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STERLITE COPPER: BUSINESS AT WHAT COST?[[1]](#endnote-1)

Dr. Tanuja Sharma and Roopal Gupta wrote this case solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

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On May 22, 2018, a group of 20,000 protesters assembled in a rally to oppose Sterlite Copper (Sterlite) outside the gates of the company’s plant. As the protests took a deadly turn, police resorted to using their batons in a lathicharge[[2]](#endnote-2) and to shooting protestors to control the crowd. News reports referred to the tragic event as “Thoothukudi violence,” in reference to the Tamil Nadu town of Thoothukudi, where 13 people were killed and several others injured.[[3]](#endnote-3) In the aftermath of the violent events, the plant had originally been ordered to be permanently closed;[[4]](#endnote-4) it was then ordered to be reopened,[[5]](#endnote-5) and then closed again.[[6]](#endnote-6) Sterlite could then approach the courts to fight the plant’s shutdown. A ruling from the country’s highest court on the permanent shutdown of the plant was pending.

It was August 2020 and a final verdict from the Madras High Court would decide Sterlite’s fate. What had led the local community to persist with its protest for over 100 days?[[7]](#endnote-7) Was it pure anger at Sterlite for allegedly violating environmental norms or was there another agenda that certain groups wished to uphold? Who was responsible for breaking protocol to control civil unrest? It was thought that Sterlite could put India on the international map for copper smelting. It had provided employment[[8]](#endnote-8) and contributed to the gross domestic product of India.[[9]](#endnote-9) However, a contentious start (see Exhibit 2), and tragic turn of events threatened to mark its decline.

What had gone wrong for Sterlite?

Copper Industry in India

In 2018, India was among the world’s 20 largest producers of copper and also one of the biggest importers, alongside Japan, China, South Korea, and Germany.[[10]](#endnote-10) The two main industries in India that had a high demand for copper were telecommunications (at over 30 per cent) and electrical (at 26 per cent). Other industries that relied on copper included engineering, building and construction, consumer durables, and transportation.[[11]](#endnote-11)

Until the 1990s, India had been a net importer of copper, and the country’s copper industry landscape was marked by a single state-owned company. However, with the liberalization and privatization of the economy in the 1990s, the copper industry grew to control 3 per cent of the global copper market.[[12]](#endnote-12) This growth occurred even though India was not a major producer of the copper ore, but a producer of refined forms of copper. By 2011, India had become a net exporter of copper for the first time.

India’s switch from net importer to exporter was made possible by the increased production at three companies: Sterlite Industries India Limited, Hindalco Industries Limited, and Hindustan Copper Limited. The state-owned Hindustan Copper Limited was a vertically integrated producer, whereas the other two companies were mainly custom smelters and accounted for more than 80 per cent of India’s total copper production.[[13]](#endnote-13)

Sterlite INDUSTRIES INDIA LIMITED

Sterlite Industries India Limited was incorporated in Thoothukudi (formerly known as Tuticorin) in 1994 as the copper-producing unit of Vedanta Limited. Vedanta Limited was a subsidiary of Vedanta Resources plc, a UK-based mining and metals conglomerate founded by the Indian industrialist Anil Agarwal.[[14]](#endnote-14)

In 1998, the company began operations under the name Sterlite Copper as India’s largest copper smelter plant, located in the state of Tamil Nadu. The company, which operated from within the State Industries Promotion Corporation of Tamil Nadu (SIPCOT) complex, was primarily a copper smelter. However, it also housed various other facilities including a refinery, a phosphoric acid plant, a sulphuric acid plant, a copper rod plant, and three captive power plants. In total, the company provided full employment to approximately 3,500 people, plus an additional 2,500 workers on contract.[[15]](#endnote-15)

Indian industries were classified into different colour zones, from red to white, according to their level of pollution output (see Exhibit 1). The pollution index of any industrial sector was measured from 0 to 100 based on the degree of pollution load emitted from the industrial sector. Based on this classification, Sterlite was categorized as falling under the red colour zone, which implied that it was not permitted to operate in an ecologically fragile and protected area.

