

CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Sterlite Industries (India) Ltd. ("Sterlite") believes that high standards of corporate governance are critical to ensure business success. The Company has always believed in conducting its affairs in a fair and transparent manner and in maintaining the highest ethical standards in its dealings with all its constituents. Sterlite's mission is to constantly review its systems and procedures to achieve the highest level of corporate governance in the overall interest of all the stakeholders. It has, therefore, adopted practices mandated in Clause 49 and established procedures and systems to be fully compliant with it.

This chapter, along with the chapters on Management Discussion and Analysis and Additional Shareholders Information, reports Sterlite's compliance with Clause 49 of the Listing Agreement with the Stock Exchanges.

BOARD OF DIRECTORS

COMPOSITION OF THE BOARD

As on 31 March 2008, Sterlite's Board comprised of nine Directors. There are four promoter Directors on the Board, including the non-executive Chairman and the Executive Vice-Chairman. The other two promoter Directors are non-executive. In addition, the Board has a Managing Director, a Whole-time Director and three Non-executive independent Directors. The details are given in Table 1.

NUMBER OF BOARD MEETINGS

In 2007-08, the Board of the Company met seven times on 3 May 2007, 25 July 2007, 29 October 2007, 26 November 2007, 12 December 2007, 29 January 2008 and 27 March 2008. The maximum gap between any two Board meetings was less than four months. Table 1 gives the details.

DIRECTORS' ATTENDANCE RECORD AND DIRECTORSHIPS

Table 1: Composition of the Board of Directors

Name of the Directors	Category	Attendance particulars			Number of other Directorships and Committee membership/Chairmanships in other Indian public companies		
		Held	Number of Board meetings attended	Last AGM	Other Directorships ¹	Committee Memberships ²	Committee Chairmanships ²
Mr Anil Agarwal (Chairman)	Promoter, Non-executive	7	1	No	7	-	-
Mr Navin Agarwal (Executive Vice Chairman)	Promoter, Executive	7	6	No	8	2	-
Mr Dwarka Prasad Agarwal	Promoter, Non-executive	7	4	No	3	-	-
Mr Ishwarlal Patwari	Promoter, Non-executive	7	5	No	2	2	-
Mr Sandeep Junnarkar	Independent, Non-executive	7	7	Yes	10	5	-
Mr Gautam Doshi	Independent, Non-executive	7	7	Yes	10	9	-
Mr Berjis Desai	Independent, Non-executive	7	5	No	10	4	2
Mr Kuldeep Kumar Kaura (Managing Director)	Executive	7	5	No	4	-	-
Mr Tarun Jain (Whole Time Director)	Executive	7	6	No	5	6	-

Notes:

- 1 The Directorships held by Directors as mentioned above do not include alternate directorships and directorships of foreign companies, Section 25 companies and private limited companies
- 2 In accordance with Clause 49 of the Listing Agreement, Memberships / Chairmanships of only the Audit Committees and Shareholders'/Investors' Grievance Committees of all public limited companies have been considered.

As detailed in the table above, none of the Directors is a member of more than 10 Board-level Committees of public companies in which they are Directors, nor is Chairman of more than five such Committees.

CORPORATE GOVERNANCE CONTINUED

DIRECTORS WITH MATERIALLY PECUNIARY OR BUSINESS RELATIONSHIP WITH THE COMPANY

As mandated by Clause 49, the independent Directors on Sterlite's Board:

- apart from receiving Director's remuneration, do not have any material pecuniary relationships or transactions with the company, its promoters, its Directors, its senior management or its holding company, its subsidiaries and associates which may affect independence of the Director;
- are not related to promoters or persons occupying management positions at the Board level or at one level below the Board;
- have not been an executive of the company in the immediately preceding three financial years;
- are not partners or executives or were not partners or an executives during the preceding three years of the:
 - a) statutory audit firm or the internal audit firm that is associated with the company;
 - b) legal firm(s) and consulting firm(s) that have a material association with the company;
- are not material suppliers, service providers or customers or lessors or lessees of the company, which may affect independence of the Director and;
- are not substantial shareholders of the company ie do not own 2% or more of the block of voting shares.

Transactions with related parties are disclosed in Note 30 – 'Notes forming part of the Accounts' annexed to the financial statements of the year. There has been no materially relevant pecuniary transaction or relationship between Sterlite and its non-executive and/or independent Directors during the year 2007-08.

INFORMATION SUPPLIED TO THE BOARD

Among others, information supplied to the Board includes:

- annual operating plans and budgets and any update thereof;
- capital budgets and any updates thereof;
- annual Accounts, Half-yearly and Quarterly results for the company and operating divisions and business segments;
- minutes of the meetings of the Audit Committee and other Committees of the Board;
- information on recruitment and remuneration of senior officers just below the level of Board, including the appointment or removal of Chief Financial Officer and Company Secretary;
- materially important show cause, demand, prosecution notices and penalty notices;

- fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems;
- any material default in financial obligations to and by the company, or substantial non-payment for goods sold by the company;
- any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprise that can have negative implications on the company;
- details of any joint venture or collaboration agreement
- transactions that involve substantial payment towards goodwill, brand equity or intellectual property;
- significant labour problems and their proposed solutions. Any significant development in human resources/industrial relations front like signing of wage agreement, implementation of voluntary retirement scheme, etc;
- sale of material nature of investments, subsidiaries, assets, which is not in the normal course of business;
- quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material;
- non-compliance of any regulatory, statutory nature or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer, etc;
- statement of significant transactions and arrangements entered by unlisted subsidiary Companies;
- dividend declaration;
- general notices of interest of Directors;
- internal audit findings (through the Audit Committee); and
- subsidiary companies minutes, financial statements, significant investments and other significant transactions and arrangements, if any.

