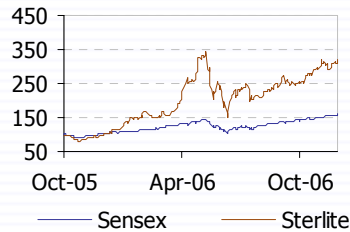


Stock Data

No. of shares : 559mn*
 Market cap : Rs.311bn
 52 week high/low : Rs.614/ Rs.167
 Avg. daily vol. (6mth) : 3.8mn shares
 Bloomberg code : STLT IN
 Reuters code : STRL.BO
 * Current no of shares, post ADS est no of shares would be 679 mn shares

Shareholding (%) Sep-06 QoQ chg

Promoters	:	79.1	0.0
FII's	:	5.8	0.0
MFs / UTI	:	2.1	0.0
Banks / FIs	:	2.7	0.2
Others	:	10.3	(0.2)

Relative Performance

Source: ENAM Research, Bloomberg

Financial summary - Consolidated

Y/E Mar	Sales (Rs.mn)	PAT (Rs. mn)	Cons. EPS* (Rs.)	EPS# (Rs.)	Change YoY (%)	P/E (x)	RoE (%)	RoCE (%)	EV/EBITDA (x)	DPS (Rs.)
2006	131,820	16,889	-	24.9	129	14.1	25.6	29.5	7.3	1.4
2007E	261,816	48,998	73.8	72.2	190	7.7	40.2	63.6	2.7	3.0
2008E	250,935	62,090	70.0	91.5	27	6.1	39.0	51.1	3.2	3.0
2009E	221,997	64,013	58.3	94.3	3	5.9	41.0	53.8	2.7	3.0
2010E	215,991	65,672	N.A.	96.8	3	5.8	39.9	46.8	2.7	3.0
2011E	223,237	74,958	N.A.	110.5	14	5.0	43.3	42.4	1.9	3.0

Source: *Consensus broker estimates, Company, # ENAM estimates on fully diluted equity post ADS

Sterlite Industries

Relative to Sector: **Outperformer**

Rs.558

Target Price: Rs.910
 Potential Upside: 63%

Using supernormal profits to build sustainability
 – huge re-rating upside!

Investment summary

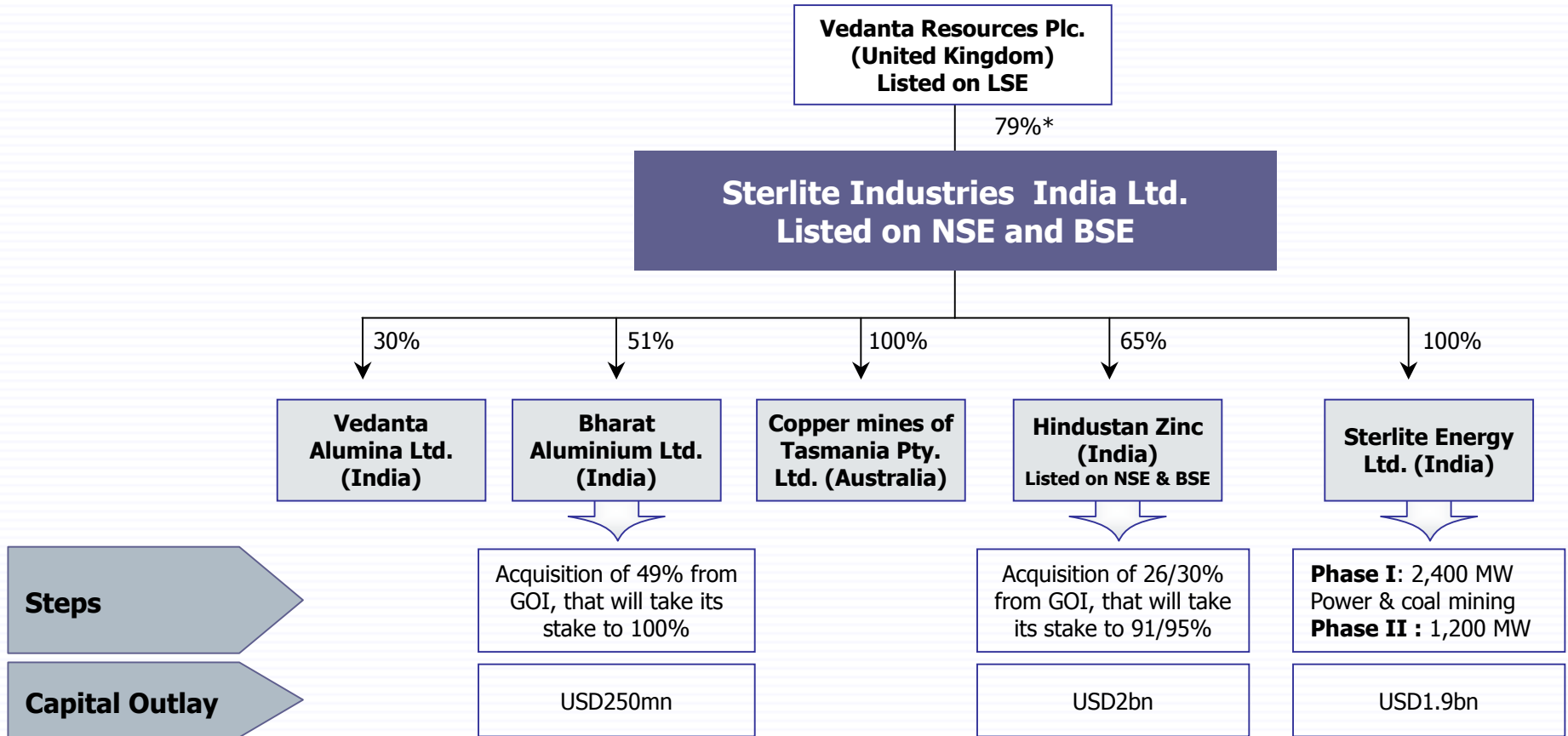
- **Sterlite getting clearly positioned as owner of all operating assets and cash flows of Vedanta group**
 - Seeking to go up to 100% in Balco and 91% in Hindustan Zinc by buying Government of India stake at “fair” value
 - Setting up coal based power plant - among the first few super critical/ mega plants cleared
 - Proposed ADR will allow acceleration of earnings and corporate actions

- **The company has used “super normal” profits to move into a permanently higher orbit!**
 - Rapid expansion of volumes across all business lines using large cash flows
 - At attractive capital costs, high ROE’s and speedy implementation

- **Earnings set to be stable and diversified, reducing volatility from commodity cycles**
 - Our revised fully diluted EPS for FY07 is Rs.72.2 and FY08 EPS is Rs.91.5
 - P/E multiple set to expand as sustainable ROE stays close to 40%

- **Valuations are extremely attractive: Outperformer**
 - Current market cap \simeq Potential “free cash” by 2011- a 4 year payback
 - At CMP Rs.558, the stock trades at EV/ EBITDA of 3.2x FY08E, P/E of 6.1x FY08E on a fully diluted basis
 - Valuations reflect fear of profits falling, instead of sustainability and high ROE
 - Zinc (~70% of profits in FY07) is the dominant driver. Yet, even if Zinc prices halve by FY11 (i.e fall by 15% p.a till FY11), overall profits will still rise
 - Target price of Rs.910 on ~10x FY08E earnings, relative valuations at a premium to global peers on better growth prospects