Leadership STRUCTURE

Vedanta Limited’s board of directors consisted of nine members: the executive chairman, five independent directors, two full-time directors, and a non-executive director. The executive chairman of Vedanta Limited was Agarwal’s brother Navin, who also held the position of executive vice-chairman at the parent company, Vedanta Resources plc. Agarwal, who was the executive chairman of the parent company, was a business tycoon living in London, far from his humble beginnings in Patna, a small town in India.[[16]](#endnote-16)

An executive committee was also formed to oversee the parent company’s operations. The executive committee of Vedanta Resources plc consisted of 19 members. Nine members of the committee were chief executive officers of the parent company’s subsidiaries and the other 10 members were directors or heads of various business verticals.[[17]](#endnote-17)

Ponnuswamy joined Sterlite in September 2011 as chief executive officer of Vedanta Limited’s copper businesses in the Indian cities of Thoothukudi (known as Tuticorin at the time) and Silvassa, as well as the copper and precious metals refinery Fujairah Gold, in the United Arab Emirates city of Fujairah. He was also a board member for MALCO Energy Limited, a subsidiary company of Vedanta Limited. Before joining Sterlite, Ponnuswamy had held the position of chief operating officer at the Indian company JK Paper Ltd. He had over 34 years of experience across various sectors from reputed companies in India, including chemicals and paper manufacturers such as Jubilant Life Sciences Ltd., Praxair India, SNF Ion Exchange Ltd., Bakelite Hylam Limited, and Reliance Industries Limited. Ponnuswamy held a bachelor’s degree in chemical engineering from Osmania University in Hyderabad and a postgraduate diploma from the premier business school Indian Institute of Management Bangalore.[[18]](#endnote-18)

What went wrong

In January 2018, Vedanta Limited announced its plan to expand Sterlite and build another copper smelter plant. The site chosen for the phase II project was in Therkuveerapandiyapuram village. With the expected output from the new plant, Sterlite’s total copper production was set to double from 400,000 tonnes to 800,000 tonnes annually, making it the second largest copper producer in the world.[[19]](#endnote-19)

By March 2018, as news of the new plant became public, residents of the nearby town of Kumarettiyapuram began organizing large protests against the company’s expansion plans. With many residents living only 200 metres from the proposed plant site, people in the village complained that Sterlite was violating environmental regulations and demanded the entire shutdown of the smelting plant.[[20]](#endnote-20)

By May 2018, the protests had been growing for 100 days. On May 22, the protests took a deadly turn. Approximately 20,000 protesters assembled outside the Sterlite gates. As the protesters became impatient and angry at the impasse, the protest became a violent clash between them and the police. After the police resorted to using force, 13 people were killed and several others injured.[[21]](#endnote-21) In their attempt to control the situation, the police invoked Section 144 of the *Criminal Procedure Code*, which prohibited the assembly of four or more people in a specific area and through which rule breakers could be charged with rioting.[[22]](#endnote-22)

Sterlite: controversy from the Start

Sterlite had been in and out of legal battles from its incorporation in 1994 until its shutdown in 2018 (see Exhibit 2). Before starting operations in Tamil Nadu, Sterlite had tried to enter three other states—Gujarat, Goa, and Maharashtra—but was denied entry.[[23]](#endnote-23) Even in its eventual home of Thoothukudi, the company was subject to widespread protests.[[24]](#endnote-24) Residents had opposed the establishment and operation of Sterlite from the start, including the opening of the State Industries Promotion Corporation at the Tamil Nadu complex.[[25]](#endnote-25) As industries started entering the area, pollution levels increased, destroying the town’s mainstay of fishing. People living in the surrounding villages experienced high incidences of respiratory diseases, miscarriages, birth of children with congenital disorders, and even death.[[26]](#endnote-26) In the earliest notable protest against Sterlite, in March 1996, a ship carrying Sterlite raw materials was seized by a group of fishermen. The protesters complained about fly ash being dumped in the waters by the Tuticorin Thermal Power Station, as this was destroying the breeding ground of the *kooni iraal* and other fish species. They feared that more industrial waste was being disposed of in what they saw as their livelihood.[[27]](#endnote-27)