In addition to the areas described above, the Company's audit committee looks into controls and security of the Company's critical IT applications, the internal and control assurance audit reports of all divisions and deviations from the Code of Business Principles, if any.

The Board of Sterlite Industries (India) Ltd is presented with detailed notes along with the agenda papers well in advance of the meeting. The Board periodically reviews compliance reports of all laws applicable to the company, prepared by the company as well as steps taken by the company to rectify instances of non-compliances.

CODE OF BUSINESS ETHICS AND CONDUCT

The Board of Sterlite Industries (India) Limited, at its meeting on 12 January 2007, revised its earlier code of business ethics and conduct for all Board members, senior management and 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 Managing Director & CEO has also confirmed and certified the same (certification is enclosed at the end of this report).

RISK MANAGEMENT

Please refer to the details stated in the Management Discussion & Analysis

COMMITTEES OF THE BOARD

AUDIT COMMITTEE

As on 31 March 2008, Sterlite's Audit Committee consisted of Mr Gautam Doshi (Chairman), independent Director, Mr Sandeep Junnarkar, independent Director, and Mr Berjis Doshi, independent Director. Mr Gautam Doshi is the financial expert in the Audit Committee and all members of the Audit Committee have accounting and financial management expertise. The Chairman of the Audit Committee attended the Annual General Meeting (AGM) held on 28 September 2007 to answer shareholder queries.

The Committee met four times during the course of the year on 3 May 2007, 25 July 2007, 29 October 2007 and 29 January 2008. Table 2 gives attendance record.

Table 2: Attendance record of the Audit Committee for 2007-08

Name of members	Category	Status	Number of meetings	
			Held	Attended
Mr Gautam Doshi	Independent	Chairman	4	4
Mr Sandeep Junnarkar	Independent	Member	4	4
Mr Berjis Desai	Independent	Member	4	4

The Chief Executive Officer (CEO), the Chief Financial Officer (CFO) and representatives of the statutory auditors and internal auditors are regularly invited by the Audit Committee to its meetings. The Company Secretary is the secretary to the Committee.

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

1. Oversight of 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, re-appointment 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, with particular reference to:
 - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
 - b) Changes, if any, in accounting policies and practices and reasons for the same.
 - c) Major accounting entries involving estimates based on the exercise of judgment by management.
 - d) Significant adjustments made in the financial statements arising out of audit findings.
 - e) Compliance with listing and other legal requirements relating to financial statements.
 - f) Disclosure of any related party transactions.
 - g) Qualifications in the draft audit report.
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, adequacy of the internal control systems.

CORPORATE GOVERNANCE CONTINUED

7. Reviewing the adequacy of 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.
8. Discussion with internal auditors any significant findings and follow up thereon.
9. Reviewing the findings of any internal investigations by the internal auditors 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 and functioning of the whistle blower mechanism.
12. To look 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 last completed 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.

The Audit Committee is empowered, pursuant to its terms of reference, to:

- a) Investigate any activity within its terms of reference and to seek any information it requires from any employee.
- b) Obtain legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise, when considered necessary.

The Company has systems and procedures in place to ensure that the Audit Committee mandatorily reviews:

- management discussion and analysis of financial condition and results of operations;
- statement of significant related party transactions (as defined by the Audit Committee), submitted by management.
- management letters/letters of internal control weaknesses issued by the statutory auditors
- internal audit reports relating to internal control weaknesses;
- the appointment, removal and terms of remuneration of the chief internal auditor;
- whenever applicable, the uses/applications of funds raised through public issues, rights issues, preferential issues by major category (capital expenditure, sales and marketing, working capital, etc), as part of the quarterly declaration of financial results; and
- if applicable, on an annual basis, statement certified by the statutory auditors, detailing the use of funds raised through public issues, rights issues, preferential issues for purposes other than those stated in the offer document/prospectus/notice.

In addition, the Audit Committee of the company is also empowered to review the financial statements, in particular, the investments made by the unlisted subsidiary companies (if any), in view of the requirements under Clause 49.

The Audit Committee is also apprised on information with regard to related party transactions being presented with:

- a statement in summary form of transactions with related parties in the ordinary course of business;
- details of material individual transactions with related parties which are not in the normal course of business; and
- details of material individual transactions with related parties or others, which are not on an arm's length basis along with management's justification for the same.

SHAREHOLDERS'/INVESTORS' GRIEVANCES COMMITTEE

The Committee looks into all matters related with the transfer of securities; it also specifically looks into redressing complaints of shareholders and investors such as transfer of shares, issue of share certificates, non-receipt of Annual Report and non-receipt of declared dividends. The Committee comprises three members: Mr Sandeep Junnarkar who is Chairman of the Committee, Mr Berjis Desai and Mr Tarun Jain. The Committee met twice during the year on 25 July 2007 and 29 January 2008. Table 3 gives the details of attendance.

