Sterlite's operations in the area. It is interesting to note that although a number of industries are operating in the area, diverse floral and fauna species have been reported there. Such rich diversity is encouraging and shows that industrial development has not adversely affected the diversity at different levels till date.



In the FRI report, there is no IUCN red list species mentioned that exists in the

study area or is directly affected by the operations of Sterlite. FRI has also suggested a few methods to conserve the endangered / rich medicinal plants (in-situ/ex-situ) in the study area and we are exploring the possibility of implementing the same. In the reporting year there havent been any initiatives for protection and or restoration of the habitats of any species.

All over the world, controlling emissions in Smelter is a great challenge. However, by virtue of the best available techniques for air emission control systems, we are able to meet and go beyond air emission regulatory standards. Our operations generate mainly airborne emissions such as Sulphur dioxide, Fluorides and Nitrogen oxides (NOx). The trends of emissions such as SO₂, Fluoride, and NOx for the last three years are shown in Graphs 6, 7, and 8 respectively. You will observe that there is an increase in SO₂ emissions in terms of absolute values. This resulted mainly due to a higher volume of production.

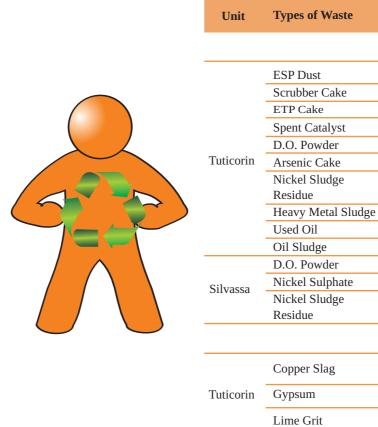


6. Effluents

Since inception our plant is working on the principle of 'Zero Discharge'. Entire waste water generated in the plant is either recycled or reused in the plant. Key areas where the waste water after treatment is utilized includes but not limited to granulation of slag generated during the smelting operations, preparation of Milk of Lime (MOL) and gas cleaning plant. Further, blow down and wash water generated are recycled within the system without any treatment.

7. Waste Management

Wastes generated from our processes are categorized as either hazardous or non-hazardous wastes depending upon their characteristics. Hazardous wastes primarily generated from our site include ESP Dust, Spent Catalyst, ETP Cake, Scrubber Cake, D O Powder, Arsenic Cake, Nickel Sludge, Heavy Metal Sludge, Oil Sludge and Used Oil. Non-hazardous wastes include copper slag and gypsum. Table 3 in the next page gives a list of hazardous and non-hazardous waste and the amount generated during the reporting period, along with their disposal method.



All the hazardous wastes mentioned in the above table are disposed of Total amount of Hazardous & Non-Hazardous Waste in an onsite Secured Landfill (SLF), which has been designed based on CPCB guidelines with the exception of ESP dust and DO powder which are recycled in the process and nickel sludge, used oil and oil sludge which are sold to a CPCB authorized recycler. Graph 9 shows the total amount of hazardous and non-hazardous waste generated in SIIL (Tuticorin & Silvassa) during the last 3 years.

As mentioned in the table, three types of non-hazardous waste are generated, i.e. Slag, Gypsum and Lime Grit. Gypsum is generated at our Phosphoric Acid Plant at Tuticorin, which is the major raw material for the cement industry. During the reporting period, we were able to dispose 1.3 times of generation. We were able to maintain a higher disposal rate in view of past accumulated stock, which is expected to be exhausted by the end of 2010-11.

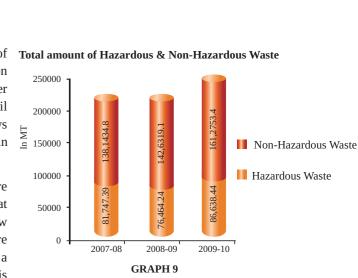
During the reporting period, we extended a system of waste segregation at source by using 3-bin systems at our township for collecting biodegradable, non-bio-degradable and recyclable waste, and also conducted awareness sessions on waste management. We have formed a dedicated team internally, comprising people from both Environment and Marketing Departments, to ensure speedy, environmentalfriendly disposal of Copper Slag, the other non-hazardous waste generated during the smelting operations. In the last few years, we carried out a lot of technical studies through reputed institutions to explore Copper Slag as an alternative material for other industrial applications such as cement manufacturing, concrete preparation, road construction, etc. Our concerted effort has resulted in some good breakthroughs in slag disposal, which is given as a case study on the next page.

Table 3 - List of hazardous and non-hazardous waste

9,50,240

2,702

List of hazardous and non-hazardous waste			
	Quantity (Tonnes)	Destination	
	Hazardous Waste		
	12,410	Reuse	
	37,868	Secured Landfill	
	32,498	Secured Landfill	
	0	Secured Landfill	
	278	Reuse	
	618	Secured Landfill	
	799	Sold to authorized recyclers	
ge	202	Secured Landfill	
	118	Sold to authorized recyclers	
	524	Sold to authorized recyclers	
	562	Sold to authorized recyclers	
	640	Sold to authorized recyclers	
	122	Sold to authorized recyclers	
Non Hazardous Waste			
	6,59,811	Sold to outside parties for	
	0,00,011	Road, Cement & Concrete	



Sold to outside parties for Cement

Sold to outside parties



A miracle that is turning waste to resource

Copper Slag, generated during smelting operations, is finding new uses in infrastructure and construction industries - working miracles that will stand the test of time.

As a responsible company, we believe there exists nothing like waste in Nature, it is mainly our inefficiency to extract value from something that results in what is called waste. In view of this, we have been rigorously working over the last few years on exploration



of possibilities / applications where the waste generated from our core and non-core activities can act as a raw material for other industrial / sectoral applications.