The structure: To get less complex



Note: ENAM Research, Note: *: As Per SEBI Guidelines; GOI : Government of India

To take control of all cash flows. Poised to expand dramatically

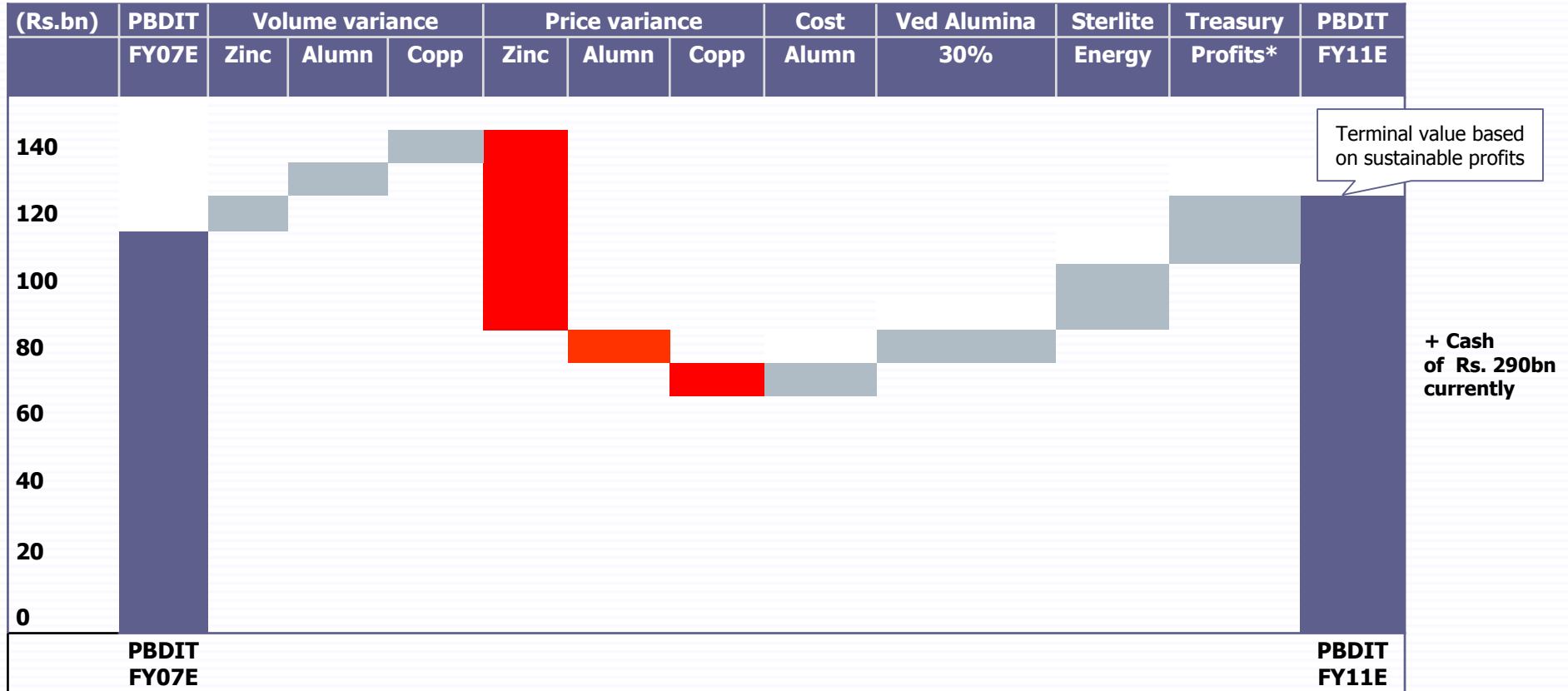
Massive volume growth

Capacity Buildup (tpa)	Addition						Total by FY11E	% increase FY11/FY06
	FY06	FY07E	FY08E	FY09E	FY10E	FY11E		
Zinc	411,000	-	170,000	88,000	-	-	669,000	63%
Lead	85,000	-	-	-	-	-	85,000	-
Aluminium								
Balco								
- Line I	100,000	-	-	-	-	-	100,000	-
- Line II	245,000	-	50,000	-	-	-	295,000	-
Vedanta Alumina (attributable)					75,000	75,000	150,000	-
Total	345,000	-	50,000	-	75,000	75,000	545,000	58%
Copper								
Refining	300,000	100,000	-	-	-	-	400,000	33%
Mining	30,000	-	-	-	-	-	30,000	-
Energy (MW)				1,200	1,200	-	2,400	-

Source: Company, ENAM Research

Build up of profits #I : Eliminating “cyclicality” / “price abnormality”

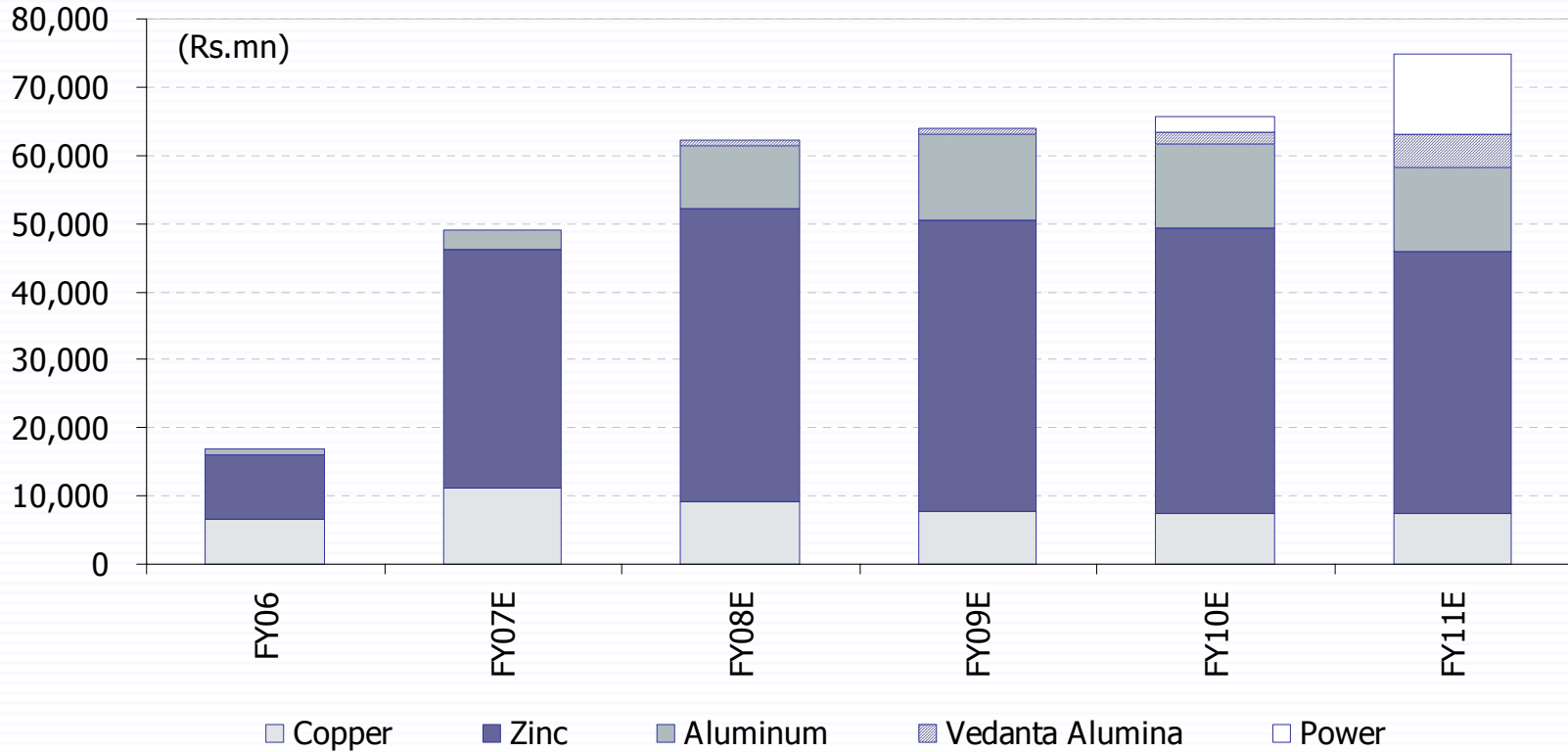
Build up of profits



Source: ENAM Research Note: * Treasury profits mostly from Zinc cash

Build up of profits #II : Eliminating “cyclicality” / “price abnormality”

