

INDEPENDENT AUDITORS' 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 Statements

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.

Auditors' 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 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. 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:

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2014;
- (b) in the case of the consolidated Statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) 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 Rs. 191.25 crores as at March 31, 2014, total revenues of Rs. 98.09 crores and net cash inflows amounting to Rs. 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.



S.R. BATLIBOI & Co. LLP

Chartered Accountants

We did not audit total assets of Rs. 15.34 crores as at March 31, 2014, total revenues of Rs. 11.69 crores and net cash outflows amounting to Rs. 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 Number: 301003E



per Paul Alvares

Partner

Membership Number: 105754



Place of Signature: Pune

Date: April 30, 2014