A research paper published in the *Journal of the Geological Society of India* detailed results of investigations on the levels of hazardous elements released in the natural sources of the region. The paper identified Sterlite among the major industries that had caused the emissions. The paper also noted that copper production, mining, smelting, and refining were hazardous activities that produced toxic by-products such as arsenic, lead, and sulphur oxides, which had an adverse impact on air, water, and soil quality.[[28]](#endnote-28) Environmental regulations that aimed to reduce emissions required operational changes that would make production more expensive and less competitive, although Sterlite claimed to be one of the world’s low-cost smelters. The company was registered with the United States Securities and Exchange Commission.[[29]](#endnote-29)

In March 2013, the Tamil Nadu Pollution Control Board ordered Sterlite to close the plant after a gas leak was confirmed. Although villagers greeted the news with cheers, the order was overturned by the Supreme Court of India only three days later, and Sterlite’s parent company, Vedanta Limited, was fined ₹1 billion[[30]](#endnote-30) for the infraction.[[31]](#endnote-31) This was not the first time Sterlite had been accused of a gas leak. In a similar incident in 1997, two workers were affected and many residents complained of difficulty breathing, sneezing, and a burning sensation in their eyes.[[32]](#endnote-32)

What Was said

Ponnuswamy shared in an interview that the Thoothukudi area was home to 4,000 megawatts of coal-fed power plants.[[33]](#endnote-33) Without regulations to absorb the particulate matter created by the production of power, a large amount of sulphur dioxide was directly released into the air. However, not all pollution and environmental violations were caused by Sterlite, even though it was the largest plant in the area. The same allegations and concerns raised after the May 2018 incident had been previously reviewed by the Supreme Court of India in 2013. At that time, Sterlite was found not guilty of the allegations, with the exception of some minor concerns that could be easily rectified.

On that fateful day, May 22, 2018, there had been clear indications that the protest would not be peaceful. Inflammatory messages had been posted on social media and posters showing the plant burning had been spread throughout the community. But Sterlite had witnessed no incidents for almost six years, so Ponnuswamy did not believe the public was responsible for the violence.[[34]](#endnote-34) Some reports blamed external social and political forces for inciting violence among Thoothukudi residents.

Ponnuswamy believed that outsiders had instigated the riots:

So, we really feel there is some external catalyst, which is adding fuel and ensuring that the fire keeps burning. These are elements that have come in and they are making use of the situation to further their own agenda. . . . Exiting the state is not [in the] cards. In the last five–six years, there had been absolutely no incident. It is running absolutely smoothly. Suddenly these issues have cropped up from nowhere. So, that’s where we feel that some kind of an instigation has happened; there are some external factors which have come in.[[35]](#endnote-35)

Edappadi K. Palaniswami, the chief minister of Tamil Nadu at the time, stated that the government would honour its popular and long-standing former chief minister “Amma” Jayaram Jayalalithaa, who was considered the “goddess” of Tamil Nadu politics, saying:[[36]](#endnote-36) “This government is Amma’s government that respects the sentiments of the people. . . . As far as the Sterlite issue is concerned, this Amma’s government is taking steps legally to close down the unit.”[[37]](#endnote-37)

Social activist Fathima Babu, who had been dedicated to the upliftment of local and marginalized communities in the area over the last two decades, explained the position of the residents:

We are not against development; we are for development with accountability. But the very concept of development has been grossly damaged. The texture, the fabric of development has been torn to pieces. It’s now looked upon as anything that could bring money to corporates. It’s nothing to do with the government or its agenda of economic prosperity of the citizens. We believe that all the development projects should start from the ground and be for the masses.[[38]](#endnote-38)

Local Communities

When Sterlite began operations in 1996, the people in surrounding areas were hopeful about gaining employment with the industrial development. However, their hopes were dimmed by the effects of pollution that some felt were severe and life-threatening. Mark Chernaik, a US-based scientist and member of the Environmental Law Alliance Worldwide, conducted research in 2010 by taking soil and water samples from around the plant area. His findings revealed a startling picture. There were traces of toxins and carcinogenic substances many times above the permissible limit. Other toxic substances were also present in quantities high enough to cause poisoning death, of both humans and livestock. The research went on to corroborate what the villagers felt, and found that pollution levels severely affected the livelihoods of local communities.[[39]](#endnote-39) A. Antony Dhanaraj, a salt producer in the nearby village of Tharuvaikulam, described the adverse effects:

The suspended particulate matter coming down from the thick black smoke billowing from the nearby private coal-based thermal power plant seriously affects the quality of salt produced in my pan. As the black particles settle down on salt, its quality is compromised and, consequently, I get a lower price for my product.[[40]](#endnote-40)

Farmers as far as 40 kilometres from the plant, such as Kasi Rajan, also complained when their share of water sources started diverting to Sterlite. Rajan said, “A large quantity of water is being diverted to the industry, which leave little for us. This is affecting our crops and the yield. Also, lower water availability means increased salinity, which can practically wipe out entire crops. There is also a shortage of drinking water.”[[41]](#endnote-41)

The local fishing community was also affected by increasing pollution. Fishing revenue was substantially reduced as the pollution caused by the thermal power and copper plants led to the destruction of breeding ground for fish. The fishing community in villages nearby Sterlite, including Madha Kovil, Threspuram, and other localities, were approached by lawyers who convinced them that the only solution was a permanent closure of the plant. Attaining that goal would only be possible by launching a protest known as *gheraoing*, in which protesters prevented employers or managers from leaving their place of work until their demands were met. The villagers notified the Thoothukudi District Legal Services Authority about their planned action.[[42]](#endnote-42)

In the 1990s, the Sterlite plant was originally allocated enough land to increase its production of copper by 400,000 tonnes. Therefore, Sterlite’s expansion was already approved, without a public hearing that the Environment Impact Assessment Rules of 2006 normally required. Upon a review by the environment ministry’s expert committee in 2008, Sterlite was extended the benefit of the doubt and granted five more years to build the additional capacity, without a public hearing. By 2013, however, the approval had lapsed and Sterlite had not yet built its second plant. The matter remained unresolved until 2018, when Sterlite finally decided to build the additional capacity. That decision had triggered the protests that led to Thoothukudi violence.[[43]](#endnote-43)

The villagers, who were already dealing with life-threatening activities at the plant and a loss of their livelihood, were shocked to learn about the Indian government’s approval for the copper smelter’s expansion. That approval confirmed the villagers’ decision to launch a protest. Various other companies located in the Tamil Nadu industrial complex had received environmental clearances in the past and continued to operate despite having been issued mandatory suspensions. In particular, Sterlite had been shut down several times in the past with charges of environment violations or gas leaks.[[44]](#endnote-44)

Governing BODIES

On May 28, 2018, the government ordered that the Sterlite plant be permanently shut down. The Tamil Nadu Environment and Forests Department issued a two-page government order stating, “Under Sections 18(1)(b) of the *Water Act 1974*, in the larger public interest, the government endorses the closure direction of the [Tamil Nadu Pollution Control Board] TNPCB and also direct the TNPCB to seal the unit and close the plant permanently.”[[45]](#endnote-45)

However, on December 15, 2018, that decision was overturned by the Indian government’s National Green Tribunal (NGT): “Since we have independently held the impugned orders to be non-sustainable and closure to be unjustifiable, the appeal stands disposed of accordingly. All pending applications also stand disposed of by disposing an appeal by the Tamil Nadu government.”[[46]](#endnote-46)

The Sterlite plant was once again allowed to resume operation. The NGT had the authority to direct the government to award certificates to operate to a company, if the NGT did not find anything objectionable in terms of environmental sustainability. In regard to Sterlite, NGT clearly stated that the Thoothukudi plant was currently non-pollutant and was not expected to be pollutant in the future.[[47]](#endnote-47)

However, in January 2019, the TNPCB filed a motion with the Supreme Court of India challenging the NGT order to reopen the copper plant. The Supreme Court ruled in TNPCB’s favour and overruled the NGT order. The Sterlite plant was once again ordered to shut down. The matter was pursued again on February 27, 2019, when Sterlite approached the Madras High Court to seek a new order for the reopening of the plant.[[48]](#endnote-48)