Diversified profit (PAT) stream



Source: Company, ENAM Research

Why the ADR?

- ➔ **Sterlite promoter holding required to go below 75% to meet SEBI listing guidelines**
- ➔ **Sterlite has a call option on Hindustan Zinc (HZL) for 29% stake exercisable on April 11, 2007 which will give access to the entire HZL cash flows as per holding structure**
- ➔ **Sterlite has an opportunity to enter coal mining/power**

Impact of ADR on promoter holding

Sterlite offer price (Rs/shr)	531	600	675	750
Shares Offered - (mn)	169	150	133	120
Amount Raised (Rs. bn)	90	90	90	90
Current shares O/s (mn)	559	559	559	559
Post offer shares (mn)	728	709	692	679
Dilution (%)	30	27	24	21
% Holding of Sterlite	61	62	64	65
% of Holding Vedanta	32.7	33.6	34.4	35.1

Source: Company, ENAM Research

Note: Holding of Agarwal family post ADS offering.

Latest family holding in Sterlite is 79% as per SEBI guidelines and 54% in Vedanta

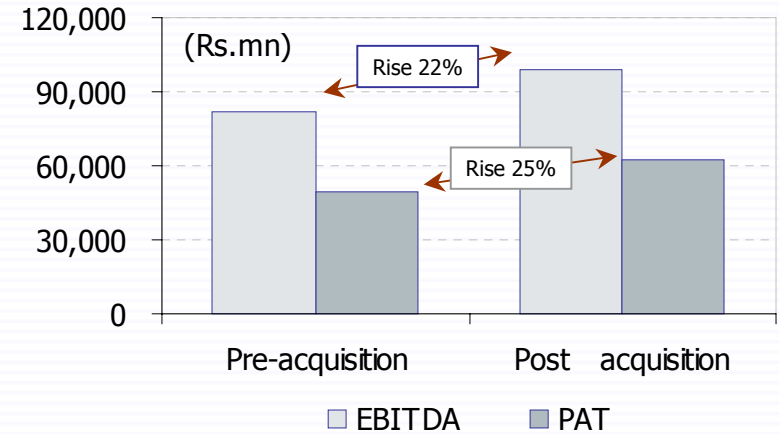
Acquisition impact of residual 26% HZL stake

Range of 26% stake value in HZL

HZL Price (Rs.)	Mkt. Cap (USD.bn)	Acquisition Cost (USD.bn)
650	6.1	1.6
750	7.1	1.8
850	8.0	2.1
950	9.0	2.3
1,050	9.9	2.6
1,250	11.8	3.1

Source: Company, ENAM Research

Increase in FY08E profits of Sterlite



Source: Company, ENAM Research

Existing shareholder agreement with GOI:

- The exercise price for the call option will be equal to the fair market value of the shares as determined by an independent appraiser

At 12% cost of equity, we believe acquisition price of Rs.931 per share would be earnings neutral for Sterlite shareholders

Comparative valuations (1 yr forward)

Comparative valuations: Diversified resources and leading Indian corporates

	EV (USD bn)	EV/ EBITDA	Mkt Cap (USD bn)	P/E (x)	RoE (%)	Business Interests	Profit growth Outlook (08/07 or 09/08)	H1FY07 EBITDA (Rs mn)
XSTRATA PLC	46	5.5	43.4	9.0	24.6	Coal, Copper, Zinc	Negative	-
Teck Cominco Ltd.	14	4.3	16.3	8.7	26.4	Zinc, Copper, Coal	Negative	-
Southern Peru	17	4.3	16.0	7.0	75.3	Copper, Zinc	Negative	-
CVRD	68	6.1	63.4	7.2	33.9	Iron Ore, Bauxite, Alumina	Negative	-
KAZAKHMYS PLC	10	4.2	11.2	7.5	32.6	Copper mining and smelting	Negative	-
Sterlite (Consolidated)	7.1	3.2	7.0	6.1	39.0	Zinc, Aluminium, Copper and coal energy	Positive	44,245
India's largest profit earners								
RIL	39.7	11.1	39.3	14.7	24.3	Energy & Petro Chemicals	Positive	88,020
NTPC	31.6	14.7	27.3	16.5	14.5	Energy	Positive	38,368
Suzlon	9.7	22.7	9.5	29.6	32.5	Energy	Positive	5,993
Hindalco	4.1	4.0	4.5	7.1	19.8	Aluminium, Copper	Positive	19,718

Source: Bloomberg, Company, ENAM Research

Sum of part valuations

	FY08E			FY11E		
	EBITDA (Rs bn)	Multiple (x)	EV *(Rs bn)	EBITDA (Rs bn)	Multiple (x)	EV *(Rs bn)
Aluminium	18	5	92	29	5	146
Copper	15	5	75	11	5	55
Zinc	61	5	307	43	5	213
Coal based energy	-	-	-	24	5	119
Total			474			533
Less Debt			28			87
Plus Cash			99			292
Effective Mkt Cap (Rs.bn)			545			738
Current Mkt Cap (Rs bn)			311			311
Possible Upside			75%			137%

Note: *EV to the extent attributable to Sterlite

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■ Aluminium	16-17
■ Copper	18-19
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■ Energy	21
➔ Assumptions & Financials	22
➔ Appendix	28



Business segments & outlook

Business Structure: Attributable to Sterlite as per holding interest

Revenues

(Rs. mn)	FY06	FY06 % of Total	FY07E	FY08E	FY09E	FY10E	FY11E	FY11E % of Total
Zinc	25,200	22.1	64,272	79,007	76,249	72,400	63,858	27.4
Copper *	79,787	70.0	126,247	122,728	91,040	79,343	77,482	33.3
Aluminium**	9,015	7.9	18,498	45,324	50,844	55,139	60,221	25.9
Energy	-	0.0	-	-	-	11,222	31,089	13.4
TOTAL	114,002	100.0	209,017	247,060	218,133	218,104	232,651	100.0

Source: ENAM Research; Note: *Including proportionate share of revenues from Tasmania Copper Mines; **Including proportionate share of revenues from Vedanta Alumina

EBITDA

(Rs. mn)	FY06	FY06 % of Total	FY07E	FY08E	FY09E	FY10E	FY11E	FY11E % of Total
Zinc	15,152	55.1	51,010	61,350	55,121	50,823	42,645	40.0
Copper *	10,263	37.3	18,261	14,989	12,127	11,101	10,903	10.2
Aluminium**	2,099	7.6	6,280	18,412	23,695	25,932	29,212	27.4
Energy	-	0.0	-	-	-	7,858	23,870	22.4
TOTAL	27,514	100.0	75,550	94,752	90,943	95,713	106,629	100.0