Table 3: Attendance record of the Shareholders'/Investors' Grievances Committee for 2007-08

Name of Members	Category	Status	Number of Meetings	
			Held	Attended
Mr Sandeep Junnarkar	Independent	Chairman	2	2
Mr Berjis Desai	Independent	Member	2	2
Mr Tarun Jain	Executive	Member	2	2

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 pre-determined evaluation parameters and the Company policy of rewarding achievements and performance.

Payment of remuneration to the Executive Vice-Chairman, Managing Director and Whole-time Director is governed by the respective agreements executed between them and the Company and are governed by Board and shareholders' resolutions. The remuneration structure comprises of Salary, commission linked to profits, perquisites and allowances and retiral benefits (pension, superannuation and gratuity). Table 4 details the composition and attendance record of the Remuneration Committee.

Table 4: Attendance record of the Remuneration Committee for 2007-08

Name of Members	Category	Status	Number of meetings	
			Held	Attended
Mr Berjis Desai	Independent	Chairman	3	3
Mr Gautam Doshi	Independent	Member	3	3
Mr Anil Agarwal	Promoter, Non-executive	Member	3	Nil

The details of such remuneration, including commission to non-executive Directors have been disclosed in Table 5 below.

CORPORATE GOVERNANCE CONTINUED

REMUNERATION OF DIRECTORS

Information on remuneration of Directors during the year ended 31 March 2008 is set forth in Table 5 below.

Table 5: Remuneration paid or payable to Directors for the year ended 31 March 2008 and relationship with each other

Name of the Director	Relationship with other Directors ¹	Sitting fees ²	Salary and perquisites	Provident and super-annuation funds	Commission ³	Stock options of the holding Company ⁴	Total in Rs.
Mr Anil Agarwal	Son of Mr Dwarka Prasad Agarwal Brother of Mr Navin Agarwal	-	-	-	-	-	-
Mr Navin Agarwal ⁵	Son of Mr Dwarka Prasad Agarwal Brother of Mr Anil Agarwal	-	60,196,563	4,956,001	-	5,471,169	70,623,733
Mr Dwarka Prasad Agarwal	Father of Mr Anil Agarwal and Mr Navin Agarwal	80,000	-	-	-	-	80,000
Mr Ishwarlal Patwari	None	100,000	-	-	-	-	100,000
Mr Sandeep Junnarkar ⁶	None	200,000	-	-	1,250,000	-	1,450,000
Mr Gautam Doshi	None	210,000	-	-	1,250,000	-	1,460,000
Mr Berjis Desai	None	190,000	-	-	1,250,000	-	1,440,000
Mr Kuldip Kumar Kaura ⁷	None	-	36,989,000	1,858,140	-	2,955,997	41,803,137
Mr Tarun Jain ⁸	None	-	27,701,881	2,327,503	-	6,027,280	36,056,664

Notes

- 1 Determined on the basis of criteria of Section 6 of the Companies Act, 1956.
- 2 Sitting fees include payment for Board-level Committee meetings.
- 3 Commission to non-executive independent Directors has been paid for the financial year ended 31 March 2008.
- 4 The Company has granted stock option of its holding company to its Executive Directors (please refer Note no 17 of Schedule 20)
- 5 Mr Navin Agarwal's service contract is for a period of five years from 1 August 2003 to 31 July 2008 and has been extended for a further period of five years ie from 1 August 2008 to 31 July 2013.
- 6 The Company paid a sum of Rs. 0.15 lakhs to M/s. Junnarkar & Associates in which Mr Sandeep Junnarkar is a partner
- 7 Mr K. K. Kaura's service contract expired on 31 March 2008. It has been extended for a further period of 6 months i.e. from 01 April 2008 to 30 September 2008.
- 8 Mr Tarun Jain's service contract is for a period of 5 (five) years from 24 November 2004 to 23 November 2009

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 Company's Share/Debenture Transfer Committee consists of 4 Directors, namely, Mr K K Kaura, Mr Tarun Jain, Mr Gautam Doshi and Mr Berjis Desai. The Share/Debenture Transfer Committee met thirty two times during the year.

BANKING AND AUTHORISATION COMMITTEE

The Banking and Authorisation Committee consists of three Directors of the Company, namely, Mr Navin Agarwal, Mr K K Kaura and Mr Tarun Jain. 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, authorisation to specific employees for certain contractual obligations and such other delegation as may required. The Committee met twice during the year.

SHARES AND CONVERTIBLE INSTRUMENTS HELD BY NON-EXECUTIVE DIRECTORS

Table 6 gives details of the shares and convertible instruments held by the non-executive Directors as on 31 March 2008.

Table 6: Details of the shares and convertible instruments held by the Non-executive Directors as on 31 March 2008

Name of the Director	Category	Number of shares held	Number of convertible instruments held
Mr Dwarka Prasad Agarwal	Promoter	Nil	Nil
Mr Ishwarlal Patwari	Promoter	1,372,830	Nil
Mr Sandeep Junnarkar	Independent	17,500	Nil
Mr Gautam Doshi	Independent	Nil	Nil
Mr Berjis Desai	Independent	Nil	Nil

SUBSIDIARY COMPANIES

Clause 49 defines a 'material non-listed Indian subsidiary' as an unlisted subsidiary, incorporated in India, whose turnover or net worth (ie paid up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.

