

CONNECTING

EVERY HOME ON THE PLANET



LEADER SPEAK
From the Chairman's Desk

FINANCIAL HIGHLIGHTS
Delivering Growth through Excellence



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COMPANY SECRETARY: Amit Deshpande

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FORWARD-LOOKING & CAUTIONARY STATEMENT:

Certain words and statements in this release concerning Sterlite Technologies Limited and its prospects, and other statements relating to Sterlite Technologies' expected financial position, business strategy, the future development of Sterlite Technologies' operations and the general economy in India, are forward-looking statements. Such statements involve known and unknown risks, uncertainties and other factors, which may cause actual results, performance or achievements of Sterlite Technologies Limited, or industry results, to differ materially from those expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding Sterlite Technologies' present and future business strategies and the environment in which Sterlite Technologies Limited will operate in the future. The important factors that could cause actual results, performance or achievements to differ materially from such forward-looking statements include, among others, changes in government policies or regulations of India and, in particular, changes relating to the administration of Sterlite Technologies' industry, and changes in general economic, business and credit conditions in India. Additional factors that could cause actual results, performance or achievements to differ materially from such forward-looking statements, many of which are not in Sterlite Technologies' control, include, but are not limited to, those risk factors discussed in Sterlite Technologies' various filings with the National Stock Exchange, India and the Bombay Stock Exchange, India. These filings are available at: www.nseindia.com and www.bseindia.com.

COVER FEATURE

**AN ERA OF SMART
CONNECTIVITY**

> PAGE 8

**LETS TALK
ABOUT NUMBERS**

> PAGE 26

LEADER SPEAK

From the Chairman's Desk.....1

BUSINESS HIGHLIGHTS

Looking Back.....2

In the News3

FINANCIAL HIGHLIGHTS

Delivering Growth through Excellence.....4

BUSINESS PERFORMANCE

Letter to the Shareholders.....6

EXPERT OPINION

Optical Fiber: The urgent need
for Deployment in India.....40

CLIENT FEATURE

Enabling concrete business results
through Customer Centric Collaborative
Approach.....42

Enabling India's Progress through Power:
Sterlite's High Performance Conductors.....44

INFRASTRUCTURE PERSPECTIVE

Privatization of the Indian Transmission
Industry & our role in strengthening
the Grid.....48

Transformation through Broadband.....52

Fiber - Real Energy Saver.....54

LEADERSHIP

Board of Directors.....56

Executive Committee.....58

REPORTS

Director's Speak.....60

Corporate Governance Report.....67

Secretarial Audit Report.....80

Clearing the mist.....82

FEATURE STORY

Auditor's Report (Standalone).....85

Financials (Standalone).....89

Auditor's Report (Consolidated).....131

Financials (Consolidated).....132

RESOURCES

Sterlite Blog.....171

Book Review.....172

CASE STUDY

**WINNING THROUGH
COLLABORATION &
COMPETENCE**

> PAGE 28

**THE STATE OF THE BUSINESS
PROCESS & TECHNOLOGY**

> PAGE 30

**DRIVING SUSTAINABILITY
THROUGH
WORLD-CLASS PARTNERSHIPS**

> PAGE 32



**BUILDING A SUSTAINABLE
FUTURE FOR WEAKER
SECTIONS OF THE SOCIETY**

> PAGE 34

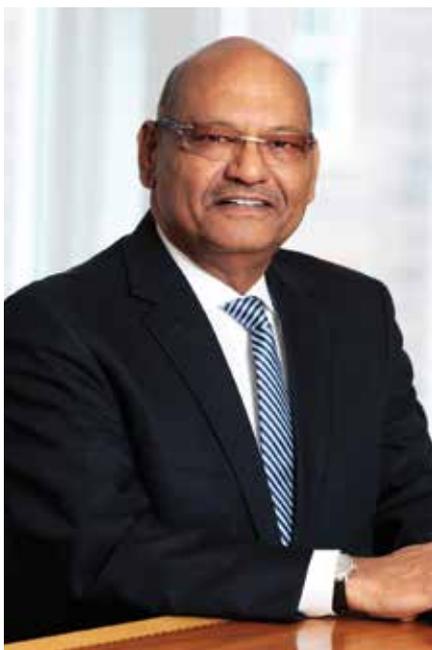
ENABLING A SAFE CULTURE

> PAGE 36

**ADVANCING OUR PORTFOLIO
THROUGH INNOVATION**

> PAGE 38

FROM THE CHAIRMAN'S DESK



IMPROVED INFRASTRUCTURE AND CONNECTIVITY CAN PLAY A GREAT ROLE IN BUILDING A NATION. WE AT STERLITE, TAKE GREAT PRIDE IN DOING OUR BIT IN THIS REGARD. THE WORLD IS LOOKING AT US AND WE NEED TO DO A LOT FOR OUR PEOPLE BY EMPOWERING THEM WITH BETTER INFRASTRUCTURE AND DEEPER CONNECTIVITY.

2013 was continuation of another year where the GDP of developing economies continued to grow at about 5-7% whereas the developed economies grew at 1-2%. The year was also characterized by sudden upheavals of economic crisis across the world for instance the stalemate in US over a budget issue in October 2013 that led to a virtual shutdown. What follows such events is a short term or even long term uncertainty. Indian economy had held fort till 2011 with average GDP growth rate of about 8.5%. However, since last three years, it has been struggling to reverse the decline at about 5%.

While 2013 was another difficult year for Indian economy, marred by uncertainties due to policy logjams and government inactiveness, private enterprise continued its optimism to a large extent. While efforts are being made to keep our nation on growth trajectory, just like state run companies, private sector companies also have the onus of playing a major role.

Improved infrastructure and connectivity play a great role in building a nation. We at Sterlite, take great pride in doing our bit in this regard. The world is looking at us and we need to do a lot for our people by empowering them with better infrastructure and deeper connectivity. It is the opportunities in infrastructure that has attracted investment to India in past few years. With the advent of globalization, the rise of social media, and more recently with the increasing mobility of internet, the need to stay connected has been rising exponentially. It is an established correlation that deeper the internet penetration to the remotest areas of a country, the faster is the GDP growth. According to a recent United Nations report, fixed broadband penetration is about 28% in developed economies, 6% in developing countries and only 0.2% in the least developed countries. This is the reason many developing countries across the world, including India, are investing heavily into enabling rural broadband. India will soon see its ambitious National Optical Fiber Network project take shape as it endeavors to connect 250,000 rural nodes across the country. Power transmission infrastructure in India on the other hand needs to receive a larger focus and speedier project initiations. An emerging economy like India needs to plan its transmission infrastructure in an efficient way by setting up new transmission lines and uprating the current carrying capacity of the

existing choked transmission lines. Private sector is keen to participate and has started to play a big role in shaping India's data & power transmission segments. What is required is a perfect alignment and synchronization between public and private sector needs.

For a long time now, we have been talking about creating super-highways of data & electricity as a need for better future. In reality we have already crossed the stage and we are at a juncture where we can say that the need was yesterday. At Sterlite, we have vision of capacity building and have prepared ourselves over the years to meet demands of tomorrow. We have strengthened our Research & Development initiatives to roll-out transmission solutions. Our Center of Excellence facility at Aurangabad, India has an objective to accelerate Sterlite's vision of building national competence towards Terabit scale communications. We have also been focusing on enhancing our portfolio of offerings in power transmission segment that increases efficiency of the transmission infrastructure while reducing carbon foot print.

Along with infrastructure, we will continue our focus on education, environment and health. We continue to empower children by educating them through virtual classrooms.

Going forward, we will continue to be even stronger in our commitment to be a customer centric and process-driven organization with focus on discipline, motivation and optimal utilization of resources. Equipped with unique capabilities, we will continue to work in a direction to build nations with end-to-end connectivity of data & electricity. ■

Anil Agarwal

Chairman, Board of Directors
Sterlite Technologies Limited

BUSINESS HIGHLIGHTS: LOOKING BACK



BEST INNOVATION IN FIBER INFRASTRUCTURE 2013
Awarded by Amity University



WEBWARDS 2013
for sterlitechtechnologies.com



MOST INNOVATIVE PRODUCT AWARD
for low loss medium voltage power cables at Elecrama 2014



FROST & SULLIVAN – IMEA
Manufacturing Excellence Award;
Silver Certification



BEST IT USAGE
Awarded by
Indian Merchant Chamber



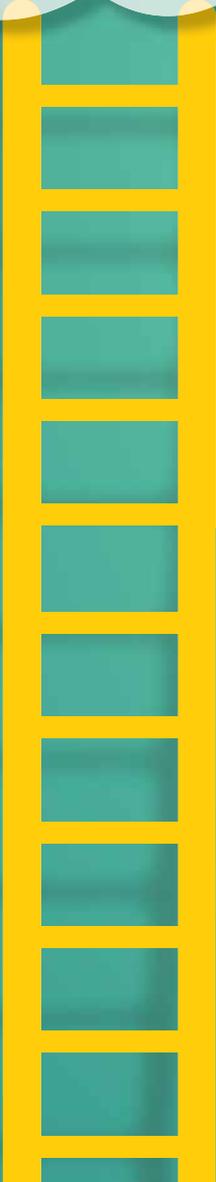
TOP TELECOM CABLE COMPANY 2013
Awarded by Amity University



TOP TELECOM CABLE COMPANY 2013
Awarded by Voice & Data



CISO 100
Awarded by CISO platform



Healthy Y-O-Y volumes growth in Optical Fiber, Optical Fiber Cables, Data Cables, OPGW & Power Cables Businesses

Purnea-Bihar Sharif power transmission line completion of ENICL project; Start of revenue from September 2013

130,000 homes connected with high speed broadband through our FTTH solutions

Stronger product portfolio with new products for maximum efficiency in data transmission; revenues from new products amounting to US\$ 30 Mn



Global market expansion with JV in Brazil for Optical Fiber Cable



Two new Grid Projects (RAPP and PKTCL)



About 25% of power conductor sale from international markets

MAJOR DEVELOPMENTS IN THE COMPANY THAT KEPT US IN THE NEWS IN 2013-14

STERLITE TECHNOLOGIES ENTERS INTO JOINT VENTURE WITH CONDUSPAR CONDUTORES ELETRICOS TO MANUFACTURE OPTICAL FIBER CABLE IN BRAZIL

JULY 10, 2013

Sterlite Technologies Limited has entered into a Joint Venture agreement with Condispar Condutores Eletricos Limitada ("Condispar"). Condispar is one of the largest companies in Brazil specialized in providing copper and aluminium cables for low and medium voltage applications in Latin America. The 50-50 joint venture will be a greenfield facility in Curitiba within the state of Parana (Brazil), and produce optical fiber cables for the Latin American markets. One of the fastest growing markets for fiber cable, Latin America at present, has an annual demand of more than 10 million fiber kilometers. This venture would be a key milestone towards Sterlite's global expansion strategy of its telecommunications business.

STERLITE TECHNOLOGIES LAUNCHES ENHANCED FAMILY OF BEND-INSENSITIVE FIBERS

JULY 18, 2013

Sterlite Technologies Limited announced the launch of three new products in its bend-insensitive BOW LITE family of fibers. These include the brand new BOW LITE SUPER (G.657.B3), and significantly improved BOW LITE PLUS (G.657.A1) and BOW LITE ENHANCED (G.657.A2, B2) fibers. All fibers have industry leading specifications for attenuation and macro-bend loss with tight geometry control making them particularly suitable for Fiber to the Home (FTTH) applications.

Additionally, since bandwidth demands of end consumers keep increasing at an exponential rate, carriers have to future proof their network assets, even as they are deploying current generation technology. With its significantly low macro bend loss and attenuation, Sterlite family of bend

insensitive fibers are the perfect solution to the carriers' FTTH needs, suited to all FTTH architectures and deployment conditions. The BOW LITE series complies or exceeds ITU Recommendations and IEC 60793-2-50 optical fiber specifications.

STERLITE TECHNOLOGIES HELPS TATA POWER AUGMENT POWER CARRYING CAPACITY FOR A CRITICAL MUMBAI LINE

AUGUST 13, 2013

Sterlite Technologies Limited announced that it has completed installation and commissioning of a challenging project in the heart of Mumbai requiring significant upgrade in the power carrying capacity for a critical line of Tata Power. Sterlite executed this turnkey project for Tata Power – a leading T&D utility in India. The project involved rendering of services like design, supply and installation of high capacity, high strength carbon composite core conductors on an existing critical arterial 22 kV line delivering power to a number of industrial customers and a local college. This unique solution has resulted in an exponential increase in the power transmission capacity of the existing IIT Powai to Saki transmission line that criss-crossed over a thickly populated slum area comprising closely spaced hutments and hilly terrain. "The lines on which ACCC conductors have been installed are very old lines traversing through populated areas," says M. V. Deodhar, Assistant Engineer – Projects, Tata Power. "The idea was to go for light weight conductor so that we can retain our existing structures and augment the line capacity" Deodhar adds.

STERLITE GRID SUCCESSFULLY COMMISSIONS INDIA'S FIRST ULTRA MEGA TRANSMISSION PROJECT

SEPTEMBER 18, 2013

Sterlite Grid Limited, a wholly owned subsidiary of Sterlite Technologies Limited has successfully commissioned a 231 km long, 400 kV double-circuit quad transmission line that connects Purnia and Bihar Sharif substations in the state of Bihar.

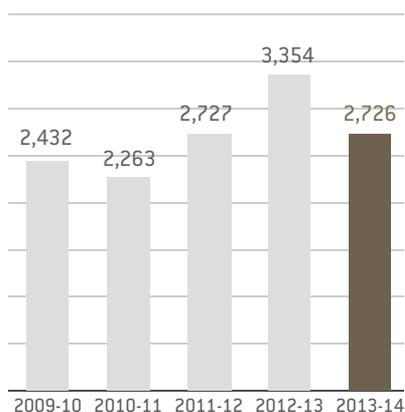
This line was identified as the highest priority line by Power System Operation Corporation Limited (POSOCO), India's national power grid operator. Sterlite was selected to build India's first Ultra Mega Transmission Project (UMTP) with two 400 kV transmission lines under tariff-based competitive bidding. The line provides critical connectivity for power transfer from the Hydro power plants in the North Eastern (NE) region. This will bring on-line enough transmission capacity to power more than 1 million homes in North East Bihar and Northern India. Sterlite is confident of commissioning all its subsequent lines and substations at regular intervals. With the completion of this Purnia - Bihar Sharif transmission line, Sterlite Grid has successfully completed installation of one transmission line in the East North Interconnection (ENICL) Transmission Project.

STERLITE GRID WINS TWO MORE POWER TRANSMISSION PROJECTS

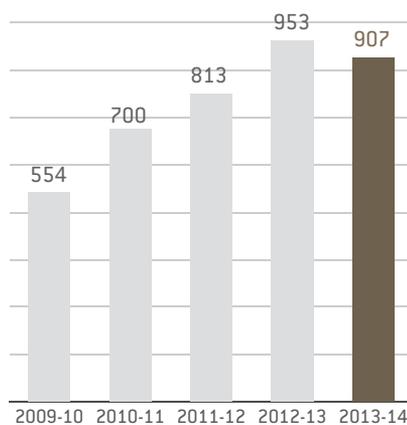
SEPTEMBER 20, 2013:

Sterlite Grid Limited, a subsidiary of Sterlite Technologies Limited, has secured two major projects. Both the transmission projects will be developed on BOOM basis, and has been awarded by Power Finance Corporation of India – the nodal agency. The first project – Rajasthan Atomic Power Project "RAPP-Unit 7, 8" transmission project – will transfer power from the atomic power plant near Kota in Rajasthan to Shujalpur in Madhya Pradesh. This line, when commissioned, will further strengthen power transfer capability from Northern Grid to Western Grid. The second project, namely "ERRS-7" will include establishment of two 400 kV double circuit lines between Ranchi & Chaibasa in Jharkhand; besides Kharagpur & Purulia in West Bengal. This is considered to be the first of its kind private sector transmission project in India. The project will further strengthen Sterlite's presence in the Eastern region after the recent commissioning of the Purnia-Bihar Sharif line in Bihar. ■

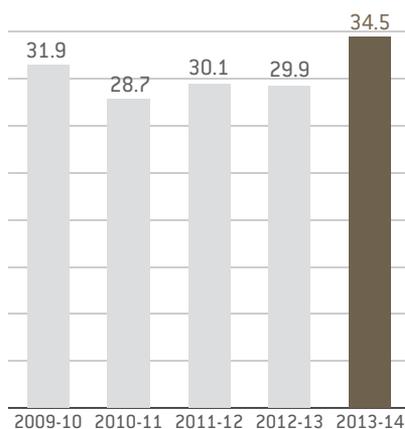
DELIVERING GROWTH THROUGH EXCELLENCE



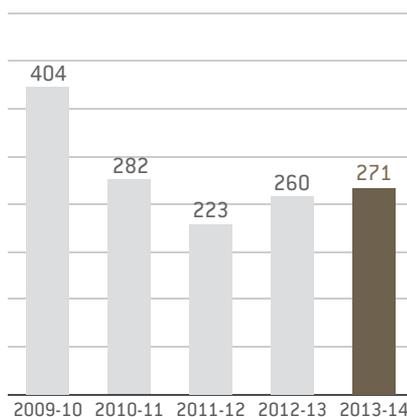
NET REVENUES (₹ IN CRORES)



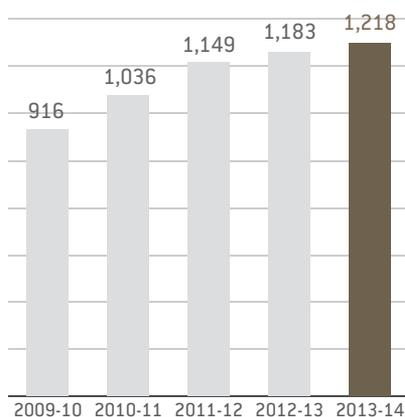
EXPORTS (₹ IN CRORES)



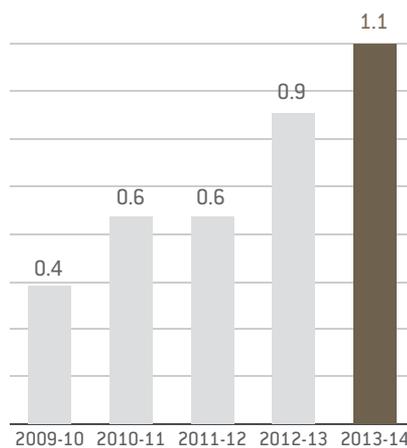
GROSS MARGIN (%)



EBITDA (₹ IN CRORES)



NET WORTH (₹ IN CRORES)



DEBT / EQUITY RATIO

	2013-14	2012-13	2011-12	2010-11	2009-10
₹ IN CRORES					
Net Revenues	2,726	3,354	2,727	2,263	2,432
Growth%	-19	23	21	-7	6
EBITDA	271	260	223	282	404
EBIT	168	174	152	226	356
PBDT	176	155	128	234	366
PAT	50	47	44	141	246
Diluted EPS (₹)	1.27	1.20	1.11	3.72	7.34
US\$ IN MILLION					
Net Revenues	454.3	559.0	454.5	377.2	405.3
EBITDA	45.2	43.3	37.2	47.0	67.3
EBIT	28.1	29.1	25.3	37.6	59.3
PBDT	29.3	25.8	21.3	39.0	61.0
PAT	8.3	7.8	7.3	23.5	41.0
RATIOS					
EBITDA Margin	9.9	7.8	8.2	12.4	16.6
EBIT	6.2	5.2	5.6	10.0	14.6
PBDT Margin	6.5	4.6	4.7	10.4	15.0
PAT Margin	1.8	1.4	1.6	6.2	10.1
Effective Tax Rate (%)	31.3	31.0	22.8	21.1	22.5
Operating Capital Employed (INR Crores)	1,528	1,474	1,489	1,615	1,334
Return On Capital Employed (%)	11.0	11.8	10.2	14.0	26.7
Debt Equity Ratio	1.1	0.9	0.6	0.6	0.4

NOTES:

ROCE = EBIT/ Operating Capital Employed | Debt Equity Ratio = Debt/Net Worth | Conversion Rate 1US\$ = ₹60

All numbers are for standalone financials



LETTER TO THE SHAREHOLDERS



DEAR SHAREHOLDERS,

It gives us great pleasure to present our annual report for the financial year 2013-14. This year, we continued to maintain our unique position with strong presence in both power and telecommunication industries. We continue to remain true to our vision of “connecting every home on the planet”.

While the year did not see a great achievement in revenues compared to the last year, we have been successful in improving our profitability as a result of our conscious decisions in choosing our customers and partners and also due to our process driven approach throughout the year. Collaboration is the key to our success and we are continually working on enhancing our engagement with all stakeholders. As an organization we plan our work in time, set goals for ourselves and strive hard towards achieving them. We are pleased to share with you that we have made good progress in the year gone by.

In continuation to our strategy of increasing our presence in international markets, we have entered new geographies in Middle East, Europe and Latin America regions, where we are serving top global telecom operators and power utilities

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as our key customer accounts. With addition of three more projects in the power transmission infrastructure segment, we are now playing a major role in shaping India's power transmission network. Going forward, we will remain focused on expanding the business in new geographies backed by our experience in executing large national infrastructure projects

We closed our financial year with revenues of ₹ 2726 Crores and EBITDA of ₹ 271 Crores. Our profitability moved up 210 basis points compared to FY13. The Net Profit for FY14 stands at ₹ 50 Crores. Diluted EPS for the year is ₹ 1.27 and the Board of Directors of the Company has recommended a dividend of 15% for the year, subject to approval from shareholders. You will be pleased to note that we have started the current year (FY15) with a healthy order book of ₹ 2550 crores.

HIGHLIGHTS OF THE YEAR

In Telecom segment, we added more global telecom operators as customer accounts and in domestic market, we booked a major order from Bharat Broadband Network Limited (BBNL) to supply the largest share of Optical Fiber Cables for India's prestigious National Optical Fiber

Network (NOFN) project. We also won few major orders from leading telecom operators in India and are partnering with them for their 4G rollout across the country. We continued to focus on research and development and released bend insensitive series of advanced optical fiber product range. With addition of another patent granted in this year, Sterlite's patent count has now stands at 47.

We have been focusing on growing international sales. This year, our export component of conductor sales stands at 25% with addition of many new global customer accounts.

Earlier, we had entered China market with a Joint Venture with Jiangsu Tongguang Communication and this year, we have expanded our business in Latin American region by entering into a JV with Conduspar Condutores Eletricos to manufacture optical fibre cable in Brazil.

As one of the most integrated Optical Fiber Companies in the world, we are also pioneering the Fibre To The Home (FTTH) deployment in the country having connected around 130,000 homes across cities in India with ultra-high speed broadband infrastructure.

In the power segment, we are developing several prestigious power transmission infrastructure projects spanning over 3000 Kms across India. We have successfully commissioned India's first Ultra Mega Transmission Project, Purnea-Bihar Sharif a 231 km long, 400 kv double-circuit quad transmission line. The line provides critical connectivity for power evacuation from the Hydro power plants in the North Eastern (NE) region. The line was commissioned in a record time under challenging working conditions.

The company expects to progressively commission other lines of East-North Interconnection (ENICL), Bhopal-Dhule Transmission (BDTCL) and Jabalpur Transmission (JTCL) projects including the substation during course of FY15. For the two new projects secured during the FY14, Rajasthan Atomic Power Project (RAPP) & ERRS - 7, the transfer of Special Purpose Vehicle from Power Finance Corporation has concluded and the financial closure will happen during the next financial year.

AS WE MOVE FORWARD,
WE WILL CONTINUE TO
STRIVE HARDER TO GAIN
PREMIER POSITION AS
INDUSTRY LEADERS IN
TRANSMISSION OF DATA
AND ELECTRICITY. THROUGH
OUR KNOWLEDGE
OF NETWORKS, WE
REINFORCED OUR STRONG
RELATIONSHIP WITH
GLOBAL CUSTOMERS.

FUTURE PROSPECTS

In the near future, a lot of investment in telecom and power infrastructure creation is going to create new business models. These business models offer a huge potential for companies like ours because of our unique capabilities in both

power and telecom segments. Continuation of 3G deployments and start of 4G deployments by major telecom operators in key geographies including India, WiFi enabled cities, Defense Network Deployment, National Fiber Network projects, Power Transmission Corridors, Re-conductoring of existing transmission lines, etc. are few examples of such projects. Globally, growth in mobile broadband data usage is driving revenue growth and helping to support investment for converged services. Europe is experiencing some large scale broadband investment initiatives. Spain in particular is putting high emphasis of FTTH, where all four major operators have entered into agreements to build out FTTH networks. Italy, Portugal and Germany are other markets showing good amount of traction by telecom operators pursuing FTTx initiatives. Domestically, for the power transmission business, we are witnessing signs of demand revival. As a company we are maintaining a strong focus on creating new global accounts and growing export markets.

Going forward, we will make efforts to further build key global accounts and reduce our dependency on domestic market. As we move forward, we will continue to strive harder to gain premier position as industry leaders in transmission of data and electricity. Through our knowledge of networks, we reinforced our strong relationship with global customers. We will be committed to delivering best in class value based solutions to our customers. We remain thankful for being given an opportunity to play a role towards creating great infrastructure and super-highways of data and electricity across the globe. ■

Pravin Agarwal **Anand Agarwal**
Whole-time Director Chief Executive Officer

AN ERA OF SMART CONNECTIVITY

By **Benoy Varghese & Jeetendra Bisht**
Business Analysts



The world of data as well as electricity transmission is getting smarter to be able to do more with existing network infrastructures. While the data world is experimenting with enabling mobility through smart devices in real life applications like healthcare, education, banking, etc; the world of electricity is toying with smart power transmission networks with two way communications.

The smartness of both the networks depends on the network's ability to achieve more with current set-up. Some of the key global trends like OTT(Over The Top) and Telecom Operators' collaborations, increasing focus on creating OPGW networks, re-conductoring existing power transmission

networks with high performance conductors are all indicators of this phenomenon of developing smarter infrastructure corridors.

Sterlite, through its relentless efforts in evolving data and electricity transmission technologies, has been instrumental in enabling nations across the globe with smart connectivity.

The discussion in the following pages takes a closer look at disruptive trends in internet usage, rapidly changing technologies and mismatch in power generation-transmission or demand-supply scenarios and also at the evolving technologies around them.



TELECOM SEGMENT

INTRODUCTION

“ They say a year in the Internet era is like a dog year... equivalent to seven years in a regular person’s life. ”

Vinton Cerf

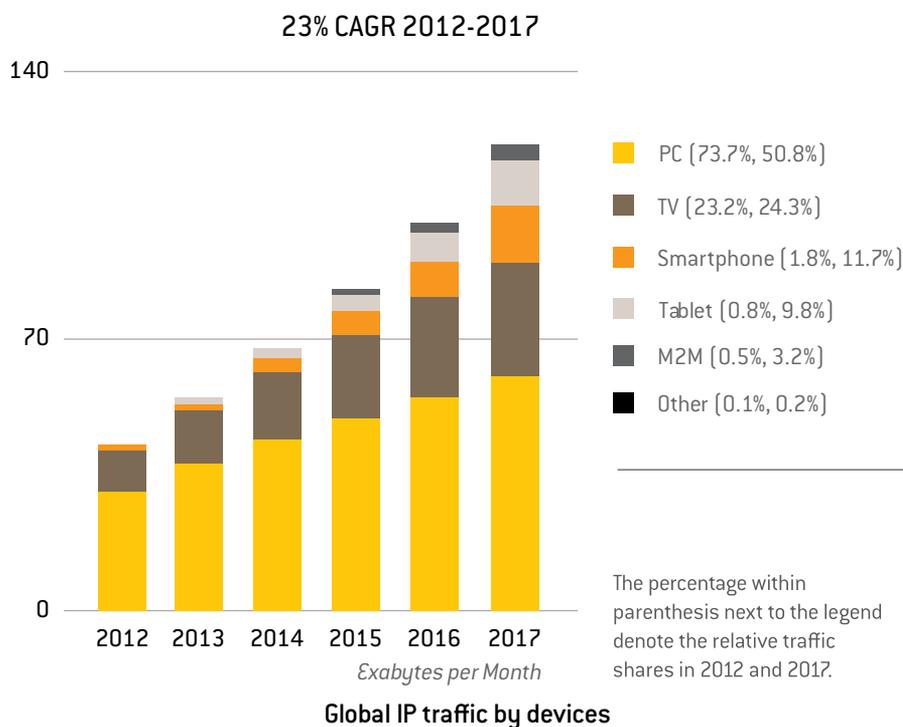
(widely regarded as ‘Father of Internet’)

Global flows have been a common thread in economic growth for centuries, since the days of the Silk Road, through the mercantilist and colonial periods and the Industrial Revolution. But today, the movement of goods, services, finance, and people has reached previously unimagined levels. Global flows are creating new degrees of connectedness among economies and playing an ever-larger role in determining the fate of nations, companies, and individuals. To be unconnected is to fall behind. The spread of the Internet and of digital technologies is transforming all types of flows and creating new ones.

In the four decades since its inception, the Internet has driven dramatic change. It has enabled flows of information, including entertainment, news, and financial and academic material. It has brought people closer together by enabling various forms of interpersonal communication, notably e-mail, instant messaging, video conferencing, and social networking. It has allowed consumers to purchase virtually anything at any time, while providing producers with direct access to a wide range of markets. In a very short period, it has become difficult for most of us to imagine a world without instant and continuous access to the Internet.

The Internet is increasingly called on to perform many tasks - from online banking to tsunami monitoring. If the Internet could wish for anything on its 45th birthday, it would probably ask to be more powerful, connected and intuitive - responding to our needs at home, work or on the go.

FUTURE OF INTERNET – USER DRIVEN DIGITAL DISRUPTION



Source: Visual Networking Index, CISCO

WITH OVER 2 BILLION USERS WORLDWIDE, THE CURRENT INTERNET IS A GREAT SUCCESS IN TERMS OF CONNECTING PEOPLE AND COMMUNITIES, AND INCREASINGLY FORMS THE SUPPORT FOR THE FUNCTIONING OF BOTH ECONOMY AND SOCIETY.

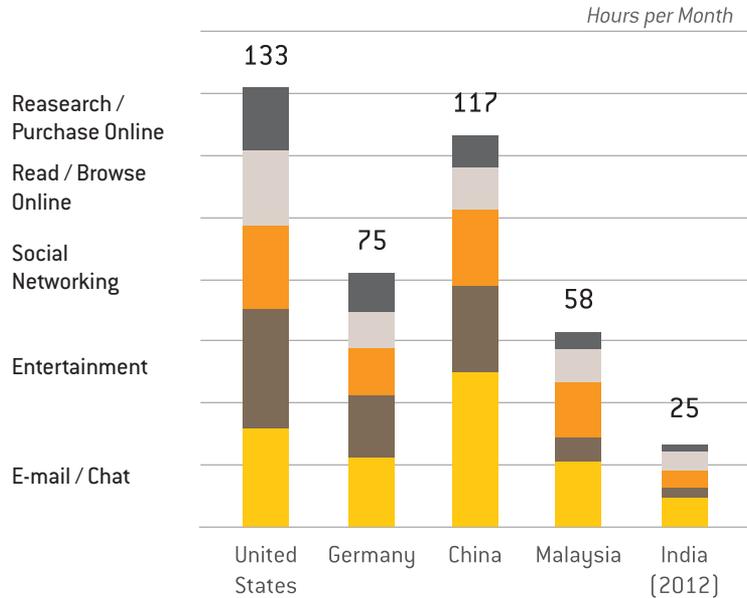
With over 2 billion users worldwide, the internet in the current avatar plays an integral role in connecting people and communities, and increasingly forms the support for the functioning of both economy and society. Over the next few years, approximately five billion people will become connected to the Internet. Some mind boggling but unsurprising statistics about this burgeoning future growth are as follows:

- Global IP traffic will increase almost threefold over the next 5 years
- Globally, consumer internet video traffic will be 69 percent of all consumer internet traffic in 2017, up from 57 percent in 2012.
- The number of devices connected to IP networks will be nearly three times as high as the global population in 2017

1. CHANGE IN CONSUMER TRENDS – LEVERS FOR DISRUPTION

The Internet has made it possible to access any content anywhere anytime. Experts world over think what we have already seen is not going to be the most important part of the Internet. It was just the first wave of the Internet. Till date, Internet has shaped the way we live our lives. Now, we are going to see radical levels of collaboration and we will see a reconnection of the Internet to the physical world.

CONSUMERS ARE SPENDING MORE TIME ONLINE AND ARE SHIFTING FROM SIMPLE & TRADITIONAL TO MORE COMPLEX VALUE ADDING ACTIVITIES



Source: McKinsey Digital Consumer Research (2010/2012); Consumer surveys

Breakup of user time on internet

The four major evolving shifts in consumer behaviour will play a big role in shaping the face and form of Internet in the coming years as stated below:



DEVICE SHIFT

from PCs to mobile/touch devices:

Smartphones are fast becoming ubiquitous, with penetration of about 30 percent globally. Just over 30 percent of US Internet-equipped households now have a tablet as well, and the rest of the developed world is close behind. Mobile phones and tablets now account for around 44 percent of all personal computing time, having nearly doubled since 2008.



COMMUNICATIONS SHIFT

from voice to data and video:

E-mail and telephonic voice have fallen from over 80 percent to about 60 percent of the telecoms “communications portfolio,” while time spent on social networks has doubled. And when consumers do use their phones, only about 20 percent of the time is for talking (down from over 60 percent just five years ago). The majority is used for more data-centric activities such as streaming music, browsing Web sites, and playing games.



VIDEO SHIFT

from programmed to user-driven:

Traditional live, linear television consumption remains relatively flat on an absolute basis, but has slipped on a relative basis. It now represents just 65 percent of all video viewing for consumers on their television screens and 52 percent across all screens in the Developed world. Time-shifted DVR content - watching video on PCs and over-the-top Internet video services such as Netflix - makes up much of the balance. Despite online video's growing presence, a divide has emerged between traditional television viewing - via satellite and cable in family rooms and online viewing - Internet-based in offices or 'on the go', as the Internet makes its way more solidly into spaces inside the home that used to be the domain of traditional television.



RETAIL SHIFT

from channel to experience:

Despite its tremendous growth and transformation of the retail landscape, e-commerce only accounts for about 5 percent of all retail sales globally. As connected mobile devices proliferate, they have the potential to transform the shopping experience (both in the store and online). About half of all smartphone owners now use their devices for retail research and although only few today, significantly more consumers will soon be using smartphones and tablets to complete their transaction as well. The combination of mobile retail and true multichannel integration will have a transformative effect on the retail experience and ring in the next era of Retail.

2. ADJACENT DEVICES WILL TAIL SMARTPHONES

Nearly half of all IP traffic will originate with non-PC devices by 2017. In 2012, only 26 percent of consumer IP traffic originated with non-PC devices, but by 2017 the non-PC share of consumer IP traffic will grow to 49 percent. PC-originated traffic will grow at a CAGR of 14 percent, while TVs, tablets, mobile phones, and machine-to-machine (M2M) modules will have traffic growth rates of 24 percent, 104 percent, 79 percent, and 82 percent, respectively. Now established as a successful example of technology that has changed the way people interact with the world, the smartphone continues to push the boundaries of personal connectivity by fast becoming a hub for an array of rapidly evolving and equally intelligent “adjacent” devices with specific, enhanced utilities.

Several emerging smart adjacent devices feature completely new form factors and utility, while others act as extensions of existing devices, enhanced by connectivity and sensor processing. While wearable devices such as FitBit and JawBone have been on the market for over three years, newer entrants in eyewear and watches continue to push the boundaries of user interaction and raise the bar on inter-device communication.

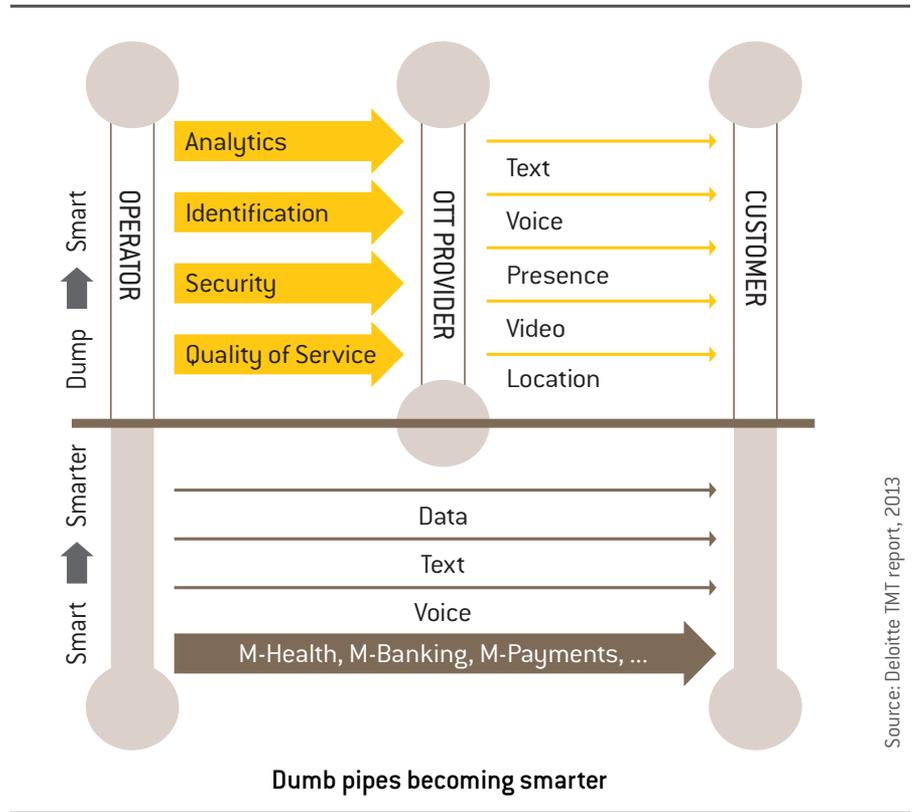
The smartphone era is at yet another critical juncture, and service providers have a unique opportunity to participate and to enhance customer experiences. Via a broad array of new possibilities generated by their introduction, smartphone adjacent devices have the potential to shape a variety of

product markets - from healthcare to sports equipment and fashion - and spark a wave of new semi-conductor innovation. To thrive in this arena, traditional telecommunications and high-tech players need to collaborate and perform like never before.

NEW AGE DATA TRANSMISSION

1. USP OF TELECOM NETWORKS – ‘SMART’NESS

Telecom pipes are tipped to add greater value to the content that they carry between smart devices. The beginning of collaboration

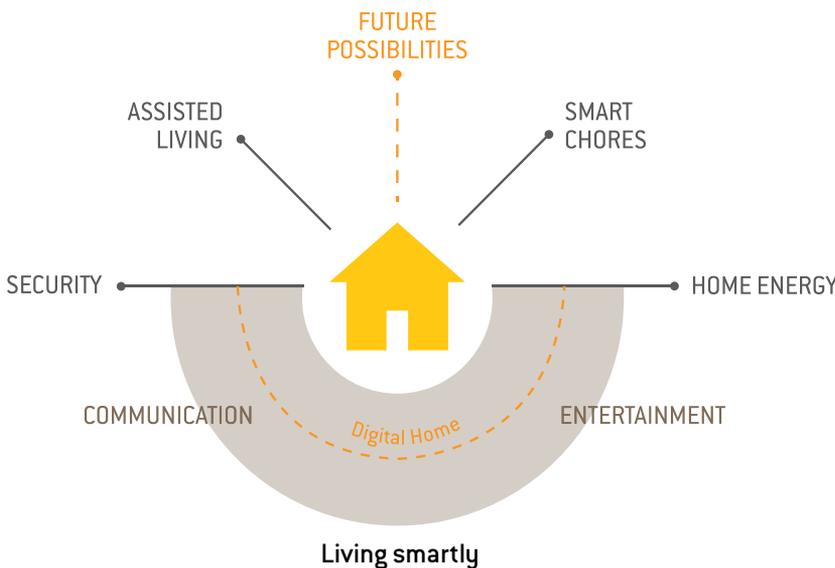


Source: Deloitte TMT report, 2013

between over-the-top (OTT) content players and telecom operators will convert telecom networks from mere connectivity pipes to smart pipes. In addition, industry experts predict that operators will identify new revenue opportunities in verticals such as energy, healthcare, banking, advertising, etc. to make a range of business-to-business (B2B) services available to a larger number of customers. The conceived transformation is as shown in the above exhibit.

So far telecom operators have never differentiated between the content, third parties are routing on top of their data network, making the network nothing but a dumb pipe. With collaboration of network operators and third party service providers, these dumb pipes can be turned into smart pipes, representing a substantial market opportunity for both operator and the third party. OTT applications and services have major implications on the business models of both fixed and mobile network operators. Today, Network operators

Source: Huawei White paper



are fast getting into uncompetitive positions to compete with the globally-established brands such as Apple, Microsoft, Amazon and Google for Voice (via Skype, GTalk) and Short Messaging Service (via WhatsApp, iMessenger, Blackberry messenger).

After years of fighting over-the-top delivery of communication services, network operators are opening up to the need to modify business models and consider OTT providers as customers of their services. Operators will need to partner with OTT providers and launch innovative plans, which attract customers towards the data plans. OTT players will need to share the burden of network upgrades (to support the increasing multimedia traffic) and infrastructure rollouts (in smaller cities and rural areas) with operators to mutually benefit from the increased coverage, better Quality of Service (QoS) and hence user loyalty. Especially to cater to the enterprise segment, OTT players will need to tie-up with network operators to provide high availability, strong security, and other QoS parameters that are pre-requisite for serving enterprises.

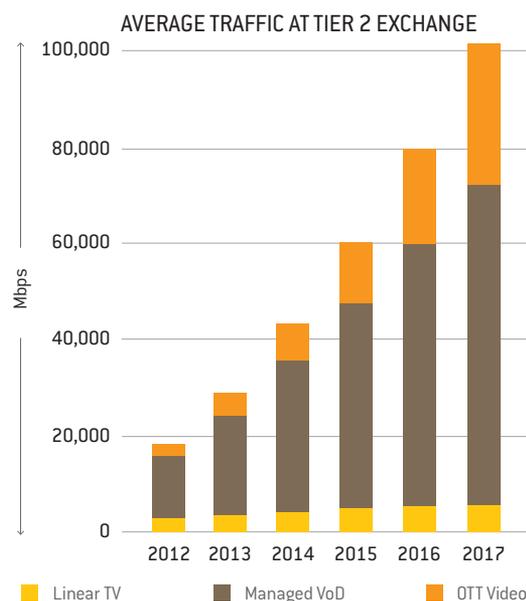
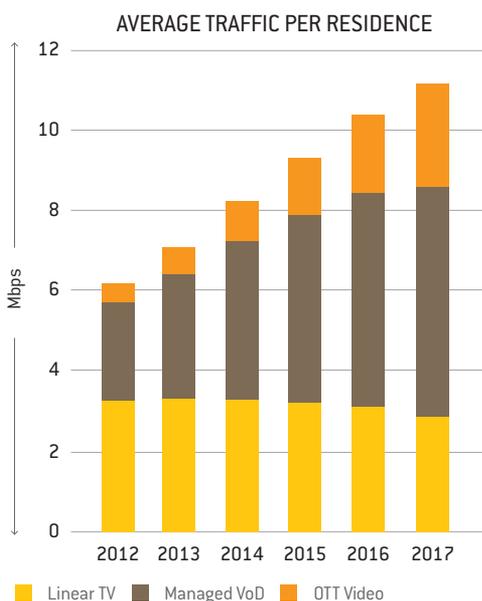
Such arrangements will help telecom network, erstwhile considered as a dumb pipe, to become a smart pipe. The implementation of smart homes, smart cars, smart grids and smart city will add value to the telecom networks as they will carry smarter applications and services. Modern networks allow access to more sophisticated applications and services (HDTV, interactive gaming, video on demand, and increasingly Web 2.0), which in turn calls for even more bandwidth.

2. METRO NETWORKS WILL TAKE CENTRESTAGE



Given its superior reliability, the fixed line network has continued to play the role of the proverbial backbone, in most countries continuing to carry the bulk of the traffic. Even discounting current competitive realities, making a network 4G ready is a complex undertaking. The telecom players need to beef up the various layers of transmission networks significantly in order to handle the new technology's network requirements, which are driven by expected dramatic increases in data

METRO LAYER TRAFFIC WILL GROW NEARLY TWICE AS FAST AS LONG-HAUL LAYER TRAFFIC FROM 2013 TO 2017.



Network traffic growing 2.5+ times faster than household traffic

Source: Alcatel Lucent

consumption due to faster service.

Globally, Metro layer traffic is expected to surpass long-haul traffic in 2014 owing to spurt in 4G services, and will account for 58 percent of total IP traffic by 2017. Metro layer traffic will grow nearly twice as fast as long-haul layer traffic from 2013 to 2017. The higher growth in metro networks is due in part to the increasingly significant role of content delivery networks (CDN), which bypass long-haul links and deliver traffic to metro and regional backbones. CDN growth will be driven by OTT and Managed Video, whose impact on Metro networks is as given in the exhibit.

3. OPTICAL FIBER – ‘MAINSTAY’ FOR ACCESS

Going forward, however, both business and residential users in emerging markets will aspire more bandwidth-intensive applications. All users are likely to look to the Internet to back up their data, to video conference, and to do myriad of other things yet to be conceived. An inability of businesses and consumers to broadly access such applications in the years to come, will prove to be a permanent stumbling block to their inclusion in the digital world. Many of these applications will require access to fixed-line infrastructure.

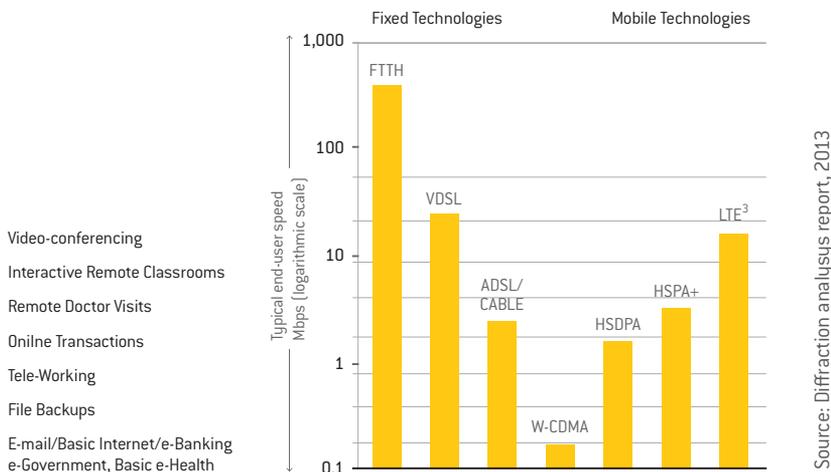
For example, the mobile network (even as it migrates to the more efficient 4G standard) in the ‘Access’ layer would still be prohibitively expensive to use for really data-heavy business-cloud applications. Furthermore, the speeds of such mobile networks will still not be competitive against FTTx networks for high definition video applications.

Therefore, experts expect that, in the years to come, over 20 percent (as aspiration that has previously been set in countries such as Malaysia and Mexico) of the consumer population in emerging markets will once again expect to have access to fixed-line broadband service.

4. GOVERNMENTS STEP UP ONCE MORE, FOR NETWORK CREATION

While everybody agrees that getting more of the population in developing countries to connect to the Internet can be a strong driver for the growth of these economies, the means to get there is not always clear. Which part of public involvement, where should the financing come from?

Over a century ago, telecommunications was considered a natural monopoly, with most investment funded through the public purse. The emergence of mobile technologies led to a more market-led industry structure fuelled by



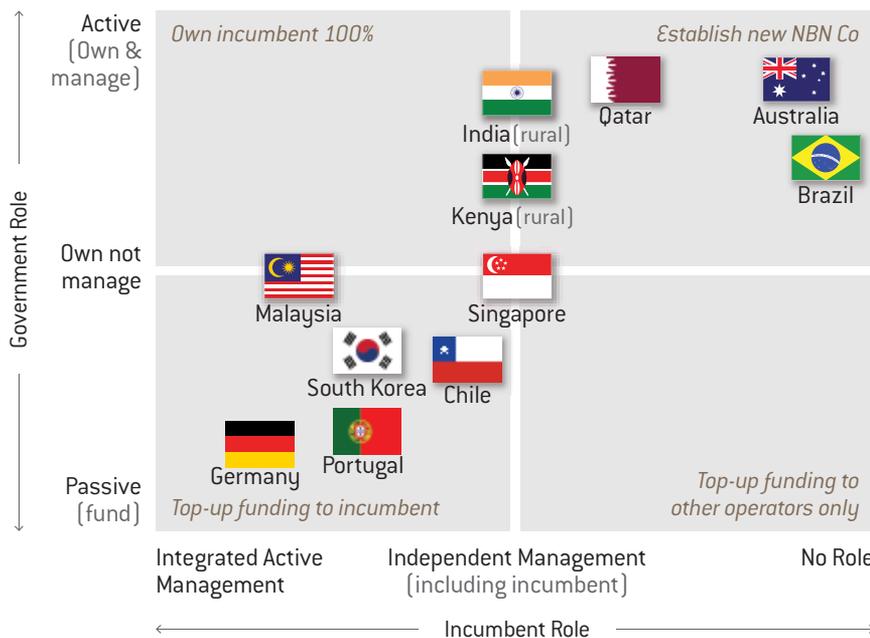
private investments.

The existing fixed-line telecommunications infrastructure in most countries is poor. This is due to the lack of historic, public, or private investment in the sector as well as consumers’ low levels of capacity and willingness to pay for services. Many private operators find themselves facing the difficult question of whether to invest under current circumstances of uncertain and unfavorable regulatory regimes, increased competition and lower revenues.

But, the recent experience indicates that the emerging importance of fiber may be reversing this trend. Indeed globally, wide spread fiber investments have typically occurred only where governments are explicitly intervening, through funding and policy levers.

GLOBALLY, WIDE SPREAD FIBER INVESTMENTS HAVE TYPICALLY OCCURRED ONLY WHERE GOVERNMENTS ARE EXPLICITLY INTERVENING, THROUGH FUNDING AND POLICY LEVERS.

This intervention has been through a variety of models as shown below:



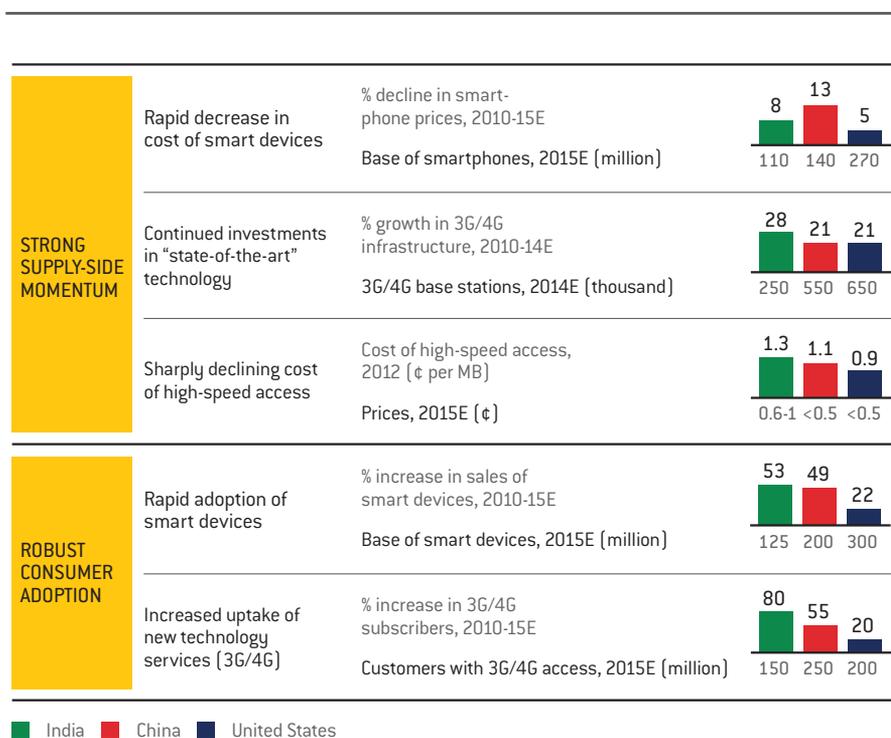
Government interventions affecting fiber investments globally

'INDIA' - NEXT DESTINATION FOR DATA BOOM

The impact of the Internet in India is constrained by current gaps and obstacles in the Internet ecosystem. While India has always scored well on the availability of human and financial capital, it rates weakly on Internet infrastructure and Internet engagement. This weak infrastructure has slowed the growth in India's Internet user base so far. Still, India's base of about 200 million Internet users as on date is currently the third-largest in the world.

Despite the detriments, India has the intrinsic strengths needed for an Internet transformation, if concerted actions are taken to address key gaps in the Internet ecosystem especially extension of infrastructure deeper into the country.

Given current downward trends in the costs of Internet access and mobile devices, India is expected to be on the verge of an Internet boom. In an evolution pattern unique to India, users who access the Internet only through a mobile or tablet device will constitute around 75 percent of new users and 55 percent of the aggregate user base in 2015, leading to increasing demand for content that is optimized for a small screen. India is likely to have the second-largest user base in the world, and the largest in terms of incremental growth, with 370 million Internet users in 2017.



■ India ■ China ■ United States

Key supply-side enablers, combined with rapid consumer adoption, will accelerate internet adoption in India

Source: Research reports; press search; McKinsey analysis

OPTICAL FIBRE & CABLE MARKET - GLOBAL & INDIA

1. GLOBAL MARKET

Around the world, data traffic is increasing exponentially - both on fixed and on mobile networks. More and more consumers and businesses demand constant high-quality Internet access coupled with higher traffic allowances and faster connection speeds to enjoy new Internet services such as OTT video wherever they are.

While there is little doubt that wireless will be the main component of access expansion in most developing countries, there is a strong case to be made for faster and more stable wireline access to be deployed, either selectively in certain sub-markets or more broadly if legacy market players haven't addressed the wireline market. Without a robust fiber backbone, little or nothing can happen in the last mile to consumers.

The spread of 4G mobile operations throughout the world is bringing in more orders for optical fiber cable from non-traditional

customers, such as tower companies, cellular operators, dark-fibre providers, and other non-incumbent local operators – "altcos" or CLECs [competitive local exchange carriers]. Use of 4G services is driving up the capacity-required in mobile backhaul.

There is also a growing market for fibre in tower "verticals," replacing the coax runs between the radio heads and ground-level base stations. This tower cabling is driving demand for hybrid power-plus-optical cable, outside-plant interconnects, and in some applications, for bend-insensitive fibre.

Cellular industry analysts expect a strong take-up of 4G service in emerging markets, such as India and China. In China, 4G is expected to outpace the experience with 3G subscriptions. Hence, Operators are increasingly carrying out large-scale network transformations in order to achieve step-change improvements in performance and efficiency.

THE SPREAD OF 4G MOBILE OPERATIONS THROUGHOUT THE WORLD IS BRINGING IN MORE ORDERS FOR OPTICAL FIBER CABLE FROM NON-TRADITIONAL CUSTOMERS, SUCH AS TOWER COMPANIES, CELLULAR OPERATORS AND DARK-FIBRE PROVIDERS.

China continues to be the largest consumer of optical fiber. In 2012-13, after China, the next largest consumer was USA with India, Japan and France completing the top 5.

Industry analysts' outline the below, as the growth levers in coming years

- i. Upgrade of China's telecom networks and construction of LTE networks
- ii. Spurt in LTE, FTTx, VDSL networks globally
- iii. Data centre construction, especially in Asia, Middle East, Latin America
- iv. Brazil – upturn expected in optical fiber cable installations for access and backbone
- v. India – work on 4G LTE network and National Optical Fibre Network (NOFN)

2. INDIA MARKET

India has predominance of legacy microwave based radio networks due to ease of installation and low cost of components. However, increasing broadband penetration and adoption of data-intensive mobility devices such as smartphones and tablets have necessitated the need for optical fiber cables, which can support high volumes of data.

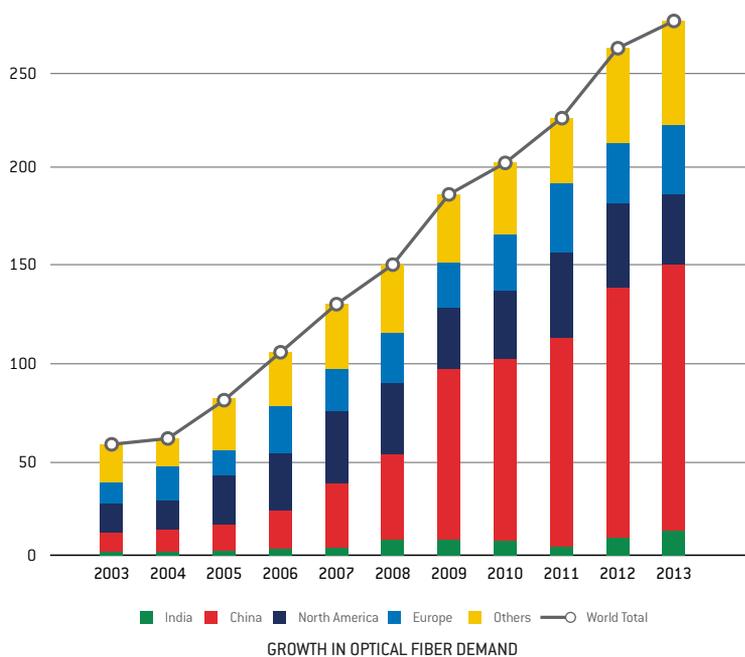
Driven by increasing deployments in backhaul and last mile FTTx networks and aided by governmental initiatives such as National Optical Fiber Network (NOFN), Cable TV digitisation etc. the optical fiber cable market in India is getting onto an unprecedented growth trajectory.

a. National Optic Fiber Network (NOFN)

The Govt. of India has conceived NOFN to extend the optical fiber cable network present at district level blocks to connect the 250,000 gram panchayats (GP) in the country. Non-discriminatory access to the network will be provided to all telecom service providers, Cable TV operators and Content providers to launch various services in rural areas. Further, broadband connectivity to 2.5 lakh GPs for various applications like e-health, e-education, and e-governance will be provided by NOFN as a closed user group. The network is proposed to be completed in two years' time.

b. Network for Spectrum (NFS) – Defence Networks

BSNL is building a new communication network for exclusive use by the armed forces in three years, after which the defence wings are expected to release 150 megahertz of telecom spectrum in critical bands



Source: CRU reports

The alternative defence network, using optical fibre and satellite links, is targeted to be completed in three years.

