

# STERLITE

## TECHNOLOGIES



### CONNECTING LIVES



**LEADER SPEAK**  
FROM THE CHAIRMAN'S DESK

**THE FUTURE OF  
CONNECTIVITY**

**FEATURE STORY**  
ACHIEVING SUSTAINABLE GROWTH





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#### STERLITE TECHNOLOGIES LIMITED

ANNUAL REPORT 2014-15 Sterlitetechnologies.com

**REGISTERED OFFICE:** Survey No 68/1, Rakholi Village,  
Madhuban Dam Road, Silvassa- 396230, Union Territory of  
Dadra & Nagar Haveli, India

**LOCATIONS:** Brazil, China, India, Netherlands, Nigeria,  
Russia, Turkey, United Arab Emirates, United Kingdom

**BOARD OF DIRECTORS:** Anil Agarwal, Pravin Agarwal,  
A.R. Narayanswamy, Arun Todarwal, C.V. Krishnan, Avaantika  
Kakkar, Anand Agarwal, Pratik Agarwal

**CHIEF FINANCIAL OFFICER:** Anupam Jindal

**COMPANY SECRETARY:** Amit Deshpande

**MANAGEMENT COMMITTEE:** Pravin Agarwal (Vice  
Chairman & Whole-time Director), Anand Agarwal (CEO &  
Whole-time Director), Anupam Jindal (CFO), K.S. Rao (COO-  
Telecom Business & Power Conductors), Pratik Agarwal  
(Head- Infrastructure Business), Ajay Bhardwaj ( COO- Grid  
Business), Ankit Agarwal (Global Head- Telecom Business),  
Prasanth Puliakottu (CIO), Pankaj Priyadarshi CCO), Kamal  
Sehgal (Leader-Business Excellence), Vimal Malhotra (CHRO),  
Rajendra Mishra (COO-Power Cables), Arindam Haldar (CMO)

**AUDITORS:** S R B C & CO LLP

**BANKERS:** Axis Bank, Bank of Baroda, Bank of  
Maharashtra, Citibank, Corporation Bank, EXIM Bank,  
HDFC Bank, ICICI Bank, Kotak Mahindra Bank,  
Oriental Bank of Commerce, State Bank of India,  
Union Bank, Yes Bank, Deutsche Bank, Federal Bank,  
Societe Generale, IDBI Bank Limited, DBS Bank,  
IndusInd Bank Limited.

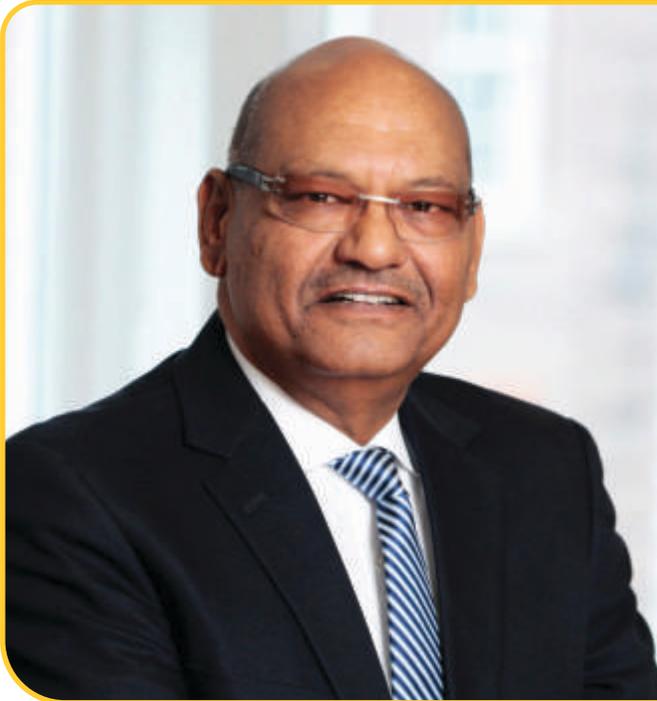
#### REGISTRAR & TRANSFER AGENTS:

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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](http://www.nseindia.com) and [www.bseindia.com](http://www.bseindia.com)

# CHAIRMAN'S MESSAGE



**THE TIME IS RIGHT FOR US TO LEAD THE MOVEMENT TOWARDS CREATING CONNECTED AND EMPOWERED COMMUNITIES FIRST IN INDIA, AND THEN GLOBALLY. WE HAVE A VERY STRONG FOUNDATION TO BUILD UPON, EXCELLENT PEOPLE AND PROCESSES, STRONG AND UNIQUE DOMAIN EXPERIENCE IN CREATING END-TO-END DATA AND POWER INFRASTRUCTURES, AND THE MOST IMPORTANT OF THEM ALL – A SOLID COMMITMENT TOWARDS ‘CONNECTING EVERY HOME ON THE PLANET’!**

Chanakya, the great economist and philosopher quoted over centuries ago, “In the absence of fruitful economic activity, both current prosperity and future growth are in danger of destruction”. This holds true even today and is probably why India, under the newly elected Government, has taken steps to kick start the level of economic activity across a number of sectors. We expect a number of growth oriented policies such as the 'Digital India' initiative, 'Make in India' and 24x7 power for all to take the Indian economy on a new growth trajectory, and Sterlite Technologies today is fortunate to be able to partner in this growth.

India today is at a similar cusp of growth and as seen in 1991, with the change in government and the liberalization of the economy, India witnessed the creation of world class industries in sectors such as IT and Knowledge based services and Pharmaceuticals. Today Indian Telecom and Power sector companies are also poised to achieve such growth and global scale. We have world class telecom operators, both indigenous and international operating out of India and creating businesses that are on par or better than global companies. Similarly on the power sector, India is witnessing increased interest across all stages of power from generation, to transmission and finally distribution as well as multiple sources – renewable and non-renewable.

Communication and power are two fundamental blocks in building a country's infrastructure, leading to improving the nation's economic activity. Today both of these building blocks need a serious push in terms of infrastructure creation. On the communication front we will need to create vast optical fiber based

communication networks to allow for high speed transfer of data. This does not mean only physical deployment of the optical fiber cables, but also, bringing in the right kind of policy framework such as ease of obtaining right-of-way, allowing more active private participation and treating these as nation critical infrastructure.

There is a lot of power generation capacity in India but there are still power shortages across the country. For enabling smooth evacuation of power, and enabling power deficient regions of India with sufficient power, there needs to be a huge focus on the transmission and distribution infrastructure creation. The states will need to invest in new high capacity conductors as well as adopt newer technologies to modernize the infrastructure at the transmission and distribution level.

As a Company, Sterlite Technologies has also continuously evolved over the years to be able to effectively take advantage of these opportunities by helping to create solutions to connect lives across the planet. We have added capacities and capabilities to allow us to lead India into the next generation of communication and power transmission technologies. Our involvement in certain prestigious projects such as the National Optical Fiber Network (NOFN) and Network for Spectrum (NFS) and through setting up 6 Ultra Mega Transmission Projects across 10 States in India, we are enabling high speed data and high voltage power connectivity to the farthest corners of the country. In addition to our home market in India, we continue to remain very optimistic on the growth prospects of all our export markets. Our footprint of

servicing customers across five continents gives us confidence that Sterlite Technologies today is at a unique inflection point.

Going forward, we believe that Sterlite's Telecom and Power segments have gathered enough strength to be able to grow independently. Subjected to shareholders' approval, we are proposing a demerger of the two businesses, where Power Products and Power Transmission segments will form a separate unlisted company, Sterlite Power Transmission Limited. Sterlite Technologies limited will continue to be a pure play Telecom Products and Solutions Company. The time is right for us to be leading the movement towards creating connected and empowered communities first in India and then globally. We have a very strong foundation to build upon, excellent people and processes, strong and unique domain experience in creating end-to-end communication and power infrastructures and the most important of them all- a solid commitment towards 'connecting every home on the planet'.

I would like to thank our shareholders for their confidence in us, and our employees for committing their talent and dedication to our success. I look forward to reporting continued strong performance going forward and greater levels of fruitful economic activity.

**Anil Agarwal**

Chairman, Board of Directors  
Sterlite Technologies Limited

# BUSINESS HIGHLIGHTS: IN RETROSPECT



Healthy revenue growth of 11%, EBITDA growth of 42%, PAT growth of 68%

Initiated capacity increase in OFC manufacturing at Silvassa

Brazil JV operational with first LATAM supply from JV facility

New significant global accounts in LATAM, Africa, Europe and Middle East for T&D conductors & OPGW

New Grid Project: NRSS XXIX in Jammu & Kashmir

Completion and refinancing of India's first UMTS - ENICL project

SCPE's investment of ₹ 500 Crores in Sterlite Grid - First foreign investment into India's power transmission sector

165000 homes connected with high speed broadband through our FTTH solutions

Stronger Telecom product portfolio with new micromodule cables for FTTH applications

Inauguration of Telecom Centre of Excellence by Dr. APJ Abdul Kalam

# STERLITE IN NEWS: 2014-15

## Sterlite Technologies successfully tests multi-terabit data transmission over long haul network

April 21, 2014

As an extension of Sterlite's continuous endeavor to bridge the gap between bandwidth demands and transmission capacity in the country, Sterlite's Center of Excellence at Aurangabad, India has successfully established and tested multi-tera bit transmission over long haul network. A successful Dense Wavelength Division Multiplexing (DWDM) test transmission of 80 wavelength channels operating at 128 Gbit/s each spaced at 50 GHz over 1840 km of Sterlite's G. 652.D OH-LITE fiber has been demonstrated for the first time in India. A significant indigenous capability is now established to transmit high volumes of data over long distances. For example, around 85,000 movie files of 700 MB each can now be transferred from Bangalore to Kolkata in a minute. The effort is to accelerate Sterlite's vision of national competence towards Terabit scale communications for better telecom infrastructure planning at a national level and for Telecommunication operators. Sterlite is committed to building a high speed last mile broadband infrastructure capability in India to reach from urban to semi urban, to the most remote rural areas.

## Sterlite Grid wins sixth UMTF project

May 25, 2014

Sterlite Grid Limited has been awarded its sixth ultra-mega transmission project (UMTF) on build-own-operate basis by the Ministry of Power, Government of India. This Northern Region Strengthening Scheme Project (NRSS 29) is a part of the National Grid and is designed to carry over 1000 MWs of electricity from Punjab to the Kashmir Valley.

The Kashmir valley has been troubled by frequent blackouts on account of unavailability of sufficient power. These blackouts occur, mostly, during the winter months thereby having a severe impact on the lives of Valley residents.

The project consists of one substation and 800 circuit kilometers of 400kV lines in the states of Punjab and J&K. Sterlite Grid

## Sterlite Technologies to implement end-to-end rollout of Optical Fiber Network for Defense services

July 01, 2014

Secured an Advance Purchase Order from Bharat Sanchar Nigam Ltd. (BSNL) for end-to-end deployment including design, engineering, implementation and maintenance of a part of Network for Spectrum (NFS) project - Optical Fiber Cable (OFC) Network in the state of Jammu & Kashmir of the NTP region. Sterlite is also a key partner in

creating OFC networks in other regions in the country as a part of NFS rollout, countrywide. This project in Jammu & Kashmir region including Optical Fiber cable supplies to other parts of the country is expected to add around ₹1950 Crores to Sterlite's order book. This order needs to be executed by 2016. Additionally, Sterlite is also contracted to maintain the Jammu & Kashmir network for an additional period of 7 years at a value of about ₹ 500 Crores. Sterlite Technologies has been awarded the project to build a new communication network for exclusive use by the armed forces in lieu of the spectrum. The order is for full rollout of OFC network to be owned and operated by the defense services under the project implementation core group (PICG), Ministry of Defense (MoD).

## Standard Chartered Private Equity to invest ₹ 500 crores in the Power Transmission Infrastructure Business of Sterlite

July 07, 2014

Entered into agreements with Standard Chartered Private Equity for an equity investment of ₹ 500 crores in Sterlite Power Grid Ventures Ltd (SPGVL).

SPGVL, a subsidiary of Sterlite, focused on the development and operations of power transmission projects, will issue convertible securities to Standard Chartered Private Equity for a minority share. The proceeds will be used for equity contribution in existing as well as new power transmission projects. While there have been many foreign investments in the power generation sector, this would be the first foreign investment into India's power transmission sector. The first three projects, with over 2,000 Km of transmission lines and two 765/400 KV substations are in final stage of completion, while the next 3 projects will start operating sequentially from FY17. "Through our initiatives in transmission, we endeavor to contribute to the new government's stated vision of providing 24X7 power to every Indian household", said Mr. Pravin Agarwal, Chairman - SPGVL & Director - Sterlite Technologies Limited.

## Sterlite Grid completes India's First Ultra Mega Power Transmission Project

November 13, 2014

Sterlite Grid Limited announced a major milestone with the successful commissioning of India's first Ultra Mega Transmission Project. The first line in this project connecting Purnea and Bihar Sharif was commissioned in September 2013, which was the first 400 KV line to cross the river Ganges since Independence. The second line which is about 225km long connects Bongaigaon in Assam to Siliguri in West Bengal. The 400 KV double-circuit quad transmission line was commissioned today making the East-North Interconnection Company Ltd. (ENICL) fully operational.

## Sterlite Grid commissions two lines and two substations of the Bhopal – Dhule Transmission project

December 08, 2014

Sterlite Grid Limited announced another milestone achievement with the successful commissioning of two lines and two substations of Bhopal Dhule Transmission Company Ltd. (BDTCL). The company commissioned and put into operation two 765 kV Substations each having capacity of 3000 MW at Bhopal and Dhule and 765kV single circuit transmission lines connecting Bhopal to Indore and Dhule to Aurangabad. This network will facilitate the transfer of upto 5000MW of electricity from the coal-belt in the east, to the energy hungry regions of western and northern India. This network will also provide energy stability to the industrial belts of Indore, Dewas and Aurangabad

## Sterlite Technologies sharpens broadband research focus

January 29, 2015

Sterlite Technologies announced a slew of initiatives to sharpen its research focus on ultra-high speed broadband technologies at a one-of-its-kind conclave held in Aurangabad. The conclave aligned collaborative efforts between the government, broadband industry, and academia towards delivering on the Digital India vision. It featured a plenary address by Former President of India, Dr. APJ Abdul Kalam, where he inaugurated the company's Centre of Excellence (CoE). To strengthen India's investments in broadband technology research, Sterlite also announced an annual seed fund of USD 100,000. This will be awarded to promising new Indian start-ups, working on innovative broadband deployment technologies. Agreements on collaborative research in ultra-high speed broadband were also signed with IIT Madras and IIT Kanpur.

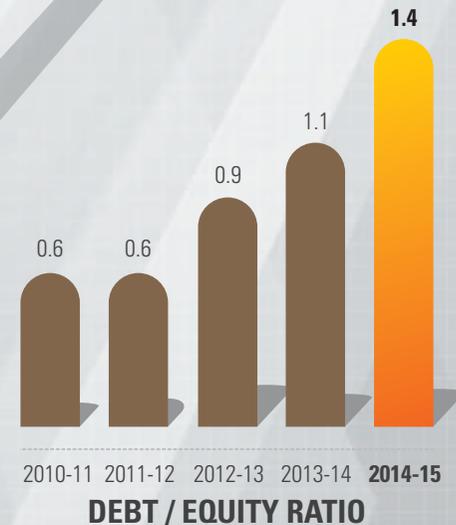
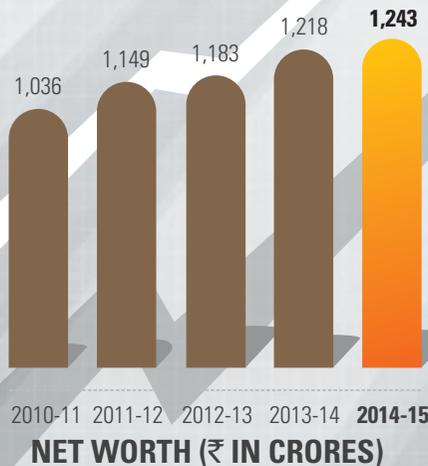
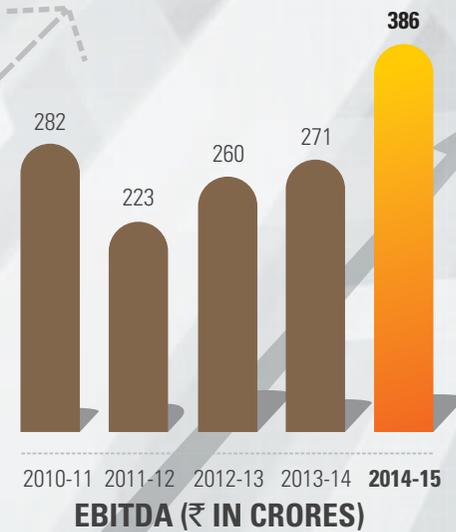
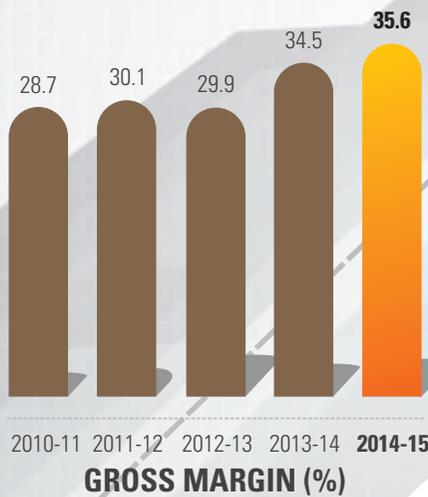
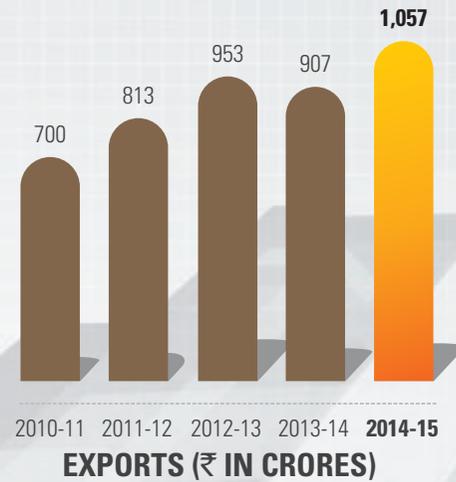
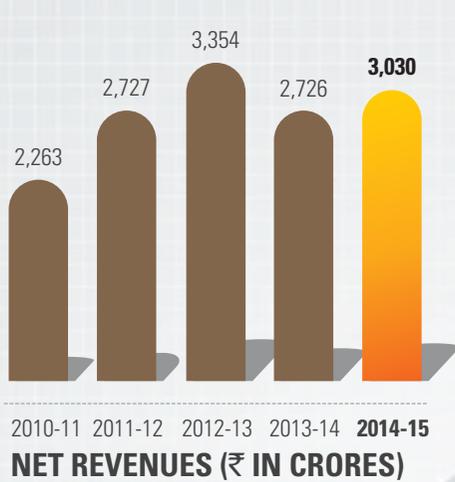
## Sterlite Grid announces successful refinancing of India's first Ultra Mega Transmission Project, ENICL

February 23, 2015

Sterlite Grid Limited has successfully refinanced East North Interconnection Company Limited [ENICL] project loan within three months of the project becoming fully operational in November 2014. The new financing arranged by Axis Bank, consists of a long term loan of ₹ 925 Crores, with significantly favorable terms as compared to the earlier debt.