Sterlite had, as on 31 March 2008, no such subsidiaries.

MANAGEMENT**MANAGEMENT DISCUSSION AND ANALYSIS**

This annual report has a detailed chapter on Management Discussion and Analysis.

DISCLOSURES BY MANAGEMENT TO THE BOARD

All disclosures relating to financial and commercial transactions where Directors may have a pecuniary 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 referred to in Section 211 (3C) of the Companies Act, 1956 including Accounting Standard (AS) – 30 on 'Financial Instruments: Recognition and Measurement' and limited revision arising out of it in other Accounting Standards, issued by 'The Institute of Chartered Accountants of India'.

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 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 '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.

CEO/CFO CERTIFICATION

The CEO and CFO certification of the financial statements for the year is enclosed at the end of the report.

CORPORATE GOVERNANCE CONTINUED

APPOINTMENT/RE-APPOINTMENT OF DIRECTORS

MR ANIL AGARWAL

Mr Anil Agarwal, who founded the Vedanta Group in 1976, was appointed to the Company's board in 1978. Mr Agarwal has over 30 years of experience as an industrialist and has been instrumental in the Company's growth and development.

Mr Anil Agarwal does not hold any shares in the Company.

Other Directorships (No private limited companies considered)

1. Bharat Aluminium Company Limited
2. Hindustan Zinc Limited
3. Sterlite Paper Limited
4. Sterlite Opportunities and Ventures Limited
5. Sterlite Technologies Limited
6. Vedanta Aluminium Limited
7. Sterlite Energy Limited
8. Copper Mines of Tasmania Pty Limited
9. Thalanga Copper Mines Pty Limited
10. Vedanta Resources Plc UK
11. Vedanta Resources Holdings Limited
12. Finsider International Company Limited

Other Committee Memberships

None

MR DWARKA PRASAD AGARWAL

Mr Dwarka Prasad Agarwal is the founder and trustee of Sterlite Foundation which is a social and charitable organisation working for the upliftment of the economically weaker section of the society. He has contributed significantly to our development since our inception.

Mr Dwarka Prasad Agarwal does not hold any shares in the Company.

Other Directorships

1. Nagreeka Exports Limited
2. Twinstar Overseas Limited
3. Sterlite Paper Limited
4. Sterlite Iron and Steel Company Limited
5. Twinstar Investment Limited
6. Volcan Investment Limited
7. Twinstar Infrastructure Limited

Other Committee Memberships

None

MR KULDIP KUMAR KAURA

Mr K K Kaura (aged 61) did his B.E. (Honours) in Mechanical Engineering from Birla Institute of Technology & Science, Pilani in 1968. He held various assignments in operation and business management and was on the Board of ABB Ltd. from 1996 and thereafter was appointed Managing Director & Country Manager of ABB Ltd. (formerly Asea Brown Boveri Ltd.) from mid 1998. After serving ABB successfully for 18 years, he joined Sterlite Group in the year 2002 and was appointed Managing Director of Hindustan Zinc Limited.

Mr K K Kaura does not hold any shares in the Company.

Other Directorships

1. Hindustan Zinc Limited
2. Vedanta Aluminium Limited
3. Konkola Copper Mines Plc.
4. Vedanta Resources Plc UK
5. Copper Mines of Tasmania Pty Limited
6. Thalanga Copper Mines Pty Limited
7. Sesa Goa Limited
8. Sterlite Energy Limited

Other Committee Memberships

None

MR NAVIN AGARWAL

Navin Agarwal has over 20 years of experience in general management and commercial matters. Mr Agarwal has completed the Owner/President Management Program at Harvard University and has a Bachelor of Commerce from Sydenham College, Mumbai, India. His responsibilities as Executive Vice-Chairman include executing our business strategy and managing the overall performance and growth of our organization.

Mr Navin Agarwal does not hold any shares in the Company.

Other Directorships

1. Konkola Copper Mines Plc.
2. The Madras Aluminium Company Limited
3. Vedanta Aluminium Limited
4. Vedanta Resources Plc UK
5. Bharat Aluminium Company Limited
6. Hindustan Zinc Limited
7. Sterlite Paper Limited
8. Sterlite Infrastructure Holdings Private Limited
9. Sterlite Energy Limited
10. Finsider International Company Limited and
11. Sterlite Shipping Ventures Private Limited

Other Committee Memberships

None

COMMUNICATION TO SHAREHOLDERS

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/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.

INVESTOR GRIEVANCES & SHAREHOLDER REDRESSAL

The company has appointed, Messrs. Karvy Computershare Private Limited, as its Registrar and Share Transfer Agent, who are fully equipped to carry out share transfer activities and redress investor complaints. Mr Narendra Mehra, Company Secretary, is the Compliance Officer for redressal of all shareholders' grievances.

Disclosures on materially significant related party transactions ie transactions of the Company of material nature, with its promoters, the Directors or the management, their relatives, or subsidiaries, etc that may have potential conflict with the interests of the company at large

None of the transactions with any of the related parties were in conflict with the interest of the Company. Attention of members is drawn to the disclosures of transactions with related parties as set out in Notes on Accounts – Schedule '20' forming part of the Annual Report.