In India, the time is right for considering urgency towards establishing a Terabit scale communication infrastructure, to consider and plan alternatives that will deliver technologies meeting or exceeding global competitive benchmarks.

STERLITE IS AT THE FOREFRONT

Sterlite Technologies, globally recognized among the top, is in the forefront of enabling infrastructure for next generation data transmission. Sterlite has placed a strong focus on industrial scale R&D efforts with a vision to be in the top 3 globally. Inline with this vision to achieve global leadership, we have, over the year, continued to invest in capacities and technology. The recent setting up of state of the art COE in Aurangabad, India last year, a 30,000 sq. ft. facility focused on OF glass technology is an important milestone in that direction. Among key facilities of the center are:

- Glass Technology Laboratory that improves quality of precursor glass preforms of optical fibers.
- Optics & Photonics Laboratory for fiber design, characterization and development
- Reliability Laboratory discovers better ways to avoid the Optical & Reliability risks of optical fibre for long haul applications through innovations in mechanical, thermal and environmental

reliability of fibre

- Systems Laboratory capable of testing and analyzing fiber's transport capacity of 10 -100 Tera-bit/s and beyond over long haul fiber networks
- A dedicated FTTx Laboratory facilitates testing of various optical access network solutions including next generation PON technologies
- A dedicated Applications Engineering and Intellectual Property capability to enable competitive positioning and scaling of our R&D efforts

On this test-bed, we routinely test new fibers and discover requirements for optical fibers in our product development/R&D roadmap to determine applicability in a network setting. We also perform joint testing with key Telecom Operators in India and abroad to emulate performance of optical fibers in commercial network settings. Supported by a staff which includes world class scientists, the center has a focus to increase the company's competitive position and intellectual property portfolio.

With our Center of Excellence, the first of its kind in India, we are positioned uniquely in focusing our R&D activities and in accelerating the vision of National competence towards Terabit scale communications.

The world on a high fiber diet



FiON™ (powered by Sterlite) is a fiber based last mile access network for the service providers to use to serve their customers. FiON™ is a neutral Network provider and enables high speed broadband by offering FTTx (fiber-to-the-premise) technology.

FiON™ enables high-end applications that require higher bandwidth like IPTV, High Definition TV, 3D TV, Online Gaming, Video on Demand and many such services in premises.

Sterlite FTTx Networks (FiON)

sterlitetechnologies.com

Sterlite

POWER SEGMENT

SMART TRANSMISSION GRID – INDIA'S QUEST TO PLUG INTO A EFFICIENT, RELIABLE AND ENERGY-SECURE FUTURE



Power sector is one of the growth engines of the economy and Power Transmission network constitute the vital element of the entire power value chain. Regardless to say, the growth of power sector is contingent upon the development of a robust, reliable and a non-collapsible transmission network.

Over the past decades, the total power capacity has witnessed commendable growth, with more than 238 GW (February 2014) of generation capacity currently installed in India. Despite this, the country's demand for electric power outstrips supply by about 10%, and almost one third of the country's population has no access to electricity. Responding to this grim situation, the power industry is working on strategies to hasten the commissioning of new plants. However, some of India's regions do not have adequate power evacuation infrastructure which could alleviate the recurring supply shortages in other parts of the nation.

While the issues related to Generation and

OVER THE PAST DECADES, THE TOTAL POWER CAPACITY HAS WITNESSED COMMENDABLE GROWTH, WITH MORE THAN 238 GW OF GENERATION CAPACITY CURRENTLY INSTALLED IN INDIA. DESPITE THIS, THE COUNTRY'S DEMAND FOR ELECTRIC POWER OUTSTRIPS SUPPLY BY ABOUT 10%

Distribution sectors got due focus from policy makers to industry stakeholders, transmission got downplayed.

In India, there has been a trend of under-investment in T&D as compared to generation segment. For instance, in the 11th Five Year Plan, the investment ratio was 11:3:6 in the generation, transmission and distribution segments respectively. However, experts opine that an investment ratio of 2:1:2 for the 12th plan would be ideal to achieve a balanced growth in the sector. The power transmission sector can no longer be viewed from the prism of generation but as an independent sector.

Despite the government's support, there are going to be huge financial requirements that would need to be timely addressed. There seems no option but to galvanize the private sector to make sizeable investments in transmission sector, especially in intra-state transmission of electricity, bring in efficiency, private finance and time-bound project management expertise in the

transmission sector. Though private entry in transmission sector has been facilitated by PPP and Independent Power Transmission Company (IPTC) routes, the success of private transmission operations is yet to be realized.

Presently, the total transmission line length of the country at 220kV and above voltage is in excess of 288,000 Ckt Km ~ nearly 50% of the transmission infra is at 220kV and 43% at 400kV.

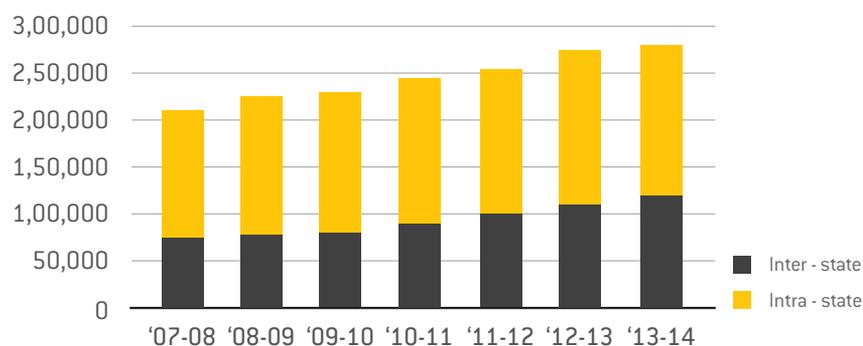


FIGURE 1: India, Existing Transmission Infrastructure, Inter-State Vs. Intra-State Network (Ckt Km)

TABLE 1: India, Growth of Transmission Network (Ckt Km)

INDIA, GROWTH OF TRANSMISSION NETWORK (Ckt Km)					
At the end of Year	765kV	HVDC +/- 500kV	400 kV	220 kV	Total
2007-08	2,554	5,992	82,669	118,789	210,004
2008-09	3,118	7,172	89,496	122,960	222,746
2009-10	3,562	7,452	97,353	128,099	236,466
2010-11	3,820	7,452	102,578	134,409	248,259
2011-12	5,250	9,432	106,819	135,980	257,481
2012-13	6,459	9,432	118,180	140,517	274,588
2013-14	10,241	9,432	124,631	143,904	288,208

Powergrid, the Central Transmission Utility, is responsible for planning; development and operation of Inter State transmission infrastructure and National Grid. Currently, 41% of the total transmission network is the Inter state network, of which 75% is comprised of 400kV lines.

In order to carry higher MW/RoW, the focus, especially at the Inter state level, is shifting towards higher voltage levels. Hence, the focus is on development of 400 kV and 765 kV line length and transformer capacity.

During 2007-08 and 2013-14, the Inter state transmission grew at a robust rate of 8.3% CAGR ~ the 765kV network has grown at a rapid pace of 28.4% during the period.

TABLE 2: India, Growth of Inter - state Transmission Network (Ckt Km)

INDIA, GROWTH OF INTER - STATE TRANSMISSION NETWORK (Ckt Km)					
At the end of Year	765kV	HVDC +/- 500kV	400 kV	220 kV	Total
2007-08	2,145	4,488	56,680	9,825	73,138
2008-09	2,709	5,668	61,800	10,066	80,243
2009-10	3,154	5,948	68,105	10,593	87,800
2010-11	3,411	5,948	72,590	10,996	92,945
2011-12	4,839	7,928	76,628	10,970	100,365
2012-13	6,048	7,928	84,904	11,304	110,184
2013-14	9,616	7,928	88,844	11,319	117,707

TABLE 3: India, Growth of Intra - state Transmission Network (Ckt Km)

INDIA, GROWTH OF INTRA - STATE TRANSMISSION NETWORK (Ckt Km)					
At the end of Year	765kV	HVDC +/- 500kV	400 kV	220 kV	Total
2007-08	409	1,504	25,989	108,964	136,866
2008-09	409	1,504	27,696	112,894	142,503
2009-10	408	1,504	29,248	117,506	148,666
2010-11	409	1,504	29,988	123,413	155,314
2011-12	411	1,504	30,191	125,010	157,116
2012-13	411	1,504	33,276	129,213	164,404
2013-14	625	1,504	35,787	132,585	170,501

Source: CEA

The intra-state transmission system, which is managed by various State Transmission Utilities (STUs), is largely 220kV lines contribution 78% to the total intra-state network. The 765kV has shown highest growth in intra-state segment between 2007-08 and 2013-14.

For 12th plan period, a total of 105 GW generation capacity additions had been planned. India has witnessed generation capacity addition at a rate of over 20GW per year during past two years. This has necessitated the need for creation of transmission network of the adequate capacity to evacuate power. Furthermore, the energy mix of the country is changing ~ India would take its new and renewable capacities to 55 GW by 2017, the terminal year of the 12th five year Plan. The projected change in the mix of generation by fuel supply by the end of 2030 is tilting in favor of RE [Renewable Energy]. The share of renewable in electricity generated is expected

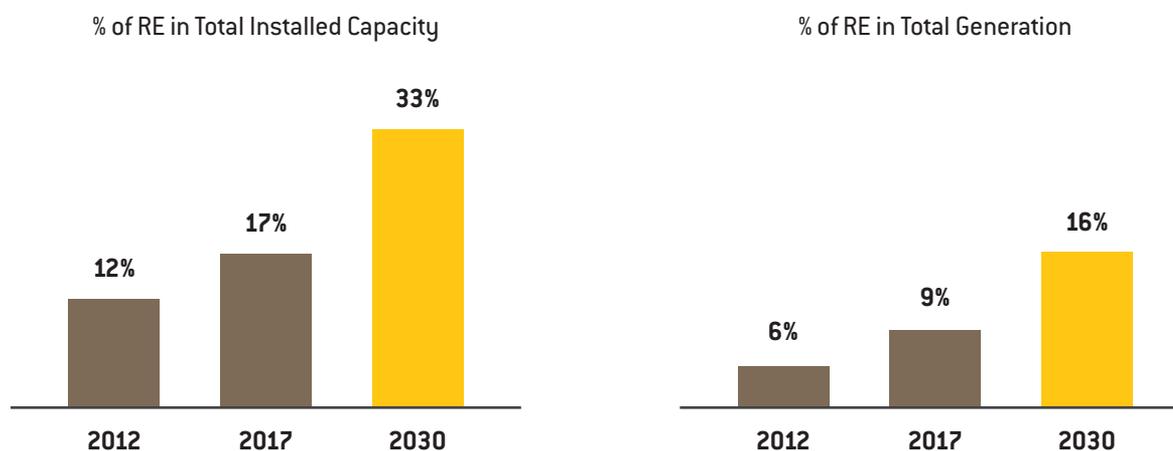
to rise from around 6% in 2012 to 9% in 2017 and 16% in 2030.

While fossil-fuel generation resources have some flexibility to site in close proximity to the existing transmission grid, integration of RE present special challenges as siting of renewable resources is largely dictated by nature. Intermittent availability and variability of energy and lesser grid support during system disturbance and exigencies stymie growth of power evacuation/grid facilities and transmission planning. The transmission investments needed to meet these challenges have not kept pace with the rapid growth of renewable energy capacity in the past few years. While there is a need for huge investments in developing transmission systems associated with renewable energy capacity, the financial implications on state utilities due to uncertainty in investment recovery impedes investment in such systems. Further, state utilities face both

capacity and resource constraints in providing connectivity for sites in remote regions.

In this regard, policy makers and regulators have been making rigorous efforts to ensure that the transmission bottleneck does not impede renewable energy growth. Power Grid's take on Green Energy Corridor comes as a major boost to the ambitious goal of doubling RE installed capacity by end of 2017. Through a study, PGCIL has identified transmission system strengthening and augmentation requirements at the interstate and intra-state level in TN, Karnataka, AP, Gujarat, HP and Rajasthan. Estimation of CAPEX requirement and strategy framework for funding and speedy renewable power development has been established. In order to accommodate large-scale renewable capacity, there is a need to strengthen the interstate transmission system.

FIGURE 2: India, Changing Structure in Energy Source of Electricity, 2012-2030



Source: 12th Five Year Plan Draft

INDIA, TRANSMISSION NETWORK EXPANSION OUTLOOK



The transmission grid is not only expected to grow in size but also in terms of complexity with addition of large scale generation capacity, integration of RE projects and increased participation from new transmission entities.

In India, strategy of transmission development is commensurate with generation and load growth, creation of highways leading to strengthening of National Grid and conservation of Right-of-Way.

Government Policies point to huge thrust to transmission sector. Thrust on transmission Sector reflecting in the capacity buildup and planned expenditures for the 12th Plan.

A total of about 1,07,440 CKm of transmission lines; 2,70,000 MVA of AC transformer capacity and 12,750 MW of HVDC systems are estimated as needed during the 12th Plan. The 12th five year plan is expected to register maximum growth in terms of capacity addition through 400 kV lines - backbone of transmission infrastructure in India.

During the first two years of the 12th plan (until February' 2014), 13% of the proposed transmission line target was achieved. The CTU has a network addition target of 40,000 Ckt Kms of transmission line and 100,000 MVA of transformer capacity during the 12th plan.

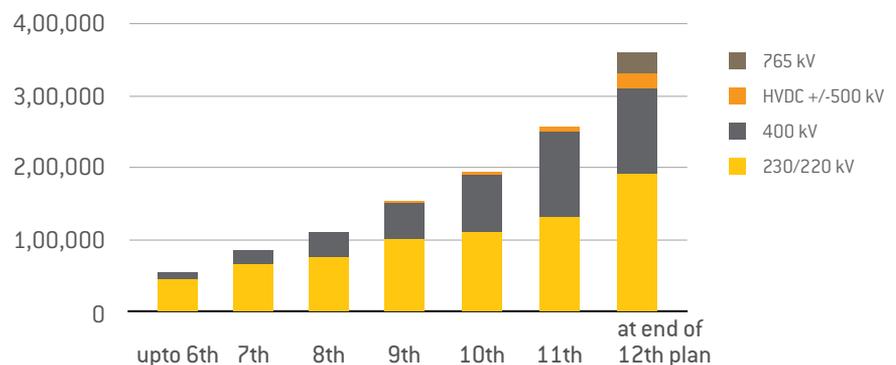


FIGURE 3. 12th Plan to register maximum growth in terms of capacity addition through 400 kV lines - backbone of transmission infrastructure in India (Ckt Km)

Source: CEA, 12th Fiveyear plan

Major network expansion is expected to happen through 11 High Capacity Power Transmission Corridors (HCPTCs) that are currently under implementation by Powergrid Corporation of India Ltd. (PGCIL). HCPTCs are expected to evacuate 62 GW of capacity being commissioned by Independent Power Producers (IPPs) across India ~ 31,000 Ckt Km of transmission line, of which 21,763 Ckt Km is expected to 765 kV level.

THE 12TH FIVE YEAR PLAN IS EXPECTED TO REGISTER MAXIMUM GROWTH IN TERMS OF CAPACITY ADDITION THROUGH 400 KV LINES



GREEN ENERGY

Green Energy Corridors is another strategic initiative envisaged by the CTU. At the interstate transmission network, nine new ultra-high capacity transmission corridors have been proposed over a longer horizon, by 2030. These corridors shall not only dispatch the energy generated from the proposed renewable energy capacity to high-demand

centres across the country, but also shall complement the parallel transmission system of conventional generation projects/grid strengthening schemes for transfer of power as well as help maintain the grid parameters. At the intra-state transmission network, an addition of over 25,000 Ckt Kms line length and transformer capacity of 58,000 MVA is

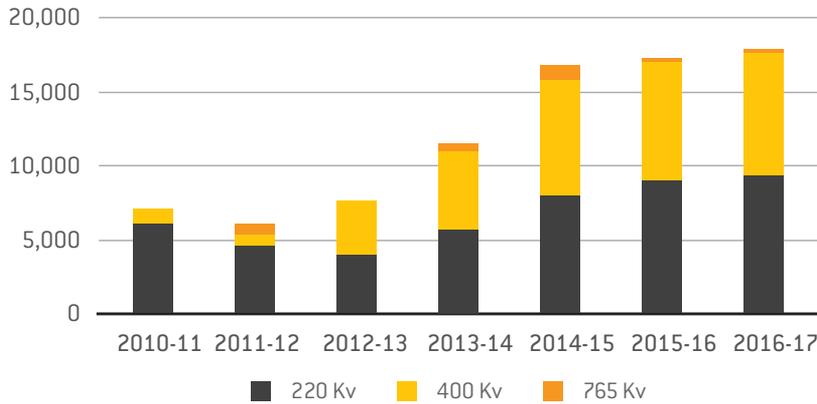
proposed across seven states under the Green Energy Corridor project.

Network addition plans by the STUs at 200kV and above voltage levels is more than 62,000 ckt KMs of line by 2016-17 ~ half of the line addition is expected to be at 220kV voltage level.

TABLE 4: India, State-wise Transmission Network Additions Proposed under the Green Energy Corridor Project, Transmission Length (Ckt. Kms) & Capacity (MVA)

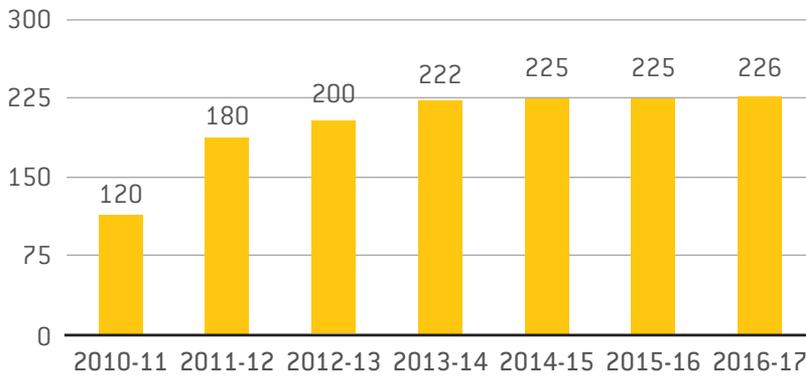
STATE-WISE TRANSMISSION NETWORK ADDITIONS PROPOSED UNDER THE GREEN ENERGY CORRIDOR PROJECT, TRANSMISSION LENGTH (Ckt. Kms) & CAPACITY (MVA)					
State	400 kV	220/230 kV	132/110 kV	Total	Capacity (MVA)
TN	2,680	2,401	1,465	6,546	18005
AP	720	2,210	800	3,730	9,235
Guj.	640	2,566	40	3,246	7,690
Raj.	2,750	1,597	1,954	6,301	11,180
HP	--	20	692	712	1,106
Kar.	--	1,035	580	1,615	2,950
Maha.	--	1,450	1,795	3,245	8,050
Total	6,790	11,279	7,326	25,395	58,216

Note: includes additional intra-state transmission strengthening elements required for ISTS transfer



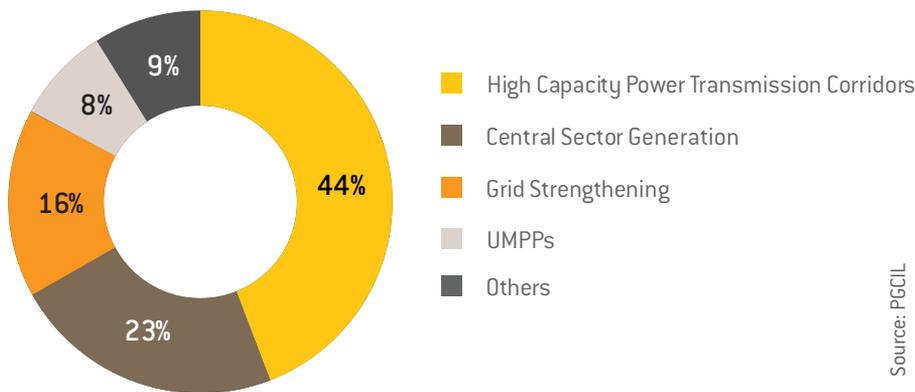
Source: India Infrastructure Research estimates

FIGURE 4: India, STUs, Transmission Line Length, until 2016-2017, Ckt Kms



Source: PGCIL

FIGURE 5: PGCIL, CAPEX Plan in 12th Plan (2012-17), ₹ Billion



Source: PGCIL

FIGURE 6: PGCIL, Break-down of Proposed Investment in 12th Plan (2012-17), ₹ Billion

INVESTMENT OUTLOOK

Investments in T&D networks is strategic imperative to improve the quality of power delivery to existing customers by replacing and refurbishing T&D assets, to connect new power plants and to accommodate the increasing contribution of variable renewable sources. PGCIL's proposed capex of ₹ 1.1 Trillion in the 12th plan is nearly double over the target set in 11th plan.

An investment of ₹ 1,080 Billion is proposed to be incurred by the STU in during 2013-14 and 2016-17. During this period, ₹ 625 Billion or 58% of the cumulative investment by the STUs is expected to be by six states alone ~ UP, TN, Rajasthan, Gujarat, Maharashtra and AP. Investment based on individual CAPEX plan of PGCIL and STUs, a cumulative investment of around ₹ 1,977 Billion is expected 2013-14 and 2016-17.

Building a sustainable and resilient transmission infrastructure necessitates optimal utilization of existing transmission infrastructure by enhancing transmission capacity using emerging technologies and uptake of enabling technologies to reduce transmission losses.

BUILDING A SUSTAINABLE AND RESILIENT TRANSMISSION INFRASTRUCTURE NECESSITATES OPTIMAL UTILIZATION OF EXISTING TRANSMISSION INFRASTRUCTURE BY ENHANCING CAPACITY AND UPTAKE OF ENABLING TECHNOLOGIES TO REDUCE TRANSMISSION LOSSES

TABLE 5: India, Planned Investment by CTU and STUs (₹ Billion)

PLANNED INVESTMENT BY CTU AND STUS (₹ BILLION)					
	2013-14	2014-15	2015-16	2016-17	Total
CTU	222.0	225.0	225.0	225.0	897.0
STUs	240.4	333.9	281.3	224.1	1,079.6
UP	34.2	34.2	34.2	34.2	136.6
TN	45.3	56.3	25.1	-	126.6
Raj.	25.5	24.5	26.5	27.1	103.6
Guj.	22.1	22.3	24.1	22.4	90.9
Maha.	38.4	33.1	16.8	-	88.2
AP	-	30.5	32.4	16.1	79.0
Others	75.0	133.1	122.3	124.4	454.7
Total	6,790	11,279	7,326	25,395	58,216

Source: PGCIL, respective STUs, regulatory filings by STU India, India infrastructure research estimates

SMART TRANSMISSION GRID – QUEST TO PLUG INTO A EFFICIENT, RELIABLE AND ENERGY-SECURE FUTURE

The transmission sector in India is moving towards higher voltage levels, envisaging integration of RE and increased participation from new transmission entities. The key to achieving the grid performance that is expected for India's changing power scenario is reliable, economic, open and secure grid. Hence, it is prudent to introduce intelligence in transmission grid, which may facilitate efficient and reliable end-to-end intelligent two way delivery system from source to sink.

Transmission Grid, which is aimed to promote technology innovation to achieve increased flexibility in control, operation, and expansion; foster embedded intelligence, essentially further the resilience and sustainability of the grids; and benefit the customers with lower costs and improved services, presents a way forward ~ Smart Transmission Grid.

The need for stronger grid integration and balancing large shares of variable renewable, power quality, full scale communication between various components of transmission grid, higher level of automation, grid intelligence, wide area monitoring, real-time assessment & precision measurement and predictive modeling with self-healing features of a grid are the major drivers for such a grid.

In India, significant technological advancements such as increasing the capacity of transmission corridors through the use of Static VAR compensation and re-conductoring of lines using High Performance Conductors, long-distance transmission is accomplished by using controllable high-capacity AC and

DC facilities, 6 or 12 - phase transmission line configurations, allow for greater power transmission are also being taken up.

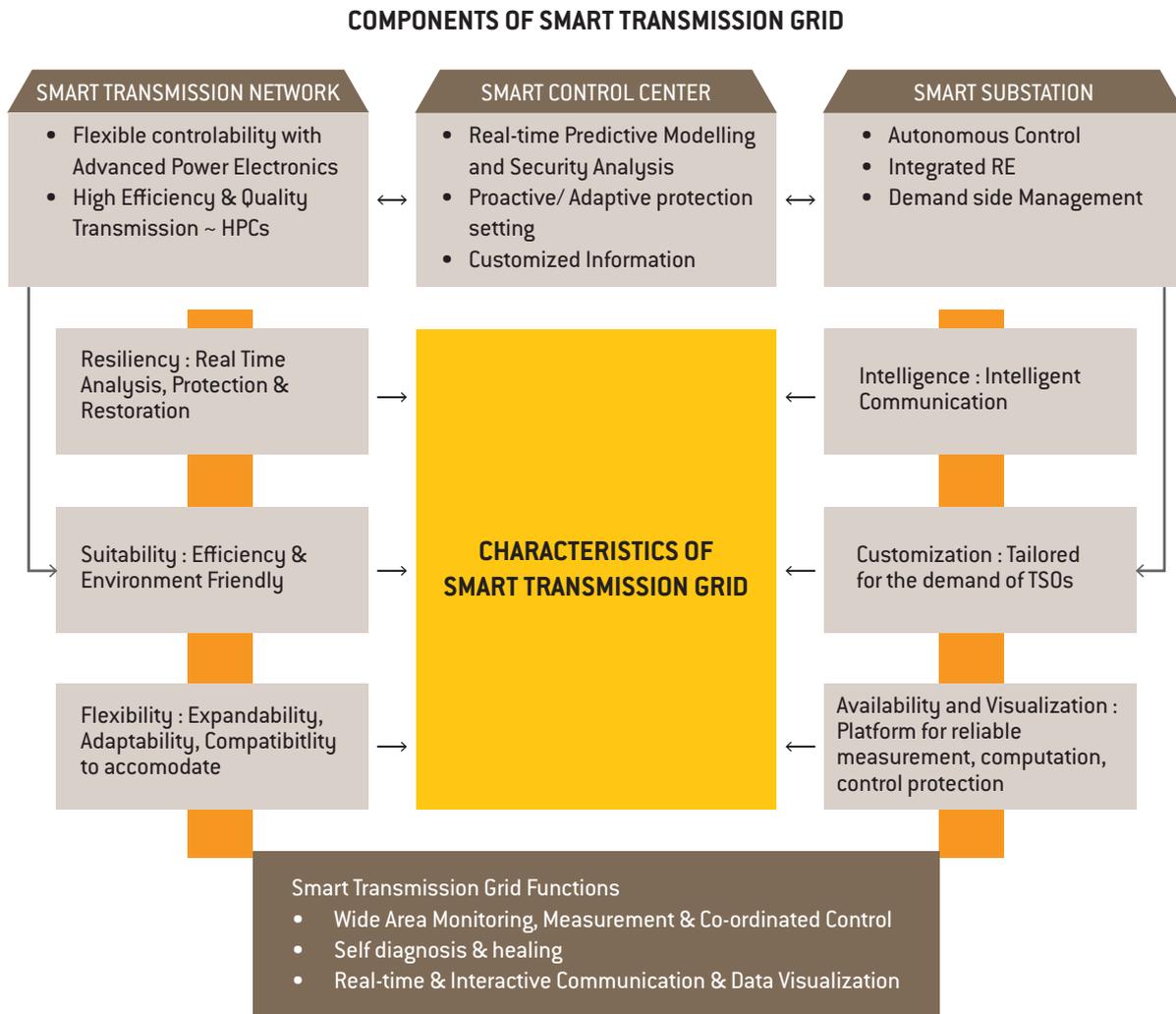
Managing these systems will require real-time monitoring and control only possible with a robust state-of-the-art communication system. Getting real time data of various power system elements i.e. substations, generating plants, HVDC links, Inter-state transmission lines etc. has become an essential prerequisite for successful operation of modern power system. Hence, need for fiber optic based communication system reliable voice and data communication has become critically important. OPGW technology offers a future proof communication technology for Smart Transmission Grid ~ scalable to Terabit capacity, free from fiber cuts, sabotage as it is overhead and can support multi-vendor equipment.

Overloaded state and central transmission lines, while most in need of relief, are usually most difficult to schedule outages. Advanced transmission facility maintenance live line maintenance, prevention programme can save from catastrophic failures.

Challenges faced by the grid operators arising from need for haulage of power over long distances, increasing share of RE in the energy mix, accommodating short-term power transactions through the power exchange, grid stability/security will drive huge investment in transforming the grid system in India into a Smart Transmission network.

CHALLENGES FACED BY THE GRID OPERATORS ARISING FROM NEED FOR HAULAGE OF POWER OVER LONG DISTANCES, INCREASING SHARE OF RE IN THE ENERGY MIX, ACCOMMODATING SHORT-TERM POWER TRANSACTIONS THROUGH THE POWER EXCHANGE, GRID STABILITY/ SECURITY WILL DRIVE HUGE INVESTMENT IN TRANSFORMING THE GRID SYSTEM IN INDIA INTO A SMART TRANSMISSION NETWORK.

FIGURE 7. Unique vision of the Smart Transmission Grid Framework



STERLITE TECHNOLOGIES ~ SYSTEM INTEGRATION APPROACH

Sterlite Technologies’ Power Transmission experience is represented in hundreds of thousands of conductor supply & promoters of High Performance Conductors to major clients worldwide, developer and owner of power infrastructure in India. It extends to overhead/ underground transmission lines supply & installation to OPGW live line installation to high-voltage substations.

Sterlite has gained a consistent experience in individual components of Transmission system assessment, development & implementation of solutions. However, there is huge opportunity that remains to be unearthed in transformation of conventional transmission lines into smarter elements.

Sterlite’s approach has been to systematically capture and catalogue clients’ challenges ~ RoW issues, system and operation,

downtime and congested areas etc. We build a close relationship with clients to understand their unique requirement and to offer strategic solutions through systems design, application engineering, complete engineering-procurement-construction-project management, commissioning and lifecycle services to ensure improved business performance. Sterlite firmly believes that our firsthand experience with latest technology, in-house engineering capabilities, handling of composite core technology, RoW and forest clearance management experience and hot stringing project experience is a source of competitive advantage.

Capacity enhancement of Tata Power’s 22kV Saki-IIT Powai Line has been one such project, where Sterlite captured critical element of the problem’s landscape. Tata Power aimed to double the transmission capacity during

peak load time on its existing 22kV D/c transmission lines, currently operating with ACSR Dog, between Sakinaka and IIT-Powai, while maintaining low losses during normal operations. Complicating the problem statement, the line did crossing over a thickly populated slum area comprising closely spaced hutments and hilly terrain – one of the toughest terrains for specialized stringing.

Sterlite could demonstrate its execution line engineering, product engineering, time management, RoW management, evaluation of existing facilities capabilities to the customer. The Saki-IIT Powai project offered a mixed bag of promises and challenges – nevertheless, execution of this project has turned into a successful business case study amongst system integrators. ■

LETS TALK ABOUT NUMBERS

FINANCIALS AT A GLANCE

	2013-14	2012-2013	Growth
Net Revenues (₹ Crores)	2,726	3,354	-19%
EBITDA (₹ Crores)	271	260	4%
Net Profit (₹ Crores)	50	47	6%
EBITDA Margin (%)	9.9%	7.8%	-
Net Profit Margin (%)	1.8%	1.4%	-
EPS (₹)	1.27	1.20	6%
Operating ROCE (%)	11.0%	11.8%	-

NET REVENUES

Revenue for the year was ₹ 2,726 Crores, which is a reduction of 19% from ₹ 3,354 Crores in FY 13. The revenue de-growth is due to the lower revenues from Power Products and solutions business.

The revenues of Power Transmission Business reduced in FY 14 to ₹ 1,607 Crores as compared to ₹ 2,252 Crores in FY 13. This implies a decrease of 29% which is primarily on account of reduced PGCIL offtake of ordered material, increased metal prices and sluggish demand in Indian private sector. Volume for the year was 94,587 MT as against last year's volume of 137,750 MT.

Sales volume of optic fiber in FY 14 decreased by 9% to 11.4 million-fkm from 12.5 million-fkm in FY 13. In addition, the Company has made sales of 2.4 million-fkm through its China based subsidiary. Thus on consolidated basis, the Company has achieved total sales of 13.8 million-fkm in the current financial year against 12.5 million-fkm in the FY 13. Sales volume of fiber optic cables in FY 14 have shown a growth of 13% from 4.6 million-fkm in the previous fiscal to 5.2 million-fkm this year. The realizations for optical fiber and fiber optic cables have remained sluggish or contracted due to flat markets in China, hence the revenue growth in the combined business segments is volume driven. There has been good increase in the business revenues of Copper cable business as compared to previous fiscal which grew from ₹ 183 Cr in FY 13 to ₹ 274 Cr in FY 14, posting a remarkable jump of 50%. The overall Telecom business remained flat with ₹ 1,120 Cr revenue in FY 14 against Rs 1,102 in FY 13.

Exports for the year remained lower with ₹ 907 Crores in FY 14 to ₹ 953 Crores in the year gone by, showing a slight de-growth of 5% year-on-year. However, exports as a percentage to the overall revenue were 33% in FY 14 as compared to 28% in FY 13. This shows increased demographic distribution of revenues Y-O-Y. Exports in the Power Transmission Segment for FY 14 is ₹ 403 Crores which is higher by 47% than the exports made in FY 13 (₹ 274 Crores). Telecom de-grew by 26% from ₹ 678 Crores in FY 13 to ₹ 504 Crores in FY 14. Reason for the same has been flat demand scenario in China and increased growth opportunities within India.

The growth in exports in Power products and solutions business has been mainly due to expansion of the client footprint in Middle East and Europe.

The Company reported consolidated revenue of ₹ 2,564 Crores in FY 14. This shows reduction of 17% when compared with FY 13. When compared with stand – alone performance, it is lower by ₹ 162 Crore mainly on account of supply of conductor to Grid subsidiaries.

PROFITABILITY

The earnings before interest, tax, depreciation and amortisation (EBITDA) of the company improved by 4% from ₹ 260 Crores in FY 13 to ₹ 271 Crores in FY 14. In terms of percentage, this translated into an EBITDA margin of 9.9% in FY 14 as against 7.8% in FY 13. The margin expansion of 2.1% is mainly due to Company's focus on better margin orders and control on exceptional expenses and matters.

EBITDA of the power transmission business reduced to ₹ 85 Crores in FY 14 from ₹ 94 Crores in FY 13 showing reduction of 10% on absolute basis. However the EBITDA margins improved from 4.2% a year ago to 5.3% showing an increase of 1.1%, the profitability per MT of conductor volumes is higher in the current year mainly because of cost reduction initiatives and improvement in realization.

The EBITDA of telecom business improved by 12% from ₹ 166 Crores in FY 13 to ₹ 187 Crores in FY 14. Overall EBITDA margins of Telecom business also grew to 16.7% in 2013-14 from 15.1% a year ago. The improvement in EBITDA margins in Telecom business is due to higher volume in OFC business coupled with impressive performance by Copper Cable division.

The interest costs reduced from ₹ 106 Crores for FY 13 to ₹ 95 Crores for FY 14. This has mainly due to cash generation in core businesses coupled with better utilization of low cost funding.

The depreciation for the year was ₹ 103 Crores Vs ₹ 86 Crores in the previous year, mainly due to capitalization of some plant and machinery for capacity expansion executed during the year.

Tax expenses for the year at ₹ 23 Crores were higher than the previous year's tax expenses of ₹ 21 Crores on account of slightly higher profit before tax. The effective rate of tax remained 31% for FY 14, at the similar levels as FY 13.

The net profit after tax for the year thus is

₹ 50 Crores compared to ₹ 47 Crores last year.

The net profit after tax at the consolidated level stands at ₹ (36) Crores in FY 14 as against ₹ 25 Crores in FY 13. This is mainly on account of consolidated increased interest cost of ₹ 180 Crores in current year compared to ₹ 106 Crores a year ago.

DIVIDEND

In continuation of the progressive dividend policy, the Board of Directors has recommended an equity dividend of 15 % subject to the approval of shareholders.

BALANCE SHEET

Gross block and capital work-in-progress

The company has been expanding its facilities to meet the increase in demand in its telecom business. For the year, gross block increased from ₹ 1580 Crores as on March 31, 2013 to ₹ 1,684 Crores as on March 31, 2014.

The capital work-in-progress stood at ₹ 16 Crores at the end of FY 14 as against ₹ 29 Crores at the end of FY 13.

The Gross Block at the consolidated level increased from ₹ 1,700 Crores as on March 31, 2013 to ₹ 2,437 Crores as on March 31,

2014. The capital work-in-progress stood at ₹ 3,548 Crores at the end of FY 14 as against ₹ 2,181 Crores at the end of FY 13. This shows the ongoing projects under its subsidiaries of Sterlite Grid Limited and other SPVs.

BORROWINGS, CASH & BANK BALANCE

The gross debt of the company increased from ₹ 1069 Crores as on March 31, 2013 to ₹ 1,313 Crores as on March 31, 2014. The total cash and Bank balance coupled with current investments at the end of FY 14 was ₹ 249 Crores as against ₹ 196 Crores at the end of FY 13. The total investments for the year 2013-14 stood at ₹ 229 Crores which was towards investments in various subsidiaries. In the previous year the Investments were ₹ 189 Crores.

The net borrowing (net of Cash and bank balances and equivalents) was ₹ 1064 Crores as on March 31, 2014 against ₹ 873 Crores, showing increase of ₹ 191 Crores in the borrowing during the year mainly due to funding of subsidiaries by ₹ 257 Crores in the form of debt and equity, taking the total funding to subsidiary at ₹ 1056 Crores against ₹ 799 Crores as at the end of FY 13. From operations, business generated ₹ 66 Crores in FY 14.

The net borrowing at the consolidated

level stands at ₹ 4,015 Crores on 31 March 2014 against ₹ 2,205 Cr which shows the incremental debt taken on Grid projects. The Company has a long-term debt on its stand-alone balance sheet of ₹ 683 Crores.

The Debt-Equity ratio of the company stood at 1.1 as at end of FY 14 on a standalone basis and 3.9 on consolidated basis.

The net working capital has increased marginally primarily on account of the loans & advances given to subsidiaries. Other than the loans and advances, working capital requirement has been in control.

Current ratio of the Company stood at 2.3 times in FY 14 as compared to 2.0 times in FY 13.

RETURN ON CAPITAL EMPLOYED & NET WORTH

There has been a significant improvement in the profitability, but due to lower revenues & slight increase in capital employed, the operating ROCE (excluding the investment in the Infra Business) was slightly lower at 11% in the current financial year as against 11.8% in FY 13.

The net worth of the Company as on 31 March 2014 is at ₹ 1,218 Crores. ■

(₹ in Crores)

WORKING CAPITAL		
	31 March 2014	31 March 2013
Inventories	299	292
Sundry Debtors	682	709
Current Investment	205	-
Cash and Bank Balances	44	196
Loans and Advances	1,065	870
(a) Total Current Assets	2,295	2,067
(b) Total Current Liabilities	1,015	1,034
Working Capital (a) - (b)	1,280	1,033

Winning through COLLABORATION & COMPETENCE

In today's increasingly unpredictable and complex competitive environment, organizations have to constantly strive and come up with unique offerings which create value for the customers. They need to orchestrate and cross pollinate the available resources for achieving more growth through greater innovation, searching for new business opportunities across customer segments and leveraging strengths within the organization.

This has created an enormous need for collaboration, which can offer win-win solutions to both - the customers and organizations.

Companies can no more afford to work in proverbial silos - wherein organizations are misaligned in their direction and focus.

Over the last couple of years, we have ventured into new businesses which are links in the chain of forward integration of existing business. The inception of these new businesses have marked an important milestone in our journey of growth, leading

to the development of new structure, management and processes.

Today, organizational growth is being fueled through both collaboration and competence.

At Sterlite, we are infusing collaboration by leveraging the strengths of products and infrastructure verticals and seeding cross functional groups amongst the verticals for creating unique strength and niche in the market place. At the same time, competence is being developed by building strengths in people for collaborative leadership, domain expertise as well as passion to create a win-win situation for all stakeholders.

CREATING A COLLABORATIVE ENVIRONMENT

Over the time, at Sterlite, it had become evident that collaboration is the only way for value creation for our stakeholders. Enabling this change in organizational strategy required all functions and processes to be realigned to

one common business goal and has called for a cultural shift, change in the mindset as well as changes in the existing processes.

To ensure its success within Sterlite, realignment of the organization structure, senior management and internal teams has been necessitated. Internally, all the processes have been improvised to ensure excellence through 'first time right' phenomena.

Leaders are promoting a collaborative approach across business units and functional areas while keeping the employees motivated and bonded. The employees have been made accountable for the deliverables of these collaborative projects which also requires amendments in their existing roles for addition of new responsibilities.

Cross selling through cross-functional and cross-business teams has been introduced to offer complete end-to-end solutions to the customers by leveraging strengths of both products and infrastructure businesses.



Sterlite's cross functional teams in a brainstorming session

THERE IS AN ENORMOUS NEED CREATED FOR COLLABORATION, WHICH CAN OFFER WIN-WIN SOLUTIONS TO BOTH - THE CUSTOMERS AND ORGANIZATIONS. COMPANIES CAN NO MORE AFFORD TO WORK IN PROVERBIAL SILOS - WHEREIN ORGANIZATIONS ARE MISALIGNED IN THEIR DIRECTION AND FOCUS.



CREST 2014 : Sterlite's leadership in a workshop

Dedicated account managers have been assigned for each customer and the entire Sales function has been restructured under the Key Account Management (KAM) concept.

Overall, the organization has been realigned to become more customer-centric wherein every function – operations, product development, quality, sales, as well as marketing work towards creating that unique offering to the customer.

'Core-3: KAM Concept' is one such initiative. Core 3 involves Sales & Marketing, Application Engineering and Manufacturing teams to work jointly so as to cater to the current and future needs of the customers and accordingly devise customized solutions to meet those needs. This approach has helped reap benefits in terms of key global customer account acquisitions, introduction of new products to the market as well as efficient project execution in the telecom and power transmission segment.

BUILDING COMPETENCE TO COLLABORATE

There is definitely a new level of competence required to imbibe collaboration as a fundamental way of how we function.

Various learning and organizational development interventions have been devised and put to action to develop employees on

the required skills and competencies. These sessions are focused on providing employees with a cross-functional perspective that enables them to understand the needs, metrics, incentives and deliverables of different functions and business units.

Also, the performance monitoring structure has been made interdependent so as to create more focus on "We-Win" rather than "I-lose". As the teams are working towards imbibing the change, new incentives are being introduced to encourage collaboration and incentivize all employees.

CONCLUSION

Collaboration, by the very nature of it, creates conducive environment for other virtues, vices and processes like Learning, Appreciating, Supporting, Enabling and Valuing. These efforts have not only helped to create value for the customers, but, in the entire journey, our internal strengths and competencies have also enhanced.

Team members have developed an understanding about different functions, their processes, issues and now help each other to achieve that one common goal. The trust levels and camaraderie within organization has increased. Employees have become more Passionate and Competent, thus strengthening the very foundation of Sterlite.

This approach, which Sterlite has taken, has yielded results and we will continue to offer unique value to our customers. We will continue to build on our capabilities and competencies to keep ourselves highly competent in this dynamic business environment. And while we do that, we will continue to enable our stakeholders with this one formula which is surely going to be a game changer in this new world! ■

ABOUT THE AUTHOR

Vimal Malhotra |
Head - Human Resources

Vimal joined Sterlite in 2008 and is responsible for organization development, people engagement and driving people processes in the company. He has over 16 years of experience in HR domain with organizations like Denso, Apollo Tyres, Mahindra & Mahindra and General Motors. He completed Bachelors in Commerce (H) from Delhi University and Masters in HRM from Sardar Patel, New Delhi. He is also a certified trainer from Indian Society for Training & Development and Denso Technical University, Japan.

The state of the BUSINESS PROCESS & TECHNOLOGY

CATCH-UP

In the last few annual reports, we emphasized the transformational change happening in Information Technology at Sterlite Technologies considering the present business environment and technology consumerization.

As promised, we enhanced our Internal Technology Landscape to adopt MES (Manufacturing Excellence System) and BPM (Business Process Management) without compromising Information Security. We adopted Business Process Management (BPM) as key approach for effective business resulting in faster change management, better technology penetration and acceptance at all levels of business as well as user.

At Sterlite, we have focused on **four core areas, 'People, Information Security & Policy, IT Operations and Business Value Impact'** as mentioned in FY 2012:13 Annual Report. We have achieved remarkable progress

in these areas which includes successful initiatives like

- **People**
Business Technology function continuity at an attrition rate less than 4%
- **IT Operations & Information Security**
Re-certification on ISO 27001:2005 with 3 years accreditation. for all plants and sales offices with the 'Most Satisfactory' remark from BSI (Business Standards of International) for our Security and IT Operational Performance.
- **Business Value Impact**
BPM (Business Process Management) initiative proving to be advantageous for key Business Functions with revamped process and state-of-the-art features like Customer Portal, Partner Portal and Employees Portal on Sterlite Technologies' website.

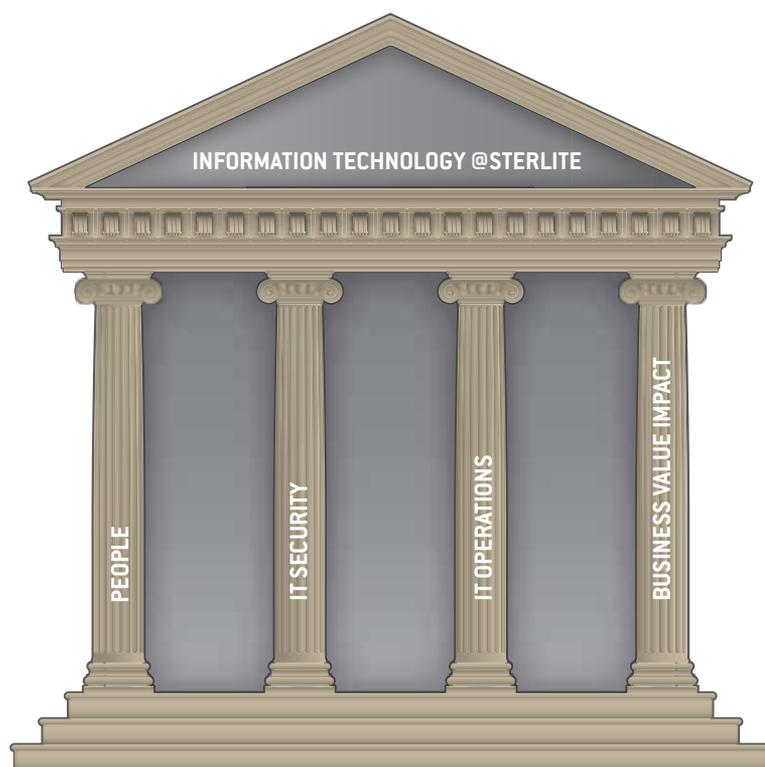
In this year, our efforts were recognized, appreciated and benchmarked by the industry.

We received external awards like CIO 100, CISO 100, Best IT User engagement Award by IMC (Indian Merchant's Chamber) and Information MESTRO Award etc.

BUSINESS PROCESS MANAGEMENT (BPM): INTERNAL VS. EXTERNAL

We are delighted to present a summary of our activities in BPM sphere as promised in the last annual report which will certainly strengthen the confidence of our stakeholders.

All business processes like Accounting and Finance, Customer Service/Support, Human Resources, SCM, CAPEX Management/Maintenance etc, which were primarily seen as internal-facing, are revamping with an Outside-In approach with implementation of BPM. A new perspective of market, customers, partners and internal collaboration is achieved with end-to-end process visibility. This enables us to get an out-side-in or customer perspective and thus linking all processes internally as well as with the customers. This



IN TODAY'S CONTINUOUSLY EVOLVING ERA, BUSINESS AND MANAGEMENT EXPECT INFORMATION TECHNOLOGY TO PLAY AN ACTIVE AND INSTRUMENTAL ROLE WHICH WILL BOOST FUNCTIONALITY AND BUSINESS OUTCOME.

out-side-in perspective based on customer requirements brings a desired difference in the business process.

It gives a crystal clear and coherent external perspective making the process more viable

Driving Sustainability through WORLD-CLASS PARTNERSHIPS

Manufacturing Best-in-Class products requires world-class raw materials and processes. There are many intricacies which need to come together seamlessly for perfect execution. In addition, product performance must constantly upgrade to keep pace with the rising customer expectations. Ever wondered how Sterlite manages to stay ahead of the curve and rub shoulders with the best in the business? Sterlite's mantra, insiders say, is collaboration with World-Class partners. This is not surprising, given that the first of 'The six pillars of Sterlite Partner management' states "Work with the best" and the sixth says "Drive Engagement". Today, Sterlite works with the cream of the global partner ecosystem - DSM, Linde, Heraeus, Borouge, BASF, Crellin - to name a few as examples, who are all acknowledged leaders in their fields.

"There is a wealth of knowledge and experience that resides with our partners. They have not only mastered their own domains, but through their experience, have gained expertise in the connecting upstream and downstream technologies. Sterlite believes that both the organizations can benefit by collaborating to share their learning." says Pankaj Priyadarshi, Chief Commercial Officer.

The last financial year saw a host of collaborative projects with our partners. One such program was for the improvement in fiber specifications in association with DSM Functional Materials, global leaders in manufacture of UV-curable fiber coatings, and associated with Sterlite since 1996. DSM's formulated coatings are designed to address the growing demand for more sustainable, environmentally-friendly and lighter-weight materials.

Optical fibers are very thin filaments of glass that, when left unprotected, would remain extremely susceptible to mechanical and environmental factors. Thus, optical fiber coatings, thin layers of polymeric materials, are deposited on the surface of the glass and cured typically in ultraviolet light to provide mechanical strength and resistance to the environment. In modern day practice, two concentric layers of coating are used, referred to in the industry as the primary (inner) and the secondary (outer) layers

respectively, with a finished diameter of 250 micrometers. This helps ensure reliability and field performance in optical networks.

The increase in production capacity required for global competitiveness has implied a need to draw fiber at increasingly higher speeds (for example at 2500 meters per minute). The growing requirement of thinner cables and higher count of optical fiber within them (e.g. 144 fibers inside a 6mm cable), have highlighted the importance of increased

mechanical strength and improved protection of the fragile glass fiber.

As Sterlite continues to improve the properties of the glass optical preforms and the subsequent properties of the drawn fiber, it became necessary, and of sufficient business importance, to consider the latest developments in the coatings domain, fostered through the research and development arm of our partner DSM Functional Materials. A joint program between Sterlite and DSM was launched in 2013 to develop a coating which would meet the most contemporary standards of manufacturing as well as performance. A cross-functional team involving R&D, Process Development, Operations and Supply Chain Management along with a core team from DSM worked together to develop an optimized solution for improved throughput and quality of the optical fiber produced at both of Sterlite's facilities in Aurangabad and Shendra in India. A detailed execution plan involving several coating formulations, choice of process parameters, operational costs and equipment constraints was drafted and put into execution early in fiscal 2013-14. This approach also involved a collaborative sharing of information across the respective organizations as well as support from DSM in the form of laboratory characterization during the pilot phase.

"WE VALUE OUR PARTNERSHIP WITH STERLITE AND WORKING TOGETHER HAS ENABLED US TO BRING TOP QUALITY AND INNOVATIVE FIBER SOLUTIONS TO THE MARKET. DSM SEES STERLITE AS A LONG TERM STRATEGIC PARTNER IN THE EMERGING MARKETS. WE WILL CONTINUE TO PARTNER TO BRING INNOVATIVE, RELIABLE AND HIGH QUALITY SOLUTIONS TO THE TELECOM INDUSTRY."

**ROB CROWELL,
PRESIDENT OF DSM
FUNCTIONAL MATERIALS**

"We value our partnership with Sterlite and working together has enabled us to bring top quality and innovative fiber solutions to the market. DSM sees Sterlite as a long term strategic partner in the emerging markets. We will continue to partner to bring innovative, reliable and high quality solutions to the telecom industry." said Rob Crowell, President of DSM Functional Materials.

Building on the success of the pilot phase, production grade optical fiber with the improved coatings were introduced on Sterlite's OH-LITE "E" product released into the market towards the end of calendar year 2013. The OH-LITE "E" product, in addition to the improvement in polymeric coatings, also involved several additional improvements to the attenuation, bend-sensitivity and environmental properties of the core-glass preform, resulting in a globally best-in-class optical fiber specification.



DOING OUR BIT FOR THE ENVIRONMENT

As an initiative to do our bit for the environment, we have been educating the customers, especially the Power Transmission and Distribution utilities, regarding the use of wood-free conductor packaging drums, by introduction of specially designed steel drums. Steel drums not only conserve wood and trees; they are also easy to handle on-site and are amenable to re-use and environment friendly recycling. We appreciate the support

AS AN INITIATIVE TO DO OUR BIT FOR THE ENVIRONMENT, WE HAVE BEEN EDUCATING THE CUSTOMERS REGARDING THE USE OF WOOD-FREE CONDUCTOR PACKAGING DRUMS, BY INTRODUCTION OF SPECIALLY DESIGNED STEEL DRUMS.

of all our esteemed customers across the globe who supported our cause, especially the Central Transmission Utility of India - Power Grid Corporation of India – for accepting our solution and effecting the necessary changes in the supply conditions.

At Sterlite, we are proud of the fact that there is a high degree of awareness and sensitivity towards global scarcity of resources and the impact of wastes on the society and environment. Extending our spirit of collaboration, we are working with our partners who are experts in their field to cut down consumption of important natural resources and enhance the usability of by-products. Linde, our esteemed partner and a global leader in gas management and supply of speciality chemicals, is helping us in gas conservation through re-routing of piping. They are also guiding us in improving the capture efficiency of Silica, exploring alternative, cost effective fuels in Silica production and improving the scrubbing efficiencies at our facility, conserving precious resources and reducing waste. We are also working with one of the top ranked Chemical Engineering Institutes to develop processes to convert waste dilute Hydrochloric Acid to industrial grade as well as find alternative industrial uses of Silica soot so that it can be gainfully utilized.

CONCLUSION

We have presented just a few of our collaborative engagements; however, we gratefully acknowledge all our partners for their valuable contribution towards our improvement and growth. We are proud of our relationship with our 'Best in Class' partners which has enabled us to continuously improve and maintain our position as an organization of class and repute. The spirit of collaboration has brought us even closer to our Partners, and these relationships are indeed very precious. ■

ABOUT THE AUTHOR

Pankaj Priyadarshi |
Chief Commercial Officer

Pankaj joined Sterlite in 2012 and heads supply chain management function with key focus on developing strategic partnerships. In a career spanning 27 years of industrial and corporate experience, he has been associated with Bharti Infratel Ltd. and Eicher Group. Pankaj has completed Mechanical Engineering from BITS Pilani, a certification in Leadership from INSEAD Singapore and a course in Strategic Sourcing Management from IIM Ahmedabad.

BUILDING A SUSTAINABLE FUTURE

for wider sections of the society

VIRTUAL CLASSROOM PROGRAMME

Sterlite acquires 'viable technology' with a prime goal of mitigating the effects of lack of teaching staff and their dismal quality, to redefine the educational landscape of India.

Clinging onto the same vision with utmost dedication and zest, Sterlite Tech Foundation started a pilot project in a few Municipal Schools in Mumbai in December 2012. The main motive of this project is to reach out to children and communities through technology. The project focuses on the improvement of the learning quality of children through direct interaction and also make teachers capable of imparting appropriate knowledge to kids through the Virtual Classroom Programme.

Our foundation allows the experts to make use of the VSAT technology to transmit the delivery of live lectures to all the classrooms. Children are provided with a large screen to observe the lecture along with a webcam and a mike with a motto of making them participate in interactive sessions. With the idea of transforming the conventional classrooms into dynamic learning niches, Sterlite Technologies has opened greater avenues of leveraging teachers to share videos, use explanatory smart boards and interact with students in an ultra modernized manner.

We had endowed upper primary section (class 5-7) of almost 75 classrooms of Municipal Corporation of Greater Mumbai (MCGM) with live educational sessions since December 2012. To make the sessions flawless, a one-day orientation for all the Headmasters and teachers followed by a 3-day teachers training had been conducted prior to the commencement of the programme. The project is currently reaching out to 5000 students and 200 teachers of 75 MCGM classrooms. The foundation aims to use this technology to directly impact learning in higher grades (class 5-10). This effort will help extend our reach to an estimated 20000 students and 500 teachers in the next 2 years.

EMPOWERING WOMEN THROUGH VOCATIONAL TRAINING PROGRAMME

It is equally important to consider the current

scenario of women in our country. Their economic empowerment has become a major development priority. The contribution to women empowerment through economic self-sufficiency and higher levels of awareness related to social, political and legal issues through mobilization has become the cry of the day. A genuine attempt should be made to recognize and emphasize the community management roles of women and make them self-sufficient through various skilled programs. To shove off women's subordination and strengthen them at the grass root level, Sterlite Technologies is also engaged in several women empowerment initiatives one of which is Vocational Training, generating sustainable livelihoods. We realize that merely imparting literacy would not be sufficient. The women need vocational training or skills also to uplift their economic status. Sterlite has joined hands with Swa'-Roop Wardhinee, a registered charitable trust in Pune, to enhance the quality women's lifestyle through increased knowledge and skills along with other facets of practical world too. Since 1979, the trust has been working mainly for children and women from economically and socially downtrodden strata of the society, through various informal educational activities.

Sterlite continues to support a vocational training courses in nursing and tailoring to promote self-sufficiency amongst underprivileged women, especially girl student dropouts, widows, divorcees and women from economically challenged segment in and around the villages of Pune. The programs not only provide them with a job, but also empower them to be more confident and independent in their personal and social life. There has been a steep rise in the number of beneficiaries which reflects our long term vision of developing the community through empowering its women.