Impact of a shutdown

Since 2011, India had been a self-sufficient country in terms of refined copper production. However, the Sterlite shutdown led to an increase in the country’s import of copper by 118.3 per cent, while exports dropped from the 2017–18 amount of 46 per cent of all refined copper produced in India to only 10.7 per cent in 2018–19. The effect was a significant increase in demand for imported refined copper.[[49]](#endnote-49)

Domestic chemical manufacturers and other allied businesses that relied on raw materials such as phosphoric acid and sulphuric acid from Sterlite reported increases in costs due to higher prices for raw materials, and reduced employment levels as a result. The shutdown affected at least 29 companies directly and 150 indirectly. The combined revenue loss from all impacted companies was estimated to reach ₹243.45 billion, according to the Chemical Industries Association.[[50]](#endnote-50)

All affected businesses lobbied the government to help Sterlite reopen and enable the plant to comply with all regulations. The issue became a matter of survival for small companies such as Shree Annam Chemicals, a downstream business that manufactured animal feed supplements. According to the company’s executive director, R. Harihara Gopalan, “The price of sulphuric acid has tripled while that of phosphoric acid has also increased. We are unable to operate our companies like this and are facing a question of survival.”[[51]](#endnote-51)

The case for Sterlite

Amid heightened controversy in the industry, Sterlite issued a report on its website titled *Know the Truth: Say No to Fake News*. Sterlite claimed to have been victimized by misinformation and inaccurate news reports (which it repeatedly labelled as “fake news”) on social media networks that it claimed had triggered the plant’s closure. Sterlite refuted all negative allegations, including increased cancer rates due to waste discharge, loss of marine life due to the plant’s proximity to the Gulf of Mannar, lack of compliance in creating a sufficient greenbelt, and inadequate employment support for the local community.[[52]](#endnote-52)

The report featured the statement “Is Sterlite Copper really harmful for the society and ecology?” on its cover, and proceeded to explain that the local cancer rate was the lowest in the entire state of Tamil Nadu. The report also claimed that Sterlite had been a “zero liquid discharge” plant since its inception, discharged no effluents in the ocean, and kept all marine life unharmed. Being a zero effluent discharge company was part of its “consent to operate,” the report claimed.[[53]](#endnote-53)

Sterlite also invited environmental activists and community members to visit the plant and become convinced about the company’s compliance with environmental regulations and the absence of toxic discharge into the air. The company also cited its numerous awards as proof of its commitment to the environment and the community, including the Frost & Sullivan and FICCI’s India Manufacturing Excellence Award for operational excellence; BT CSR Excellence Award for promotion of education; Golden Peacock HR Excellence Award; Excellent Energy Efficient Unit Award by CII Five Star Rating for excellence in environment, health, and safety practices; British Safety Council’s Sword of Honour; and Five Star Rating for reaching the pinnacle of health, safety, and environmental management.[[54]](#endnote-54)

In its 2018 annual report, Vedanta Limited included the following note on the company’s “operations in Tuticorin [Thoothukudi]:”

This year, our social licence to operate was challenged by communities living around our Sterlite Copper plant in Tuticorin. The protests, while widespread, are based on misinformation around the perceived pollution caused by the plant. The fears stem from historic incidents, for which the Company received legal sanctions in 2013. However, it has since taken corrective measures to ensure that incidents of pollution are not repeated, and the plant now operates well within regulatory limits for air emissions. It is also a zero liquid discharge operation, which means that there is no possibility of effluents polluting local water sources. We are working with the communities as well as the regulatory bodies to arrive at a solution to the questions raised. We are mindful that pollution will remain a key issue in the region, which is an industry cluster with more than 60 manufacturing units (including thermal power plants, dyeing units and other large-, medium- and small-scale industries), and we would like to play a key role in reaching long-term solutions that incorporate the views of all stakeholders. We are committed to running our operations responsibly and our door remains open for dialogue.[[55]](#endnote-55)

The company’s defence was reinforced by Ponnuswamy in a CNBC interview, where he emphasized that Sterlite had been approved by the Supreme Court of India in the 2013 verdict. Ponnuswamy admitted the company should have remained informed and should have had a proactive strategy to sense any signals of unrest, which might have averted the violence. In addition, a better communication strategy might have helped Sterlite better spread awareness among the people of Thoothukudi about the company’s many benefits:[[56]](#endnote-56)