We have been fairly successful in establishing the usage of Copper Slag in generating valuable products. Our efforts are having widespread environmental (replacement of virgin material) and social benefits (generation of employment) for our Company and society on the whole. We have established the following applications of Slag:

• M/s. Indian Roads Congress gave an accreditation certificate for constructing trial roads using Copper Slag. Following this, the National Highways Authority of India also issued a policy letter stating that Copper Slag could be used in sub-base layers of all national highways. We then approached M/s. Madhucon for using Copper Slag in 0.4 km of Rail Over Bridge (ROB) in the Madurai-Tuticorin national highway - NH 45B. So far,

close to 35,000 MT of Copper Slag has been used to construct embankments and other layers of the road. We are also exploring its usage in other national highways, state highways and rural roads.

• The National Council for Cement and Building Materials (NCCBM) explored the technical suitability of Copper Slag in the cement manufacturing process. The results were positive and our slag is suitable for manufacturing Ordinary Portland Cement (OPC) and Portland Slag Cement (PSC). The BIS sub-committee has also recommended Copper Slag as a performance improver in cement manufacturing. Several tests were conducted in cement industries and the results have been quite encouraging. We are awaiting regulatory approval to take this application forward, in a big way.



• M/s. Structural Engineering Research Centre (SERC) conducted a feasibility study for using Copper Slag in concrete manufacturing. The report concludes that the behavior of Copper Slag is similar to river sand and can be gainfully utilized as a fine aggregate in mortar and concrete mixes. The use of Copper Slag as a partial replacement for sand in ready-mix concrete spells better workability and strength. Further, Slag can be used as a sand replacement material for joints in the masonry to an extent of 50%, without any adverse effects on the strength of the masonry.

8. Ozone Depleting Substances (ODS):



We have slowly phased out all equipment containing ODS except air-conditioners which consist of Freon R22, an ozone depleting substance. The present quantity of this ODS is approx. 0.57 tonnes. We are in the process of identifying alternatives for the same and will replace them shortly.

Climate Change is affecting us in ways more real than before. We at SIIL are taking cognisance of this fact, and acknowledging our responsibility in mitigating the impact. The race is on, and we have to accelerate our efforts to take care of the ecology and safeguard our environment. For in time to come, this will have a positive impact on all aspects of our triple bottom line. Climate change has been affecting our operations and the potential risks are a cause for concern. We have therefore embedded climate change considerations into our business decision making and analyze the risks and opportunity arising from climate change periodically.

Our Risks and Opportunity Management

- amongst the best conductors of electricity, with a high potential to solve problems like transmission loss of energy. Thus increased consumption of copper to deal with energy losses will have a positive impact on the sustainability of our society and also of Sterlite being a leading producer of copper in the country.
- Increase rain water catchment capacity and ensuring 100% recycling of effluents generated
- Identification and implementation of renewable energy sources
- Identifying and implementing energy efficiency projects
- Inventorization of our GHG emissions on an annual basis and developing plans and projects to minimize or reduce GHG emissions

Case Study 2

More power; less emissions - A miracle worked by a pioneering project

To combat global warming, SIIL took up a unique initiative - generating power from process waste heat. There are inherent process risks associated with implementing a waste heat recovery boiler in the copper smelter. However, Sterlite successfully implemented this project, utilizing the heat from waste gases coming out of the copper smelter to generate 11.2 MW of electricity.

Waste gases coming out of the copper smelter at a temperature of 1,044°C is allowed to pass through a waste heat recovery boiler. By utilizing the thermal energy from waste gases, the boiler – with operating pressure of 70 bars and temperature 285°C – generates 45TPH of steam.

The temperature of the steam is further increased by the super heater to enhance its thermal energy. The super heater will utilize furnace oil to increase the temperature of steam to 485°C and 64.4 bar pressure. The steam generated is used to drive the turbine with 11.2 MW rated capacity.

Thus the activity utilizes waste heat recovery technology to generate electricity, which displaces grid import. Thereby reducing greenhouse gas emissions from the grid connected to fossil fuel-based power plants. This project helps avoid sending 18,000 tons of CO, per year to the atmosphere. It was successfully registered as a CDM project in the United Nations Framework Convention on Climate Change (UNFCCC) in December 2009.

The same project was also registered in the Voluntary Carbon Standard (VCS) and we have accumulated 67,900 VERs for the preregistration period, which are to be sold in the voluntary carbon market. Three more CDM projects have been identified in our expansion project and PDD preparations are in progress. These three projects will result in a reduction of 65,000 tons of CO₂ in the atmosphere per year. In this way, the Miracle Metal is playing a role in helping to keep the atmosphere clean, so we can all breathe easier.

GHG Emission

We started assessing our business carbon footprint from 2006-07 onwards. For the year 2007-08, the footprint study was extended to Silvassa operations as well. Our GHG inventorization is being assessed according to GHG protocol under scope-1 and scope-2, where we have direct management control. Our inventorization was disclosed as part of the sustainability report and Carbon Disclosure Project (CDP) framework as well. GHG inventory for the year 2009-10 was disclosed as follows in table 4 on the next page.

• Energy efficiency is a key part of solving climate change, generating a host of opportunities for the copper sector, as copper metal is



Table 4 - GHG inventory for the year 2009-10

Emission scope	Emission Quantity (tonne of CO ₂)
The total greenhouse gas emissions (Tuticorin & Silvassa)	5,49,699.65
Direct GHG emission from the process	3,71,999.23
Indirect GHG emission from purchased electricity from the grid	1,77,700.43
Specific GHG emission per tonne of copper cathode	1.64*

* includes GHG emissions from phosphoric acid plant.

The higher value of GHG per tonne of cathode produced was mainly due to the following reasons:

- 1. There was an additional 25.68 million units of power imported from grid as compared to last year. The imported energy from grid has higher GHG emission, i.e. DG-based power is lesser (685.96 T of CO₂/GWh) when compared to grid emission factor (850 T of CO₂/GWh).
- 2. Since DG-based power was lower, Waste Heat Boilers attached to those DG sets were also shut off. Hence the steam requirement of the plant was met by fuel fired boiler in Phosphoric Acid Plant (PAP). There was an additional 2801 T of FO consumed in PAP as compared to last year.
- 3. Our Rock Phosphate consumption also increased by 74,961 T as compared to last year. Since rock phosphate contains 4% of CO₂, this also contributed to the increase in GHG emissions.