Typically, the women in such areas prefer to be self-sufficient due to the following reasons:

- i. Insufficient income of the family
- ii. Need for additional income for family
- iii. Discouraging educational background of the family
- iv. Family head addicted to alcoholism or other bad habits
- v. Inability of the women to run the family on their own due to lack of sufficient education

- vi. Need for additional income for Widows, divorcees to stand on their own feet
- vii. Can spend free time to get additional skills which further help in life
- viii. To build respect in the family
- ix. To become small entrepreneur
- x. Service to the local community: Peer to peer

Taking into considerations, all these aspects, Sterlite Tech Foundation with Wardhinee started Vocational Training Courses for women, including Tailoring and Nursing aid with the notable benefits

Tailoring

The Tailoring course has benefitted 97 women so far with these key notable facts:

- i. Nearly 40% of the women are divorcees
- ii. A group of 11 women trained at the centre was successfully motivated to start business
- iii. Most of them are earning well from stitching dresses, pants etc. One of the students from the centre has started a fashion designing course, and has trained 10 other needy women and continues to do so

THE MAIN AIM OF THIS PROGRAMME IS TO ENHANCE THE QUALITY OF LIFE OF WOMEN THROUGH INCREASED KNOWLEDGE AND SKILLS. THEY SHOULD BE ABLE TO STAND ON THEIR FEET AND PROVIDE SUPPORT TO THEIR FAMILIES IN A SUSTAINABLE WAY



- iv. The course helped increase their confidence level which eventually helped generate sustainable income to support their family
- v. Raised standard of living along with respect in society
- vi. The women are able to serve additional demands of children/ family
- vii. Overall change in atmosphere with changed mindset, positive attitude and happiness in family

Nursing

In the year 2013-14, STL supported 117 women in enrolling into the Assistant Nursing Program, with notable achievements:

- i. Each student received a placement offer to work in hospitals.
- ii. Improved student's knowledge and skills, boosting their confidence.
- iii. Every month they earn good amount of money; this additional income helps them support their family.
- iv. A respectable position in family and society.

Sterlite's initiatives have helped bridge the gap by imparting modern techniques of education in schools and providing skilled personnel to the healthcare and fashion industry.

Some of the women from these programs have shared their experience of how these courses have empowered them to build a sustainable

future for themselves:

- Meenakshi, a 45 years old lady in Pune, India lost her husband five years back. This was a huge loss for her as the husband was the sole breadwinner in the family. Meenakshi, a mother of two kids was working as an attendant at a city hospital in Pune at that time and was earning meagerly, which was not sufficient to manage the expenses of her family. One day she came to know about the assistant nursing program sponsored by Sterlite. She joined the course while continueing with her attendant's job at the hospital. After successful completion of the program, Meenakshi now works at the same hospital as an assistant nurse and earns double of what she was earning before. She feels that her life has been completely transformed and is much more confident and self-sufficient.

Preserving India's Cultural Values through Vedic Education

Sterlite has taken a step towards preserving India's culture and traditions established thousands of years ago in ancient scripts called 'Vedas'. Vedas enrich us with knowledge of our social, religious, political and economic background in ancient times.

The 'Ved Pathshala' or 'Vedic School' is supported by Sterlite Technologies Limited (STL) under its Corporate Social Responsibility initiatives to preserve the ancient invaluable

knowledge in partnership with Swami Sacchidanand Vedahyay Pratisthan and Swami Dayanand Seva trust at Pirangut campus, near Pune, India.

About 15 students have been enrolled for a residential course that covers 2, 6 and 12 years courses on vedic education. The students will appear a central government examination and the succesful ones will get certified as vibhushan or ved Vibhushan which will help them get employment opportunities in universities and colleges in India and abroad.

"This is not a mass training institute but imparting one-on-one personal education and training on a long term basis that helps uplift our traditional value system" says Mrs. Jyoti Agarwal, Trustee Sterlite Tech Foundation. ■

ENABLING A SAFE CULTURE

Sterlite defines principles which help us conduct operations with regards to health, safety and the environment. HSE philosophy is communicated to all the employees, contractors, customers and also other third parties who are associated with our business. We believe that it is of utmost importance to keep everyone safe and healthy so that our customer needs could be met with extreme efficiency. Our dedication and commitment go hand-in-hand with a focus on safety that will mitigate the chances of impact on the environment and control risks to our employees thereby setting up safe work practices. All the units of Sterlite are certified for IMS (Integrated management system)

HEALTH

We have an Occupational Health Centre (OHC), complete with equipments for emergency handling. OHC is updated with all the necessary life saving instruments like defibrillator, oxygen meter, etc. with trained round clock drives. Apart, from this, a well equipped ambulance van is conveniently made available if there is a need to reach to a hospital.

Objectives:

- i. To maintain occupational as well as the personal health of all the employees.
- ii. To provide training and information to maintain the occupational health of all the employees.
- iii. Justifying the 'proper man at proper position proverb', we aim for carrying out a health check up for the selective placement of the personnel.
- iv. To train all the employees to generate awareness of First Aid and CPR.

Facilities:

- i. Pre-Employment Medical Check Up- To ensure the fitness of an individual for a particular job, pre-employment medical check up is carried out for all newly joined employees.
- ii. Canteen Staff Check Up- Physical check up of the canteen staff is done on daily basis to ensure the optimized hygiene aspect. Gloves and caps are provided to the entire team while they are involved in cooking and serving of food. To enhance the physical and mental levels of the

employees, food cooked is less spicy and is of ideal calorific value.

- iii. Personal Protective Equipments- The employees who are working in the hazardous processes are supplied with PPE like safety masks, safety goggles, safety helmets and safety shoes etc.
- iv. First Aid Boxes- First aid boxes are fixed at identified places with prominent marking for use, in the case of an emergency.

SAFETY

We have implemented Safety Management System that takes care of diverse facets of safety like- Hazard Identification and Risk Assessment, Inspections and Audits, Work Permit System, Mechanical Integrity, Control on Contractors, Accident Reporting, Investigation and Analysis, Fire Prevention and Protection, Safety Promotional Activity, Housekeeping and Emergency Action Plan.

The Safety Management System has following objectives:

- i. To achieve world class HS&E performance
- ii. To ensure a high degree of consistency in



Employee Health check up at Sterlite's Dadra facility

WE BELIEVE THAT IT IS OF
UTMOST IMPORTANCE TO
KEEP EVERYONE SAFE AND
HEALTHY SO THAT OUR
CUSTOMER NEEDS COULD
BE MET WITH EXTREME
EFFICIENCY.

the HS&E performance and will help improve performance by ensuring that all critical HS&E issues are properly addressed

- iii. To ensure that all employees are aware of general safety rules like, using protective equipments, keeping the emergency exits and fire extinguishers unblocked, keeping away explosives,



Sterlite runs Safety Awareness Program periodically across all its manufacturing plants

maintaining the cleanliness in the job and all the employees are trained in Emergency preparedness.

Hazard Identification & Risk Assessment (HIRA):

HIRA is carried out for finding hazards in all the activities & finding the control measures against that hazards to make the process safe. This procedure applies to the routine, non-routine and probable emergencies activities related to operations & maintenance of Sterlite's Optical Fiber plant. One of the key implementations, Gas Detection System was result of recommendations from this assessment.

ENVIRONMENT

We have implemented Environment Management System (EMS 14001) that takes care of diverse facets of Environment like-Environment Policy, HSE Structure, Imparting Environment Training, Monitoring of Waste generation, Monitoring of Stacks & Ambient Air Quality, Management of Hazardous Waste. Measures have been taken to Recycle/ Reuse the solid & Liquid Waste and enhance green cover on the premise through Tree Plantation.

Protecting Environment: Installation of Scrubbers

Sterlite has installed five scrubbers to remove

sub microns particulates SiO₂ and Hydrogen Chloride fumes from process waste gas, before letting the gas into atmosphere.

The scrubbers operate for 24 Hrs in 3 shifts manned by qualified & trained operators. 100 % availability of these scrubbers is ensured all the times by a team of trained technical people. All the PPE's have been made available for these operators and required fire extinguishers and fire hydrant points are made available around the plant for taking care of emergency situation.

Change is Us:

We believe that anything planned bigger cannot be executed unless and until individual efforts along with team cooperation is put in. Sterlite focuses on vital strategies of HSE like

- i. Effective commitment and leadership
- ii. Continuous improvement of the organization
- iii. Competency and training of the workforce
- iv. Providing employee mechanisms for communication and address risk

The prime motto is to curtail all the possible hazards related to HSE for a better future and a better business. We value our employees and environment for the optimized growth of the company and the society as well.

Keeping in mind that our employees hold the same perspective, we encourage their active

participation in building up a proactive safe culture. ■

ABOUT THE AUTHOR

Deepak Sharma |
Head - HSE

Deepak joined Sterlite 2012 and is re-sponsible for the HSE function at Sterlite. He has over 33 years of experience in Pharma, Electronics and Telecom sectors through organizations like TATA Oil Mills, HLL, Ranbaxy and Samtel. Deepak is a law graduate and holds Masters degrees and diplomas in Science, Safety and HR Management from Kota University, Rohilkhand university, Regional Labour Inst, National Institute of Environment Management and All India Management Association

Advancing our portfolio THROUGH INNOVATION

We believe that a competitive and comprehensive product portfolio is essential to providing our customers consistent, predictable and sustainable solutions to their growing business needs. It is our pleasure this year, to note that this focused investment in innovation and development has led to milestone advances in our portfolio. In addition, the Center of Excellence has added a number of new capabilities, many of them a first in India. With exciting customer collaborations, capability demonstrations, academic partnerships and new product design wins at our key accounts, our competitive position has continued to increase across the globe in all of our major Telecom product segments. Customers and prospects from around the globe now regularly visit our laboratories in Aurangabad and Silvassa, leading to a rich experience in understanding their technical challenges and how we can solve them.

HIGHLIGHTS

Optical Fiber & Cable

In achieving our goals for the year, a central

mission of the team at the Center of Excellence has been exceeding global competitive specifications across all our products – a “best of the best” directive. A well-defined product development process is the primary driver of excellence and is a disciplined approach to developing and managing products.

In early 2013, well in advance of key competitors, a market benchmark was set with the introduction of MICRO BOW-LITE: a reduced diameter optical fiber that enables a nearly 40% reduction in the cross-sectional area of optical cables enabling lower cost, lighter weight and higher transmission capacities. Six optical fiber product introductions, followed in rapid succession, with significant enhancements to our flagship optical fiber category OH-LITE (E). Fully compliant to the ITU-T G.652D standard, OH-LITE (E) reduces optical loss, improves the bend sensitivity and has demonstrated significantly improved loss performance when cabled alongside tensile strength – a winning combination for both our cable customers as well as the end user Telecom operator. Additionally, a family

of products under the BOW-LITE family has been refreshed to serve the growing market for Fiber to the Home/Premises (FTTx). Supporting best-in-class specifications, these products significantly exceed international standards and competitive specifications, and have led to interest and order commitments in global markets for bend-insensitive fiber.

Along with the momentum built around our optical fiber portfolio in 2013, our Telecommunications Optical cable family grew with the development and introduction of 14 new products. Driven by our key accounts and our engagement on-site, challenges faced in the installation of optical cables were addressed with this portfolio advance. A first in India, our easy-strip micro-module indoor cables have found traction across our major international customers. Lower diameter micro-cables and reduced weight across the entire family helped our customers lower their installation times and increase their network capacity and thereby improve their time to market.

A major technology advance was accomplished this year with the introduction in India of Sterlite's 288-fiber count ribbon cable. An unqualified success helping our customers reduce installation times, this leading edge product is now expected to be instrumental in the rapid deployment of metropolitan wire-line broadband as well as accelerate the availability of advanced 4G mobile broadband access in the country.

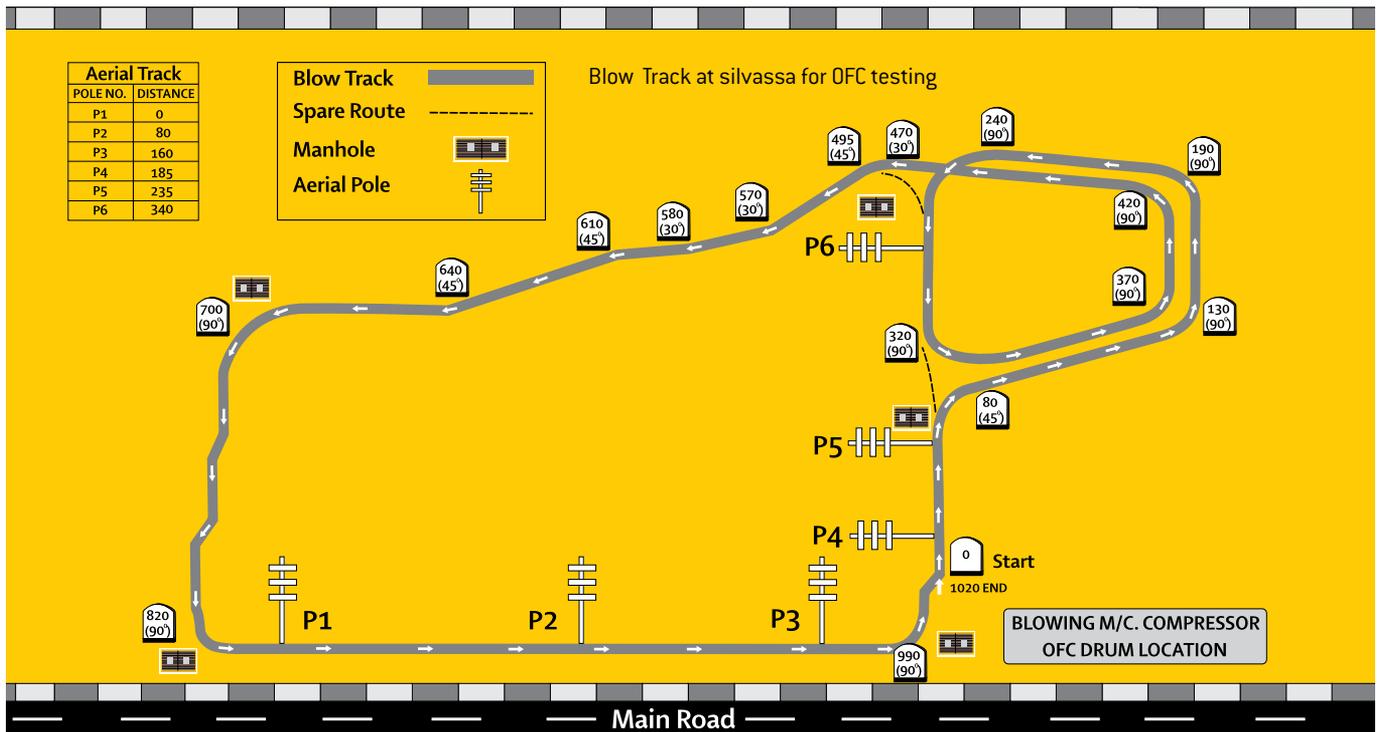
Laboratories at the Center of Excellence: Setting Global Benchmarks

A broad scientific and business consensus has emerged globally regarding the insatiable demand for bandwidth, fuelled by the shift from voice to data and video, supported by low cost broadband access. So much so, it is now considered conventional wisdom among leading global telecommunications organizations, in academia as well as industry, to develop advanced wire-line infrastructure based on Fiber Optic Communications that will take us towards Terabit Scale communications from the present commercial state of the art (SOTA) at 100Gb/s.

At the Center of Excellence, this journey is well under way. In 2013, a breakthrough



Sterlite's Center of Excellence, Aurangabad



demonstration for the first time in India was accomplished with over 8 Terabits per second data transmission over Sterlite's optical fiber. This speed record was also accompanied by a distance record of 1840km of optical fiber at our labs and positions us uniquely across the globe in helping our customers understand and plan their networks as they migrate to ever increasing speeds. Indeed, it is believed only a small handful of corporate labs across the world possess this capability. In the coming year, we are fully engaged both with national academic partners such as the IITs in Chennai and New Delhi as well as international institutes. A noteworthy example is the upcoming PEACE (Petabit Energy Aware Capacity Enhancement) project funded by the Engineering and Physical Sciences Research Council in the UK.

IN 2013, A BREAKTHROUGH DEMONSTRATION FOR THE FIRST TIME IN INDIA WAS ACCOMPLISHED WITH OVER 8 TERABITS PER SECOND DATA TRANSMISSION OVER STERLITE'S OPTICAL FIBER.

Our optical fiber characterization labs have swung into full motion with major participation in standards organizations, and round-robin tests necessary for establishing new international standards. A total of 13 papers were published, including chaired sessions and workshops such as those hosted by the Institute of Electrical and Electronics Engineers, the Optical Society of America and the American Ceramic Society.

Optical Fiber Cable Technology & Applications Laboratory

In another first in India (among a select few globally), we have completed the design, installation and commissioning of Sterlite's Optical Fiber Cable Technology and Applications Laboratory as part of the Center of Excellence. Located in Silvassa, this lab comes fully equipped with the latest blowing/jetting, pulling and Aerial cable installation facilities. This has significantly enhanced our customer engagement and enables strategic partnerships with our carrier customers in further understanding their pain points and finding innovative solutions for their technology and operational problems. From pre-sales requirements discovery, to best installation practices to field qualification of new products, the Technology and Applications Lab at Silvassa positions Sterlite uniquely in growing our global footprint.

We are excited along with our customers in the market introduction of this well-rounded portfolio of best-in-class optical fiber and

cable products. In the coming year, a renewed investment focus in product development and portfolio advancement will continue and grow our position among the top optical connectivity solutions providers in India and in international markets. ■

ABOUT THE AUTHOR

Dr. Badri Gomatam |
CTO - Telecom Products

Dr. Badri joined Sterlite in 2011 as the CTO in the Telecom Business unit and leads the newly established Center of Excellence. He has over 20 years of product development, marketing and business development experience in high speed Integrated Circuits and Optical Communications. Dr. Badri also served at Vitesse Semiconductor Corp., Camarillo CA and ClariPhy Communications. He received his MS and Ph.D. from the University of Massachusetts, Amherst.

OPTICAL FIBER

The urgent need for deployment in India

Some of the recent news on “100m users of Facebook in India” invokes an interesting thought - people often make comparisons between India and China in terms of GDP growth, infrastructure growth, industrial growth etc. But one measure that should also be seen as a major differentiator is **Broadband Penetration**.

Country	Mobile subscriptions in millions*	Population in millions*	% of Population	3G/4G subscriptions in millions*	% of Population	Wireline broadband*	% of Population
World	6,587.4m	7,046m	93.5%	1,876m	26.6%	696m	10%
China	1,246.3m	1,351m	92.3%	448m	33.2%	190m	14%
India	Active: 772.6m; Total: 893.3m	1,237m	62.5%	42m	3.4%	15m	1.3%

* Based on Dec 2013

Bharat Sanchar Nigam Ltd., the largest wireline broadband provider in India has about 10 million subscribers, while China Telecom clocked 100 million subscribers in December 2013. While India claims to have 200 million internet users, the reality is that majority of users (over 95%) experience this at 2G speeds of 20kbps to 50 kbps. In comparison, China has over 600 million Internet users, with 500 million accessing the internet through mobile at much higher speeds.

A recent U.N. Broadband Commission report has acknowledged the positive impact of the increased broadband penetration from last year, albeit the figures are insignificant.” In India, broadband has already generated nearly 9 million direct and indirect jobs, while a 1 per cent increase in broadband penetration could add \$2.7 billion or 0.11 per cent to Indian GDP in 2015,” it said.

A major area of concern in India is that the presence of private telecom operators is minimal - Airtel (1.5 million), Hathway (0.4 million) etc. There is reluctance from the operators and Internet Service Providers (ISPs) in India to expand wireline broadband due to unviability of a sustainable business model. Some of major issues are - High Right-of-Way costs, high spectrum costs, low average rate per user (ARPU), frequent deployment delays due to difficulties in securing permissions from Government or local authorities, etc.

In comparison, the Big 3 in China- China Mobile, China Telecom and China Unicom are aggressively deploying optic fiber for backhaul and access networks ultimately leading to high wireline broadband and 3G/4G coverage. The Optical fiber network, base stations etc. are deployed with tremendous Government support at Central and Provincial level.

THE BUSINESS MODEL FOR PROVIDING INTERNET SERVICES TILL THE LAST MILE REMAINS A CHALLENGE. THE GOVERNMENT WILL HAVE TO WORK VERY CLOSELY WITH THE TELECOM OPERATORS, DEVICE MANUFACTURERS AND CONTENT DEVELOPERS TO CREATE A VIABLE BUSINESS MODEL TO MAXIMIZE THE USAGE AND IMPACT OF BROADBAND INFRASTRUCTURE



10M

BROADBAND SUBSCRIBERS



100M

BROADBAND SUBSCRIBERS



200M

INTERNET USERS

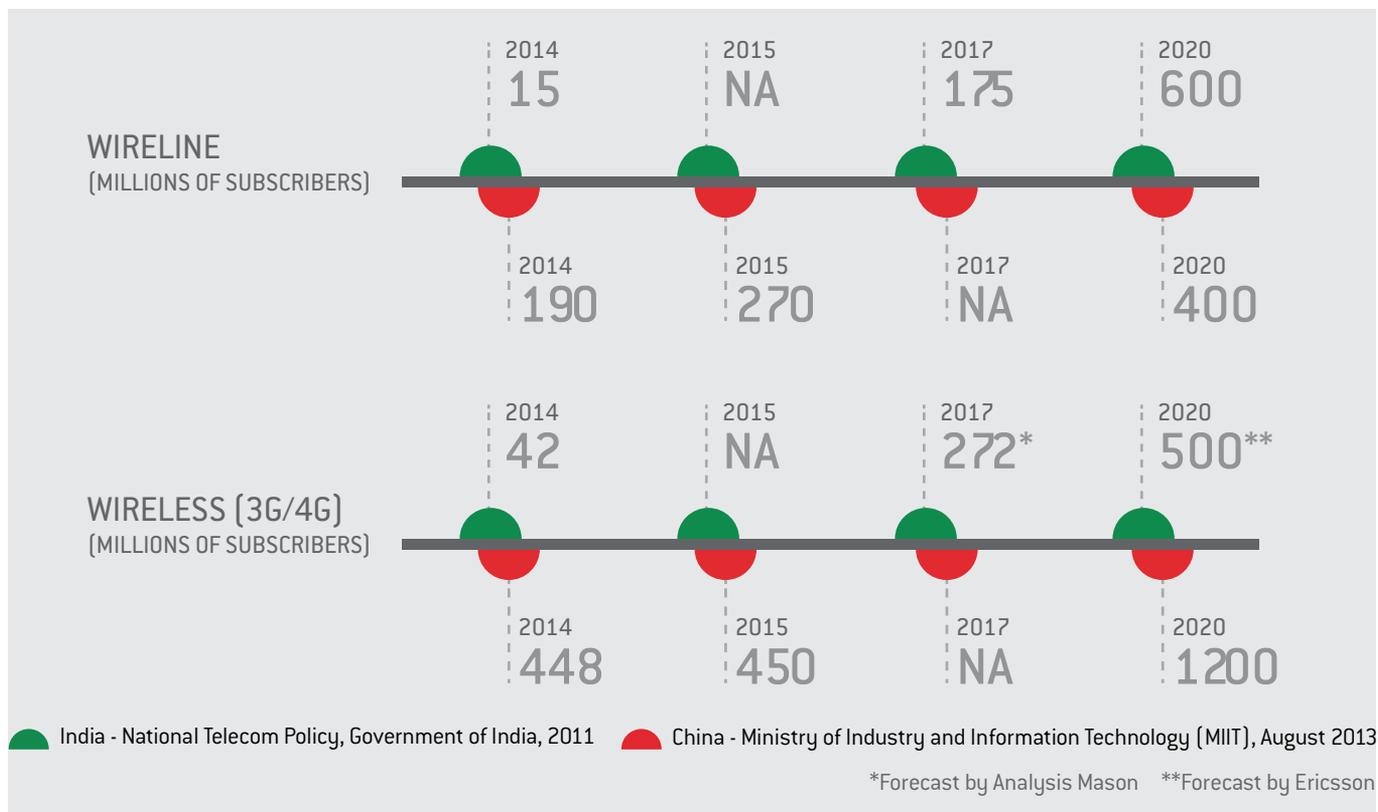


500M

INTERNET USERS



BROADBAND TARGETS SET BY INDIA AND CHINA



This is reflected also in the volume of optical fiber that is deployed every year. For example: India deployed about 12 million fiber km in 2013 compared to China's 125 million fiber km deployment.

In fact, as Rahul Khullar, chairman, of Telecom Regulatory Authority (TRAI) pointed out in a candid admission recently that India has failed on the issue of broadband connectivity. "We have done a terrible job in broadband. We are nowhere near to meeting target of NOFN and unless it is done, internet penetration cannot happen at the desired pace. Access and speed will determine penetration of smart-phones and Internet. Unless there is reasonable pricing of spectrum and making spectrum available, we will not succeed," said Khullar.

NOFN - THE FIRST MAJOR PAN-INDIA BROADBAND PROJECT IN INDIA

The \$4 billion National Optic Fiber Network project that was originally conceived in 2011 will finally start getting executed this year. An astounding 250,000 Village Panchayats across the country are expected to be connected by 2017 and will be the major force in driving broadband connectivity to the millions of unconnected citizens in rural India.

While there is a high level of confidence that the Government will execute the infrastructure development, the business model for providing Internet services till the last mile remains a challenge. The government will have to work very closely with the Telecom operators, device manufacturers and content developers to create a viable business model to maximize the usage and impact of this broadband infrastructure.

CONCLUSIONS

- i. India's telecom sector has seen tremendous growth touching 900 million subscribers. However, the country is severely lagging in terms of wire-line broadband users
- ii. China is significantly ahead of India in deploying wireline and wireless infrastructure, which has led to significant growth of wireline and 3G/4G users
- iii. The successful deployment of the NOFN project will be a critical step for wireline infrastructure in rural India. Various sections of the Government and the private sector must work closely to make it economically viable to provide service in

the last mile.

- iv. The Government & private sector will also have to look at an accelerated deployment of optic fiber within Tier 1 Tier 2 cities, where less than 8% of the towers are fiberized. ■

ABOUT THE AUTHOR

Ankit Agarwal |
Global Head - Telecom Products

Ankit joined Sterlite in 2007 and heads the Telecom Products division at Sterlite. In addition, he is responsible for identifying and executing strategic opportunities globally, including Mergers and Acquisitions, Joint Ventures and Greenfield projects. Ankit holds a Bachelor's degree from University of Southern California and MBA from London Business School.

Enabling concrete business results through CUSTOMER CENTRIC COLLABORATIVE APPROACH

Technology advancement, dissipating borders and intensifying competition is stark reality of the business today. No business can sustain in the long run while ignoring genuine customer interest. Today, a business needs to be more agile, efficient and competitive and utilize the hidden potential it has within: People and the power of people to come together.

Collaboration is a very wide term and is guided by the intrinsic value of focused approach. At Sterlite's Optical Fiber Cable (OFC) manufacturing facility at Silvassa - India we have made the value of "Customer Centric Collaborative Approach" ingrained as cultural value. While collaboration is certainly not a foreign concept, what we are seeing around the country is the coming together of non-traditional partners, and a willingness to embrace new ways of working together.

This year, to raise the organization's process driven approach to the next level and to see people's energy coming together, we took a number of initiatives. To name a few, the implementation of Sales and Operation

Planning, Six sigma approaches, Collaborative demand planning and Key Account Management for the focused business are giving significant results.

Sales and Operation Planning (S&OP) is a process led by Sterlite's operational experts. On a monthly basis, the process evaluates revised, time-phased projections for supply, demand, and planned changes to the product portfolio and the resulting financials. It is a decision-making process which ensures alignment to the tactical plans of all business functions, business goals and in turn the company strategy. The objective of S&OP is to reach consensus on a single operating plan that allocates the critical resources of people, capacity, materials, time, and money most effectively to meet the marketplace in a profitable way.

Initiation of **Six Sigma Approach** in the organization is another collaborative and data driven effort which is now part of the organization system. In OFC, successful execution of projects under six sigma wave-I

has delivered results like 100% pass rate yielding concrete bottom-line savings through improvised processes. The propagation of the six sigma wave-II, next year, will ensure that organized mindset and data based decision making becomes the second nature of the organization.

The execution of sizable orders with unique requirements received through **Key account management** has brought in the practice of leveraging cross-functional capabilities within Sterlite. The trend in customers' buying telecom cables is moving from buying just cabling products to investing in a customized solution to address unique data transmission needs. Several new technologies are being brought in to address unique concerns raised by application or installation conditions. For example, an intrusion proof data transmission solution for networks that share sensitive information or reducing the cable diameter to 200 microns for installation conditions where there is limited space in distribution network and tighter cable bends. We customized the cable design to utilize available space in ducts

The approach covers following key elements:



COLLABORATION IS A VERY WIDE TERM AND IS GUIDED BY THE INTRINSIC VALUE OF FOCUSED APPROACH. AT STERLITE'S OPTICAL FIBER CABLE (OFC) MANUFACTURING FACILITY AT SILVASSA - INDIA WE HAVE MADE THE VALUE OF "CUSTOMER CENTRIC COLLABORATIVE APPROACH" INGRAINED AS CULTURAL VALUE.



in the best possible way enabling higher fiber counts in cables, providing more data per sq. meter.

Sterlite's Optical Fiber manufacturing facility, The Center of Excellence at Aurangabad and OFC facility at Silvassa have worked together on many such occasions developing an application based solution for our key customers.

Among the needs of the customers, timely delivery is also of great importance. It requires high degree of prioritization, alignment towards single objective and coordination between departments until the final piece of the cable is delivered to the customer. We could achieve a sense of satisfaction through the appreciation customers have been giving us in the form of repeat orders. Key account management initiative has brought all the functions together to ensure that the unique requirements of our customers are met in time.

One such example is a leading telecom operator, and integrated service provider, offering customers throughout the UAE the best in quality, innovation, and competitive pricing.

The operator, one of the biggest in UAE, was looking for an Optical Fiber Cable provider, who can provide localized support, delivers faster with a quick turnaround time for new product

needs and who is technically competent with the global standards.

Having a local office in Dubai, we could promise a localized support to the operator promptly. This being the starting point, Sterlite could eventually evolve as a sole optical cable solution provider for all the prestigious projects of theirs.

At Sterlite, we always take customer's needs on priority. Our teams at plants geared up to meet the challenge of expediting the process to match the operator's requirement of delivery within 10 weeks. With an exemplary team work effort, we could ensure seamless execution of all the orders within 6-7 weeks, exceeding the expectation. Sterlite becoming the sole partner of choice for all kinds of Optical Fiber Cable needs for this operator is an epitome of our customer centric approach.

From Sterlite's Duct Cables with fiber count starting from 4 till 288 to 720 Fiber Ribbon Cables, Sterlite is now proudly associated with this operator where our cables have been widely used around Dubai especially in the Green Field areas around Burj Khalifa & Dubai Sports City. Along with directly partnering with them, Sterlite also managed to partner with other major vendors for their turnkey projects based on their recommendation about Sterlite's overall quality & performance.

Conclusively, we have really seen excellent

results coming out of collaboration at our plants and the recipe is quite easy, bring people from across the functions together to create value. We have seen the new way of working and we plan to capitalize on it, build greater cooperation, teamwork, and set an example for the rest of the organization. ■

ABOUT THE AUTHOR

Gunjan Sharma |
Manager - Sales & Operations
Planning - Telecom Products

Gunjan joined Sterlite 2013 and is responsible for Sales and Operation planning in Sterlite's Telecom business. He has 12 years of Engineering, Supply Chain Management and Sales & Operation Planning experience in manufacturing sectors while being associated with Asian Paints, Hilti India Private Limited, ICI paints, Tecumseh Products India Private Limited. Gunjan is a Certified S&OP Professional from TF Wallace Institute (Ohio University, USA) along with master's in Material Management from Indian Institute of Material Management.

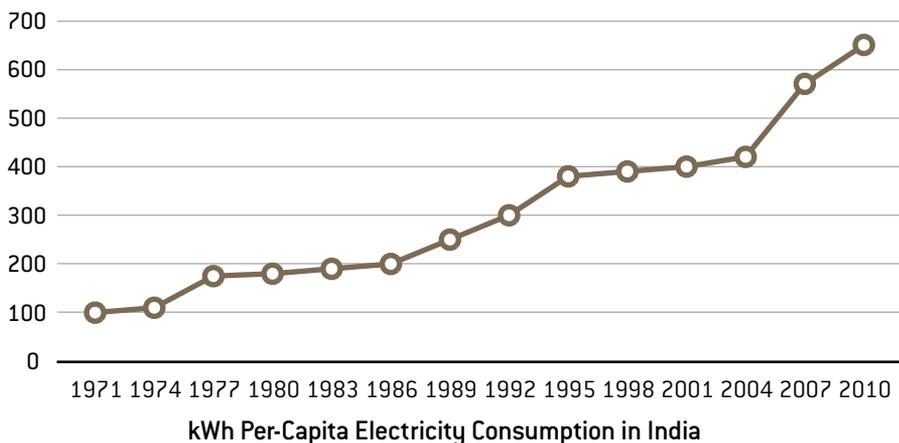
Enabling India's Progress through Power: STERLITE'S HIGH PERFORMANCE CONDUCTORS

INTRODUCTION

Bearing world's second largest population in her womb, and having world's fourth largest installed Power Generation capacity, India has an unprecedented scope for growth in the power sector. The country holding 17.5% of the world's population has 10.5% of the world's installed power capacity.

Despite Year-on-Year increase in per-capita electricity consumption at 6% on an average for the past ten years, yet one-third of the rural population is still devoid of electricity.

Per capita electricity consumption in India can be seen in the exhibit below:



Source: World Bank

In India, with the manufacturing sector set to grow at a pace faster than ever-before, and the foreseen improvement in quality of life, there is going to be a further surge in the demand of electricity in times to come.

It has become necessary to provide the country with transmission solutions which not only cater to the current requirement, but which can withstand the future need as well, leading to savings in cost and time, especially as Right of Way (RoW) becomes further scarce.

STERLITE'S VALUE PROPOSITION FOR THE INDIAN POWER TRANSMISSION SECTOR

Sterlite has been a leader in providing products, solutions and infrastructure for telecom and power transmission networks, globally. The company strongly believes in synergizing its strengths spread across various business verticals – Application Engineering, Network Designing, Infrastructure Solutions and Project Management backed by a well-developed portfolio of High Performance solutions and Master Installership.

As a pioneer in the conductor industry in India, Sterlite has taken into consideration all the

In the last half-a-decade, Sterlite has strived to build a robust portfolio focusing on the segment of High Performance Conductors (HPC) which has a mix of technologies that cater to the industry challenges while providing flexibility to the utilities with various options to cater to their specific requirement with a tailor made solution. Product families such as ECO, AL59, ACSS and AAAC 1120 aim at increasing efficiency of new lines, while products such as ACCC & STACIR enable the utility to maximize the available corridor using its High Temperature Low Sag (HTLS) capability.

In today's environment, customers are keener towards working in collaboration with their preferred partners for designing solutions, right from the planning stage where the utility can address their exact application needs to the delivery of the 'one-stop-shop' solution addressing their network augmentation,

STERLITE STRONGLY BELIEVES IN SYNERGIZING ITS STRENGTHS SPREAD ACROSS THE VARIOUS BUSINESS VERTICALS – APPLICATION ENGINEERING, NETWORK DESIGNING, INFRASTRUCTURE SOLUTIONS AND PROJECT MANAGEMENT BACKED BY A WELL-DEVELOPED PORTFOLIO OF HIGH PERFORMANCE SOLUTIONS AND MASTER INSTALLERSHIP.



efficiency or maintenance requirements. Sterlite strives to be the reliable partner to all the leading utilities with an eagerness to address their needs through innovative solutions.

Sterlite collaborates with Tata Power: Enhances capacity of 22kV Saki-IIT Powai Line

Last year, Tata Power, one of India's largest private power transmission and distribution utilities, approached Sterlite for a solution to transfer power through a large hutment area of Mumbai, without disturbing the population.

With an estimated city population of 18.4 million and metropolitan area population of 20.7 million as of 2011, Mumbai is one of the most populous urban regions in the world. It is the wealthiest city in India having the highest GDP of any city in South, West or Central Asia. All the above factors make this city thirsty for electricity, while providing no ROW.

TATA Power, one of the leading power suppliers to this mega city, has over 3.5 lakh households to cater to and sells an average of 6500 Million Units of power, annually.

With the increasing population and the exponentially increasing electricity demand in the metro, Tata aimed to double the transmission capacity during peak load time on its existing 22kV D/c transmission lines,

WITH THE INCREASING POPULATION AND THE EXPONENTIALLY INCREASING ELECTRICITY DEMAND IN THE METRO, TATA AIMED TO DOUBLE THE TRANSMISSION CAPACITY DURING PEAK LOAD TIME ON ITS EXISTING 22 KV D/C TRANSMISSION LINES, WHILE MAINTAINING LOW LOSSES DURING NORMAL OPERATIONS.

**MANISH AGARWAL,
GLOBAL SALES HEAD - POWER
TRANSMISSION BUSINESS,
STERLITE TECHNOLOGIES LTD.**

currently operating with ACSR Dog, between Sakinaka and IIT Bombay, while maintaining low losses during normal operations.

Solution Design

Building a new transmission infrastructure in Mumbai was not an optimum solution as the area was densely populated and included a large number of hutments, that too along a hilly terrain. Also, the cost of building a new line would be very high. Hence, Sterlite had to figure out a way of ramping up the line capacity without tampering with the existing infrastructure.

A series of brainstorming and solution evaluation sessions took place amongst a cohort consisting of Sterlite's Application Engineering, New Product Development, Sales and Tata's Project team.

To augment the capacity of the line, Sterlite was able to convince Tata Power regarding the need to adopt the high performance conductor solution which would ensure higher reduction of transmission losses as compared to a conventional solution.

After evaluating the HPC suite, Sterlite offered its Aluminium Carbon Composite Core (ACCC) conductor, which combines the high temperature operations capability with ultra-low losses due to its extremely compact core, and was accepted by the utility.

“THE LINES ON WHICH ACCC CONDUCTORS HAVE BEEN INSTALLED ARE VERY OLD LINES TRAVERSING THROUGH POPULATED AREAS. THE IDEA WAS TO GO FOR A LIGHTWEIGHT CONDUCTOR SO THAT WE CAN RETAIN OUR EXISTING STRUCTURES AND AUGMENT LINE CAPACITY. FURTHER, LIGHT WEIGHT CONDUCTOR WAS MANDATORY IN ORDER TO IMPROVE GROUND PROFILE AS WELL AS MAINTAIN EXISTING CLEARANCES. THESE THREE FACTORS WERE CONSIDERED WHILE SELECTING THE CONDUCTOR.”

M V DEODHAR,
PROJECTS TEAM OF TATA POWER

Successful Project Execution

One of the major challenges for installation was going to be that of re-conductoring over the line passing through one of the largest hutments in the world, while maintaining one circuit in live condition to avoid disruption in the power supply. Thus, it was important to conduct the installation safely as the project was to be executed in the vicinity of public movement, and also had imminent danger to life in case of a mishap.

In August 2013, Sterlite successfully completed installation and commissioning of Tata Power's 22kV IIT Powai-Saki transmission

line, carrying STER-ACCC™ solution, at Mumbai, the fifth most populous city of the world.

“The lines on which ACCC conductors have been installed are very old lines traversing through populated areas. The idea was to go for a lightweight conductor so that we can retain our existing structures and augment line capacity. Further, light weight conductor was mandatory in order to improve ground profile as well as maintain existing clearances. These three factors were considered while selecting the conductor.” said M V Deodhar, Projects Team of Tata Power

The up-rating project involved rendering of services by Sterlite like design, supply and installation of high capacity, high strength carbon composite core conductors. This installation has led to a total augmentation of the capacity of the line from 30MW to 70MW, reducing the losses by over 30%. This result, in-turn, has provided more reliable power to the residents as well as higher flexibility to TATA's power transmission system.

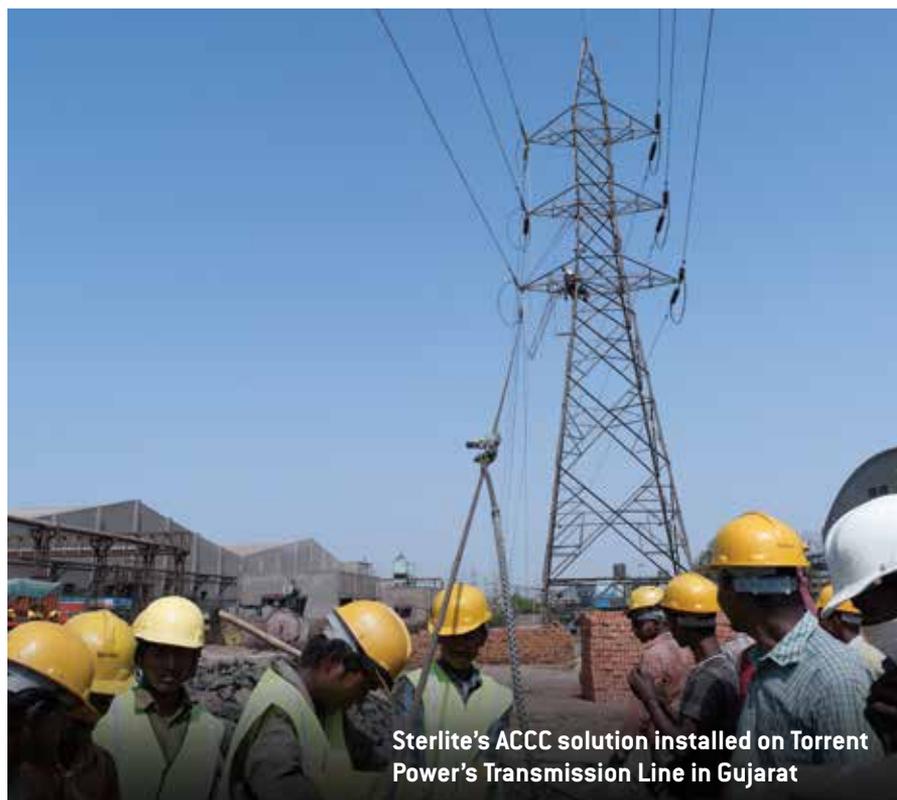
CONCLUSION

Sterlite has been implementing similar projects for major state utilities of other regions as well. Its High Performance Conductors are the optimum solution for catering to the next generation power transmission networks. They help achieve higher corridor intensity while reducing the transmission losses, and

save RoW while maximizing capacity.

Simultaneously, Sterlite has been taking efforts to educate the nation about the advantage of adoption of this technology and bringing it to more use as compared to bare overhead aluminium conductors. There has been a significant contribution by the organization towards Central Electrical Authority (CEA)'s Manual on Transmission Planning Criteria, January 2013 (revised after 15 years) as well as FICCI's Report on Transmission Sector to incorporate the 'Need for Higher Corridor Intensity' and provide solutions to cater to the same. Also, industry awareness is being created through participation in national level seminars and speakership at various technology forums to further seed the thought process among the utilities.

Being a responsible citizen and leader in the power T&D sector, we are continuously working towards innovative technologies and processes which can build future-proof transmission infrastructure to cater to the unprecedented growth in demand for electricity, and thus enable India's progress through power. ■



Sterlite's ACCC solution installed on Torrent Power's Transmission Line in Gujarat

Partners in progress



Across cities and towns, from petroleum refineries to steel foundries and cement factories, Sterlite's range of underground power cables is the preferred choice of power transmission and distribution companies across the world.

Sterlite power cables enable lowest cost of energy transmission over the life cycle. Sterlite's Low Loss Cable won the 'Best Product Award' at ELECRAMA 2014.

Sterlite Power Cables

sterlitetechnologies.com


Sterlite

Privatization of the Indian Transmission Industry & OUR ROLE IN STRENGTHENING THE GRID

ABOUT INDIAN TRANSMISSION INDUSTRY

India is the 5th largest energy consumer, accounting for 4.4% of the world's energy consumption, and the 3rd largest consumer of electricity, globally. To cater to the growing demand, power transmission network plays a vital role in the power lifecycle. Hence, growth of India's power sector depends largely on robust and reliable transmission infrastructure.

Lack of Transmission Capacity

Transmission development in the country has not kept pace with electricity generation in the 10th & 11th plan, resulting in the lack of sufficient transmission capacity. India has installed capacity of 241 GW, yet we are able to meet the peak demand of only 141 GW- one of the key reasons being lack of sufficient transmission lines. In the state of Chattisgarh alone, more than 20,000 MW of power will soon be bottlenecked. As per a recent Power System Operation Corporation Limited (POSOCO) report, over 30 transmission lines in India are severely overloaded and stressed. There is also an inability to evacuate excess power from surplus regions and channel it to regions that face shortages. The existing inter-regional power transfer capacity stood at 27,750 MW at the end of the 11th Plan period. The same is targeted to increase to 65,550 MW by the end of the 12th plan. The challenges that need to be addressed to meet this plan include right of way, flexibility in line loading and improvement of operational efficiency, amongst others.

High Lead Time of Project Execution: From Concept to Commissioning

Despite the severe need for having robust capacity, implementation challenges are restricting quicker project delivery, resulting in longer project completion tenures and new project delays. Right of Way issues and difficulty in Forest Clearances are a major reason, as the government has laid out very cumbersome procedures for private developers of transmission lines as compared to Public Sector Units (PSUs).

Thus, it becomes extremely important for the infrastructure developers to adopt innovative technologies and solutions to combat these challenges for faster commissioning of lines and realization of revenues.

Increase in Private Sector Participation

With planned generation capacity addition estimated at 88 GW in the 12th plan, a corresponding increase in Transmission capacity is needed to ensure that the power generated reaches the end consumer. To meet the growing demand requirements and optimally utilize the generation capacity, private player participation is a must considering the huge investment involved and the capacity enhancement needed.

National Tariff Policy 2006 introduced mandatory Tariff Based Competitive Bidding (TBCB) for all transmission projects with objective of promoting cooperative process in transmission sector and increasing

transparency and fairness in the process. Going forward empowered committee under the control of Ministry of Power, introduced first bidding of mega transmission projects on Build-Own-Operate-Maintain (B00M) basis in 2009-10. Till date 15 projects worth 3 billion USD have been awarded by the ministry.

STERLITE IS PLAYING A VITAL ROLE IN STRENGTHENING INDIA'S GRID NETWORK

Sterlite Grid Ltd. became the first organization in private transmission industry to bag 5 of the 15 mega projects worth 900 million USD on B00M basis. The projects consisting of approximately 4000 circuit Km of 765 & 400kV single circuit and double circuit transmission lines spread widely across the eastern, central & western regions of India. Apart from the lines, the scope also includes building two 765kV/400kV S/S of capacity 2x1500MVA each, located at Bhopal and Dhule region. These transmission lines and substations gain further importance as they are utmost critical



Sterlite commissions 765/400kV Dhule Substation



Sterlite commissions India's 1st UMP line : Purnia-Bihar Sharif 400kV D/C transmission line

for strengthening of the Eastern & Western grid of India.

The projects spread across various geographies in the North-Eastern, Eastern, Central, Western and North-Western region of India and once commissioned, they will power 9 important states including Bihar, West Bengal, Assam, Rajasthan, Madhya Pradesh, Gujarat, Maharashtra, Chhattisgarh, and Jharkhand.

Team Sterlite has been dedicatedly focused on faster project deliveries which can enable faster realization of the 12th Plan of India's Power Sector

Successful Project Completions in Record Time

Commissioning of 765/400kV Substation

Sterlite has completed 765/400kV Dhule Substation in record period of 16 months after land acquisition. Two such Substations can single handedly cater to a power requirement as large as that of a large metro city like Delhi that varies from 3000MVA (off-peak load) to 6000MVA (peak load).

Commissioning of India's 1st UMP line

Purnia-Bihar Sharif 400kV D/C transmission line was a top priority project, as identified by POSOCO, India's national power grid operator,

so as to reduce the congestion in power system. The project had been awarded to Sterlite on BOOM basis for 25 years.

Sterlite successfully commissioned the 231km long Purnia–Biharsharif (PB) 400kV D/C line in the second quarter of Financial Year 2013-14. This line is extremely important as it provides connectivity for power transfer from the Hydro plants in the North Eastern region. It has augmented power transfer capability in the region by 50% and is now powering over 1 million homes in North Eastern region.

Sterlite's AAAC Conductors have been utilized in building the PB line. These conductors

are corrosion resistant, have higher current carrying capacity, operating temperature and a larger life span as compared to ACSR. Also, with a higher strength to weight ratio, the span can be increased which can overall reduce cost in tower supports and other accessories in the transmission line.

Despite facing various challenges including hostile environments and unapproachable terrains, the project completion in a record 26 months has been possible through utilization of in-house developed type-tested towers and conductors, and best project practices to overcome the hassles.

In-house Engineering Capability

Successful commissioning largely depends upon the network planning & effective development of the transmission line. Key steps in the development of a transmission line are survey, tower design, type testing, laying of the foundation, supply of the material, erection of the towers, and stringing of the lines.

Sterlite has been a leader in manufacturing overhead conductors and optical fiber for customers in over 75 countries, globally. In 2010, they extended their expertise to become the first fully integrated manufacturer of Optical Ground Wire (OPGW) cables in India. Optimum network design being an important aspect in project execution, Sterlite has utilized their in-house engineering capability for

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designing different parts of the transmission line which includes conductors, OPGW as well as towers. The enthusiastic team enhanced their knowledge to implement LiDAR (for more accuracy in survey), other advanced software, satellite mapping, etc. to create the full line design. Even in case of substations, the engineering of different subsystems have been designed in-house.

The project team is continuously evolving on the best practices to overcome the execution challenges as well as set benchmarks in the country.

Adopting Innovative Technologies

Sterlite endeavors to bring innovation and continuous improvement in the project execution methodology and processes to enhance productivity.

Marine Technologies

A part of the PB line required tower erection and line installation over the vivacious Ganga river during peak monsoons. The Ganges are known for the volatility and despite the fierce tides, our project team was able to complete the line. Even the ferocious Uttarakhand floods could not deter the project progress. Barges of 1000 Metric Tonne capacity were anchored in the middle of the river for tower erection despite Ganga's high swing at that

time. Mechanized country boats were used for sailing the construction material from river bank to mid of the river while barge mounted telescopic cranes with 90 meter hydraulic boom enabled tower erection of 100 meter height from the foundation level. To ensure safety and security of the transmission line, base of the tower has been kept at 40 feet high from the water level.

Aerial Technologies

LiDAR Survey

Transmission line route optimization in India is conventionally performed by land surveyors and transmission line engineers, manually. However, as the manual survey is not very accurate and undergoes several deviations as more information is collected, it results in an increase in cost and time of project execution. Sterlite became the first company in India to utilize LiDAR (Light Detection and Ranging) Survey for route optimization on 6 of its transmission lines across Madhya Pradesh, Maharashtra and Gujarat. LiDAR technology was deployed to conduct topographic mapping. It functions well in cloudy conditions and can penetrate through dense vegetation. LiDAR provides high accuracy at much higher speeds and generates a full colour imagery if a digital camera is combined with it during the process. The images generated from LiDAR survey, after being fed into PLS CADD,

result in alternate route evaluation on basis of construction cost, ease of construction, RoW (Right of Way), forest clearances, etc. and accordingly final optimized route is decided. This is an effective technology and its early usage (post award of project) enables saving of cost as well as time.

Heli-Stringing

RoW remains a top hurdle in efficient and effective execution of most of the transmission projects in the country. More than the tower erection, it is the stringing where the on-ground project teams face a lot of issues in negotiating for RoW. The conventional method of pulling a pilot string with the help of tractors becomes arduous in terrains where access is difficult, especially in hilly areas or project sites under water bodies. Vehicles plying on farm lands often end up destroying the crops, because of which land owners often oppose operation on their lands. Also, manual operations become challenging and hazardous for workers.

In its continued pursuit of excellence, Sterlite recently deployed Helicopter Stringing for executing its Bhopal-Indore 765kV and Bhopal-Bhopal 400kV Ultra-mega power transmission lines.

The process involved utilization of a helicopter to string pilot wire onto new transmission

DESPITE FACING VARIOUS CHALLENGES INCLUDING HOSTILE ENVIRONMENTS AND UNAPPROACHABLE TERRAINS, THE PROJECT COMPLETION IN A RECORD 26 MONTHS HAS BEEN POSSIBLE THROUGH UTILIZATION OF IN-HOUSE DEVELOPED-TYPE TESTED TOWERS AND CONDUCTORS, AND BEST PROJECT PRACTICES.



Sterlite used Helicopter for pilot wire stringing on Bhopal-Indore lines



Exemplary collaboration resulting in Heli-stringing success on Sterlite's Bhopal-Bhopal 400 kV line

towers. Heli-stringing enables quick execution of the stringing, which otherwise is a tedious process and results in reduction of total project execution time & cost by almost 25%. Also, as the aerial route is utilized, there is minimal disturbance to local community and environment, which in turn avoids majority of RoW intrusions. All safety issues are kept under control with minimization of human interference.

Exemplary collaboration of Sterlite's project team, trained South African pilots, and the efficient ground staff ensured the process completion in minimal time and that the

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stringing was a huge success!

Strong Focus on Health & Safety

During project execution, Sterlite believes health and safety are extremely important. EHS process implementation which began initially at an internal level by rigorous trainings has now seeped into Sterlite's working partners as well through regular performance monitoring. Sterlite has effectively implemented hot line stringing and deployed insulated cables for attending shutdowns from 11kV to 400 kV, in case of unavailability of critical live lines.

Beyond Business

While there is a continuous focus on the planning and implementation of these high priority projects, Sterlite is also maintaining a good relationship with the community in the regions. Various initiatives have been taken including development of concrete sitting areas and village roads, free medical check-ups, blood donation camps, drives for distribution of medicines, etc. for their upliftment. Also, to better the reliability of power, LT transformers have been donated. These activities have contributed towards their overall development for progressing faster.

CONCLUSION

For decades, Sterlite has played a vital role towards India's progress in power through

innovations in the overhead transmission & distribution conductor technology which in turn enabled it to understand the bottlenecks that the country's power transmission segment has been facing. We are a fully integrated company- right from manufacturing of products to project planning and execution and have been doing our bit to strengthen India's power transmission network and thus, contribute towards the growth of the country's economy. ■

ABOUT THE AUTHOR

Ajay Bhardwaj |
COO - Grid Business

Ajay joined Sterlite in 2011 and is responsible for the Power Infrastructure Business. In a career spanning 30 years, he has worked in senior capacities in various organisations in India such as Areva T&D Ltd., Reliance Energy, Toshiba Mitsubishi, NTPC and DSP Tech. He has completed Electrical Engineering from IIT-Roorkee.

TRANSFORMATION THROUGH BROADBAND

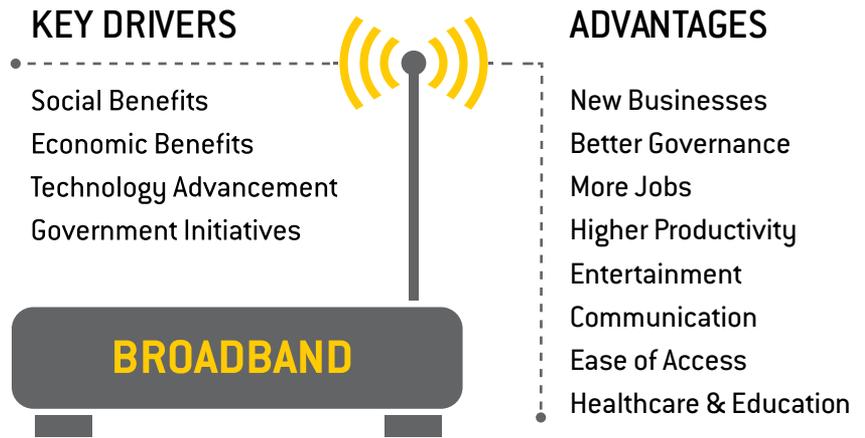
Telecom Industry has always played a crucial role in the economic development of any country. It helps governments to earn higher revenue, create more employment and improve GDP while balancing it with the growth of people and businesses by improving productivity through Voice and Data services. Of all the Telecom Services, Broadband in turn has the highest Socio-Economic impact. It improves our social inclusion by ensuring that more and more people are connected with each other. Better social inclusion also means a higher exchange of Information between Individuals, businesses and governments, thus bringing in better governance. On the economic front it helps in improving the productivity of people, thus allowing time for newer innovations. It also leads to the growth of Internet related services and application businesses, thus creating new jobs and higher revenues.

This has been further reiterated by ICRIER, and as per a Report published by them in 2012, for Indian States with higher Internet penetration, 1.08 Percentage increase in per capita GDP can be realized for a 10 Percentage increase in broadband penetration while for certain developed states having higher per capita income the growth rate can even be 2.36 Percentage.

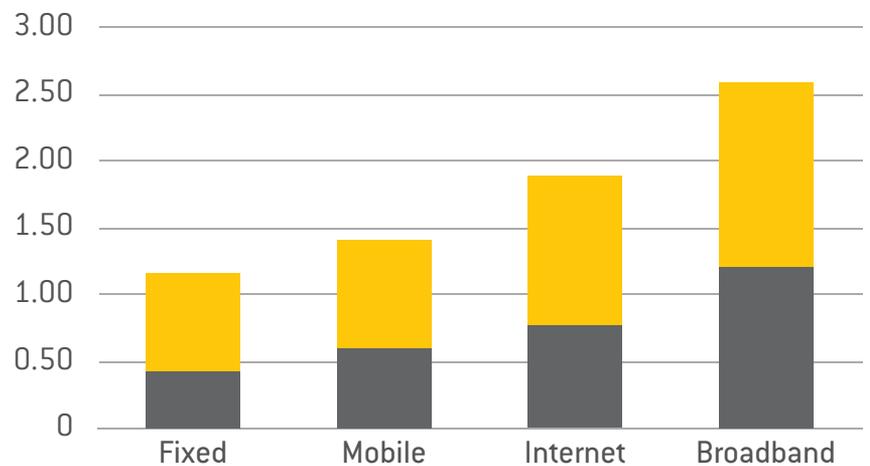
Unfortunately even today, India is still a laggard in Internet and Broadband penetration. In a Report published by UN in 2013 to understand penetration of Fixed Broadband globally, India was ranked a distant 122, with only 1.1 per every 100 inhabitants having access to fixed broadband while the world average stood at 9.9. The biggest challenge for this slow growth & penetration of Fixed Broadband in India has been the lack of investments and clear focus in the mobile dominated telecom market.