We have not even thought about it (looking at an alternate destination for investments). Twenty years ago, we came down to Tuticorin [Thoothukudi] and set it up for a reason, [and] that reason continues. For the second plant also, we had an option of moving to any other state, but we decided to be here itself. That continues and that does not change as of now.[[57]](#endnote-57)

Vedanta Limited also issued a statement to express its dismay for the unfortunate turn of events: “Closure of Sterlite Copper plant is an unfortunate development, especially since we have operated the plant for over 22 years in a most transparent and sustainable way, contributing to the Tuticorin (Thoothukudi) and State’s socio-economic development.”[[58]](#endnote-58)

The price of progress

Was Sterlite defending its image more than its environmental and legal positions? Social media seemed to have played a key role in forming public opinion that, according to the company, was not accurate. What should be the message to companies planning to establish a business in India? Sterlite was a giant Indian corporation and yet it had been refused entry in several states before being allowed to open a plant in Tamil Nadu. A *Business Standard* article rated Tamil Nadu among the most corrupt states in India.[[59]](#endnote-59) How far would a business go to establish operations and justify its existence to stakeholders?

The role of government, the local community, and activist organizations could not be underestimated. The entry of a potentially life-threatening new polluter quickly caught the attention of the local community, but Sterlite maintained that it was a “zero discharge facility,” and claimed to have secured all required approvals. Environmental regulations aimed at reducing emissions required companies to make operational changes, which led to more expensive and less competitive business operations. So how did Sterlite manage to remain a low-cost smelter while apparently complying with stringent and costly regulations? This raised questions not only about the company’s legal and environmental compliance but also about the regulatory bodies that extended approvals. What had led the local community to persist with its protest for over 100 days? Was it pure anger at Sterlite or was there an agenda that certain groups wished to uphold? Who was responsible for breaking the code to control public unrest?[[60]](#endnote-60)

It was now August 2020. As Sterlite approached the date of verdict, it was hoped that Sterlite would be given another chance to resume operations.

Exhibit 1: Classification of industries based on pollution

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| **Red:** Industrial sectors with a pollution index score of 60 and above  **Orange:** Industrial sectors with a pollution index score of 41 to 59  **Green:** Industrial sectors with a pollution index score of 21 to 40  **White:** Industrial sectors with a pollution index score of 20 or lower |

Source: “Water (Prevention and Control of Pollution) Cess (Amendment) Act, 2003,” Casemine, accessed June 14, 2021, https://www.casemine.com/act/in/5a979e074a93263ca60b7816; Legislative Department, Government of India, *Environment (Protection) Act, 1986*, accessed June 14, 2021, https://legislative.gov.in/actsofparliamentfromtheyear/environment-protection-act-1986; Government of India, *Doon Valley Notification: Ministry of Environment, & FORESTS (Department of Environment, Forests & Wildlife) New Delhi, the 1st February 1989*, accessed June 14, 2021, http://moef.gov.in/wp-content/uploads/2018/04/9\_0.pdf.

Exhibit 2: Sterlite Copper: A Legal history

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| **1994:** Tamil Nadu Pollution Control Board (TNPCB) granted a No Objection Certificate for construction of the Sterlite Copper (Sterlite) plant under two conditions: (1) that the plant be situated no less than 25 kilometres from the Gulf of Mannar and (2) that a green belt of 250 metres around the factory must be developed. Sterlite violated both conditions by constructing the factory approximately 14 kilometres from the Gulf of Mannar and developed no green zone. Sterlite was not required to submit an environmental impact assessment to receive the No Objection Certificate.  **1996:** TNPCB issued a Consent of Operation and set the production limit to 40,000 tonnes. Sterlite violated the set production limit and produced 170,000 tonnes of copper with disregard of pollution levels. It also began expansion of the plant without approval from the government.  **1998:** Sterlite was found guilty by the Securities and Exchange Board of India on an insider trading charge and was barred from acquiring capital market for two years.  **2003:** A public hearing was held on the unauthorized expansion of copper refinery. By then, Sterlite was using the expanded units, but authorities did not object.  **2009:** The Ministry of Electricity and Energy granted Sterlite environmental clearance to expand the copper smelting plant without public consent. A litigation revealed that the land allocated for Sterlite was outside the area designated for the first phase of the State Industries Promotion Corporation of Tamil Nadu; thus, it should have been put through a public hearing. However, no public hearing was held and the ruling was in favour of the company.  **2013:** TNPCB accused the Sterlite plant of releasing noxious gas into the air. TNPCB stated that sulphur dioxide levels were well above acceptable standards on the night of March 23, 2013, with a reading of 2,939.55 milligrams per cubic metre, over double the allowed amounts. TNPCB also stated that the emission monitor was not connected with the air care centre of TNPCB. The state’s pollution control board then issued an order for the plant to be shut down. |