Source: ENAM Research; Note: *Including proportionate share of EBITDA from Tasmania Copper Mines, ** Including proportionate share of EBITDA from Vedanta Alumina
FY06 profits include profits from aluminium conductor division that has been divested in FY07

Zinc: Growing Cash machine

➔ Zinc mining:

- One of best Zinc resources in the world
- Mining capacities will expand in line with metal capacity additions
- Mine life estimated at ~14 years
- Our estimated NPV of mine at LME price USD1,200 per tonne and 11% cost of capital is ~USD 10 bn

➔ Zinc/ Lead : Expansion on track

- Zinc capacity to almost double from 411 ktpa to 669ktpa by FY09
- Lead capacity almost doubled to 85 ktpa
- Captive power 154 MW, to be expanded to reduce cost

➔ Cost competitive mining and smelting

- Royalty at 7.5% of LME price payable to Govt.
- Cash cost (excluding royalty), below USD600 per tonne

➔ Profit drivers

- Volume growth
- Cost savings due to captive power and scale benefits

➔ A cash machine that should generate > USD800 mn PAT in any scenario

Zinc & Lead

('000 t)	FY07E	FY08E	FY09E	FY10E	FY11E
Indian operations					
Zinc Volume	350	417	589	658	658
LME Prices (USD/t)	3,672	3,340	2,700	2,400	2,200
Lead Volume	45	70	85	90	90
LME Prices (USD/t)	1,173	1,200	1,144	1,000	1,000
EBITDA (Rs mn)	78,476	67,418	60,573	55,849	46,862
USD/INR	45.0	44.1	42.8	41.5	40.2

Source: ENAM Research

Zinc: Upswing to continue

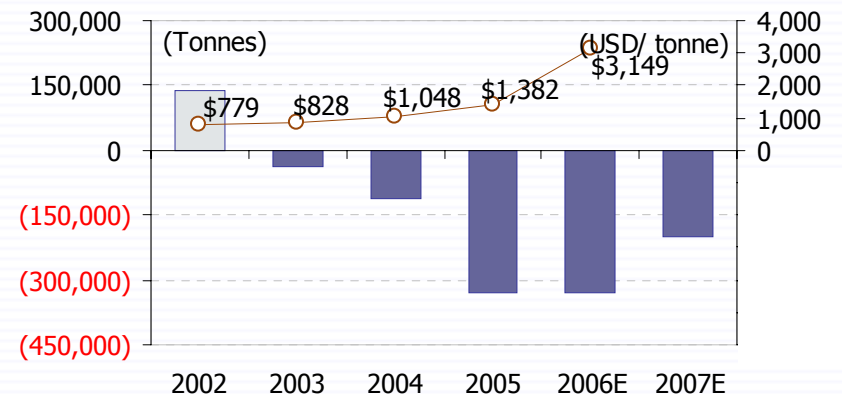
- ➔ **Strong Chinese Zinc demand to sustain on secular growth and rising usage**
 - Zinc consumption in China estimated to touch ~ 4.8mn tonnes in 2010, based on historical consumption intensity
- ➔ **Chinese supply constrained by fragmentation and poor grade resource, deficit likely to continue**
- ➔ **World Zinc industry to witness higher prices in the medium term, owing to continuing net imports into China, and tight global supply conditions**
- ➔ **Our Zinc price estimates for FY07 are USD 3,672/tonne & USD 3,340/tonne for FY08**

World refined Zinc metal balance

('000 t)	2004	2005	2006E	2007E
Mine Production*	9,664	9,971	10,181	10,924
(% change)	0.9	3.2	2.1	7.3
Metal Production	10,158	10,268	10,710	11,235
(% change)	2.9	1.1	4.3	4.9
Metal Usage	10,457	10,677	11,094	11,382
(% change)	6.2	2.1	3.9	2.6
Surplus/deficit	(299)	(409)	(384)	(148)
Avg Price (USD/tonne)	1,048	1,382	3,149**	-
(% change)	26.6	31.9	127.8	-

Source: ILZSG, *:zinc content derived figure,** avg calendar ytd Nov 23,2006

China - Zinc Deficit/ Surplus & LME Price



Legend: Chinese Zinc Deficit/ Surplus (Blue Bar), Zinc LME Average Prices (RHS) (Orange Line)

Aluminium

⇒ Balco (51% owned going to 100%)

- Line I
 - ▶ ~100 ktpa smelter + 270MW power+200 ktpa alumina
- Line II
 - ▶ 250 ktpa smelter & 540MW power
- Expansion underway from 350 ktpa to ~900 ktpa (including Vedanta Alumina)
 - ▶ Fully integrated with power & alumina
 - ▶ Target cash cost of USD 700 plus alumina cost per ton of aluminium

⇒ Vedanta Alumina(30% owned)

- 1.4 mntpa alumina refinery
- 500,000 tpa smelter & 1,200 MW power
- Alumina cash cost of USD 120-150/tonne
- Aluminium cash cost of USD 950/ tonne

⇒ Profit drivers

- Massive volume growth
- Reduction in cost of Alumina/ Bauxite for smelters
- Firm realizations
- Top decile in costs, post FY08

Aluminium & Alumina

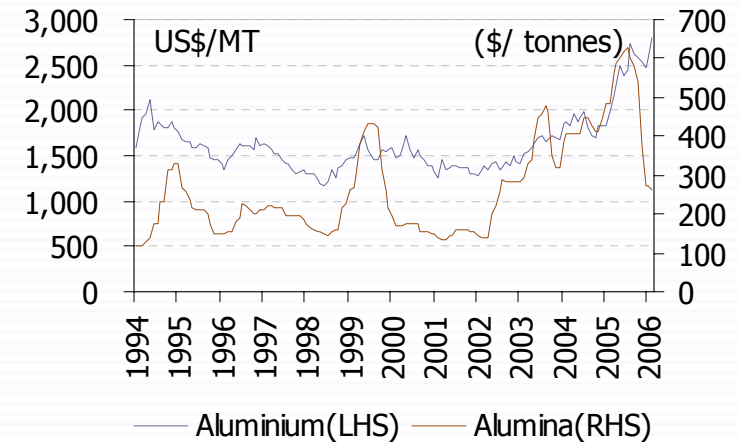
('000 t)	FY07E	FY08E	FY09E	FY10E	FY11E
BALCO					
Aluminium Volume					
- Line I	100	100	100	100	100
- Line II	180	255	295	295	295
Avg LME Prices (USD/t)	2,526	2,340	2,488	2,488	2,488
Cost (USD/t)					
- Line I	1,450	1,450	1,450	1,450	1,450
- Line II	1,800	1,380	1,280	1,260	1,200
EBITDA (Rs mn)	12,313	16,759	21,593	20,418	19,465
VEDANTA ALUMINA					
Capacity					
- Alumina		1,400	1,400	1,400	1,400
- Aluminium		-	-	250	500
Cost (USD/t)					
- Alumina		170	120	120	120
- Aluminium				1,000	950
LME Prices (USD/t)					
- Alumina		275	250	250	250
- Aluminium				2488	2488
EBITDA (Rs mn)		5,510	7,007	18,380	32,491