Globally, the Fixed broadband industry has seen growth only once the governments have funded the expansion, or some private telecom operators have taken a real plunge to enter into such a capital intensive business. In India, apart from these challenges, the industry has also faced local and political dominance, creating a highly fragmented market place with very few players having a nationwide footprint, and the balance requirement being fulfilled through local players.

Pursuing the Vision of “Connecting every home on the planet” & understanding the



■ High-Income Economies ■ Low & Middle Income Economies



Note: The vertical axis is the percentage-point rise in economic growth per 10-percentage-point rise in penetration

According to World Bank Report, a 10 Percentage increase in broadband penetration accounts for 1.38 Percentage increase in per capita GDP growth in developing economies.

importance of bridging the digital divide for our country's growth, Sterlite Technologies took a big step in this direction 3 years back by committing investments to create a highly flexible and scalable Future Ready fiber access infrastructure (FTTx) in India.

Sterlite's entry into the Telcom business has also been in the back drop of some extremely

tough times for the telecom and cable industry of our country. While Cable Industry was going through a critical phase of digitization, Telecom Industry was grappling with hyper competitive pricing. Under these scenarios the focus on Fixed Broadband had been very limited. Thus deployment of FTTx infrastructure by Sterlite on one side has given considerable amount of impetus to large operators to expand their



DEPLOYMENT OF FTTx INFRASTRUCTURE BY STERLITE ON ONE SIDE HAS GIVEN CONSIDERABLE AMOUNT OF IMPETUS TO LARGE OPERATORS TO EXPAND THEIR PRESENCE, ON THE OTHER HAND HAS HELPED IN PROMOTING ENTREPRENEURSHIP BY ENCOURAGING A LOT OF NEW LIKEMINDED OPERATORS TO GET INTO THE FIXED BROADBAND BUSINESS.

presence, on the other hand has helped in promoting entrepreneurship by encouraging

a lot of new likeminded operators to get into the fixed broadband business. Today Sterlite boasts of being the only successful infrastructure provider in India which has more than 10 Service Providers riding on its network. In its journey over the past couple of years, Sterlite has played the role of an “Enabler” in the entire Fixed Broadband Eco-System of India.

It has helped Service Providers to expand their reach into newer and more profitable markets with a massive reduction in upfront capital outlay. It has also supported them in providing better, high speed services to the existing subscribers, thus improving the revenue realization and productivity. Faster time to market has further enhanced their market competitiveness. This infrastructure is also fulfilling the subscriber requirements of bandwidth hungry applications like multimedia, video streaming, e-commerce, etc apart from giving them choice of Service Providers. A competitive market has further ensured that the customers get these services at better prices. The deployment of FTTx infrastructure is also helping the Real Estate Industry. In newly built communities, enabling high speed broadband access in homes has helped Real Estate developers create a value added differentiator and a selling feature, thus improving the real estate price.

FTTx Infrastructure can also bring a complete technology convergence of Telecom, Multimedia, Security and Surveillance & Automation services. However being an early

mover in this domain, we also realized that a lot of work had to be done in building a complete Service Eco-system around Fixed Broadband. So, apart from supporting the growth of Broadband Industry, Sterlite is also playing a pivotal role in getting alternate services for the subscribers thus fuelling the growth of other related industries.

FTTx Infrastructure by Sterlite, while bridging the digital divide is ensuring a fine balance between Supply and the Demand side, ensuring socio-economic growth of all the members of this eco system. ■

ABOUT THE AUTHOR

Harkaran Singh Sachdev |
Head - Strategic Alliances,
FTTx Business

Harkaran joined Sterlite in 2011 and is responsible for partnering with Telecom Service Providers and VAS Players to create an eco-system around Retail Wireline. In a career spanning 8 years from Power & Automation to Telecom Sector, Harkaran has been associated with Havell's India Ltd, Larsen & Toubro, Reliance Globalcom & Reliance Communications. He has completed engineering from Punjab Technical University and MBA from S P Jain Center of Management.

FIBER - REAL ENERGY SAVER

PREAMBLE

As the service demands have grown from simple POTS and ISDN to Ultra high speed broadband data and video, telecom infrastructure and service providers are under continuous pressure to deploy an access platform that can cater to the ever growing bandwidth requirement and can deliver multiple service combinations on same platform.

Moreover considering the power condition of India it is becoming more eminent to choose the right medium for serving the present and future bandwidth demands with available options of wire line and wireless technologies. The below table High level comparison of different wire line and wireless technologies covers the energy savings, scalability and future proof aspects of the Fiber based deployments. This also covers a comparative study on the power consumption and the carbon emission characteristics for copper versus fiber based service delivery models

TOTAL COST OF OWNERSHIP: COPPER VS. FIBER

In the present scenario when the Bandwidth demand is growing multifold with more and more bandwidth hungry applications posing continuous pressure on the scalability of the backhaul media, Optical Fibers have been considered as the best medium for the backhaul primarily due to

1. Almost unlimited capacity of the cable to carry the data (dependent on the optics)
2. High distance coverage and low power requirements.

FTTx solutions today are forming the key part of the next generation broadband delivery both for the access and Backhaul requirements to catch up with the ever increasing bandwidth demands for

1. Access connectivity (Using GPON/EPON/ Active Ethernet) to provide end to end fiber connectivity for Broadband delivery
2. Backhaul of Macro/ Mini and iBS for 2G/3G and 4G using fiber connectivity.

ENERGY CONSUMPTION COMPARISON FOR COPPER VS. FIBER IS AS FOLLOWS:

- a) Production of Copper cable vs. Fiber.
 - b) Carbon emission comparison for production of Copper vs. Fiber cable.
 - c) Deployment comparison of Active Ethernet (P2P) vs. GPON.
 - d) Deployment comparison of Copper based ADSL2+ vs. GPON
- A. Power consumption for Manufacturing of 1 Km of Copper vs. Fiber
Copper wire consumes nearly 26-75 kWh while the 1Km single mode optical cable consumes only 0.2-0.3 kWh
 - B. CO2 Emission for 1 KM of Copper vs. Fiber Manufacturing
Similarly if we have a look at CO2 emission

of 1Km of Copper vs. Fiber in manufacturing for copper it comes out to 0.02 to 0.005 Metric Tons and the same for Optical fiber is 0.0001+ to 0.0002+ Metric Tons. Thus it takes 130 to 256 times more energy to produce the required amount of copper wire than it does to produce the necessary amount of fiber.

- C. Deployment comparison Active Ethernet (P2P) vs. GPON
For serving 16K customers if we compare the wattage consumption for serving through Active Ethernet Vs GPON. GPON consumes 10 times less power than Active Ethernet (GPON consumes nearly 9600 watts as compared to 67000 Watts for Active Ethernet).
- D. Deployment comparison between Copper (ADSL2+) vs. GPON Network:
It is evident that GPON based network utilizes 76% less power that the copper based deployments. Apart from the above there is a distance limitation also between the two technologies which for ADSL2+ is 3Km and for GPON it is 20Km respectively.

GPON AS A GREEN DEPLOYMENT TECHNOLOGY:

Out of all the available Transmission mediums (wire line /wireless) GPON has emerged as the true winner primarily due to its advantages of

1. Passive OSP design, no intermediate power required between CO and CPE
2. High scalability for both bandwidth and No of customers served

HIGH-LEVEL COMPARISON OF DIFFERENT WIRE LINE AND WIRELESS TECHNOLOGIES

Technology	Range (KM)	Bit Rate (MBPS)	Users/Node	Minimal User Density (SUBS/KM²)	Power/Subs (WITH PUE) (W/SUBS)
ADSL	5.5	8 (*)	384 - 768	4 - 8	2 - 4
ADSL2+	1.5	24 (*)		50 - 100	
VDSL	1.0	26 (*)	16 - 192	5 - 60	6 - 10
VDSL2+	0.3	55 (*)		50 - 700	
	0.3	100		50 - 700	
GPON (32)	20	2488 / 32	(4 - 72) * 32	0.1 - 2	0.4 - 1.6
GPON (64)	10	2488 / 64	(4 - 72) * 64	0.8 - 14	
Mobile WiMAX	0.340 (3 MBPS)	1 - 70	272 (**)	NA	22 (***)
HSPA	0.240 (3 MBPS)	1 - 14	225 (**)	NA	68 (***)
LTE	0.470 (3 MBPS)	1 - 300	180 (**)	NA	18 (***)

(*) Downstream | (**) Simultaneous Active Users | (***) Modelled for 300 subscribers per km²



26 Awg Utp Copper Wire	Quantity	Units
For 384 Customers	570	watts
For (4096)	6,270	watts
CEN Router	768	watts
TOTAL for 4096 Customers	7038	watts
PER Customer	1.72	watts

GPON Technology	Quantity	Units
For 4096 Customers	900	watts
For (4096)	900	watts
CEN Router	768	watts
TOTAL for 4096 Customers	1668	watts
PER Customer	0.41	watts

- Substantial reduction in CO footprint, lesser nos of CO sites required
- Ability to do wider coverage [practically approx 10 KM + from CO to last CPE]
- Very low power consumption per sub at the CO side and also at the Customer end.

Macro cells, Wi-Fi- Handoff etc.) apart from providing the FTTx based services to the home users.

REFERENCES

KEY DELIVERABLES ENVISAGED THROUGH GPON INDUCTION:

- Integrated Access Node for all service (Voice, Video & Data) and Segments(B2B,B2C),Mobility backhaul needs for 3G and LTE
- Per sub Capex reduction by increasing the distribution area per node due to fiber access
- Opex reduction by ensuring complete passive distribution network with no active element between OLT and ONU
- Investment Protection with future proof scalable architecture

GPON based access network caters to all the major Telco services including (DAS, Small/

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Sanjay Sharma |
CTO - FTTx Business

Sanjay joined Sterlite in 2014 and is responsible Planning, Engineering, Capex control and New Products & Solutions implementations. In a Telecom career spanning 16 years, Sanjay has been associated with Bharti Airtel where he has served over 13 years and was responsible for Wireline Planning and Engineering for India and South Asia. He has also worked with HFCL and Hathway cable and datacom Ltd. Sanjay holds a Bachelor's degree in Electronic Engineering from Shivaji University, Kolhapur.

BOARD OF DIRECTORS

1



2



3



4



5



6



7



8



BOARD OF DIRECTORS

1

ANIL AGARWAL

Non-Executive Chairman

Anil Agarwal founded the Sterlite Group in 1976 and has been overseeing its operations since its inception. He is the Executive Chairman of Vedanta Resources Plc and also the Chairman Emeritus of Sesa Sterlite Limited. He has over three decades of experience in business strategy, general management and commercial matters.

2

PRAVIN AGARWAL

Whole-Time Director

Pravin Agarwal has been closely involved with the Sterlite Group's operations in India since its inception and has been instrumental for the growth of Telecom and power businesses. His rich experience in general management and commercial matters spans over three decades.

3

A. R. NARAYANASWAMY

Non-Executive & Independent Director

A. R. Narayanaswamy is a Chartered Accountant and Management Consultant with over 35 years of industry experience. He is a Fellow Member of The Institute of Chartered Accountants of India and provides consulting services in accounting, financial management and information technology across several industry verticals.

4

ARUN TODARWAL

Non-Executive & Independent Director

Arun Todarwal, partner of Todarwal & Todarwal, a Mumbai-based firm of Chartered Accountants, is a member of The Institute of Chartered Accountants of India. He has a rich and varied experience spanning over three decades in management consultancy, finance and audit.

5

C. V. KRISHNAN

Non-Executive & Independent Director

C.V.Krishnan is the president of IFMR, Chennai. Previously associated with EID Parry, Essar Power, and Sterlite Industries as President/MD/CEO, he holds expertise in organisational turnaround, transformation management, corporate growth and financial management. C.V.K holds B. Tech from IIT-Madras and MBA from IIM-Ahmedabad.

6

HAIGREVE KHAITAN

Non-Executive & Independent Director

Haigreve Khaitan is a Corporate and Commercial Lawyer and a Senior Partner of Khaitan & Co. He heads Khaitan's Mergers & Acquisitions (M&A) practice. Highly recommended by world's leading law chambers/legal accreditation bodies, he is one of the leading lawyers in India and also for project finance in Asia.

7

DR. ANAND AGARWAL

CEO & Whole-Time Director

Anand Agarwal joined Sterlite in 1995 and has held various positions, including manufacturing, quality assurance and business development. Prior to joining Sterlite, he worked with Siemens. He completed his B. Tech in metallurgical engineering from IIT-Kanpur and was awarded Masters and Ph.D. from the Rensselaer Polytechnic Institute, USA.

8

PRATIK AGARWAL

Head-Infrastructure Business & Non-Executive Director

Pratik Agarwal joined Vedanta Group in 2004. He leads strategic business initiatives in the infrastructure ownership space as well as corporate strategy for the organisation. Pratik has completed his Bachelor's in Economics from Wharton, Pennsylvania and MBA from London Business School.

LEADING TO EXCELLENCE

EXECUTIVE COMMITTEE



PRAVIN AGARWAL
Whole-time Director

Pravin Agarwal has been closely involved with the Sterlite Group's operations in India since its inception and has been instrumental for the growth of Telecom and Power Businesses. His rich experience in general management and commercial matters spans over three decades.



DR. ANAND AGARWAL
CEO

Anand Agarwal joined Sterlite in 1995 and has held various positions, including Manufacturing, Quality Assurance and Business Development. Prior to joining Sterlite, he worked with Siemens. He completed his B. Tech. in Metallurgical Engineering from IIT-Kanpur and was awarded Masters and Ph.D. from the Rensselaer Polytechnic Institute, USA.



ANUPAM JINDAL
CFO

Anupam Jindal joined the Sterlite Group in 1998. He has worked with the Group's aluminum foils and copper cables businesses before heading finance for Sterlite's mining operations in Australia. His key focus areas have been Finance, Treasury, Accounts and MIS. Anupam is a Chartered Accountant from the Institute of Chartered Accountants of India.



K. S. RAO
COO - Telecom Business & Power Conductors

K. S. Rao joined Sterlite in 1993 and has, since, held various positions in the Company's Telecom business. His key focus areas have been engineering, manufacturing, product development, project management and business development. K. S. Rao holds a Bachelor's degree in Mechanical Engineering.



PRATIK AGARWAL
Head - Infrastructure Business

Pratik Agarwal leads strategic business initiatives in the infrastructure ownership space as well as corporate strategy for the organisation. Pratik has completed his Bachelor's in Economics from Wharton, Pennsylvania and MBA from London Business School.



AJAY BHARDWAJ
COO - Grid Business

Ajay Bhardwaj joined Sterlite in 2011 and is responsible for the Power Infrastructure Business. In a career spanning 30 years, he has worked in senior capacities in various organisations in India on projects in Transmission and Distribution, Telecom and Energy Management Systems. He has completed Electrical Engineering from IIT-Roorkee.



VIJAY JAIN
COO - Networks Business

Vijay Jain joined Sterlite in April 2011 and is responsible for the Telecom Networks Business. He has rich and varied experience spanning almost two decades and has 71 research papers and 8 patents to his credit. Vijay holds a M. Tech. degree from IIT-Kharagpur & a post-graduate degree from Montreal University.

EXECUTIVE COMMITTEE



ANKIT AGARWAL
Global Head - Telecom Products

Ankit Agarwal joined Sterlite in 2007 and heads the Telecom Products division. In addition, he is responsible for identifying and executing strategic opportunities globally for Sterlite, including Mergers and Acquisitions, Joint Ventures and Greenfield projects. Ankit holds a Bachelor's degree from University of Southern California and MBA from London Business School.



PRASANTH PULIAKOTTU
CIO

Prasanth Puliakottu joined Sterlite in 2009 and is responsible for standardisation, automation, and integration of business processes. In a career spanning 20 years, Prasanth has led design, development and implementation of various IT projects. He has completed engineering from Madurai Kamaraj University (REC, Trichy) and M.S. from BITS, Pilani.



PANKAJ PRIYADARSHI
CCO

Pankaj Priyadarshi joined Sterlite in January 2012. With over 28 years of experience, he heads the Supply Chain Management function with key focus on strategic sourcing. Pankaj has completed Mechanical Engineering from BITS Pilani, a certification in leadership from INSEAD, Singapore and a course on Strategic Sourcing Management from IIM-Ahmedabad.



KAMAL SEHGAL
Leader - Business Excellence

Kamal Sehgal joined Sterlite in 2012 and spearheads business excellence initiatives enterprise-wide. He holds over 20 years of experience in Lean Six Sigma Deployment, Supply Chain, Quality Assurance & Business Process transformation. He has completed Production Engineering from Punjab University & MBA from FMS, Delhi. He is also a certified Lean Sigma Master Blackbelt.



VIMAL MALHOTRA
Head - Human Resources

Vimal Malhotra joined Sterlite in 2008 and heads human resources. He has over 16 years of experience in HR domain. He has completed Bachelors in Commerce [H] from Delhi University & MBA in HRM from Sardar Patel, New Delhi. He is also a certified trainer from Indian Society for Training & Development and Denso Technical University, Japan.



RAJENDRA MISHRA
COO - Power Cables

Rajendra Mishra joined Sterlite in 2008 and is responsible for the Power Cables Business. In a career spanning over 24 years, Rajendra holds experience in Marketing, Sales, Operations and Strategic Positions at various organisations. Rajendra holds a Bachelor's degree in Electrical and Electronics Engineering from Regional Engineering College, Suratkal.



RAVINDRA UTGIKAR
Head - Communication Services

Ravindra Utgikar joined Sterlite in 2012 and heads Communication Services. He has 23 years of experience in strategy, business development and marketing in international & domestic environment. He is Ph.D. research scholar at Pune University. He holds Bachelor's degree in Electronics & Telecommunication and Master's degree in Management Sciences from Pune University.

DIRECTORS' REPORT

To the Members,

Your Directors are pleased to present the Annual Report for the Financial Year 2013-14 together with the audited accounts of the Company for the year ended March 31, 2014.

FINANCIAL RESULTS

Particulars	(₹ in Crores)	
	31 March 2014	31 March 2013
Net Revenue	2,726	3,354
Profit/(Loss) before Interest, Depreciation & Tax	271	260
Less: Interest	95	106
Less: Depreciation & amortization expense	103	86
Net Profit/(Loss) before Taxation	73	69
Total Tax Expenses	23	21
Net Profit/(Loss) for the year after tax	50	47
Balance carried forward from previous year	772	740
Amount available for appropriation	822	788
APPROPRIATIONS		
Transfer to General Reserve	3	2
Transfer to Debenture Redemption Reserve	63	-
Proposed Final Dividend	12	12
Provision for Tax on Dividend	2	2
Balance carried forward to the next year	743	772

PERFORMANCE

Fiscal year 2013-14 closed with revenues of ₹ 2,726 Crores, EBITDA of ₹ 271 Crores, PAT of ₹ 50 Crores and EBITDA margins of 10%. The telecom business had revenues of ₹ 1,120 Crores at an EBITDA margin of 17% and the power business had revenues of ₹ 1,607 Crores at an EBITDA margin of 5%.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report for the year under review giving detailed analysis of Company's operations and segment-wise performance, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, is presented in a separate section forming part of the Annual Report.

DIVIDEND

The Board of Directors are pleased to recommend a dividend of 15% (₹ 0.30 per share of ₹ 2/- each) for the Financial Year 2013-14. The distribution of dividend will result in payout of ₹ 11.82 Crores excluding tax on dividend. The dividend payout is subject to approval of members at the ensuing Annual General Meeting.

DIRECTORS

Pursuant to Section 149 read with Section 152 of the Companies Act, 2013, the provisions in respect of retirement of directors by rotation shall not be applicable to Independent Directors. Accordingly, Dr. Anand Agarwal, Chief Executive Officer and Whole Time Director retires by rotation at the ensuing Annual General Meeting.

Pursuant to the provisions of Sections 149, 152, Schedule IV of the Companies Act, 2013 read with Companies (Appointment and Qualifications of Directors) Rules, 2014, the Independent Directors shall hold office for a term of five consecutive years on the Board of a Company. In order to comply with the provisions of the Companies Act, 2013, it is proposed to appoint Mr. Arun Tadarwal, Mr. A R Narayanaswamy, Mr. C V Krishnan and Mr. Haigreve Khaitan as Independent Directors of the Company for a term of 5 (five) years commencing from April 1, 2014 up to March 31, 2019.

Other details of the directors, as required to be given under Clause 49(VIII) (E) of the Listing Agreement are provided in the Corporate Governance Report forming part of the Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors confirm that:

- i. In the preparation of the annual accounts, the applicable accounting standards have been followed;
- ii. They have selected such accounting policies and applied them consistently, and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2014 and of the profit of the Company for the Financial Year ended March 31, 2014;
- iii. They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. They have prepared the accounts on a "going concern" basis.

SUBSIDIARY COMPANIES AND JOINT VENTURES

The Company has following major Subsidiary and Joint Venture Companies, the details of which are given below –

a. Jianguo Sterlite Tongguang Fiber Co. Ltd. (JSTFCL)

The Company is a Joint Venture with Tongguang Group of China to set up an Optical Fiber Manufacturing Facility in China. During the year under review, JSTFCL commenced commercial production and achieved 90% capacity utilization. The Company also achieved ISO9001 certification. China market continues to contribute approximately 55% of the global optical fiber market.

JSTFCL will cater to 95% of Optical Fiber sales of STL in the China market in 2014-15 which will play a major role in driving future growth of the Company.

b. Sterlite Condispar Industrial Ltda

During the year under review, the Company has entered into a Joint Venture with Condispar Condutores Eletricos Limitada ("Condispar") in Brazil. Condispar is one of the largest companies in Brazil specializing in providing copper and aluminium cables for low and medium voltage applications in Latin America. The 50-50 Joint Venture entered between the Company and Condispar (Sterlite Condispar Industrial Ltda) will be a key milestone

towards Sterlite's global expansion strategy of its telecommunication business and is expected to commence production during mid of FY 2014-15.

c. Sterlite Grid Limited (SGL)

SGL is a wholly owned subsidiary of the Company incorporated to undertake power transmission (Grid) projects. SGL is currently executing power transmission system projects, Pan-India via its wholly-owned subsidiary companies awarded on a 'Build, Own, Operate and Maintain' (BOOM) basis. In accordance with this, transmission lines would be commissioned and the Company would operate and maintain the same for a tenure of 25-35 years through project SPVs acquired through competitive bidding process.

d. Sterlite Display Technologies Private Limited (SDTPL)

SDTPL is subsidiary of the Company which was earlier exploring growth opportunities in glass manufacturing and other related products. During the period under review, the management of the Company decided to use this entity for making investments for various power transmission (Grid) projects. During the year under review, SDTPL has acquired two mega power transmission projects to establish the Transmission System for "Eastern Region System Strengthening Scheme – VII" and "Part ATS of RAPP U-7&8 in Rajasthan".

e. Sterlite Networks Limited (SNL)

SNL provides 'Fiber-to-the-Premise (FTTP)' networks on 'Open Access' model in Telecom last mile, in chosen clusters (micro-markets) in top cities of India, on lease to carriers of High speed Internet, Voice, Video and Value added services. SNL operates in 7 major cities Mumbai, Bangalore, Chennai, Delhi, Noida, Ahmedabad and Pune, connecting 1,30,000 homes with 25,000 revenue generating homes with 99.17% network uptime. SNL has filed 45 Trademark applications for the mark FiON, 16 domestic and 5 international applications for Patents of which many have been published.

ACCOUNTS

In terms of the directions under Section 212(8) of the Companies Act, 1956, issued by the Ministry of Corporate Affairs vide General Circular No. 2 and 3 dated February 8, 2011 and February 21, 2011 respectively read with General Circular No. 8/2014 dated April 4, 2014 granting general exemption from applicability of Section 212 of the Companies Act, 1956 in relation to subsidiaries, copies of the Financial

Statements including the audited Balance Sheet, the Statement of Profit & Loss, Report of the Board of Directors and the Report of the Auditors of the Subsidiary Companies have not been attached with the Balance Sheet of the Company.

The Company undertakes that the annual accounts of the subsidiary companies and the related detailed information will be made available, upon request, to the members seeking such information at any point of time. The annual accounts of the subsidiary companies will also be kept for inspection by any member at registered office of the Company and that of the respective Subsidiary Companies. The Company shall furnish a hard copy of details of accounts of subsidiaries to any shareholder on demand. The annual accounts of the subsidiary companies will also be available on the Website of the Company www.sterlitetechnologies.com.

Additionally, the physical (hard) copies of the statement containing the salient features of all the documents, as prescribed in sub-clause (iv) of clause (b) of proviso to Section 219 of the Companies Act, 1956, read with Clause 32 of the Listing Agreement, is being sent to all the shareholders/debenture holders of the Company who have not registered their email address (es) for the purpose. Any shareholder/debenture holder interested in obtaining physical copies of full annual report may write to the "Company Secretary" at the Registered Office of the Company.

CONSOLIDATED FINANCIAL STATEMENT

The consolidated financial statements, in terms of Clause 32 of the Listing Agreement and in terms of Accounting Standard (AS) 21 on Consolidated Financial Statements read with AS-23 on Accounting for Investments in Associates and AS-27 on Financial Reporting of Interest in Joint Ventures, the audited Consolidated Financial Statements, duly audited by Statutory Auditors, also forms part of this Annual Report.

EXPLANATION ON AUDITOR'S COMMENT

The paragraph titled "Basis for Qualified Opinion" in the Auditor's Report and Note No. 43 (A) in Notes to Accounts regarding demand of excise duty and penalty amounting to Rs. 188 crores is self-explanatory and does not require further comment.

In the year 2004-05 CESTAT upheld the demand of Rs. 188 crores and interest thereon for alleged breach of norms pertaining to

Export Oriented Unit (EOU). The Company had filed an appeal before the Hon'ble High Court of Bombay against this order. The Department had also made an appeal against the same CESTAT order before the High Court of Bombay. On Company's appeal, the Hon'ble High Court directed that the appeal is not maintainable in High Court, however without prejudice to the rights of the Company. Subsequently, the Company had filed a Special Leave Petition (SLP) and appeal before the Supreme Court of India which was admitted by the Court. Hon'ble Supreme Court has also maintained the stay granted by Hon'ble High Court.

The Hon'ble Supreme Court considering that the departmental appeal against the CESTAT order was still pending before the High Court, disposed of the Special Leave Petition of the Company and directed that the records of the departmental appeal be transferred to the Supreme Court and both the Appeals i.e. Departmental Appeal as well as Civil Appeal of the Company be heard together by the Supreme Court. The status remains same and there was no development during the year under review.

Based on merits of the case and the legal opinion obtained, the management believes that the Company has a strong case and this matter does not require any further provisioning.

STATUTORY AUDITORS

M/s. S. R. Batliboi & Co. LLP, Chartered Accountants hold office till the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment. As per Section 139 of the Companies Act, 2013, a Company can appoint an audit firm as auditor for not more than two terms of five consecutive years and for calculating this term, the period prior to the commencement of the Act shall also be taken into consideration. M/s. S. R. Batliboi & Co. LLP, Chartered Accountants are Statutory Auditors of the Company from the Financial Year 2007-08. Considering the transition period of 3 years allowed by Companies Act, 2013, M/s S. R. Batliboi & Co., LLP can be appointed as the Statutory Auditors of the Company for a period of 3 years (FY 2014-15 to FY 2016-17), subject to ratification of Audit Committee, Board of Directors and shareholders every year till the time Auditors complete their term.

It is proposed to appoint M/s. S R B C & Co. LLP, Chartered Accountants, (Firm Registration No. 324982E) as the Statutory Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company. The

Company has received intimation to the effect that, proposed re-appointment, if made, would be within the prescribed limit.

COST AUDITORS

The Company had appointed M/s. Ashwin Solanki & Associates, Cost Accountants to audit the cost accounts related to the Company's products, Electric Cables & Conductors and compliance report for other products of the Company for FY 2012-13. The due date for filing the above cost audit reports was September 30, 2013; the actual date of filing was September 27, 2013. Due to resignation of earlier Cost Auditor, the Company has appointed Mr. Kiran Naik, Cost Accountant as the Cost Auditor of Company for the Financial Year 2013-14 and 2014-15.

CORPORATE GOVERNANCE

The Report on Corporate Governance along with the Certificate from the Statutory Auditors certifying the compliance of Corporate Governance enumerated in Clause 49 of the Listing Agreement with the Stock Exchanges is included in the Annual Report.

SECRETARIAL AUDIT REPORT

As a measure of good corporate governance practice, Dr. K.R. Chandratre, Practicing Company Secretary, was appointed to conduct the Secretarial Audit for the financial year ended March 31, 2014. The Secretarial Audit Report is provided in the Annual Report.

The Secretarial Audit Report confirms that the Company has complied with all the applicable provisions of the Companies Act, 1956, Securities Contracts (Regulation) Act, 1956, Depositories Act, 1996, all the Regulations and Guidelines of SEBI as applicable to the Company, including The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, Listing Agreements with the Stock Exchanges and the Memorandum and Articles of Association of the Company.

NON-CONVERTIBLE DEBENTURES

During the year under review, the Company has raised ₹ 250 Crores as long term debt by issuing Secured, Rated, Listed, Redeemable,

Non-Convertible Debentures (NCDs). The Debentures are listed on the debt segment of Bombay Stock Exchange as per the SEBI Guidelines and Debt Listing Agreement. The details of debenture trustee are –

Axis Trustee Services Limited
Axis House, 2nd Floor, Bombay Dyeing Mills Compound,
Pandurang Budhkar Marg, Worli,
Mumbai - 400025, Maharashtra, INDIA
Phone No. +91-22-24255216 Fax No. +91-22-24254200

FIXED DEPOSITS

During the year, the Company has not accepted any deposits from the public or otherwise in terms of Section 58A of the Companies Act, 1956 read with Companies (Acceptance of Deposit) Rules, 1975.

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars of conservation of energy, technology absorption and foreign exchange earnings and outgo as prescribed under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosures of Particulars in the Report of Directors) Rules 1988, is given as Annexure I and forms a part of the Directors' Report.

PARTICULARS OF EMPLOYEES

The particulars of employees as required under the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 2011 forms part of the Directors' Report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the report and the accounts are being sent to all shareholders of the Company excluding the aforesaid information. Any shareholder interested in obtaining such particulars may write to the Company Secretary at Registered Office of the Company.

EMPLOYEES STOCK OPTION SCHEME

As the members are aware, the Company had launched Employee Stock Option Schemes for the employees in June 2006 (ESOP 2006) and June 2010 (ESOP 2010) respectively, in line with Company's philosophy of sharing benefits of growth with the growth drivers. The Company allotted 385,146 shares during the year to various employees who exercised their options. The details of the options vested

during the year under review are provided in Annexure-II to this report, as required under Clause 12 of the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999. The Company has received a certificate from the Auditors of the Company that the Scheme has been implemented in accordance with the SEBI Guidelines and the resolution passed by the shareholders. The Certificate would be placed at the Annual General Meeting for inspection by members.

TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to the provisions of Section 205A(5) and 205C of the Companies Act, 1956, relevant amounts which remained unpaid or unclaimed

for a period of 7 years have been transferred by the Company to the Investor Education and Protection Fund.

Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on August 6, 2013 (date of last Annual General Meeting) on the website of the Company (www.sterlitechtechnologies.com), as also on the Ministry of Corporate Affairs website.

CORPORATE SOCIAL RESPONSIBILITY

The Company inter alia works in the fields of education for the under privileged and women-

empowerment by giving vocational training for those below poverty-line. The Annual report contains write-up on the CSR activities of the Company.

ACKNOWLEDGEMENT

Your Directors would like to express their appreciation for the assistance and co-operation received from the financial institutions, banks, Government authorities, customers, vendors and members during the year under review. Your Directors take on record their deep sense of appreciation to the contributions made by the employees through their hard work, dedication, competence, support and co-operation towards the progress of your Company.

For and on behalf of the Board of Directors

Pravin Agarwal

Whole-time Director

Anand Agarwal

CEO & Whole-time Director

Place: Pune

Date: April 30, 2014

ANNEXURE I TO THE DIRECTORS' REPORT

Particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as per Section 217 (1) (a) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the report of Directors) Rules, 1988 for the year ended March 31, 2014.

1. CONSERVATION OF ENERGY

A. The Company adopted the following measures on energy conservation:

- i. A number of measures at Optical Fiber facility, Aurangabad, resulted in saving of close to 37 lacs units. These include introducing additional cooling coils, improving the condenser water temperature to chiller, recycling of process water, introducing additional packed column at Wet Scrubbing system, Compressor Efficiency improvement, Introduction of ESS mode operation at UPS system and optimization of Fuel system at Captive power plant.
- ii. At the Optical Fiber Cable facility in Silvassa, following measures were taken to reduce power consumption. Added load balancing on incoming power feeds, run UPS on ECO mode to save power losses by 15%, transparent roof with turbo ventilation is created which has reduced lighting load by 50% and outside air is being used for cooling without adding any forced cooling, implemented automatic sustainable air wiper design, automation in compressors to make it UPS independent and reduced scrap percentage which in turn reduces the power consumption.
- iii. At the Copper Cables facility in Dadra, extruder motor was changed from 82kw to 56kw at 120mm line, pay-off & take-up DC motors were replaced with AC motor. These initiatives have helped save around 20000 Units/Month.

B. Additional investments and proposal, if any, being implemented for reduction of consumption of energy

In Aurangabad

- i. Introduction of cooling water at DT furnace cooling instead of Chilled water to

save 7.3 Lacs units per year.

- ii. Elimination of intermediate transformer at sinters to save electricity to the tune of 1.2 Lacs units per year.

In Silvassa

- i. Automation in DG set to reduce some non-critical load on UPS and hence reduce the losses.
- ii. Occupancy Sensor & Voltage choppers for office & shop floor lights proper utilization of lights & ACs.

2. TECHNOLOGY ABSORPTION

A. Specific areas in which the Company carried out R&D

In Aurangabad

- i. Introduction of annealing furnace at draw towers to improve the product Quality.
- ii. PT breaks reduced by 20% by improving clean room condition at draw towers.

In Silvassa & Dadra

- i. Micromodule Cables for Indoor Application.
- ii. Micro cables with reduced diameter with standard fiber.
- iii. Micro cables with further reduced diameter with 200 Micron fibers.
- iv. Dry i.e. totally Gel free cables in lower diameters.
- v. High Strength Micro duct cables.
- vi. Ribbon Cables with 8F Ribbon for diameter Optimization.
- vii. Micro cables with Steel Wire CSM.
- viii. LSZH Drop cables with 3 mm diameter.
- ix. Unitube Multi Tube Flat Aerial Fig 8 ADSS Cable.
- x. Easy Access Low Diameter Flat Fig 8 Cables.

- xi. Tight buffer distribution cable, Tactical Cables, Hybrid Cable (LAN & OFC) Riser Cables, patch cables, Flat FTTH Cables & CAT7 Cables.

B. Benefits derived as a result of above R&D

Benefits to customers

- i. Easy installation with Micro module indoor cables.
- ii. Ribbon cables with optimized diameters helped to get quicker installations due to low weight and fewer diameters as compared with 12-Fiber Ribbon.
- iii. Micro cables with lower diameter helped customer to use higher count cables in existing laid ducts.
- iv. Reduced diameter Micro cables helped customer to cut down the network cost by faster installations, smaller duct size.
- v. Best in class optical fibers have been developed for various applications in telecom and FTTH arena. The Bend insensitive type fibers ensure cable customers to have better performance during cabling and tremendous capacity to end-customers of optical fiber in terms of signal quality like high-definition video, high speed data rates and a superior Internet experience at affordable rates.
- vi. All FTTH Drop cables can be used for last mile connectivity in FTTH networking.
- vii. CAT7 cables can go up to 600 MHZ and can be used in 10G network.

Benefits to Sterlite

- i. Increased customer base for Optical Fiber Cable Business.
- ii. Ribbon diameter optimization enabled Sterlite to Gain biggest market share for one of the key projects with a leading telecom operator in India.
- iii. The introduction of a differentiated portfolio of optical fiber products has provided Sterlite with opportunities to access higher revenues as well as

margins via different segments of a fast-growing telecom market.

- iv. With newly developed excellent performance fibers, Sterlite has opportunities to penetrate new markets increasing its foot print, market share. These products also help company to generate higher revenues with margins.
- v. Additional products in our basket, entry of premises products in export market with high margins.
- vi. CAT7 enables a better market positioning.

C. Future plan on R&D

- i. Further size reduction of Microcables has improved installation / blowing performance and duct utilization.
- ii. To be ready with Micromodule complete Range of Products.
- iii. Focus on improving efficiency of manufacturing processes of existing product lines.
- iv. Proactively assess future market applications and develop products that would serve the needs of customers' current and future product deployment and applications.
- v. The Center of Excellence at Aurangabad has developed capabilities for measurements at very high rate data transmission paving the way for future network communications and performance.
- vi. New product development initiatives for optical fiber will be focused on developing fibers for specific applications within telecom and research on specialty types for non telecom applications in coming year.
- vii. Composite Cables (Fiber, Power and LAN Cable), Break out Cables for FTTH and Outdoor Tight buffer Cables.

D. Expenditure of R&D

₹ Crores

- 1 Capital - 10.35 Cr.
- 2 Recurring – 8.42 Cr.
- 3 Total – 18.77 Cr.
- 4 Total R&D expenditure as a % of total turnover – 0.69%

3. TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

- i. Efforts, in brief, made towards technology absorption, adoption and innovation:

The company is working towards an innovation of high technology steel wires to replace the normal steel wires and the high premium carbon composite core, which will be used as a special core for ACSS, thus ACSS Conductor will be suitable and perfect fit for re-conductoring application

- ii. Benefits derived as a result of the efforts e.g., product improvement, cost reduction, product development:

100% domestic sourcing of Aluminum from group Companies, with innovative pricing structure resulted in better domestic pricing and import parity

A gas plant (H2 SMR) started production on BOO basis – now all major gases except Helium are now produced on site by partners

Focus on increase in Supplier credit days gave good results: Reduction in Net Funds Involvement from 64 Cr to 0.89 Cr.

Strengthening of Sales & Operations led to improvement in RM inventories despite volatile demand scenario

100% wood free packaging for conductor export and 56% for domestic supply on returnable model

With continued focus on new product development, revenues from new products amounting to Rs 180 Crores for the financial year

- iii. Information regarding technology imported during last 5 years: The Company has not imported any technology

4. FOREIGN EXCHANGE EARNING AND OUTGO

Discussion on activities relating to development of exports is covered in Management Discussion & Analysis Report.

Foreign Exchange Earned : Rs. 940.15 Crores

Foreign Exchange Outgo : Rs. 1035.02 Crores

The Company does not fall in the list of industries which are required to give details of power and fuel consumption as per "Form A" of Companies (Disclosure of Particulars in the Report of Directors) Rules, 1998.

ANNEXURE II TO THE DIRECTORS' REPORT

Statement as on March 31, 2014 for Employee Stock Option Scheme, 2006 and 2010 as required under Clause 12 of the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999.

Sr. No.	Particulars	2006 Scheme		2010 Scheme	
		Date of Grant	No. of Options	Date of Grant	No. of Options
1	Options Granted	Total 69,46,750 options were granted as on March 31, 2013 the details of which are as follows		Total 48,92,800 options were granted as on March 31, 2013 details of which are as follows	
		14.06.2006	23,28,500	29.12.2011	22,24,000
		19.03.2007	6,36,000	27.07.2012	26,68,800
		28.09.2007	13,07,750		
		14.06.2008	2,55,500		
		26.06.2009	24,19,000		
2	Pricing formula	Options vest at a nominal value i.e. ₹ 2 per option.			
3	Options vested	28,64,274		4,89,408	
4	Options exercised	28,18,036		2,83,410	
5	Total number of ordinary shares arising as a result of exercise of Options	28,18,036		2,83,410	
6	Options Lapsed	39,54,434		42,79,370	
7	Variation of terms of option	None		None	
8	Money raised by exercise of option	₹ 28,18,036 /-		₹ 5,66,820 /-	
9	Total number of options in force*	1,74,288		3,30,020	
10	Employee-wise details of options granted to:				
I.	Number of options granted to Senior Managerial Personnel Dr. Anand Agarwal CEO & Whole-time Director	3,79,500		1,00,000	
II.	Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year.	None		None	
III.	Identified employees who were granted options during any one year, equal to or exceeding 1% of issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	None		None	
11	Diluted earnings per share pursuant to issue of ordinary shares on exercise of Options calculated in accordance with Accounting Standard (AS) 20 "Earnings Per Share"	₹ 1.27		₹ 1.27	
12	Method of Calculation of Employee Compensation Cost The Company has used fair market value method for calculation of compensation cost, using the Black Scholes Option Pricing Model.				
13	Weighted average exercise price and weighted average fair values of Options granted for options whose exercise price either equals or exceeds or is less than the market price of the stock. Weighted Average exercise price (per option) Weighted Average Fair value (per option)	₹ 2.00 ₹ 35.23		₹ 2.00 Grant I - ₹ 25.87 Grant II - ₹ 29.77	
14	A description of method and significant assumptions used during the year to estimate the fair values of options.				
	The fair value of each option is estimate using the Black Scholes Option Pricing model after applying following weighted average Assumptions.				
		Grant V		Grant I	Grant II
	1. Risk Free Interest rate (%)	6.05		8.33	8.04
	2. Expected Life (yrs)	1.50		1.50	1.50
	3. Expected Volatility (%)	77.57		48.31	53.93
	4. Expected Dividend Yield (%)	0.60		0.73	0.79
	5. The price of underlying share at the time of grant (₹)	35.23		25.87	29.77

*Includes options vested but not exercised and unvested as on March 31, 2013

CORPORATE GOVERNANCE REPORT

I. PHILOSOPHY OF THE COMPANY ON CODE OF GOVERNANCE

Corporate Governance represents the value, ethical and moral framework under which business decisions are taken. The investors want to be sure that not only is their capital handled effectively and adds to the creation of wealth, but the business decisions are also taken in a manner which is not illegal or involving moral hazard. All actions and strategic plans are directed towards delivering value to all stakeholders, as well as conform to the highest standards of corporate behavior. Your Company perceives good corporate governance practices as a key to sustainable

corporate growth and long-term shareholder value creation. The primary objective is to develop and adhere to a corporate culture of harmonious and transparent functioning, increasing employee and clients satisfaction and enhancing shareholders' wealth by developing capabilities and identifying opportunities that best serve the goal of value creation. All actions and strategic plans are directed towards delivering value to all stakeholders, as well as conform to the highest standards of corporate behavior. Excellence is our only core value. Your Company is continuously striving

to attain excellence in products, facilities, packaging and transportation, accompanied by excellent documentation and backed by client service. Similar to our personal performance monitoring, wherein our focus is towards being outstanding or excellent, all our products and business processes need to be 'Excellent' - first in our own perception, and then in our customers' perception. So, as we move forward, 'Excellence' will be the unique value for Sterlite - which drives us, and against which we measure ourselves.

The Company has three-tier governance structure:

STRATEGIC SUPERVISION	STRATEGIC MANAGEMENT	EXECUTIVE MANAGEMENT
The Board of Directors occupies the topmost tier in the governance structure. It plays a role of strategic supervision that is devoid of involvement in the task of strategic management of the Company. The Board lays down strategic goals and exercises control to ensure that the Company is progressing to fulfill stakeholders' aspirations.	The Executive Committee is composed of the senior management of the Company and operates upon the directions of the Board.	The function of Management Committee is to execute and realize the goals that are laid down by the Board and the Executive Committee.

II. BOARD OF DIRECTORS

The Board of Directors consists of two Whole Time Directors and six Non-Executive Directors. Four Non-Executive Directors are also Independent Directors. Mr. Anil Agarwal is a non-executive Chairman. In the absence of Mr. Anil Agarwal, the meetings are chaired by Mr. Pravin Agarwal, Whole-time Director. The Board composition is in compliance with the requirements of Clause 49 I (A) of the Listing Agreement, requiring that not less than half the Board of Directors should consist of Independent Directors. All the Independent Directors have confirmed that they meet the 'independence' criteria as mentioned under Clause 49 of the Listing Agreement. None of the Directors on the Company's Board is a Member of more than ten Committees and Chairman of more than five Committees (Audit Committee and Investors' Grievance Committee) across all companies in which

he is a Director. All the Directors have made necessary disclosures regarding Committee positions and Directorship held by them in other companies. The appointment of the Whole-time Directors, including the tenure and terms of remuneration are also approved by the members. The required information as enumerated in Annexure IA to Clause 49 of the Listing Agreement is made available to the Board of Directors for discussions and consideration at Board Meetings. The Board reviews the declaration made by the Chief Executive Officer regarding compliance with all applicable laws on a quarterly basis as also steps taken to remediate instances of non-compliance, if any. Chief Executive Officer and Chief Financial Officer have certified to the Board in accordance with Clause 49V of the Listing Agreement pertaining to CEO and CFO certification for the Financial Year

ended March 31, 2014. During the Financial Year 2013-14, eight meetings of the Board of Directors were held on April 26, 2013; May 27, 2013; June 20, 2013; July 26, 2013; October 25, 2013; November 25, 2013; January 30, 2014, and February 13, 2014. The maximum time-gap between any two consecutive meetings did not exceed four months. Video/Tele-conferencing facilities are used to facilitate Directors travelling abroad, or present at other locations, to participate in the meetings. The composition of the Board of Directors, attendance of the Directors in Board Meetings and Annual General Meeting and their shareholding details in the Company are as follows :

Name	Designation	Board Meetings attended	Attendance at the Last AGM	Directorships in other Companies ¹	Committee Memberships (Chairmanships) in other Companies ³	Number of shares held in the Company
Anil Agarwal	Non-Executive Chairman	00	No	04	Nil	Nil
Arun Todarwal ²	Non-Executive	08	Yes	05	06	925
A. R. Narayanaswamy ²	Non-Executive	07	No	05	Nil (02)	Nil
C V Krishnan ²	Non-Executive	07	No	Nil	Nil	Nil
Haigreve Khaitan ²	Non-Executive	00	No	15	07	Nil
Pravin Agarwal	Whole-time Director	08	Yes	04	Nil	30,000
Anand Agarwal	CEO & Whole-time Director	08	No	04	Nil	2,02,680
Pratik Agarwal	Non-Executive	07	No	10	Nil	1,81,140

1. All public, private, foreign, Section 25 Companies are included. 2. Independent Directors.
3. Includes only Audit and Investors' Grievance Committees.

III. DIRECTORS WITH MATERIALLY SIGNIFICANT, PECUNIARY OR BUSINESS RELATIONSHIP WITH THE COMPANY

As required under Accounting Standard 18, transactions with related parties are furnished under Note 44 of Notes to the Accounts. There are no transactions of material nature with the Promoters, Directors or their relatives, etc that

may have potential conflict with the interest of the Company. Disclosures have been received from Directors and Senior Management relating to the financial transactions in which they or their relatives may have personal

interest. However, none of these transactions have a potential conflict with the interest of the Company at large.

IV. COMMITTEES OF THE BOARD

AUDIT COMMITTEE

The Company has the Audit Committee which is in accordance with the requirements of Section 177 of the Companies Act, 2013, 292A of the Companies Act, 1956 and Clause 49 (II) of the Listing Agreement entered into with the Stock Exchanges. The primary objective of the Audit Committee of the Board of Directors of a Company is to discharge responsibilities relating to accounting and reporting of financial practices adopted by the Company and its subsidiaries, surveillance of internal financial control systems as well as accounting and audit activities. The terms of reference of the Audit Committee include:

1. Review of the Company's financial reporting process and the disclosure of its financial information to ensure the financial statement is correct, sufficient and credible.
2. Reviewing the adequacy of internal audit function, the structure of the internal audit department, reporting structure coverage and frequency of internal audit.
3. Recommending the appointment, terms of appointment and removal of statutory auditor and the fixation of audit fees, payment to Statutory Auditors for any other services rendered and any other related payments.
4. Reviewing the Statutory and Internal Auditor's independence and performance and scrutinizing the effectiveness of the entire Audit process.
5. 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.
6. 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.
7. Reviewing, with the management, the quarterly and annual financial statements and the Auditors' report before submission to the board for approval, focusing primarily on:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report.
 - b. Compliance with accounting standards and changes in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on exercise of judgment by Management.
8. Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
9. Reviewing with management, the periodical financial statements.
10. Reviewing with the management, external and internal auditors, the adequacy of internal financial control systems, frequency of internal audit, significant findings by internal auditors and follow up

- there on.
11. Discussion with external auditors, nature and scope of audit as well as have post-audit discussions.
 12. Reviewing the Company's financial and risk management policies.
 13. Reviewing Whistle Blower Mechanism
 14. Reviewing Management Discussion and Analysis Report, Management letters / letters of internal control weaknesses issued by the statutory auditors, if any; Internal audit reports relating to internal control weaknesses.
 15. Approving any transactions or subsequent modifications of transactions with related parties.
 16. Reviewing inter-corporate loans and investments.
 17. Valuation of undertakings or assets of the Company, if necessary.
 18. Reviewing of financial statements and investments made by subsidiary companies.
 19. Look into the reasons for any substantial defaults in payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividend) and creditors, if any;
 20. Reviewing the effectiveness of the system for monitoring compliance with laws and regulations.
 21. Approving the appointment of CFO after assessing the qualification, experience and background etc of the candidate.

Composition And Meetings

The Audit Committee comprises of four Non-Executive Directors who are independent and one Executive Director. The representatives of internal and statutory auditors are permanent invitees of the Audit Committee. Mr. Arun Tadarwal, Chairman of the Committee (Non-Executive, Independent Director) is a

Chartered Accountant and has accounting and financial expertise. The other Committee members are financially literate. The quorum of the Committee is two members or one-third of its members, whichever is higher which should include two independent directors.

The Chairman of the Audit Committee also attended the last Annual General Meeting of the Company. The Audit Committee met four times during the Financial Year 2013-14 on April 26, 2013; July 26, 2013; October 25, 2013 and January 30, 2014.

The Composition of the Audit Committee and attendance at committee meetings is as follows:

Name	Category	Number of Meetings Attended
Arun Tadarwal (Chairman)	Non-Executive & Independent	04
Haigreve Khaitan	Non-Executive & Independent	Nil
A. R. Narayanaswamy	Non-Executive & Independent	04
C V Krishnan	Non-Executive & Independent	03
Pravin Agarwal	Whole-time Director	04

The meetings are usually attended by the Executive Directors, the Statutory Auditor, Internal Auditor, and the Chief Financial

Officer. The Business and Operation Heads are also invited to the meetings, as required. The Company Secretary acts as the Secretary

to the Audit Committee. The Internal Audit function reports to the Audit Committee to ensure its independence.

NOMINATION AND REMUNERATION COMMITTEE

Pursuant to provisions of Companies Act, 2013, Clause 49 of the Listing Agreement and Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, the Board of Directors in its meeting held on April 30, 2014 has reconstituted and changed the nomenclature of Remuneration/ Compensation Committee to Nomination and Remuneration Committee. The terms of reference of the 'Remuneration / Compensation Committee' was also conferred on 'Nomination and Remuneration Committee'.

The terms of reference of the Nomination and Remuneration Committee include:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
2. Formulation of criteria for evaluation of Independent Directors and the Board;
3. Devising a policy on Board diversity;
4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal;
5. Administration of Employee Stock Option Scheme(s);
6. Reviewing and recommending the remuneration of Whole-time Directors of the Company.

Composition And Meetings

The Committee comprises three Non-Executive Directors, who are Independent. Mr. Arun Tadarwal is the Chairman of the Committee. The Chairman of the Remuneration

Committee was present at the last Annual General Meeting. The Committee met once during the year 2013-14 on August 5, 2013. The Composition of the Remuneration/

Compensation Committee and attendance at Committee meetings is as follows:

Name	Category	Number of Meetings Attended
Arun Todarwal (Chairman)	Non-Executive & Independent	01
Haigreve Khaitan*	Non-Executive & Independent	Nil
A. R. Narayanaswamy	Non-Executive & Independent	01
C. V. Krishnan#	Non-Executive & Independent	Nil

* Ceased to be a member of the committee with the effect from April 30, 2014

Appointed as a member of the committee with the effect from April 30, 2014

STAKEHOLDERS' RELATIONSHIP COMMITTEE

Pursuant to provisions of Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board of Directors changed the nomenclature of Investors' Grievances Committee to Stakeholders' Relationship Committee. The terms of reference of the 'Investors' Grievances Committee' was also conferred on 'Stakeholders' Relationship Committee'.

The Stakeholders' Relationship Committee oversees redressal of stakeholders' grievances. The Committee comprises Mr. A. R. Narayanaswamy (Chairman), Mr. Arun Todarwal and Mr. Pravin Agarwal as the members. The Committee met four times during the year 2013-14 on April 26, 2013; July 26, 2013; October 25, 2013 and January

30, 2014. During the year, the Company received 252 complaints for various matters like non-receipt of share certificates, non-issue of duplicate certificates, rejection of demat request, etc. All the complaints were resolved by the Company to the satisfaction of investors.

The details of Committee meetings and attendance of Directors are as under:

Name	Category	Number of Meetings Attended
A. R. Narayanaswamy (Chairman)	Non-Executive & Independent	04
Arun Todarwal	Non-Executive & Independent	04
Pravin Agarwal	Whole-time Director	04

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Pursuant to provisions of the Companies Act, 2013, the Board of Directors of the Company in its meeting held on April 30, 2014, constituted the Corporate Social Responsibility Committee. The Committee's prime responsibility is to assist the Board in discharging its social responsibilities by way of formulating and monitoring implementation of the Corporate Social Responsibility Policy. The Committee's constitution and terms of reference meet

with the requirements of the Companies Act, 2013 and rules made thereunder. The terms of reference of the Corporate Social Responsibility Committee include:

1. To formulate and recommend to the Board, a Corporate Social Responsibility Policy (CSR Policy) or its modification which shall indicate the activities to be undertaken by the company as specified in Schedule VII;

2. To recommend the amount of expenditure to be incurred on the activities as prescribed under CSR Policy;

3. To monitor the CSR Policy of the company from time to time;

4. To approve the Corporate Sustainability Report and oversee the implementation of sustainability activities.

The Composition of the Corporate Social Responsibility Committee is as follows:

Name	Category
Arun Todarwal, Chairman	Non-Executive & Independent
A.R. Narayanaswamy	Non-Executive & Independent
Pravin Agarwal	Whole-time Director
Anand Agarwal	CEO & Whole-time Director

No meeting of the Corporate Social Responsibility Committee was held after its constitution.

DETAILS OF REMUNERATION PAID TO THE DIRECTORS

Mr. Pravin Agarwal and Dr. Anand Agarwal are the two Executive Directors of the Company.

Mr. Pravin Agarwal was appointed as Whole-time Director of the Company for a period of

3 years with effect from October 30, 2012. As per the terms of appointment, the agreement

can be terminated by giving 90 days notice or equivalent pay by either of the sides. Dr. Anand Agarwal was appointed as Whole-time Director and designated as Chief Executive Officer of the Company for a period of 3 years with effect from July 30, 2012. As per the terms of appointment, the agreement can be terminated by giving 90 days notice or equivalent pay by either of the sides.

A sitting fee of Rs. 20,000/- for attendance at each meeting of the Board and Rs.10,000/-

for Audit Committee, Investors' Grievance Committee and Remuneration/Compensation Committee is paid to its Members (excluding Executive Directors). The remuneration by way of commission to the non-executive directors is decided by the Board of Directors and distributed to them based on their participation and contribution at the Board and certain Committee meetings as well as time spent on operational matters other than at meetings. On September 20, 2011, the Members had approved the payment of

remuneration by way of commission to the Non- Executive directors of the Company, of a sum not exceeding 1% per annum of the net profits of the Company, calculated in accordance with the provisions of the Companies Act, 1956, for a period of 5 years commencing from Financial Year 2011-12.

The break-up of remuneration actually paid to directors (excluding provisions, if any) during FY 2013-14 is as follows

(₹ In Lacs)				
Director	Salary/ Perquisites	Incentives/ Commission	Sitting Fee	Total
Anil Agarwal	–	–	–	–
Arun Todarwal	–	7.50	2.50	10.00
A. R. Narayanaswamy	–	7.50	2.30	9.80
C. V. Krishnan	–	–	1.70	1.70
Haigreve Khaitan	–	4.50	–	4.50
Pravin Agarwal	339.00	60.00	–	399.00
Anand Agarwal	229.00	50.00	–	279.00
Pratik Agarwal	–	7.50	1.40	8.90

Notes:

- Under ESOP-2006 Scheme, Dr. Anand Agarwal was granted 1,73,000 Stock options in June 2009, each option convertible in one equity share of Rs.2 each. Out of these, 1,38,400 options are eligible for vesting during a period of five years, as per the scheme. During the year under review, 13,840 options vested, in respect of which equal number of shares was allotted to Dr. Anand Agarwal, upon exercise.
- Under ESOP 2010 Scheme, Dr. Anand Agarwal was granted 1,00,000 Stock Options in December 29, 2011 each option convertible in one equity share of Rs.2 each. Out of these, 30,000 options are eligible for vesting during the period of five years, as per the scheme. During the year under review 6,000 options vested, in respect of which equal shares will be allotted to Dr. Anand Agarwal, on exercise.

V. SUBSIDIARY COMPANIES

The Company does not have any material non-listed subsidiary company and hence, it is not required to have an Independent Director of the Company on the Board of such subsidiary company.

Significant issues pertaining to subsidiary companies are also discussed at Audit Committee meetings. Apart from disclosures made in the Directors' Report there were no strategic investments made by the Company's non-listed subsidiaries during the year under review. The performance of all its subsidiaries

is also quarterly reviewed by the Board. The minutes of all the subsidiary companies are placed before the Board of Directors of the Company and the attention of the Directors is drawn to significant transactions and arrangements entered into by the subsidiary companies.