This refinancing is in line with Sterlite's stated objectives of recycling capital for increasing returns on investment. With this transaction, Sterlite has not only achieved reduction of 175 basis points in the interest cost on per annum basis, but also released more than ₹ 150 Crores after repaying its outstanding debt obligations to the existing financial institutions.

# ACHIEVING SUSTAINABLE GROWTH



NOTE: All graphs are for Standalone Financials



|  | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15      |
|--|---------|---------|---------|---------|--------------|
| <b>₹ IN CRORES</b>                             |         |         |         |         |              |
| Net Revenues                                   | 2,263   | 2,727   | 3,354   | 2,726   | <b>3,030</b> |
| Growth%  | -7      | 21      | 23      | -19     | <b>11</b>    |
| EBITDA   | 282     | 223     | 260     | 271     | <b>386</b>   |
| EBIT   | 226     | 152     | 174     | 168     | <b>278</b>   |
| PBDT   | 234     | 128     | 155     | 176     | <b>207</b>   |
| PAT  | 141     | 44      | 47      | 50      | <b>84</b>    |
| Diluted EPS                                    | 3.72    | 1.11    | 1.20    | 1.27    | <b>2.12</b>  |
| <b>US\$ IN MILLION</b>                         |         |         |         |         |              |
| Net Revenues                                   | 359.2   | 432.8   | 532.3   | 432.6   | <b>481.0</b> |
| EBITDA   | 44.7    | 35.3    | 41.2    | 43.0    | <b>61.3</b>  |
| EBIT   | 35.8    | 24.1    | 27.6    | 26.6    | <b>44.1</b>  |
| PBDT   | 37.1    | 20.3    | 24.6    | 27.9    | <b>32.8</b>  |
| PAT  | 22.3    | 6.9     | 7.4     | 7.9     | <b>13.3</b>  |
| <b>RATIOS</b>                                  |         |         |         |         |              |
| EBITDA Margin                                  | 12.4    | 8.2     | 7.8     | 9.9     | <b>12.7</b>  |
| EBIT Margin                                    | 10.0    | 5.6     | 5.2     | 6.2     | <b>9.2</b>   |
| PBDT Margin                                    | 10.4    | 4.7     | 4.6     | 6.5     | <b>6.8</b>   |
| PAT Margin                                     | 6.2     | 1.6     | 1.4     | 1.8     | <b>2.8</b>   |
| Effective Tax Rate (%)                         | 21.1    | 22.8    | 31.0    | 31.3    | <b>14.9</b>  |
| <b>Operating Capital Employed (INR Crores)</b> | 1,615   | 1,489   | 1,474   | 1,528   | <b>1,737</b> |
| Return On Capital Employed (%)                 | 14.0    | 10.2    | 11.8    | 11.0    | <b>16.0</b>  |
| Debt Equity Ratio                              | 0.6     | 0.6     | 0.9     | 1.1     | <b>1.4</b>   |

**Notes:** ROCE= EBIT/ Operating Capital Employed | Debt Equity Ratio= Debt/Net Worth | Conversion Rate 1US\$= ₹ 63  
All numbers are for standalone financials

# LETTER TO THE SHAREHOLDERS



## Dear Shareholders,

2015 has been a very exciting year for us from an operational as well as financial perspective and we trust you share a similar sentiment. The year gone by was filled with landmark achievements which have further enhanced our position as market leaders in both the telecommunication and power industries. With capabilities that have been developed over decades, we are today clearly well positioned to capitalize on the unprecedented opportunities within the country and also in the global market.

During the last year, in India, we added several major projects to the order backlog and are proud to have completed some milestone projects that have contributed immensely towards building of the nation. We also continued to strengthen our global footprint by adding new global and domestic customer accounts while entering new markets within Europe, Africa, Latin America, etc. and now, Sterlite operates through offices in 9 countries and our products & solutions are connecting lives in over 75 countries.

During the course of the year, we continued to build capabilities across the organization while further developing all our businesses. We added new and unique product lines to our offerings, as well as, built and enhanced engineering expertise to offer full turnkey solutions to our customers. Some prestigious orders for service implementation across the most challenging geographies in both the Telecom and Power business substantiate this strategic direction we have set sail in. In effect, there is also a substantial jump in our order book and new windows of opportunities have opened up to further entrench our position in the two sectors that we operate in. The combination of the opportunity, our skill sets and capabilities and the foundation that has been created by STL over the years, put us in a unique position to be able to drive value creation for all our stakeholders.

From a financial perspective, we closed the year with revenues touching ₹ 3,030 crores and EBITDA of ₹ 386 crores. The net profit for FY15 stood at ₹ 84 crores at standalone level. Subject to your approval, the Board

has recommended a dividend of 30%, which is 60 paise per share as against 15% or 30 paise per share last year reflecting the performance in the last fiscal year as well as our continued optimism on the future performance. Our order book as at the start of FY-'16 is at about ₹ 4,700 crores and is equally split between our two businesses and provides high visibility for sustained growth. The year also witnessed a new entrant to our Board of Directors, Ms. Avaantika Kakkar in place of Mr. Haigreve Khaitan.

## The Year in Spotlight

### Telecom

The Telecom business has continued to report strong growth in volumes. For the full year, Optical Fiber volumes were at 17.7 million fiber kilometers (FKM) and Optical Fiber Cable was at 7.7 million fiber kilometers. These numbers were up by almost 28% and 49% on a year-on-year basis. Volume growth has been driven by increased spending by public/private carriers on network infrastructure creation, both on

the backbone side on fiber backhauling, as well as last mile connectivity of the end consumer through various FTTH projects. In light of the increased opportunities in our existing markets, we have commenced work to increase our Optical Fiber cable capacity from 8 million kilometers to 15 million kilometers.

In addition to the overall growth in our fiber volume, we have been able to increase our cabling volumes at a faster rate, resulting in higher proportion of Optical Fiber Cable volumes to our total Optical Fiber volume. This is very positive for us directionally as it indicates our growing entrenchment with end customers and also adds to absolute profits in our telecom business. On the broadband infrastructure side, we have now connected about 1,65,000 homes with high speed broadband over our "Fiber to the Home" network across 8 major cities. The new Joint Venture Optical Fiber Cable plant in Brazil started production last November with roll out of first supply to Latin America and was formally inaugurated in February 2015 by Brazilian National Telecommunications Secretary Maximiliano Martinhão.

Keeping up with our commitment to focus on innovation and with a view to sharpen our research focus on ultra-high speed broadband technologies, Sterlite's state-of-the art Centre of Excellence was inaugurated in Aurangabad by India's Ex-President, Honorable Dr. APJ Abdul Kalam. During the inaugural event, we also committed a seed fund and joined hands with some of the elite technology institutes in India to encourage broadband technology innovation.

#### Power

In the Power segment, following the formation of the new Government, we have witnessed new offshoots of optimism in this sector with the announcement of ambitious projects such as Power 24x7 for all. The country has always been deficient in power transmission infrastructure and the new Government plans to aggressively address this issue.

For Sterlite, the Conductor volumes for this year were at 78,000 Metric Tonnes (MT) versus last year volumes of around 95,000 MT. In spite of having good order book visibility, numbers of deliveries were pushed back given the status of implementation on the ground. On the positive side, our continued customer focus and ability to develop bespoke solutions saw the creation of specialty power cables such as 132 KV, 3 Core 66 KV cables being developed and commercialized in close collaboration with our esteemed customers.

The Power Transmission Infrastructure segment witnessed some key developments, the most prominent amongst them being the completion of the 225 Kms Bongaigaon Siliguri line of East North Interconnection Company Ltd. (ENICL), which, as the successful commissioning of the first private transmission asset in the country in record time, is a matter of immense pride for the company. After completion, this entire project was refinanced on significantly favorable terms as compared to the earlier debt helping us reduce our interest cost as well as releasing some portion of the original equity invested, which can now be used for developing other projects in the portfolio.

The last year also witnessed the first ever foreign investment in Indian private transmission sector with Standard Chartered's investment of ₹ 500 crores in the Sterlite Grid.

#### The Way Ahead

Both our businesses – Telecom and Power are well poised with multiple growth drivers. Given the urgent need to further develop the telecom and power backbone in the country, the respective growth of both these businesses is expected to continue strongly. Over the years, through continuous focus on engineering, customer engagement, innovation and quality, the telecom and power businesses have now developed individual strengths, operate on distinct business models and serve a distinct set of customers. As both the businesses have reached a certain level of scale and as they move into the next phase of growth,

it is necessary that we put different focus towards strategic growth of both the business areas. To provide a suitable platform to each line of business, we have decided to demerge the Power and Telecom business in FY 2015-16. As a result of this restructuring, Sterlite Technologies Limited will become a pure-play Telecom Products & Solutions company providing Broadband Solutions for Fully Converged Networks. The Board approved to demerge the Power Products Business and the Power Transmission Grid Business into a separate entity named 'Sterlite Power Transmission Ltd.' ("SPTL"). This restructuring will essentially allow investors the choice to continue to be associated with all these businesses or only specifically invest in businesses that best suit their respective investment philosophy. It also creates an opportunity for value discovery of each business independent of the other and we hope you will continue to remain supportive of these businesses as you have been over the years.

The Indian growth story is being scripted like never before, with appropriate focus on improving the nation's communication and power infrastructure with projects like 'Digital India', 'Make in India', 'State Fiber Grids', 'Power for All' and integrated 'Power Development Scheme'. Sterlite has been at the forefront of enabling India with the connectivity so far and will continue to do so in future as well. In the short term, we expect to create great value for our customers and in turn increase our own value manifold. We will focus on our entire value chain from products to system integration to application development, further strengthening our capabilities in creating broadband solutions for converged networks and transmission solutions. We believe that for creating world-class data and power transmission infrastructure in India, Sterlite is uniquely positioned with deep capabilities and we hope to be able to sustain our track record of value creation for all our stakeholders.



**Pravin Agarwal**  
Vice Chairman &  
Whole-time Director



**Anand Agarwal**  
Chief Executive Officer





# 'THE FUTURE OF CONNECTIVITY'

THE EVOLUTION OF TRANSMISSION OF DATA AND POWER IS WITNESSING A CONTINUOUS CHANGE DRIVEN BY THE CONSUMER. THIS CONTINUOUS CHANGE REQUIRES THE CREATION OF FUTURE PROOF INFRASTRUCTURE BUILT ON CUTTING EDGE PRODUCTS AND SERVICES THAT WILL NEED TO INTEGRATE SEAMLESSLY.

THE DATA USERS NOW WANT TO BE CONNECTED AT ALL TIMES AND AT THE SAME TIME WANT THE ABILITY TO ACCESS CONTENT INSTANTLY AND ANYWHERE. THIS CHANGE IN CONSUMER BEHAVIOR WILL RESULT IN THE CREATION OF HIGH-SPEED COMMUNICATION NETWORKS THAT ARE ABLE TO ADDRESS THE SURGING GROWTH IN INTERNET DATA TRAFFIC.

AS THE ECONOMY IMPROVES AND HOUSEHOLD INCOME RISES, THE PER CAPITA POWER CONSUMPTION WILL CONTINUE TO GROW. THIS DEMAND IN TURN WILL REQUIRE GREATER INVESTMENTS IN POWER INFRASTRUCTURE, INCLUDING THE CREATION OF NEW INFRASTRUCTURE AS WELL AS STRENGTHENING THE EXISTING TRANSMISSION LINES TO BE ABLE TO DELIVER MORE POWER TO ALL.

OVER THE NEXT FEW PAGES, WE WILL LOOK AT HOW THESE TWO SECTORS ARE BEING IMPACTED BY CONSTANT CHANGES AND HOW STERLITE TECHNOLOGIES IS UNIQUELY POSITIONED TO CAPITALISE ON THESE CHANGES AND CREATE VALUE FOR ALL ITS STAKEHOLDERS.

# TELECOM SEGMENT

By Amit Kar & Nitin Nagul

## CONNECTING LIVES... COMMUNICATION IN THE NEXT DECADE

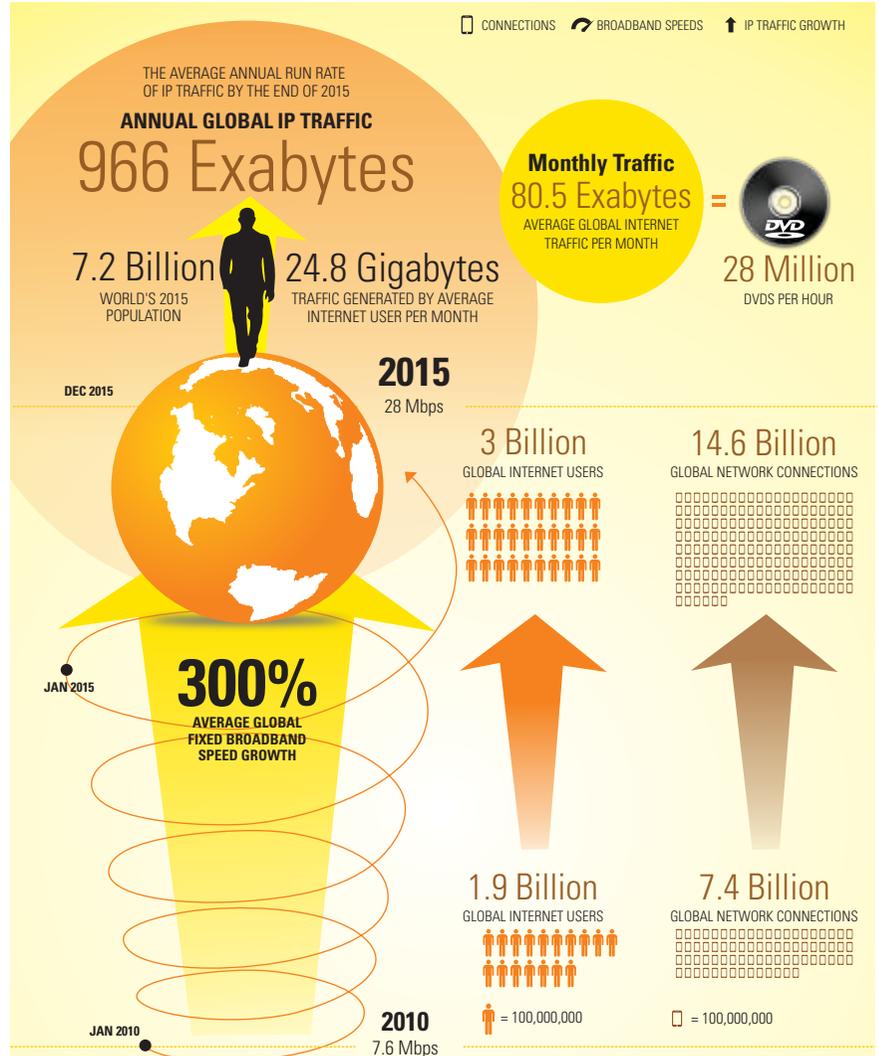
### Customers are demanding MORE ...

All over the world there is a definite shift from the conventional to smarter means of communication. Since the last decade, people have become more interconnected globally through various means of communication which have continuously evolved throughout time. Starting with just phone call and SMS services, a smart phone now provides instant messaging, video on demand, social networking, e-retail and a host of other services making life much easier.

The growth of telecom services in all parts of the world is integral to development of an innovative and technologically driven society and research evidence is consistently pointing towards the positive economic impact of broadband adoption. We can see in our lives, the continuous evolution of modern technology and enhanced connectivity has led to greater uptake in data services and customers are more online – from simple information services to now full transactional capabilities online.