We have a robust system of ensuring regulatory compliance and update our senior management on a monthly basis through the legal department. During the reporting period, there were no monetary or non-monetary fines/penalties on us from any statutory body.

11. Products and Services

We deal primarily with products such as copper cathodes and copper rods, which are in pure form with very negligible traces of precious metals such as gold, silver, platinum, palladium, etc., and hence have no impact on the environment during handling operations. However, there are certain by-products such as sulphuric acid, phosphoric acid and hydrofluorosilicic acid which are also produced and sold for external applications. During production, storage and transportation, all standard operating procedures are being followed. Emergency scenarios such as any leaks/spillages are controlled by following the Emergency Preparedness and Response Plan (EPRP), made available at the site. Also during the transportation of such acids, care is taken to educate the drivers/transporters on the emergency instructions to be followed in line with the Transport Emergency (TREM) card issued to all of them.

We also have a thorough system of checks of tankers by competent persons to avoid any spillages/leakage during transportation. This helped us to prevent any spillages in the reporting period.

We carried out an LCA study to estimate environmental impacts of our process. In this study, we have focused on copper manufacturing starting from transportation of copper concentrate from port to production of cathode rods. The resultant improvement projects of the study will be taken up during the next reporting period.

Further, all products produced at site do not require any packaging process except for copper rods, which use wooden pallets as packaging material. However, it is very negligible, to the order of 18,560 pallets, consumption, during the reporting period. In order to offset the wood utilized, the Company is planning to compensate by planting an equal number of trees in its premises, during the next year.

We always have separate budgets for environmental improvement since we are very focused on protecting the environment. Since the collection of high-quality and reliable environmental expenditure data is crucial for us to take informed decision, we started to assess Environmental Cost Accounting (ECA) under UNEP guidelines from 2008-09.

The break-up of the environmental expenditure during the reporting period of 2009-10 is represented in the following table 5:

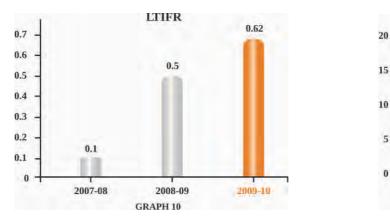
S No.	Disposal, treatment & remediation costs	For the year 2009-10 (unit in Rs. lakhs)
1	Treatment and disposal costs	2,369
2	Costs involved in treatment of emissions	2,880
3	Expenditures for the purchase and use of emission certificates	51
4	Insurance for environmental liability	3
5	Clean-up costs, include costs for remediation of spills as reported in EN23	0
S. No.	Prevention and Environmental management costs	For the year 2009-10 (unit in Rs. lakhs)
1	Personnel employed for education and training	No separate personnel for training. Personnel for environmental management will take care of training & education
2	External services for environmental management	45
3	Personnel for general environmental management activities	s 60
4	Research and development	74
5	Extra expenditure on green purchases	0
6	Other environmental management costs	2,472
	TOTAL (in Rs.)	7,954

Health and Safety Management

At SIIL, we are committed to achieve zero accidents and creating a safer workplace. Our paramount task is to enhance the safety of the employees and contract workforce. Having seen a downward trend in safety statistics, the Company commenced taking aggressive steps on safety improvement plans in 2009-10 and took the help of the world's renowned safety expert M/s. DuPont's safety training courses. For us, the health of both employees and contract labor is of outmost importance and we do not compromise on improving the Occupational Health conditions. In the year 2009-10, we focused more on the health status of contract staff.

Occupational Health and Safety

Sterlite has a formal Unit Safety committee comprising of 43 people both management and non-management staff. Even as we aim to attain a zero severity rate and create a safe working environment for all our employees, accidents do take place. In 2009-10, we lost 3 irreplaceable lives at work. As a result of this, Sterlite's LTIFR was 0.62 v/s 0.5 last year (refer Graph 10) and the severity index was 17.94 v/s 14.44 last year (refer Graph 11).



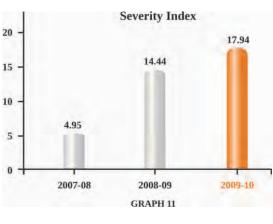








"We have to use everything in our might to ensure that Safety is not compromised." Ramesh Nair - COO, SIIL





To arrest the downward trend in safety statistics, the Company had embarked upon aggressive safety improvement plans in 2009-10. These involved the following:

- Training across all levels of employees by DuPont
- Job Safety Analysis across the inventory of jobs
- Engaging a Safety Expert from a major metal & mining company to help us establish world-class safety practices
- Reviewing and making changes to the Work Permit System
- Giving a sabbatical to two of our experienced engineers to complete the governmentapproved Diploma in Industrial Safety from Chennai. This will result in us having qualified safety officers
- Senior officers undertaking daily night shifts to focus on safety aspects and compliances

Training Statistics at Tuticorin

Man-hours/employee/year

Training Statistics at Silvassa

Man-hours/employee/year

Sample Login Page

SIIL

GRAPH 12

SIIL Contractor

GRAPH 13

Contractor

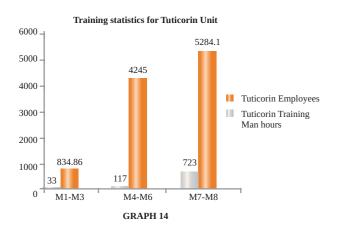
Training Statistics for Tuticorin

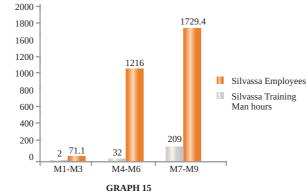
For the year 2009-10, our Unit at Tuticorin had set a target of 20 man-hours per employee per year and which we exceeded to achieve 31.1 man-hours per employee per year. Similarly, a target of 12 manhours per employee per year was set for the contractor laborers and we were able to achieve a figure of 14.9 man-hours per employee per year.