VI. PROFILE OF DIRECTOR TO BE APPOINTED / REAPPOINTED

Sr. No.	Particulars as on March 31, 2014		
1.	Mr. Arun Todarwal		
	Mr. Arun Todarwal is a Non- Executive Director of the Company. He has profound knowledge in areas like Finance Management Consultancy and Audit	He is a partner of Todarwal & Todarwal, a Chartered Accountant Firm.	DIN : 00020916 Date of Birth - June 16, 1957 Date of Joining Board - January 25, 2003 Shareholding – 925 shares
	Directorships including Memberships and Chairmanships of Committees		
	<ol style="list-style-type: none"> 1. Welspun India Limited - Member of Audit Committee and Remuneration Committee 2. Welspun Investments & Commercials Limited - Member of Audit Committee, Remuneration Committee and Shareholder's & Investor's Grievances Committee 3. Graviss Hospitality Limited - Member of Audit Committee 4. Graviss Hotel & Resorts Limited 5. Anuh Pharma Limited - Member of Audit Committee 6. Lakecity Ventures Pvt. Ltd. (Formerly known as Sterlite Shipping Ventures Ltd.) 7. SREI Mutual Fund Trust Private Limited 		
2.	Mr. A.R. Narayanaswamy		
	Mr. A. R. Narayanaswamy is a Chartered Accountant and Management Consultant. He is a Fellow Member of The Institute of Chartered Accountants of India and	provides consulting services in Accounting, Financial Management and Information Technology across several Industry verticals.	DIN : 00818169 Date of Birth - December 22, 1951 Date of Joining Board - April 30, 2007 Shareholding - NIL
	Directorships including Memberships and Chairmanships of Committees		
	<ol style="list-style-type: none"> 1. Hindustan Zinc Limited – Chairman of Audit Committee and Shareholder's & Investor's Grievances Committee 2. IBIS Softec Solutions Pvt. Ltd. 3. IBIS Logistics Pvt.Ltd. 4. IBIS Systems and Solutions Pvt. Ltd. 5. Primex Healthcare and Research Pvt. Ltd 		
3.	C V Krishnan		
	Mr. C. V. Krishnan is a B.Tech. from IIT-Madras and MBA from IIM, Ahmedabad . Mr. Krishnan has profound experience across various sectors as President/ Managing Director/CEO of large organizations like E.I.D Parry (India)	Limited, Essar Power Limited, Sterlite Industries (India) Limited and its subsidiaries. His areas of expertise include organizational turnaround, transformation management, corporate growth and financial management.	DIN: 01606522 Date of Birth- March 9, 1950 Date of Joining Board - April 26, 2013 Shareholding - NIL
	Directorships including Memberships and Chairmanships of Committees		
	Nil		

Sr. No.	Particulars as on March 31, 2014		
4.	Haigreve Khaitan		
	Mr. Haigreve Khaitan is a Partner of Khaitan & Co., a leading law firm and holds a bachelors degree in Legislative Laws.	He has varied experience in commercial and corporate laws, tax laws, mergers and acquisitions, restructuring, foreign coloration, licensing etc.	DIN : 00005290 Date of Birth - July 13, 1970 Date of Joining Board - July 30, 2003 Shareholding - NIL
	Directorships including Memberships and Chairmanships of Committees		
	<ol style="list-style-type: none"> 1. Ambuja Cements Limited 2. Bajaj Corp Limited – Member of Remuneration Committee 3. Ceat Limited 4. Firstsource Solutions Limited 5. Harrisons Malayalam Limited-Member of Audit Committee and Remuneration Committee. 6. Inox Leisure Limited- Member of Audit Committee and Remuneration Committee. 7. Jindal Steel and Power Limited - Member of Audit Committee 8. Karam Chand Thaper & Bros (Coal Sales) Limited 9. National Engineering Industries Limited- Member of Audit Committee, Remuneration Committee and Shareholders' Grievance Committee 10. Torrent Pharmaceuticals Limited - Member of Audit Committee 11. Xpro India Limited - Member of Remuneration and Nomination Committee 12. AVTEC Limited - Member of Audit Committee 13. Great Eastern Energy Corporation Limited - Member of Remuneration/Compensation Committee and Share Transfer Committee 14. Vinar Systems Private Limited 15. Bharat Fritz Werner Limited 		
5.	Dr.Anand Agarwal		
	Dr. Anand Agarwal joined Sterlite in 1995 and has held various positions, including manufacturing, quality assurance and business development. Prior to joining Sterlite, he worked with Siemens.	He completed his B. Tech in metallurgical engineering from IIT-Kanpur and was awarded Masters and Ph. D. from the Rensselaer Polytechnic Institute, USA.	DIN: 00057364 Date of Birth –August 7, 1968 Date of Joining Board - July 30, 2003 Shareholding – 2,02,680 shares
	Directorships including Memberships and Chairmanships of Committees		
	<ol style="list-style-type: none"> 1. Sterlite Grid Limited 2. Sterlite Display Technologies Private Limited. 3. Sterlite Technologies Europe Ventures Limited 4. Sterlite Global Ventures(Mauritius) Limited 		

VII. GENERAL BODY MEETINGS

Details of last three Annual General Meetings Date	Location	Time	Special Resolutions Passed
Sept. 20, 2011	Survey No. 68/1, Madhuban Dam Road, Rakholi - 396230, Union of Territory of Dadra & Nagar Haveli, India.	12:30 pm	i. Payment of Commission to Non – Executive Directors
Sept 12, 2012	Survey No. 68/1, Madhuban Dam Road, Rakholi - 396230, Union of Territory of Dadra & Nagar Haveli, India.	12:30 pm	i. Appointment of Mr. Pravin Agarwal as Whole-Time Director ii. Appointment of Dr. Anand Agarwal as CEO & Whole-Time Director
August 6, 2013	Survey No. 68/1, Madhuban Dam Road, Rakholi - 396230, Union of Territory of Dadra & Nagar Haveli, India.	12:30 pm	Nil

All resolutions moved at the last Annual General Meeting were passed by a show of hands by the requisite majority of members attending the meeting. None of the items to be transacted at the ensuing meeting is required to be passed by postal ballot.

Details of resolutions passed by Postal Ballot – None of the transactions during the Financial Year 2013-14 were required to be passed through Postal Ballot.

VIII. DISCLOSURES

- a. Disclosures on materially significant related party transactions - There were no transactions with the Promoters, Directors and management during the period, which would have potential conflict with the interests of the Company at large.
- b. The Company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities. No penalties or strictures were imposed on the Company by the Stock Exchanges, SEBI or any statutory authorities on any matter relating to capital markets.
- c. The Company has adopted a 'Whistleblower Policy', which has been communicated to all employees along with Code of Business Conduct & Ethics. The Whistleblower policy is the mechanism to help the employees to raise their concerns about any malpractice, impropriety, abuse or wrongdoing at an early stage and in the right way, without fear of victimization, subsequent discrimination or disadvantage. The policy encourages the employees to raise concerns within the Company rather than overlooking a problem. All Complaints under this policy are reported to the Director - Management Assurance, who is independent of operating management and businesses. 'Complaints' can also be sent to the designated E-Mail ID: stl.whistleblower@vedanta.co.in. The Director - Management Assurance reviews the 'Complaint', and may investigate it himself or may assign another person to investigate, or assist in investigating the 'Complaint'. At least once in every six months and whenever else as deemed necessary, Director – Management Assurance submits a report to the Audit Committee and any other member of Company management that the Audit Committee directs to receive such report, that summarizes each 'Complaint' made within the last 12 months. The Whistleblower Policy also contains mechanism of redressal available for an employee, if he/she feels that he/ she has been retaliated against due to disclosure of concern. No person has been denied access to the Audit Committee. The Whistleblower policy has also been extended to external stakeholders like vendors, customers, etc.
- d. The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreements executed with the Stock Exchanges. Comments on adoption of non-mandatory requirements are given at the end of this report.
- e. The Company has not received any complaints relating to child labour, forced labour, involuntary labour and sexual harassment during the FY 2013-14. As for protection against sexual harassment, the Company has formed an internal complaints committee to which employees can write their complaints. Also the Company has Policy on prevention and prohibition of sexual harassment which has formalized a free and fair enquiry process with clear timeline.

IX. IMPLEMENTATION OF CODE OF CONDUCT

The Company has amended its 'Code of Business Conduct & Ethics' to meet the changing internal and external environment for its employees at all levels including Senior Management and Directors. The Code has also been posted on the Company's website www.sterlitetechnologies.com. The Code serves

as a guide to the employees of the Company to make informed and prudent decisions and act on them. As required under Clause 49 of the Listing Agreement, the affirmation of compliance with the Code from Directors and Senior Management personnel has been obtained for this financial year. Further, the

Company is committed to maintaining a productive environment for all its employees at various levels in the organization, free of sexual harassment & discrimination on the basis of gender. Towards this, the Company has framed the 'Policy on prevention and prohibition of sexual harassment'.

X. COMPLIANCE WITH SEBI (PROHIBITION OF INSIDER TRADING) REGULATIONS, 2002

Considering the amendments to these Regulations in 2008, the Board of Directors in their meeting held on October 20, 2009 had approved amended code of conduct namely 'Code of Conduct for Prevention of Insider Trading and the Code of Corporate Disclosure Practices' for Directors, Officers

and Designated Employees for dealing in shares of the Company. The amended Code is being implemented with effect from October 20, 2009. Various forms have been designed to receive periodical information from the Directors, Officers and Designated Employees of the Company, as required in terms of these

Regulations. Further, the Trading Window for dealing in shares of the Company has been closed for the Directors and employees of the Company as per the Insider Trading Code in force in the Company.

XI. SECRETARIAL AUDIT

- | | | |
|--|--|--|
| <p>1. Pursuant to Clause 47(c) of the Listing Agreement with the Stock Exchanges, certificates, on half yearly basis, have been issued by a Company Secretary-in-Practice for due compliance of share transfer formalities by the Company.</p> | <p>2. A qualified Practicing Company Secretary carried out a Secretarial Audit to reconcile the total admitted capital with NSDL and CDSL and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with</p> | <p>the aggregate of the total number of shares in physical form and the total number of shares in dematerialized form (held with NSDL and CDSL).</p> |
|--|--|--|

XII. MEANS OF COMMUNICATION

- | | | |
|---|---|--|
| <p>1. Quarterly Financial Results are published in English in the All-India Edition of The Business Standard or The Economic Times and are also published in Gujarati or English, in the Surat Edition of Divya</p> | <p>Bhaskar.</p> <p>2. Results are also posted on the Company's website: www.sterlitetechnologies.com</p> <p>3. The Company also displays official news releases and the presentations made to</p> | <p>institutional investors or to analysts on the website.</p> <p>4. Management Discussion & Analysis is a part of the Annual Report.</p> |
|---|---|--|

XIII. GENERAL SHAREHOLDER INFORMATION

Annual General Meeting	Day, Date – Tuesday, August 19, 2014 Time – 12.30 p.m. IST Survey No. 68/1, Rakholi Village, Madhuban Dam Road, Silvassa – 396230 Union Territory of Dadra & Nagar Haveli, INDIA
Book Closure Dates:	Saturday, August 9, 2014 to Tuesday, August 19, 2014 (both days inclusive)
Dividend Payment Date:	Dividend, if declared in the Annual General Meeting will be paid within the statutory time limits.

Financial Calendar for the year 2014-15 (Ending March 31)



Listing of shares on Stock Exchanges

The equity shares of the Company are listed on BSE Limited and National Stock Exchange of India Limited. Annual listing fees for the financial year ended March 31, 2014 have been paid to BSE Limited and National Stock Exchange of India Limited.

The Stock Codes of the Exchanges are as under:

Exchange	Code	Address
BSE	532374	BSE Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai- 400001
NSE	STRTECH	National Stock Exchange of India Ltd. Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex Bandra (E) Mumbai - 400 051.

Stock Price Data

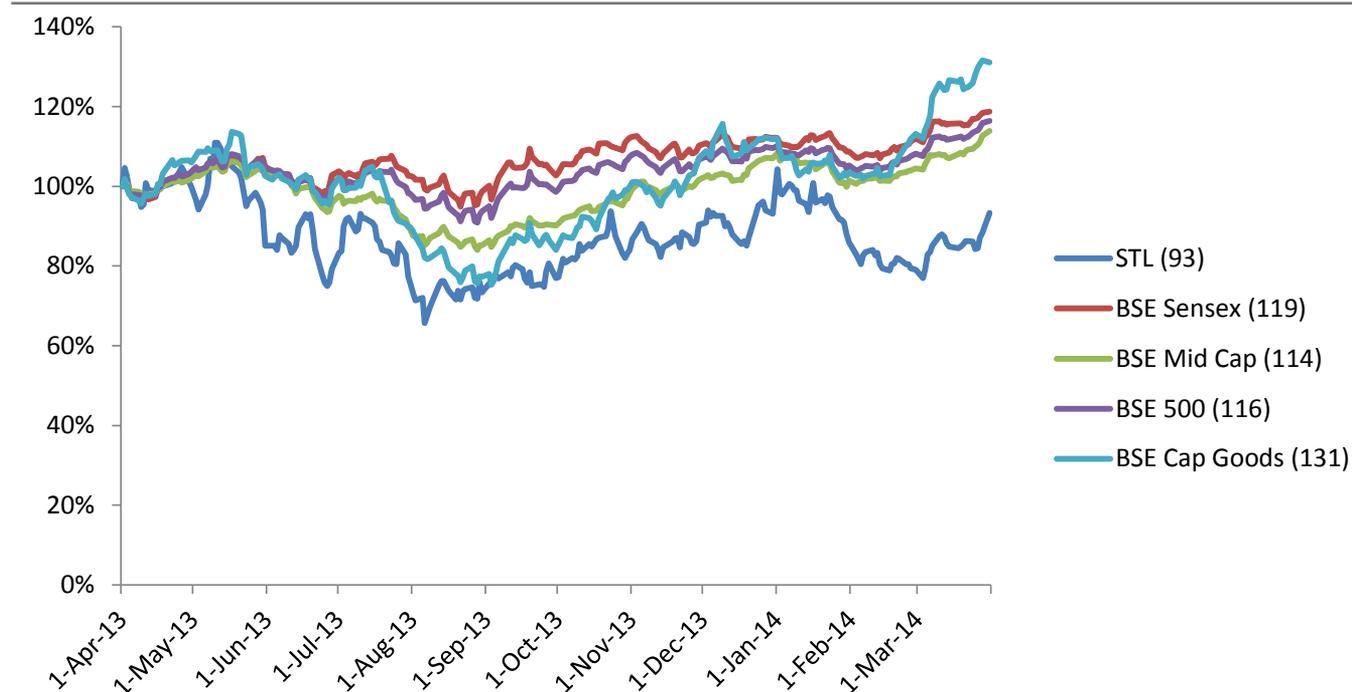
Stock Price data for the period April 1, 2013 to March 31, 2014 is as detailed below:

MONTH	NSE		BSE	
	Monthly High (₹)	Monthly Low (₹)	Monthly High (₹)	Monthly Low (₹)
Apr -13	26.00	23.50	26.00	23.50
May -13	27.50	20.80	27.50	21.10
Jun -13	23.20	18.60	23.05	18.60
Jul -13	23.15	18.70	23.10	18.75
Aug -13	18.95	16.35	18.90	16.30
Sep -13	19.90	18.35	20.00	18.55
Oct -13	23.30	19.05	23.25	19.15
Nov -13	22.45	20.40	22.45	20.40
Dec -13	24.65	21.10	24.60	21.10
Jan -14	25.80	21.35	25.85	21.30
Feb -14	20.90	19.55	20.85	19.55
Mar -14	23.15	19.20	23.15	19.10

Sources: Data Compiled from BSE & NSE official websites

XIV. STOCK PERFORMANCE

The performance of the Company's stock prices is given in the charts below:



Distribution of Shareholding as on March 31, 2014

Range of Shares	Number of Shareholders	% of Shareholders	Number of Shares	% of Equity
1 to 5,000	1,29,296	97.82	6,77,81,457	17.21
5,001 to 10,000	1,531	1.16	1,10,79,748	2.81
10,001 to 20,000	723	0.55	1,04,69,605	2.66
20,001 to 30,000	265	0.20	66,71,073	1.69
30,001 to 40,000	98	0.07	34,60,509	0.88
40,001 to 50,000	61	0.05	27,88,244	0.71
50,001 to 100,000	112	0.08	79,41,818	2.02
100,001 & Above	92	0.07	28,36,31,827	72.02
Total	1,32,178	100.00	39,38,24,281	100.00

Equity holding pattern as on March 31, 2014

Category	Number of Shares	% of Equity
Promoter Group	21,53,05,601	54.67
Banks, Directors, Mutual Funds, Trusts, UTI, LIC, Govt & Insurance Companies, Overseas Corporate Bodies, Indian Financial Institutions, Foreign Nationals etc.	3,40,37,501	8.58
Foreign Bodies Corporates, FIs and NRIs	92,50,699	2.35
Bodies Corporates	1,98,94,024	5.05
Individuals (Public) & HUFs	11,46,16,652	29.10
Clearing Members	7,19,804	0.18
Total	39,38,24,281	100.00

DEMATERIALIZATION OF SHARES AND LIQUIDITY

The Company's equity shares are compulsorily traded in the electronic form. As on March 31, 2014, 38,67,57,598 shares representing 98.20% of total equity capital were held in electronic form. The Shareholders can hold the shares in demat form either through NSDL or CDSL. The ISIN number allotted to the Company is INE089C01029.

UNPAID / UNCLAIMED DIVIDEND

In terms of section 205A and 205C of the Companies Act, 1956, the Company is required to transfer the amount of dividend remaining unclaimed for a period of seven years from the date of transfer to the unpaid dividend account to the Investor Education and protection Fund (IEPF). Unclaimed

dividend(s) will be transferred to IEPF, within a period as stipulated under the Companies Act, 1956, as under:

- Dividend for the year 2006-07: Due for transfer from August 17, 2014
- Dividend for the year 2007-08: Due for transfer from September 13, 2015
- Dividend for the year 2008-09: Due for transfer from August 29, 2016
- Dividend for the year 2009-10: Due for transfer from August 19, 2017
- Dividend for the year 2010-11: Due for transfer from October 25, 2018
- Dividend for the year 2011-12: Due for transfer from October 17, 2019
- Dividend for the year 2012-13: Due for transfer from September 11, 2020

During the year under review, the dividend for the year 2005-06 amounting to Rs 622,715/- which was unclaimed for a period of seven years from the date of transfer to unpaid dividend account, was transferred to the Investor Education Protection Fund (IEPF).

Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date & likely impact on equity –

The Company has not issued any GDRs and ADRs and hence there are no outstanding GDRs/ADRs.

DETAILS OF OUTSTANDING SHARES IN THE UNCLAIMED SUSPENSE ACCOUNT

Particulars	No. of Shareholders	No. of Outstanding Shares
As on April 1, 2013	5,553	22,17,090
Shareholders approached for transfer/delivery during FY 2013-14	33	21,085
Shares transferred/delivered during FY 2013-14	33	21,085
Balance as on March 31, 2014	5,520	21,96,005

SHARE TRANSFER SYSTEM

Two Directors and some Executives of the Company have been given powers to deal with all the matters related to transfers, transmission, issuance of duplicate share/debenture certificates, split and/or consolidation requests. In addition, the Company Secretary and authorised officials of the Registrar and Transfer Agents of the

Company have been given powers to endorse registration of transfers on share certificates. The Company's shares being in compulsory demat list are also transferred through the depository system. The Company has entered into agreements with both the depositories NSDL & CDSL. Karvy Computershare Private Limited, Hyderabad is the Registrar and

Transfer Agent for both physical and electronic mode of transfer of shares. Transfers for shares held in the physical mode are approved on a 10 days cycle. Physical Shares sent for transfer are duly transferred within 10-15 days of receipt of documents, if found in order. Shares under objection are returned within 7-10 days

REGISTRAR & TRANSFER AGENTS

Karvy Computershare Private Limited, Hyderabad is the Registrar and Transfer Agent of the Company: Shareholders, beneficial owners and Depository Participants, (DPs) can send/deliver the documents/correspondence relating to the Company's share transfer activity, etc to Karvy Computershare Private Limited at the following address:

Karvy Computershare Private Limited
(Unit – Sterlite Technologies Limited)
Plot No.17 to 24, Vittalrao Nagar,
Madhapur, Hyderabad – 500 081, India
Tel: +91-40-44655000 to 16
Fax: +91-40-23420814
E-mail: einward.ris@karvy.com

Shareholders' correspondence should be addressed to the Company's Registrar and Transfer Agents at the above-mentioned address. In case of unresolved complaints, the members may also write to the Company Secretary at the office of the Company as detailed below:

Sterlite Technologies Limited
4th Floor, Godrej Millennium
9 Koregaon Road, Pune – 411 001
Maharashtra, India
Phone: +91-20-30514000
Fax: +91-20-30514113
E-mail: communications@sterlite.com

Registered Office:

Survey No. 68/1, Rakholi Village,
Madhuban Dam Road, Silvassa – 396230,
Union Territory of Dadra & Nagar Haveli, India

DEBENTURE TRUSTEE

Axis Trustee Services Limited
Axis House, 2nd Floor, Bombay Dyeing Mills
Compound,
Pandurang Budhkar Marg, Worli,, Mumbai -
400025, Maharashtra, INDIA
Phone No. +91-22-24255216 Fax No. +91-22-
24254200

PLANT LOCATIONS

Optical Fiber	<ul style="list-style-type: none"> E2, E3, MIDC, Waluj, Aurangabad – 431136, India AL-23, Shendra MIDC SEZ, Aurangabad - 431 201, Maharashtra, India
Fiber Optic Cables & OPGW Cables	<ul style="list-style-type: none"> Survey No. 68/1, Rakholi Village, Madhuban Dam Road, Silvassa - 396230, Union Territory of Dadra & Nagar Haveli, India
Copper Telecom Cables & Structured Data Cables	<ul style="list-style-type: none"> Survey No. 33/1/1, Waghdera Road, Dadra - 396191, Union Territory of Dadra & Nagar Haveli, India
Power Conductors	<ul style="list-style-type: none"> Survey No. 99, Rakholi Village, Madhuban Dam Road, Silvassa - 396230, Union Territory of Dadra & Nagar Haveli, India Plot 2D, Sector 10, IIE SIDCUL, Haridwar - 249403, India Burkhamunda, Jharsuguda, Orissa - 768202, India Survey No. 209, Phase II, Piparia Industrial Estate, Piparia, Union Territory of Dadra & Nagar Haveli
Power Cables Business	<ul style="list-style-type: none"> No 5, Vardhaman Industrial Estate, Haridwar - 249402 Uttaranchal, India

The status of compliance in respect of non-mandatory requirements of Clause 49 of Listing Agreement is as follows:

1. The Board

Mr. Anil Agarwal is the non-Executive Chairman of the Board. As the Chairman has a separate office, the Company does not reimburse expenses incurred by him for maintenance of a separate Chairman's office. The independent directors have the requisite qualifications and experience, which would be of use to the Company and which, in its opinion, would enable such directors to contribute effectively to the Company's business.

2. Remuneration Committee

Details are given under the heading 'Nomination and Remuneration Committee'.

3. Shareholder Rights

The Company publishes its results in the newspapers having nationwide circulation. Also, results are uploaded on Company's website. The copy of results is furnished to all the shareholders who request for the same. Therefore Company does not circulate the half-yearly results to its shareholders.

4. Audit Qualifications

Please refer to the explanation by the Board of Directors in the Directors' Report, on the qualification of auditors on the accounts for the financial year 2013-14.

5. Training of Board Members

The Directors interact with the management on any and every information that may be required by them in a very free and open manner. The Independent Directors are encouraged to attend training programs that may be of relevance and interest to the Directors in discharging their responsibilities to the Company's stakeholders.

6. Mechanism for evaluating non-executive Board members

The performance evaluation of non-executive Board members is done by the Board annually based on criteria of attendance and contributions at Board/Committee Meetings as also for the role played other than at Meetings. However, no formal recording of evaluation is done.

7. Whistleblower Mechanism

The Company has a Whistleblower Policy and the appropriate mechanism is in place, which has been discussed in this report.

DECLARATION

In accordance with Clause 49 of the Listing Agreement with the Stock Exchanges, I hereby confirm that, all Board Members and the Senior Management Personnel have affirmed compliance with the Code of Conduct and Business Ethics of the Company for the Financial Year ended March 31, 2014.

For Sterlite Technologies Limited

Dr. Anand Agarwal

CEO & Whole-time Director

Place : Pune

Date: April 30, 2014

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of Sterlite Technologies Limited

We have examined the compliance of conditions of corporate governance by Sterlite Technologies Limited, for the year ended on March 31, 2014, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

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

For S. R. Batliboi & Co LLP.

ICAI Firm Registration No. 301003E
Chartered Accountants

Per Paul Alvares

Partner

Place : Pune

Date: April 30, 2014

Membership No: 105754

SECRETARIAL AUDIT REPORT

The Board of Directors

Sterlite Technologies Limited
4th Floor, Godrej Millennium
9 Koregaon Road, Pune 411001.

I have examined the registers, records and documents of Sterlite Technologies Limited ('the Company') for the financial year ended on 31 March 2014 according to the provisions of-

- The Companies Act, 1956 and the Rules made under that Act;
- The Depositories Act, 1996 and the Regulations and Bye-laws framed under that Act;
- The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')
 - The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997;
 - The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - The Securities Contracts (Regulation) Act, 1956 ('SCRA'), the Rules made under that Act; and
 - The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- The Equity Listing Agreements with BSE Limited and National Stock Exchange of India Limited and Debt Listing Agreements with BSE Limited.

1. Based on my examination and verification of the registers, records and documents produced to me and according to the information and explanations given to me by the Company, I report that the Company has, in my opinion, complied with the provisions of the Companies Act, 1956 ("the Act") and the Rules made under the Act and the Memorandum and Articles of Association of the Company, with regard to:

- (a) maintenance of various statutory registers and documents and making necessary entries therein;

- (b) closure of the Register of Members / Debenture holders;
- (c) forms, returns, documents and resolutions required to be filed with the Registrar of Companies and Central Government;
- (d) service of documents by the Company on its Members, Debenture holders, Debenture Trustees, Auditors and the Registrar of Companies;
- (e) notice of Board meetings and Committee meetings of Directors;
- (f) the meetings of Directors and Committees of Directors including passing of resolutions by circulation;
- (g) the 13th Annual General Meeting held on 6 August 2013;
- (h) minutes of proceedings of General Meetings and of Board and its Committee meetings;
- (i) approvals of the Members, the Board of Directors, the Committees of Directors and government authorities, wherever required;
- (j) constitution of the Board of Directors / Committee (s) of Directors and appointment, retirement and re-appointment of Directors including the Managing Director and Whole-time Directors;
- (k) payment of remuneration to the Directors including the Managing Director and Whole-time Directors;
- (l) appointment and remuneration of Auditors and Cost Auditors;
- (m) transfers and transmissions of the Company's shares and debentures, issue and allotment of shares and debentures and issue and delivery of original and duplicate certificates of shares and debentures;
- (n) payment of interest on debentures and redemption of debentures;
- (o) declaration and payment of dividends;
- (p) transfer of certain amounts as required under the Act to the Investor Education and Protection Fund;
- (q) borrowings and registration, modification and satisfaction of

- charges;
- (r) investment of the Company's funds including inter corporate loans and investments and loans to others;
- (s) giving guarantees in connection with loans taken by subsidiaries and associate companies;
- (t) form of Balance Sheet and Profit and Loss Account under the Act;
- (u) Board's Report;
- (v) contracts, common seal, registered office and publication of name of the Company; and
- (w) generally, all other applicable provisions of the Act and the Rules made under that Act.
- (x) the Company has not accepted any fixed deposits and hence provisions of Sections 58A and 58AA and Rules framed thereunder are not applicable to the Company.

2. I further report that:

- (a) the Directors have complied with the requirements as to disclosure of interests and concerns in contracts and arrangements, shareholdings / debenture holdings and directorships in other companies and interests in other entities;
- (b) the Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the code of Business Conduct & Ethics for Directors and Management Personnel;
- (c) the Company has obtained all necessary approvals under the various provisions of the Act; and there was no prosecution initiated and no fines or penalties were imposed during the year under review under the Companies Act, SEBI Act, SCRA, Depositories Act, Listing Agreement and Rules, Regulations and Guidelines framed under these Acts against / on the Company, its Directors and Officers.

3. I further report that the Company has complied with the provisions of the Depositories Act, 1996 and the Bye-laws framed thereunder by the Depositories with regard to dematerialisation / rematerialisation of securities and reconciliation of records of dematerialised securities with all securities issued by the Company.
4. I further report that:
- (a) the Company has complied with the requirements under the Equity Listing Agreements entered into with the BSE Limited and the Debt Listing Agreements with BSE Limited;
 - (b) the Company has complied with the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 including the provisions with regard to disclosures and maintenance of records required under the Regulations;
 - (c) the Company has complied with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 including the provisions with regard to disclosures and maintenance of records required under the Regulations;
 - (d) the Company has complied with the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 with regard to implementation of Employee Stock Option Scheme, grant of Options and other aspects under the Guidelines; and
 - (e) the Company has complied with the provisions of the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.

Dr. K R Chandratre

Practising Company Secretary
Certificate of Practice No. 5144
Dated 25 April 2014

RISK MANAGEMENT

Sterlite is subject to a variety of risks and uncertainties which are no different than any other company in general and our competitors in particular. Such risks are the result of not only the business environment within which we operate but also of other factors over which we have little or no control. Sterlite is committed to effective management of risks across the organisation by aligning its risk management strategy to its business objectives. Sterlite does this through instituting a risk management structure for timely identification, assessment, mitigating, monitoring and reporting of risks early on for achievement of its business objectives and enhanced stakeholder's value.

The risks are identified through a formal risk management programme with the active involvement of business managers and senior management. The risk management framework acts as an effective tool in mitigating the various risks that the Company's businesses are exposed to in the course of their operations as well as in strategic actions. Further, Sterlite's risk management practices also seek to enhance the long-term competitive advantage to the Company on a sustainable basis.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has strong internal control systems for business processes, with regards to efficiency of operations, financial reporting and controls, compliance with applicable laws and regulations, etc. Clearly defined roles and responsibilities for all managerial positions have also been institutionalised. All operating parameters are monitored and controlled. Regular internal audits and checks ensure that responsibilities are executed effectively. The Audit Committee of the Board of Directors periodically reviews the adequacy and effectiveness of internal control systems and suggests improvement for strengthening these.

MARKET AND COMPETITION RISKS

The market is highly competitive with very few barriers to capacity expansion by existing players or entry of large MNCs with inorganic growth strategies. Globally, most

of the contracts are finalised through the competitive bidding process. Whilst Company dominates in this segment, it does not have much pricing power on account of price undercuts as increased through increased competition and entry of new players. To overcome this, Company is expanding its capacity and continues to focus on increasing its market share through access to new markets and enhancing its client footprint.

Being a part of capital goods industry, the growth of the Company primarily depends on capital expenditure plans in the power and Telecom segments. Any slowdown or delay in capital expenditure plans by these utilities and service providers could adversely impact the Company's growth.

Sterlite manages this by taking various initiatives in technology and product development, taking into consideration the needs of customers. Some of these initiatives include product design, that help the customer reducing their cost of their project, customising a basket of products that suit customer's needs and by introducing enhanced features in products or services to improve value proposition to the customers.

Additionally, the Company undertakes product approvals from new Tier 1 customers to increase its market share commensurate with its increased manufacturing capacity. As these initiatives require investment of significant time and resources, any delay or failure in this poses risks to the Company.

PRODUCT OBSOLESCENCE RISKS

In the fast changing world a new technically improved variant of product could put the Company's prospects at risk. In order to mitigate, Sterlite maintains a very strong focus on continuous innovation processes and hence has been introducing technologically improved products in the market in which it operates. This strategy has helped limiting the risk involved with obsolescence of products. The company strives to introduce future-proof products and solutions to exceed stringent global standards and specifications.

The Company has a technically qualified team that constantly interacts with customers to

understand their future needs and analyzes application trends. Their inputs are an important initiator for research and product development. Sterlite also interacts with research institutions to understanding the latest advances in technology.

COMMODITY RISKS

The Company is exposed to the risk of price fluctuation on raw materials & energy resources. Aluminium & alloys make up significant part of the Company's raw material purchases. As a market leader in the industry, the Company has strong policies and systems in place to minimise the price risk of its main raw material aluminium to a large extent. The Company effectively manages the price variation risk in the aluminium by fully passing on the movement in prices to the customers or hedging the risk on LME or primary suppliers. In addition furnace oil prices are also linked to the crude oil prices, which are influenced by the global demand & supply and outlook of the economy and could vary significantly. These price variations, if not managed adequately, could affect the profitability of the Company significantly. The Company has limited control over passing on the adverse variations in the price of some of the raw materials and energy costs to the customers and in turn this may have a negative impact on the Company's profitability.

The Company's policy of backward integration into critical manufacturing materials (e.g.: Hydrogen, Oxygen, Silicon Tetrachloride for optical fiber and optical fiber for Fiber optic cables) helps in minimising the effect of increase in prices of raw material.

FINANCIAL RISKS

Liquidity Risks

The Company requires funds both for short-term operational needs as well as for long-term investment programs mainly in growth projects. The continued global financial uncertainty has significantly restricted the supply of credit in the market. Banks and financial institutions have also tightened lending norms. Sterlite aims to minimise these risks by generating sufficient cash flows

from its current operations, which in addition to the available cash and cash equivalents, liquid investments and sufficient committed fund facilities, will provide liquidity both in the short-term as well as in the long-term.

The balance sheet is strong and gives us sufficient headroom for raising further debt, should the need arise. Sterlite maintains a healthy debt-equity ratio as well as maintains the flexibility in its financial structure to alter this ratio if the need arise. The Company works with healthy mix of long-term and short-term debt and has secured long-term finance in its subsidiary for the project being executed. The Company through its subsidiary also has a few more projects, for which it is in the process of securing long-term finance. Any adverse market condition in the banking or financial segment may affect the financial closure adversely. The Company is in the advanced stage of securing the long-term funds on the strength of the project itself and hopeful of achieving the same within the current year.

Interest Risk

The Company is exposed to the interest rate fluctuations in both domestic and foreign currency borrowings. It uses a judicious mix of fixed and floating rate debts and rupee and foreign currency borrowing within the stipulated parameters, to mitigate the interest rate risk. This also helps to have a lower blended rate of interest. The rate of interest for rupee borrowing is largely linked to MIBOR and the rate is linked to prevailing US Dollar LIBOR for foreign currency borrowings.

Foreign Currency Risk

The Company's policy is to hedge all long-term foreign exchange risks as well as short-term exposures within the defined parameters. The long-term foreign exchange liability is fully hedged and hedges are on held to maturity basis. Within foreign currency, there are two major risk categories - risk associated with the operations of the Company such as purchase or sale in foreign currency and risk associated with the borrowing of the Company denominated in the foreign currency. The Company has a defined & proven policy to manage both kinds of risk and this is reviewed frequently in the light of major developments in economic and global scenarios.

ECONOMIC AND POLITICAL RISKS

Company has multiple manufacturing facilities in India. A significant portion of the Company's revenue is earned from sales to customers within India including Tier-1 public and private sector clients. The balance revenue is earned through sales in international markets. Performance and growth of the Company's business is dependent on the health and stability of the Indian and global economies. The risks arising out of any downturn in the economic conditions of the global markets could have adverse impact on the performance of the company. Government utilities are major customers of the Company and any delay in capex allocation by the government and utility incumbents, could adversely impact the Company's growth.

The presence of the Company in the two verticals "Power" and "Telecom" provides some insulation by division of the risks. To reduce the risk of customer concentration, Sterlite has been increasing its customer base to non-government utilities within India and in overseas market. Further, the Company has added various good Tier-1 clients for all businesses across geographies, has made a strong entry into Indian private sector and maintains a strong focus on emerging countries. This significantly reduces the risk of dependence on one particular geography or customers.

LEGAL AND REGULATORY RISKS

Sterlite has multiple manufacturing facilities in India and has a diversified customer base across the world. As a result, the Company is subject to federal, regional, state and local laws and regulations in each country in which it operates. These legal, fiscal and other regulatory regimes of the country play a crucial role in the performance of the Company. Any changes in government policies with respect to import tariffs or export incentives can pose risks to the Company and can also affect the competitiveness of our product in those countries and in turn affect the performance of the Company.

There are a few legal cases against the Company at various stages related to custom duty, excise duty, taxation, commercial or legal disputes. Any adverse result in such cases may also affect the profitability of the Company.

Some of the above risks are beyond the control of the Company. The Company continues to actively review and monitor these risks which may have a bearing on our business.

PROJECT EXECUTION RISK

As expansions continue to remain a priority for the Company, execution success for large capex projects is exposed to risks of time and cost overrun. Project execution is largely dependent upon the project management skills, timely delivery by the equipment suppliers and adherence to schedule by civil contractors. Any delay in project implementation will erode revenues and profits for that period. Your Company has set up a dedicated project implementation team to continuously review the project execution to ensure that the implementation schedules and budgets are adhered to.

HUMAN RESOURCE RISK

The Company's ability to deliver value is shaped by its ability to attract, train, motivate, empower and retain the best professional talents. These abilities have to be developed across the Company's rapidly expanding operations. The Company continuously benchmarks HR policies and practices with the best in the industry and carries out necessary improvements to attract and retain the best talent.

COUNTER-PARTY RISKS

We are exposed to counterparty risks on our receivables and investments.

We have clearly defined policies to mitigate these risks. Limits are defined for exposure to individual customers and the exposure is strictly monitored on ongoing basis. Moreover, given the diverse nature of our businesses, trade receivables are spread over a number of customers with no significant concentration of the credit risk.

Cash and liquid investments are held primarily in debt mutual funds and banks with high credit ratings, approved by CRISIL. Emphasis is given to the security of investments. ■

A passion for excellence



Sterlite Grid Ltd. is the first organization in private transmission industry to bag 5 of 15 mega projects worth US\$ 900 million, on Build-Own-Operate-Maintain (BOOM) basis.

Sterlite endeavors to bring innovation and continuous improvement in the project execution methodology and processes to enhance productivity. Some of these initiatives include LiDAR Survey, Heli-Stringing and Marine Technologies.

Sterlite Grid Infrastructure

sterlitetechnologies.com


Sterlite

INDEPENDENT AUDITOR'S REPORT

To,
The Members of Sterlite Technologies Limited

REPORT ON THE REVISED FINANCIAL STATEMENTS

We have audited the accompanying revised financial statements of Sterlite Technologies Limited ("the Company"), which comprise the revised Balance Sheet as at March 31, 2014, and the revised Statement of Profit and Loss and revised Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information. (also refer section titled "Other Matter" further in this report)

MANAGEMENT'S RESPONSIBILITY FOR THE REVISED FINANCIAL STATEMENTS

Management is responsible for the preparation of these revised financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956 read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the revised financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these revised financial statements based on our audit. Except as explained in the Other Matter paragraph below, we conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the revised financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

BASIS FOR QUALIFIED OPINION

As stated in Note no.43(A) in the accompanying revised financial statements, the Company had in an earlier year received an order of

CESTAT upholding a demand of Rs.188 crores (including penalties and excluding interest) (Rs.188 crores as at March 31, 2013) in a pending excise/customs matter. The Company's appeal against this order with the Honourable Supreme Court has been admitted. Based on the current status and legal advice received, provision for liability as recorded and disclosed in Note no. 8 in the accompanying revised financial statements is considered adequate by Management. In the event the decision of the Honourable Supreme Court goes against the Company on any of the grounds of appeal, additional provision against the said demand may be required. Pending disposal of the matter by the Honourable Supreme Court, we are unable to comment on the adequacy of the provisions made towards the amount of excise / customs duty payable. Our audit opinion on the standalone financial statements for the year ended March 31, 2013 was also qualified in respect of this matter.

QUALIFIED OPINION

In our opinion and to the best of our information and according to the explanations given to us, *except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph*, the revised financial statements give the information required by the Companies Act, 1956 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the revised Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the revised Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the revised Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The revised Balance Sheet, revised Statement of Profit and Loss, and revised Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) *Except for the matter described in the Basis for Qualified Opinion paragraph*, in our opinion, the revised Balance Sheet, the revised Statement of Profit and Loss, and the revised Cash Flow Statement

comply with the Accounting Standards notified under the Companies Act, 1956 read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs;

- (e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

OTHER MATTER

- a) The Company had prepared its financial statements under the relevant requirements of the Companies Act, 1956, which was adopted by the Board of Directors on April 30, 2014 (the "Original Financial Statements") which was audited by us and we issued a qualified opinion dated April 30, 2014 (the "Original Report") on the said original financial statements. Those Original Financial Statements together with the Original Report, in respect of the year ended March 31, 2014, were adopted by the shareholders of the Company in the annual general meeting of the Company held on August 19, 2014. As more fully explained in Note 43(C) (i) to the accompanying Revised Financial Statements, the Company is required to disclose the details of amount of expenditure on Research & Development in its financial statements and to revise the financial statements to that limited extent for the purposes of filing such revised financial statements with the relevant statutory authorities. Accordingly, the Company has prepared the accompanying Revised Financial Statements, and we are issuing this revised report, on the Revised Financial Statements for the financial year ended March 31, 2014 in supersession of the Original Report dated April 30, 2014 on the Original Financial Statements, which hereby stands withdrawn for

the limited purpose of the filing of such revised financial statements and revised return with relevant statutory authorities. We have received an undertaking from the management that the fact of supersession of the Original Financial Statements and the Original Report shall be brought to the attention of all relevant recipients of such Original Financial Statements and Original Report, and shall be replaced with this Revised Financial Statements and revised report to the limited extent applicable.

- b) Further, the accompanying Revised Financial Statements do not consider or reflect adjustments for any events or matters occurring subsequent to date of approval by the Board of Directors/members of the company of the Original Financial Statements as stated in the above paragraph except for the limited revision regarding details of amount of expenditure on Research & Development to be disclosed in its financial statements as referred to in the above paragraph and more fully explained in Note 43(C)(i) to the accompanying Revised Financial Statements.

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E

per Paul Alvares

Partner

Membership Number: 105754

Place of Signature: Pune

Date: May 18, 2015

ANNEXURE REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE Re: Sterlite Technologies Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets were physically verified by the management in the previous year in accordance with a planned programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) There was no disposal of a substantial part of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) According to the information and explanations given to us, the Company has not granted or taken any loans, secured or unsecured to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clauses 4(iii) (b), (c), (d), (f) and (g) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the company in respect of these areas.
- (v) In our opinion, there are no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clauses 4(v) (a) and (b) of the Order are not applicable to the Company and hence not commented upon.
- (vi) The Company has not accepted any deposits from the public. Accordingly, the provisions of clause 4 (vi) of the Order are not applicable to the Company and hence not commented upon.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
We have not, however, made a detailed examination of the same.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material

statutory dues applicable to it.

- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹ in Crores)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise Duty	188.00	2001-2003	Supreme Court
		28.22	2001-2003	CESTAT
		3.06	2001-2003	Commissioner (Appeals)
		3.39	2001-2003	CESTAT
		13.00	2001-2002	Bombay High Court
		0.70	2002-2003	Bombay High Court
		0.11	2004-2008	CESTAT
		0.15	2005-2006	CESTAT
		0.29	2006-2007	CESTAT
Customs Act, 1962	Customs Duty	5.24	2001-2003	CESTAT
		62.00	2001-2004	CESTAT
		1.42	2001-2003	Bombay High Court

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by Management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution or bank or debenture holders. As stated in Note no. 33 in the revised financial statements, the Company continues to dispute amounts aggregating to Rs.18.87 Crores debited by one of the banks in the earlier year, towards import consignments under Letters of Credit not accepted by the Company, owing to discrepancies in documents. Since the matter is in dispute, we are unable to determine whether there is a default in repayment of dues to the said bank.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4 (xii) of the Order are not applicable to the Company and hence not commented upon.

- (xiii) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund / society. Accordingly, the provisions of clause 4 (xiii) of the Order are not applicable to the Company. (xiv) In respect of dealing/trading in shares, securities, debentures and other investments, in our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares, securities, debentures and other investments have been held by the Company, in its own name.
- (xv) According to the information and explanations given to us, the Company has given guarantee for loans taken by others from banks, the terms and conditions whereof, in our opinion are not prima-facie prejudicial to the interest of the Company.
- (xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained, though idle/surplus funds which were not required for immediate utilization have been gainfully invested in liquid investments payable on demand. The maximum amount of idle/surplus funds invested during the year was Rs 30 crores which were also outstanding at the end of the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the revised balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4 (xviii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xix) According to the information and explanations given to us, the Company has issued 2,500 debentures of Rs. 1,000,000 each, during the period covered by our audit report. The Company has created security or charge in respect of debentures issued.
- (xx) The Company has not raised any money through public issue during the year. Accordingly, the provisions of clause 4 (xx) of the Order are not applicable to the Company and hence not commented upon.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the revised financial statements and as per the information and explanations given by management, we report that no fraud on or by the Company has been noticed or reported during the year.

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E

per Paul Alvares

Partner

Membership Number: 105754

Place of Signature: Pune

Date: May 18, 2015

REVISED BALANCE SHEET AS AT 31 MARCH, 2014

(All amounts in ₹ Crores unless otherwise stated)

Particulars	Note	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	78.76	78.69
Reserves and surplus	4	1,139.53	1,104.30
		1,218.29	1,182.99
Share application money pending allotment	42	–	0.00
Non-current liabilities			
Long-term borrowings	5	683.44	206.68
Deferred tax liabilities (net)	6	86.64	87.21
Trade payables	7	–	1.59
Long-term provisions	8	5.18	15.31
		775.26	310.79
Current liabilities			
Short-term borrowings	9	559.72	832.35
Trade payables	10	619.46	619.25
Other current liabilities	10	346.14	323.84
Short-term provisions	8	27.45	17.23
		1,552.77	1,792.67
Total		3,546.32	3,286.45
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	11	998.21	993.49
Intangible assets	11	7.89	7.76
Capital work-in-progress		16.13	28.97
Intangible assets under development		0.27	–
		1,022.50	1,030.22
Non-current investments	12	228.65	189.10
Long-term loans and advances	13	884.03	676.45
Trade receivables	14	10.52	69.12
Other non-current assets	15	1.80	–
		2,147.50	1,964.89
Current assets			
Current investments	16	205.00	–
Inventories	17	299.41	291.54
Trade receivables	14	671.28	640.37
Cash and bank balances	18	44.12	195.75
Short-term loans and advances	13	173.42	193.09
Other current assets	15	5.59	0.81
		1,398.82	1,321.56
Total		3,546.32	3,286.45
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.R. Batliboi & Co. LLP

Firm Registration No.: 301003E

Chartered Accountants

per Paul Alvares

Partner

Membership No.: 105754

Place: Pune

Date: May 18, 2015

For and on behalf of the board of directors of Sterlite Technologies Limited

Pravin Agarwal

Whole-time Director

Anupam Jindal

Chief Financial Officer

Anand Agarwal

CEO & Whole-time Director

Amit Deshpande

Company Secretary

REVISED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2014

(All amounts in ₹ Crores unless otherwise stated)

Particulars	Note	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)
INCOME			
Revenue from operations (gross)	19	2,859.18	3,467.51
Less: Excise duty	19	132.84	113.80
Revenue from operations (net)		2,726.34	3,353.71
Other income	20	16.95	14.54
Total Income (I)		2,743.29	3,368.25
EXPENSES			
Cost of raw material and components consumed	21	1,776.86	2,273.74
Purchase of traded goods		28.12	70.83
(Increase) / decrease in inventories of finished goods			
work-in-progress and traded goods	22	(18.05)	6.03
Employee benefits expense	23	122.39	117.70
Other expenses	24	562.73	639.62
Total Expenses (II)		2,472.05	3,107.92
EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (EBITDA) (I) - (II)			
		271.24	260.33
Depreciation and amortisation expense	25	102.88	85.95
Finance costs	26	95.28	105.57
Profit before tax		73.08	68.81
TAX EXPENSE:			
Current tax		20.60	14.95
Less: MAT credit entitlement		-	(0.92)
Net current tax expense		20.60	14.03
Deferred tax		(0.57)	13.69
Income tax for earlier years		2.85	(6.37)
Total tax expense		22.88	21.35
PROFIT FOR THE YEAR		50.20	47.46
Earnings per equity share (nominal value per share ₹ 2 (31 March 2013: ₹ 2))	27		
Basic			
Computed on the basis of profit for the year (₹)		1.28	1.21
Diluted			
Computed on the basis of profit for the year (₹)		1.27	1.20
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.R. Batliboi & Co. LLP

Firm Registration No.: 301003E

Chartered Accountants

per Paul Alvares

Partner

Membership No.: 105754

Place: Pune

Date: May 18, 2015

For and on behalf of the board of directors of Sterlite Technologies Limited

Pravin Agarwal

Whole-time Director

Anupam Jindal

Chief Financial Officer

Anand Agarwal

CEO & Whole-time Director

Amit Deshpande

Company Secretary

REVISED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2014

Particulars	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit as per statement of profit and loss	50.20	47.46
Adjustment for taxation	22.88	21.35
Profit before tax	73.08	68.81
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation and amortisation expenses	102.88	85.95
Provision for doubtful debts and advances	6.58	17.22
Bad debts / advances written off	21.63	16.71
Balances no longer payable written back	(1.46)	–
Provision for diminution in value of investment in subsidiary company	–	2.54
Loss on sale of fixed assets	1.33	4.22
Employees stock option expenses	0.25	0.44
Income from investments	–	(0.05)
Finance costs	95.28	105.57
Interest income	(14.11)	(13.96)
Unrealised exchange differences	1.27	(12.23)
	213.65	206.41
Operating profit before working capital changes	286.73	275.22
Movements in working capital:		
Increase / (decrease) in trade payables	(13.09)	74.99
Decrease in long-term provisions	(0.63)	(20.78)
Increase in short-term provisions	0.71	2.95
Decrease in other current liabilities	(10.16)	(17.79)
Decrease in trade receivable	13.06	58.60
Increase in inventories	(7.87)	(18.84)
Increase in long-term loans and advances	(4.29)	(9.56)
Decrease/(increase) in short-term loans and advances	24.10	(55.95)
Decrease/(increase) in other current assets	(2.86)	7.54
Increase in other non-current assets	(3.41)	–
Change in working capital	(4.44)	21.16
Cash generated from operations	282.29	296.38
Direct taxes paid (net of refunds)	(19.65)	(17.59)
Net cash flow from operating activities	262.64	278.79
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets, including capital work-in-progress and capital advances	(96.54)	(116.51)
Proceed from sale of fixed assets	1.70	2.16
Investment in subsidiaries	(30.42)	(15.31)
Proceeds/(purchases) of current investments (net)	(55.00)	0.05
Purchase of non-current investments	(150.00)	–
Share application money pending allotment in subsidiaries	(10.80)	(0.03)
Investment in bank deposits (having original maturity of more than three months)	(13.91)	(124.81)
Redemption of bank deposits (having original maturity of more than three months)	100.00	102.62
Advances given to subsidiaries/joint ventures	(172.71)	(421.93)
Repayment of advance from subsidiaries	5.65	–
Advance received from subsidiaries	–	0.57
Repayment of advance to subsidiaries	(0.28)	–
Interest received	14.38	21.76
Net cash flow used in investing activities	(407.93)	(551.43)

REVISED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2014

Particulars	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds of long-term borrowings	564.57	236.38
Repayment of long-term borrowings	(47.69)	–
Proceeds/(repayment) of short-term borrowings (net)	(269.95)	167.98
Proceeds of share application money	–	0.00**
Proceeds of issue of shares against employee stock options	0.03	0.01
Interest paid	(153.52)	(129.33)
Dividend paid on equity shares	(11.68)	(11.71)
Tax on equity dividend paid	(2.01)	(1.90)
Net cash flow from financing activities	79.75	261.43
Net decrease in cash and cash equivalents	(65.54)	(11.21)
Cash and cash equivalents as at beginning of year	93.11	104.32
Cash and cash equivalents as at year end *	27.57	93.11
* The Cash and cash equivalents include balance of ₹ 1.24 Crores (31 March 2013: ₹1.11 Crores) which is not available for use by the Company.		
** Amount is below ₹ 0.01 Crore.		
Components of cash and cash equivalents	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)
BALANCES WITH BANKS:		
On current accounts	26.30	16.95
Deposit with original maturity of less than 3 months	–	75.00
On unpaid dividend account	1.24	1.11
CASH IN HAND	0.03	0.05
Total cash and cash equivalents (Refer note 18)	27.57	93.11

As per our report of even date

For S.R. Batliboi & Co. LLP

Firm Registration No.: 301003E
Chartered Accountants

per Paul Alvares

Partner

Membership No.: 105754

Place: Pune

Date: May 18, 2015

For and on behalf of the board of directors of Sterlite Technologies Limited

Pravin Agarwal

Whole-time Director

Anupam Jindal

Chief Financial Officer

Anand Agarwal

CEO & Whole-time Director

Amit Deshpande

Company Secretary

NOTES TO REVISED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2014

NOTE 1: CORPORATE INFORMATION

Sterlite Technologies Limited (the Company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on two stock exchanges in India. The Company is primarily engaged in the manufacture and sale of Power and Telecom products and solutions. Telecom products and solutions mainly include integrated optical fiber, other telecom products such as fiber optical cables, copper telecom cables, structured data cables, access equipments, fiber connectivity and system integration solution offerings for telecom networks and other service providers. Power products and solutions mainly includes power transmission conductors and cables.

NOTE 2: BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under Companies Act, 1956 read with General Circular 08/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs. The financial statements have been prepared on an accrual basis and under the historical cost convention, except in case of assets which have been impaired and derivative financial instruments which have been measured at fair value.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year,

NOTE 2.1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Use of Estimates

The preparation of financial statements in conformity with the Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Difference between the actual result and estimates are recognised in the year in which the results are known / materialised. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

b. Tangible Fixed Assets

Fixed assets, are stated at cost (net of cenvat), net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Expenditure directly relating to construction activity is capitalised. Indirect expenditure incurred during construction period is capitalised as part of the construction costs to the extent the expenditure can be attributable to construction activity or is incidental there to. Income earned during the construction period is deducted from the total of the indirect expenditure.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

c. Depreciation on Tangible Fixed Assets

- i. Depreciation on tangible fixed assets is provided on straight line method, unless otherwise stated, pro-rata to the period of use of assets at the rates specified in Schedule XIV of the Companies Act, 1956 which represents the useful life of these assets.
- ii. Cost of leasehold land is amortised over the period of lease on a straight line basis.
- iii. Cost of capital and insurance spares is amortised over a period of four years.

d. Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Customer acquisition costs consist of payments made to obtain consents/permissions for laying of fiber cables and other Telecom infrastructure in residential and commercial complexes/townships. Such cost is amortised over the period of the consent/permission on a straight line basis.

Other intangible assets are amortised on a straight line basis over a period of five years. Intangible assets not yet available for use and intangible assets amortised over a period exceeding 10 years from the date they are available for use are tested for impairment annually, either individually or at the cash-generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

Research and development costs

Revenue expenditure on research activity is expensed as incurred.

e. Leases

Where the Company is lessee

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Where the Company is the lessor

Leases in which the Company transfers substantially all the risks and benefits of ownership of the asset are classified as finance leases. Assets given under finance lease are recognized as a receivable at an amount equal to the net investment in the lease. After initial recognition, the Company apportions lease rentals between the principal repayment and interest income so as to achieve a constant periodic rate of return on the net investment outstanding in respect of the finance lease. The interest income is recognized in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

f. Borrowing Costs

Borrowing cost includes interest, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset.

All other borrowing costs are expensed in the period they occur.

g. Impairment of Tangible and Intangible Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of

assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses are recognised in the statement of profit and loss.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss.

h. Government Grants and Subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the Company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

When the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate.

i. Investments

Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

j. Inventories

Raw materials, components, stores and spares and traded goods are valued at lower of cost and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, components and stores and spares, packing material, work in progress and finished goods is determined on a weighted average basis except in case of inventory for aluminium conductors in the power product and solutions business, wherein the cost is determined on specific identification method based on costing details of each project.

Work-in-progress and finished goods are valued at lower of cost and net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty.

Traded goods are valued at lower of cost and net realisable value. Cost is determined on weighted average basis and includes all cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

k. Revenue Recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and that the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue from sale of goods is recognised when all the significant risks and rewards of ownership of the goods have been passed to the buyer. The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year. Sales are net of quantity discount. Freight charged on sales and recovered is included as a part of revenue.

Income from services

Revenues from services are recognised pro-rata over the period of the contract as and when services are rendered. The company collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

Interest

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

Dividends

Dividend income is recognised when the Company's right to receive dividend is established by the reporting date.

Export incentives

Export incentive benefits consist of duty drawback, high value added licenses and DEPB entitlements. These are recognised on the basis of receipt of proof of export.

I. Foreign Currency Translation

Foreign currency transactions and balances

i. Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

ii. Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

iii. Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/liability

The premium or discount arising at the inception of forward exchange contract is amortised and recognised as an expense/ income over the life of the contract. Exchange differences on such contracts, are recognised in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognised as income or as expense for the period. None of the foreign exchange contracts are taken for trading or speculation purpose.

Translation of integral and non-integral foreign operation

The Company classifies all its foreign operations as either "integral foreign operations" or "non-integral foreign operations."

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the Company itself.

The assets and liabilities of a non-integral foreign operation are translated into the reporting currency at the exchange rate prevailing at the reporting date. Their statement of profit and loss are translated at exchange rates prevailing at the dates of transactions or weighted average monthly rates, where such rates approximate the exchange rate at the date of transaction. The exchange

differences arising on translation are accumulated in the foreign currency translation reserve. On disposal of a non-integral foreign operation, the accumulated foreign currency translation reserve relating to that foreign operation is recognised in the statement of profit and loss.