Source:ENAM Research

Aluminium: Stable outlook

- **Strong global demand growth of ~6.6% p.a in CY06E**
 - In CY07, demand may moderate to 4.2% on slower world growth
 - BRICS consumption main growth driver
- **Western world supply lagging on few shutdowns owing to:**
 - Higher energy prices, chemical and coke
 - North America and Europe supply constraints
 - Supply situation to improve in CY07 on new capacities in BRICS countries
 - Supply to rise 5.3% in CY06 and 6.3% in CY07
- **Deficit in CY06 could turn to marginal surplus in CY07**
- **We expect Aluminium prices in CY07 to moderate to USD2,340 on marginal surplus**

Prices: Aluminium & Alumina



Source: Bloomberg

BRICs - Asia, South America, Former USSR

(⁰⁰⁰ MT)	2004	2005	2006E	2007E	2008E
BRIC region	15,534	16,942	18,698	20,456	22,128
% Change YoY	11.6	9.1	10.4	9.4	8.2
Others	13,844	14,074	13,953	14,263	14,507
% Change YoY	3.1	1.7	(0.9)	2.2	1.7
Total Production	29,377	31,016	32,651	34,719	36,635
% Change YoY	7.4	5.6	5.3	6.3	5.5
BRIC region	14,833	16,295	18,173	19,477	21,203
% Change YoY	14.3	9.9	11.5	7.2	8.9
Others	14,673	14,902	15,068	15,174	15,377
% Change YoY	1.4	1.6	1.1	0.7	1.3
Total Consumption	29,506	31,197	33,242	34,651	36,580
% Change YoY	7.5	5.7	6.6	4.2	5.6
Surplus/Deficit	(128.9)	(180.9)	(591.0)	68.8	55.3
LME Aluminium (\$/Ton)	1,717	1,897	2,544	2,340	2,488

Source: ENAM Research

Copper (India): Steady cash-flow generator

Custom smelter and refinery

- Capacities expanded to 400 ktpa (growth of 30%)
- Brownfield expansion at competitive cost of USD100 per tonne
 - Enhanced return on capital employed

TCRC outlook remains weak

- Contract TCRC to drop FY08 given tight mining supply

Profit drivers

- Higher volumes to offset expected TCRC decline in FY08
- Scale benefits lead to lower unit costs
- Duty differential and delivery premiums continue
- Share of value added products (Copper Rod) rising
- Steady profits of ~ USD200mn

TCRC Outlook (cents/lb)

(`000 t)	2004	2005	2006E	2007E	2008E
Refining Supply	15,865	16,522	17,398	18,059	18,914
Demand	16,769	16,626	17,160	17,884	18,242
Refinery Utilization (%)	82.2	81.4	84.0	83.1	83.5
Contract TCRC	11	22	24	20	20

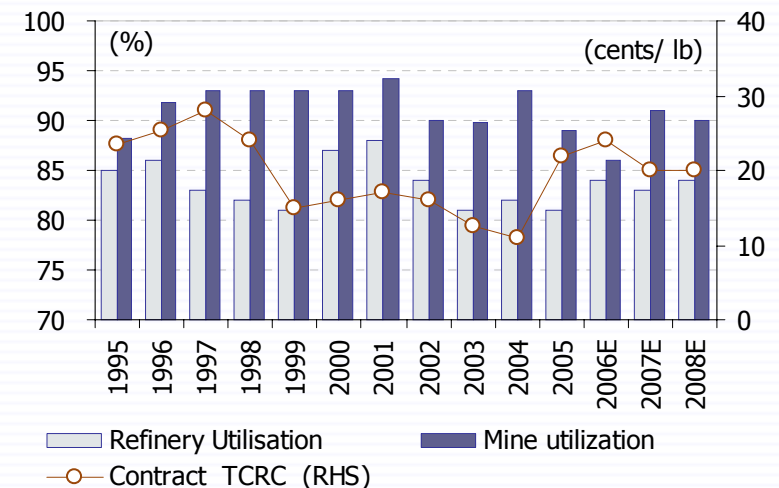
Source: ENAM Research

Copper

	FY07E	FY08E	FY09E	FY10E	FY11E
USD: (INR)	45.0	44.1	42.8	41.5	40.2
Copper (Indian operations)					
Volume (`000 t)	315	375	400	410	410
YoY growth (%)	15.4	19.0	6.7	2.5	0.0
Prices (USD/t)	7,061	5,969	4,103	3,500	3,500
TCRC (cents/lb)	23	20	20	20	20
EBITDA (Rs mn)	12,487	10,834	10,490	10,264	10,092

Source: ENAM Research

Refining utilization vs. TCRC



Source: Company, ENAM Research

Copper (Australia): Limited life

➤ Copper mine (Australia)

- Small mine with limited life
- Current profits are supernormal
- EBITDA expected to fall by USD100mn
- Insignificant in consolidated P&L

➤ Copper outlook: Near term supply tightness

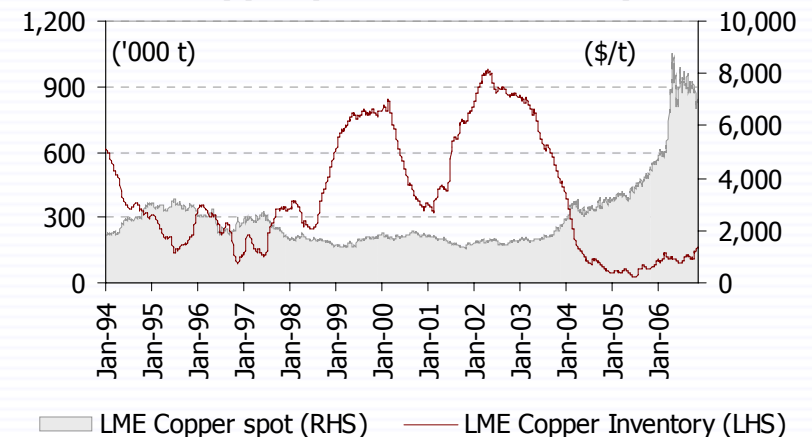
- Demand growth in CY06 has been steady, with strong European demand offsetting slower growth in Chinese demand. In CY07, Chinese demand recovery will offset slower growth in the western world
- Mining disruptions in CY06. In CY07, however, mining supply to recover on higher output from North and South America
- Supply tightness to keep prices at historic high in the near term

Copper

	FY07E	FY08E	FY09E	FY10E	FY11E
USD: (INR)	45.0	44.1	42.8	41.5	40.2
Copper (Australian operation)					
Volume ('000 t)	30	30	30	30	30
LME Prices (USD/t)	7,061	5,969	4,103	3,500	3,500
Cost (USD/t)	2,300	2,300	2,300	2,300	2,300
TCRC (USD/t)	23	20	20	20	20
EBITDA (Rs mn)	5,774	4,156	1,636	837	811

Source: ENAM Research

Copper price vs. Inventory



Source: Company, ENAM Research

Sterlite's foray into coal mining

➤ Sterlite operates power plants across its metals businesses

- ~1,000 MW already operational and running at 90%+ PLF efficiency

➤ Sterlite is an experienced mine operator

- Compelling case to be a coal miner + power plant operator
- Competitive mining costs + general costs + high PLF + assured demand = Attractive Return on Investment