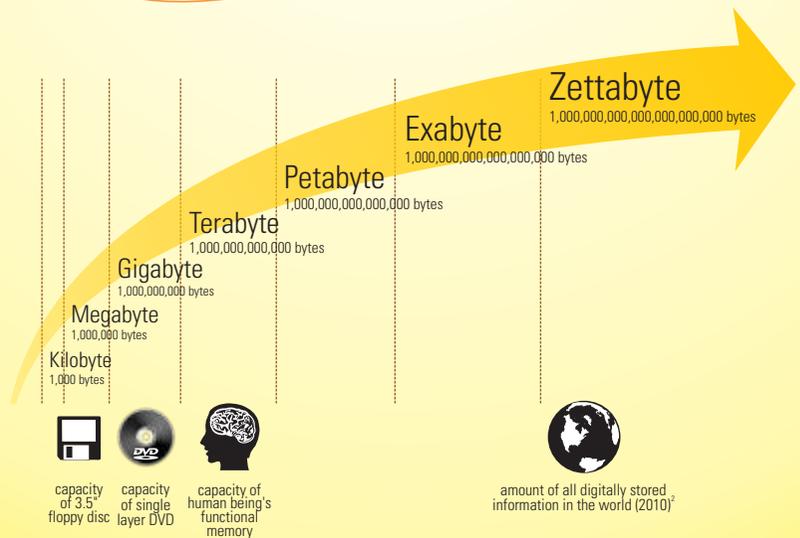
Annual "global IP traffic" will welcome the zettabyte era by end of 2015. A zettabyte is equivalent to 200 times of the all words ever spoken by human beings. Some 2.9 billion people or 40% of the global population are online now and with this growth rate, half of global population will be online by 2017. By 2018, global IP traffic will reach 1.6 zettabytes per year thus growing at a compound annual growth rate (CAGR) of 21 percent from 2013 to 2018

This exponential surge in global IP traffic is because of high volume of communication taking place between every possible communicable device. The forecast says by 2018 nearly 2 devices out of 3 per capita will be connected to IP network which means the number of devices connected to IP networks will be nearly twice as high as the global population in 2018.



### A NEW ERA OF DATA GROWTH: XYZ OF DATA NOW EXABYTE, YOTABYTE & ZETTA BYTE.

WITHIN A DECADE THERE HAS BEEN A DRAMATIC CHANGE. THERE WAS A TIME WHEN INFORMATION WAS STORED IN A 3.5" FLOPPY DISK DRIVE WITH STORAGE CAPACITY OF FEW MB. NOW, A SMALLER SIZE OF STORAGE DEVICE HAS MILLION TIMES CAPACITY THAN A FLOPPY DRIVE SEEMS TO BE INSUFFICIENT. IN ORDER TO MOVE THIS AMOUNT OF INFORMATION FROM ONE PLACE TO OTHER THE NETWORK INFRA SHOULD BE IN PLACE WHICH CAN ADDRESS THE DEMAND OF MORE THAN 80 EXABYTE TRAFFIC MONTHLY.



## Welcome to the Hyper Connected World

The world of telecommunication is now being led by the promise of a hyper-connected world, focusing on embedded ambient intelligence, automated Machine to Machine (M2M) traffic, ubiquitous connectivity and the 'Internet of Everything'. However, the real information revolution may lie in the growing day-by-day use of Internet-enabled devices in our lives. This increase in usage is driven by certain mega trends

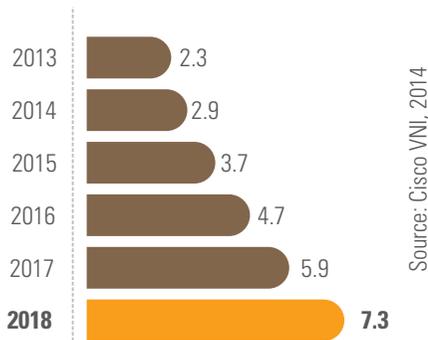


### 1. Machine to Machine (M2M) Communication Getting Smarter

M2M refers to technologies that allow both wireless and wired systems to communicate with other devices. M2M is considered an integral part of the Internet of Things (IoT) and benefits industry and businesses in general, as it has a wide range of applications from monitoring and control in areas such as Industrial Automation, Logistics, Smart Grids, Smart Cities, Healthcare and Defense.

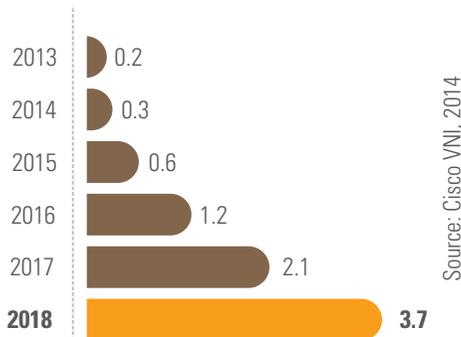
**26% CAGR 2013-2018**

M2M CONNECTIONS (MILLIONS)



**84% CAGR 2013-2018**

EXABYTES PER MONTH



Globally, devices and connections (10.7 percent CAGR) are growing faster than both the population (1.1 percent CAGR) and Internet users (9.2 percent CAGR). Each year, various new devices having different form factors with increased capabilities and

intelligence are introduced and adopted in the market. The Internet of Everything (IoE) phenomenon, or the next wave of the Internet in which people, processes, data, and things connect to the Internet and each other, is now showing tangible growth. There will be nearly one M2M connection for each member of the global population by 2018. This growth in number of connections will lead to growing M2M IP traffic. Global M2M IP traffic will grow 11-fold over this same period and this higher traffic growth than connections growth is due to more video applications being deployed on M2M connections as well as the use of applications, such as telemedicine and smart car navigation, that require higher bandwidth and lower latency.

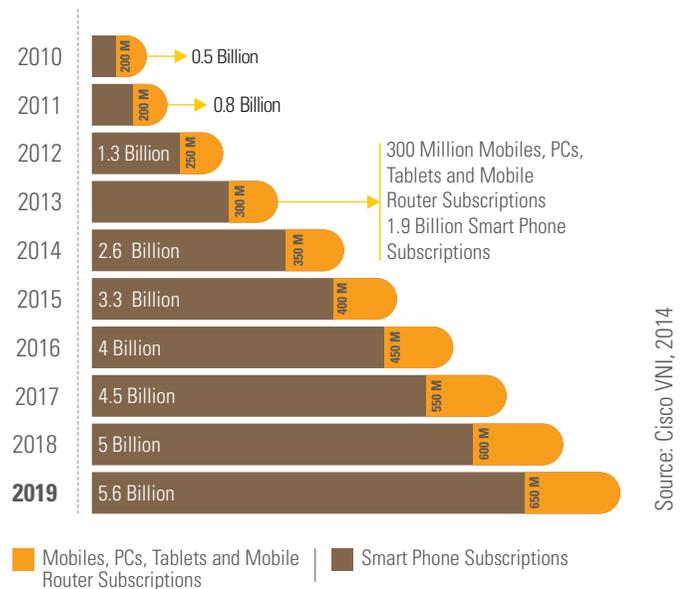
The phenomenal growth in smarter end-user devices and M2M connections is a clear indicator of the growth of IoE, which is bringing together people, processes, data, and things to make networked connections more relevant, valuable and also creating additional challenges for future networks.



### 2. Demand of Smart Mobile Phones

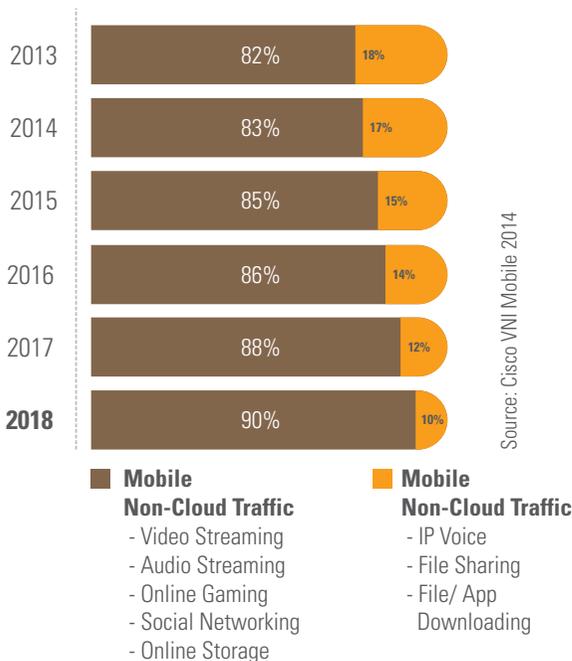
Worldwide, mobile phone subscriptions have exceeded 6.9 billion by the end of 2014. The total number of unique mobile phone users is around 3.4 billion people by end of 2014. Today, the marriage of Internet with mobile promises greater Internet connectivity, at faster speeds, to more people than ever. By 2019, there could be 5.6 billion smartphone subscriptions, of which 2.6 billion will relate to LTE. Developing countries are the powerhouses of the increase in smartphone demand and market saturation point is still some way off and there is considerable growth potential. Smartphone sales in the countries, Brazil, Russia, India, Indonesia and China, grew by 32 percent on an average last year and Western Europe, where smartphones have long been firmly established, the market still recorded growth of 11 percent.

Smartphones are quickly becoming a commodity product. Every lower entry-level priced device is attracting first time users. As competition on the market intensifies, price is becoming an ever important market differentiator. The average non-subsidized price dropped from \$320 in 2013 to \$220 currently at global level. In addition to price functionality, performance is the key differentiator. The existing performance features of devices are being given significant facelifts. Displays are becoming larger, casings slimmer and the processing power significantly stronger while integrated cameras are equipped with more megapixels. The average



smartphone screen size increased from 4.0 inches to 4.2 inches, with the trend expected to continue. Phablets, smartphones with a screen larger than 5.5 inches, have increased their global market share from almost zero last year to 5 percent in 2014. The number of processing cores has increased in every price class, with one in four smartphones having four or more processing cores.

This increase in smart phone usage is going to increase mobile data traffic requiring significant capacity and capabilities at the telecom operator level. Overall mobile data traffic is expected to grow up to 15.9 Exabytes per month by 2018, nearly an 11-fold increase over 2013. Mobile data traffic will grow at a CAGR of 61% from 2013 to 2018. One outcome is certain that the world is demanding a transformation for smart communication i.e accessing data with a smarter device through a smarter network.



**3. Mobile Apps Driving Cloud Usage:**

Organizations spend a huge amount of time for sorting and storing their data and approximately 90% of all new data growth in corporate data centers comes from unstructured data that poses a serious scaling challenge for traditional storage systems.

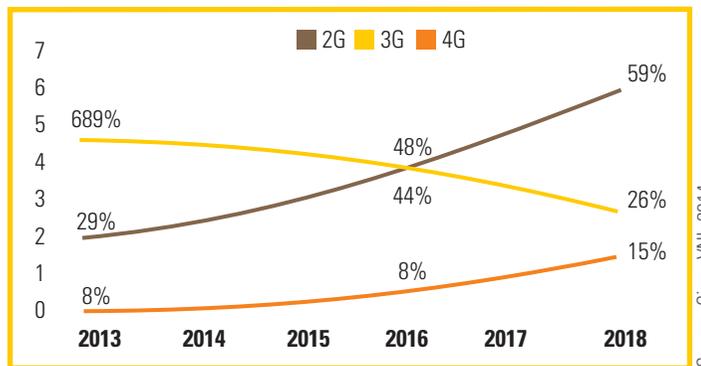
Organizations have used hard drives and external storage devices

like compact discs. But the explosion in data generation and demand for storage has led to increased costs and challenges. Cloud storage has gained a lot of traction for its easy and low-cost storage solutions. Enterprise and users demanding mobility and anytime access to any data are putting greater pressure on data pipes.

Globally, cloud applications will account for 90% of total mobile data traffic by 2019, compared to 83% at the end of 2014. Mobile cloud traffic will grow 10.6-fold from 2014 to 2019, at a compound annual growth rate of 60%.

In addition to cloud the mobile video traffic will grow 12.7-fold from 2014 to 2018 as more and more users require on demand content as well as high definition content. The rise of over the top mobile applications will see a quantum leap in the way entertainment content is consumed from the cloud. The cloud will make everything available any time and any where.

**Billions of Devices or Connections**



**4. LTE to Become Mainstream for Mobile Broadband**

Globally, the relative share of 3G capable devices and connections will surpass 2G-capable devices and connections by 2016 (48 percent and 44 percent relative share). By 2018, 15 percent of all global devices and connections will be 4G capable. The global mobile 4G connections will grow from 203 million in 2013 to 1.5 billion by

2018 at a CAGR of 50 percent. The increase in the consumption of 4G will almost be four fold with approximately 31% mobile devices using a 4G connection. Since a 3G & 4G connection leads to more traffic and requires a wider bandwidth and hence a bandwidth sufficing quality backhaul. This increase in the demand of 3G and 4G connection will in turn scale up the demand for optical fibres for backhauling network.

**Increased demand for data leads to new ecosystems**

The world has already witnessed the demand shifting towards Internet data-services. This certainly has a massive impact on network ecosystem, Telco-Infrastructure & pattern of traffic consumption. Communication networks, evolved from PSTN to FTTH, LTE moving towards 5G, evolution was from voice only network to converged networks providing ultra high speed, video & data services.

We believe future networks will be extraordinarily fast & will support ultra high bandwidth applications and will evolve from plain vanilla connectivity service to application level connectivity era. These mega trends in Internet and communication with fast changing consumer behavior are driving incumbent telecom operators to change their business model and forcing them to invest more on – capex & opex.

**What to expect from future networks and technologies 5G / SDN?**

Such networks will need to have a “latency” (ie, response time) of about one millisecond. The speed at which two devices can begin to communicate with one another over today’s 4G networks is about 50 milliseconds, and around 500 milliseconds for the still widely used 3G services. Another cornerstone requirement is going to be a data rate of at least one gigabit per second (1Gbps) to start with, and multiple gigabits per second thereafter. Mobile users will need such speeds if they are to stream ultra-high-definition (ie, 4k and soon 8k) video formats to their phones and tablets.

All of which suggests that 5G will need base stations closer to users than current cellular towers. As it so happens, that is already a trend. So far, microcells-no bigger than a WiFi modem-have been used mainly inside buildings, to overcome poor mobile reception. To handle 5G’s needs, hundreds of microcellular access points will be required to fill the gaps between existing cellular base stations. Few people will ever notice them, let alone object to their presence-as is so often the case when new cellular towers are erected these days.

### SDN (Software Defined Network)

Software-defined networking is an innovative architectural model that is capable of delivering automated provisioning, network virtualization, and network programmability to datacenter and enterprise networks. SDN has emerged as a key driver for innovation and change in networking as several market and technology factors converge. Software-defined networking (SDN) continues to gain ground within the broader enterprise and cloud service provider markets for datacenter networking. According to a new forecast from International Data Corporation (IDC), the worldwide SDN market for the enterprise and cloud service provider segments will grow from \$960 million in 2014 to over \$8 billion by 2018, representing a robust CAGR of 89.4%.

#### The Benefits of SDN:

- To reduce the cost and manage the network effectively
- Focus on converged infrastructures (compute/storage/network) and on the software-defined data centre
- Increased demand for network flexibility to support mission-critical technologies

However SDN alone cannot replace the need for the physical infrastructure needed for seamless data connectivity.

To satisfy the ever-growing demand for high-bandwidth content and enhanced services, service providers today must evolve not only their networks but also their business models. To increase profit margins and bolster bottom lines while continuing to meet customer expectations and while contending with a variable, often unpredictable global economic environment-service providers are having to change the way they view and approach their business.

A key issue is that connectivity no longer has the intrinsic value it once did. Customers demand added value, and they're getting it. Crossover competitors such

as Google, Yahoo! and MSN have been quick to take advantage of media convergence and non-traditional business models to devour an increasing market share. Incumbent services providers need to provide the value their customers are seeking-namely, a rich communications experience. Yet doing so demands focused attention, that service providers preoccupied with day-to-day management of their networks can find hard to achieve. This will need service providers and partners with extensive experience in network design, deployment, operation and migration.

This flexibility in service customization for end user helps to connect more homes and users enterprises. The intelligence of network hardware which used to drive the product cost will gradually shift to the quality services at central level. The Era will be beginning where value will be created and delivered on the basis of end to end quality services than on the basis of solely product and Sterlite Technologies is on the path to becoming an end to end solution provider by virtue of the growth opportunities seen in India.

#### India is also changing rapidly

Digital India is an initiative of Government of India to integrate the government departments and the people of India. It aims at ensuring the government services are made available to citizens electronically by reducing paperwork. The initiative also includes plan to connect rural areas with high-speed internet networks.

#### Digital India is focused on:

- Digital Infrastructure as a Utility to Every Citizen: High speed internet as a core utility
- Governance & Services on Demand: Seamlessly integrated across departments or jurisdictions
- Digital Empowerment of Citizens: Universal Digital Literacy, Universally accessible digital resources

## DIGITAL INDIA

### 9 PILLARS OF DIGITAL INDIA



**Sterlite's Role in Data Transmission Going Forward**

Sterlite has already initiated some of the government projects like National Mission Education & National Optical Fiber Network to create digital infrastructure meant for digital services and to increase digital literacy in remote areas.

We believe 'Digital India' is an important aspect for the growth of data network in India, which will drive digital literacy, e-education, e-health care, citizen services, trade & commerce in the field of internet and will drive employment generation

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 government initiatives such as National Optical Fiber Network (NOFN), NFS etc. the optical fiber cable market & telecom service market in India is getting onto an unprecedented growth trajectory.

Sterlite Technologies is today acknowledged as a leading global provider of optical fibre cable products that form the core towards creation of cutting edge data transmission infrastructure. Given rapid advancement and increasing sophistication of technology; products alone offer limited incremental value to customers and service users.