When there is a change in the classification of a foreign operation, the translation procedures applicable to the revised classification are applied from the date of the change in the classification.

m. Retirement and other Employee Benefits

Retirement benefit in the form of provident fund and superannuation fund are defined contribution schemes. The contributions to the provident fund and superannuation fund are charged to the statement of profit and loss for the year when an employee renders the related service. The Company has no obligation, other than the contribution payable to the provident Fund and superannuation fund.

The Company operates a defined benefit plan in the form of gratuity for its employees. The cost of providing benefits under the plan is determined on the basis of actuarial valuation at each year-end. Actuarial valuation is carried out using the projected unit credit method. Actuarial gains and losses for the defined benefit plan are recognised in full in the period in which they occur in the statement of profit and loss.

Accumulated leave, which is expected to be utilised within the next 12 months, is treated as short-term employee benefit. The company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method as at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

n. Income Tax

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

In the situations where the Company is entitled to a tax holiday no deferred tax (asset or liability) is recognised in respect of timing differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognised in the year in which the timing differences originate. However, the Company restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

At each reporting date, the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the same taxable entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of MAT under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

o. Employee Stock Compensation Cost

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India ('ICAI'). The Company measures compensation cost relating to employee stock options using the fair value method. Compensation expense is amortised over the vesting period of the option on a straight line basis.

p. Earning Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

q. Provisions

A provision is recognised when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss, net of any reimbursement.

r. Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

s. Cash and Cash Equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise of cash at bank and in hand and short-term investments with an original maturity of three months or less.

t. Derivative Instruments

In accordance with the ICAI announcement, derivative contracts, other than foreign currency forward contracts covered under AS 11 "The Effects of Changes in Foreign Exchange Rates", are marked to market on a portfolio basis, and the net loss, if any, after considering the offsetting effect of gain on the underlying hedged item, is charged to the statement of profit and loss. Net gain, if any, after considering the offsetting effect of loss on the underlying hedged item, is ignored.

Gains and losses from designated and effective hedging instruments are included in the same line as the gains and losses from the hedged items such as sales revenue or cost of goods sold as the case may be. Gains and losses on other derivatives are included in other income or other expenditure as the case may be.

The Company enters into commodity futures contracts (aluminium contracts) against future sales transactions. These commodity futures contracts are rolled over in case the period of the contracts is less than the period of future sales transactions. On roll over, the Company has to pay/receive the differential amount, in case aluminium prices have gone down/up (loss/profit). The Company carries the loss/profit in the balance sheet till the future sales transactions take place. This loss/profit is transferred to the Statement of profit and loss on conclusion of the future sales transactions except in case where such loss/profit relates to the acquisition or construction of fixed assets, in which case, it is adjusted to the carrying cost of such fixed assets.

u. Amalgamation Accounting

The Company treats an amalgamation in the nature of merger if it satisfies all the following criteria:

- i. All the assets and liabilities of the transferor company become, after amalgamation, the assets and liabilities of the transferee company.
- ii. Shareholders holding not less than 90% of the face value of the equity shares of the transferor company (other than the equity shares already held therein, immediately before the amalgamation, by the transferee company or its subsidiaries or their nominees) become equity shareholders of the transferee company.
- iii. The consideration for amalgamation receivable by those equity shareholders of the transferor company who agree to become shareholders of the transferee company is discharged by the transferee company wholly by the issue of equity shares, except that cash may be paid in respect of any fractional shares.
- iv. The business of the transferor company is intended to be carried on, after the amalgamation, by the transferee company.
- v. The transferee company does not intend to make any adjustment to the book values of the assets and liabilities of the transferor company except to ensure uniformity of accounting policies.

All other amalgamations are in the nature of purchase.

The Company accounts for all amalgamations in the nature of merger using the pooling of interest method. The application of this method requires the Company to recognize any non-cash element of the consideration at fair value. The Company recognizes assets, liabilities and reserves, whether capital or revenue, of the transferor company at their existing carrying amounts and in the same form as at the date of the amalgamation. The balance in the statement of profit and loss of the transferor company is transferred to the general reserve. The difference between the amount recorded as share capital issued, plus any additional consideration in the form of cash or other assets, and the amount of share capital of the transferor company is adjusted in reserves.

v. Segment Reporting Policies

The Company's operating businesses are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segment is based on the areas in which major operating divisions of the Company operate.

Inter segment transfers

The Company accounts for intersegment sales and transfers as if the sales or transfers were to third parties at current market prices.

Allocation of common costs

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items

The corporate and other segment includes general corporate income and expense items which are not allocated to any business segment.



Segment policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financials statements of the Company as a whole.

w. Measurement of EBITDA

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the Company has elected to present earnings before interest, tax, depreciation and amortisation (EBITDA) as a separate line item on the face of the statement of profit and loss. The Company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the Company does not include depreciation and amortisation expense, finance costs and tax expense.

NOTE 3: SHARE CAPITAL

	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)
Authorised shares (No. Crores)		
75.00 (31 March 2013: 75.00) equity shares of ₹ 2 each	150.00	150.00
Issued, subscribed and fully paid-up shares (No. Crores)		
39.38 (31 March 2013: 39.34) equity shares of ₹ 2 each fully paid-up	78.76	78.69
Total issued, subscribed and fully paid-up share capital	78.76	78.69

1. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	31 March 2014		31 March 2013	
	Nos. in Crores	₹ in Crores	Nos. in Crores	₹ in Crores
At the beginning of the year	39.34	78.69	39.33	78.65
Issued during the year - ESOP	0.02	0.04	0.01	0.02
Issued during the year - bonus on ESOP	0.02	0.04	0.01	0.02
Outstanding at the end of the year *	39.38	78.76	39.34	78.69

* The difference in reconciliation of the number of shares is due to rounding off.

2. Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 2 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees.

The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31 March 2014, the amount of per share dividend recognised as distributions to equity shareholders was ₹ 0.30 (31 March 2013 : ₹ 0.30)

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

3. Shares held by holding company and their subsidiaries/associates:

	31 March 2014		31 March 2013	
	Nos. in Crores	% Holding	Nos. in Crores	% Holding
HOLDING COMPANY				
Twin Star Overseas Limited, Mauritius	20.94	53.17	20.94	53.22
Subsidiary of Volcan Investments Limited, Bahamas (Ultimate Holding Company)				
Sesa Sterlite Limited (Erstwhile Sesa Goa Limited *)	0.48	1.21	–	–
Sterlite Industries (I) Limited *	–	–	0.43	1.08
Madras Aluminium Company Limited *	–	–	0.05	0.13

* During the year, Sterlite Industries (India) Limited, Sterlite Energy Limited, Vedanta Aluminium Limited and Madras Aluminium Company Limited were amalgamated into and with Sesa Goa Limited. Later the name of Sesa Goa Limited was changed to Sesa Sterlite Limited.

4. Aggregate number of bonus shares issued, share issued for consideration other than cash during the period of five years immediately preceding the reporting date:

	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)
Equity shares allotted as fully paid bonus shares by capitalisation of securities premium	19.69	19.67

In addition company has issued total 1,208,596 shares (31 March 2013 : 1,173,950 shares) during the period of five years immediately preceding the reporting date on exercise of option granted under the employee stock option plan (ESOP) wherein part consideration was received in form of employee services.

5. Detail of shareholders holding more than 5% of shares in the Company

	31 March 2014		31 March 2013	
	Nos. in Crores	% Holding	Nos. in Crores	% Holding
i. Twin Star Overseas Limited (Holding Company)	20.94	53.17	20.94	53.22
ii. Life Insurance Corporation of India	2.13	5.40	2.13	5.41

6. Shares reserved for issue under options:

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, refer note 29.

NOTE 4: RESERVES AND SURPLUS

	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)
CAPITAL RESERVE	0.04	0.04
SECURITIES PREMIUM ACCOUNT		
Balance as per last financial statements	196.96	196.37
Add: Additions on ESOPs exercised	1.09	0.61
Less: Utilised for issue of bonus shares	0.04	0.02
Less: Utilised for writing off expenses on issue of debentures (net of tax)	1.35	–
Closing balance	196.66	196.96
EMPLOYEE STOCK OPTION OUTSTANDING		
Balance as per last financial statements	2.46	2.63
Add: Employees stock option expenses for the year	0.25	0.44
Less: Transferred to securities premium account	1.09	0.61
Closing balance	1.62	2.46
DEBENTURE REDEMPTION RESERVE		
Balance as per last financial statements	–	–
Add: Amount transferred from surplus in the statement of profit and loss	62.50	–
Closing balance	62.50	–
GENERAL RESERVE		
Balance as per last financial statements	133.34	130.97
Add: Amount transferred from surplus in the statement of profit and loss	2.51	2.37
Closing balance	135.85	133.34
SURPLUS IN THE STATEMENT OF PROFIT AND LOSS		
Balance as per last financial statements	771.50	740.22
Profit for the year	50.20	47.46
Less: Appropriations		
Proposed final equity dividend (amount per share ₹ 0.30 (31 March 2013: ₹ 0.30))	11.82	11.80
Tax on proposed equity dividend	2.01	2.01
Transfer to general reserve	2.51	2.37
Transfer to debenture redemption reserve	62.50	–
Total appropriations	78.84	16.18
Net surplus in the statement of profit and loss	742.86	771.50
Total reserves and surplus	1,139.53	1,104.30

NOTE 5: LONG-TERM BORROWINGS

	Non-current portion		Current maturities	
	31 March 2014 ₹ in Crores	31 March 2013 ₹ in Crores	31 March 2014 ₹ in Crores	31 March 2013 ₹ in Crores
DEBENTURES				
2,500(31st March 2013: Nil) 11.45% Non convertible debentures of ₹ 10 Lacs each (secured)	250.00	–	–	–
TERM LOANS				
Indian rupee term loans from bank (secured)	433.44	206.63	68.89	28.37
DEFERRED PAYMENT LIABILITIES				
Sales tax loan (interest free) (unsecured)	–	0.05	1.07	1.47
	683.44	206.68	69.96	29.84
The above amount includes				
Secured borrowings	683.44	206.63	68.89	28.37
Unsecured borrowings	–	0.05	1.07	1.47
Amount disclosed under the head“other current liabilities” (note 10)	–	–	69.96	29.84
Net amount	683.44	206.68	–	–

- 11.45 % Non convertible debentures are redeemable at par in financial year 2016-17, and secured by way of first pari passu charge on entire movable fixed assets (both present and future) and mortgage of certain immovable fixed assets of the Company.
- Indian rupee term loan from banks amounting to ₹ 92.50 crores carries interest @ LTMLR + 1.10% p.a. Loan amount is repayable in 19 quarterly equated installments of ₹ 4.87 crores (excluding interest) from the end of this financial year. The term loan is secured by first charge on the movable fixed assets of the Company (both present and future).
- Indian rupee term loan from bank amounting to ₹ 109.83 crores carries interest @ Base rate + 1% p.a. Loan amount is repayable in 13 quarterly equated installments of ₹ 8.45 crores (excluding interest) from the end of this financial year. The term loan is secured by first charge on the movable fixed assets of the Company (both present and future).
- Indian rupee term loan from the bank amounting to ₹ 250.00 crores carries interest @ Base rate + 1% p.a. Loan amount is repayable in 16 quarterly equated installments of ₹ 15.62 crores (excluding interest) starting from quarter ended March 2015 The term loan is secured by first charge on the movable fixed assets of the Company (both present and future).
- Indian rupee term loan from the bank amounting to ₹ 50.00 crores carries interest @ Base rate. Loan amount is repayable in April 2016. The term loan is secured by stand by letter of credit issued by a bank which in turn is secured by movable fixed assets of the Company.

NOTE 6: DEFERRED TAX LIABILITIES (NET)

	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)
DEFERRED TAX LIABILITY		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortisation for the financial reporting	112.80	107.48
Others	7.35	10.70
Gross deferred tax liability	120.15	118.18
DEFERRED TAX ASSETS		
Provision for doubtful debts and advances	19.61	22.34
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	3.39	3.14
Provision for inventory	5.40	2.90
Provision for litigation / contingencies	2.46	2.46
Others	2.65	0.13
Gross deferred tax assets	33.51	30.97
Net deferred tax liability	86.64	87.21

NOTE 7: OTHER LONG-TERM LIABILITIES

	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)
Trade payables	–	1.59
Total	–	1.59

NOTE 8: PROVISIONS

	Long - Term		Short - Term	
	31 March 2014 ₹ in Crores	31 March 2013 ₹ in Crores	31 March 2014 ₹ in Crores	31 March 2013 ₹ in Crores
PROVISION FOR EMPLOYEE BENEFITS				
Provision for gratuity (refer note 28)	5.18	5.81	–	–
Provision for leave benefits	–	–	4.13	3.42
	5.18	5.81	4.13	3.42
OTHER PROVISIONS				
Provision for income tax (net of advance income tax)	–	–	–	–
Provision for litigations/contingencies	–	9.50	9.50	–
Proposed equity dividend	–	–	11.81	11.80
Provision for tax on proposed equity dividend	–	–	2.01	2.01
	–	9.50	23.32	13.81
Total	5.18	15.31	27.45	17.23

Provision for litigations/contingencies

The provision of ₹ 9.50 crores as at March 31, 2014 is towards contingencies in respect of disputed claims against the Company as described in note 33 and note 43 (A), the timing of outflow and quantum of which is presently unascertainable.

NOTE 9: SHORT-TERM BORROWINGS (SECURED)

	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)
Cash credit from banks	17.04	52.89
Working capital demand loan from banks	–	79.70
Other loan from banks	542.68	699.76
Total	559.72	832.35

Note:

- Cash credit is secured by hypothecation of raw materials, work in progress, finished goods and trade receivables. The cash credit is repayable on demand and carries interest @ 9.5-11.5 %
- Other loans from banks include buyer's credit arrangements. They are secured by hypothecation of raw materials, work in progress, finished goods and trade receivables. Buyer's credit is repaid / rolled over after a period of six months and carry interest @0.95-2% (excluding hedging premium)

NOTE 10: OTHER CURRENT LIABILITIES

	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)
TRADE PAYABLES (INCLUDING ACCEPTANCES)		
i. Micro, medium and small enterprises (Refer note 36)	0.46	0.57
ii. Others	619.00	618.68
OTHER LIABILITIES		
Current maturities of long-term borrowings (Refer note 5)	69.96	29.84
Interest accrued but not due on borrowing	8.91	9.84
Unclaimed dividend [Refer note 43(B)]	1.24	1.11
Advance from customers	121.13	125.51
Interest free deposit from customers	0.66	0.28
Interest free deposit from vendors	6.61	6.81
Payables for purchase of fixed assets	19.25	25.83
Service tax payable	0.55	0.53
TDS payable	1.37	0.85
Value added tax payable	17.65	25.19
Central sales tax payable	2.54	5.58
Others	96.27	92.47
	346.14	323.84
Total	965.60	943.09

NOTE 11: TANGIBLE AND INTANGIBLE ASSETS

[₹ in Crores]

Nature of assets	Gross Block			Depreciation/Amortisation			Impairment			Net Block			
	As on	Additions*	Transfer from Assets held for sale	Deletions/Adjustment	As on	Additions	Transfer from Assets held for sale	Deletions/Adjustment	As on	Additions	Reversals	As on	As on
	01 Apr 13	31 Mar 14	01 Apr 13	01 Apr 13	31 Mar 14	01 Apr 13	31 Mar 14	01 Apr 13	31 Mar 14	31 Mar 14	31 Mar 14	31 Mar 14	31 Mar 13
TANGIBLE ASSETS													
Freehold land	38.54	1.54	-	0.04	40.04	-	-	-	-	-	-	-	38.54
Leasehold land	36.64	-	-	-	36.64	1.29	0.32	-	1.61	-	-	-	35.35
Buildings #	206.07	14.79	-	-	220.86	36.95	7.99	-	44.94	-	-	-	169.12
Plant and machinery	1,194.02	85.27	-	6.00	1,273.29	468.16	82.86	-	4.07	546.95	2.31	-	699.32
Furniture and fixtures	9.25	0.51	-	0.09	9.67	2.96	0.76	-	0.02	3.70	-	-	6.29
Data processing equipments	17.86	1.45	-	-	19.31	13.10	1.54	-	14.64	-	-	-	4.76
Office equipments	7.33	0.37	-	0.06	7.64	2.50	0.62	-	0.01	3.11	0.05	-	4.78
Electric fittings	48.73	1.79	-	0.02	50.50	17.65	2.45	-	0.02	20.08	0.45	-	30.63
Vehicles	5.90	1.85	-	1.34	6.41	1.20	0.97	-	0.40	1.77	-	-	4.70
Sub - total	1,564.34	107.57	-	7.55	1,664.36	543.81	97.51	-	4.52	636.80	27.04	2.31	998.21
INTANGIBLE ASSETS													
Software/licences	4.36	1.28	-	-	5.64	1.91	0.89	-	-	2.80	-	-	2.45
Patents	9.31	-	-	-	9.31	6.23	1.86	-	-	8.09	-	-	3.08
Customer acquisition	2.34	1.91	-	-	4.25	0.11	0.31	-	-	0.42	-	-	2.23
Sub - total	16.01	3.19	-	-	19.20	8.25	3.06	-	-	11.31	-	-	7.76
Total	1,580.35	110.76	-	7.55	1,683.56	552.06	100.57	-	4.52	648.11	27.04	2.31	1,006.10
Previous year	1,458.17	126.57	8.92	13.31	1,580.35	472.01	85.95	0.87	6.77	552.06	27.20	-	1,001.25

* Refer note 31 for amount of expenses capitalised during the year.

Buildings include those constructed on leasehold land: Gross block ₹ 106.33 crores (31 March 2013: ₹ 97.53 crores) Depreciation for the year ₹ 3.96 crores (31 March 2013: ₹ 3.21 crores) Accumulated depreciation ₹ 23.68 crores (31 March 2013: ₹ 19.72 crores) Net block ₹ 82.65 crores (31 March 2013: ₹ 77.81 crores)

Buildings include building given on operating lease: Gross block - ₹ 10.03 crores (31 March 2013 : Nil) Depreciation for the year ₹ 0.33 crores (31 March 2013: Nil) Accumulated depreciation ₹ 0.53 crores (31 March 2013 : Nil) Net block ₹ 9.50 crores (31 March 2013 : Nil)

NOTE 12: NON-CURRENT INVESTMENTS

Particulars	31 March 2014 ₹ in Crores	31 March 2013 ₹ in Crores
Trade investment (valued at cost unless stated otherwise)		
Investment in subsidiaries		
EQUITY INSTRUMENTS (UNQUOTED)		
8,730,000 (31 March 2013: 8,730,000) Equity shares of Sterlite Display Technologies Private Limited of ₹10 each fully paid up. (At cost less provision for other than temporary diminution in value ₹ 6.80 Crores (31 March 2013: ₹ 6.80 Crores))	1.93	1.93
25,500 (31 March 2013: 50,000) Equity shares of East North Interconnection Company Limited of ₹ 10 each fully paid up	0.03	0.05
175,000 (31 March 2013: 100,000) Equity shares of Sterlite Grid Limited of ₹ 10 each fully paid up	39.89	15.10
12,381,447 (31 March 2013: 7,506,447) Equity shares of Sterlite Global Ventures (Mauritius) Limited of \$ 1 each fully paid up	67.14	36.76
10,000 (31 March 2013: 10,000) Equity shares of Sterlite Technologies Americas LLC of \$ 1 each fully paid-up	0.05	0.05
1,550,000 (31 March 2013: 50,000) Equity shares of Sterlite Networks Limited of ₹ 10 each fully paid-up	37.50	0.05
2,000 (31 March 2013: 2,000) Equity shares of Sterlite Europe Ventures Limited of € 1 each fully paid-up	0.10	0.10
5,000 (31 March 2013: Nil) Equity shares of Sterlite UK Ventures Limited of € 1 each fully paid-up	0.04	–
389,022 (31 March 2013: Nil) Maharashtra Transmission Communication Infrastructure Limited #	5.49	5.10
DEBENTURES (UNQUOTED)		
510,000 (31 March 2013: 950,000) 0.01% Compulsorily Convertible Debentures of East North Interconnection Company Limited of ₹ 10 each	76.48	129.96
(Aggregate amount of unquoted investments)	228.65	189.10
Aggregate provision for diminution in value of investments	6.80	6.80

The Company had paid an amount of Rs. 5.10 crores towards Right of Way granted to Maharashtra Transmission Communication Infrastructure Limited (MTCIL) in which the Company owns 51% of equity share capital and the balance 49% of equity share capital is owned by Maharashtra State Electricity Transmission Company Limited. MTCIL is engaged in establishing communication network in the state of Maharashtra. This amount has been considered as cost of investment in the subsidiary.

The following unquoted investment included above has been pledged as security in respect of borrowing of the investee company:

	31 March 2014 ₹ In Crores	31 March 2013 ₹ In Crores
85,750 (31 March 2013: 49,000) Equity shares of Sterlite Grid Limited of Rs. 10 each fully paid up	19.54	7.40

NOTE 13: LOANS AND ADVANCES

Particulars	Non-current		Current	
	31 March 2014 ₹ in Crores	31 March 2013 ₹ in Crores	31 March 2014 ₹ in Crores	31 March 2013 ₹ in Crores
CAPITAL ADVANCES (unsecured, considered good) (A)	3.11	9.88	–	–
SECURITY DEPOSITS (unsecured, considered good)				
Covered by bank guarantee	6.00	–	–	–
Others	2.02	1.34	3.13	3.66
(B)	8.02	1.34	3.13	3.66
LOANS AND ADVANCES TO RELATED PARTIES (Refer note 35) (Unsecured considered good) (C)	636.08	585.24	4.43	–
ADVANCES RECOVERABLE IN CASH OR KIND (unsecured)				
Considered good	–	–	106.76	137.14
Considered doubtful	0.12	0.67	–	–
	0.12	0.67	106.76	137.14
Provision for doubtful advances	0.12	0.67	–	–
(D)	–	–	106.76	137.14
OTHER LOANS AND ADVANCES (unsecured, considered good)				
Share application money pending allotment in subsidiaries (Refer note 44)	187.15	24.82	–	–
Advance income taxes, including TDS [net of provision]	7.16	4.40	–	–
Minimum alternate tax credit entitlement	40.36	46.22	–	–
Balances with central excise authorities	–	–	38.07	20.47
Other advances	2.15	4.55	21.03	31.82
(E)	236.82	79.99	59.10	52.29
Total (A + B + C + D + E)	884.03	676.45	173.42	193.09

NOTE 14: TRADE RECEIVABLES (UNSECURED)

Particulars	Non-current		Current	
	31 March 2014 ₹ in Crores	31 March 2013 ₹ in Crores	31 March 2014 ₹ in Crores	31 March 2013 ₹ in Crores
Outstanding for a period exceeding six months from the date they are due for payment				
Considered good	10.52	32.32	133.24	87.52
Considered doubtful	73.04	65.91	–	–
	83.56	98.23	133.24	87.52
Less: provision for doubtful receivables	73.04	65.91	–	–
(A)	10.52	32.32	133.24	87.52
Other receivables (Considered good) (B)	–	36.80	538.04	552.85
Total (A+B)	10.52	69.12	671.28	640.37

NOTE 15: OTHER ASSETS

Particulars	Non-current		Current	
	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)
Non-current bank balance (Refer note 18)	0.20	–	–	–
Ancillary cost of arranging the borrowings	1.60	–	1.03	–
Interest accrued on fixed deposits	–	–	0.29	0.55
Unbilled revenue	–	–	0.81	0.26
Others	–	–	3.46	–
Total	1.80	–	5.59	0.81

NOTE 16: CURRENT INVESTMENTS

Particulars	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)
CURRENT PORTION OF LONG-TERM INVESTMENT (Valued at cost) (quoted)		
3.85 crores (31 March 2013: Nil) Units of ₹ 10 each of ICICI Pru. Interval VI Annual Plan DDP Cum	42.00	–
0.80 crore (31 March 2013: Nil) Units of ₹ 10 each of ICICI Pru. FMP Series 73-368D Plan	8.00	–
10.00 crores (31 March 2013: Nil) Units of ₹ 10 each of Reliance Fixed Horizon Fund-XXV-Series 32-Direct Plan-Growth	100.00	–
CURRENT INVESTMENT (Valued at lower of cost and fair value, unless stated otherwise) (quoted)		
0.02 crore (31 March 2013: Nil) Units of Axis Liquid Fund-Direct Growth (CFDGG)	25.00	–
0.02 crore (31 March 2013: Nil) Units of Religare Invesco Short-term Fund-Direct Plan-Growth	30.00	–
Aggregate amount of quoted investments [Market Value ` 205.90 Crores (31 March 2013: Nil)]	205.00	–

NOTE 17: INVENTORIES

(Valued at lower of cost and net realisable value)

Particulars	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)
Raw materials and components	106.80	114.03
(Include stock in transit ₹ 17.51 Crores (31 March 2013: ₹ 48.81 Crores)) (Refer note 21)		
Work-in-progress (Refer note 22)	40.16	54.65
Finished goods (Includes stock in transit ₹ 23.14 Crores (31 March 2013: ₹ 10.77)) (Refer note 22)	114.39	84.37
Traded goods (Refer note 22)	8.21	5.69
Stores, spares, packing materials and others	29.85	32.80
Total	299.41	291.54

NOTE 18: CASH AND BANK BALANCES

Particulars	Non-current		Current	
	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)
CASH AND CASH EQUIVALENTS				
Balance with banks:				
On current accounts	–	–	26.30	16.95
Deposit with original maturity of less than 3 months	–	–	–	75.00
On unpaid dividend account	–	–	1.24	1.11
Cash in hand	–	–	0.03	0.05
	–	–	27.57	93.11
Other bank balances				
Deposit with original maturity for more than 12 months*	0.20	–	–	100.42
Deposit with original maturity for more than 3 months but less than 12 months**	–	–	16.55	2.22
	0.20	–	16.55	102.64
Amount disclosed under non-current assets (Refer note 15)	(0.20)	–	–	–
Total	–	–	44.12	195.75

* Includes ₹ 0.20 crore (31 March 2013: ₹ 0.60 crore) held as lien by banks against bank guarantees.

** Includes ₹ 16.55 crores (31 March 2013: ₹ Nil) held as lien by banks against bank guarantees.

NOTE 19: REVENUE FROM OPERATIONS

PARTICULARS	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)
SALE OF PRODUCTS		
Finished goods	2,768.59	3,315.54
Traded goods	14.00	76.69
SALE OF SERVICES	13.83	7.03
OTHER OPERATING REVENUE		
Scrap sales	28.58	24.92
Export incentive	34.18	43.33
Revenue from operations (gross)	2,859.18	3,467.51
Less: Excise duty #	132.84	113.80
Revenue from operations (net)	2,726.34	3,353.71

Excise duty on sales amounting to ₹ 132.84 crores (31 March 2013: ₹ 113.80 crores) has been reduced from sales in statement of profit and loss and excise duty on increase in stock amounting to ₹ 1.24 crores (31 March 2013: ₹ 4.19 crores) has been considered as expense in note 24 of financial statements.

Particulars	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)
DETAILS OF PRODUCTS SOLD		
Finished goods sold		
Power transmission conductors	1,517.51	2,239.89
Optical fiber	223.97	355.19
Fiber optic cables	574.93	474.81
Copper Telecom cables	260.24	187.33
Others	191.94	58.32
	2,768.59	3315.54
Traded goods sold		
Broadband access network equipment - DSLAM	0.27	22.16
Set top boxes	–	12.21
Local access network equipment	2.56	8.25
Power transmission conductors and OPGW accessories	6.71	8.42
Fiber connectivity accessories	0.59	17.98
Others	3.87	7.67
	14.00	76.69
DETAILS OF SERVICES RENDERED		
Installation and commissioning services for broadband network setup	5.15	3.94
Provisioning of network services	8.13	1.79
Others	0.55	1.30
	13.83	7.03

NOTE 20: OTHER INCOME

Particulars	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)
Interest income on		
Bank deposits	10.25	9.33
Current investments	–	0.05
Others	3.86	4.63
Net gain on sale of current investments	0.59	–
Balances no longer payable written back	1.46	–
Miscellaneous income	0.79	0.53
Total	16.95	14.54

NOTE 21: COST OF RAW MATERIAL AND COMPONENTS CONSUMED

Particulars	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)
Inventory at the beginning of the year	114.03	93.77
Add: Purchases	1,769.63	2,294.00
	1,883.66	2,387.77
Less: Inventory at the end of the year	106.80	114.03
Cost of raw material and components consumed	1,776.86	2,273.74

Particulars	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)
Details of raw material and components consumed		
Aluminum/alloy	1,078.74	1,566.96
Galvanised steel wire/steel tape	124.07	168.16
Copper rods	172.50	124.72
Polyethylene compounds	130.26	75.01
Resin	38.76	39.91
Silicon tetrachloride	22.61	29.63
Others	209.92	269.35
Total	1,776.86	2,273.74

NOTE 22: (INCREASE)/ DECREASE IN INVENTORIES

Particulars	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)
OPENING INVENTORIES:		
Traded goods	5.69	4.68
Work-in-progress	54.65	46.19
Finished goods	84.37	99.87
	144.71	150.74
CLOSING INVENTORIES:		
Traded goods	8.21	5.69
Work-in-progress	40.16	54.65
Finished goods	114.39	84.37
	162.76	144.71
(Increase) / decrease in inventories	(18.05)	6.03

Particulars	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)
DETAILS OF PURCHASE OF TRADED GOODS		
Broadband access network equipment	2.18	16.89
Fiber connectivity accessories	0.98	16.51
Power transmission conductors and OPGW accessories	15.39	13.52
Set top boxes	–	6.55
Local access network equipment	2.94	7.29
Others	6.63	10.07
Total	28.12	70.83

NOTE 23: EMPLOYEE BENEFITS EXPENSE

Particulars	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)
Salaries, wages and bonus	109.35	101.68
Contribution to provident fund and superannuation fund	4.07	4.75
Employees stock option expenses (Refer note 29)	0.25	0.44
Gratuity expenses (Refer note 28)	0.87	2.05
Staff welfare expenses	7.85	8.78
Total	122.39	117.70

NOTE 24: OTHER EXPENSES

Particulars	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)
Increase of excise duty on inventory	1.24	4.19
Consumption of stores and spares	51.41	55.11
Power, fuel and water	118.73	132.23
Repairs and maintenance		
Building	1.31	2.06
Machinery	10.93	13.32
Others	7.14	1.50
Carriage inwards	3.15	1.99
Consumption of packing materials	95.55	109.44
Sales commission (other than sole selling agent)	24.75	19.50
Sales promotion	4.03	5.43
Carriage outwards	61.00	73.97
Rent	4.26	5.46
Insurance	6.66	6.61
Rates and taxes	1.89	6.43
Travelling and conveyance	21.79	22.83
Loss on sale of fixed assets, net	1.33	4.22
Bad debts/advances written off	21.63	16.71
Provision for doubtful debts and advances	6.58	17.22
Provision for diminution in value of investment in subsidiary company	–	2.54
Compensation to customers	–	27.21
Directors sitting fee and commission	0.26	0.20
Payment to auditor (refer details below)	0.81	0.81
Miscellaneous expenses	109.86	102.98
Research and development expenses		
Salaries, wages and bonus	4.33	3.10
Raw materials consumed	2.58	1.80
General expenses	1.51	2.76
	562.73	639.62
Payment to auditor		
As auditor:		
Audit fee	0.68	0.68
Tax audit fee	0.08	0.08
In other capacity:		
Other services (certification fees)	0.05	0.05
	0.81	0.81

NOTE 25: DEPRECIATION AND AMORTISATION EXPENSE

Particulars	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)
Depreciation of tangible assets	97.51	83.43
Amortisation of intangible assets	3.06	2.52
Provision for impairment of fixed assets	2.31	–
	102.88	85.95

NOTE 26: FINANCE COSTS

Particulars	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)
Interest expense	88.75	85.68
Bank charges	10.70	9.20
Amortization of ancillary borrowing costs	0.09	–
Exchange difference to the extent considered as an adjustment to borrowing costs	53.52	37.65
Sub-Total	153.06	132.53
Less : Interest charged to subsidiaries towards loans and advances provided to them (Refer note 44)	57.78	26.96
	95.28	105.57

NOTE 27: EARNINGS PER SHARE

The following reflects the profit and share data used in the basic and diluted EPS computation.

Particulars	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)
Profit for the year	50.20	47.46
Weighted average number of equity shares in calculating basic EPS	39.37	39.34
Effect of dilution:		
Employee stock options outstanding during the year	0.06	0.34
Weighted average number of equity shares in calculating diluted EPS	39.43	39.68
EARNINGS PER SHARE		
Basic (on nominal value of ₹ 2 Per Share) ₹ /share	1.28	1.21
Diluted (on nominal value of ₹ 2 Per Share) ₹ /share	1.27	1.20

NOTE 28: GRATUITY

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with Life Insurance Corporation of India in the form of a qualifying insurance policy.

Changes in the present value of the defined benefit obligation are as follows:

Particulars	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)
Defined benefit obligation at the beginning of the year	6.34	4.68
Current service cost	0.75	0.71
Interest cost	0.51	0.40
Actuarial (gain)/loss	(0.34)	1.14
Benefits paid	(0.67)	(0.59)
Defined benefit obligation, at the end of the year	6.59	6.34

Changes in the fair value of plan assets are as follows:

Particulars	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)
Fair value of plan assets at the beginning of the year	0.53	0.92
Expected return on plan assets	0.05	0.08
Contribution by employer	1.50	–
Benefits paid	(0.67)	(0.59)
Actuarial gain/(loss)	(0.00)*	0.12
Fair value of plan assets at the end of the year	1.41	0.53

* Amount below ₹ 0.01 crore

The Company expects to contribute Nil (31 March 2013: Nil) to its defined benefit gratuity plan in 2014-15.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	31 March 2014 (%)	31 March 2013 (%)
Investment with insurer (Life Insurance Corporation of India)	100	100

Details of defined benefit obligation

Particulars	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)
Present value of defined benefit obligation	6.59	6.34
Fair value of plan assets	1.41	0.53
Plan liability	5.18	5.81

Net employee benefit expense recognised in the statement of profit and loss:

Particulars	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)
Current service cost	0.75	0.71
Interest cost on benefit obligation	0.51	0.40
Net actuarial (gain)/loss recognised	(0.34)	1.02
Expected return on plan assets	(0.05)	(0.08)
Net benefit expense	0.87	2.05

Amounts for the current and previous periods are as follows:

Particulars	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)	31 March 2012 (₹ in Crores)	31 March 2011 (₹ in Crores)	31 March 2010 (₹ in Crores)
Defined benefit obligation	6.59	6.34	4.68	3.69	3.23
Plan assets	1.41	0.53	0.92	1.78	1.62
Surplus/(deficit)	5.18	5.81	3.76	1.91	1.61
Experience adjustments on plan liabilities	0.65	(0.12)	0.13	(0.06)	0.70
Experience adjustments on plan assets	(0.01)	(0.08)	(0.14)	(0.14)	1.31

The principal assumptions used in determining defined benefit obligation are shown below:

Particulars	31 March 2014	31 March 2013
Discount rate	9.44%	8.00%
Expected rate of return on plan asset	8.70%	8.70%
Employee turnover	2.00%	2.00%
Actual rate of return on plan assets	9.00%	9.40%

The estimated future salary increase, considered in actuarial valuation, takes into account the effect of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. The overall expected rate of return on plan assets is determined based on the market prices prevailing as on balance sheet date, applicable to the period over which the obligation is to be settled.

NOTE 29: EMPLOYEE STOCK OPTION SCHEME

The Company has granted employees stock options plan, 2006 (ESOP Scheme 2006) and employees stock options plan, 2010 (ESOP Scheme 2010) to its employees pursuant to the resolution passed by the shareholders at the extraordinary general meeting held on March 13, 2006 and annual general meeting held on July 14, 2010 respectively. The Company has followed the fair value method (Black Scholes Options Pricing Model) for the valuation of these options. The compensation committee of the Company has approved six grants vide their meeting held on June 14, 2006; March 19, 2007, September 28, 2007, June 14, 2008, June 26, 2009 and December 29, 2011. As per the plan, Options granted under ESOP would vest in not less than one year and not more than five years from the date of grant of such options. Vesting of options is subject to continued employment with the Company. The plan is an equity settled plan.

The Company has charged ₹ 0.25 crore (31 March 2013: ₹ 0.44 crore) to the statement of profit and loss in respect of options granted under ESOP scheme 2006 and options granted under ESOP scheme 2010.

Other details of the options granted under ESOP scheme 2006 are as follows:

Particulars	Grant 1	Grant 2	Grant 3	Grant 4	Grant 5
Date of grant	14-Jun-06	19-Mar-07	28-Sep-07	14-Jun-08	26-Jun-09
Number of options granted	1,164,250	318,000	653,875	127,750	1,209,500
Method of settlement	Equity	Equity	Equity	Equity	Equity
Vesting period (years)	3	2.25	1.71	1	5
Exercise period (years)	1	1	1	1	1
Vesting conditions	Business performance				

Other details of the options granted under ESOP scheme 2010 are as follows:

Particulars	Grant 1
Date of grant	29-Dec-11
Number of options granted	22,24,000
Method of settlement	Equity
Vesting period (years)	5
Exercise period (years)	1
Vesting conditions	Business performance

The details of the activity under ESOP scheme 2006 have been summarised below:

Particulars	31 March 2014		31 March 2013	
	Number of options	Weighted average exercise price (₹)	Number of options	Weighted average exercise price (₹)
Outstanding at the beginning of the year	158,640	2.00	275,613	2.00
Granted during the year	–	–	–	–
Forfeited during the year	–	–	–	–
Exercised during the year	50,868	2.00	87,156	2.00
Expired during the year	20,628	2.00	29,817	2.00
Outstanding at the end of the year	87,144	2.00	158,640	2.00
Exercisable at the end of the year	33,996	2.00	34,682	2.00
Weighted average remaining contractual life (in years)	0.15		0.75	
Weighted average fair value of options granted	35.23		35.23	

The outstanding ESOPs as above are entitled to bonus in the ratio of 1:1.

The weighted average share price for the year ended March 31, 2014 was ₹ 21.70 (March 31, 2013: ₹ 31.58).

The fair value as per the Black Scholes Options Pricing Model was measured based on the following input:

Date of grant: June 14, 2006	Vest 1	Vest 2	Vest 3
Variables	June 14, 2007	June 14, 2008	June 14, 2009
Weighted average stock price	17.85	17.85	17.85
Expected volatility *	59.78%	58.90%	60.52%
Risk free rate	7.07%	7.16%	7.26%
Exercise price (₹ Per Option)	1	1	1
Time to maturity (years)	1.50	2.50	3.50
Dividend yield	0.57%	0.57%	0.57%
Outputs			
Option fair value	16.80	16.76	16.72
Vesting percentage	20.00%	40.00%	40.00%
Option fair value			16.76

Date of grant: March 19, 2007	Vest 1	Vest 2
Variables	June 19, 2008	June 19, 2009
Weighted average stock price	35.80	35.80
Expected volatility *	62.90%	57.75%
Risk free rate	8.07%	8.06%
Exercise price (₹ Per Option)	1	1
Time to maturity (years)	1.50	2.50
Dividend yield	0.57%	0.57%
Outputs		
Option fair value	34.61	34.47
Vesting percentage	60.00%	40.00%
Option fair value		34.55

Date of grant: September 28, 2007	Vest 1	Vest 2
Variables	September 28, 2008	September 28, 2009
Weighted average stock price	47.46	47.46
Expected volatility *	56.69%	60.98%
Risk free rate	7.20%	7.29%
Exercise price (₹ Per Option)	1	1
Time to maturity (years)	1.50	2.21
Dividend yield	0.51%	0.51%
Outputs		
Option fair value	46.20	46.08
Vesting percentage	50.00%	50.00%
Option fair value		46.14

Date of grant: June 14, 2008	Vest 1
Variables	June 14, 2009
Weighted average stock price	39.70
Expected volatility *	72.11%
Risk free rate	8.34%
Exercise price (₹ Per Option)	1
Time to maturity (years)	1.50
Dividend yield	0.49%
Outputs	
Option fair value	38.53
Vesting percentage	100.00%
Option fair value	38.53

Date of grant: June 26, 2009	Vest 1	Vest 2	Vest 3	Vest 4	Vest 5
Variables	June 26, 2010	June 26, 2011	June 25, 2012	June 25, 2013	June 25, 2014
Weighted average stock price	36.65	36.65	36.65	36.65	36.65
Expected volatility *	97.30%	81.93%	77.57%	72.68%	70.10%
Risk free rate	5.61%	5.83%	6.05%	6.27%	6.47%
Exercise price (₹ Per Option)	1	1	1	1	1
Time to maturity (years)	1.50	2.50	3.50	4.50	5.50
Dividend yield	0.60%	0.60%	0.60%	0.60%	0.60%
Outputs					
Option fair value	35.40	35.24	35.08	34.93	34.77
Vesting percentage	50.00%	20.00%	10.00%	10.00%	10.00%
Option fair value					35.23

As approved by the Extra-Ordinary General Meeting of the Company held on February 25, 2010, the Company has made sub-division of the face value of its equity share capital from ₹ 5 per share to ₹ 2 per share. Further, the Company in the same meeting has approved bonus shares in the ratio of 1:1. Thus, ESOP data as above has been recalculated and presented after considering the impact of the sub-division of face value of the equity share and bonus thereon.

The details of the activity under ESOP scheme 2010 have been summarised below:

Particulars	31 March 2014		31 March 2013	
	Number of options	Weighted average exercise price (₹)	Number of options	Weighted average exercise price (₹)
Outstanding at the beginning of the year	728,570	2	2,056,000	2
Granted during the year	–	–	2,668,800	2
Forfeited during the year	–	–	2,668,800	2
Exercised during the year	283,410	2	–	–
Expired during the year	115,140	2	1,327,430	2
Outstanding at the end of the year	330,020	2	728,570	2
Exercisable at the end of the year	159,548	2	367,660	2
Weighted average remaining contractual life (in years)	0.90		0.98	
Weighted average fair value of options granted	25.87		25.87	

The weighted average share price for the year ended March 31, 2014 was ₹ 21.70 (March 31, 2013: ₹ 31.58)

The fair value as per the Black Scholes Options Pricing Model was measured based on the following input:

Date of grant: December 29 2011	Vest 1	Vest 2	Vest 3	Vest 4	Vest 5
Variables	December 29, 2012	December 29, 2013	December 29, 2014	December 29, 2015	December 29, 2016
Weighted average stock price	28.00	28.00	28.00	28.00	28.00
Expected volatility *	48.31%	47.36%	64.15%	68.63%	65.78%
Risk free rate	8.33%	8.34%	8.35%	8.37%	8.39%
Exercise price (₹ Per Option)	2	2	2	2	2
Time to maturity (years)	1.50	2.50	3.50	4.50	5.51
Dividend yield	0.73%	0.73%	0.73%	0.73%	0.73%
Outputs					
Option fair value	25.93	25.87	25.82	25.78	25.70
Vesting percentage	50.00%	20.00%	10.00%	10.00%	10.00%
Options fair value					25.87

*The measure of volatility used in the above model is the annualised standard deviation of the continuously compounded rates of return on the stock over a period of time. The volatility periods considered above, corresponding to the respective expected lives of the different vests are prior to the grant date. The daily volatility of stock prices is considered as per the National Stock Exchange (NSE) prices over these years.

NOTE 30: OPERATING LEASE

Company as lessee:

The Company has taken office buildings on operating lease. The lease term is for periods of three to nine years and renewable at the option of the Company. Disclosures in respect of operating leases of office buildings as per the requirement of AS- 19 on Leases, notified under the Rules are as under:

- Lease payments recognised in the statement of profit and loss for the year is ₹ 4.26 crores (31 March 2013: ₹ 5.46 crores).
- The future minimum lease payments payable over the next one year is ₹ 1.77 crores (31 March 2013: ₹ 3.22 crores).
- The future minimum lease payments payable later than one year but not later than five year is ₹ 0.66 crores (31 March 2013: ₹ 7.48 crores).

Company as lessor:

The Company has given office building on operating lease. The lease term is for non cancellable period of three years and renewable at the option of the Lessee. Disclosures in respect of operating leases of office building as per the requirement of AS- 19 on Leases, notified under the Rules are as under:

- Lease income recognised in the statement of profit and loss for the year is ₹ 0.10 crores (31 March 2013: Nil).
- The future minimum lease payments receivable over the next one year is ₹ 0.39 crores (31 March 2013: Nil).
- The future minimum lease payments receivable later than one year but not later than five year is ₹ 0.69 crores (31 March 2013: Nil).

NOTE 31: CAPITALISATION OF EXPENDITURE

During the year, the Company has capitalised the following expenses to the cost of fixed assets/ capital work-in-progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalised by the Company.

	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)
Other expenses	–	0.29
Total	–	0.29

NOTE 32: CAPITAL AND OTHER COMMITMENTS

- Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) are ₹ 63.96 crores (31 March 2013: ₹ 91.14 Crores).
- As on March 31, 2014, the Company has commitments of ₹ 419.72 crores (31 March 2013: ₹ 146.00 crores) relating to further investment in subsidiaries.
- For commitments relating to lease arrangements please refer note 30.
- The Company has entered into agreements with the lenders of following subsidiaries companies wherein it has committed to hold directly or indirectly at all times at least 51% of equity share capital of below mentioned subsidiaries and not to sale, transfer, assign, pledge or create any security interest except pledge of shares to the respective lenders as covered in respective agreements with lenders.

31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)
East North Interconnection Company Limited	East North Interconnection Company Limited
Bhopal Dhule Transmission Company Limited	Bhopal Dhule Transmission Company Limited
Jabalpur Transmission Company Limited	Jabalpur Transmission Company Limited
Sterlite Networks Limited	

NOTE 33: CONTINGENT LIABILITIES

	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)
1 Disputed liabilities in appeal		
i. Sales tax	0.43	0.43
ii. Excise duty (Including excise duty case in Supreme Court, Refer note 8 and note 43(A))	258.18	248.99
iii. Customs duty	69.60	67.24
iv. Income tax	18.09	6.92
v. Claims lodged by a bank against the Company * (Refer note 8)	18.87	18.87
vi. Claims against the Company not acknowledged as debt	25.27	25.17
2 Outstanding amount of export obligation against advance licence	–	45.86
3 Corporate guarantee to the income tax department on behalf of group companies.	114.00	114.00
4 Corporates guarantees given on behalf of its subsidiaries for loans and hedging facilities taken from bank / financial institution (to the extent of loans and hedging facilities outstanding as at balance sheet date) [(The total amount of corporate guarantees is ₹ 842.02 Crores (31 March 2013: ₹ 832.46 Crores))]	574.83	548.34
5 Bank guarantee given to Long-term Transmission Customers on behalf of its subsidiary company.	176.72	125.42

The Company has not provided for disputed sales tax, excise duty, customs duty and service tax arising from disallowances made in assessments which are pending with appellate authorities for its decision.

It is not practicable to indicate the uncertainties which may affect the future outcome and estimate the financial effect of the above liabilities.

*In an earlier year, one of the Bankers of the Company had wrongly debited an amount of ₹ 18.87 crores, towards import consignment under letter of credit not accepted by the Company, owing to discrepancies in the documents. The Company has filed the case against the bank in the High Court of Mumbai. The bank has also filed a claim against the Company in the Debt Recovery Tribunal. The Company does not believe that any liability will arise to the Company.

NOTE 34: DERIVATIVE INSTRUMENTS

The Company has entered into the following derivative instruments:

i. The following are the outstanding forward exchange contracts entered into by the Company, for hedge purpose, as on March 31, 2014

Purpose	Foreign currency (In Cr)	Amount (₹ in Cr)	Buy/Sell	No. of Contracts (Quantity)
March 31 2014				
Hedge of payables, buyers credit and highly probable foreign currency purchases	\$13.78	880.57	Buy	271
Hedge of trade receivables and highly probable foreign currency sale	\$9.65	604.40	Sell	102
Hedge of payables, buyers credit and highly probable foreign currency purchases	€0.58	52.00	Buy	29
Hedge of trade receivables and highly probable foreign currency sale	€0.78	64.29	Sell	21
Hedge of trade receivables and highly probable foreign currency sale	£0.16	16.65	Sell	9
March 31 2013				
Hedge of payables, buyers credit and highly probable foreign currency purchases	\$14.10	779.64	Buy	388
Hedge of trade receivables and highly probable foreign currency sale	\$8.30	473.72	Sell	111
Hedge of payables, buyers credit and highly probable foreign currency purchases	€0.96	69.50	Buy	53
Hedge of trade receivables and highly probable foreign currency sale	€1.07	76.53	Sell	28
Hedge of payables, buyers credit and highly probable foreign currency purchases	£0.03	2.37	Buy	1
Hedge of trade receivables and highly probable foreign currency sale	£0.53	47.02	Sell	10

ii. The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

a. Amount receivable in foreign currency on account of the following:

Category	Currency type	31 March 2014		31 March 2013	
		Foreign currency (in Crores)	Amount (₹ in Crores)	Foreign currency (in Crores)	Amount (₹ in Crores)
Export of goods	EUR	–	–	0.06	4.18
Export of goods	AED	–	–	0.16	2.32
Export of goods	ZAR	0.01	0.04	0.01	0.04
Export of goods	GBP	–	–	0.04	3.52
Advance to suppliers	USD	0.00*	0.29	0.43	23.19
Advance to suppliers	EUR	0.03	2.35	0.02	1.18
Advance to suppliers	GBP	0.00*	0.10	0.00*	0.17
Advance to suppliers	CHF	–	–	0.01	0.38
Advance to suppliers	AED	–	–	0.00*	0.07
Balance with banks	USD	0.01	0.71	–	–
Balance with banks	EUR	0.00*	0.30	0.03	1.90
Balance with banks	GBP	0.00*	0.19	0.01	0.51
Balance with banks	ZAR	0.02	0.11	0.02	0.12
Balance with banks	ETB	–	–	0.05	0.19
Balance with banks	RUB	0.01	0.01	0.02	0.03

* Amount below 0.01 crore.

b. Amounts payable in foreign currency on account of the following:

Category	Currency type	31 March 2014		31 March 2013	
		Foreign currency (in Crores)	Amount (₹ in Crores)	Foreign currency (in Crores)	Amount (₹ in Crores)
Import of goods and services	USD	–	–	1.27	68.73
Import of goods and services	GBP	0.00*	0.11	0.00*	0.05
Import of goods and services	CHF	0.00*	0.07	0.00*	0.00*
Import of goods and services	ZAR	–	–	0.04	0.02
Import of goods and services	AED	–	–	0.00*	0.02
Advance from customer	USD	–	–	0.13	7.14
Advance from customer	EUR	–	–	0.01	0.39
Advance from customer	ETB	–	–	0.02	0.07

* Amount below 0.01 Crores

c. Commodity future contracts to hedge against fluctuation in commodity prices.

The following are the outstanding future contracts entered into by the Company as on 31 March 2014

Year	Commodity type	No. of contracts	Contracted quantity (MT)	Buy/Sell
31 March 2014	Aluminium	91	56,028	Buy
31 March 2014	Aluminium	19	11,438	Sell
31 March 2014	Copper	5	104	Buy
31 March 2014	Copper	3	12	Sell
31 March 2013	Aluminium	67	10,743	Buy
31 March 2013	Aluminium	3	2,430	Sell
31 March 2013	Copper	4	73	Buy

NOTE 35: DETAILS OF LOANS AND ADVANCES GIVEN TO SUBSIDIARIES

The details are provided as required by SEBI Circular SMD/Policy/Cir-2/2003 dated 10 January 2003 of the Listing Agreement.

Name of Subsidiary	31 March 2014		31 March 2013	
	Outstanding amount (₹ in Crores)	Maximum balance (₹ in Crores)	Outstanding amount (₹ in Crores)	Maximum balance (₹ in Crores)
Sterlite Grid Limited	565.62	565.62	479.67	479.67
East North Interconnection Company Limited	31.24	39.30	39.30	39.30
Sterlite Technologies Americas LLC	0.26	9.05	9.05	9.05
Sterlite Networks Limited	41.93	119.61	55.90	55.90
Maharashtra Transmission Communication Infrastructure Limited	0.06	1.32	1.32	1.32
Sterlite Technologies UK Ventures Limited	1.40	1.40	-	-

NOTE 36: DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER MSMED ACT, 2006

Description	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)
i. The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year.		
Principal amount due to micro and small enterprises	0.46	0.57
Interest due on above	-	-
ii. The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
iii. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	-	-
iv. The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
v. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	-	-

Interest payable as per section 16 of the Micro, Small and Medium Enterprises Act, 2006 is Nil (31 March 2013:Nil) and same is not accrued in the books of accounts. During, the year 2013-2014 the Company has not received any confirmation for Micro, Small and Medium enterprise.

NOTE 37: VALUE OF IMPORTS CALCULATED ON CIF BASIS

Particulars	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)
Raw materials	893.26	700.88
Components and spare parts	13.45	13.77
Capital goods	46.36	46.92
Total	953.07	761.57

NOTE 38: EXPENDITURE IN FOREIGN CURRENCY (ACCRUAL BASIS)

Particulars	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)
Travelling and conveyance	6.23	7.33
Sales commission	12.27	4.87
Interest and bank charges	10.25	12.32
Royalty	0.48	1.56
Employee benefit expenses	18.80	18.64
Others	33.91	31.08
Total	81.94	75.81

NOTE 39: IMPORTED AND INDIGENOUS RAW MATERIALS, COMPONENTS AND SPARE PARTS CONSUMED

Particulars	% of total consumption 31 March 2014	Value (₹ in Crores) 31 March 2014	% of total consumption 31 March 2013	Value (₹ in Crores) 31 March 2013
RAW MATERIAL				
Imported	51.10	908.02	27.78	631.63
Indigenous	48.90	868.84	72.22	1,642.11
	100.00	1,776.86	100.00	2,273.74
COMPONENTS AND SPARE PARTS				
Imported	28.45	14.63	26.32	14.51
Indigenous	71.55	36.78	73.68	40.60
	100.00	51.41	100.00	55.11

NOTE 40: NET DIVIDEND REMITTED IN FOREIGN EXCHANGE

Year Of Remittance (Ending On)	31 March 2014	31 March 2013
Period to which it relates	April 1, 2012 to March 31, 2013	April 1, 2011 to March 31, 2012
Number of non-resident shareholders	8	7
Number of equity shares held on which dividend was due	209,492,100	209,457,700
Amount remitted, net of tax (₹ in Crores)	6.28	6.28

NOTE 41: EARNINGS IN FOREIGN CURRENCY (ACCRUAL BASIS)

Particulars	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)
F.O.B. value of exports	907.43	952.99
F.O.B. value of deemed exports	32.57	143.67
Corporate Guarantee commission	0.15	-

NOTE 42: SHARE APPLICATION MONEY

Share application money pertains to the amount of exercise price of ₹ 2 per share for Nil equity shares (31 March 2013: 3,650 equity shares) under Employee Stock Option Plans.

NOTE 43: OTHER NOTES

- A. The Company had in an earlier year received an order of CESTAT upholding the demand of ₹ 188 crores (including penalties and excluding interest) (31 March 2013: ₹ 188 crores) in the pending excise/custom matters on various grounds. The Company's appeal with the Honorable High Court of Mumbai was rejected on the grounds of jurisdiction. The Company preferred an appeal with the Honorable Supreme Court of India against the order of CESTAT which has been admitted. The Company has re-evaluated the case on admission of appeal by the Honorable Supreme Court. Based on their appraisal of the matter, the legal advisors/consultants are of the view that under most likely event, the provision of ₹ 4.50 crores made by the Company against the above demand is adequate. The management is confident of a favorable order and hence no further provision is considered against the said demand.
- B. There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.
- C. (i) The financial statements of the company as at and for the year ended March 31, 2014 were approved by the Board of Directors of the company on April 30, 2014 and adopted by the shareholders of the Company in the annual general meeting of the Company held on August 19, 2014. In order to claim deduction of expenditure on Research & Development (R&D) under Section 35(2AB) of the Income Tax Act, 1961, the Company is required to disclose the amount of such expenditure on R&D in its financial statements as specified in the "Guidelines for approval in Form 3CM of companies having in-house R&D centres recognised by DSIR and submission of report in Form 3CL under section 35 (2AB) of Income Tax Act, 1961" ('R&D Guidelines') issued by the Department of Scientific and Industrial Research (DSIR).
General Circular No. 1/2003 dated January 13, 2003 issued by the Department of Company Affairs allows companies to reopen/revise its accounts after adoption in the annual general meeting in order to comply with technical requirements of taxation laws.
The Company has revised these financial statements to comply with the requirements of R&D Guidelines in respect of disclosure of R&D expenditure in the financial statements, which according to the management, supported by an expert opinion, constitute technical requirement of taxation laws. The revision is restricted only to the inclusion of the below disclosure on Research and Development expenditure in the financial statements.
- (ii) Research and Development Expenditure

Particulars	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)
Capital		
- Plants and machinery - capitalized during the year	10.35	-
- Plants and machinery - purchased during the year but pending for capitalization	0.49	-
Revenue		
- Salaries, wages and bonus	4.33	3.10
- Raw materials consumed	2.58	1.80
- General expenses	1.51	2.76
Total	19.26	7.66

NOTE 44: RELATED PARTY DISCLOSURES

1. Name of related party and nature of its relationship:

i. Related parties where control exists

(a) Holding company

Twin Star Overseas Limited, Mauritius (Immediate holding company)
Volcan Investments Limited, Bahamas (Ultimate holding company)

(b) Subsidiaries

Sterlite Display Technologies Private Limited
East North Interconnection Company Limited
Sterlite Grid Limited
Jabalpur Transmission Company Limited
Bhopal Dhule Transmission Company Limited
Sterlite Global Ventures (Mauritius) Limited
Jiangsu Sterlite and Tongguang Fiber Co. Limited
Sterlite Networks Limited
Sterlite Technologies Americas LLC
Sterlite Technologies Europe Ventures Limited

Sterlite Technologies UK Ventures Limited
 Purulia & Kharagpur Transmission Company Limited
 RAPP Transmission Company Limited
 Maharashtra Transmission Communication Infrastructure Limited

(c) Joint Ventures

Sterlite Condispar Industrial Ltda (50:50 joint venture between Sterlite Technologies UK Ventures Limited and Condispar Condutores Eletricos Limitada)

ii. Other related parties with whom transactions have taken place during the year

(a) Key management personnel (KMP)

Mr. Pravin Agarwal
 Dr. Anand Agarwal

(b) Entities where key management personnel / relatives of key management personnel have significant influence (EKMP)

Sesa Sterlite Limited* (erstwhile "Sesa Goa Limited")
 Fujairah Gold FZE
 Bharat Aluminium Company Limited
 Hindustan Zinc Limited
 Vedanta Resources PLC
 Sterlite Industries (India) Limited*
 Sterlite Energy Limited*
 Vedanta Aluminium Limited*

2. ₹ 3.14 crores have been written off in respect of advances due from subsidiary.