In the same reporting period, our Unit at Silvassa set a target of 7 man hours per employee per year, to achieve 7.2 man-hours per employee per year and for contractor laborers a target of 20 man-hours per employee per year was set, with a figure of 42.3 man-hours per employee per year finally achieved.

DuPont Safety Training - web-delivered interactive training

World-renowned safety expert DuPont was hired to impart safety training to employees across the organization. More than 99% employees were covered under DuPont training in 2009-10. e-Learning programs on safety and industrial skills to our employees comprising of around 36 courses, the contents have been selected based on the plant requirements. The courses also have three types of tests, including pre-tests & post-tests, to evaluate the effectiveness of training. The safety fit criteria for all employees was fixed at 85% and above under the DuPont training. This training record was also considered as part of the individual appraisal process in 2009-10 (refer to Graphs 14 & 15).





Training statistics for Silvassa Unit

Note: Training targets were exceeded due to extensive training of the employees on DuPont Safety courses.

3-Day Safety classroom training through by Bureau Veritas

Creating "zero incidents" is possible only by raising awareness amongst employees on job-specific topics related to Safety. Therefore we engaged an external agency – Bureau Veritas – for an exclusive 3-day training for all our employees. Through these training modules, 400 employees were trained in the year 2009-2010.

The SPIDER (Standard Practices Implementation, Development, Evaluation & Rating) process initiated by the Business Excellence Cell in 2008-09 helped in significantly improving the safety knowledge levels of all employees. It also resulted in employees' understanding of their own process SOPs, which in turn had a positive impact in the second half of 2009-10, wherein we saw a downward trend in injuries.

The health of our employees is of paramount importance to us, and we believe the health status of our contract staff is no less important. Therefore in 2009-10, we had a lot of focused initiatives for our contractor labor. As a result, apart from SIIL employees, all contract staff working in SIIL underwent a medical check-up. Permission to enter the plant for work is given only after the doctor certifies the fitness of the contractor labor.

Key initiatives for 2009-10

Across 2009-10, we undertook several initiatives to safeguard the health and safety of our employees, as well as contract staff. Education is identified to be one of the key means for promoting safety awareness. Here are some of the initiatives:

Contractor access control

An initiative whereby an exclusive gate has been allocated for contract staff. This initiative has resulted in increased Safety consciousness and PPE compliance amongst all contract workmen, in addition to easy movement for material handling vehicles and minimum intersection between men and machines.

Training on life-saving techniques and fire-fighting

59 employees were trained through a unique program on Life-Saving Techniques & Fire-Fighting by Usha Fire. In addition, two batches covering 96 employees were given a one-day intensive training on First Aid by SIIL Chief Medical Officer Dr. R Kailasam, under the banner of St. John Ambulance.

Full body harness

Instead of safety belts (banned by the Government), each contractor in Sterlite is given a full-body harness with a double lanyard. The full-body harness distributes the forces generated during a fall over at least the thighs, pelvis, chest and shoulders. The standard sliding back D-ring helps to suspend a fallen worker in an upright position after the fall.







Fire-fighting Techniques

Job Safety Analysis (JSA)

JSA has been started for all online jobs at all plants. In a JSA, each basic step of the job is analyzed to identify potential hazards and recommend the safest way to do the job. It can serve as a teaching aid for initial job training and as a briefing guide for infrequent jobs.

Single Point Accountability (SPA)

With the aim of achieving an accident-free workplace, the SPA project was initiated in Tuticorin and Silvassa from January 2010. The project is mentored by Mr. Cho Yiu Chan – a qualified industrial hygienist with over 40 years' experience in industrial health and safety. It enables employees to take responsibility for the HSE aspects of overall operations and contribute significantly. This is achieved through executives from various departments who are appointed by the COO to handle each of the 77 SPAs. The vision of this project is to make both the sites world-class in HSE Management Systems by implementing necessary improvements, resulting in 100% compliance of the requirements.

The SPA process requires that each appointed executive undertakes the following:

- Understand Sterlite's and local regulatory requirements
- Understand the related Self Assessment Audit document; implement necessary changes and update the program status as a self assessment / improvement process
- Proactively acquire the necessary skills for the working team through the HSE department, experts at other Sterlite / Vedanta locations within the group, as well as qualified external providers
- Develop, coordinate and deploy related improvement projects and train employees across the entire site
- Monitor and audit the performance of the deployment process for the related protocol, and implement identified improvements
- Personally coordinate with the work team to participate in incident investigation and project reviews to ensure the processes comply with the requirements
- Plan and deploy regular and random audits to evaluate program performance and implement improvements if necessary

High Velocity Water Spray Systems for Transformers

For providing utmost protection to all transformers, a survey was carried out through an external fire consultancy. Consequently, it was decided to install automatic High Velocity Water Spray (HVWS) Systems in the area, which are designed for automatic operation and consists of spray pump, deluge valve and quartzite bulbs.

The Spray Pump (110KW) supplies water to this HVWS system. The detection system network consists of heat sensing detectors of fusible type (Quartzite bulb) mounted around the equipment which is under spray protection. Another network of water projectors are mounted around the equipment and it is connected to the water supply mains through a deluge valve, which is normally kept closed by the water pressure in the mains. On evidence of any fire, the detectors will burst and release water. Because of difference in pressure across its diaphragm, the deluge valve will open. This will result in a pressure drop in the main line and the spray pump will start automatically when the pressure drops below 8 bars. Contactors are provided on the deluge valve for annunciation of fire and for deluge valve open annunciation in the panel. The deluge valves can also be operated from a local control panel.