DETAILS OF NON-COMPLIANCE BY THE COMPANY

1. SEBI had filed a petition in the High Court of Judicature at Bombay challenging the Company's Scheme of Arrangement. This petition was set aside by the Division Bench of the High Court of Judicature at Bombay vide its Order dated 15 July 2002. SEBI and Union of India have filed a Special Leave Petition in the Supreme Court in August 2002. During the financial year 2005-06, the Supreme Court of India disposed off the appeal filed by SEBI.
2. The Securities and Exchange Board of India (SEBI) had issued notice to the Company for alleged violation of the provisions of sub regulations (2) and (4) of Regulation 6 (for the year 1997), sub-regulation (3) of Regulation 7 (for the year 2000) and sub regulation (3) of Regulation 8 of the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997. The Company contested the matter before the Adjudicating Officer of SEBI stating that the relevant information was furnished but the Company was unable to produce the proof thereof, after five/seven years. The Adjudicating Office held the Company liable for noncompliance of these provisions and the Company was directed to pay a token penalty of Rs. 100,000/- for non-compliance of the aforesaid regulations, which has since been paid.
3. SEBI barred the Company from accessing the Indian Capital Market for Equity/Debt issue for a period of two years from 19 April 2001. The matter relates to alleged price manipulation during an open offer for the acquisition of shares in Indian Aluminium Company Limited made by the Company. The Company appealed against the SEBI Order before the Securities Appellate Tribunal (SAT). The SAT vide its order dated 22 October 2001 set aside the earlier SEBI order. SEBI has preferred an appeal against the SAT order in the High Court of Judicature at Bombay and the same is pending.

CORPORATE GOVERNANCE CONTINUED

GENERAL BODY MEETINGS

Date, time and venue for the last three annual general meetings and extraordinary general meetings are given in Table 7 below.

Table 7: Details of last three Annual General Meetings

Financial year	Meeting	Date	Time	Venue	Special resolutions passed
2004-05	AGM	3 Sep 2005	11.30am.	B 10/4, Waluj MIDC Industrial Area, Waluj, Dist: Aurangabad – 431133, Maharashtra	Alteration in Article 75 of the Articles of Association of the Company to increase the total strength of the Board of Directors to 12
2005-06	AGM	20 Sep 2006	11.30am	B 10/4, Waluj MIDC Industrial Area, Waluj, Dist: Aurangabad – 431133, Maharashtra	None
2006-07	EGM	11 Dec 2006	11.30am	B 10/4, Waluj MIDC Industrial Area, Waluj, Dist: Aurangabad – 431133, Maharashtra	None
2006-07	AGM	28 Sep 2007	11.30am	Tamira Club, Tamira Niketan, SIPCOT Industrial Complex, Madurai By pass Road, TV Puram PO Tuticorin 628002, Tamil Nadu	None

POSTAL BALLOT

A Postal Ballot was conducted pursuant to Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 for obtaining the consent of the shareholders of the Company for the following resolution:

- Amendment in the object clause of the memorandum of association of the Company: by way of an special resolution.

The procedure adopted for the postal ballot was as follows:

- A Postal Ballot Notice dated 29 October 2007 was sent to all the Shareholders along with postal ballot form and the Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 seeking their assent/dissent to the proposed Resolution.
- The Board of Directors appointed Mr Upendra Shukla, Company Secretary in Practice, as the Scrutiniser.
- Upon the receipt of the duly filled in Postal Ballot Forms and completion of the scrutiny thereof, the Scrutiniser submitted his report to the Whole-time Director.
- The Whole time Director thereafter announced the results of the Postal Ballot on 19 December 2007, which are summarised in Table 8 below

Table 8: Details of results of the postal ballot: announced on 19 December 2007

Particulars	Number of postal ballot forms	Votes ¹ percentage of total votes cast	Percentage of total paid Up equity capital
Total postal ballot forms received	2,542	463,196,416 100.000%	65.378
Assent	2,282	462,872,807 99.997%	65.332
Dissent	47	12,036 0.003%	0.002
Invalid forms	213	85,482 0.002%	0.012

¹ A total difference of 226,091 shares (between the total votes and its break up) is on account of short voting by eligible shareholders

No resolution is proposed to be passed at the forthcoming Annual General Meeting through postal ballot.

COMPLIANCE

MANDATORY REQUIREMENTS

The company is fully compliant with the applicable mandatory requirements of Clause 49.

NON-MANDATORY REQUIREMENTS

The details of compliance of the non-mandatory requirements are listed below.

REMUNERATION COMMITTEE

Details of the composition and function of the Remuneration Committee are given in the section 'Committees of the Board'.

SHAREHOLDER RIGHTS – FURNISHING OF HALF-YEARLY RESULTS

Details of the shareholders' rights in this regard are given in the section 'Communication to Shareholders'.

AUDIT QUALIFICATIONS

During the current financial year, there are no audit qualifications in the financial statements. The company continues to adopt appropriate best practices in order to ensure unqualified financial statements.

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. During the year there was no concern reported under this mechanism.

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

The company has obtained a certificate from the statutory auditors regarding compliance of conditions of corporate governance, as mandated in Clause 49. The certificate is annexed to this report.

ADDITIONAL SHAREHOLDER INFORMATION

ANNUAL GENERAL MEETING

Date: 22 August 2008
Time: 12 noon
Venue: SIPCOT Industrial Complex, Madurai Bypass
Road, TV Puram P.O., Tuticorin 628002,
Tamil Nadu

FINANCIAL CALENDAR

1 April to 31 March.

The tentative financial calendar for the year ending 31 March 2009 is given below.