3. The transactions with related parties during the year and their outstanding balances are as follows:

(₹ IN CRORES)

S. No.	Particulars	Subsidiaries		Joint Ventures		Holding Company		KMP		EKMP	
		13-14	12-13	13-14	12-13	13-14	12-13	13-14	12-13	13-14	12-13
1	Remuneration	–	–	–	–	–	–	6.78	6.02	–	–
2	Dividend paid	–	–	–	–	6.28	6.28	–	–	0.14	0.14
3	Investment during the year	30.42	15.30	–	–	–	–	–	–	–	–
4	Allotment of equity shares against share application money pending allotment	24.81	–	–	–	–	–	–	–	–	–
5	Share application money paid	10.80	0.03	–	–	–	–	–	–	–	–
6	Conversion of advance to investment in equity shares and debentures	48.01	–	–	–	–	–	–	–	–	–
7	Conversion of loans and advance to share application money	176.35	–	–	–	–	–	–	–	–	–
8	Sale of investment in subsidiary**	63.70	–	–	–	–	–	–	–	–	–
9	Loans and advances given##	172.71	421.92	–	–	–	–	–	–	–	–
10	Repayment of advance from subsidiary	5.65	–	–	–	–	–	–	–	–	–
11	Advances from subsidiary##	–	0.57	–	–	–	–	–	–	–	–
12	Repayment of advance to subsidiary	0.28	–	–	–	–	–	–	–	–	–
13	Interest charged on loans	57.78	26.96	–	–	–	–	–	–	–	–
14	Management fees charged / (paid)	–	3.00	–	–	–	–	–	–	(0.16)	(0.20)
15	Corporate guarantee commission charged	0.15	–	–	–	–	–	–	–	–	–
16	Commission paid	8.52	–	–	–	–	–	–	–	–	–
17	Purchase of goods	20.65	–	–	–	–	–	–	–	614.12	1,149.91
18	Purchase of services	6.60	1.39	–	–	–	–	–	–	–	–
19	Purchase of power	–	–	–	–	–	–	–	–	28.37	24.44
20	Sale of goods (net of excise duty)	310.98	284.61	2.89	–	–	–	–	–	1.18	11.13
21	Sale of services	–	6.62	–	–	–	–	–	–	–	–
22	Interest paid	–	–	–	–	–	–	–	–	0.73	2.58
23	Expenses incurred	0.46	–	–	–	–	–	–	–	1.89	1.61
24	Advance received against supplies	4.12	25.73	–	–	–	–	–	–	–	0.35
25	Corporate and bank guarantees given on behalf of subsidiaries	51.30	710.00	–	–	–	–	–	–	–	–
	OUTSTANDING BALANCES										
1	Advance outstanding against supplies	7.96	27.07	–	–	–	–	–	–	–	–
2	Loans / Advances receivable##	640.51	585.24	–	–	–	–	–	–	–	–
3	Loans / Advances payable##	1.52	1.80	–	–	–	–	–	–	–	–
4	Trade receivables	130.25	64.41	2.94	–	–	–	–	–	–	25.75
5	Trade payables	4.26	–	–	–	–	–	–	–	43.05	18.85
6	Share application money pending allotment	187.15	24.82	–	–	–	–	–	–	–	–
7	Compulsorily convertible debentures	76.48	129.96	–	–	–	–	–	–	–	–
8	Investment in equity shares	152.17	59.14	–	–	–	–	–	–	–	–
9	Corporate and bank guarantees given and outstanding	1,018.74	957.88	–	–	–	–	–	–	114.00	114.00

Disclosure in respect of material related party transactions during the year:

Particulars	Relationship	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)
1. Remuneration #			
Mr. Pravin Agarwal	KMP	3.99	3.55
Dr. Anand Agarwal	KMP	2.79	2.47
2. Dividend paid			
Twin Star Overseas Limited	Holding company	6.28	6.28
3. Investment during the year			
Sterlite Global Ventures (Mauritius) Limited	Subsidiary	30.38	10.10
Sterlite Technologies Europe Ventures Limited	Subsidiary	–	0.10
Sterlite Technologies UK Ventures Limited	Subsidiary	0.04	–
Maharashtra Transmission Communication Infrastructure Limited	Subsidiary	–	5.10
4. Allotment of equity shares against share application money pending allotment			
Sterlite Grid Limited	Subsidiary	24.79	–
Maharashtra Transmission Communication Infrastructure Limited	Subsidiary	0.03	–
5. Share application money paid			
Maharashtra Transmission Communication Infrastructure Limited	Subsidiary	–	0.03
Sterlite Display Technologies Private Limited	Subsidiary	10.80	–
6. Conversion of advance to investment in equity shares / debentures			
East North Interconnection Company Limited	Subsidiary	10.20	–
Sterlite Networks Limited	Subsidiary	37.45	–
Maharashtra Transmission Communication Infrastructure Limited	Subsidiary	0.36	–
7. Conversion of loans and advance to share application money			
Sterlite Grid Limited	Subsidiary	175.30	–
Maharashtra Transmission Communication Infrastructure Limited	Subsidiary	1.04	–
8. Sale of investment in subsidiary**			
Sterlite Grid Limited	Subsidiary	63.70	–
9. Loans and advances given###			
Sterlite Grid Limited	Subsidiary	155.67	381.84
Sterlite Networks Limited	Subsidiary	15.51	51.80
10. Repayment of advances from subsidiary			
Sterlite Technologies Americas LLC	Subsidiary	5.65	–
11. Advances from subsidiary##			
Sterlite Display Technologies Private Limited	Subsidiary	–	0.57
12. Repayment of advances to subsidiary			
Sterlite Display Technologies Private Limited	Subsidiary	0.28	–
13. Interest charged on loans			
Sterlite Grid Limited	Subsidiary	46.54	23.83
East North Interconnection Company Limited	Subsidiary	2.38	3.13
Sterlite Networks Limited	Subsidiary	8.86	–
14. Management fees charged / (paid)			
East North Interconnection Company Limited	Subsidiary	–	3.00
Vedanta Resources PLC	EKMP	(0.16)	(0.20)
15. Corporate guarantee commission charged			
Jiangsu Sterlite and Tongguang Fiber Co. Limited	Subsidiary	0.15	–

Particulars	Relationship	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)
16. Commission paid			
Sterlite Technologies Americas LLC	Subsidiary	8.52	–
17. Purchase of goods			
Sesa Sterlite Limited*	EKMP	560.37	–
Vedanta Aluminium Limited*	EKMP	–	1,010.50
Sterlite Industries (India) Limited*	EKMP	–	22.99
18. Purchase of services			
Sterlite Networks Limited	Subsidiary	6.60	1.39
19. Purchase of power			
Sesa Sterlite Limited*	EKMP	28.37	–
Sterlite Energy Limited*	EKMP	–	24.44
20. Sale of goods (net of excise duty)			
East North Interconnection Company Limited	Subsidiary	20.96	118.36
Bhopal Dhule Transmission Company Limited	Subsidiary	57.96	104.34
Jabalpur Transmission Company Limited	Subsidiary	49.04	33.02
Sterlite Grid Limited	Subsidiary	93.74	–
Jiangsu Sterlite and Tongguang Fiber Co. Limited	Subsidiary	72.86	5.56
21. Sale of services			
Sterlite Networks Limited	Subsidiary	–	6.62
22. Interest paid			
Sesa Sterlite Limited*	EKMP	0.73	–
Vedanta Aluminium Limited*	EKMP	–	2.28
23. Expenses incurred			
Sesa Sterlite Limited*	EKMP	1.69	–
Vedanta Aluminium Limited*	EKMP	–	1.28
Hindustan Zinc Limited	EKMP	0.20	0.18
Sterlite Networks Limited	Subsidiary	0.46	–
24. Advance received against supplies			
Bhopal Dhule Transmission Company Limited	Subsidiary	–	25.73
Jabalpur Transmission Company Limited	Subsidiary	4.12	–
25. Corporate and bank guarantee given on behalf of subsidiaries			
Sterlite Grid Limited	Subsidiary	–	560.00
Bhopal Dhule Transmission Company Limited	Subsidiary	–	150.00
Purulia & Kharagpur Transmission Company Limited	Subsidiary	27.90	–
RAPP Transmission Company Limited	Subsidiary	23.40	–

* During the year, Sterlite Industries (India) Limited, Sterlite Energy Limited, Vedanta Aluminium Limited, Ekateriana Limited, Madras Aluminium Company Limited were amalgamated into and with Sesa Goa Limited. Later the name of Sesa Goa Limited was changed to Sesa Sterlite Limited.

As the liabilities for gratuity and leave encashment are provided on an actuarial basis for the Company as a whole, the amounts pertaining to directors are not included above.

##Included expenses incurred and recoverable.

**During the current year, the Company has transferred 49% of its investment in equity shares and debentures of East North Interconnection Limited to Sterlite Grid Limited.

NOTE 45: SEGMENT INFORMATION

In accordance the Accounting Standard 17 notified under the Act on “Segment Reporting”, the Company has identified two reportable Business Segments i.e. Telecom Product and Solutions Business and Power Product and Solutions Business, which are regularly evaluated by the Management, in deciding the allocation of resources and assessment of performance. Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common cost. The segment performance is as follows:

Business Segment

[₹ In Crores]

Particulars	Telecom Product and Solutions		Power Product and Solutions		Unallocable		Total	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Segment revenue	1,146.48	1,097.35	1,649.94	2,301.91	-	-	2,796.42	3,399.26
Less: Excise duty	69.77	41.52	63.07	72.28	-	-	132.84	113.80
Net revenue	1,076.71	1,055.83	1,586.87	2,229.63	-	-	2,663.58	3,285.46
Segment results (EBIT)	113.20	107.77	55.16	66.61	-	-	168.36	174.38
Less: Finance cost					95.28	105.57	95.28	105.57
Profit before tax							73.08	68.81
Less: Tax expense					22.88	21.35	22.88	21.35
Net profit							50.20	47.46
Segment assets	1,425.45	1,544.20	938.73	994.39			2,364.18	2,538.59
Common assets					1,182.14	747.86	1,182.14	747.86
Total assets							3,546.32	3,286.45
Segment liabilities	337.55	305.92	563.27	607.14	-	-	900.82	913.06
Common liabilities					1427.21	1190.40	1427.21	1190.40
Total liabilities							2328.03	2103.46
Capital expenditure incurred	72.13	78.08	19.29	32.23	-	-	91.42	110.31
Depreciation	73.49	58.47	29.40	27.48	-	-	102.89	85.95
Significant non cash expenditure	9.33	15.87	20.01	20.56	-	-	29.34	36.42

Geographical Segment

The Company's secondary segments are the geographic distribution of activities. Revenue and receivables are specified by location of customers while the other geographic information is specified by location of the assets

Particulars	31 March 2014 [₹ in Crores]	31 March 2013 [₹ in Crores]
i. Segment revenue - external turnover (gross)		
Within India	1,747.88	2,239.06
Outside India	1,048.54	1,160.19
Total	2,796.42	3,399.26
ii. Segment assets		
Within India	2,120.79	2,251.18
Outside India	243.39	287.41
Total	2,364.18	2,538.59
iii. Capital expenditure		
Within India	91.42	110.31
Outside India	-	-
Total	91.42	110.31

NOTE 46: PREVIOUS YEAR FIGURES

Previous year figure have been regrouped / reclassified where necessary, to conform to this year's classification.

As per our report of even date

For S.R. Batliboi & Co. LLP

Firm Registration No.: 301003E

Chartered Accountants

per Paul Alvares

Partner

Membership No.: 105754

Place: Pune

Date: May 18, 2015

For and on behalf of the board of directors of Sterlite Technologies Limited

Pravin Agarwal

Whole-time Director

Anupam Jindal

Chief Financial Officer

Anand Agarwal

CEO & Whole-time Director

Amit Deshpande

Company Secretary

Beyond business



Sterlite aims to give back to society in such a way that needs of the wider sections are responded to and improvements made in the quality of their lives.

Sterlite's sustainable development focus encompasses environmental protection, resource repletion, health and empowerment through education, working in partnership with credible non-profit organizations on a wide spectrum of related projects.

Sustainable development

sterlitetechnologies.com


Sterlite

INDEPENDENT AUDITOR'S REPORT

To The Board of Directors of Sterlite Technologies Limited

We have audited the accompanying consolidated financial statements of Sterlite Technologies Limited ("the Company") and its subsidiaries (together referred to as the 'Group'), which comprise the consolidated Balance Sheet as at March 31, 2014, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statement

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

As stated in Note no.38(A) in the accompanying consolidated financial statements, the Company had in an earlier year received an order of CESTAT upholding a demand of ₹188 crores (including penalties and excluding interest) (₹188 crores as at March 31 2013) in a pending excise/customs matter. The Company's appeal against this order with the Honourable Supreme Court has been admitted. Based on the current status and legal advice received, provision for liability as recorded and disclosed in Note no.9 in the accompanying financial statements is considered adequate

by Management. In the event the decision of the Honourable Supreme Court goes against the Company on any of the grounds of appeal, additional provision against the said demand may be required. Pending disposal of the matter by the Honourable Supreme Court, we are unable to comment on the adequacy of the provisions made towards the amount of excise / customs duty payable. Our audit opinion on the standalone and consolidated financial statements for the year ended March 31, 2013 were also qualified in respect of this matter.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries as noted below and other financial information of the components, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- In the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2014;
- In the case of the consolidated Statement of Profit and Loss, of the loss for the year ended on that date; and
- In the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Other Matter

We did not audit total assets of ₹ 191.25 crores as at March 31, 2014, total revenues of ₹ 98.09 crores and net cash inflows amounting to ₹ 10.32 crores for the year then ended, included in the accompanying consolidated financial statements in respect of certain subsidiaries whose financial statements and other financial information have been audited by other auditors and whose reports have been furnished to us. Our opinion, in so far as it relates to the affairs of such subsidiaries is based solely on the report of other auditors. Our opinion is not qualified in respect of this matter.

We did not audit total assets of ₹ 15.34 crores as at March 31, 2014, total revenues of ₹11.69 crores and net cash outflows amounting to ₹ 1.04 crores for the year then ended, included in the accompanying consolidated financial statements in respect of certain subsidiaries and a joint venture whose financial statements and other financial information have been certified by the management. Our opinion, in so far as it relates to the affairs of such subsidiaries and the joint venture is based solely on the management certified accounts. Our opinion is not qualified in respect of this matter.

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration No.: 301003E

per Paul Alvares
Partner
Membership Number: 105754

Place: Pune
Date: April 30, 2014

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2014

(All amounts in ₹ Crores unless otherwise stated)

Particulars	Note	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	78.76	78.69
Reserves and surplus	4	1,031.40	1,080.56
		1,110.16	1,159.25
Share application money pending allotment	37	–	0.00
Minority interest		20.72	12.78
Non-current liabilities			
Long-term borrowings	5	3,485.56	1,911.56
Deferred tax liabilities (net)	6	84.41	84.98
Trade payables	8	–	1.59
Other long-term liabilities	8	101.64	0.60
Long-term provisions	9	5.83	15.80
		3,677.44	2,014.53
Current liabilities			
Short-term borrowings	10	658.97	858.60
Trade payables	11	594.39	606.88
Other current liabilities	11	836.69	695.66
Short-term provisions	9	28.51	19.00
		2,118.56	2,180.14
Total		6,926.88	5,366.70
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	12	1,707.96	1,099.59
Intangible assets	12	17.30	16.93
Capital work-in-progress		3,548.39	2,181.20
Intangible assets under development		0.37	–
		5,274.02	3,297.72
Deferred tax assets	7	0.98	2.17
Long-term loans and advances	13	204.70	307.72
Trade receivables	14	10.52	69.12
Other non-current assets	15	7.68	4.83
		5,497.90	3,681.56
Current assets			
Current investments	16	221.58	44.38
Inventories	17	319.58	301.05
Trade receivables	14	578.04	576.10
Cash and bank balances	18	102.02	571.21
Short-term loans and advances	13	195.75	178.11
Other current assets	15	12.01	14.29
		1,428.98	1,685.14
Total		6,926.88	5,366.70
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date

For S.R. Batliboi & Co. LLP

Firm Registration No.: 301003E

Chartered Accountants

per Paul Alvares

Partner

Membership No.: 105754

Place: Pune

Date: April 30, 2014

For and on behalf of the board of directors of Sterlite Technologies Limited

Pravin Agarwal

Whole-time Director

Anupam Jindal

Chief Financial Officer

Anand Agarwal

CEO & Whole-time Director

Amit Deshpande

Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2014

[All amounts in ₹ Crores unless otherwise stated]

Particulars	Note	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)
INCOME			
Revenue from operations (gross)	19	2,670.10	3,180.52
Less : Excise duty	19	106.25	88.18
Revenue from operations (net)		2,563.85	3,092.34
Other income	20	22.50	15.29
Total Income (I)		2,586.35	3,107.63
EXPENSES			
Cost of raw material and components consumed	21	1,564.51	1,993.77
Purchase of traded goods		28.26	96.80
(Increase)/decrease in inventories of finished goods, work-in-progress and traded goods	22	(22.77)	1.44
Employee benefits expense	23	142.58	124.71
Other expenses	24	575.89	652.77
Total Expenses (II)		2,288.47	2,869.49
Earnings before interest, tax, depreciation and amortisation (EBITDA) (I) - (II)		297.88	238.14
Depreciation and amortisation expense	25	133.31	89.09
Finance costs	26	179.78	106.28
Profit / (loss) before tax		(15.21)	42.77
TAX EXPENSE			
Current tax		20.84	16.29
Less: MAT credit entitlement		-	(0.92)
Net current tax expense		20.84	15.37
Deferred tax		0.62	9.29
Income tax for earlier years		2.85	(6.37)
Total tax expenses		24.31	18.29
PROFIT / (LOSS) FOR THE YEAR		(39.52)	24.48
Share of loss of minority interest		(4.01)	(0.71)
Profit / (loss) for the year after minority interest		(35.51)	25.19
Earnings per equity share [nominal value of share ₹ 2 (31 March 2013: ₹ 2)]	27		
Basic and diluted			
Computed on the basis of profit / (loss) for the year (₹)		(0.90)	0.64
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date
For S.R. Batliboi & Co. LLP
 Firm Registration No.: 301003E
 Chartered Accountants

per Paul Alvares
 Partner
 Membership No.: 105754
 Place: Pune
 Date: April 30, 2014

For and on behalf of the board of directors of Sterlite Technologies Limited

Pravin Agarwal
 Whole-time Director

Anupam Jindal
 Chief Financial Officer

Anand Agarwal
 CEO & Whole-time Director

Amit Deshpande
 Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2014

Particulars	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit as per consolidated statement of profit and loss	(39.52)	24.48
Adjustment for taxation	24.31	18.29
Profit before tax	(15.21)	42.77
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation and amortisation expense	133.31	89.09
Provision for doubtful debts and advances	6.58	17.22
Bad debts and advances written off	18.25	16.71
Balances no longer payable written back	(1.46)	–
Goodwill on consolidation written off	–	3.35
Loss on sale of assets, net	1.36	4.23
Employees stock option expenses	0.25	0.44
Income from investments	(3.59)	(1.04)
Finance costs	179.78	106.28
Interest income	(14.62)	(14.09)
Unrealized exchange difference	7.18	(11.40)
Adjustment for consolidation*	1.76	2.56
	328.80	213.34
Operating profit before working capital changes	313.59	256.11
Movements in working capital :		
Increase/(decrease) in trade payables	(25.75)	45.44
Decrease in long-term provisions	(0.47)	(20.43)
Increase in short-term provisions	0.98	3.31
Increase/(decrease) in other current liabilities	4.25	(33.20)
Increase/(decrease) in other long-term liabilities	0.32	(39.73)
Decrease in trade receivable	42.27	124.83
Increase in inventories	(18.53)	(28.98)
Increase in long-term loans and advances	(13.04)	(3.43)
Decrease/(increase) in short-term loans and advances	(13.12)	10.70
Decrease/(increase) in other current assets	8.95	(5.78)
Increase in other non-current assets	(1.92)	(4.83)
Change in working capital	(16.06)	47.90
Cash generated from operations	297.53	304.01
Direct taxes paid (net of refunds)	(33.90)	(21.04)
Net cash flow from operating activities	263.63	282.97
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets, including capital work-in-progress and capital advances	(1,663.63)	(1,458.87)
Proceeds from sale of fixed assets	10.85	2.22
Purchase of current investments (net)	(23.61)	(30.34)
Purchase of non-current investments	(150.00)	–
Investments in bank deposits (having original maturity of more than three months)	(15.19)	(124.81)
Redemption of bank deposits (having original maturity of more than three months)	100.00	102.62
Interest received	14.99	14.09
Net cash flow used in investing activities	(1,726.59)	(1,495.08)

* Primarily includes impact of foreign currency translation in non-integral operation.

Particulars	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)
C. Cash flow from financing activities		
Increase in minority interest due to issue of shares by subsidiaries	11.51	3.50
Proceeds of long-term borrowings	1,776.61	1,589.24
Repayment of long-term borrowings	(63.65)	–
Proceeds/(repayment) of short-term borrowings (net)	(195.84)	194.23
Proceeds of share application money	–	0.00**
Proceeds of issue of shares against employee stock options	0.03	0.01
Interest paid	(436.38)	(228.49)
Dividend paid on equity shares	(11.68)	(11.70)
Tax on equity dividend paid	(2.01)	(1.90)
Net cash flow from financing activities	1,078.58	1,544.89
Net increase / (decrease) in cash and cash equivalents	(384.38)	332.78
Cash and cash equivalents as at beginning of year	468.57	135.79
Cash and cash equivalents as at year end*	84.19	468.57
* The cash and cash equivalents include balance of ₹ 1.24 Crores (31 March 2013: ₹ 1.11 Crore) which is not available for use by the Company/group.		
** Amount is below ₹ 0.01 Crore.		
Components of cash and cash equivalents	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)
Balance with banks:		
On current accounts	82.92	62.11
Deposit with original maturity of less than 3 months	–	405.30
On unpaid dividend account	1.24	1.11
Cash in hand	0.03	0.05
Total cash and cash equivalents (Refer note 18)	84.19	468.57

As per our report of even date

For S.R. Batliboi & Co. LLP

Firm Registration No.: 301003E

Chartered Accountants

per Paul Alvares

Partner

Membership No.: 105754

Place: Pune

Date: April 30, 2014

For and on behalf of the board of directors of Sterlite Technologies Limited

Pravin Agarwal

Whole-time Director

Anupam Jindal

Chief Financial Officer

Anand Agarwal

CEO & Whole-time Director

Amit Deshpande

Company Secretary

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2014

NOTE 1: CORPORATE INFORMATION

Sterlite Technologies Limited (hereinafter referred to as 'the Company') and its subsidiaries (together referred to as 'the Group') is primarily engaged in the manufacture and sale of Power and Telecom products and solutions and setting up of transmission and distribution networks. Telecom products and solutions mainly include integrated optical fiber, other telecom products such as fiber optical cables, copper telecom cables, structured data cables, access equipments, fiber connectivity and system integration solution offerings for telecom networks and other service providers. Power products and solutions mainly include power transmission conductors and cables.

NOTE 2: BASIS OF CONSOLIDATION

The consolidated financial statements are prepared in accordance with AS 21, Consolidated Financial Statements notified under the Companies Act, 1956 ('the Act'), read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs. The accounting policies have been consistently applied by the Group except for the change in accounting policy explained below and are in conformity with Indian Generally Accepted Accounting Principles ('Indian GAAP'). The consolidated financial statements have been prepared on the following basis:

- i. The financial statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating all significant intra group balances and intra group transactions and unrealised profits. Unrealised losses resulting from intra group transactions are eliminated unless cost cannot be recovered.
- ii. The excess of the cost to the Company of its investment in the subsidiary over the Company's portion of equity of the subsidiary on the acquisition date is recognised in the financial statements as goodwill and is tested for impairment annually. The excess of company's portion of equity of the subsidiary over the cost of investment therein is treated as capital reserve.
- iii. The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and necessary adjustments required for deviations, if any, are made in the consolidated financial statements and are presented in the same manner as the Company's standalone financial statements.
- iv. The financial statements of the entities used for the purpose of consolidation are drawn up to same reporting date as that of the Company i.e. year ended March 31, 2014.
- v. The Group recognises its interest in the joint venture using the proportionate consolidation method as per Accounting Standard 27 – Financial Reporting of Interests in Joint Ventures notified under the Act read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs. The Group combines its proportionate share of each of the assets, liabilities, income and expenses of the joint venture with similar items, line by line, in its consolidated financial statements.

NOTE 2.1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Use of estimates

The preparation of financial statements in conformity with the Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Difference between the actual result and estimates are recognised in the year in which the results are known / materialised. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

b. Tangible fixed assets

Fixed assets, are stated at cost (net of centvat), net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the consolidated statement of profit and loss for the period during which such expenses are incurred.

The Group adjusts exchange differences arising on translation/settlement of long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset to the cost of the asset and depreciates the same over the remaining life of the asset. In accordance with MCA circular dated 09 August 2012, exchange differences adjusted to the cost of fixed assets are total differences, arising on long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset, for the period. In other words, the Company does not differentiate

between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

Expenditure directly relating to construction activity is capitalised. Indirect expenditure incurred during construction period is capitalised as part of the construction costs to the extent the expenditure can be attributable to construction activity or is incidental there to. Income earned during the construction period is deducted from the total of the indirect expenditure.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of profit and loss when the asset is derecognised.

c. Depreciation on Tangible Fixed Assets

- i. Depreciation on Fixed Assets is provided on straight line method, unless otherwise stated, pro-rata to the period of use of assets at the rates specified in Schedule XIV of the Companies Act, 1956 which represents the useful life of these assets
- ii. Cost of leasehold land is amortised over the period of lease on a straight line basis.
- iii. Cost of capital and insurance spares is amortised over a period of four years.

d. Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the consolidated statement of profit and loss in the year in which the expenditure is incurred.

Duct taken on Indefeasible Right of Use (IRU) is amortized over the agreement period on a straight line basis.

Customer acquisition costs consist of payments made to obtain consents/permissions for laying of fiber cables and other telecom infrastructure in residential and commercial complexes/townships. Such cost is amortized over the period of the consent/permission on a straight line basis.

Right of way (ROW) pertains to the right granted by Maharashtra State Electricity Transmission Company Limited to one of the subsidiaries of the Company to establish communication network in the state of Maharashtra. ROW is amortized on a straight line basis over a period of 20 years for which the right has been granted.

Other intangible assets are amortised on a straight line basis over a period of five years. Intangible assets not yet available for use and intangible assets amortized over a period exceeding ten years from the date they are available for use are tested for impairment annually, either individually or at the cash-generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of profit and loss when the asset is derecognised.

Research and development costs.

Revenue expenditure on research activities is expensed as incurred.

e. Leases

Where the group is lessee

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognised as an expense in the consolidated statement of profit and loss on a straight-line basis over the lease term.

Where the group is the lessor

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

f. Borrowing Costs

Borrowing cost includes interest, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

g. Impairment of Tangible and Intangible Assets

The group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses are recognised in the consolidated statement of profit and loss.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss.

h. Government Grants and Subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the group will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

When the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the consolidated statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate.

i. Investments

Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the consolidated statement of profit and loss.

j. Inventories

Raw materials, components, stores and spares and traded goods are valued at lower of cost and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, components and stores and spares is determined on a weighted average basis except in case of inventory for aluminium conductors in the power product and solutions business, wherein the cost is determined on specific identification method based on costing details of each project.

Work-in-progress and finished goods are valued at lower of cost and net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty and is determined on a weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

k. Revenue recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the group and that the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue from sale of goods is recognised when all the significant risks and rewards of ownership of the goods have been passed to the buyer. The group collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the group. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year. Sales are net of quantity discounts. Freight charged on sales and recovered is included as a part of revenue.

Income from services

Revenues from services are recognised pro-rata over the period of the contract as and when services are rendered. The group collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the group. Hence, it is excluded from revenue.

Revenue from one time charges billed to service providers is recognized over the related estimated customer relationship period.

Amount received as one-time cost from developers towards setting up of telecom infrastructure in their premises is recognized as revenue over the period of the agreement with the developers.

Revenue from power transmission charges is accounted for on the basis of billings to consumers/state transmission utilities and includes unbilled revenues accrued upto the end of the accounting year.

Interest

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

Dividends

Dividend income is recognised when the group's right to receive dividend is established by the reporting date.

Export incentives

Export incentive benefits consist of duty drawback, high value added licenses and DEPB entitlements. These are recognised on the basis of receipt of proof of export.

I. Foreign Currency Translation

Foreign currency transactions and balances

i. Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

ii. Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

iii. Exchange differences

The Company accounts for exchange differences arising on translation/ settlement of foreign currency monetary items as below:

1. Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset.
2. Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.
3. All other exchange differences are recognized as income or as expenses in the period in which they arise.

For the purpose of 1 and 2 above, the Company treats a foreign currency monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination. In accordance with MCA circular dated 09 August 2012, exchange differences for this purpose, are total differences arising on long-term foreign currency monetary items for the period. In other words, the Company does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange differences.

iv. Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/ liability

The premium or discount arising at the inception of forward exchange contract is amortised and recognised as an expense/ income over the life of the contract. Exchange differences on such contracts, are recognised in the consolidated statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognised as income or as expense for the period. None of the foreign exchange contracts are taken for trading or speculation purpose.

Translation of integral and non-integral foreign operation

The group classifies all its foreign operations as either "integral foreign operations" or "non-integral foreign operations."

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the group itself.

The assets and liabilities of a non-integral foreign operation are translated into the reporting currency at the exchange rate prevailing at the reporting date. Their statement of profit and loss are translated at exchange rates prevailing at the dates of transactions or weighted average weekly rates, where such rates approximate the exchange rate at the date of transaction. The exchange differences arising on translation are accumulated in the foreign currency translation reserve. On disposal of a non-integral foreign operation, the accumulated foreign currency translation reserve relating to that foreign operation is recognised in the consolidated statement of profit and loss.

When there is a change in the classification of a foreign operation, the translation procedures applicable to the revised classification are applied from the date of the change in the classification.

m. Retirement and other employee benefits

Retirement benefit in the form of provident fund and superannuation fund are defined contribution schemes. The Company recognizes contribution payable to the provident fund and superannuation fund as an expenditure, when an employee renders the related service. The group has no obligation, other than the contribution payable to the provident fund and superannuation funds.

The group operates a defined benefit plan in the form of gratuity for its employees. The cost of providing benefits under the plan is determined

on the basis of actuarial valuation at each year-end. Actuarial valuation is carried out using the projected unit credit method. Actuarial gains and losses for the defined benefit plan are recognised in full in the period in which they occur in the consolidated statement of profit and loss. Accumulated leave, which is expected to be utilised within the next 12 months, is treated as short-term employee benefit. The group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the consolidated statement of profit and loss and are not deferred.

n. Income taxes

Tax expenses comprise current and deferred taxes. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the group has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

In the situations where the group is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognised in respect of timing differences which reverse during the tax holiday period, to the extent the group's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognised in the year in which the timing differences originate. However, the group restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

At each reporting date, the group re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each reporting date. The group writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the same taxable entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to the consolidated statement of profit and loss as current tax. The group recognises MAT credit available as an asset only to the extent that there is convincing evidence that the group will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the group recognises MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the consolidated statement of profit and loss and shown as "MAT Credit Entitlement." The group reviews the "MAT Credit Entitlement" asset at each reporting date and writes down the asset to the extent the group does not have convincing evidence that it will pay normal tax during the specified period.

o. Employee stock compensation cost

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India ('ICAI'). The group measures compensation cost relating to employee stock options using the fair value method. Compensation expense is amortised over the vesting period of the option on a straight line basis.

p. Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

q. Provisions

A provision is recognised when the group has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Where the group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of profit and loss net of any reimbursement.

r. Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The group does not recognise a contingent liability but discloses its existence in the financial statements.

s. Cash and cash equivalents

Cash and cash equivalents for the purposes of consolidated cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

t. Derivative instruments

In accordance with the ICAI announcement, derivative contracts, other than foreign currency forward contracts covered under AS 11, are marked to market on a portfolio basis, and the net loss, if any, after considering the offsetting effect of gain on the underlying hedged item, is charged to the consolidated statement of profit and loss. Net gain, if any, after considering the offsetting effect of loss on the underlying hedged item, is ignored.

Gains and losses from designated and effective hedging instruments are included in the same line as the gains and losses from the hedged items such as sales revenue or cost of goods sold as the case may be. Gains and losses on other derivatives are included in other income or other expenditure as the case may be.

The group enters into commodity futures contracts (aluminum contracts) against future sales transactions. These commodity futures contracts are rolled over in case the period of the contracts is less than the period of future sales transactions. On roll over, the group has to pay/receive the differential amount, in case aluminum prices have gone down/up (loss/profit). The group carries the loss/profit in the balance sheet till the future sales transactions take place. This loss/profit is transferred to consolidated statement of profit and loss on conclusion of the future sales transactions except in case where such loss/profit relates to the acquisition or construction of fixed assets, in which case, it is adjusted to the carrying cost of such fixed assets.

u. Segment Reporting Policies

The group's operating businesses are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segment is based on the areas in which major operating divisions of the group operate.

Inter segment transfers

The group accounts for intersegment sales and transfers as if the sales or transfers were to third parties at current market prices.

Allocation of common costs

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items

These include general corporate income and expense items which are not allocated to any business segment.

Segment policies

The group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the group as a whole.

v. Measurement of EBITDA

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the group has elected to present earnings before interest, tax, depreciation and amortisation expense (EBITDA) as a separate line item on the face of the consolidated statement of profit and loss. The group measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the group does not include depreciation and amortisation expense, finance costs and tax expenses.

NOTE 3: SHARE CAPITAL

	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)
Authorised shares (No. Crores)		
75.00 (31 March 2013: 75.00) equity shares of ₹ 2 each	150.00	150.00
Issued, subscribed and fully paid-up shares (No. Crores)		
39.38 (31 March 2013: 39.34) equity shares of ₹ 2 each (fully paid-up)	78.76	78.69
Total	78.76	78.69

1. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	31 March 2014		31 March 2013	
	Nos. in Crores	₹ in Crores	Nos. in Crores	₹ in Crores
At the beginning of the year	39.34	78.69	39.33	78.65
Issued during the year - ESOP	0.02	0.04	0.01	0.02
Issued during the year - bonus on ESOP	0.02	0.04	0.01	0.02
Outstanding at the end of the year *	39.38	78.76	39.34	78.69

* The difference in reconciliation of the number of shares is due to rounding off.

2. Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 2 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees.

The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31 March 2014, the amount of per share dividend recognised as distributions to equity shareholders was ₹ 0.30 (31 March 2013 : ₹ 0.30)

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

3. Shares held by holding company and their subsidiaries/associates:

	31 March 2014		31 March 2013	
	Nos. in Crores	% Holding	Nos. in Crores	% Holding
HOLDING COMPANY				
Twin Star Overseas Limited, Mauritius	20.94	53.17%	20.94	53.22%
Subsidiary of Volcan Investments Limited, Bahamas (Ultimate Holding Company)				
Sesa Sterlite Limited (Erstwhile Sesa Goa Limited *)	0.48	1.21%	–	–
Sterlite Industries (I) Limited *	–	–	0.43	1.08%
Madras Aluminium Company Limited *	–	–	0.05	0.13%

* During the year, Sterlite Industries (India) Limited, Sterlite Energy Limited, Vedanta Aluminium Limited and Madras Aluminium Company Limited were amalgamated into and with Sesa Goa Limited. Later the name of Sesa Goa Limited was changed to Sesa Sterlite Limited.

4. Aggregate number of bonus shares issued, share issued for consideration other than cash during the period of five years immediately preceding the reporting date:

	31 March 2014 (Nos. in Crores)	31 March 2013 (Nos. in Crores)
Equity shares allotted as fully paid bonus shares by capitalisation of securities premium	19.69	19.67

In addition company has issued total 1,208,596 shares (31 March 2013 : 1,173,950 shares) during the period of five years immediately preceding the reporting date on exercise of option granted under the employee stock option plan (ESOP) wherein part consideration was received in form of employee services.

5. Detail of shareholders holding more than 5% of shares in the Company

	31 March 2014		31 March 2013	
	Nos. in Crores	% Holding	Nos. in Crores	% Holding
i. Twin Star Overseas Limited (Holding Company)	20.94	53.17%	20.94	53.22%
ii. Life Insurance Corporation of India	2.13	5.40%	2.13	5.41%

6. Shares reserved for issue under options:

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, refer note 30.

NOTE 4: RESERVES AND SURPLUS

	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)
Capital reserve	0.04	0.04
Securities premium account		
Balance as per last financial statements	196.96	196.37
Add: Additions on ESOPs exercised	1.09	0.61
Less: Utilised for issue of bonus shares	0.04	0.02
Less: Utilised for writing off expenses on issue of debentures (net of tax)	1.35	–
Closing balance	196.66	196.96
Employee stock option outstanding		
Balance as per last financial statements	2.46	2.63
Add: Employees stock option expenses for the year	0.25	0.44
Less: Transferred to securities premium account	1.09	0.61
Closing balance	1.62	2.46
Foreign currency translation reserve		
Balance as per last financial statements	2.56	–
Add: Effect of foreign exchange rate variations during the year	1.32	2.56
Closing balance	3.88	2.56
Debenture redemption reserve		
Balance as per last financial statements	–	–
Add: Amount transferred from surplus in the statement of profit and loss	62.50	–
Closing balance	62.50	–
General reserve		
Balance as per last financial statements	133.34	130.97
Add: Amount transferred from surplus in the statement of profit and loss	2.51	2.37
Closing balance	135.85	133.34
Surplus in the consolidated statement of profit and loss		
Balance as per last financial statements	745.20	736.19
Profit / (loss) for the year	(35.51)	25.19
Less: Appropriations		
Proposed final equity dividend (amount per share ₹ 0.30 (31 March 2013: ₹ 0.30))	11.82	11.80
Tax on proposed equity dividend	2.01	2.01
Transfer to general reserve	2.51	2.37
Transfer to debenture redemption reserve	62.50	–
Total appropriations	78.84	16.18
Net surplus in the statement of profit and loss	630.85	745.20
Total reserves and surplus	1,031.40	1,080.56

NOTE 5: LONG-TERM BORROWINGS

	Non-current portion		Current maturities	
	31 March 2014 ₹ in Crores	31 March 2013 ₹ in Crores	31 March 2014 ₹ in Crores	31 March 2013 ₹ in Crores
Debentures				
2,500(31st March 2013: Nil) 11.45% Non convertible debentures of ₹ 10 Lacs each (secured)	250.00	–	–	–
Term Loans:				
Indian rupee term loan from bank (secured)	2,362.80	1,493.06	161.46	42.89
Foreign currency loan from bank (secured)	55.00	56.11	15.83	6.23
Foreign currency loan from financial institution (secured)	182.38	13.64	10.77	–
Indian rupee loan from financial institutions (secured)	462.50	348.70	4.58	–
Other loans and advances				
Domestic bill discounting (secured)	145.38	–	–	–
Buyers credit (secured)	27.50	–	–	–
Sales tax loan (interest free) (unsecured)	–	0.05	1.07	1.47
	3,485.56	1,911.56	193.71	50.59
The above amount includes				
Secured borrowings	3,485.56	1,911.51	192.64	49.12
Unsecured borrowings	–	0.05	1.07	1.47
Amount disclosed under the head “other current liabilities” (note 11)	–	–	193.71	50.59
Net amount	3,485.56	1911.56	–	–

Sterlite Technologies Limited (STL)

- 11.45 % Non convertible debentures are redeemable at par in financial year 2016-17, and secured by way of first pari passu charge on entire movable fixed assets (both present and future) and mortgage of certain immovable fixed assets of STL.
- Indian rupee term loan from banks amounting to ₹92.50 crores carries interest @ LTMLR + 1.10% p.a. Loan amount is repayable in 19 quarterly equated installments of ₹ 4.87 crores (excluding interest) from the end of this financial year. The term loan is secured by first charge on the movable fixed assets of STL (both present and future).
- Indian rupee term loan from bank amounting to ₹ 109.83 crores carries interest @ Base rate + 1% p.a. Loan amount is repayable in 13 quarterly equated installments of ₹ 8.45 crores (excluding interest) from the end of this financial year. The term loan is secured by first charge on the movable fixed assets of STL (both present and future).
- Indian rupee term loan from the bank amounting to ₹ 250.00 crores carries interest @ Base rate + 1% p.a. Loan amount is repayable in 16 quarterly equated installments of ₹ 15.62 crores (excluding interest) starting from quarter ended March 2015 The term loan is secured by first charge on the movable fixed assets of STL (both present and future).
- Indian rupee term loan from the bank amounting to ₹ 50.00 crores carries interest @ Base rate. Loan amount is repayable in April 2016. The term loan is secured by stand by letter of credit issued by a bank which in turn is secured by movable fixed assets of STL.

East North Interconnection Company Limited (ENICL)

- Indian rupee term loan of ₹ 676.04 crores from banks carries interest @ BPLR + 2.5% p.a. 65% of total loan amount is repayable in 47 quarterly equated installments of ₹ 23.42 crores (including principal and interest) from the end of moratorium period. Balance 35% of the total loan amount shall be repayable as a bullet repayment at the end of 11.75 years from the end of moratorium period. The term loan is secured by first charge on all the immovable assets pertaining to the project, tangible movable assets, receivables including trust accounts and retention accounts and intangible assets both present and future.

Loans are also secured by assignment by way of security of all the right, title, interest benefits, claims and demands whatsoever of the ENICL in the project documents, duly acknowledged and consented to by the relevant counter parties to such project documents, all as amended, varied or supplemented from time to time; All rights, title, interest and benefits of ENICL in to and under all clearances pertaining to the project (including transmission licence) to the extent same are assignable; all rights, title, interest, benefits, claims and demands whatsoever of ENICL in any letter of credit, guarantee including contract guarantees and liquidated damages, consent agreements, side letters and performance bond provided by any party to the project document; all rights, title, interest, benefits, claims and demands whatsoever of the borrower in, to and under all insurance contracts and insurance proceeds pertaining to the project. Loans are also secured by non disposable undertaking from sponsor directly/ indirectly to hold at least 51% of equity in ENICL till final settlement date.

Bhopal Dhule Transmission Company Limited (BDTCL)

- Indian rupee term loan of ₹ 795.98 crores from bank carries interest @ BPLR + 2.00% p.a. 65% of total loan amount is repayable in 46 quarterly installments in accordance with amortisation schedule. Balance 35% of the total loan amount shall be repayable as a bullet repayment as

per amortisation schedule such that door to door tenure of facility is 14 years and 6 months. The term loan is secured by first charge on all the immovable assets pertaining to the project, tangible movable assets, current assets, all the accounts and intangible assets both present and future. Loans are also secured by assignment by way of security of all the right, title, interest benefits, claims and demands whatsoever of the BDTCL in the project documents, duly acknowledged and consented to by the relevant counter parties to such project documents, all as amended, varied or supplemented from time to time; all rights, title, interest and benefits of BDTCL in to and under all clearances pertaining to the project (including transmission licence) to the extent same are assignable; all rights, title, interest, benefits, claims and demands whatsoever of BDTCL in any letter of credit, guarantee including contract guarantees and liquidated damages, consent agreements, side letters and performance bond provided by any party to the project document; all rights, title, interest, benefits, claims and demands whatsoever of the borrower in, to and under all insurance contracts and insurance proceeds pertaining to the project. Loans are also secured by non disposable undertaking from sponsor directly/ indirectly to hold at least 51% of equity till final settlement date. Upon occurrence of event of default the negative lien shall be converted in pledge of 51% of the equity capital of BDTCL.

- h. Foreign currency loan of ₹ 193.15 crores from financial institution carries interest @ LIBOR + 2.10% p.a. 65% of total loan amount is repayable in 46 quarterly installments as per repayment schedule. Balance 35% of the total loan amount shall be repayable as a bullet repayment in accordance with the repayment schedule such that average tenor of the facility shall be more than 8.51 years. The foreign currency loan is secured by first charge on all the immovable assets pertaining to the project, tangible movable assets, current assets, all the accounts and intangible assets both present and future. Loans are also secured by assignment by way of security of all the rights, title, interest benefits, claims and demands whatsoever of the BDTCL in the project documents, duly acknowledged and consented to by the relevant counter parties to such project documents, all as amended, varied or supplemented from time to time; all rights, title, interest and benefits of BDTCL in to and under all clearances pertaining to the project (including transmission licence) to the extent same are assignable; all rights, title, interest, benefits, claims and demands whatsoever of BDTCL in any letter of credit, guarantee including contract guarantees and liquidated damages, consent agreements, side letters and performance bond provided by any party to the project document; all rights, title, interest, benefits, claims and demands whatsoever of the borrower in, to and under all insurance contracts and insurance proceeds pertaining to the project. Loans are also secured by non disposable undertaking from sponsor directly/ indirectly to hold at least 51% of equity till final settlement date. Upon occurrence of event of default the negative lien shall be converted in pledge of 51% of the equity capital of BDTCL.
- i. Domestic bill discounting of ₹ 108.13 crores carry interest @ 10% to 10.5%. This facility has been sanctioned as a sub limit of the rupee term loan and have the same securities as described above. This facility has a term of 12 months and will get converted into rupee term loan on maturity. Hence this has been classified under Long term borrowings.

Sterlite Grid Limited (SGL)

- j. India rupee term loan of ₹ 300.00 crores from financial institution carries interest @ 12.10 % p.a. (L&T Infra PLR +/- Spread). The loan is repayable in 2 equal annual installments. The loan is secured by first charge of by way of hypothecation on the entire current assets and receivables both present and future of the borrower. Loan is also secured by pledge of 49% of total paid up equity capital of the borrower with all accretions thereon by the promoter and unconditional irrevocable corporate guarantee by the promoter.

Jabalpur Transmission Company Limited (JTCL)

- k. Indian rupee term loan of ₹ 474.91 crores from banks and of ₹ 167.08 crores from financial institution carries interest @ BPLR + 2.00% p.a. 65% of total loan amount is repayable in 47 structured quarterly installments in accordance with amortisation schedule. Balance 35% of the total loan amount shall be repayable as a bullet repayment as per amortisation schedule such that door to door tenure of facility is 14 years and 6 months. The loan is secured by first charge on all the immovable assets pertaining to the project, tangible movable assets, current assets, all the accounts and intangible assets both present and future. Loans are also secured by assignment by way of security of all the right, title, interest benefits, claims and demands whatsoever of the JTCL in the project documents, duly acknowledged and consented to by the relevant counter parties to such project documents, all as amended, varied or supplemented from time to time; all rights, title, interest and benefits of JTCL in to and under all clearances pertaining to the project (including transmission licence) to the extent same are assignable; all rights, title, interest, benefits, claims and demands whatsoever of JTCL in any letter of credit, guarantee including contract guarantees and liquidated damages, consent agreements, side letters and performance bond provided by any party to the project document; all rights, title, interest, benefits, claims and demands whatsoever of the borrower in, to and under all insurance contracts and insurance proceeds pertaining to the project. Loans are also secured by non disposable undertaking from sponsor directly/ indirectly to hold at least 51% of equity till final settlement date. Upon occurrence of event of default the negative lien shall be converted in pledge of 51% of the equity capital of JTCL.
- l. Domestic bill discounting of ₹ 37.25 crores carries interest @ 10% to 10.5%. This facility has been sanctioned as a sub limit of the rupee term loan and have the same securities as described above. This facility has a term of 12 months and will get converted into rupee term loan on maturity. Hence this has been classified under Long term borrowings.
- m. Buyers credit of ₹ 27.50 crores carries interest @ 0.5% to 2% (excluding hedging premium). This facility has been sanctioned as a sub limit of the rupee term loan and have the same securities as described above. This facility has a term of 6 months and will get converted into rupee term loan on maturity. Hence this has been classified under Long term borrowings.

Jiangsu Sterlite and Tongguang Optical Fiber Co. Limited (JSTFCL)

- n. Foreign currency term loan from bank of ₹ 32.49 crores carries interest @ PBOC + 2.5% p.a. and foreign currency term loan from bank of ₹ 38.34 crores carries an interest of LIBOR + 4.5% p.a. Term loan is repayable over 5 years after an initial moratorium of 2 years in half-yearly installments of ₹ 6.23 crores (excluding interest) and ₹ 8.42 crores (including interest before repayment starts) from the end of moratorium period. The term loan is secured by first charge on the immovable fixed assets of JSTFCL.

Sterlite Networks Limited (SNL)

- o. Indian rupee term loan from bank of ₹ 75.00 crores carries interest at 11.75% p.a. Total amount is repayable in 32 equal quarterly installments calculated on the basis of 3.125% of term loan (principal amount). The loan carries moratorium of two years i.e. till December 31, 2015. The term loan is secured by first charge on all immovable assets of SNL. Loans are also secured by non disposable undertaking from sponsor directly/ indirectly to hold at least 51% of equity till final settlement date.

NOTE 6: DEFERRED TAX LIABILITIES

Particulars	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortisation for the financial reporting	112.80	109.16
Others	5.12	10.70
Gross deferred tax liability	117.92	119.86
Less: Netted off against deferred tax assets	33.51	34.88
Net deferred tax liability	84.41	84.98

NOTE 7: DEFERRED TAX ASSETS

Particulars	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)
Provision for doubtful debts and advances	19.61	22.34
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	3.39	3.14
Provision for inventory	5.40	2.90
Provision for litigations / contingencies	2.46	2.46
Impact of income considered for tax purpose but not credited to the statement of profit and loss in the current year.	–	1.28
Accumulated losses and unabsorbed depreciation in subsidiary *	0.98	1.68
Others	2.65	3.25
Gross deferred tax assets	34.49	37.05
Less: Netted off against deferred tax liabilities	33.51	34.88
Net deferred tax assets	0.98	2.17

* In the absence of virtual certainty as required by AS-22 “Accounting for taxes on income” notified by Companies (Accounting Standards) Rules, 2006, (as amended), deferred tax asset on accumulated losses and unabsorbed depreciation in subsidiary has been recognised only to the extent that it has timing differences on depreciation on fixed assets, the reversal of which will result in sufficient income against which the deferred tax asset can be utilized.

NOTE 8: OTHER LONG-TERM LIABILITIES

Particulars	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)
Trade payables	–	1.59
Other liabilities		
Payables for purchase of fixed assets (including acceptances)	100.71	–
Others	0.93	0.60
Total	101.64	2.19

NOTE 9: PROVISIONS

	Long-Term		Short-Term	
	31 March 2014 [₹ in Crores]	31 March 2013 [₹ in Crores]	31 March 2014 [₹ in Crores]	31 March 2013 [₹ in Crores]
Provision for employee benefits				
Provision for gratuity (Refer note 29)	5.83	6.30	–	–
Provision for leave benefits	–	–	4.89	3.91
	5.83	6.30	4.89	3.91
Other provisions				
Provision for income tax (net of advance income tax)	–	–	0.30	1.28
Provision for litigations/contingencies	–	9.50	9.50	–
Proposed equity dividend	–	–	11.81	11.80
Provision for tax on proposed equity dividend	–	–	2.01	2.01
	–	9.50	23.62	15.09
Total	5.83	15.80	28.51	19.00

Provision for litigations/contingencies

The provision of ₹ 9.50 crores as at March 31, 2014 is towards contingencies in respect of disputed claims against the Company as described in note 34 and note 38 (A), the timing of outflow and quantum of which is presently unascertainable.

NOTE 10: SHORT-TERM BORROWINGS

Particulars	31 March 2014 [₹ in Crores]	31 March 2013 [₹ in Crores]
Cash credit from banks (secured)	17.04	52.89
Other loan from banks (secured)	641.93	699.76
Working capital demand loan from banks (secured)	–	80.95
Commercial papers (unsecured)	–	25.00
Total	658.97	858.60
The above amount includes		
Secured borrowings	658.97	833.60
Unsecured borrowings	–	25.00

Note:

- Cash credit from banks are secured by hypothecation of raw materials, work in progress, finished goods and trade receivables. The cash credit is repayable on demand and carries interest @ 9.5-11.5%.
- Other secured loans from bank include buyer's credit arrangements and bill discounting. They are secured by hypothecation of raw materials, work in progress, finished goods and trade receivables. Buyer's credit is repaid / rolled over after a period of six months and carries interest @0.95-2% (excluding hedging premium). Domestic bill discounting is for a period of 6 - 12 months and carries interest @9.75 - 11.50%

NOTE 11: OTHER CURRENT LIABILITIES

Particulars	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)
TRADE PAYABLES (INCLUDING ACCEPTANCES)		
i. Micro, medium and small enterprises (Refer note 36)	0.46	0.59
ii. Others	593.93	606.29
OTHER LIABILITIES		
Current maturities of long-term borrowings (Refer note 5)	193.71	50.59
Interest accrued but not due on borrowings	9.06	10.02
Unclaimed dividend (Refer note 38 B)	1.24	1.11
Advance from customers	113.21	98.44
Interest free deposit from customers	0.66	0.28
Interest free deposit from vendors	6.61	6.81
Payables for purchase of fixed assets	382.53	388.04
Service tax payable	0.94	0.75
TDS payable	8.20	9.17
Value added tax payable	17.66	25.19
Central sales tax payable	2.54	5.58
Others	100.33	99.68
	836.69	695.66
Total	1,431.08	1,302.54

NOTE 12: TANGIBLE AND INTANGIBLE ASSETS

(₹ in Crores)

Nature of assets	Gross Block				Depreciation/Amortisation				Impairment			Net Block				
	As on	Additions*	Transfer from assets held for sale	Deletions/Adjustment	Translation Adjustment	As on	Additions	Transfer from Assets held for sale	Deletions/Adjustment	Translation Adjustment	As on	Additions	Reversals	As on	As on	
	01.Apr.13	31.Mar.14	01.Apr.13	31.Mar.14	01.Apr.13	31.Mar.14	01.Apr.13	31.Mar.14	01.Apr.13	31.Mar.14	01.Apr.13	31.Mar.14	31.Mar.14	31.Mar.14	31.Mar.13	
TANGIBLE ASSETS																
Freehold land	59.65	1.54	-	9.15	-	52.04	-	-	-	-	-	-	-	52.04	59.65	
Leasehold land	38.14	-	-	0.16	1.38	38.30	0.35	-	0.01	1.74	-	-	-	36.56	36.76	
Buildings #	208.48	41.66	-	0.01	37.85	250.15	8.59	-	[0.01]	46.43	-	-	-	203.72	170.63	
Plant and machinery##	1,276.35	695.56	-	6.01	1,968.85	470.58	110.72	-	4.07	577.15	26.54	2.31	-	28.85	1,362.85	779.23
Furniture and fixtures	9.87	0.65	-	0.09	10.45	3.05	0.90	-	0.02	3.93	-	-	-	6.52	6.82	
Data processing equipments	18.90	1.76	-	-	20.66	13.30	1.76	-	-	15.06	-	-	-	5.60	5.60	
Office equipments	7.95	0.78	-	0.06	8.69	2.54	0.73	-	0.01	3.26	0.05	-	-	0.05	5.38	5.36
Electric fittings	48.83	2.04	-	0.02	51.18	17.65	2.64	-	0.02	20.27	0.45	-	-	0.45	30.46	30.73
Vehicles	6.01	2.00	-	1.40	6.61	1.20	0.98	-	0.40	1.78	-	-	-	4.83	4.81	
Sub - total	1,674.18	745.99	-	16.73	2,406.93	547.55	126.67	-	4.52	669.62	27.04	2.31	-	29.35	1,707.96	1,099.59
INTANGIBLE ASSETS																
Software/ licences	7.81	2.48	-	-	10.46	2.09	1.65	-	-	3.74	-	-	-	6.72	5.72	
Patents	9.32	-	-	-	9.32	6.23	1.86	-	-	8.09	-	-	-	1.23	3.09	
Customer acquisition	2.34	1.94	-	-	4.28	0.11	0.57	-	-	0.68	-	-	-	3.60	2.23	
Right of Way	5.10	-	-	-	5.10	0.16	0.07	-	-	0.23	-	-	-	4.87	4.94	
Indefeasible rights of Use	0.99	-	-	-	0.99	0.04	0.07	-	-	0.11	-	-	-	0.88	0.95	
Sub - total	25.56	4.42	-	-	30.15	8.63	4.22	-	-	12.85	-	-	-	17.30	16.93	
Total	1,699.74	750.41	-	16.73	2,437.08	556.18	130.89	-	4.52	682.47	27.04	2.31	-	29.35	1,725.26	1,116.52
Previous year	1,464.48	239.48	8.92	13.41	1,699.74	473.01	89.09	0.87	6.80	556.18	27.20	0.16	27.04	1,116.52		

* Refer note 32 for amount of expenses capitalised during the year.#
 Buildings include those constructed on leasehold land: Gross block ₹ 33.29 crores (31 March 2013: ₹ 97.62 crores) Depreciation for the year ₹ 4.38 crores (31 March 2013: ₹ 3.21 crores) Accumulated depreciation ₹ 24.10 crores (31 March 2013: ₹ 19.72 crores) Net block ₹ 109.49 crores (31 March 2013: ₹ 77.90 crores)
 # Buildings include building given on operating lease: Gross block - ₹ 10.03 crores (31 March 2013 : Nil) Depreciation for the year ₹ 0.33 crores (31 March 2013 : Nil) Accumulated depreciation ₹ 0.53 crores (31 March 2013: Nil) Net block ₹ 9.50 crores (31 March 2013: Nil)
 ## Plant & Machinery includes equipments given on operating lease: Gross block - ₹ 8.64 crores (31 March 2013 : Nil) Depreciation for the year ₹ 1.23 crores (31 March 2013 : Nil) Accumulated depreciation ₹ 1.23 crores (31 March 2013: Nil) Net block ₹ 7.40 crores (31 March 2013: Nil)

NOTE 13: LOANS AND ADVANCES

Particulars	Non-current		Current	
	31 March 2014 ₹ in Crores	31 March 2013 ₹ in Crores	31 March 2014 ₹ in Crores	31 March 2013 ₹ in Crores
CAPITAL ADVANCES (unsecured, considered good)				
Covered by bank guarantee	124.39	239.07	–	–
Others	3.11	9.89	–	–
(A)	127.50	248.96	–	–
SECURITY DEPOSITS (unsecured, considered good)				
Covered by bank guarantee	6.00	–	–	–
Others	5.36	3.56	3.15	3.66
(B)	11.36	3.56	3.15	3.66
ADVANCES RECEIVABLE IN CASH OR KIND (unsecured)				
Considered good	–	–	121.93	137.29
Considered doubtful	0.12	0.67	–	–
	0.12	0.67	121.93	137.29
Provision for doubtful advances	0.12	0.67	–	–
(C)	–	–	121.93	137.29
OTHER LOANS AND ADVANCES (unsecured, considered good)				
Advance income taxes, including TDS [net of provisions]	15.70	4.43	0.09	4.61
Minimum Alternate tax credit entitlement	40.36	46.22	–	–
Balances with central excise authorities	7.65	–	42.89	20.52
Other advances	2.13	4.55	27.69	12.03
(D)	65.84	55.20	70.67	37.16
Total (A+B+C+D)	204.70	307.72	195.75	178.11

NOTE 14: TRADE RECEIVABLES (UNSECURED)

Particulars	Non-current		Current	
	31 March 2014 ₹ in Crores	31 March 2013 ₹ in Crores	31 March 2014 ₹ in Crores	31 March 2013 ₹ in Crores
Outstanding for a period exceeding six months from the date they are due for payment				
Considered good	10.52	32.32	133.24	89.52
Considered doubtful	73.04	65.91	–	–
	83.56	98.23	133.24	89.52
Less: provision for doubtful receivables	73.04	65.91	–	–
(A)	10.52	32.32	133.24	89.52
Other receivables (Considered good)	(B)	–	36.80	444.80
Total (A+B)	10.52	69.12	578.04	576.10

NOTE 15: OTHER ASSETS

Particulars	Non-current		Current	
	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)
Non-current bank balance (Refer note 18)	0.20	–	–	–
Ancillary cost of arranging the borrowings	7.48	4.83	7.38	0.00*
Interest accrued on fixed deposits	–	–	0.29	0.66
Unbilled revenue	–	–	0.81	0.26
Others	–	–	3.53	13.37
Total	7.68	4.83	12.01	14.29

* Amount below ₹ 0.01 Crore.