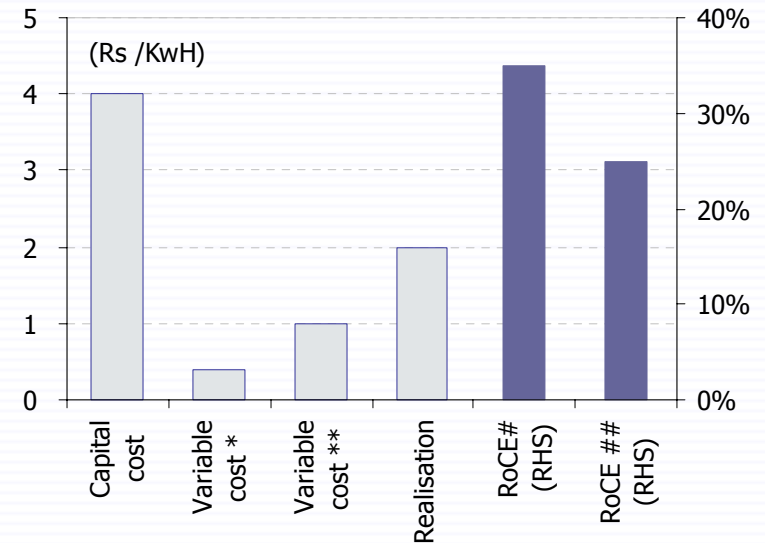
➤ What is the Plan?

- Establish large capacities to exploit opportunity
- Phase I – 2,400 MW by FY10
- Equipments ordered
- Short listed for 13 mn tpa coal blocks : Orissa has 247 bn tonnes of reserves!
- Building 400 KV – 765 KV transmission lines

➤ Appropriate structure

- Capex of USD2bn is competitive on capital costs
- Cost of generation with coal estimated at USD 1 cent/ Kwh
- Sale will be to SEBs and PTCs via National Grid
- Debt/ Equity to be 70:30 to enhance ROE

Sterlite Energy: Economics



Source: ENAM Research

Note:* incl. Captive coal; **: excl. captive coal; # incl. Coal mining; ## excl. coal mining

Coal Energy

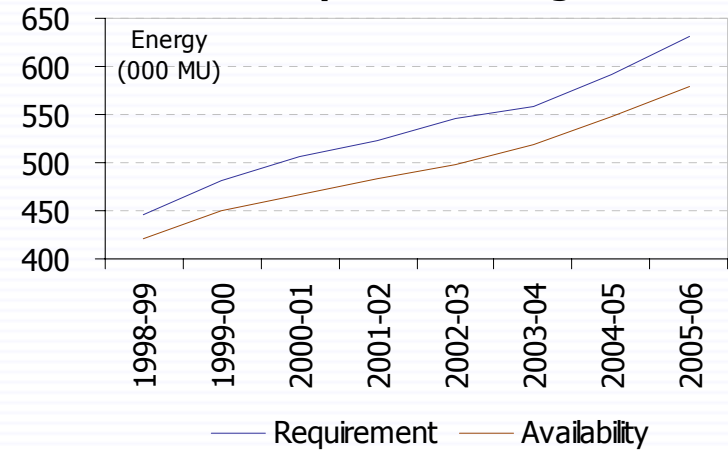
	FY10E	FY11E
Capacity (MW)	1,200	2,400
Sales (mn kWh)	8,410	17,870
Price (Rs./Kwh)	2.1	2.1
Cost (Rs./Kwh)	0.4	0.4
EBITDA (Rs.mn)	7,858	23,870

Source: Company, ENAM Research

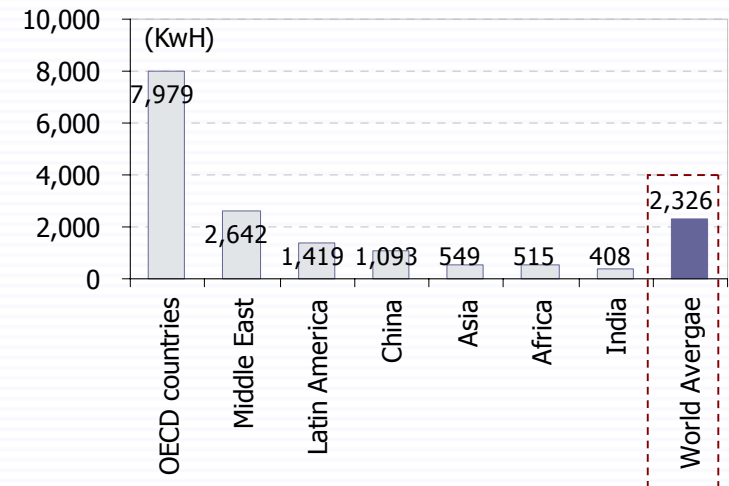
Energy

- **Very attractive piece in the “Resource Chain”**
- **India has huge coal reserves**
- **India has an estimated energy shortfall of 33%, and growing**
 - Private participation invited to establish capacities rapidly
 - Capacity expected to rise from 127 K MW to 212 K MW by 2012
 - Reforms in T&D in place
 - Ultra mega power plants policy in place; Sterlite already qualified

India power shortage



Per capita world consumption (2001)



Source: ENAM Research, Ministry of Power



Assumptions & Financials

Assumptions

Zinc & Lead

('000 t)	FY07E	FY08E	FY09E	FY10E	FY11E
Indian operations					
Zinc Volume	350	417	589	658	658
LME Prices (USD/t)	3,672	3,340	2,700	2,400	2,200
Lead Volume	45	70	85	90	90
LME Prices (USD/t)	1,173	1,200	1,144	1,000	1,000
EBITDA (Rs mn)	78,476	67,418	60,573	55,849	46,862
USD/INR	45.0	44.1	42.8	41.5	40.2

Copper

	FY07E	FY08E	FY09E	FY10E	FY11E
USD: (INR)	45.0	44.1	42.8	41.5	40.2
Copper (Indian operations)					
Volume ('000 t)	315	375	400	410	410
YoY growth (%)	15.4	19.0	6.7	2.5	0.0
Prices (USD/t)	7,061	5,969	4,103	3,500	3,500
TCRC (cents/lb)	23	20	20	20	20
EBITDA (INR mn)	12,487	10,834	10,490	10,264	10,092
Copper (Australian operation)					
Volume ('000 t)	30	30	30	30	30
LME Prices (USD/t)	7,061	5,969	4,103	3,500	3,500
Cost (USD/t)	2,300	2,300	2,300	2,300	2,300
TCRC (USD/t)	23	20	20	20	20
EBITDA (Rs mn)	5,774	4,156	1,636	837	811

Source: ENAM Research

Aluminium , Alumina & Coal

('000 t)	FY07E	FY08E	FY09E	FY10E	FY11E
BALCO					
Aluminium Volume					
- Line I	100	100	100	100	100
- Line II	180	255	295	295	295
Avg LME Prices (USD/t)	2,526	2,340	2,488	2,488	2,488
Cost (USD/t)					
- Line I	1,450	1,450	1,450	1,450	1,450
- Line II	1,800	1,380	1,280	1,260	1,200
EBITDA (Rs mn)	12,313	16,759	21,593	20,418	19,465
VEDANTA ALUMINA					
Capacity					
- Alumina		1,400	1,400	1,400	1,400
- Aluminium		-	-	250	500
Cost (USD/t)					
- Alumina		170	120	120	120
- Aluminium				1,000	950
LME Prices (USD/t)					
- Alumina		275	250	250	250
- Aluminium				2,488	2,488
EBITDA (Rs mn)		5,510	7,007	18,380	32,491
Coal Energy				FY10E	FY11E
Capacity (MW)		-	-	1,200	2,400
Sales (mn kWh)		-	-	8,410	17,870
Price (Rs./KwH)		-	-	2.1	2.1
Cost (Rs./KwH)		-	-	0.4	0.4
EBITDA (Rs.mn)		-	-	7,858	23,870

