

CHAIRMAN'S MESSAGE

The financial year ended March 31, 2009 was another excellent year for Sterlite Technologies. I am delighted to report that we are exceptionally well positioned in these uncertain times due to our strong market presence in the growing Indian and emerging markets, strong balance sheet and strong track record of organic growth coupled with low cost of operations. This provides the foundation for delivering profitable growth and creating long term shareholder value.

Delivering results driven through business strategy

As a significant global provider of telecom and power transmission solutions, we continue to play a defining role in creating demand in the markets that we operate in and continue to focus on increasing our international footprint. We have seen significant growth in international revenues and a very healthy increase in our domestic sales. We are very optimistic on the demand outlook in emerging market economies in terms of investments in new power transmission networks and telecom broadband networks.

“We possess a potent combination of leadership, team spirit and technology to grow our global presence in a sustainable way across the telecom and power sectors.”

We continue to make excellent progress in delivering industry leading organic growth. We are happy to report that in both our core businesses of optical fiber and power conductors, we have achieved significantly higher volumes, due to our expanded capacities coming on-stream during the year and our expanded sales presence in the global and domestic markets.

People

We are proud of the knowledge and intellectual capital that our young professional workforce brings to the organisation. The challenging assignments they are given at an early stage in their careers make them highly motivated, committed and enthusiastic. Our hands-on participative style of management continues to strengthen our organisational culture and values to grassroot levels.

Our people are at the centre of our technology and operations and the successes that I have been able to report are due to the outstanding commitment and contribution of our employees. It is because of them that we have come a long way in a short time. On behalf of the Board I am thankful to all of them for their continuing support and efforts.

Sustainable Development

Sustainable development is a key element of how we conduct our business. We remain committed to the ongoing and new projects in education, environment and health domains, which strive to make a positive and sustainable impact on the community. We will continue to enhance this focus and to continue our efforts to actively engage with our stakeholders, concerning this integral aspect of our business philosophy.

Outlook

Global demand for telecom and power transmission solutions continues to be strong and we are well placed to serve this growing demand. The industry faces challenges in terms of liquidity, cost pressures and global recession; however we believe that we have an unrivalled track record in this challenging environment.

Our continued business growth reflects the inherent strengths of our business model. With strong volume growth, a

strong global presence and continued progress in cost reduction and technological development, we are confident of delivering another year of profitable growth and strong free cash flows. I eagerly look forward to reporting on our progress on various initiatives in 2010.



Anil Agarwal
Chairman



LETTER TO THE SHAREHOLDERS

We are glad to present the Annual Report for FY 2008-09.

The past year was truly exciting and proved to validate on our key strategies of leadership in India, enhance our global market share in emerging markets and focus on the lowest cost operations globally.

In FY 2008-09, net revenue increased to Rs. 2,289 Crores, compared with Rs. 1,686 Crores in FY 2007-08. Sterlite's EBITDA was Rs. 238 Crores, compared to an EBITDA of Rs. 201 Crores in the last fiscal. This broadly translates to a CAGR of about 63% in net revenue and 65% in EBITDA from FY 2004-05 through FY 2008-09.

“Through focused efforts in backward integration, development of application oriented solutions, a globalised market approach and an enhanced global customer footprint, Sterlite has transformed into a truly global and market-centric organisation.”

Our order bookings remained largely unaffected by the global economic slowdown. Our revenues from international sales increased to Rs. 593 Crores and accounts for 26% of our total revenues. This is a clear result of our strategy to align our sales efforts to focus on a judicious mix of sustained growth markets and future potential markets.

Sterlite has achieved tremendous success in key high demand markets, has established a loyal customer base and has partnered in key projects in several geographies. Some of the projects during FY 09 include manufacture & supply

of India's highest size ribbon fiber optic cables, manufacture & supply of power conductors for 'Accelerated Electrification Programme Project' – Ethiopia, 'National Integrated Power Project' – Nigeria, Network expansion projects in Algeria, installation of an OSS / BSS (Operation / Business Support Systems) for a Metro- Ethernet network, to name a few.

In-house research, product development and advancement of our intellectual property portfolio remains a high priority. The Sterlite® Fiber Powered Home™, launched during the year is a unique bouquet of applications for enterprise and residential customers, which was a result of extensive design and development over the last 4 years. All these IP based applications can run over multi-screens in a customer's home or office. It is a highly cost effective solution for any / all new fiber-to-the-home network deployments. We also enhanced our power portfolio with a range of Alloy Reinforced Aluminum Conductors (ACAR).

During the year, we were granted three patents in USA and India, adding to our basket of 13 patents granted in the previous years. To date, our technology development team has filed over 100 patent applications for innovations in our products and processes and we are confident that the next fiscal would see the fruition of several more patent grants. Our efforts in innovation were recognised with our receipt of the 'Thomson Reuters Innovation Award 2009' in the corporate services category.

Sterlite's focus on innovation does not limit itself to products and processes, but encompasses all functional areas of business such as IT, finance, sales and marketing. One such example is the implementation of a unique end-to-end traceability platform that is integrated with its ERP platform for the entire manufacturing value chain. The implemented

system ensures end-to-end traceability of the raw material and intermediate products that have been used for producing any particular finished product, simplifying inventory management and enhancing customer support. Sterlite won the 'CIO 100 Award 2008', for its innovative use of IT in manufacturing.

We continue to focus on projects related to the debottlenecking of currently installed capacities, improvements in operational efficiencies and productivity. At the same time, we continue to review our capacities vis-a-vis industry demand and our global market access. Projects are underway to double the annual optical fiber manufacturing capacity to 12 million fkm, enhance fiber optic cable capacity to 6 million fkm and enhance power conductor capacity to 160,000 Metric Tonnes. All projects are well within their completion schedules.

We ensure that our products are constantly benchmarked with the 'best-in-industry' standards. During the year, our optical fiber and fiber optic cables facilities received the TL9000 certification, which is a specialised international telecom standard. Our conductor facility at Haridwar received the NABL certification. With a continued focus on improving value to our customers, Sterlite's Optical Fiber facility was assessed and certified for the ISO 10002 standard and this facility was awarded the 'IMC Ramkrishna Bajaj Performance Excellence Trophy 2008' for business excellence.

Sterlite also received the 'Deloitte Technology Fast 500 Asia Pacific & Fast 50 India Awards' for the 4th consecutive year. Other awards received include the 'National Telecom Award 2008' for excellence in exports' & the 'V&D 100 Top Telecom Cables Company Award 2008'. Despite the current situation in the global marketplace, several global economies continue to build telecom

and power infrastructures in preparation of economic revival. Our global footprint extends to several of these economies and we continue to be bullish on the energy and telecom sectors.

We have always found that challenging times have presented sustainable opportunities for us if we continue to focus on doing things right at the first stage in all business processes, strive relentlessly and constantly improve ourselves in our offerings and allow minds to reach beyond conventional and predictable solutions. We are confident that we possess the competitive position to make our success sustainable across the coming years.

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



Pravin Agarwal

Wholetime Director



Dr. Anand Agarwal

Chief Executive Officer