NOTE 16: CURRENT INVESTMENTS

Particulars	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)
Current portion of long-term investment (valued at cost) (quoted)		
3.85 crores (31 March 2013 : Nil) units of ₹ 10 each of ICICI Pru. Interval VI Annual Plan DDP Cum	42.00	–
0.80 crore (31 March 2013 : Nil) units of ₹ 10 each of ICICI Pru. FMP Series 73-368D Plan	8.00	–
10.00 crores (31 March 2013 : Nil) units of ₹ 10 each of Reliance Fixed Horizon Fund - XXV Series 32-Direct Plan-Growth	100.00	–
Current investments (valued at lower of cost and fair value) (quoted)		
0.02 crore (31 March 2013 : Nil) units of Axis Liquid Fund-Direct Growth (CFDGG)	25.00	–
0.02 crore (31 March 2013 : Nil) units of Religare Invesco Short-term Fund-Direct Plan-Growth	30.00	–
0.01 crore (31 March 2013 : Nil) units Reliance Liquid Fund-Treasury Fund-Direct Plan Growth Option-LFAG	16.58	–
Nil (31 March 2013 : 0.01 crore units) of ₹ 10/- each of Reliance Liquid Fund - Treasury Plan -IP-Growth	–	24.38
Nil (31 March 2013 : 0.02 crore units) of ₹ 10/- each of Axis Liquid Fund - Growth	–	20.00
Aggregate amount of quoted investments [Market Value ₹ 222.50 crores (March 31, 2013: ₹ 44.77 crores)]	221.58	44.38

NOTE 17: INVENTORIES

(Valued at lower of cost and net realisable value)

Particulars	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)
Raw materials and components [Includes stock in transit ₹ 17.51 crores (31 March 2013: ₹ 48.81 crores) (Refer note 21)]	116.01	119.14
Work-in-progress (Refer note 22)	41.14	56.58
Finished goods (Including stock in transit ₹ 23.14 Crores (31 March 2013: ₹ 10.77)) (Refer note 22)	121.69	82.40
Traded goods (including stock in transit Nil (31 March 2013: ₹ 1.14 Crores)) (Refer note 22)	8.24	9.55
Stores, spares, packing materials and others	32.50	33.38
Total	319.58	301.05

NOTE 18: CASH AND BANK BALANCES

	Non-current		Current	
	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)
CASH AND CASH EQUIVALENTS				
Balance with banks:				
On current accounts	–	–	82.92	62.11
Deposit with original maturity of less than 3 months	–	–	–	405.30
On unpaid dividend account	–	–	1.24	1.11
Cash in hand	–	–	0.03	0.05
	–	–	84.19	468.57
Other bank balances				
Deposit with original maturity for more than 12 months*	0.20	–	0.99	100.42
Deposit with original maturity for more than 3 months but less than 12 months**	–	–	16.84	2.22
	0.20	–	17.83	102.64
Amount disclosed under non-current assets (Refer note 15)	(0.20)	–	–	–
Total	–	–	102.02	571.21

* Includes ₹ 0.20 crore (31 March 2013: ₹ 0.60 crore) held as lien by banks against bank guarantees.

** Includes ₹ 16.55 crores (31 March 2013: ₹ Nil) held as lien by banks against bank guarantees.

NOTE 19: REVENUE FROM OPERATIONS

	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)
SALE OF PRODUCTS		
Finished goods	2,542.73	3,005.31
Traded goods	16.71	100.76
SALE OF SERVICES	47.79	6.20
OTHER OPERATING REVENUE		
Scrap sales	28.69	24.92
Export incentives	34.18	43.33
Revenue from operations (gross)	2,670.10	3,180.52
Less: Excise duty #	106.25	88.18
Revenue from operations (net)	2,563.85	3,092.34

Excise duty on sales amounting to ₹ 106.25 crore (31 March 2013: ₹ 88.18 crore) has been reduced from sales in statement of profit and loss and excise duty on increase in stock amounting to ₹ 1.24 crore (31 March 2013: ₹ 4.19 crore) has been considered as expense in note 24 of consolidated financial statements.

NOTE 20: OTHER INCOME

	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)
Interest income on		
Bank deposits	10.76	9.33
Others	3.86	4.76
Net Gain on sale of current investments	3.59	1.04
Balances no longer payable written back	1.46	–
Profit on sale of assets (net)	0.79	–
Miscellaneous income	2.04	0.16
Total	22.50	15.29

NOTE 21: COST OF RAW MATERIAL AND COMPONENTS CONSUMED

	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)
Inventory at the beginning of the year	119.14	93.77
Add: Purchases	1,561.38	2,019.14
	1,680.52	2,112.91
Less: Inventory at the end of the year	116.01	119.14
Cost of raw materials and components consumed	1,564.51	1,993.77

NOTE 22: (INCREASE) / DECREASE IN INVENTORIES

	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)
OPENING INVENTORIES:		
Traded goods	9.55	4.68
Work-in-progress	56.58	46.19
Finished goods	82.40	99.10
	148.53	149.97
CLOSING INVENTORIES:		
Traded goods	8.24	9.55
Work-in-progress	41.16	56.58
Finished goods	121.90	82.40
	171.30	148.53
(Increase)/decrease in inventories	(22.77)	1.44

NOTE 23: EMPLOYEE BENEFITS EXPENSE

	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)
Salaries, wages and bonus	127.69	107.78
Contribution to provident fund and superannuation fund	4.26	5.00
Employees stock option expenses (Refer note 30)	0.25	0.44
Gratuity expenses (Refer note 29)	0.89	2.33
Staff welfare expenses	9.49	9.16
Total	142.58	124.71

NOTE 24: OTHER EXPENSES

	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)
Increase of excise duty on inventory	1.24	4.19
Consumption of stores and spares	58.58	55.55
Power, fuel and water	125.96	133.23
Repairs and maintenance		
Building	1.34	2.08
Machinery	11.61	13.35
Others	–	1.50
Carriage inwards	3.60	1.99
Consumption of packing materials	97.94	109.48
Sales commission (other than sole selling agent)	16.25	19.50
Sales promotion	5.65	5.62
Carriage outwards	61.48	73.97
Rent	7.49	6.94
Insurance	7.49	6.95
Rates and taxes	4.42	6.53
Travelling and conveyance	24.95	23.58
Loss on sale of fixed assets, net	1.36	4.23
Bad debts / advances written off	18.25	16.71
Provision for doubtful debts and advances	6.58	17.22
Compensation to customers	–	27.21
Directors sitting fee and commission	0.26	0.20
Payment to auditors	1.33	1.10
Goodwill on consolidation written off	–	3.35
Miscellaneous expenses	111.69	110.63
Research and development expenses		
Salaries, wages and bonus	4.33	3.10
Raw materials consumed	2.58	1.80
General expenses	1.51	2.76
Total	575.89	652.77

NOTE 25: DEPRECIATION AND AMORTISATION EXPENSE

	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)
Depreciation of tangible assets	126.87	86.22
Amortisation of intangible assets	4.13	2.87
Provision for impairment of fixed assets	2.31	–
Total	133.31	89.09

NOTE 26: FINANCE COSTS

	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)
Interest expense	114.52	59.05
Bank charges	11.64	9.58
Amortization of ancillary borrowing costs	0.10	–
Exchange difference to the extent considered as an adjustment to borrowing costs	53.52	37.65
Total	179.78	106.28

NOTE 27: EARNINGS PER SHARE

The following reflects the profit / (loss) and share data used in the basic and diluted EPS computation.

	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)
Profit / (loss) for the year	(35.51)	25.19
Weighted average number of equity shares in calculating basic EPS	39.37	39.34
Effect of dilution:		
Employee stock options outstanding during the year	0.06	0.34
Weighted average number of equity shares in calculating diluted EPS	39.43	39.68
Earnings / (loss) per share		
Basic (On nominal value of ₹ 2 per share) ₹/share	(0.90)	0.64
Diluted (on nominal value of ₹ 2 per share) ₹/share*	(0.90)	0.64

* Since the loss per share computation based on diluted weighted average number of shares is anti-dilutive, the basic and diluted loss per share for the current year is the same.

NOTE 28: THE LIST OF SUBSIDIARIES / JOINT VENTURE

which are included in the consolidation and the Company's effective holdings therein are as under:

Name of the Company	Effective ownership as on 31 March 2014	Effective ownership as on 31 March 2013	Country of incorporation
LIST OF SUBSIDIARIES			
Sterlite Display Technologies Private Limited	85.34%	85.34%	India
East North Interconnection Company Limited	100.00%	100.00%	India
Sterlite Grid Limited	100.00%	100.00%	India
Bhopal Dhule Transmission Company Limited	100.00%	100.00%	India
Jabalpur Transmission Company Limited	100.00%	100.00%	India
Sterlite Networks Limited	100.00%	100.00%	India
Sterlite Global Ventures (Mauritius) Limited	100.00%	100.00%	Mauritius
Purulia & Kharagpur Transmission Company Limited *	100.00%	–	India
RAPP Transmission Company Limited *	100.00%	–	India
Jiangsu Sterlite and Tongguang Fiber Co. Limited	75.00%	75.00%	China
Sterlite Technologies Americas LLC	100.00%	100.00%	USA
Sterlite Technologies Europe Ventures Limited	100.00%	100.00%	Cyprus
Sterlite Technologies UK Ventures Limited #	100.00%	–	United Kingdom
Maharashtra Transmission Communication Infrastructure Limited	51.00%	51.00%	India
LIST OF JOINT VENTURE			
Sterlite Condu spar Industrial Ltda #	50.00%	–	Brazil

* Acquired during the year.

Subsidiary / joint venture incorporated during the year.

NOTE 29: GRATUITY

The Group has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with Life Insurance Corporation of India in the form of a qualifying insurance policy.

Changes in the present value of the defined benefit obligation are as follows:

Particulars	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)
Defined benefit obligation at the beginning of the year	6.83	4.84
Current service cost	0.89	0.90
Interest cost	0.54	0.41
Actuarial (gain)/loss	(0.35)	1.27
Benefits paid	(0.67)	(0.59)
Defined benefit obligation, at the end of the year	7.24	6.83

Changes in the fair value of plan assets are as follows:

Particulars	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)
Fair value of plan assets at the beginning of the year	0.53	0.92
Expected return on plan assets	0.05	0.08
Contribution by employer	1.50	–
Benefits paid	(0.67)	(0.59)
Actuarial gain/(loss)	(0.00)*	0.12
Fair value of plan assets at the end of the year	1.41	0.53

*Amount below ₹ 0.01 crore.

The Group expects to contribute ₹ Nil (31 March 2013: ₹ Nil) to its defined benefit gratuity plan in 2014-15.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	31 March 2014 (%)	31 March 2013 (%)
Investment with insurer (Life Insurance Corporation of India)	100	100

Details of defined benefit obligation:

Particulars	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)
Present value of defined benefit obligation	7.24	6.83
Fair value of plan assets	1.41	0.53
Plan liability	5.83	6.30

Net employee benefit expense recognised in the consolidated statement of profit and loss:

Particulars	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)
Current service cost	0.89	0.90
Interest cost on benefit obligation	0.54	0.41
Net actuarial (gain)/loss recognised	(0.35)	1.15
Expected return on plan assets	(0.05)	(0.08)
Net benefit expense	1.03	2.38

Amounts for the current and previous periods are as follows:

Particulars	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)	31 March 2012 (₹ in Crores)	31 March 2011 (₹ in Crores)	31 March 2010 (₹ in Crores)
Defined benefit obligation	7.24	6.83	4.84	3.69	3.23
Plan assets	1.41	0.53	0.92	1.78	1.62
Surplus/(deficit)	5.83	6.30	3.92	1.91	1.61
Experience adjustments on plan liabilities	0.75	(0.12)	0.13	(0.06)	0.70
Experience adjustments on plan assets	(0.01)	(0.08)	(0.14)	(0.14)	1.31

The principal assumptions used in determining defined benefit obligation are shown below:

Particulars	31 March 2014	31 March 2013
Discount rate	9.44%	8.50%
Expected rate of return on plan asset	8.70%	8.70%
Employee turnover	2.00%	2.00%
Actual rate of return on plan assets	9.00%	9.40%

The estimated future salary increase, considered in actuarial valuation, takes into account the effect of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. The overall expected rate of return on plan assets is determined based on the market prices prevailing as on balance sheet date, applicable to the period over which the obligation is to be settled.

NOTE 30: EMPLOYEE STOCK OPTION SCHEME

The Group has granted employees stock options plan, 2006 (ESOP Scheme 2006) and employees stock options plan, 2010 (ESOP Scheme 2010) to its employees pursuant to the resolution passed by the shareholders at the extraordinary general meeting held on March 13, 2006 and annual general meeting held on July 14, 2010 respectively. The Group has followed the fair value method (Black Scholes Options Pricing Model) for the valuation of these options. The compensation committee of the Group has approved six grants vide their meeting held on June 14, 2006; March 19, 2007, September 28, 2007, June 14, 2008, June 26, 2009 and December 29, 2011. As per the plan, Options granted under ESOP would vest in not less than one year and not more than five years from the date of grant of such options. Vesting of options is subject to continued employment with the group. The plan is an equity settled plan.

The Group has charged ₹ 0.25 crore (31 March 2013: ₹ 0.44 crore) to the consolidated statement of profit and loss in respect of options granted under ESOP scheme 2006 and options granted under ESOP scheme 2010.

Other details of the options granted under ESOP scheme 2006 are as follows:

Particulars	Grant 1	Grant 2	Grant 3	Grant 4	Grant 5
Date of grant	14-Jun-06	19-Mar-07	28-Sep-07	14-Jun-08	26-Jun-09
Number of options granted	1,164,250	318,000	653,875	127,750	1,209,500
Method of settlement	Equity	Equity	Equity	Equity	Equity
Vesting period (years)	3	2.25	1.71	1	5
Exercise period (years)	1	1	1	1	1
Vesting conditions	Business performance				

Other details of the options granted under ESOP scheme 2010 are as follows:

Particulars	Grant 1
Date of grant	29-Dec-11
Number of options granted	22,24,000
Method of settlement	Equity
Vesting period (years)	5
Exercise period (years)	1
Vesting conditions	Business performance

The details of the activity under ESOP scheme 2006 have been summarised below:

Particulars	31 March 2014		31 March 2013	
	Number of options	Weighted average exercise price (₹)	Number of options	Weighted average exercise price (₹)
Outstanding at the beginning of the year	158,640	2.00	275,613	2.00
Granted during the year	—	—	—	—
Forfeited during the year	—	—	—	—
Exercised during the year	50,868	2.00	87,156	2.00
Expired during the year	20,628	2.00	29,817	2.00
Outstanding at the end of the year	87,144	2.00	158,640	2.00
Exercisable at the end of the year	33,996	2.00	34,682	2.00
Weighted average remaining contractual life (in years)	0.15		0.75	
Weighted average fair value of options granted	35.23		35.23	

The outstanding ESOPs as above are entitled to bonus in the ratio of 1:1.

The weighted average share price for the year ended March 31, 2014 was ₹ 21.70 (March 31, 2013: ₹ 31.58).

The fair value as per the Black Scholes Options Pricing Model was measured based on the following input:

Date of grant: June 14, 2006	Vest 1	Vest 2	Vest 3
Variables	14 June 2007	14 June 2008	14 June 2009
Weighted average stock price	17.85	17.85	17.85
Expected volatility * (%)	59.78	58.90	60.52
Risk free rate (%)	7.07	7.16	7.26
Exercise price (₹ Per Option)	1.00	1.00	1.00
Time to maturity (years)	1.50	2.50	3.50
Dividend yield (%)	0.57	0.57	0.57
Outputs			
Option fair value	16.80	16.76	16.72
Vesting percentage (%)	20.00	40.00	40.00
Option fair value			16.76

Date of grant: March 19, 2007	Vest 1	Vest 2
Variables	19 June 2008	19 June 2009
Weighted average stock price	35.80	35.80
Expected volatility * (%)	62.90	57.75
Risk free rate (%)	8.07	8.06
Exercise price (₹ Per Option)	1.00	1.00
Time to maturity (years)	1.50	2.50
Dividend yield (%)	0.57	0.57
Outputs		
Option fair value	34.61	34.47
Vesting percentage (%)	60.00	40.00
Option fair value		34.55

Date of grant: September 28, 2007	Vest 1	Vest 2
Variables	28 September 2008	28 September 2009
Weighted average stock price	47.46	47.46
Expected volatility * (%)	56.69	60.98
Risk free rate (%)	7.20	7.29
Exercise price (₹ Per Option)	1.00	1.00
Time to maturity (years)	1.50	2.21
Dividend yield (%)	0.51	0.51
Outputs		
Option fair value	46.20	46.08
Vesting percentage (%)	50.00	50.00
Option fair value		46.14

Date of grant: June 14, 2008	Vest 1
Variables	14 June 2009
Weighted average stock price	39.70
Expected volatility * (%)	72.11
Risk free rate (%)	8.34
Exercise price (₹ Per Option)	1.00
Time to maturity (years)	1.50
Dividend yield (%)	0.49
Outputs	
Option fair value	38.53
Vesting percentage (%)	100.00
Option fair value	38.53

Date of grant: June 26, 2009	Vest 1	Vest 2	Vest 3	Vest 4	Vest 5
Variables	26 June 2010	26 June 2011	25 June 2012	25 June 2013	25 June 2014
Weighted average stock price	36.65	36.65	36.65	36.65	36.65
Expected volatility * (%)	97.30	81.93	77.57	72.68	70.10
Risk free rate (%)	5.61	5.83	6.05	6.27	6.47
Exercise price (₹ Per Option)	1	1	1	1	1
Time to maturity (years)	1.50	2.50	3.50	4.50	5.50
Dividend yield (%)	0.60	0.60	0.60	0.60	0.60
Outputs					
Option fair value	35.40	35.24	35.08	34.93	34.77
Vesting percentage (%)	50.00	20.00	10.00	10.00	10.00
Option fair value					35.23

As approved by the Extra-Ordinary General Meeting of the Group held on February 25, 2010, the Group has made sub-division of the face value of its equity share capital from ₹ 5 per share to ₹ 2 per share. Further, the Group in the same meeting has approved bonus shares in the ratio of 1:1. Thus, ESOP data as above has been recalculated and presented after considering the impact of the sub-division of face value of the equity share and bonus thereon.

The details of the activity under ESOP scheme 2010 have been summarised below:

Particulars	31 March 2014		31 March 2013	
	Number of options	Weighted average exercise price (₹)	Number of options	Weighted average exercise price (₹)
Outstanding at the beginning of the year	728,570	2	2,056,000	2
Granted during the year	–	–	2,668,800	2
Forfeited during the year	–	–	2,668,800	2
Exercised during the year	283,410	2	–	–
Expired during the year	115,140	2	1,327,430	2
Outstanding at the end of the year	330,020	2	728,570	2
Exercisable at the end of the year	159,548	2	367,660	2
Weighted average remaining contractual life (in years)	0.90		0.98	
Weighted average fair value of options granted	25.87		25.87	

The weighted average share price for the year ended March 31, 2014 was ₹ 21.70 (March 31, 2013: ₹ 31.58)

The fair value as per the Black Scholes Options Pricing Model was measured based on the following input:

Date of grant: December 29, 2011	Vest 1	Vest 2	Vest 3	Vest 4	Vest 5
Variables	29 December 2012	29 December 2013	29 December 2014	29 December 2015	29 December 2016
Weighted average stock price	28.00	28.00	28.00	28.00	28.00
Expected volatility * (%)	48.31	47.36	64.15	68.63	65.78
Risk free rate (%)	8.33	8.34	8.35	8.37	8.39
Exercise price (₹ Per Option)	2	2	2	2	2
Time to maturity (years)	1.50	2.50	3.50	4.50	5.51
Dividend yield (%)	0.73	0.73	0.73	0.73	0.73
Outputs					
Option fair value	25.93	25.87	25.82	25.78	25.70
Vesting percentage (%)	50.00	20.00	10.00	10.00	10.00
Options fair value					25.87

*The measure of volatility used in the above model is the annualised standard deviation of the continuously compounded rates of return on the stock over a period of time. The volatility periods considered above, corresponding to the respective expected lives of the different vests are prior to the grant date. The daily volatility of stock prices is considered as per the National Stock Exchange (NSE) prices over these years.

NOTE 31: OPERATING LEASE

Group as lessee :

The Group has taken office buildings on operating lease. The lease term is for periods of three to nine years and renewable at the option of the Group. Disclosures in respect of operating leases of office buildings as per the requirement of AS- 19 on Leases, notified under the Rules are as under:

- Lease payments recognised in the Consolidated Statement of Profit and Loss for the year is ₹ 7.49 crores (31 March 2013: ₹ 6.94 crores).
- The future minimum lease payments payable over the next one year is ₹ 5.28 crores (31 March 2013: ₹ 5.22 crores).
- The future minimum lease payments payable later than one year but not later than five year is ₹ 4.76 crores (31 March 2013: ₹ 17.49 crores).

Group as lessor :

The Group has given office building and equipments on operating lease. The lease term for office building is for non-cancellable period of 3 years and renewable at the option of lessee. The lease term for equipments is for non-cancellable period of 4 months to 6 months and renewable mutual consent of both the parties.

Disclosures in respect of operating leases of office building as per the requirement of AS- 19 on Leases, notified under the Rules are as under:

- Lease income recognised in the Consolidated Statement of Profit and Loss for the year is ₹ 1.86 crores (31 March 2013: Nil).
- The future minimum lease payments receivable over the next one year is ₹ 0.54 crores (31 March 2013: Nil).
- The future minimum lease payments receivable later than one year but not later than five year is ₹ 0.69 crores (31 March 2013: Nil).

NOTE 32: CAPITALISATION OF EXPENDITURE

During the year, the Group has capitalised the following expenses to the cost of fixed assets/capital work-in-progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalised by the Group.

	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)
Employee benefits expense	23.00	26.50
Finance costs	241.14	125.59
Other expenses*	14.65	30.30
Total	278.79	182.39

* The Ministry of Corporate Affairs (MCA) issued the amendment dated 29 December 2011 to AS - 11 The Effect of Changes in Foreign Exchange Rate, to allow companies deferral / capitalisation of exchange difference arising on long-term foreign currency monetary items. In accordance with the amendment to AS- 11, the Group has capitalised exchange gain / (loss) arising on long-term foreign currency loan amounting to ₹ 1.06 crore (31 March 2013: ₹ 0.77) crores) to the capital work in progress. The Company does not have any other long-term foreign currency monetary item. Hence, the amount of exchange loss deferred in the "Foreign Currency Monetary Item Translation Difference Account" is Nil (31 March 2013: Nil).

NOTE 33: CAPITAL AND OTHER COMMITMENTS

- Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of Advances) are ₹ 574.39 crores (31 March 2013: ₹ 1,478.67 crores.)
- Entities in power transmission grid business have entered into transmission service agreements (TSAs) with long term transmission customers pursuant to which these entities have committed to transmit power of contracted capacity and have also committed minimum availability of transmission line over the period of respective TSAs. The TSAs contain provision for disincentives and penalties in case of certain defaults.
- An entity in telecom network business has entered into master service agreements (MSAs) with internet service providers pursuant to which the entity has committed minimum availability of telecom networks over the period of respective MSAs. The MSAs contain provision for disincentives and penalties in case of certain defaults.
- The group has entered into agreements with lenders of certain subsidiaries wherein it has committed to hold at all times at least 51% of equity share capital of these subsidiaries and not to sale / transfer, assign, dispose, pledge or create any security interest except pledge of shares to the respective lenders as covered in respective agreements with lenders.
- The group has provided commitment to fund the cost overruns over and above the estimated project cost or cash deficiency if any to the lenders of the project in subsidiaries to the extent as specified in the agreements executed with the respective lenders.
- For commitments relating to lease arrangements please refer note 31.

NOTE 34: CONTINGENT LIABILITIES

	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)
1 Disputed liabilities in appeal		
i. Sales tax	0.43	0.43
ii. Excise duty (Including excise duty case in Supreme Court, refer note 9 and 38(A))	258.18	248.99
iii. Customs duty	69.60	67.24
iv. Income tax	18.09	6.92
v. Claims lodged by a bank against the Group* (Refer note 9)	18.87	18.87
vi. Claims against the Group not acknowledged as debt	25.27	25.17
2 Outstanding amount of export obligation against advance licence.	–	45.86
3 Corporate guarantee to the income tax department on behalf of group companies.	114.00	114.00

The Group has not provided for disputed Sales Tax, Excise Duty, Customs Duty and Service Tax arising from disallowances made in assessments which are pending with Appellate Authorities for its decision.

It is not practicable to indicate the uncertainties which may affect the future outcome and estimate the financial effect of the above liabilities.

* In an earlier year, one of the Bankers of the Group had wrongly debited an amount of ₹ 18.87 crores, towards import consignment under letter of credit not accepted by the Group, owing to discrepancies in the documents. The Group has filed the case against the bank in the High Court of Mumbai. The bank has also filed a claim against the Group in the Debt Recovery Tribunal. The Group does not believe that any liability will arise to the Group.

NOTE 35: DERIVATIVE INSTRUMENTS

The Group has entered into the following derivative instruments:

i. The following are the outstanding forward exchange contracts entered into by the Group, for hedge purpose, as on March 31, 2014.

Purpose	Foreign Currency (In Cr)	Amount (₹ in Cr)	Buy/Sell	No. of Contracts (Quantity)
March 31, 2014				
Hedge of payables, buyers credit and highly probable foreign currency purchases	\$14.06	897.17	Buy	274
Hedge of trade receivables and highly probable foreign currency sale	\$9.65	604.40	Sell	102
Hedge of payables, buyers credit and highly probable foreign currency purchases	€0.58	52.00	Buy	29
Hedge of trade receivables and highly probable foreign currency sale	€0.78	64.29	Sell	21
Hedge of trade receivables and highly probable foreign currency sale	£0.16	16.65	Sell	9
March 31, 2013				
Hedge of payables, buyers credit and highly probable foreign currency purchases	\$16.25	896.07	Buy	404
Hedge of trade receivables and highly probable foreign currency sale	\$8.30	473.72	Sell	111
Hedge of payables, buyers credit and highly probable foreign currency purchases	€0.96	69.50	Buy	53
Hedge of trade receivables and highly probable foreign currency sale	€1.07	76.53	Sell	28
Hedge of payables, buyers credit and highly probable foreign currency purchases	£0.03	2.37	Buy	1
Hedge of trade receivables and highly probable foreign currency sale	£0.53	47.02	Sell	10

ii. The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

a. Amount receivable in foreign currency on account of the following:

Category	Currency Type	31 March 2014		31 March 2013	
		Foreign currency (in Crores)	Amount (₹ in Crores)	Foreign currency (in Crores)	Amount (₹ in Crores)
Export of goods	USD	–	–	–	–
Export of goods	EUR	–	–	0.06	4.18
Export of goods	AED	–	–	0.16	2.32
Export of goods	AUD	–	–	–	–
Export of goods	ZAR	0.01	0.04	0.01	0.04
Export of goods	GBP	–	–	0.04	3.52
Advance to suppliers	USD	0.00*	0.29	0.43	23.19
Advance to suppliers	EUR	0.03	2.35	0.02	1.18
Advance to suppliers	GBP	0.00*	0.10	0.00*	0.17
Advance to suppliers	CHF	–	–	0.01	0.38
Advance to suppliers	AED	–	–	0.00*	0.07
Balance with banks	USD	0.01	0.71	–	–
Balance with banks	EUR	0.00*	0.30	0.03	1.90
Balance with banks	GBP	0.00*	0.19	0.01	0.51
Balance with banks	ZAR	0.02	0.11	0.02	0.12
Balance with banks	ETB	–	–	0.05	0.19
Balance with banks	RUB	0.01	0.01	0.02	0.03

b. Amounts payable in foreign currency on account of the following:

Category	Currency Type	31 March 2014		31 March 2013	
		Foreign currency (in Crores)	Amount (₹ in Crores)	Foreign currency (in Crores)	Amount (₹ in Crores)
Import of goods and services	USD	5.48	329.61	1.27	68.73
Import of goods and services	EUR	0.00*	0.00*	–	–
Import of goods and services	GBP	0.00*	0.11	0.00*	0.05
Import of goods and services	CHF	0.00*	0.07	0.00*	0.00*
Import of goods and services	AED	–	–	0.00*	0.02
Import of goods and services	ZAR	–	–	0.04	0.02
Advance from customer	USD	–	–	0.13	7.14
Advance from customer	EUR	–	–	0.01	0.39
Advance from customer	ETB	–	–	0.02	0.07

* Amount below 0.01 Crores

c. Commodity future contracts to hedge against fluctuation in commodity prices.

The following are the outstanding future contracts entered into by the Group as on 31 March 2014

Year	Commodity Type	No. of Contracts	Contracted Quantity (MT)	Buy/Sell
31 March 2014	Aluminium	101	67,503	Buy
31 March 2014	Aluminium	19	11,438	Sell
31 March 2014	Copper	5	104	Buy
31 March 2014	Copper	3	12	Sell
31 March 2013	Aluminium	116	41,568	Buy
31 March 2013	Aluminium	3	2,430	Sell
31 March 2013	Copper	4	73	Buy

d. Interest rate swap contracts outstanding as at 31 March 2014 to hedge against exposure to variable interest outflow on loans:

Year	No. of Contracts	Amount in \$ (Crores)
31 March 2014	2	4.14
31 March 2013	2	4.69

NOTE 36: DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER MSMED ACT, 2006

Description	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)
i. The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year. Principal amount due to micro and small enterprises Interest due on above	0.48 – –	0.59 – –
ii. The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	–	–
iii. The amount of interest due and payable for the period of delay in making payment (which have been paid but “beyond the appointed day during the year) but without adding the interest specified under Micro Small and “Medium Enterprise Development Act, 2006.	Nil	Nil
iv. The amount of interest accrued and remaining unpaid at the end of each accounting year.	Nil	Nil
v. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006.	–	–

Interest payable as per section 16 of the Micro, Small and Medium Enterprises Act, 2006 is Nil (31 March 2013: Nil) and same is not accrued in the books of accounts. During, the year 2013-2014 the Group has not received any confirmation for Micro, Small and Medium enterprise.

NOTE 37: SHARE APPLICATION MONEY

Share application money pertains to the amount of exercise price of ₹ 2 per share for Nil equity shares (31 March 2013: 3,650 equity shares) under Employee Stock Option Plans.

NOTE 38: OTHER NOTES

(A) The Group had in an earlier year received an order of CESTAT upholding the demand of ₹188 crores (including penalties and excluding interest) (31 March 2013: ₹ 188 crores) in the pending excise/custom matters on various grounds. The Group's appeal with the Honourable High Court of Mumbai was rejected on the grounds of jurisdiction. The Group preferred an appeal with the Honourable Supreme Court of India against the order of CESTAT which has been admitted. The Group has re-evaluated the case on admission of appeal by the Honourable Supreme Court. Based on their appraisal of the matter, the legal advisors/consultants are of the view that under most likely event, the provision of ₹ 4.50 crores made by the Group against the above demand is adequate. The management is confident of a favourable order and hence no further provision is considered against the said demand.

(B) There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

NOTE 39: SEGMENT INFORMATION

In accordance with Accounting Standard 17 notified under the Act on “Segment Reporting”, the Group has identified three reportable Business Segments i.e. Telecom Product and Solutions Business, Power Product and Solutions Business and Power Transmission Grid Business, which are regularly evaluated by the Management, in deciding the allocation of resources and assessment of performance. Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common cost. The segment performance is as follows:

BUSINESS SEGMENTS

(₹ in Crores)

Particulars	Telecom product and solutions		Power product and solutions		Power transmission grid		Unallocable		Eliminations		Total	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Segment revenue	1,174.63	1,091.10	1,649.94	2,301.91	54.13	—	—	—	(271.47)	(280.74)	2607.23	3,112.27
Less: Excise duty	69.77	40.92	63.07	72.28	—	—	—	—	(26.59)	(25.02)	106.25	88.18
Net revenue	1,104.86	1,050.18	1,586.87	2,229.63	54.13	—	—	—	(244.88)	(255.72)	2500.98	3,024.08
Segment results (PBIT)	93.74	90.24	56.16	66.61	20.14	(2.01)	(1.84)	(2.52)	(3.63)	(3.27)	164.57	149.05
Less: Finance cost							179.78	106.28	—	—	179.78	106.28
Profit/(loss) before tax									—	—	(15.21)	42.77
Less: Tax expense							24.31	18.29	—	—	24.31	18.29
Minority interest							(4.01)	(0.71)	—	—	(4.01)	(0.71)
Net profit/(loss)											(35.51)	25.19
Segment assets	1,581.70	1,619.95	938.73	994.38	4,217.51	2,771.05			(117.01)	(75.66)	6,620.93	5,309.71
Common assets							305.95	56.99			305.95	56.99
Total assets											6,926.88	5,366.70
Segment liabilities	364.56	321.25	563.27	607.13	562.39	473.17	—	—	(149.69)	(149.27)	1,340.53	1,252.29
Common liabilities							4,455.47	2,942.37			4,455.47	2,942.37
Total liabilities											5,796.00	4,194.66
Capital expenditure incurred	153.48	232.26	19.29	32.23	1823.92	1,633.11	3.43	5.50	(3.99)	(19.51)	1,996.14	1,883.59
Depreciation	87.48	60.79	29.40	27.48	16.19	0.24	0.24	0.59	—	—	133.31	89.09
Significant non cash expenditure	9.34	16.07	20.01	20.56	0.01	0.07	—	—	—	—	29.37	36.70

GEOGRAPHICAL SEGMENTS

The Group's secondary segments are based on the geographic distribution of activities. Revenue and receivables are specified by location of customers while the other geographic information is specified by location of the assets.

Particulars	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)
i. Segment revenue - external turnover (gross)		
Within India	1,521.76	1,952.61
Outside India	1,085.47	1,159.66
Total	2,607.23	3,112.27
ii. Segment assets		
Within India	6,258.59	4,928.58
Outside India	362.34	381.13
Total	6,620.93	5,309.71
iii. Capital expenditure		
Within India	1,965.51	1,787.72
Outside India	30.63	95.87
Total	1,996.14	1,883.59

NOTE 40: RELATED PARTY DISCLOSURES

1. Name of related party and nature of its relationship:

i. Related parties where control exists

a. Holding company

Twin Star Overseas Limited, Mauritius (Immediate holding company)

Volcan Investments Limited, Bahamas (Ultimate holding company)

b. Joint Venture

Sterlite Condu spar Industrial Ltda

(50:50 Joint Venture between Sterlite Technologies UK Ventures Limited & Condu spar Condutores Electricos Limitada)

ii. Other related parties with whom transactions have taken place during the year

a. Key management personnel (KMP)

Mr. Pravin Agarwal

Dr. Anand Agarwal

b. Entities where key management personnel / relative of key management personnel have significant influence (EKMP)

Sesa Sterlite Limited* (erstwhile in "Sesa Goa Limited")

Sterlite Industries (India) Limited*

Fujairah Gold FZE

Bharat Aluminium Company Limited

Hindustan Zinc Limited

Sterlite Energy Limited*

Vedanta Aluminium Limited*

Vedanta Resources PLC

2. The transactions with related parties during the year and their outstanding balances are as follows:

(₹ in Crores)

S. No.	Particulars	Holding Company		Joint Venture		KMP		EKMP	
		13-14	12-13	13-14	12-13	13-14	12-13	13-14	12-13
1	Remuneration	–	–	–	–	6.78	6.02	–	–
2	Dividend paid	6.28	6.28	–	–	–	–	0.14	0.14
3	Management fees paid	–	–	–	–	–	–	0.16	0.20
4	Purchase of goods	–	–	–	–	–	–	614.12	1,149.91
5	Purchase of power	–	–	–	–	–	–	28.37	24.44
6	Sale of goods (net of excise duty)	–	–	1.45	–	–	–	1.18	11.13
7	Interest paid	–	–	–	–	–	–	0.73	2.58
8	Expenses incurred	–	–	–	–	–	–	1.89	1.61
9	Advance received against supplies	–	–	–	–	–	–	–	0.35
	OUTSTANDING BALANCES								
1	Trade receivables	–	–	1.45	–	–	–	–	25.75
2	Trade payables	–	–	–	–	–	–	43.05	18.85
3	Corporate and bank guarantees given and outstanding	–	–	–	–	–	–	114.00	114.00

Disclosure in respect of material related party transactions during the year:

Particulars	Relationship	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)
1. Remuneration #			
Mr. Pravin Agarwal	KMP	3.99	3.55
Dr. Anand Agarwal	KMP	2.79	2.47
2. Dividend paid			
Twin Star Overseas Limited	Holding company	6.28	6.28
3. Management fees paid			
Vedanta Resources PLC	EKMP	0.16	0.20
4. Purchase of goods			
Sesa Sterlite Limited*	EKMP	560.37	–
Vedanta Aluminium Limited*	EKMP	–	1,010.50
Sterlite Industries (India) Limited*	EKMP	–	22.99
5. Purchase of power			
Sesa Sterlite Limited*	EKMP	28.37	–
Sterlite Energy Limited*	EKMP	–	24.44
6. Sale of goods (net of excise duty)			
Sesa Sterlite Limited*	EKMP	1.18	–
Vedanta Aluminium Limited*	EKMP	–	1.53
Sterlite Industries (India) Limited*	EKMP	–	3.76
Sterlite Energy Limited*	EKMP	–	5.83
Sterlite Condu spar Industrial Ltda	Joint Venture	1.45	–
7. Interest paid			
Sesa Sterlite Limited*	EKMP	0.73	–
Vedanta Aluminium Limited*	EKMP	–	2.28
Sterlite Industries (India) Limited*	EKMP	–	0.07
Bharat Aluminium Company Limited	EKMP	–	0.24
8. Expenses incurred			
Sesa Sterlite Limited*	EKMP	1.69	–
Vedanta Aluminium Limited*	EKMP	–	1.28
Sterlite Industries (India) Limited*	EKMP	–	0.15
Hindustan Zinc Limited	EKMP	0.20	0.18
9. Advance received against supplies			
Vedanta Aluminium Limited*	EKMP	–	0.35

* During the year, Sterlite Industries (India) Limited, Sterlite Energy Limited, Vedanta Aluminium Limited and Madras Aluminium Company Limited were amalgamated into and with Sesa Goa Limited. Later the name of Sesa Goa Limited was changed to Sesa Sterlite Limited.

As the liabilities for gratuity and leave encashment are provided on an actuarial basis for the Group as a whole, the amounts pertaining to the directors are not included above.

NOTE 41: INTEREST IN JOINT VENTURE

The Company holds 50% interest in Sterlite Conduspar Industrial Ltda, a joint controlled entity which is involved in manufacturing of Optic Fiber Cable.

The Company's share of the assets, liabilities, income and expenses of the jointly controlled entity for the year ended 31 March are as follows:

Particulars	31 March 2014 (₹ in Crores)	31 March 2013 (₹ in Crores)
Current assets	-	-
Non-current assets	3.86	-
Current liabilities	2.58	-
Non-current liabilities	-	-
Equity	1.28	-
Revenue	-	-
Cost of material consumed	-	-
Depreciation of plant and machinery	-	-
Employee benefit expenses	0.03	-
Other expenses	0.02	-
Profit before tax	(0.05)	-
Tax expenses	-	-
Profit after tax	(0.05)	-

NOTE 42: PREVIOUS YEAR FIGURES

Previous year figures have been regrouped / reclassified where necessary, to conform to this year's classification.

As per our report of even date

For S.R. Batliboi & Co. LLP

Firm Registration No.: 301003E

Chartered Accountants

per Paul Alvares

Partner

Membership No.: 105754

Place: Pune

Date: April 30, 2014

For and on behalf of the board of directors of Sterlite Technologies Limited

Pravin Agarwal

Whole-time Director

Anupam Jindal

Chief Financial Officer

Anand Agarwal

CEO & Whole-time Director

Amit Deshpande

Company Secretary

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

Relating to Subsidiary Companies

[₹ in Crores]

Subsidiary	Financial period ended	Holding Company's interest	Shares held by holding Company in the subsidiary	Net aggregate profits / (loss) for the current period		Net aggregate profits / (loss) for the previous financial year	
				Dealt with or provided	Not dealt with or provided	Dealt with or provided	Not dealt with or provided
Sterlite Display Technologies Private Limited	March 31, 2014	85.34%	8,730,000 equity shares of ₹ 10 per value, fully paid up	-	(0.32)	-	(0.38)
Sterlite Grid Limited	March 31, 2014	100.00%	175,000 equity shares of ₹ 10 per value, fully paid up	-	(39.57)	-	(2.25)
East-North Interconnection Company Limited	March 31, 2014	100.00%	25,500 equity shares of ₹ 10 per value, fully paid up	-	(7.58)	-	(0.09)
Bhopal Dhule Transmission Company Limited*	March 31, 2014	100.00%	600,000 equity shares of ₹ 10 per value, fully paid up	-	(0.84)	-	(0.08)
Jabalpur Transmission Company Limited*	March 31, 2014	100.00%	550,000 equity shares of ₹ 10 per value, fully paid up	-	(0.55)	-	(0.06)
Purulia and Kharagpur Transmission Company Limited*	March 31, 2014	100.00%	50,000 equity shares of ₹ 10 per value, fully paid up	-	(0.00)	-	-
RAPP Transmission Company Limited*	March 31, 2014	100.00%	50,000 equity shares of ₹ 10 per value, fully paid up	-	(0.00)	-	-
Sterlite Networks Limited	March 31, 2014	100.00%	1,550,000 equity shares of ₹ 10 per value, fully paid up	-	(25.59)	-	(4.27)
Maharashtra Transmission Communication Infrastructure Limited	March 31, 2014	51.00%	389,022 equity shares of ₹ 10 per value, fully paid up	-	(0.30)	-	(1.22)
Sterlite Global Venture (Mauritius) Limited	March 31, 2014	100.00%	12,381,447 equity shares of \$ 1 per value, fully paid up	-	(0.07)	-	(0.00)
Jiangsu Sterlite Tongguang Fiber Co. Limited*	March 31, 2014	75.00%	123,75,000 equity shares of \$ 1 per value, fully paid up	-	(11.42)	-	(1.92)
Sterlite Technologies Europe Ventures Limited	March 31, 2014	100.00%	2,000 equity shares of € 1 per value, fully paid up	-	0.46	-	(0.54)
Sterlite Americas LLC	December 31, 2013	100.00%	10,000 equity shares of \$ 1 per value, fully paid up	-	5.69	-	(8.12)
Sterlite Technologies UK Ventures Limited#	March 31, 2014	100.00%	5,000 equity shares of € 1 per value, fully paid up	-	(0.02)	-	-

*Step Down Subsidiary/JV

For and on behalf of the Board of Directors of Sterlite Technologies Limited

Pravin Agarwal
Whole-time Director

Anand Agarwal
CEO & Whole-time Director

Anupam Jindal
Chief Financial Officer

Amit Deshpande
Company Secretary

Place : Pune

Date : April 30, 2014

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

Relating to subsidiary companies, in accordance with General Circular No.: 02/2011 dated february 8, 2011 from the Ministry of Corporate Affairs

(₹ in Crores)

Subsidiary	Country of Incorporation	Reporting Currency	Exchange rate (INR)	Capital	Reserve	Total assets	Total liabilities	Investments (except in case of investments in the Subsidiaries)	Turnover/ Total Income	Profit / (loss) before taxation	Provision for taxation	Profit / (loss) after taxation	Proposed dividend
Sterlite Display Technologies Private Limited	India	INR	NA	10.23	[8.35]	14.26	12.38	-	0.14	[0.37]	-	[0.37]	Nil
Sterlite Grid Limited	India	INR	NA	0.18	[3.24]	1,110.59	1,113.66	-	132.97	[39.57]	-	[39.57]	Nil
East North Interconnection Company Limited	India	INR	NA	0.05	[7.83]	1,105.47	1,113.25	-	34.91	[7.01]	0.57	[7.58]	Nil
Bhopal Dhule Transmission Company Limited*	India	INR	NA	0.60	210.71	1,880.75	1,669.44	-	-	[0.33]	0.51	[0.84]	Nil
Jabalpur Transmission Company Limited*	India	INR	NA	0.55	148.36	1,214.24	1,065.33	-	-	[0.20]	0.36	[0.55]	Nil
Purulia and Kharagpur Transmission Company Limited *	India	INR	NA	0.05	[0.00]	6.65	6.60	-	-	[0.00]	-	[0.00]	Nil
RAPP Transmission Company Limited*	India	INR	NA	0.05	[0.00]	5.20	5.16	-	-	[0.00]	-	[0.00]	Nil
Sterlite Networks Limited	India	INR	NA	1.55	6.05	145.52	137.91	16.58	6.89	[25.59]	-	[25.59]	Nil

Subsidiary	Country of Incorporation	Reporting Currency	Exchange rate (INR)	Capital	Reserve	Total assets	Total liabilities	Investments (except in case of Investments in the Subsidiaries)	Turnover/ Total Income	Profit/ (loss) before taxation	Provision for taxation	Profit/ (loss) after taxation	Proposed dividend
Maharashtra Transmission Communication Infrastructure Limited	India	INR	NA	0.76	3.58	11.02	6.68	-	0.01	(0.30)	-	(0.30)	Nil
Sterlite Global Venture (Mauritius) Limited	Mauritius	US\$	60.10	67.02	(0.07)	66.99	0.04	-	-	(0.07)	-	(0.07)	Nil
Jiangsu Sterlite Tong-guang Fiber Co. Limited*	China	RMB	9.65	89.49	(13.20)	195.30	119.01	-	99.38	(15.22)	0.00	(15.22)	Nil
Sterlite Technologies Europe Ventures Limited	Cyprus	Euro	82.58	0.01	1.08	1.09	0.00	-	2.61	0.46	-	0.46	Nil
Sterlite Americas LLC	USA	US\$	60.10	0.05	(3.45)	0.25	3.65	-	11.69	5.69	-	5.69	Nil
Sterlite Technologies UK Ventures Limited	UK	GBP	99.85	0.04	(0.02)	1.41	1.39	-	-	(0.02)	-	(0.02)	Nil

*Step Down Subsidiary/ JV

For and on behalf of the Board of Directors of Sterlite Technologies Limited

Pravin Agarwal
Whole-time Director

Anand Agarwal
CEO & Whole-time Director

Anupam Jindal
Chief Financial Officer

Amit Deshpande
Company Secretary

Place : Pune

Date : April 30, 2014

BIG DATA

POSTED BY RAVINDRA UTGIKAR

We currently live more in the digital world than the real world. The current generation does not hesitate from sharing their personal information, preference and likes on social media. Thus social media and the digital world has turned out to be an important platform for the marketers to monitor and understand their consumers. What exactly is –“Big Data”? Internet generates exploding amount of data every minute – 72 hours of video is uploaded on YouTube, Google receives 4, 00,000 search queries, 2, 77,000 tweets are generated, 48,000 apps are downloaded, 3, 47,222 photos are shared on WhatsApp, 7, 00,000 people share content on Facebook- this unorganized and voluminous personal data is termed as “BIG DATA”. Technically, Big Data refers to datasets whose size is beyond the ability of typical database software tools to capture, store, manage and analyze. This data is now being referred as a gold mine for marketers to understand and target specific consumers for their products. Facebook recently paid 19 billion dollars for WhatsApp, the amount paid is not only for the product but its sheer capacity to generate personalized data. Many people around the world regard this activity of information collection with deep suspicion, they perceive this as nothing more than an invasion of their privacy. But there is strong support that big data can play an important economic role to the benefit of not only private companies but also of national developing economies and their inhabitants.

The value creation through big data for an organization falls into two categories: enabling new products and analytical use. Big data analytics can disclose insights hidden formerly by data too expensive to process, such as geographical and social data, peer influence among customers - revealed by analyzing shoppers' behavior and transactions. The ability to process each and every item of a large pool of data in reasonable time eradicates the troublesome requirement for sampling & enables an investigative approach to data analysis.

What exactly can marketers do with this data? How powerful can big data be? Currently Big Data is being used for the following purposes: 1) Creating Transparency 2) Enabling Experimentation to

discover needs and improve performance. 3) Segmentation & Targeting 4) Algorithm based decision making.

Imagine an e-commerce site which adjusts the prices, discounts and offers automatically in real time based on demand and preferences, a food review website just showing the reviews of restaurants serving the preferred cuisine of each consumer or a dog food website being able to advertise to people who have dogs etc. All this is possible if we can gather and analyze Big Data. Many pioneering organizations have already incorporated big data to enhance value creation, and others need to understand how they can use this pool of data if they wish to compete. Governments, too, have an opportunity to boost their efficiency & the value for money. The use of big data has become an important factor for major companies to compete with their peers. For example, as per a research estimate, a retailer who uses big data has the ability to increase its operating margin by approximately 60 percent. Leading retailers such as United Kingdom's Tesco has incorporated big data analytics to outperform the local competitors, and there exists many other such examples in industries such as insurance & financial services. Further the use of big data can enable improved civic engagement, quality health checkups, price transparency, and a better match between consumer needs and products. It is expected that this trend towards enhanced consumer experience will continue and spread across different sectors as they incorporate big data.

However, private companies and other public organizations and policy makers must address the challenges if they are to use the full potential of the large pool of data. A shortage of the managerial and analytical talent necessary to create value from big data is a substantial and persistent challenge. Other challenges concerning Big Data includes the need to make sure that the right infrastructure is in place and that competition and incentives are in place to assure continued innovation; that the economic benefits to organizations, economy and the users are completely understood; and that precautions are in order to address public anxieties for big data. ■

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THE NEW EDGE IN TECHNOLOGY, COMPETITION & INNOVATION

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BOOK REVIEW

BY
RAVINDRA UTGIKAR



THINGS A LITTLE BIRD TOLD ME

BIZ STONE

The book is written by one of the co-founders of the very well known Tech brand Twitter. The author not only discusses the life and birth of Twitter but, in parallel, throws light on his success mantra and the learning he gained throughout his life which, if applied, can be useful in any business setting. Although a rags to riches story, the book shows Biz Stone a calm headed guy focussed on his vision, less perturbed about the fact that he was broke until 35 years of his age. A person who was bombarded by a huge amount of debt, today has a net worth of \$200 million.

Biz Stone's story of coming up with the idea of twitter is not a Eureka moment but his excellence in understanding what people care the most about. The biggest investment, he argues, one has to make in his work is emotional investment. He says, "Success isn't guaranteed, but failure is certain if you aren't truly emotionally invested in your work." Even before one takes up a certain job he should visualize in the head how it would be like working on it. This way you'll be sure if you want to take it up or not.

He was brought up poor but he learned early in his life that one shouldn't wait for opportunities but create the set of circumstances that make up that opportunity. His story tells us that you should never feel accomplished until you have achieved your ultimate goals. He was hired by Google even though he didn't have a degree and had he stayed there he would have had a stable debt free life but he gave it up to follow his heart.

It was just an IDEA that he had and with the help of Jack Dorsey, the techie, and Evan

Williams he came up with Twitter amidst huge initial criticism from friends and colleagues. Within no time Twitter became a huge hit among its users. People all over the world and Twitter employees themselves started to realize the power of Twitter. The book mentions times like the Arab spring, Mumbai blasts, etc when twitter was much helpful to people who wanted to speak out their views or give updates about the events and let people know about the real situation. Twitter was a new way of broadcasting information/news to the world and has given people the power over manipulated news broadcasting bodies. He tells his readers to be creative as creativity is a renewable source and everyone can be creative. He says you might not be a great artist but you sure have a creative streak and are capable of creative thoughts.

He points out at the importance of being compassionate with the people around you. He also tells us that altruism is not a one-way street. When we help others we are not just giving something away. We are all interdependent in this world and by helping others, we also help ourselves directly or indirectly.

"Things a little bird told me. Confessions of a creative mind" is an inspirational book that forces people to look at the brighter side of each situation. It definitely talks about the life of Twitter and its behind-the-scenes stories but without failing to churn out the slightest of learning that one could take away from them. ■

ACKNOWLEDGEMENTS:

We thank all our team members who have contributed to make this annual report an interesting read.

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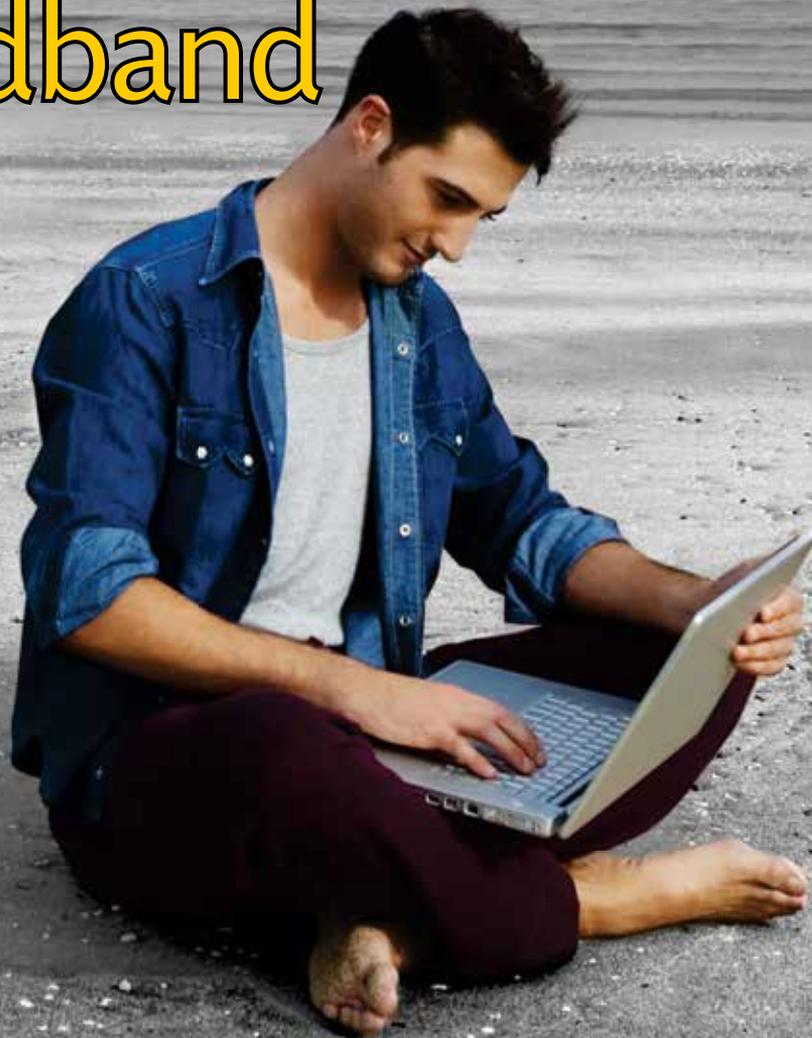
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Anupam Jindal, Ravindra Utgikar

Project Leader

Anupama Bhardwaj

From sand to broadband



Sterlite's state-of-the-art Telecom Center of Excellence at Aurangabad is dedicated to research, helping India meet the challenges of higher data transmission speed and capacity demands. It is the only such facility in India and among a handful across the world.

The Center enhances Sterlite's capabilities in design and application of glass, optical fiber, optical fiber cables & telecom networks.

Sterlite Telecom Center of Excellence

sterlitetechnologies.com


Sterlite



Connecting every home on the planet

Sterlite makes it faster, easier and more cost-effective for service providers to build telecom and power infrastructures.

Sterlite's comprehensive portfolio enables high bandwidth data transmission and high voltage power transmission.

Brazil | China | India | Netherlands | Russia | South Africa | Turkey | UAE | UK

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Sterlite