Pedestrian Walkway Project

Road accidents within the plant are serious safety concerns, with a lot of intersections occurring between pedestrians and the vehicular movement. With over 1000 vehicles plying each day at a site of SIIL, a pro-active step to ensure safety of pedestrians was taken. Plans have been put in motion to build a separate pedestrian walkway by next year. As a temporary measure till the walkway is constructed, a MS pipe reflective coated hard barricading has been put across the major pedestrian walkway path at SIIL site. All employees have been instructed to walk within the walkway to prevent any major incidents from occurring.





Management Approach

We have a centrally led Commercial team working towards the vision 'To build a world class commercial organization by leveraging volumes, increasing synergies and employing seamless supply chain'. Our procurement policy is based on fair and transparent principles with the objective of developing collaborative supply chain with our suppliers. With 20000 materials being procured we provide opportunities to many Engineering & Manufacturing firms all around the globe.

Commercial department comprises of Logistics, Purchase & Stores.

Stores

Our main focus, according to the Vision statement comprises of 2 verticals across the significant Supply Chains as depicted below: 1. Leveraging Technology 2. Best Practices

Leveraging Technology

Supplier Relationship Management (SRM) is a tool that is being known to simplify the procurement process of any company. SIIL has implemented SRM 5.0 to have better collaboration with their business partners. SIIL deals with around 110 vendors on SRM and is planning to utilize SRM in all of its transactions.

"We believe a world class commercial organization can only be built with collaborative relationship with our supply chain partners based on transparent and fair trade practices."

C

Copper | The Miracle of Partnership

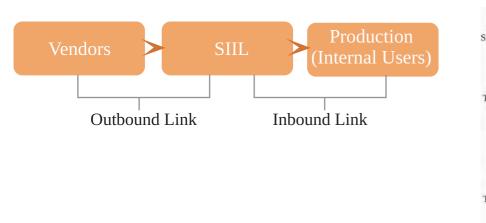
Leveraging technology, increasing efficiency



Vivek Savant, GM-Commercial, SIIL

Best Practices

SIIL has always been focused on vendor inputs in the form of feedback in surveys and help portals like V help. SIIL periodically conducts the exercise of Vendor surveys and is always attentive toward portals like Vhelp and tutenders. Vendors can freely give their inputs, which are given due consideration.





Developing strategic partners - A collaborative process

- SIIL strives to develop strategic relationships with quality suppliers, which can render us the following mutual benefits:
- Improvement in service levels
- Increase in business volumes for qualified business partners
- Technological innovation and improvement
- Mitigated risk of stock outs
- Optimization of inventory in the supply chain

One of the key initiatives to develop strategic partnerships is Vendor meets (Vmeet), which are forums where business partners can interact with SIIL's management and discuss avenues leading to business excellence. The key objectives of these meets are:

- Rapport Building
- Showcasing futuristic requirements of Sterlite
- Receiving vendors' feedback
- Encouraging entrepreneurial ventures in upstream and downstream projects
- Facilitating idea generation from vendors

The V-meet held this year in Chennai on August 2009 was a grand success, with over 200 of our business partners attending the same.



STERLITE INDUSTRIES (I) LIMITED



Best Practices

GPS installation in Acid tankers

SIIL has installed GPS in all of its captive acid tankers and this has helped in close monitoring and tracking of acid tankers as well as arresting any possibility of pilferage of material. This has also ensured the safe transportation of acid from our factory premises till our customer's gate. This initiative emphasises our commitment towards direct stake-holders interest as well as our environmental commitments.

We are developing green supply chain management projects which will include promoting energy efficiency as a component for suppliers.

Sustainable Logistics



At SIIL, we believe that task of the logistics team is not just about increasing efficiency and cost optimization, but also to nurture closer and stronger relationships. This not only gives us greater control over costs and operations, but also ensures safety. We believe in the miracle of partnerships and encourage sustainable development of the businesses of our partners. We have made sure that material human rights issues are a part of supplier contract conditions. The following initiatives demonstrate our commitment to building stronger and sustainable partnerships.

Sealing safety with technology

Tamper proof plastic seals for Copper Concentrate tippers

SIIL is now using Tamper Proof plastic seals for Copper Concentrate tippers to ensure safe and secured movement of materials. These seals are tied on to tipper bodies and this helps in avoiding malpractices such as swapping of trucks leading to loss of material. The plastic seals are affixed to the tipper body at the port immediately after loading and the same is monitored at 4 different places while the tipper is enroute to SIIL. At SIIL, the seals are first verified and only then broken and disposed-of.

SS Valves for Sulphuric Acid Tankers

SS valves were introduced in Sulphuric Acid Tankers to control the leakage, resulting in an increase in the life of the valve. Rust formation are eliminated by the SS Valves, with the valves also being safe for the environment.

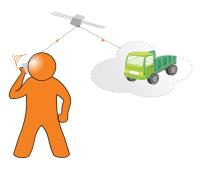
Partnering with safety

Drivers Training program by M/s. TATA Motors

We successfully conducted a Drivers' Training Program through Tata Motors on 8th August, 2009 for a batch of 24 drivers from different fields of operations like acid tankers, tippers, trailers etc. The drivers received training from Mr. B. S Ramani - Senior Manager, Tata Motors, who focused on key areas of Automobile Basics, Fuel Conservation and Safety during driving. After the completion of training all drivers were issued certificates of participation by the GM Commercial and the AGM Logistics.

Focus on Internal Customers

SIIL conducts internal customer satisfaction survey, to better understand the needs of internal customers, i.e. the production department, to cater to their requirements, thus emphasizing on adding value across the supply chain and eventually to the end customer.



Seals for Phosphoric Acid Tankers

Plastic seals were introduced for the Phosphoric Acid Tankers as well as the conveyor system to move tankers outstation. By sealing the pilot samples in the tankers, the pilferage of the materials was controlled.





AIDS Awareness Program

An "AIDS Awareness Program" was organized in partnership with an NGO, Chitaranjandas Organization for Women (COW) at our Truck Parking Yard on 16th December, 2009. Tuticorin RTO Inspector Mr. Chandra Sekar was the Chief Guest of the program. Around 150 drivers and cleaners participated in the program.