Board Meetings for considering the quarterly results for the first three quarters for the financial year ending 31 March 2009 – within one month from the end of each quarter.

Board Meeting for considering audited results for the last quarter and for the financial year ending 31 March 2009 – within three months from the end of the financial year.

BOOK CLOSURE

The register of members and share transfer will be closed from Tuesday, 19 August, 2008 to Thursday, 21 August, 2008 (both days inclusive), as annual closure for the Annual General Meeting and payment of dividend.

DIVIDEND DATE

The Board has recommended a dividend of 200% (Rs. 4/- per equity share of Rs. 2/- each fully paid-up) for the year ended 31 March 2008, which would be payable on and after 22 August, 2008 if approved, by the shareholders at the ensuing Annual General Meeting scheduled on 22 August, 2008.

LISTING

Equity shares of Sterlite Industries (India) Ltd are listed on the Bombay Stock Exchange Limited, Mumbai and National Stock Exchange of India Limited, Mumbai. 150,000,000 Nos. of American Depository Shares (ADS) are listed on the New York Stock Exchange (NYSE).

The Company had applied for the delisting of its shares from the Calcutta Stock Exchange Association Limited. The delisting has been approved on 25 March 2008.

STOCK CODES

- BSE: 500900
- NSE: STER/EQ
- NYSE: SLT (for ADS)

The ISIN number (or demat number) for Equity Shares of the Company on both the NDSL and CDSL is INE268A01031.

The Company's ADSs carry CUSIP number 859737207.

All listing and custodial fees to the stock exchanges and depositories have been paid to the respective institutions.

STOCK DATA

Table 9 below gives the monthly high and low prices and volumes of Sterlite Industries (India) Ltd's equity shares at the Bombay Stock Exchange Limited (BSE), the National Stock Exchange Limited (NSE) and the New York Stock Exchange, US (NYSE) for the year 2007-08.

Table 9: High and low prices, and trading volumes at the BSE and NSE

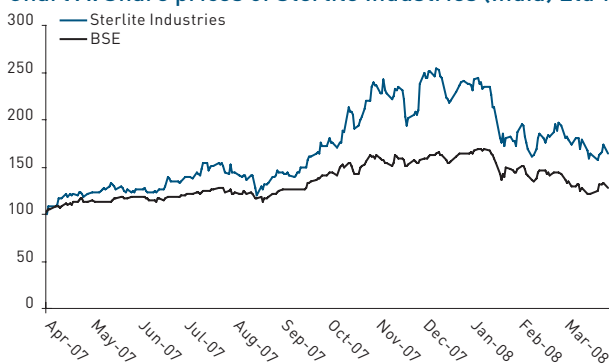
Month	Bombay Stock Exchange (BSE)			National Stock Exchange (NSE)			NYSE ¹		
	High (Rs.)	Low (Rs.)	Volume (Nos.)	High (Rs.)	Low (Rs.)	Volume (Nos.)	High (US\$)	Low (US\$)	Volume (Nos.)
Apr 2007	544.60	415.00	6,921,541	585.55	415.30	22,456,620	-	-	-
May 2007	581.00	519.05	4,398,757	580.95	507.50	13,448,346	-	-	-
Jun 2007	612.40	525.00	10,041,549	616.00	477.00	26,913,786	15.14	14.00	29,212,600
Jul 2007	682.00	585.50	5,27,4910	682.90	582.00	17,942,619	18.70	14.60	48,459,700
Aug 2007	653.05	503.00	4,534,185	655.00	503.00	19,024,665	16.20	11.12	29,366,500
Sep 2007	784.00	535.00	4,797,805	782.00	597.30	18,351,862	19.00	14.88	16,642,900
Oct 2007	1,107.00	721.50	11,397,853	1106.80	723.85	44,032,676	26.15	18.03	57,453,500
Nov 2007	1,102.50	809.00	14,157,160	1109.00	812.00	77,670,011	27.35	21.36	64,938,700
Dec 2007	1,140.00	934.00	6,332,161	1,149.95	932.20	33,642,453	28.97	23.33	24,784,100
Jan 2008	1,084.90	560.15	7,315,802	1082.40	555.00	38,826,986	27.05	16.80	34,416,500
Feb 2008	875.00	675.20	4,633,798	879.00	680.00	24,833,555	22.00	17.95	24,103,300
Mar 2008	833.80	657.10	7,224,319	834.00	657.00	25,111,916	20.20	16.31	23,252,700

Note:

1 One American Depository Share is equal to one equity share of Rs. 2/- each, issued by the Company in June 2007

STOCK PERFORMANCE

Chart A plots the movement of Sterlite's shares' adjusted closing prices compared to the BSE Sensex.