Sterlite has recognized evolving trends in the landscape and is consistently tapping on the opportunities to enhance value by providing end-to-end services to customers. Conventional vendors only address customer's operational problems whereas today Sterlite has transformed into a solution provider offering strategic insights to enable a customer to re-engineer business delivery. The Company today is transforming itself from a product Company to a solutions and services Company. Based on existing opportunity and evolved requirements for further add value, the Company is building capabilities to transform into a solutions and service led business which will elevate its offerings to its customers. This involves designing complex network architecture including active and passive network elements making it ready to service application centric data requirements at levels which out-perform SLA parameters.

Telecom operators are enhancing their solution offerings on an ongoing basis to meet customer expectations. As systems get increasingly complex, end-to-end system integration is required. Increasing efficiency, simplification and optimization requires strong expertise. From solution building to consulting, Sterlite has strong wide spread domain expertise in system integration and is creating end to end system application and integration services for Telecom Companies' and Internet Service Providers. The Company is playing a critical role in the creation of a dedicated and secured communication network for the Indian Defense in the challenging terrain of J&K while also creating high speed broadband networks in urban India that can deliver 50mbps bandwidth for residential use.

Surging data traffic projections indicate that demand for the fibre optic cable is going to increase exponentially. Moreover, network convergence i.e. availability of telephone, video and data communication services within a single network is the



biggest driver for fibre deployment. Such networks are built for application centric services which are constrained by traditional copper based media which are prone to electromagnetic interference, low bandwidth and low security. Sterlite plays an essential role in the convergence of the data networks for Telecom Operators and Internet Service Providers.

Sterlite sees significant opportunity in the 'Digital India' initiative as well. The company strongly believes that electronic delivery of citizen services through the Digital India platform can transform the approach towards health care and education similar to other Government services like passport seva, tax returns, etc. We also believe that the existing infrastructure also has enough scope for up-gradation and replacement. This will widen and deepen the Government's reach to enhance accessibility for urban and rural citizens alike, leading to enhanced efficiencies, reduced subsidies, elimination of wastage, eradication of corruption through minimum human intervention. Public sector digitalization will give citizens access to a range of services and Sterlite's strategic initiatives will play an important role in building these future centric citizen services for the masses.

STL is confident that its end-to-end data engineering solutions approach will provide Telecom companies and Internet Service Providers the high quality networks that will help to retain and grow their customer base by providing higher quality applications and services.

# STERLITE CENTRE OF EXCELLENCE, DEDICATED TO THE NATION'S DATA TRANSMISSION NETWORK



With five state of the art laboratories that match global standards, the Centre of Excellence, built over 35,000 sqft., is India's only telecom research facility. The mission is to achieve terabit scale communications and exceed global competitive benchmarks of network infrastructure development.

- Over 50 Patents
- A team of scientists from the best institutes from across the globe
- Industry Academia partnership program for focused broadband research
- Revolutionary transmission speeds of 10 tb/s tested for the first time in India

# POWER SEGMENT

By Jeetendra Bisht & Mitul Thakkar

## ENERGIZING LIVES... POWER IN ITS TRUEST SENSE

Energy is a key enabler of sustainable development for all countries and all people. Energy is vital for alleviating poverty, improving human welfare and raising living standards. Energy has been a central concern to humankind throughout its long history. The adequate provision of energy services has become especially important for economic development since the industrial revolution and providing energy services at affordable costs, in a secure and environmentally benign manner, in conformity with the needs for social and economic development is an essential element for

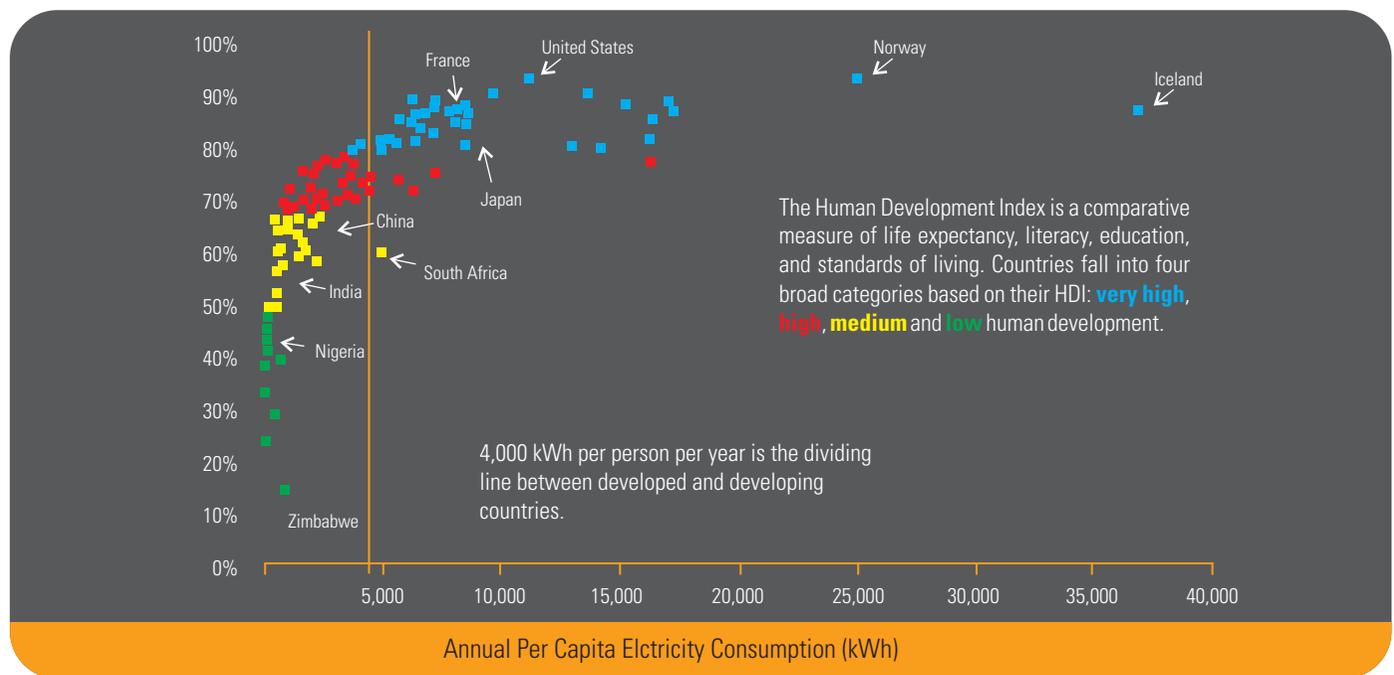
poverty eradication and sustainable development.

As seen, access to modern energy has consistent and positive correlation with human and economic development; the greater a country's electricity consumption, the greater the well-being of its people. Energy is a critical enabler ~ access to electricity enables dramatic increase in economic output and productivity.

Despite the importance of these matters, billions of people continue to be without basic modern energy

services, lacking reliable access to either electricity or clean cooking facilities ~ almost 1.3 billion people equivalent to around 18% of the global population lack access to electricity, while 2.6 billion people rely on traditional biomass for cooking. Nearly 97% of those without access to electricity live in sub-Saharan Africa and developing Asia. Just five countries including – India (23%) - account of those 50% of those without electricity, representing a serious barrier to social and economic development. Energy poverty is often root cause of perpetual poverty.

**Figure: Correlation between Human Development and Per Capita Electricity Consumption**



Source: Human Development Index – 2010 data United Nations; Annual Per Capita Electricity Consumption (kWh) - 2007 data World Bank

### Looking at the situation in India, the New Government Brings Fresh Enthusiasm with 24x7 Electricity Access to All

Energy landscape in the long term is almost always steered by the manner in which governments intervene to thwart energy related challenges. India is the second fastest growing economy in the world, and is also home to around one-sixth of the global population. Given these factors, India's energy demands are enormous, but the country is unable to meet its energy needs.

The key challenges facing the sector include fuel shortages (coal and gas), slow pace of environmental and forest clearances and poor health of the state-owned distribution utilities. Policy paralysis has often been cited as the key reason for the poor performance of the power sector. Lengthy and outdated legal procedures, dominance of public sector companies, lack of incentives for private participation and the

absence of a strong regulatory framework have hindered the growth of the sector.

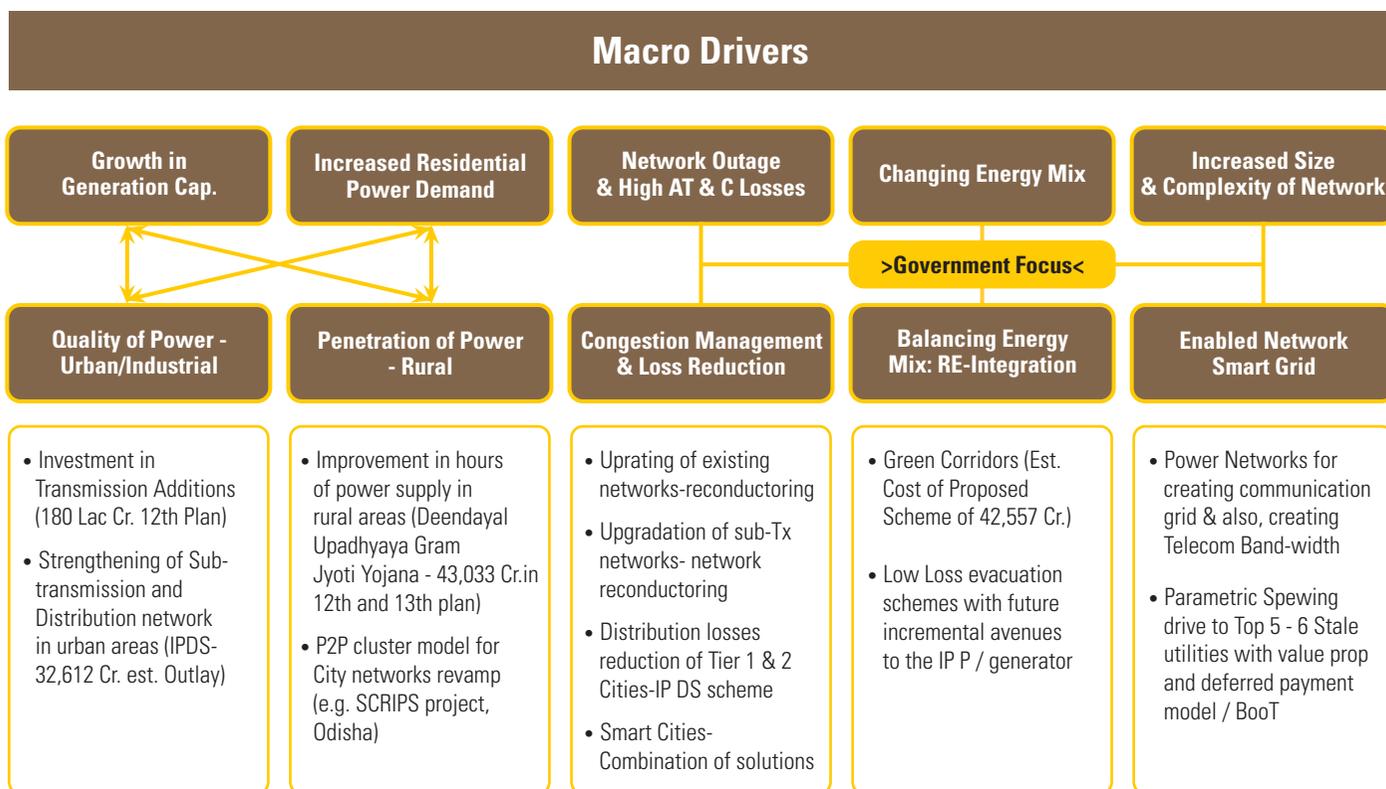
Nevertheless, it was the first time in India that providing '24x7 Access To All' became an election agenda ~ Year 2014-15 took off with high hopes for the power sector with the nation giving clear mandate to single party that promised development through reforms and strengthening of power sector based on success of 'Gujarat Model'. The new government has set a goal to provide uninterrupted power for all by 2019, before the nation goes for next general election.

Past experiences have shown that promise of 'power for all' has remained unachieved despite the efforts by the successive governments, albeit, the new union government has brought a wave of enthusiasm and

hope in the power sector. During the first few months of its working, the government took several decisions to address policy bottlenecks in the power sector such as appointing single minister for all three ministries of power, coal and renewable energies for cohesive approach towards achieving the goal. The government has conveyed its intentions loud and clear.

Within his first 200 days in the office, the honourable Prime Minister Narendra Modi attended at least eight events of power sector to lay foundation stones for new initiatives and dedicate projects to the nation. It signifies the present government's commitment towards its goal for supplying 24x7 electricity supply. Past few months have witnessed better vigour to facelift the transmission systems and India added highest 20,000 Km of transmission lines in 2014-15.

Figure ~ Macro Driver and Government Response



In the prevailing environment, the need for development of transmission system arises from new generation additions, increased residential share of power demand, general system strengthening for better reliability, network outage & high AT&C losses, changing energy mix and increase in size & complexity of network.

The government response has been to address these macro drivers with an ultimate view to provide reliable, quality and round the clock power to all.

It is evident from the government's initiatives that the size, scale and sentiments in the power sector are set

to witness the sea changes in the visible future under the stable and predictable policy framework. Power generation through both conventional and unconventional means will have sizeable rise while state governments are under pressure to cut their technical and commercial losses, power producers and utilities would like to have access to extra transmission capacities to trade electricity in short term and day ahead markets. These dynamics, among others, are building pressures for adding and augmenting electricity transmission network in the country. Steps taken include:

### 1. Generation Capacity Additions

India's generation capacity was about 250 GW (by end of July 2014). Another 113 GW of capacity is expected to be added by the end of XII plan period. As per the draft report – '20 year Transmission Perspective Plan (2014-34)', the XIII plan period shall witness capacity addition of about 100 GW. Hence, the total Installed Capacity by the end of XIII Plan is expected to be of the order of 469 GW which also include about 5 GW in Bhutan for benefit of import to India.

Table - Installed Capacity during XII and XIII Plan Period

| Plan-Wise Generation Addition, MW |                              |                         |                           |                                      |
|-----------------------------------|------------------------------|-------------------------|---------------------------|--------------------------------------|
| Region                            | Up to July 2014 (Actual) (A) | Balance in XII Plan (B) | Addition in XIII Plan (C) | Total (End of XIII Plan) (D = A+B+C) |
| NR                                | 64,387                       | 20,929                  | 16,890                    | 102,206                              |
| WR                                | 91,847                       | 36,709                  | 20,262                    | 148,818                              |
| SR                                | 57,232                       | 38,650                  | 23,076                    | 118,958                              |
| ER                                | 33,881                       | 12,738                  | 31,195                    | 77,813                               |
| NER                               | 2,910                        | 3,511                   | 8,202                     | 14,623                               |
| Bhutan                            | 1,416                        | 3,066                   | 2,120                     | 6,602                                |
| Total                             | 251,673                      | 115,603                 | 101,745                   | 469,020                              |

| Fuel Mix of Generation, by end of XIII Plan, MW |         |         |        |        |           |         |
|---|---------|---------|--------|--------|-----------|---------|
| Region  | Coal    | Nuclear | Gas    | Hydro  | Renewable | Total   |
| NR  | 51,238  | 4,420   | 6,714  | 26,656 | 13,178    | 102,206 |
| WR  | 106,478 | 3,940   | 11,804 | 7,879  | 18,717    | 148,818 |
| SR  | 59,520  | 4,820   | 9,673  | 12,765 | 32,180    | 118,958 |
| ER  | 68,617  | -       | 207    | 8,572  | 417       | 77,813  |
| NER   | 810     | -       | 1,803  | 11,358 | 651       | 14,623  |
| Bhutan  | -       | -       | -      | 6,602  | -         | 6,602   |
| Total   | 286,663 | 13,180  | 30,202 | 73,832 | 65,143    | 469,020 |

Source: CEA, 12th Five Year Plan

As per the 18th Electric Power Survey, the peak demand on all India basis is projected to grow to about 284 GW during 2021-22 time frame from present level of 136 GW i.e., in the coming seven year period the load is projected to grow to more than double from the present.

Traditionally, in India the strategy of transmission development commensurates with generation and load growth, creation of highways leading to strengthening of

National Grid. However, in view of the increasing constraint in getting Right-of-Way for transmission lines, efforts shall be to build the corridors only with high capacity transmission lines viz. HVDC, 765kV D/c line, 400kV D/c with high capacity conductor etc. As per estimates of 20 year Transmission Perspective Plan (2014-34) report, total system requirement and physical requirements for XIII plan is as below:

| Transmission Lines, 400kV and above system, Ckm |                   |                               |                             |                                |                              |
|---|-------------------|-------------------------------|-----------------------------|--------------------------------|------------------------------|
|   | At end of XI Plan | Expected Addition in XII Plan | Expected by end of XII Plan | Expected Addition in XIII Plan | Expected by end of XIII Plan |
| HVDC Bipoles                                    | 9,432             | 7,440                         | 16,872                      | 10,600                         | 27,472                       |
| 765kV   | 5,250             | 27,000                        | 32,250                      | 22,200                         | 54,450                       |
| 400kV   | 106,819           | 38,000                        | 144,819                     | 30,000                         | 174,819                      |
| Total   | 121,501           | 72,440                        | 193,941                     | 62,800                         | 256,741                      |

Source: CEA, 12th Five Year Plan

A total of about 62,800 ckm of transmission lines; 12,8000 MVA of AC transformer capacity and 15000 MW of HVDC systems of the 400 kV and above voltage level transmission systems would be required are estimated as needed during the XIII Plan. A majority of this system would be implemented as Inter-State Transmission

System (ISTS). However, some part of it would be implemented as state transmission systems. Accordingly, it is estimated that total fund requirement for 13th Plan would be of the order of ₹ 2,60,000 crore.