Safety Training Program for Hopper Operation & Maintenance Labors

We conducted "Safety Training Program for Hopper Operation & Maintenance Labors" on 23rd December, 2009 for 30 people. The area of focus during the training was mainly about the safety practices for Hopper Operations and safety representatives from our HSE Department as the instructors.





General Health Camp at Tuticorin Port

A Health Camp was conducted as part of the 'Safety Week Celebration' organized by the Port for 125 truck drivers, cleaners and Port labour force Around 150 people were treated in the camp.

Road Safety Week

We observed Road Safety week by organizing a free eye and general health camp for truck drivers and cleaners on 7th January, 2010. Mr Subbiah, Inspector of Police (Traffic) participated as chief guest in the presence of Mr Thangavel, Regional Transport Officer. Sterlite sponsored and presented headlight stickers and awareness stickers to the Regional Transport Officer.









IMC Ramakrishna Bajaj National Quality Outstanding Achievement Trophy, 2009.



Excellence Award for 5S in the Quality Convention

• Excellence Award by Institute of Economic Studies (IES), 2009 Award

Copper | The Miracle of Recognition

Awards are a way in which we get recognized for our sustainable practices across domains. This in turn encourages us to raise our internal benchmarks and aim for even higher goals.



Jamsetji Tata National virtual academy fellowship award for two women in our CSR group

Asia Manufacturing Excellence Award (AMEA) - Corporate Platinum Award



International Star Award for Quality by Business Initiative Directions (BID) - Gold category, received in October 2009

Excellence in Operations from Tuticorin Port Trust - Handling highest volume of exports & highest volume of imports (excluding T. Coal)

53



KPMG (Registered) Lodha Excelus 1st Floor, Apollo Mills Compound N. M. Joshi Marg Mahalakshmi Mumbai - 400 011 India

Telephone +91(22) 3989 6000 +91(22) 3983 6000 Fax Internet www.in.kpmg.com

Independent assurance report to Sterlite Industries (India) Ltd.'s 2010 Sustainable Development Report for the Copper Business

KPMG was engaged by Sterlite Industries (India) Ltd. ('Sterlite') to provide assurance over Sterlite's 2010 Sustainable Development Report ('the Report') of the Copper Business.

Assurance scope and limitations

The assurance is provided for the data and information under the limited assurance scope for the period 01 April 2009 to 31 March 2010. We have covered all reported performance indicators mentioned in the Global Reporting Initiative's G3 Guidelines for Sustainability Reporting. Site visit was carried out to Sterlite's copper operations at Tuticorin. For the operations that were not visited (Copper operations at Silvassa), we verified the correctness and reliability of the data provided at Sterlite Tuticorin.

This assurance statement does not provide assurance over any data or information presented in the Report other than that mentioned above. Further, the assurance statement does not include verification of financial performance indicators that were sourced from Sterlite's 2009-10 annual report. Data and information outside the reporting period mentioned above was not subject to any verification. Also, any statement indicating intention, opinion, belief and / or aspiration by Sterlite was excluded from the scope of assurance.

Assurance standard and Independence

We conducted our work in accordance with International Federation of Accountants' (IFAC) International Standard for Assurance Engagements [ISAE 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information]. We conducted our engagement in compliance with the requirements of the IFAC Code of Ethics for Professional Accountants, which requires, among other requirements, that the members of the assurance team (practitioners) as well as the assurance firm (assurance provider) be independent of the assurance client, including not being involved in writing the Report. The Code also includes detailed requirements for practitioners regarding integrity, objectivity, professional competence and due care, confidentiality and professional behavior. KPMG has systems and processes in place to monitor compliance with the Code and to prevent conflicts regarding independence.

Assurance process

We obtained all the evidence, information and explanations that we considered necessary in relation to the assurance scope mentioned above. Our work included a range of evidencegathering procedures which are further explained below:

- · Observations of Sterlite's stakeholder consultation processes and their methodology for determining the material issues;
- Interviews with the Senior management, Sustainability core group and staff at site level;
- Assessment of systems and procedures used for data collection, collation, and analysis;
- Visits to operations as described in the scope above;
- Interaction with data owners at site;
- Review of the Report to ensure that there are no disclosures that are misrepresented or inconsistent with our findings.

Responsibilities

The Management of Sterlite is responsible for preparing the Report and the information and statements within it. Sterlite is responsible for identification of material sustainability issues; establishing and maintaining appropriate performance management and internal control systems; and derivation of performance data reported.

Our responsibility is to express our conclusions in relation to the assurance scope. We conducted our engagement with a multidisciplinary team including specialists in ISAE 3000,



stakeholder engagement, auditing environmental, social and financial information and with experience in similar engagements in the metal and mining sector.

This report is made solely to the Management of Sterlite in accordance with the terms of our engagement. Our work has been undertaken so that we might state to Sterlite those matters for which we have been engaged to state in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Sterlite for our work, for this report, or for the conclusions we have reached.

Conclusions

Based on our review, nothing has come to our attention to indicate that the information contained in the Report is inconsistent with our findings as described below:

Vision and strategy

- roadmap.
- Well defined targets have been presented in the report for the following aspects:
 - Time Injury Frequency Rate, and Severity Index
 - 0 Waste Generation, Sale of Slag, Sale of Gypsum, and Emissions
 - employees.
- Reporting.
- Materiality and stakeholder engagement

 - received.
- Sustainable development performance indicators The information systems used for collection, collation, analysis and communication of sustainable development performance indicators are reliable.
 - During the course of verification, data transcription errors were detected and subsequently corrected.
 - The approach and practices adopted by Sterlite towards social responsibility initiatives have been elaborated in the Report.

