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Chartered Accountants

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INDEPENDENT AUDITORS' REPORT

To the Members of Sterlite Technologies Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Sterlite Technologies Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its joint controlled entity, comprising of the consolidated Balance Sheet as at March 31, 2015, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated financial statements').

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms with the requirement of the Companies Act, 2013 ("the Act") 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, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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 judgment, 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 financial control relevant to the Holding

Company's preparation 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 whether the Holding Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph (a) of the Other Matters below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated financial statements.

Basis for qualified opinion

As stated in Note no. 37(A) in the accompanying consolidated financial statements, the Holding 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, 2014) in a pending excise/customs matter. The Holding 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 consolidated financial statements is considered adequate by Management. In the event the decision of the Honourable Supreme Court goes against the Holding 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 opinions on the standalone and consolidated financial statements for the year ended March 31, 2014 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 above, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its jointly controlled entity as at March 31, 2015, of their consolidated loss and their consolidated 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, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditor's report of the Holding company and its subsidiaries incorporated in India, to whom the Order applies, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by section 143(3) of the Act, to the extent applicable, we report that:

(a) We / the other auditors whose reports we have relied upon, have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;

(b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept by the Holding Company so far as appears from our examination of those books;

(c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss, and consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;

(d) Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

(e) The matter described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Group;

(f) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2015 taken on record by the Board of Directors of the Holding Company and the audit reports of its subsidiary companies incorporated in India, none of the directors of the Holding company and its subsidiary companies incorporated in India is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. Except for the possible effect of the matter described in the Basis for Qualified Opinion above, the Group and its jointly controlled entity has disclosed the impact of pending litigations on its consolidated financial position in its consolidated financial statements – Refer Notes 9, 34 and 37(A) to the consolidated financial statements;

ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 9 and 11 to the consolidated financial statements in respect of such items as it relates to the Group and its jointly controlled entity;

iii. Except for the instance of delay by the Holding Company, there has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund.

Date of payment	Amount transferred (INR)	Number of days' delay
October 21, 2014	899,995	65

There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the subsidiary companies incorporated in India.

Other Matter

(a) The accompanying consolidated financial statements include total assets of Rs 173.30 crore as at March 31, 2015, and total revenues and net cash inflows of Rs 174.03 crore and Rs 1.90 crore for the year ended on that date, in respect of four subsidiaries, which have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of such other auditors.

(b) The accompanying consolidated financial statements include total assets of Rs 16.45 crore as at March 31, 2015, and total revenues and net cash inflows of Rs 2.89 crores and Rs 0.85 crore for the year ended on that date, in respect of a subsidiary and a jointly controlled entity, which have not been audited, which unaudited financial statements and other unaudited financial information have been furnished to us by the Management. Our opinion, in so far as it relates amounts and disclosures included in respect of the subsidiary and jointly controlled entity and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiary and jointly controlled entity, is based solely on such unaudited financial statement and other unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements and other financial information are not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements above, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E

per Paul Alvares
Partner
Membership Number: 105754
Place of Signature: Pune
Date: May 18, 2015

S R B C & CO LLP ★ CHARTERED ACCOUNTANTS ★