## 2. Making Fuel Supply Congestion free: Coal Block Auction

Last year, the Supreme Court judgment to cancel 204 coal blocks awarded to power, steel and cement producers threatened the viability of huge investments and finances by the banks. Promptly, the government kicked off coal block auction that is expected to benefit close to 35,000MW of power generation capacity and the demand for transmission systems will intensify to connect the newly commissioned generation assets. Opening up the industry is expected to boost production of a coal that generates three-fifths of India's power supply, and encourage CIL to improve production.

The process of coal block auction coupled with the efforts to improve efficiencies of Coal India Limited to double the coal production to 100 Cr. Tonne by 2019-20 from 50 Cr. Tonne today, will have multiplier effect on the transmission sector.

Higher domestic coal production by private sector and government controlled Coal India Limited will ensure fuel security of the power producers who will be able to keep their generation costs low. Also, the coal block auction process was designed to avoid additional tariff burden on the consumers. In such situation, power producers will sell electricity under the firm long term agreements to the utilities while also selling their generation in the short term and day-ahead markets to the distribution firms and large industrial customers to be able to garner higher returns. Higher generation capacity and need to expand market for electricity will prompt necessity of higher transmission capacities in the systems.

## 3. Boosting Renewable Energy:

India has set an ambitious target to promote renewable energy in view of increasing dependence on environment friendly resources for the second most populous nation in the world. MNRE plans to rapidly accelerate wind energy generation, adding an ambitious 10,000 MW annually, approximately five times the annual installation of new capacity added for last few years. In addition, MNRE has set a generation target of 10,000 MW through solar energy by 2017. The current solar capacity in the country is 2,600 MW.

While fossil-fuel generation resources have some flexibility to site in close proximity of 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, the government is making rigorous efforts to ensure that the transmission bottleneck does not impede renewable energy growth. The ministry, along with wind turbine makers, plans to jointly study the status of grid availability in six states with maximum wind velocity. Plans are afoot to commission 'Green Corridor' to synchronize electricity produced from renewable sources with conventional power stations in the grid. Proposed renewable energy will be the driver for modern transmission network.

MNRE Government of India organized the first Renewable Energy Global Investors Meet & Expo (RE-Invest) in New Delhi, as a follow-up to the 'Make in India' initiative launched by the Prime Minister of India. The central theme of RE-Invest was to attract large scale investments for the renewable energy sector in India.

#### 4. Penetration of Power in Rural India

The Union Cabinet, chaired by the Prime Minister Shri. Narendra Modi, approved the launch of Deendayal Upadhyaya Gram Jyoti Yojana (DUGJY) with components to separate agriculture and non-agriculture feeders facilitating judicious restoring of supply to agricultural and non-agricultural consumers in rural areas and strengthening and augmentation of sub transmission and distribution infrastructure in rural areas, including metering of distribution transformers/feeders/consumers.

The estimated cost of the scheme for above two components is ₹ 43,033 crore which includes the requirement of budgetary support of ₹ 33,453 crore from Government of India over the entire implementation period. Schemes such as these will result in further strengthening of the transmission infrastructure and make an improvement in hours of power supply in rural areas, reduction in peak load, and improvement in billed energy based on metered consumption while providing access to electricity in rural households.

#### 5. Speeding the Clearance Process

The new government has announced several measures to expedite the clearance process, inter alia, environmental and forest clearance has often been cited as one of the key reasons for the delay of implementation of linear projects in India. Measure

such as the launch of an online system for monitoring stage-wise approval and a compliance mechanism to ensure security of information shall go a long way in speed up of infrastructure projects in the country.

The Ministry of Environment and Forests (MoEF) has issued an advisory to all the states asking them to set up a land bank of degraded, non-degraded and non-forest land so that projects are not held up on account of the search for non-forest land to carry out compensatory afforestation. The MoEF has also relaxed norms by reducing the limit of forest cover in states from 50% to 33% for carrying out compensatory afforestation on degraded forest land.

The ministry is also working on GIS-based decision support system to facilitate informed, speedy and transparent decision on forest clearance applications.

#### 6. Improve Quality of Power in Urban/Industrial Areas

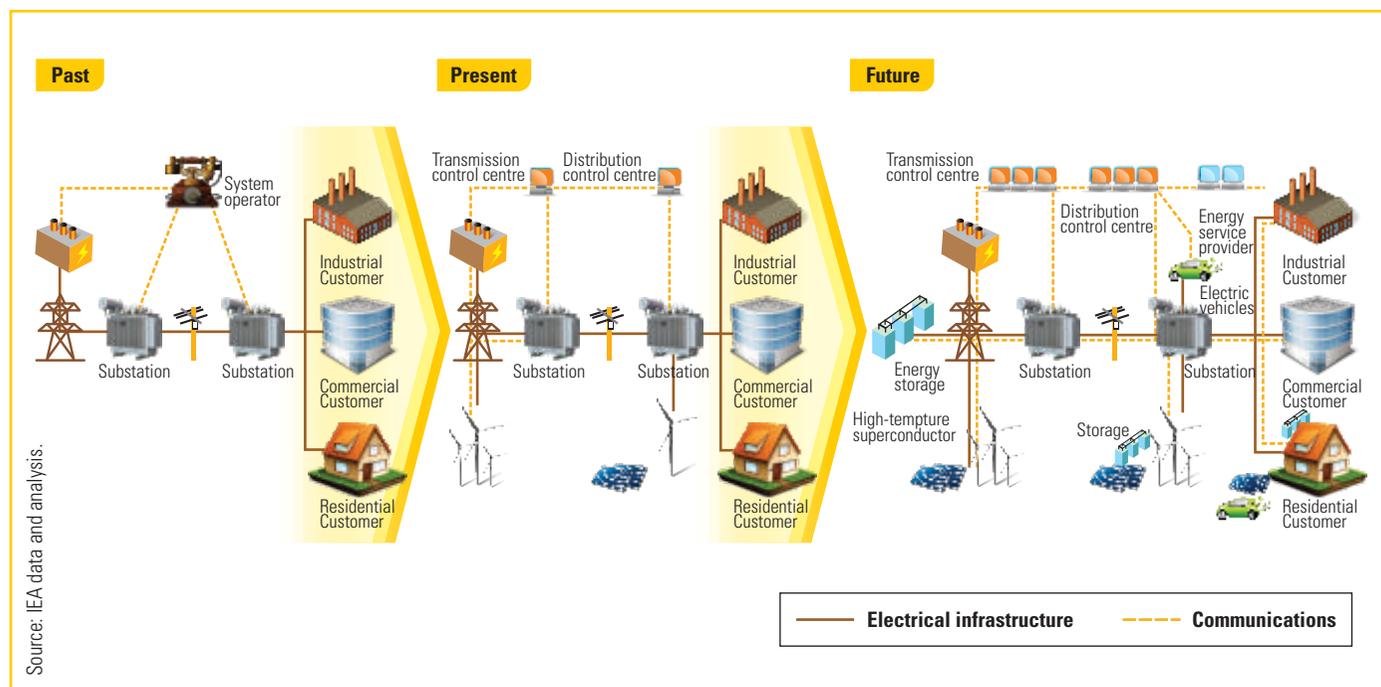
Central government has launched a new power infrastructure upgrade scheme. Integrated Power Development Scheme (IPDS) aims to improve the distribution and transmission systems in urban areas.

Integrated Power Development Scheme (IPDS) for the urban areas with the following components:

- Strengthening of sub-transmission and distribution network in urban areas.
- Metering of feeders / distribution transformers / consumers in urban areas.
- IT enablement of distribution sector and strengthening of distribution networks making them smarter.

#### 7. Smart Grid

The world's electricity systems face a number of challenges, including ageing infrastructure, continued growth in demand, the integration of increasing numbers of variable renewable energy sources and electric vehicles, the need to improve the security of supply and the need to lower carbon emissions. Smart grid technologies offer ways not just to meet these challenges but also to develop a cleaner energy supply that is more energy efficient, more affordable and more sustainable.



**Sterlite's Role in Power Transmission Going Forward**

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 a reliable, economic, open and secure. 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 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 pre-requisite 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 programmers 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.

Sterlite Technologies today has gained a consistent experience in individual components of Transmission system assessment development & implementation of solutions. We see a huge opportunity that remains to be unearthed in transformation of conventional transmission lines into smarter elements and our approach has been to systematically capturing and cataloguing 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 and the need of the hour.

Our transmission grid infrastructure business has emerged as a largest private operator of independent transmission systems in the country. It has gained invaluable experience in project execution by adopting Light Detention and Ranging survey, deploying helicopters for stringing and setting up 765 KV double circuit transmission lines. The central government too has recognized the potential of private sector in the transmission arena and decided to implement more projects through tariff based competitive bidding. Need to augment transmission infrastructure to reduce losses has also been identified by the state governments that have been increasing their budget allocations to overhaul power sector. SPGVL is exploring possibilities to join hands with the state transmission utilities to offer its expertise in grid optimization and strengthening. As mentioned before, the centre has agreed to provide large sum from its budgets to improve and expand state grids and SPGVL is aiming to provide suitable solutions.

Sterlite has been able to demonstrate its application engineering, product knowledge, execution line engineering, time management, RoW management, evaluation of existing facilities capabilities etc to the customer in various projects. Therefore, there is general convergence of strategies towards garnering experience in concept-to-commissioning projects. Sterlite is well equipped to build India's power delivery infrastructure with the government and capitalise on the huge opportunity ahead for us.



# LARGEST PRIVATE TRANSMISSION PLAYER IN THE COUNTRY



— 765 KV D/C  
 — 765 KV S/C  
 — 400 KV D/C



2x1500 mVA,  
765/400 kV Sub-station



400/220 kV Sub-station

**Sterlite**  
 GRID

Electricity consumption is one of the most important indices that decide the development level of a nation. Sterlite Grid realises the significance of light in the lives of billions for education, economy, health care besides comfort in day to day life. We are proud to be associated with government's vision of "Power For All" and empowering societies.

- Six large scale transmission corridors
- Cutting edge technologies to create seamless transmission infrastructure
- First private developer to commission 765 kV transmission system in India
- First developer in India LIDAR survey and Heli-Stringing to execute projects

 **Sterlite** | **CONNECTING LIVES**

# FINANCIAL DISCUSSION & ANALYSIS

## Financials at a Glance

|                           | 2013-14 | 2014-15      | Growth Y-O-Y |
|---------------------------|---------|--------------|--------------|
| Net Revenue (₹ in Crores) | 2,726   | <b>3,030</b> | 11%          |
| EBITDA (₹ in Crores)      | 271     | <b>386</b>   | 42%          |
| Net Profit (₹ in Crores)  | 50      | <b>84</b>    | 68%          |
| EBITDA Margin (%)         | 9.9%    | <b>12.7%</b> |              |
| Net Profit Margin (%)     | 1.8%    | <b>2.8%</b>  |              |
| EPS (₹)                   | 1.27    | <b>2.12</b>  | 67%          |
| Operating ROCE (%)        | 11%     | <b>16%</b>   |              |

### Net Revenues

Recorded revenues of ₹ 3,030 Crores during the year under review, higher than ₹ 2,726 Crores in 2013-14 showing an improvement of 11% year on year. The revenue growth was majorly driven by Telecom Business, which showed a Y-o-Y growth of 37%.

The revenues of Telecom Businesses increased from ₹ 1120 Crores compared to ₹ 1530 Crores reported in FY 15 reflecting a positive growth of 37%. The increase is primarily on account of highest ever volumes across all product lines in telecom business. Optical Fiber volume grew from 11.4 million-fkm to 13.1 million-fkm in FY 15. In addition, the Company has made sales of 4.5 million-fkm through its China based subsidiary. Thus on consolidated basis, the Company has achieved total sales of 17.7 million-fkm in the current financial year against 13.8 million-fkm in the FY 14, showing a 28% Y-o-Y growth. Sales volume of fiber optic cables in FY 15 had shown a growth of 49% from 5.2 million-fkm in the previous fiscal to 7.7 million-fkm this year. There has also been an increase in the business revenues of copper cable business as compared to the previous fiscal, which grew from ₹ 274 Crores in FY 14 to ₹ 325 Crores in FY 15, posting a jump of 18%.

The revenues of Power Transmission Business reduced in FY 15 to ₹ 1500 Crores as compared to ₹ 1607 Crores in FY 14. This implies de-growth of 17% on volume terms which partially got compensated by increased metal prices. The core reason for de-growth was decrease in PGCIL demand clubbed with sluggish demand in Indian private sector. Volume for the year was 77,996 MT as against previous year's volume of 94,587 MT.

Exports for the year increased to ₹ 1,085 Crores as against ₹ 940 Crores in FY 14, registering a growth of 15%. Exports as a percentage to the overall revenue were 36% in FY 15 as compared to 34% in FY 14.

Exports in the Power Transmission Segment grew to ₹ 619 Crores for FY 15 against ₹ 436 Crores of FY 14 while export sales in Telecom reduced to ₹ 466 Crores in FY 15 as compared to ₹ 504 Crores in FY 14. Decline in Telecom exports is due to the significant growth in the domestic market and we being significant players in the domestic market catering to this demand, as Indian Telecom operators are rolling off 4G Networks & FTTX networks which requires significant amount of Fiber & Cable products this is leading to the significant amount of increase in domestic consumption of data network basic products such as Fiber & Cable.

The Company reported consolidated revenue of ₹ 3,097 Crores in FY 15 against ₹ 2,564 Crores in FY 14. This reflects a positive growth of 21%.

### Profitability

The Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) of the company shows a remarkable growth of 42% from ₹ 271 Crores in FY 14 to ₹ 386 Crores in FY 15. In terms of percentage, this translated into an EBITDA margin of 12.7% in FY 15 as against 9.9% in FY 14. The margin expansion is primarily on account of Company's focus on better margin orders, solution centric product approach and control on exceptional expenses and matters.

EBITDA of the power transmission business de-grew to ₹ 41 Crores in FY 15 from ₹ 85 Crores in FY 14 showing reduction of 52% on absolute basis. The reduction is mainly because of lower volume and under recovery of fixed costs associated with operations.

The EBITDA of telecom business improved significantly by 85% from ₹ 187 Crores in FY 14 to ₹ 345 Crores in FY 15. Overall EBITDA margins of Telecom business also grew to 22.6% in 2014-15 from 16.7% a year ago. The improvement in EBITDA margins in Telecom business is due to higher volume

across all product lines in telecom segment coupled with improved margin in fiber and fiber cable business.

The interest costs increased from ₹ 95 Crores for FY 14 to ₹ 179 Crores for FY 15. The increase is a combined effect of high interest rates, higher working capital and additional interest burden of the equity infusion towards infra projects.

The depreciation for the year was ₹ 108 Crores vs ₹ 103 Crores in the previous year remained almost at the same level.

Tax expenses for the year at ₹ 15 Crores were lower than the previous year's tax expenses of ₹ 23 Crores on account of one time reversal of tax charge made in earlier years & tax benefit on R&D unit. The effective rate of tax stood 15% for FY 15 against 31% a year ago.

The net profit after tax for the year thus is ₹ 84 Crores compared to ₹ 50 Crores last year.

The net profit after tax at the consolidated level stands at ₹ (3) Crores in FY 15 as against ₹ (36) Crores in FY 14. This is mainly on account of higher interest cost in Power Transmission Grid Business in the initial years.

### Dividend

In continuation of the progressive dividend policy, the Board of Directors has recommended an equity dividend of 30% 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 ₹ 1684 Crores as on March 31, 2014 to ₹ 1,744 Crores as on March 31, 2015.

The capital work-in-progress stood at ₹ 33 Crores at the end of FY 15 as against ₹ 16 Crores at the end of FY 14.

The Gross Block at the consolidated level increased from ₹ 2,437 Crores as on March 31, 2014 to ₹ 4,996 Crores as on March 31, 2015. The capital work-in-progress stood at ₹ 2,193 Crores at the end of FY 15 as against ₹ 3,548 Crores at the end of FY 14. This shows the ongoing projects under the subsidiaries of Sterlite Power Grid Ventures Limited.

#### **Borrowings, Cash & Bank Balance**

The gross debt of the company increased from ₹1313 Crores as on March 31, 2014 to ₹1,693 Crores as on

March 31, 2015. The total cash and bank balance coupled with current investments at the end of FY 15 was ₹315 Crores as against ₹249 Crores at the end of FY14. The total investments for the year 2014-15 stood at ₹1,318 Crores which was towards various subsidiaries. In the previous year the investments along with share application money and loan were ₹1,056 Crores.

The net borrowing (net of bank balances & current investments) was ₹1,377 Crores as on March 31, 2015 against ₹1,064 Crores, showing an increase of ₹313 Crores in the borrowing during the year mainly due to equity infusion in Power Transmission Grid Business.

The net borrowing at the consolidated level stands at ₹ 4,882 Crores on 31 March 2015 against ₹ 4,015 Crores, which shows the incremental debt taken on grid projects.

The company has a long-term debt on its stand-alone balance sheet of ₹ 989 Crores in FY 2015 against ₹683 Crores for FY 2014.