23 November 2010

Arvind Sharma Director KPMG

The senior management of Sterlite has considered embedding principles of sustainable development into business processes as evident from the 2015 - Vision, Mission, and Values. However, the same has to be supported by a comprehensive implementation

Health & Safety: Number of findings on occupational illness, Fatalities, Lost

Environment: Consumption of Water, Consumption of Energy, Hazardous

Social: Contribution to the local community, and Percentage of female

The report content has been defined using the principles for defining report content as mentioned in the Global Reporting Initiative's G3 Guidelines for Sustainability

Sterlite has deployed a process for identification, prioritization and reporting of material issues. The linkages of the performance sections to the identified material issues and their alignment with the sustainability strategy of its parent company need more clarity.

There is a structured process for identification and prioritization of stakeholders, well supported by an established mechanism of engagement with key stakeholders. Sterlite has also incorporated critical stakeholder recommendations based on the feedback

Glossary

		-		
AIDS	Acquired Immune Deficiency Syndrome	kmt	Kilo Metric Tonne	
B.Sc.	Bachelors in Science	KWh	kilo Watt hour	
CCR	Continuous Cathode Rod	LBMA	London Bullion Market Association	
CDM	Clean Development Mechanism	LCA	Life Cycle Assessment	
CEO	Chief Executive Officer	LME	London Metal Exchange	
CFO	Chief Finance Officer	LPG	Liquified Petroleum Gas	
CO2	Carbon Dioxide	LTIFR	Lost Time Injury Frequency Rate	
COO	Chief Operating Officer	NGO	Non Governmental Organisation	
CPCB	Central Pollution Control Board	NOX	Oxides of Nitrogen	
Cr/yr	Crore per Year Deoxidised	OHSAS 18001	International occupational health and safety management system specification	
DO ESP Dust		P2O5	Phosphorous Pentoxide	
ESPDust ETP	Electrostatic Precipitator Dust Effluent Treatment Plant	PF	Provident Fund	
FOB	Free On Board	PMTCOP	Per Metric Tonne Cost of Production	
GJ/MT		RBNQA	RamKrishna Bajaj National Quality Award	
	Giga Joules per Metric Tonne	RO	Reverse Osmosis	
GLP	Global Leadership Programme	RTO	Road Transport Office	
GPS	Global Positioning System	SAARC	South Asian Association For Regional	
H2SO4	Sulphuric Acid	5/1/110	Cooperation	
HIV	Human Immunodeficiency Virus	SAP	System Analysis and Program development	
IEX	Indian Energy Exchange	SBU	Strategic Business Unit	
IIChE	Indian Institute of Chemical Engineers	SEBI	Securities Exchange Bureau of India	
ISO	International Organization for Standardization	SHG	Self-Help Group	
ISO 14001	defines terms of fundamental concepts related to environmental management, published in the	SO2	Sulphur Dioxide	
	ISO 14000 series of International Standards	SOX	Oxides of Sulphur	
ISO 17025	the main standard used by testing and	SPM	Suspended Particulate Matter	
	calibration laboratories	TPA	Tons per annum	
ISO 9001	International standards requirements for quality	TPD	Tons per day	
	management system	TQM	Total Quality Management	
IUCN	International Union for Conservation of Nature and Natural Resources	UNEP	United Nations Environment Programme	
		USD	United States Dollar	



54

GRI Application Level



The Sterlite Sustainable Development Report 2010, 'Copper-The Miracle Metal' is a 'Third Party Checked' Application Level A+ Report. Three levels in this application level system are titled C, B, and A. Each level reflects a measure of the extent of application or coverage of the GRI Reporting Framework with A being the maximum.

	Report Application Level	С	C+	В	B+	А	A+
S ¹	G3 Profile Disclosures	Report on: 1.1 2.1 - 2.10 3.1 - 3.8, 3.10 - 3.1 2 4.1 - 4.4 , 4.14 - 4.1 5	ured	Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5 - 4.13, 4.16 - 4.17	Ired	Same as requirement for Level B	Ired
Standard Disclosures	G3 Managemen t Approach Disclosu res	Not Required	Externally Ass	Management Approach Disclosures for each Indicator Category	t Externally Assured	Management Approach for disclosed each Indicator Category	Report Externally Assured
S	G3 Performance Indicators & Sector Supplemen t Performance Indi cators	Report on a minimum of 10 Performance Indicators, including at least one from each of: social, economic, and environment.	Report	Report on a minimum of 20 Performance Indicators, at least one from each of: economic, environment, human rights, labor, society, product responsibility.	Report	Respond on each core G3 and Sector Supplement* indicator with due regard to the materiality Principle by either: a) reporting on the indicator or b) explaining the reason for its omission.	Repor

GRI Index Standard Disclosures

GRI	Description of the Std. Disclosure Page n	OS
1	Strategy & Analysis	
1.1	CEO message, COO message	1-3
1.2	Description of key impacts, risks, and	
	opportunities 2	, 3, 23
2	Organizational Profile	
2.1	Name of the Organization	5,7
2.2	Primary brands, products, and/or services	7
2.3	Operational structure of the Organization	7
2.4	Location of Organization's headquarters	7
2.5	Number of countries where the Organization	7
2.0	operates	_
2.6	Nature of ownership and legal form	5
2.7 2.8	Markets served	12 16
2.0 2.9	Scale of the reporting Organization Significant changes during the No Cl	anges
2.9	reporting period	langes
2.10	Awards received in the reporting period	59
3	Report Parameters	
2.1		10
3.1 3.2	Reporting period Date of most recent previous report (if any)	16 16
3.2 3.3	Reporting cycle	16
3.4	Contact point for questions regarding the	53
J.7	report or its contents	55
3.5	Process for defining report content	16
3.6	Boundary of the report	16
3.7	Specific limitations on the scope or boundary	
	of the report	16
3.8	Basis for reporting on joint ventures,	
	subsidiaries, leased facilities, outsourced	10
3.9	operations	16
5.9	Data measurement techniques and bases of calculation (Relevant explan	ations
	have been provided in the individual section	
3. 10	-	
	of information provided in earlier reports,	
	and the reasons for such re-statement	39
3. 11	Significant changes from previous reporting	
	periods in the scope, boundary, or measurement methods applied in the report	None
3. 12	Table identifying the location of the Standard	TAOLIC
J. 12	Disclosures in the report	55
3.13	Assurance	57-58
4	Governance, Commitments and Engagemen	t
4.1	Governance structure of the Organization	18
4.2	Indicate whether the Chair of the highest	
	governance body is also an executive officer	18
4.3	State the number of members of the highest	
	governance body that are independent	
	and/or non-executive members	18