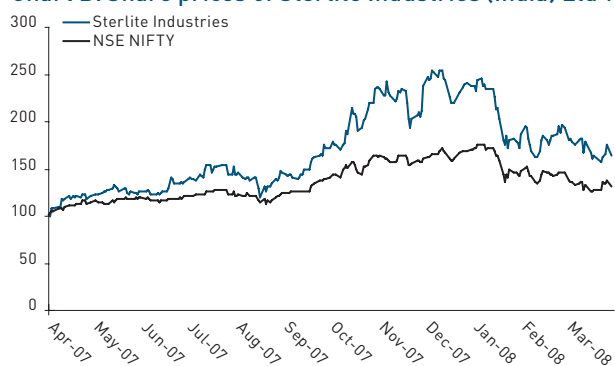
Chart A: Share prices of Sterlite Industries (India) Ltd versus BSE Sensex for the year ended 31 March 2008

Note: Share price of Sterlite Industries and BSE Sensex have been indexed to 100 on 2 April 2007

ADDITIONAL SHAREHOLDER INFORMATION CONTINUED

Chart B plots the movement of Sterlite's shares adjusted closing prices compared to the NIFTY.

Chart B: Share prices of Sterlite Industries (India) Ltd versus NSE NIFTY for the year ended 31 March 2008



Note: Share price of Sterlite Industries and NSE NIFTY have been indexed to 100 on 2 April 2007

SHARE TRANSFER AGENTS AND SHARE TRANSFER AND DEMAT SYSTEM

Sterlite executes share transfers through its share transfer agents, whose details are given below.

Karvy Computershare Private Limited
Plot No. 17-24, Vittal Rao Nagar
Cyberabad, Madhapur, Hyderabad 500 081
Tel: +91-40-2342 0818
Fax: +91-40-2342 0814
Contact Person: Mr K S Reddy
Email: einward.ris@karvy.com

In compliance with the SEBI circular dated 27 December 2002, requiring share registry in terms of both physical and electronic mode to be maintained at a single point, Sterlite has established direct connections with National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL), the two depositories, through its share transfer agent.

Shares received in physical form are processed and the share certificates are returned within stipulated time from the date of receipt, subject to the documents being complete and valid in all respects. The Company has, as per SEBI guidelines, offered the facility for dematerialised trading.

The company's equity shares are under compulsory dematerialised trading. Shares held in the dematerialised form are electronically traded in the Depository. The Registrar and the Share Transfer Agent of the Company periodically receives data regarding the beneficiary holdings, so as to enable them to update their records and send all corporate communications, dividend warrants, etc.

As on 31 March 2008, dematerialised shares accounted for 43.80 per cent of total equity.

For the Company's ADSs, Citibank N.A., New York acts as the Company's depositories.

Table 10 gives details about the nature of complaints.

Table 10: Number and nature of complaints for the year 2007-08

1. Number of complaints received during the year (including complaints pending as at 31 March 2007) from the investors comprising of Non-receipt of dividend/interest warrants, Non-receipt of securities sent for transfer and transmission, complaints received from SEBI etc	1,787
2. Number of complaints resolved	1,787
3. Complaints pending as at 31 March, 2008	Nil
4. Number of cases of share transfers pending for approval as at 31 March, 2008	Nil

SHAREHOLDING PATTERN

Tables 11 and 12 give the pattern of shareholding by ownership and shareholding class respectively.

Table 11: Pattern of shareholding by ownership as on 31 March 2008

	Number of equity Shares face value of shareholding (Rs. 2/- each)	Shares held %
A. PROMOTERS HOLDING		
Promoters		
Indian promoters	38,886,855	5.49%
Foreign promoters	403,715,750	56.98%
B. NON-PROMOTERS HOLDING		
a) Banks, financial institutions, insurance companies (central/state government institutions/ non-government, institutions)	21,471,886	3.03%
b) Foreign Institutional Investors (FIIs)	53,294,112	7.52%
c) Foreign Direct Investment (FDI)	Nil	Nil
d) Mutual funds (including UTI)	23,908,396	3.38%
e) Private corporate bodies	13,729,176	1.94%
f) Indian public	22,054,588	3.11%
g) NRIs/OCBs	2,215,815	0.31%
h) Shares held by custodians against which depository receipts have been issued	111,266,066	15.70%
Clearing member	185,291	0.03%
Trusts	17,766,476	2.51%
GRAND TOTAL	708,494,411	100.00

* ADS issued in June 2007

ADDITIONAL SHAREHOLDER INFORMATION CONTINUED

Table 12: Pattern by shareholding class as on 31 March 2008

Shareholding class	Number of shareholders	Number of shares held	Shareholding %
Up to 5,000	76,918	17,759,131	2.51%
5,001 to 10,000	432	3,079,654	0.43%
10,001 to 15,000	192	2,606,534	0.37%
15,001 to 20,000	63	1,588,060	0.23%
20,001 to 25,000	53	1,840,796	0.26%
25,001 to 50,000	35	1,589,523	0.22%
50,001 to 100,000	86	6,275,110	0.89%
100,001 and above	210	562,489,537	79.39%
Equity shares underlying ADSs	1	111,266,066	15.70%
Total	77,990	708,494,411	100.00%

OUTSTANDING GDRs/ADSs/WARRANTS OR ANY CONVERTIBLE INSTRUMENTS, CONVERSION DATE AND LIKELY IMPACT OF EQUITY AS OF 31 MARCH, 2008

On 19 June 2007, the Company issued 150,000,000 American Depository Shares (ADS), which are listed and traded in the New York Stock Exchange (NYSE) of which 111,266,066 ADS were outstanding as on 31 March 2008. Each ADS represents one equity share of face value Rs. 2.00 each fully paid-up. As on 31 March 2008, there were 9 registered and 35,379 beneficial holders of the ADSs.