The Debt-Equity ratio of the company stood at 1.36 as at end of FY 2015 on a standalone basis and 4.89 on consolidated basis.

| <b>Working Capital</b>         | <b>(₹ in Crores)</b> |               |
|--------------------------------|----------------------|---------------|
|                                | <b>Mar'15</b>        | <b>Mar'14</b> |
| Inventories                    | <b>398</b>           | 299           |
| Sundry Debtors                 | <b>909</b>           | 682           |
| Current Investment             | <b>55</b>            | 205           |
| Cash and Bank Balances         | <b>260</b>           | 44            |
| Loans and Advances             | <b>339</b>           | 1,065         |
| (A) Total Current assets       | <b>1,962</b>         | 2,295         |
| (B) Total Current liabilities  | <b>1,383</b>         | 998           |
| <b>Working Capital (A)-(B)</b> | <b>579</b>           | <b>1,297</b>  |

The net working capital has decreased primarily on account of the conversion of loans and share application money into Investment in infra subsidiary. Other than this, working capital requirement has been in control.

Current ratio of the Company stood at 1.4 times in FY 15 as compared to 2.3 times in FY 14.

#### **Return on Capital Employed & Capital Structure**

There has been a significant improvement in the ROCE on operating assets and it is 16% in the

current financial year as against 11% in FY 14 mainly due to higher revenues and improvement in operating margins. There has been a slight increase in capital employed from ₹2,545 Crores in FY 14 to ₹2,935 Crores in FY 15.

The net worth of the Company as on 31 March 2015 is at ₹1,243 Crores.

During the year, Standard Chartered Financial Holdings (SCFH), private equity arm of Standard Chartered Bank, agreed to invest total ₹500 Crores in our power grid business. SCFH had already

invested ₹ 450 Crores in the FY 15 by way of subscription to convertible securities, and remaining ₹ 50 Crores will be invested in FY 16. The company decided to pursue this investment for deleveraging its balance sheet as well as opening up its infrastructure investments to reputed international investor for future value creation.

# RISK MANAGEMENT

Risk can be viewed as a combination of the probability of an event occurring and the impact of its consequence. Events with a negative impact represent risks that can prevent value creation or erode existing value. In order to deliver value to our stakeholders, we need to understand the risks faced by our organization and address them accordingly.

We're aware that we cannot completely eliminate the risks, as it would simultaneously eliminate all opportunities; we, therefore, aim to develop a focused approach to enable the company to identify and address key risks impacting our business objectives through our Enterprise Risk Management (ERM) initiative.

ERM at Sterlite is aimed at protecting and enhancing stakeholder value by establishing a suitable balance between harnessing opportunities and containing risks. The ERM Policy states the framework comprising of Risk Management Organization Structure and Activities to be conducted.

### Risk Management Organization Structure:

We have a multi-layered risk management framework aimed at effectively mitigating the various risks to which our businesses are exposed.

Key roles and responsibilities, as defined in the ERM Policy are:

**Board of Directors:** Ensuring that the risk management framework is contributing to achieving business objectives, safeguarding assets and enhancing shareholder value.

**Risk Committee:** Overseeing risks and their management and reporting to the Board on the status of the risk management initiatives and their effectiveness.

**Chief Risk Officer:** Developing and ensuring implementation of the ERM Policy.

**Risk Champions:** Ensuring that risks are considered in all decision making process and to adhere to mitigation plans developed for each risk thereby.

**Risk Management Activities:** Risk Management comprises of activities relating to Risk Identification, Risk Assessment, Risk Response and Risk Monitoring and Reporting.

**Risk Identification:** Mechanisms for Risk Identification include scenario analysis, focused discussions with key managerial personnel, and periodic workshops with the Operations Management Group. The risks identified are consolidated in a risk register for assessment and response.

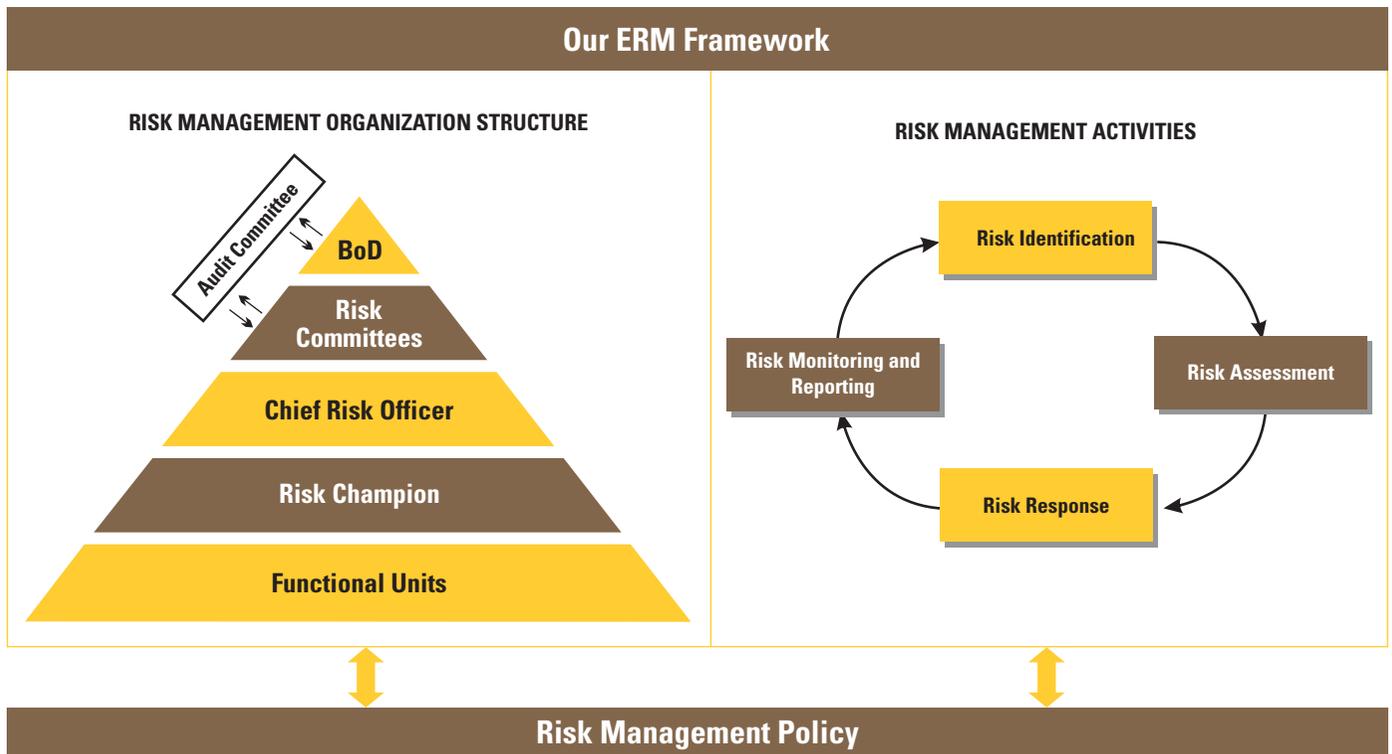
**Risk Assessment:** Having identified the risks, we quantify the impact of risks to determine potential severity and probability of occurrence. Based on the evaluation and the risk appetite of the company, key risks are identified. The key risks are prioritized and Risk Champions are identified for each of these risks for effective response and monitoring.

**Risk Response:** Risk response involves defining and implementing mitigation plans for key risks. For the purpose of risk response, the Risk Champions may choose to mitigate the risk with adequate monitoring controls or transfer the risk to third parties. The Risk Response Plan is documented on a Risk Profile and updated on a dashboard for stakeholder review.

**Risk Monitoring & Reporting:** The Risk Committee reviews the adequacy and effectiveness of the Risk Response Plans and reports the same to the BoD.

The Risk Committee also monitors and reports factors affecting identified risks, such as changes in business processes, operating and regulatory environment & future trends.

These reviews are aimed at continual improvements in the organization's risk management culture.



## 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.

Further various initiatives in technology and product development, taking into consideration the needs of customers also helps to maintain an edge over competitors. Some of these initiatives include product design, that help the customer reducing their cost of their project, customising a basket of products that suit customers' needs and by introducing enhanced features in products or services to improve value proposition to the customers.

## 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.

## 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.

## 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 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 project, 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 Risks

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 Risks

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.

## PROJECT EXECUTION RISKS

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 RISKS

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.

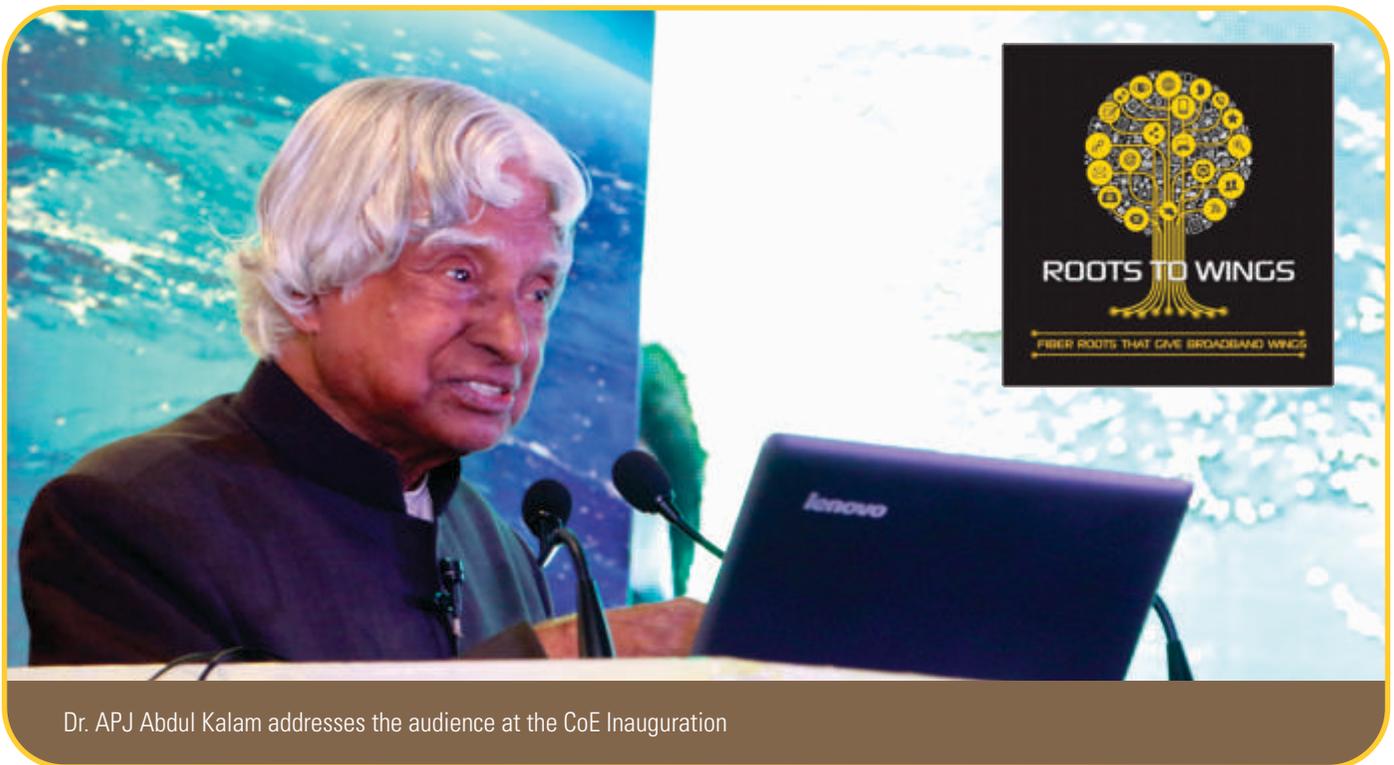
## COUNTER-PARTY RISKS

We are exposed to counterpart 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.

# “FIBER ROOTS TO BROADBAND WINGS”

## A Proud Moment in Sterlite’s Innovation Journey



Dr. APJ Abdul Kalam addresses the audience at the CoE Inauguration

Recently in India, we have witnessed focused efforts by the Government on maximizing broadband reach and making available higher speeds in order to increase internet penetration. We have seen increasing deployments in backhaul and last mile FTTx networks and aided by governmental initiatives such as National Optical Fiber Network (NOFN), Network For Spectrum (NFS), Smart Cities, Cable TV digitization etc. 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. It has been Sterlite’s continuous endeavor to help build capacity. As a pioneering step in this direction, Sterlite has established a state of the art Center of Excellence (CoE) at Aurangabad that is dedicated for research on helping India meet the challenges of higher data transmission speed and capacity demands. Even globally, a broad consensus has emerged regarding the insatiable demand for bandwidth – smart connected devices are fuelling the shift from voice to video and data, with a billion people in India poised to participate in this revolution, Sterlite’s CoE is focused on bringing this vision to reality within India. We have assembled a team of engineers and scientists with world-class credentials. The center is a 35,000 square

meter state of the art facility with 5 state-of-the-art laboratories - Terabit Transmission Systems Facility, a Fiber to the Home Technology Demonstration Center, Photonics & Fiber Characterization and Optical Fiber Reliability Labs.

INNOVATION IS A PART OF STERLITE’S DNA AND IS ONE OF THE KEY ENABLERS OF OUR VISION OF CONNECTING EVERY HOME ON THE PLANET. ON THE ROAD TOWARDS REALIZING THE VISION, WE HAVE CROSSED A MAJOR MILESTONE, REAFFIRMING OUR POSITION AS A THOUGHT LEADER IN THE TELECOMMUNICATION INDUSTRY. THE CENTER OF EXCELLENCE WAS INAUGURATED ON 29TH JANUARY, 2015.

Innovation is a part of Sterlite’s DNA and is one of the key enablers of our vision of connecting every home on the planet. On the road towards realizing

the vision, we have crossed a major milestone, reaffirming our position as a thought leader in the Telecommunication Industry. The CoE was inaugurated on 29th January, 2015 by India’s former President Dr. APJ Abdul Kalam in a fitting event called the “Roots to Wings – Fiber roots that give broadband wings”.

The event saw dignitaries from Telecom Industry and academia come together on a platform to discuss trends in broadband in India. Global technology directions for high speed broadband and explore collaboration opportunities for research in broadband.

At the one-of-its-kind conclave, Sterlite announced a slew of initiatives to sharpen research focus on ultra-high speed broadband technologies. The conclave aligned collaborative efforts between the government, broadband industry and academia towards delivering on the Digital India vision. It featured a plenary address by Dr. APJ Abdul Kalam, where he inaugurated the CoE.



Dr. APJ Abdul Kalam interacting with scientists at CoE

To strengthen India's investments in broadband technology research, Sterlite also announced an annual seed fund of USD 100,000. This will be awarded to promising new Indian start-ups, working on innovative broadband deployment technologies. Agreements on collaborative research in ultra-high speed broadband were also signed with IIT Madras and IIT Kanpur, premier technical institutes in India.

"Through this collaborative partnership, we will explore new ideas and create unique solutions for broadband deployment in India," said Prof. Krishnan Balasubramanian, Dean, Industrial Consultancy and Sponsored Research, IIT-Madras. "We are excited to partner with Sterlite Technologies. This research and development effort in advanced optical transmission technologies is a natural fit to IIT-Kanpur," added Prof. Siddhartha Panda, Associate Dean, Industrial Collaboration, IIT-Kanpur.

Impressed with the technological and scientific capabilities of the CoE, Dr. Kalam said, "My greetings to all of you for your research, development and production of optical fiber glass

technology. I would urge all Government, public and private institutions to evolve a road map to bring a high speed Wi-Fi access to villages in the combination of fibre cable, Wi-Max, Wi-Fi and 3G/4G connectivity. My best wishes to all the members of Sterlite Limited in the mission of making the nation strong."

With our broad technology portfolio and experience in Fiber Optic Broadband Networks, Sterlite is committed to supporting customers. We invite you to visit our Center of Excellence and partner with us in this exciting journey ahead.



Vice Chairman & Whole-time Director of Sterlite Technologies Mr. Pravin Agarwal addressing the audience at the CoE Inauguration

# WITNESSING TRANSFORMATION THROUGH INNOVATION

Preparing an annual report provides an opportunity to reflect on what was accomplished in the past year and witness the transformation that has taken place. The Center of Excellence (CoE) at Sterlite has the privilege of a front-row seat on the ever-advancing research, development and business transformation landscape throughout the organization. From new world-class facilities such as our Fiber-to-the-Home Technology Center, to a record year in published research and patents applied for, our talented scientists continue to produce tangible outcomes that benefit our customers

and create value for our ecosystem.

The year 2014-15 was no exception. Our celebrated moments included the January 2015 visit to the CoE by India's former President Dr. APJ Abdul Kalam, as well as a memorable interaction with some of the world's leading researchers in the fiber-optics field. Our commitment to innovation through well-planned research and development programs is helping transform our core product offerings to applications-led customer solutions.

IN THE COMING YEARS, A RENEWED INVESTMENT FOCUS IN PORTFOLIO ADVANCEMENT AND CUSTOMER VALUE CREATION WILL CONTINUE AND GROW OUR POSITION AMONG THE TOP OPTICAL CONNECTIVITY SOLUTIONS PROVIDERS IN INDIA AND IN INTERNATIONAL MARKETS.

## Telecom Products

The central mission of the team at the Center of Excellence continues as before - 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 2014 our optical cable portfolio and design capability grew with the commercial introduction of a new generation of tubing materials. Smaller in size, with more flexibility, this generation of cable designs permits our customers to install the product quickly, with no tools other than a pair of fingers – significantly reducing their time to market. Several designs with this material's technology were introduced in our core export markets successfully. Continuing our journey with size and weight reduction technologies, a second major development this year was the introduction of our next generation of micro-cables. With the introduction of 200 micron optical fiber, our micro-cable portfolio now sports a size reduction of nearly 40% in cross sectional area. We expect these designs to win significant business both in India as well as in the exports segment.