GRI	Description of the Std. Disclosure Page nos	
4.4	Mechanisms for shareholders and employees to provide recommendations or direction	
4.5	A	20
4.5	of the highest governance body, senior	
	managers, and executives	20
4.6	Processes in place for the highest	
	governance body to ensure conflicts of interest are avoided	20
4.7	Process for determining the qualifications	20
	and expertise of the members of the highest governance body for guiding the	
	organization's strategy on economic,	
	environmental, and social topics	32
4.8	Internally developed statements of mission or values, codes of conduct, and principles	
	relevant to economic, environmental, and	
	social performance and the status of their	
4.0	implementation	6
4.9	Procedures of the highest governance body for overseeing the Organization's identification	
	and management of economic, environmental,	
4 10	and social performance	20
4.10	Processes for evaluating the highest governance body's own performance,	
	particularly with respect to economic,	
	environmental, and social performance	37
4.11	Explanation of whether and how the	
	precautionary approach or principle is	
4 4 5	addressed by the Organization	37
4. 12	Externally developed economic, environmental, and social charters,	
	principles, or other initiatives to	
	which the Organization	
	subscribes or endorses	1
	Memberships & associations	12
4.14	List of stakeholder groups engaged by the Organization	15
4.15	Basis for identification and selection of	15
	stakeholders with whom to engage	15
4.16	Approaches to stakeholder engagement,	
	including frequency of engagement by type	1 -
1 17	and by stakeholder group	15
4.17	Key topics and concerns that have been raised through stakeholder engagement 15,	16
	anough statemonder engagement 15,	10
Disclo	sures on Management Approach	
		21

Disclosure on Management Approach - EC	21
Disclosure on Management Approach - LA	31
Disclosure on Management Approach - HR	31
Disclosure on Management Approach - SO	24
Disclosure on Management Approach - EN	37
Disclosure on Management Approach - PR	37

Performance Indicators

GRI Code	Coverage F, N, P	UNGC Principles	Page No.	GRI Code	Coverage F, N, P	UNGC Principles	Page No.
EC1	F	-	21, 22	LA1	F	-	31, 34
EC2	F	7-8	43	LA2	F	6	34
EC3	Р	-	22	LA3	F	6	35
EC4	Ν	-	None	LA4	F	1, 3	No formal union
EC5	F	6	34	LA5	F	3	35
EC6	F	-	22, 51	LA6	F	-	45
EC7	F	6	35	LA7	F	-	45
EC8	F	-	27, 29	LA8	F	-	32, 47
EC9	Р	-	30	LA9	F	-	47
EN1	F	7-10	38	LA10	F	-	36
EN2	F	7-10	38	LA11	Р	-	36
EN3	F	7-10	38	LA12	F	-	34
EN4	F	7-10	38	LA13	F	1, 6	31
EN5	F	7-10	39	LA14	F	1, 6	32
EN6	F	7-10	39	HR1	F	1-6	None
EN7	F	7-10	51	HR2	F	1-6	51
EN8	F	7-10	39	HR3	Р	1-6	34
EN9	F	7-10	39	HR4	F	1-6	34, 35
EN10	F	7-10	39	HR5	Р	1-6	34
EN11	F	7-10	40	HR6	F	1-6	35
EN12	F	7-10	40	HR7	F	1-6	35
EN13	F	7-10	40	HR8	Р	1-6	36
EN14	F	7-10	40	HR9	Ν	-	No Cases
EN15	F	7-10	40	SO1	F	1	24-28
EN16	Р	7-10	43	SO2	Р	10	34
EN17	F	7-10	44	SO3	F	10	34
EN18	F	7-10	44	SO4	F	10	34
EN19	F	7-10	42	SO5	Р	10	12
EN20	F	7-10	40	SO6	Ν	10	None
EN21	F	7-10	40	SO7	Р	-	44
EN22	F	7-10	41	SO8	F	10	44
EN23	F	7-10	44	PR1	F	-	44
EN24	F	7-10	41	PR2	F	-	44
EN25	F	7-10	40	PR3	F	-	44
EN26	F	7-10	44	PR4	Ν	-	None
EN27	F	7-10	44	PR5	Ν	-	13
EN28	F	7-10	44	PR6	Ν	- I	No Such Incidents
EN29	F	7-10	44	PR7	Ν	-	None
EN30	F	7-10	44, 45	PR8	Ν	-	None
				PR9	Ν	-	None

Note: F - Fully covered. P - Partially covered. N - Not covered.



Feedback Form for Sustainable Development Report 2009-10

Please tick () the most appropriate box.
1. Relevance to sustainability of information given in the report
2. Completeness of the information
3. Quality of the information
4. Mode of presentation
5. Your suggestions on improving our report
Name: De
Organization:
Contact Address:
Tel:

Sterlite sincerely thanks you for your time and comments.

Please mail / email your feedback to:

Ms. A. Sumathi

Associate General Manager & Head - HSE, Sterlite Industries (India) Ltd. SIPCOT Industrial Complex Madurai Bye Pass Road, T.V.Puram P.O. Tuticorin - 628 002, Tamil Nadu. email id: a.sumathi@vedanta.co.in



	Poor	Average	Good	V. Good	Excellent	
						-
						-
						-
esigna	ition: —					_

Mr. Lovish Ahuja Manager & Head - Environment, Sterlite Industries (India) Ltd. SIPCOT Industrial Complex Madurai Bye Pass Road, T.V.Puram P.O. Tuticorin - 628 002, Tamil Nadu. email id: lovish.ahuja@vedanta.co.in

NOTES