Table 13: Details of public funding obtained and its implication on paid-up equity share capital

Financial year	Amount raised through public funding	Effect on paid-up equity share capital
2007-08	Issue of 150,000,000 ADSs, each representing one equity share of face value Rs. 2.00 each	The number of paid up equity shares of the Company increased from 558,494,411 shares of Rs. 2-each to 708,494,411 shares of Rs. 2-each

PLANT LOCATIONS

Division	Location
Copper anodes (smelter), refinery, continuous cast copper rods and captive power plant	Tuticorin (Tamil Nadu)
Copper cathodes (refinery) and continuous cast copper rods	Chinchpada (Silvassa)
Continuous cast copper rods	Piparia (Silvassa)
Continuous cast copper rods	Lonavala (Maharashtra)
Aluminium alloy sheets and foils	Sanaswadi, Dist Pune (Maharashtra)

INVESTOR CORRESPONDENCE ADDRESS**FOR SHARES HELD IN PHYSICAL FORM**

Karvy Computershare Private Limited
 Plot No. 17-24, Vittal Rao Nagar
 Cyberabad, Madhapur, Hyderabad 500 081
 Tel: +91-40-2342 0818
 Fax: +92-40-2342 0814
 Contact Person: Mr K S Reddy
 Email: einward.ris@karvy.com

FOR SHARES HELD IN DEMATERIALISED FORM

To the depository participant

COMPLIANCE OFFICER FOR INVESTOR REDRESSAL

Mr Narendra Mehra
 Company Secretary
 Sterlite Industries (India) Ltd
 SIPCOT Industrial Complex
 Madurai By pass Road, TV Puram PO
 Tuticorin 628008, Tamil Nadu, INDIA
 Tel: +91-461-661 2591
 Fax: +91-461-234 0203
 Email: comp.sect@vedanta.co.in

TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

The Notes to the Notice details the due dates on which unclaimed dividends lying in the unpaid dividend accounts of the Company would be credited to the IEPF. Investors are requested to claim their unclaimed dividends before these due dates.

Pursuant to Section 205C of the Companies Act, 1956 and the IEPF (Awareness and Protection of Investors) Rules, 2001, a sum of Rs. 7,563,076, being the unclaimed dividend for the year 1999-2000, has been credited to the IEPF.

For and on behalf of the Board of Directors:

ANIL AGARWAL
CHAIRMAN

Place: Mumbai
 Date: 28 June 2008

CERTIFICATION BY MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER OF THE COMPANY

We, K K Kaura, Managing Director and Chief Executive Officer and D D Jalan, Chief Financial Officer of Sterlite Industries (India) Ltd, to the best of our knowledge and belief, certify that:

1. We have reviewed the balance sheet and profit and loss account, and all its schedules etc., and confirm that:
 - a) Based on our knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact or contain statements that might be misleading;
 - b) Based on our knowledge and information, the financial statements, present in all material respects, a true and fair view of, the company's affairs and are in compliance with the existing accounting standards and / or applicable laws and regulations.
2. To the best of our knowledge and belief, no transactions entered into by the company during the period are fraudulent, illegal or violative of the company's code of conduct.
3. We are responsible for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the company, and we have:
 - a) Designed such controls and procedures to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with generally accepted accounting principles; and
 - c) Evaluated the effectiveness of the company's disclosure, controls and procedures.
4. We confirm that:
 - a) There are no deficiencies in the design or operation of internal controls, which could materially adversely affect the company's ability to record, process, summarise and report financial data;
 - b) There are no significant changes in internal controls during the period;
 - c) All significant changes in accounting policies during the year have been disclosed in the notes to the financial statements; and
 - d) There are no instances of significant fraud of which we are aware, that involves management or other employees who have a significant role in the company's internal controls system.
5. We affirm that we have not denied any personnel, access to the Audit Committee of the company (in respect of matters involving alleged misconduct) and we have provided protection to 'whistle blowers' from unfair termination and other unfair or prejudicial employment practices.

KK KAURA
MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

DD JALAN
CHIEF FINANCIAL OFFICER

Place: Mumbai
Date: 26 April 2008

CERTIFICATION BY MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER OF THE COMPANY

I hereby declare that:

The Company has obtained from all the members of the Board and senior management, affirmation that they have complied with the code of business conduct and ethics for Directors and senior management in respect of the financial year 2007-08.

KK KAURA
MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

Place: Mumbai
 Date: 26 April 2008

CERTIFICATE ON CORPORATE GOVERNANCE

To
 The Members of
 Sterlite Industries (India) Limited

We have examined the compliance of conditions of Corporate Governance by Sterlite Industries (India) Limited, for the financial year ended March 31, 2008, as stipulated in clause 49 of listing agreement of said Company with the stock exchange(s).

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

In our opinion and to the best of our information and according to the explanations given to us and the based on representations made by the directors and the management, we certify that the Company has complied in all material respect with the conditions of Corporate Governance as stipulated in clause 49 of the above mentioned listing agreement.

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

For Chaturvedi & Shah
 Chartered Accountants

R KORIA
PARTNER
 Membership No. 35629

Place: Mumbai
 Date: 26 April 2008

For Das & Prasad
 Chartered Accountants

BN AGARWALA
PARTNER
 Membership No. 11709