Our pioneering position in India with optical fiber ribbon cable continued in 2014. Right of way and other installation challenges faced by one of our key customers resulted in a spirited engagement and the introduction of the so called Ribbon-ADSS (All-Dielectric Self-Supported) cable. A first in India, this permitted our customer to continue aerial deployment, yet maintaining compatibility with their underground ribbon installation. A crowning achievement following this was the introduction of a phenomenal fiber count of 1152 optical fibers in a single ribbon cable – the highest in our development history and one of the highest in the world.

With the introduction of several new optical fibers in



K.S.Rao, COO, discussing 1152F ribbon cable with Dr. Kalam

the previous financial year, we witnessed significant market adoption and growth in our fiber portfolio. Our low loss OHLITE (E) product has performed very well in the market, and our research and development focus on reduction of cabled fiber loss continues.

In addition, we introduced our first product in the highly specialized segment of optical sensors – a highly bend insensitive product, suitable for use in harsh environments, such as in Defense, Satellite Communications as well as the Oil & Gas Markets.

### New Laboratories: Fiber to the "X" Broadband Connectivity Experience Center

With the introduction and rollout of the National Fiber Optic Network (NOFN) by the Government of India, a new focus has emerged for broadband connectivity in the so-called "last mile" – the piece of the broadband network physically connecting end users to the Internet. Whether it is connecting mobile towers for 4G access, or direct connectivity of homes and business, FTTX (Fiber to the "X") is expected to grow significantly in India, in line with the Government's vision of a Digital India.

For the first time in India, we have completed the

installation of a FTTX experience center, which demonstrates an end-to-end rollout of the last mile network, from the Telecom Service Provider's central office, to the installation of the outside plant, and all the way into a user's living room to the termination of an optical fiber at a consumer's high definition television set. This facility utilizes GPON technology, and facilitates up to 2.5 Gigabits per second (Gbps) of downstream capacity and 1.25 Gbps of uplink capacity.

In conjunction with its core function as a research facility, the demonstration center is key to our engagement with customers, with our partner

community in Government, academia as well as in trade and installation.

Our efforts to investigate advanced transmission technologies continued in 2014. As another first in India, we successfully demonstrated over Sterlite's OH-LITE (E) fiber, a 224 Gbps link with 40 channels. Understanding transmission capacity and the fundamentals required to advance our portfolio towards terabit scale communications continues to be our focus and we expect to make significant strides this coming year.



100Mbps experience at the FTTx experience center

### IP, Patents & Publications

Our long history across the entire value chain of optical fiber and cable manufacturing has allowed vertical specialization within our organization leading to the emergence of design, materials and manufacturing 'technology' specialists with decades of experience. We are well positioned to leverage their expertise to fuel innovation at Sterlite. New products that are believed to be future growth drivers are being protected aggressively by global and Indian patents.

In 2014, we augmented our portfolio with 5 new applications. A strong innovation pipeline of at least 15 inventions has already been developed. We presented 17 research papers in major conferences and articles in the trade press. Through our international research partners at Aston

University in the UK, additional 3 papers were published in major international conferences in the area of next generation transmission systems over Sterlite optical fiber. Here at home in India, we have set up five year fellowship programs on collaborative research towards the development of next generation fiber and transmission technologies across all the relevant disciplines in this exciting field, together with IIT Madras and IIT Kanpur.

We are excited, along with our customers in the market introduction of this well-rounded portfolio and continue to focus on transformation through innovation. In the coming years, a renewed investment focus in portfolio advancement and customer value creation will continue and grow our position among the top optical connectivity solutions providers in India and in international markets.

### ABOUT THE AUTHOR

#### Dr. Badri Gomatham 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.

# THE 'PEOPLE' POWER – TRANSFORMATION MANTRA @ STERLITE



Sterlite's leaders at CREST committed to accelerated growth plan.

“Mujhe Gabbar Chahiye aur woh bhi Zinda (I need Gabbar, and that too Alive)”, wittily exclaims Dr. Anand Agarwal, the CEO of Sterlite Technologies when he was asked about choosing between a Great Organization or a Profitable Organization. Not meant to ring a Bollywood Buzz with this answer he metaphorically meant to bring a perspective of having uncompromisingly the best of quality in People, Process & Technology (PPT), the unabated synergy of which builds a great organization with great leaders.

In this fiercely competitive environment, what becomes absolutely essential is to have the right building blocks and propellers to embark and sustain upward thrust towards creating an Organization that envisions “Connecting every Home on the Planet”, indeed by connecting every heart and mind that propagates enablement of this Vision.

In line with Sterlite's strategic roadmap and organizational thrust of realizing growth in multiples, leveraging and enhancing people's capability is the only answer to what can only create the escape velocity in the organization, shifting its orbit to create the revolution in business processes and propositions.

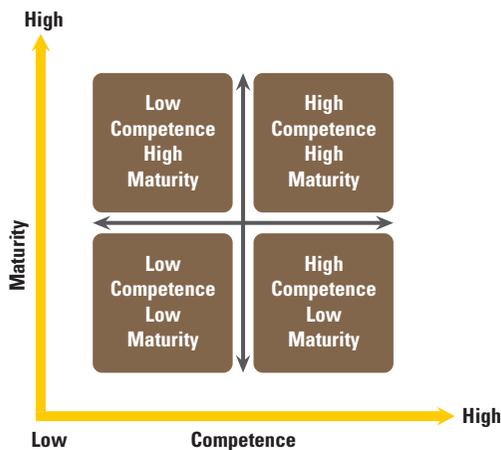
Moving towards attainment of this goal requires attracting, enabling, empowering and retaining the best & brightest talent, building the leadership & succession pipeline, and enhancing agility of the people in the company to drive & manage this change.

While setting the tone during the Annual Leadership Summit called CREST in Sterlite, the model that evolved and consolidated the plethora of directives into precise FITT, actionable for the Organization that believes and practices – forward looking, innovation

in business models, trusted by stakeholders and talented & competent leadership. An extra “T” in FIT (making it FITT) denotes this moving full throttle. The people's capability improvement is an important goal for leaders to groom and develop talent in the organization who can take Sterlite on the accelerated growth path.



Chairman Mr. Anil Agarwal encouraging Sterlitians at the Aurangabad Facility



‘Development succeeds Diagnosis’ becomes a primary objective of identifying leaders & managers for succession pipeline. The model of measuring & developing people’s capability based on two aspects - Competency and Maturity is the foundation of this whole model. While the competency is developed a bit seamlessly, it is the maturity which seems complex by virtue of a lot of research, introspection and internal change. To simplify the same two important facets – a) cognitive intelligence & b) emotional intelligence are assessed for each leader, and on the output from the assessment, the development actions are laid carving out a synthesis of interventions encapsulating Coaching, Mentoring, On Job Orientation, Web-based

seminars and courses and overall an exposure to sensitivity laboratories and NLPs to understand the concept of behavioral science a bit better.

From performance perspective, the year has been great, triggering adequate insight to introspect on the right levers that needs consistent pull, while making People, Process and Technology the fulcrum of this whole change management.

We have been able to lay the right foundation for building consistent high performance culture, organizational competency and functional expertise across hierarchies. While Sterlite’s ‘Competency – Maturity Model’ helped in building altrocentric leadership and behavioral capabilities, we are equally focused on training & retraining our people to get better on our benchmarks, to drive our operational efficiencies & effectiveness – Responsiveness to Customer, Project Management, Product Quality & Productivity, First Time Right, Waste Elimination etc.

As a matter of long-term sustainable growth story we are further strengthening our capabilities in Research, Quality, Engineering & Marketing. We are creating Industry-academia partnerships, consortiums and MOUs with premier institutions like – IIT Chennai, IIT Kanpur for cross fertilization of talent and research. In commensurate to the growth outlook, we will be witnessing the largest infusion of over 100 Professionals & Technocrats, comprising of Engineers, Doctorates, MBA’s, from the best institutions across the length & breadth of the country.

Impetus to change has an inception from top, and the same is now witnessed in its truest sense and spirit, with Dr. Anand passionately reiterating his vision, “We will develop 10 CEOs from the Talent Pool for 10 Sterlite Companies”.

The transformation bugle has already started resonating, complements Mr. Pravin Agarwal, Vice Chairman & Whole-time Director – Sterlite Technologies with his conviction, “With so much of passion and commitment around us, I am confident that Sterlite Technologies will continue to be a great place to work while growing from strength to strength every year”. Amen is the only affirmation we could sincerely complement with our Director on this confidence - A Great Organization with Great Leaders is indeed in Motion!!

**ABOUT THE AUTHOR**

**Vimal Malhotra**  
**CHRO**

Vimal Malhotra is Chief of Human Resources for Sterlite Technologies. He joined Sterlite in 2008 & comes with over 18 years of experience with Companies like General Motors, DENSO & Apollo Tyres. He is a Management Graduate in Human Resources from Delhi University and a Certified Trainer from ISTD & Denso Technical University.

# QUALITY - OUR BUSINESS AMPLIFIER

We at Sterlite, strongly believe that quality is the key strategic lever that enables us to deliver sustainable business results. As an organization, we have embraced excellence as our core value. This is to propagate a culture of quality committed to design and execute capable processes and deliver products and services creating superior value for our customers. Our objective is to provide the best in class quality of delivered products & solutions, drive excellence as core value through committed

leadership, empowered employees, capable business processes & continuous improvement throughout the organization and exceed customer expectations. In order to achieve the objective, the Business Excellence team at Sterlite launches various initiatives to improve employee engagement and drive excellence throughout the organization. **Some key initiatives are Lean Six Sigma Green belt, Quality Health Index, "My Machine" Initiative and C-SAT.**

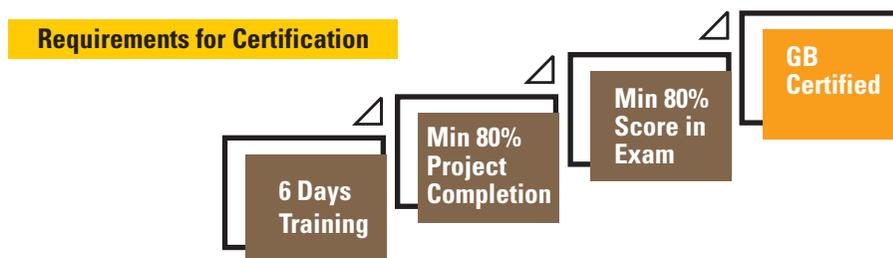
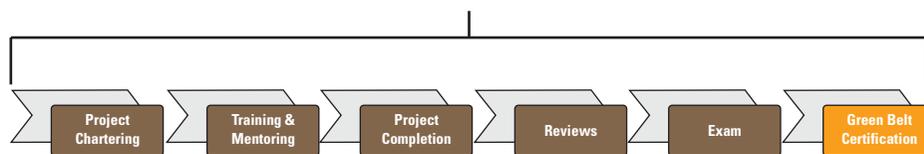
WE ARE COMMITTED TO DELIVER THE BEST IN CLASS QUALITY OF PRODUCTS & SERVICES AND SUPERIOR VALUE TO OUR CUSTOMERS. WE SEE QUALITY AS OUR BUSINESS AMPLIFIER & TRULY BELIEVE THAT IT IS OUR STRATEGIC LEVER TO ACHIEVE SUSTAINABLE BUSINESS RESULTS.



Under **The Lean Six Sigma Green Belt Initiative**, in 2013, we launched Six Sigma Green Belt Programs across all our manufacturing locations. Lean Six Sigma is a structured, data-driven approach to eliminate defects and reduce waste in any business process. It adds accuracy and speed to our processes.

Being customer focused & business results driven, facilitating data driven & fact based decisions, disciplined approach towards improving success rate, delivery of accelerated business results are some of the key attributes of Lean Six Sigma methodology at Sterlite.

## GB Certification Process — 4 to 6 months



The Six Sigma projects & Green Belt candidates are sponsored by Business Managers and Functional Heads in line with the business goals and priorities. The nominated Green Belt candidates attend six days of Lean Six Sigma training and work on the projects as per the "Define, Measure, Analyze, Improve and Control" roadmap. The projects are selected to improve customer satisfaction, deliver FTR (First Time Right), improve process capability and reduce defects.

**Sterlite 6 Sigma GB Program Summary**

| Parameter  | Values |
|--|--------|
| Number of GB Trained   | 44     |
| GB Projects Completed  | 26     |
| Number of GB Certification                                       | 26     |
| Completed Projects' Estimated Annual Financial Impact, ₹ in Lacs | 1923   |

The program design ensures that selected projects are aligned with business goals, the projects are periodically reviewed & teams completing the projects are suitably rewarded through certification & recognition.

Lean Six Sigma Deployment Road Map:

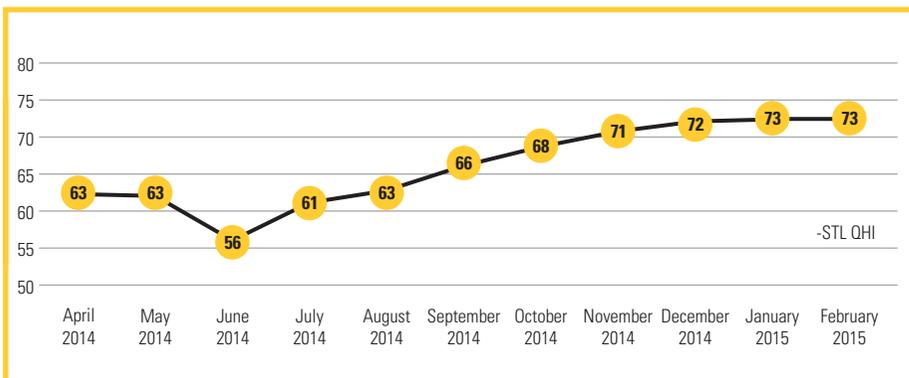
- Goal - 15% trained as GB for all business/functions by 2017
- Target to improve capability of key attributes of all core processes, Cpk > 1.5
- Target to improve manufacturing processes – FTR > 99%, OEE > 65%, zero customer complaints
- Drive customer value management to facilitate STL profitable growth
- Drive a culture of First Time Right and enhance problem solving skills

With an objective to measure quality at business level, we developed a **Quality Health Index**. The QHI (Quality Health Index) comprises of five key components and a well-defined rating scale to arrive at overall QHI rating. The components are: customer complaints, OTD (On Time Delivery), FTR (First Time Right), OEE (Overall Equipment Efficiency), System Compliance (ISO-9001). The goal is to maintain QHI

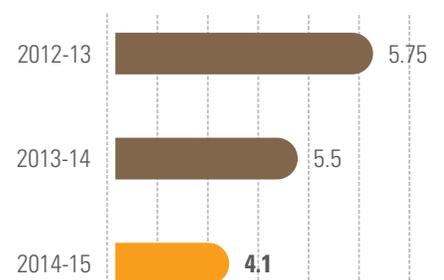
The prime objective of C-SAT (Customer Satisfaction) initiative is to measure the health of our relationship with customers.

Key Objectives of CSAT program are to:

- Understand key expectations of customers and how well they have been met.
- Measure satisfaction level across various touch points.
- Identify key drivers to improve customer experience.
- Benchmark with perceived best in class.
- Leverage on the strengths and identify areas to improve our business relationship.



FY TO FY MONTHLY AVERAGE OF COMPLAINTS



The last C-SAT survey at Sterlite indicated a few gaps in proactive customer engagement, customers' understanding of our Master System Integration value propositions, lack of new products and solutions in some categories, service orientation and FTR delivery. These were improved with strategic initiatives that lead to investment in R&D capabilities; release of new products - Super-Coated Fibre, HPC, Improved Responsiveness & Empowerment and focused efforts to reduce complaints and ensure On Time Delivery.

We are committed to deliver the best in class quality of products & services and superior value to our customers. We see quality as our business amplifier & truly believe it is our strategic lever to achieve sustainable business results.

**ABOUT THE AUTHOR**

**Kamal Sehgal**  
Leader – Business Excellence

Kamal joined Sterlite in 2012 and spearheads business excellence initiatives. He has 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.

# TECHNOLOGY TALK: CHANGING ROLE OF INFORMATION TECHNOLOGY



At the recently concluded Sterlite's Leadership Meet, Dr. Anand Agarwal, CEO, Sterlite Technologies and Prasanth Puliakottu, CIO, Sterlite Technologies caught up to discuss the business blueprint and critical aspect of Information Technology (IT) at Sterlite Technologies.

**Prasanth Pulliokuttu:** Is there a larger business blueprint that you have envisioned, where IT plays a larger role?

**Anand Agarwal:** At the Leadership Meet, we unveiled our goal of 'Multi-fold growth in our business areas within the next three years'. In this direction, IT will have to play the role of a key driver— spearheading integration of IT infrastructure and facilitating planning for various functional teams. We also expect IT to play the role of a thought leader - prompting future technologies, evaluating their relevance for our businesses and own the organization's transition to

these chosen technologies. At a functional level, IT will need to continue to build predictive data analysis capabilities for better decision making, while reducing the organization's vulnerability to cyber-theft and disruption. If these aspects are planned and executed seamlessly, the IT function could become a strong pillar in our corporate and employer brand strategy.

**Prasanth:** What according to you is a critical aspect of IT that impacts Sterlite's growth plans?

**Anand:** I believe that data analytics is a very important part of our business and growth strategy. There has never been a dearth of data availability at Sterlite. However the ability to correlate, analyze and gain insights from this data will help us make more informed business decisions and also help improve efficiencies through our systems. Over the last few years, we have invested significantly in IT platforms that support this. I urge every employee to use these

platforms to the maximum, which will help us achieve the functional and organizational goals.