Source: ENAM Research

Company Financials: Income Statement

Income statement

Y/E March (Rs. mn)	2006	2007E	2008E	2009E	2010E	2011E
Net sales	131,272	261,397	250,544	221,632	215,649	222,916
Other operating income	549	419	391	365	342	321
Total income	131,820	261,816	250,935	221,997	215,991	223,237
Cost of goods sold	91,903	148,714	147,263	122,858	112,635	110,252
Contribution (%)	32	43	41	45	48	51
Advt/Sales/Distrn O/H	2,490	4,052	4,505	4,846	8,130	11,886
Operating Profit	37,427	109,050	99,166	94,293	95,226	101,100
Other income	2,815	2,179	5,314	10,067	14,345	18,798
PBIDT	40,241	111,229	104,481	104,360	109,571	119,898
Depreciation	5,269	5,904	6,906	7,002	9,209	11,415
Interest	2,353	3,420	2,158	1,733	4,093	6,745
Pre-tax profit	32,619	101,906	95,417	95,625	96,269	101,738
Tax provision	10,165	31,266	29,877	28,240	27,986	27,877
(-) Minority Interests	5,568	21,642	4,260	4,211	4,148	3,808
Associates (Vedanta Alumina)	4	0	811	838	1,537	4,906
Adjusted PAT	16,889	48,998	62,090	64,013	65,672	74,958
E/o income / (Expense)	(101)	0	0	0	0	0
Reported PAT	16,788	48,998	62,090	64,013	65,672	74,958

Source: Company, ENAM Research

Company Financials: Key Ratios

Key ratios

Y/E March (%)	2006	2007E	2008E	2009E	2010E	2011E
Sales growth	81.0	99.1	(4.2)	(11.5)	(2.7)	3.4
OPM	28.5	41.7	39.6	42.5	44.2	45.4
Oper. profit growth	132.0	191.4	(9.1)	(4.9)	1.0	6.2
COGS / Net sales	69.7	56.8	58.7	55.3	52.1	49.4
Overheads/Net sales	1.9	1.5	1.8	2.2	3.8	5.3
Depreciation / G. block	4.6	5.1	5.1	5.1	4.9	5.1
Effective interest rate	4.5	7.8	6.8	7.0	8.2	8.2
Net wkg.cap / Net sales	0.1	0.1	0.1	0.1	0.1	0.1
Net sales / Gr block (x)	1.4	2.3	2.0	1.6	1.3	1.1
RoCE	29.5	63.6	51.1	53.8	46.8	42.4
Debt / equity (x)	0.7	0.2	0.2	0.1	0.5	0.5
Effective tax rate	31.2	30.7	31.3	29.5	29.1	27.4
RoE	25.6	40.2	39.0	41.0	39.9	43.3
Payout ratio (Div/NP)	4.7	4.2	3.3	3.2	3.1	2.7
EPS (Rs.)	24.9	72.2	91.5	94.3	96.8	110.5
EPS Growth	129.2	190.1	26.7	3.1	2.6	14.1
CEPS (Rs.)	32.6	80.9	101.7	104.6	110.3	127.3
DPS (Rs.)	1.4	3.0	3.0	3.0	3.0	3.0

Source: Company, ENAM Research

Company Financials: Balance Sheet

Balance sheet

Y/E March (Rs. mn)	2006	2007E	2008E	2009E	2010E	2011E
Total assets	136,863	275,545	234,900	287,232	416,012	491,569
Gross block	114,400	116,793	135,441	137,341	188,841	225,841
Net fixed assets	77,887	74,624	90,234	85,132	127,423	153,008
CWIP	7,611	8,206	1,206	806	27,756	806
Investments	1,653	9,180	15,375	15,375	15,375	15,375
Wkg. cap. (excl cash)	15,237	31,605	28,608	26,033	27,425	30,794
Cash / Bank balance	34,475	151,929	99,476	159,886	218,032	291,587
Capital employed	136,863	275,545	234,900	287,232	416,012	491,569
Equity capital	559	1,357	1,357	1,357	1,357	1,357
Reserves	76,921	164,655	150,690	159,142	167,647	175,895
Borrowings	51,872	35,799	28,072	21,536	78,245	86,794
Others/Inc.Cap. Res.	7,511	73,733	54,780	105,197	168,763	227,523

Source: Company, ENAM Research, * Cash/ Bank includes liquid investments

Company Financials: Cash Flow

Cash Flow

Y/E March (Rs. mn)	2006	2007E	2008E	2009E	2010E	2011E
Sources	37,969	144,027	(33,739)	59,335	137,989	86,972
Cash profit	30,136	76,499	72,478	74,388	77,492	85,276
(-) Dividends	796	2,036	2,036	2,036	2,036	2,036
Retained earnings	29,340	74,463	70,442	72,351	75,456	83,239
Issue of equity	1,074	89,657	-	-	-	-
Borrowings	(1,657)	(16,074)	(7,726)	(6,537)	56,710	8,550
Others	9,212	(4,019)	(96,454)	(6,480)	5,823	(4,817)
Applications	37,969	144,027	(33,739)	59,335	137,989	86,972
Capital expenditure	23,173	3,237	15,516	1,500	78,450	10,050
Investments	-	7,527	6,195	-	-	-
Net current assets	7,153	16,368	(2,997)	(2,575)	1,392	3,368
Change in cash	7,642	116,895	(52,453)	60,410	58,146	73,554

Source: Company, ENAM Research



Appendix

Operating details I: Copper & Aluminium

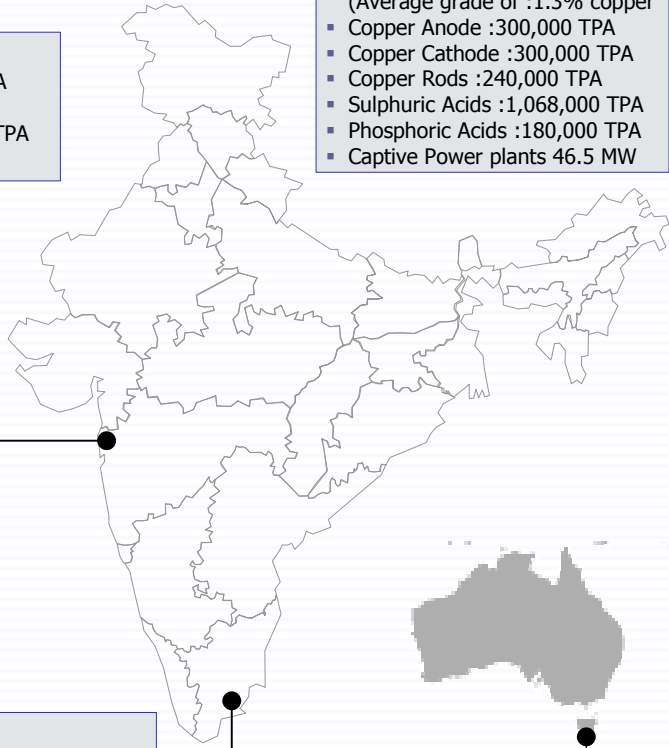
Sterlite (Copper)

Silvassa Facility :