EXHIBIT 2 (CONTINUED)

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| **2013:** On March 23, 2013, over 5,000 people were affected by two bursts of massive toxic gas leaking from the plant. On March 29, 2013, India’s Madras High Court ordered the plant to shut down, citing violations of pollution control. The decision was later overturned by the Supreme Court of India, even though it agreed that Sterlite had violated pollution prevention acts. The company was fined ₹1 billion. In May 2013, the National Green Tribunal ruled in favour of the company, allowing it to reopen.  **2014:** A Public Interest Litigation document was filed at the Delhi High Court revealing that both of India’s major political parties—the Bharatiya Janata Party and the Indian National Congress—had been receiving large sums of money from Sterlite and other subsidiaries of Vedanta Limited as political donations. It is also found that Sterlite was the highest donor for both political parties during India’s 2014 general elections.  **2018:** In April 2018, TNPCB refused to renew a Consent to Operate decision to Sterlite, claiming that the company had flouted environmental restrictions. In May 2018, the Tamil Nadu government ordered a permanent shutdown of the plant and the state’s district collector Sandeep Nanduri had the plant in Thoothukudi permanently closed. In December 2018, the National Green Tribunal ordered the reopening of the Sterlite plant.  **2019:** In January 2019, the Tamil Nadu government appealed to the Supreme Court of India to stop the reopening of the Sterlite copper plant. In February 2019, the Supreme Court of India overturned the reopening order to once again shut down the plant. However, it allowed the company to appeal the decision to the Madras High Court. On February 27, 2019, Sterlite applied to the Madras High Court seeking approval to reopen the plant. |

Note: ₹ = INR = Indian rupee; US$1 = ₹74.94 on August 1, 2020.

Source: R. Nariman, “Tamil Nadu Pollution Control Board vs Sterlite Industries (I) Ltd. on February 2019,” Supreme Court of India, accessed June 14, 2021, https://indiankanoon.org/doc/126942623.

**ENDNOTES**

1. This case has been written on the basis of published sources only. Consequently, the interpretation and perspectives presented in this case are not necessarily those of Sterlite Copper or any of its employees. [↑](#endnote-ref-1)
2. The South Asian term “lathicharge” referred to “a coordinated assault with iron-bound bamboo sticks, used by the police as a method of crowd control; “Lathicharge,” Lexico, accessed June 14, 2021, https://www.lexico.com/definition/lathicharge. [↑](#endnote-ref-2)
3. “Anti-Sterlite Protests: In Thoothukudi, How Copper Came a Cropper,” *The Hindu*, May 27, 2018, https://www.thehindu.com/news/national/tamil-nadu/how-copper-came-a-cropper/article24003304.ece. [↑](#endnote-ref-3)
4. Special Correspondent, “Tamil Nadu CM Says Sterlite Will Be Shut,” *The Hindu*, May 25, 2018, https://www.thehindu.com/news/national/tamil-nadu/tamil-nadu-cm-says-sterlite-will-be-shut/article23981926.ece. [↑](#endnote-ref-4)
5. “NGT orders reopening of Sterlite Plant in Tamil Nadu”, *The Hindu BusinessLine,* December 16, 2018, accessed July 21, 2021, https://www.thehindubusinessline.com/news/national/ngt-orders-reopening-of-sterlite-plant-in-tamil-nadu/article25751269.ece. [↑](#endnote-ref-5)
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