- Refinery : 180,000 TPA Copper Cathode
- Rod plants : 150,000 TPA Copper rods

Installed Capacity Summary

- Copper Reserve: 14.2 Mnt (Average grade of :1.3% copper)
- Copper Anode :300,000 TPA
- Copper Cathode :300,000 TPA
- Copper Rods :240,000 TPA
- Sulphuric Acids :1,068,000 TPA
- Phosphoric Acids :180,000 TPA
- Captive Power plants 46.5 MW



Tuticorin Facility

- Smelter : 300,000 TPA Copper anode
- Refinery : 120,000 TPA Copper cathode
- Rod Plant : 90,000 TPA Copper rods
- Sulphuric Acid Plant : 1,068,000 TPA sulphuric acid
- Phosphoric acid plant: 180,000 TPA phosphoric acid

MT. LYELL Mine TASMANIA

- Copper Ore Reserve 14.2 Mnt (Average grade 1.3% copper)

BALCO (Aluminium) & Vedanta Alumina

Korba Facility

- Alumina Refinery: 200,000 TPA Alumina
- VSS Aluminium Smelter: 100,000 TPA Aluminium
- GAMI Aluminium Smelter: 250,000 TPA Aluminium
- Captive Power plants: 810 MW

Vedanta Alumina (Jharsugda)

- Aluminum Smelter: 500,000 TPA
- Captive Power plants: 1200 MW

Vedanta Alumina (Lanjigarh)

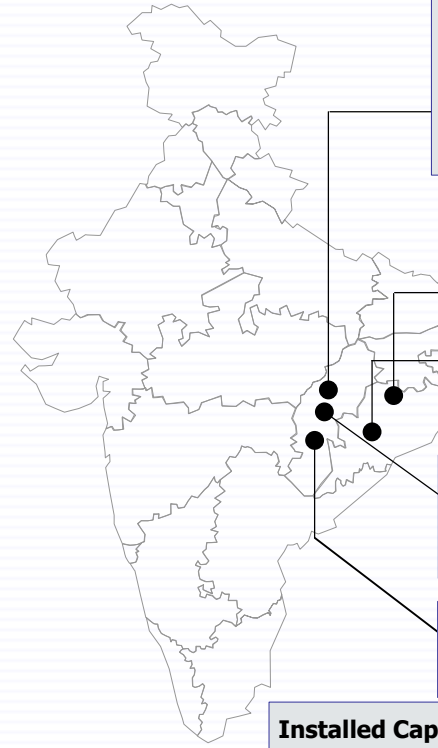
- Alumina Refinery: 1.4Mntpa

BODAI-DALDALI Mine

- Bauxite Reserves: 6.3 Mnt (Average grade 46.7% oxide)

MANIPAT Mine

- Bauxite Reserves: 5.3 Mnt (Average grade 47.0% oxide)



Installed Capacity summary

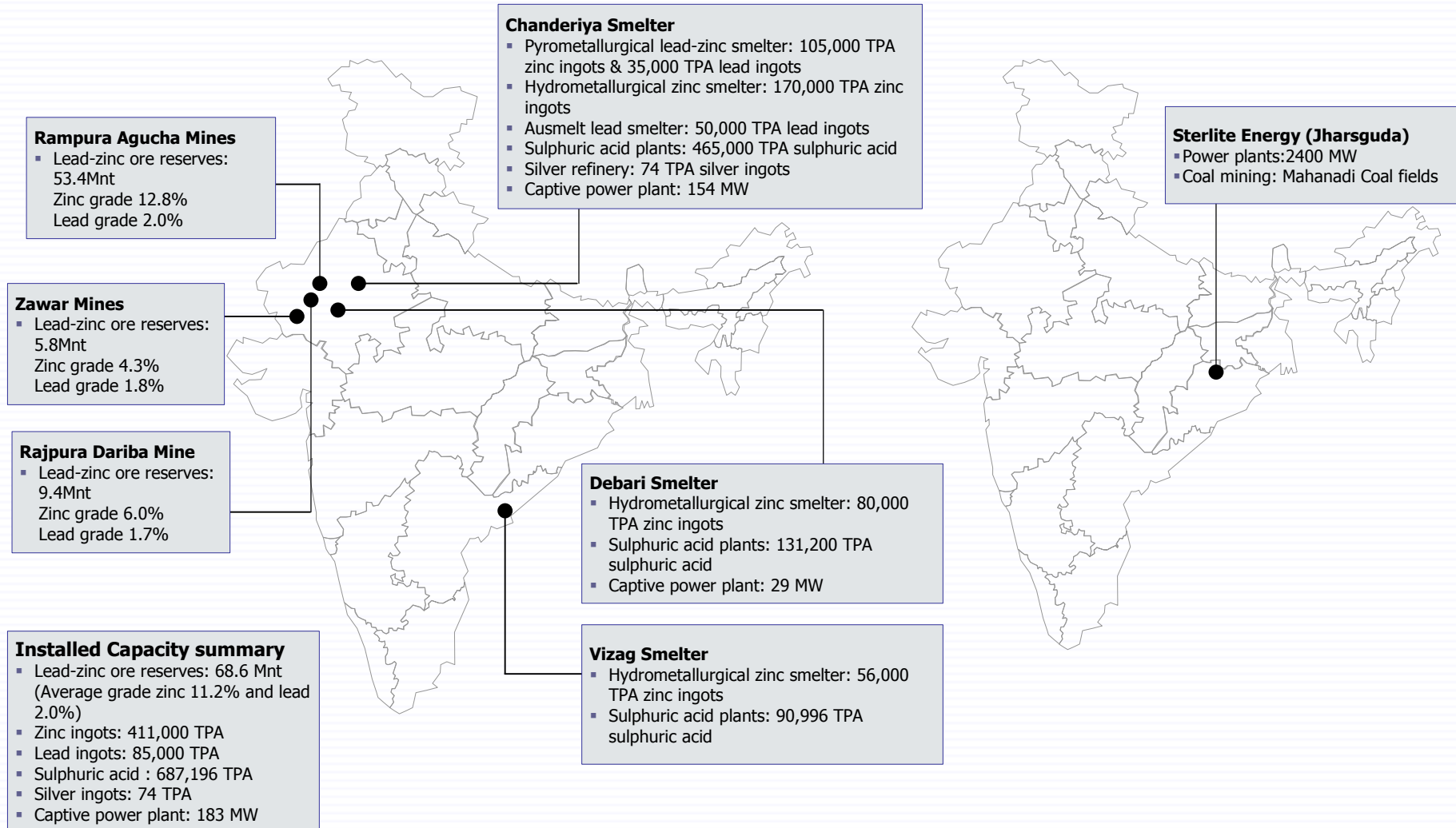
- Bauxite Reserves: 11.6 Mnt (Average grade 46.9% oxide)
- Alumina : 200,000 TPA + 30% of 1.5 Mntpa Vedanta Alumina
- Aluminium : 350,000 TPA + 30% of 500,000 TPA of Vedanta Alumina
- Captive Power plants: 810 MW + 30% of 1200 MW Vedanta Alumina

Source: Company, ENAM Research

Operating details II: Zinc & Energy

Hindustan Zinc

Sterlite Energy



Source: Company, ENAM Research

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Disclosure of interest statement (As of November 23, 2006)	Sterlite
1. Analyst ownership of the stock	Yes
2. Firm ownership of the stock	No
3. Directors ownership of the stock	Yes
4. Investment Banking mandate	No
5. Broking relationship	No

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