**Prasanth:** One IT initiative that you really liked amongst the ones introduced in the last one year?

**Anand:** The initiative on BPM and connecting Partners and Customers with our internal processes has been a great achievement and created the right 'Connect'.

**Prasanth:** Any area that you think requires special attention?

**Anand:** As mentioned earlier, converting the current information into organizational knowledge across the business processes for relevant data is the next area of focus. I am absolutely sure that we will be able to create tremendous value across the value chain with more predictive analytics in removing tremendous levels of inefficiencies and enhancing

better decision making abilities at the right time. On that note, I have a question for you. How is the team addressing the changing role of IT?

**Prasanth:** We are getting a lot of customer pull now and the need of the hour is to address the strategic role shift in IT. To achieve that, we need to focus on the power of IT. The most important pillars of IT are:

**Empowerment**

- Data distribution and access
- Information distribution and access
- Knowledge distribution and access
- Business intelligence tools

**Collaboration**

- Complex business process execution
- Problem/opportunity handling
- Business process innovation
- Product/service innovation

**Automation**

- Cost reduction
- Transaction cycle time improvement
- Responsiveness improvement
- Productivity improvement
- Real-time event/data monitoring and visibility
- Business rule automation and compliance

**Anand:** What is the plan for the year ahead?

**Prasanth:** Talking about the role of IT, there are two key developments which I can promise. One of them would be to build a business insight using technology & data and the second would be to build a unique user experience in business process by establishing a shared centre (internal outsourcing) for all routine and user facing processes to execute higher degree of user experience while keeping existing roles like operational excellence, business process management, and a robust IT landscape.

This sets the tone for the year 2015-16. It promises to be a year full of challenges and excitement. And IT will definitely play a key role amidst all this. The leap of future is very much a possibility now.

**ABOUT THE AUTHOR**

**Prasanth Puliakottu**  
**CIO**

Prasanth joined Sterlite in 2009 and is responsible for standardization, automation and integration of business processes. In a career spanning 20 years, Prasanth has been associated with Merck Ltd., Filtrona PLC and Rotary Engineering for the design, development and implementation of various IT projects. He has completed engineering from Madurai Kamaraj University (REC, Trichy) and M.S. from BITS, Pilani.



# BEING FUTURE READY – CREATING A CAPABLE ECOSYSTEM

Many years ago, growing up as a bright-eyed 'Materials Management' executive in the automotive industry, I was taught that what differentiated our company from others was our 'Committed and Capable Vendor Base'. Competitors would send out scouts to find out who we were buying from and then try and 'poach' our vendor capacities. Apparently our vendor base was 'well-trained' as we had an active 'vendor support group' that would advise the vendor on process design, tooling, measurement, calibration etc and work with them to achieve process capability. Occasionally, a vendor would recount how he turned down an offer by a larger competitor to supply to them as he was 'committed' to my company.

WE ARE WORKING ON DEVELOPING A PARTNERSHIP FRAMEWORK TO HELP US BUILD, NURTURE AND SUSTAIN A CAPABLE ECOSYSTEM OF COMMITTED PARTNERS, NOT ONLY IN OUR CURRENT AREAS BUT IN AREAS THAT WE MIGHT PLAY IN, IN FUTURE.

Much has changed since then; for one, vendors today come with formidable capabilities and are experts in their own domains. Projects are becoming larger, problems are becoming more complex, and geographies are coming more and more into the equation. Very few companies world-wide are acquiring such all-round capability and opting, instead, for pooled expertise. Companies are inviting other 'expert' companies to come together for a common cause, and a longer term, partnership-based relationship is evolving. Understandably the term 'Partner' has replaced 'Vendor'. While partners get better and better at what they do, customers today are becoming adept at managing, rather than acquiring, this expertise. It is clear that a customer that attracts the best partners and manages to keep them together, over the long run, wins.

Over time, an uncanny similarity has emerged between how a company manages its talent and how it manages its partner base. In other words, partners

have become a part of the talent pool of the company, a part of the ecosystem that helps it to win. Often in our Sterlite management meetings we discuss how we should 'hire who we admire' - we hire people we would not mind working under. In much the same way, when we look for a partner, we are looking for a company who we would not mind leaving complete responsibility to, one who would run it on our behalf, leaving us to do what we are best in. The old slogan 'Our people are our strength' would now be joined by another - 'Our partners make us tick.'

All of us manage people and some like me and my team also manage partners. The basic building blocks of our talent management skills hold good when it comes to creation and management of a partner ecosystem. Let's see how.

## A Shared Vision

While attracting top talent we talk about our vision, how we see ourselves growing and in which areas. A partner's vision for his company must match ours. Are they looking for rapid topline growth, or margin consolidation? Are they looking to add new technology or sweat existing designs and assets? Are they prepared to share risk or do they want instant gratification? How does all this tie up with where we want to go and the way we want to conduct our business?

It is clear that unless both we and our partners are excited by the same opportunities and have similar measures of success, we will not move in tandem and it will require frequent intervention at senior levels to sort out mundane things.

## On-Boarding

A very under-rated aspect of partner management, the reasons why we do it for our employees remains valid for partners as well. We need partners to be well adjusted to the way we do our business and vice versa, to hit the ground running when the time comes and not take time to start. The paperwork, creation of master records, taking on board authorizations and power of attorneys, clear understanding of the contracts that govern us, and operational templates that are to be used, are important. They need to understand the values that are important to us, be familiar with the hierarchy and the escalation processes. Very often we take these things for granted and see things happen as the situation unfolds, which takes time and effort to navigate when we least want it.

On-boarding also includes clarity on 'Structure' so that they know exactly who to go to for what and how the relationships work. Ambiguity or lack of clarity on this account can lead to misunderstanding and delays.

## Mentoring

The partners' mentor keeps track of the progress and shows them the mirror to bring out the best. The mentor is the 'go to' person and also the custodian of the relationship, picking up early signals of strain and clearing the path with others in the organization. The mentor keeps calibrating the partners' aspirations against vision against what is happening and makes corrections. The mentor keeps the relationship in good health.

## Co-creation, Respect for Space and Talent

We want our employees to 'take initiative and be entrepreneurial'. For this we try to give them space and respect their talent. However, very often we do not apply the same principles to our partners: straight-jacketing them to follow prescribed paths and not showing sufficient respect for their ideas and views. Partners look for platforms to bounce off creative ideas and move naturally closer to those companies that allow them that space. It is our job to create this platform and provide it to them.

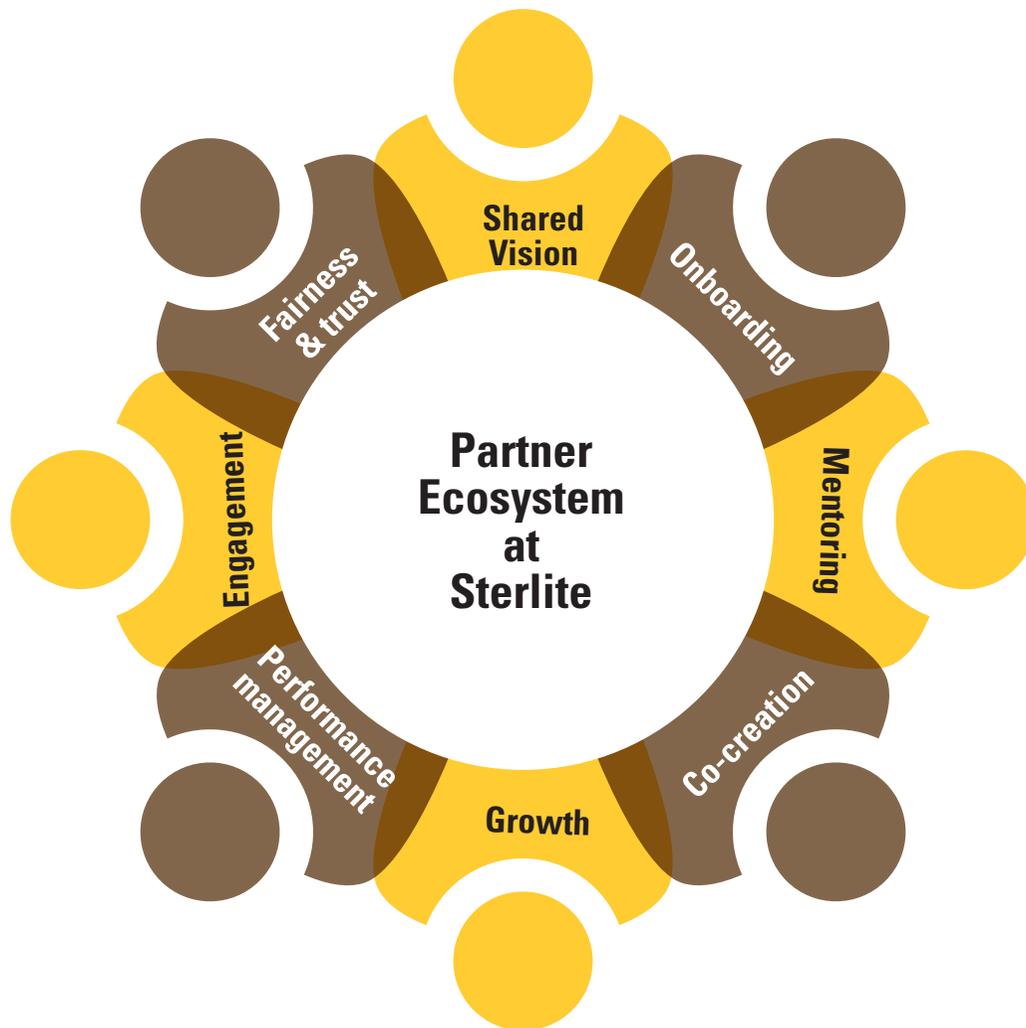
## Growth

Employees stick with us if they see themselves growing. We try and create opportunities for growth for worthy employees and we are often prepared to take a risk with them while putting them in un-familiar positions. Worthy partners need similar opportunities, and if they are not growing with us, something is not right. While growth may mean different things to different partners, they should be able to see themselves growing in stature and we need to create mechanisms to reflect that.

## The Performance Management Process

We lay a lot of stress on employee performance management, insisting on timely appraisals, continuous feedback and so on, and yet we do not appraise our partners in the same way. Partners need feedback too, and if we do not give it to them in a systematic and timely manner, they resort to 'satisfaction surveys'. Feedback from such surveys is 'post facto' and often comes as a surprise.

Hence formation and regular convening of Governing Councils is essential for the health of a relationship. It provides early signals and faster mitigation to keep things on course.



### Engagement

Just as working should be fun for employees, for partners it should be very interesting to work with our company. It should provide opportunities for them to create value, be understood, respected and appreciated. Providing idea sharing platforms, working on joint projects, exchanging intelligence to stay ahead of competition, co-creating strategy and being able to meet outside of work to develop personal relationships make it worthwhile.

### Fairness and Trust

Trust generates speed of response and fairness generates trust. Partners, like employees, must always believe that while decisions and outcomes may not be as they wanted, they will invariably be fair. Leaders need to ensure that people do not succumb to the temptation of sacrificing trust for short term gains. We need to create examples of 'doing the right thing' in every such situation. I foresee that soon we will

have surveys similar to 'Great Place To Work' for Partners. Companies with great partner management capabilities will score higher. I foresee that we would also see the familiar correlation between high scores and high growth, or high scores and high profitability.

### Food for Thought

At Sterlite we realize the value of having great partners. We are working on developing a Partnership Framework to help us build, nurture and sustain a capable ecosystem of committed partners, not only in our current areas but in areas that we might play in, in future. This is our way of being future ready – just being in the right place at the right time will not do. Being there with the right capability will be crucial to harness the opportunities Emerging India throws at us.

### ABOUT THE AUTHOR

#### Pankaj Priyadarshi CCO

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.

# ENABLING END-TO-END TELECOM INFRASTRUCTURE

## Network For Spectrum Project in Jammu & Kashmir, India

The high speed data transmission infrastructure in India is next to negligible as compared to the most of the developed nations. In the government's pursuit of creating a Digital India, the optical fiber infrastructure creation needs to happen much faster than usual. There is not enough time for us to experiment and learn. As a country, we need to do a number of things simultaneously - right from producing fiber, trenching, integrating the network and maintaining the whole infrastructure. This is the need of the hour and this is what Sterlite has been demonstrating through projects like 'Network for Spectrum'.

Owing to growing telecommunication needs and shortage of spectrum available for growth of cellular services, the government of India decided to release 150 Mhz of spectrum held by defense sector in

the frequency range of 1700Mhz to 2000Mhz. The 'Network for Spectrum'(NFS) project, by Bharat Sanchar Nigam Ltd (BSNL), was envisaged to build a new communication network for exclusive use by the armed forces in lieu of the spectrum. The project is among the largest projects globally deploying G.655 Fiber Optic Cables.

The national defense communication network is the most critical one and it is imperative to make it 100% secure and immune to intrusion from any kind of external and internal elements. Fiber based, intrusion proof network was required to be designed and implemented in such a way that secure information would be transmitted via inner core, whereas, outer layer would be terminated into Intrusion Proof System which controls and monitors intrusions, thus making the network secure and robust.

Sterlite is creating one of the most crucial parts of this network of defence – The Jammu & Kashmir region

rollout of 9495 Kilometers Optical Fiber Cable Network. Procurement, supply, trenching, laying, installation, testing and maintenance and accessories for construction of NLD backbone and access routes are all being handled by Sterlite on turnkey basis.

STERLITE IS CREATING ONE OF THE MOST CRUCIAL PARTS OF THIS NETWORK OF DEFENCE – THE JAMMU & KASHMIR REGION ROLLOUT OF 9495 KILOMETERS OPTICAL FIBER CABLE NETWORK. PROCUREMENT, SUPPLY, TRENCHING, LAYING, INSTALLATION, TESTING AND MAINTENANCE AND ACCESSORIES FOR CONSTRUCTION OF NLD BACKBONE AND ACCESS ROUTES ARE ALL BEING HANDLED BY STERLITE ON TURNKEY BASIS

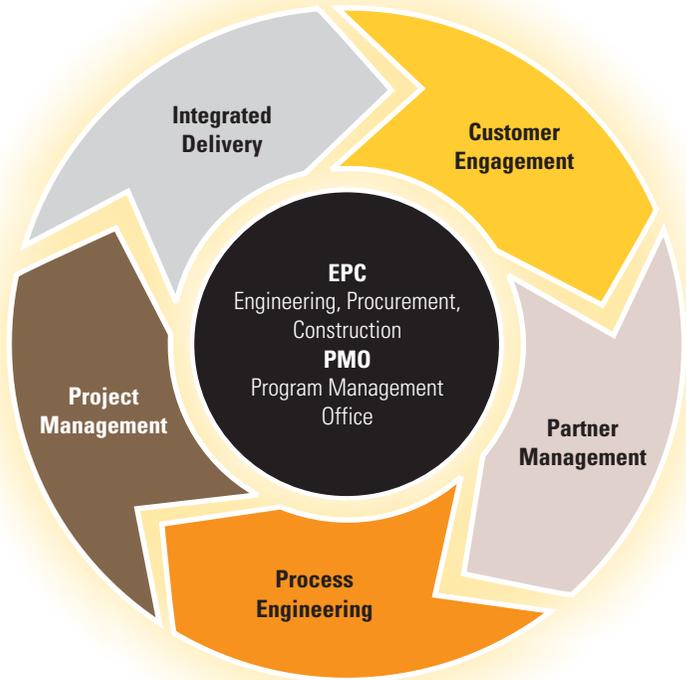


NFS Project in full swing

Jammu & Kashmir region's hilly terrain and extreme cold temperatures make it difficult for any infrastructure project to operate beyond six months in a year. A clear requirement in such scenario is to have a telecom infrastructure partner with capabilities of end to end implementation from design, engineering and implementation to maintenance. At Sterlite, we call this 'Master System Integration' (MSI) model

**Sterlite's MSI Approach**

The Master System Integration approach transfers Sterlite's two decades of data transmission domain expertise into the integrated end-to-end solution. The solution portfolio includes the entire Program Management – Customer Engagement, Network Planning, Designing & Integration, Technology Alliance, EPC, Partner Management, Project Execution, Networking, Solutions, ITeS and ICT.



**Best-in-Class Telecom System Integration**

**Customer Focused Delivery Management Through Technical Leadership**

**Enriched Ecosystem & Quality Practices Through an Innovative Work Environment**

- Monitoring, Tracking & Analysis
- Strong Risk Mitigation Process

**Customer Centric Program Management**

Sterlite has played an important part in designing of the intrusion proof network & implementation of a countrywide secure, Multi-protocol Converged Next Generation Network based on dedicated Tri-services Optical Transport Backbone. First of its kind special application intrusion proof cables have been designed for critical defense applications such as this. Sterlite has also been entrusted to maintain the network for a period of 7 years.

Upon completion, the next generation OFC network broadband highway will enable robust and uninterrupted communication for India's defence services and will increase bandwidth availability in the country

**Deliveries across all layers of network**

**Physical Layer**

- OFC Execution

**Core**

- DWDM, IMS, MPLS- Routing & Switching

**Access**

- GPON, FTTx, MSAN, IMS-Access, MGW, IP Phones, Tele-Presence

**Sessions**

- Security Systems, Mail & Messaging, OSS & BSS, SDN

**Applications**

- Big Data/Content delivery network/Virtualization/ Teleconferencing, Cloud Services (IaaS, PaaS, SaaS)
- Data Centres: DC & DR and NOC/SOC

# 765/400 kV DHULE SUB-STATION STERLITE DELIVERS INDIA'S FIRST PRIVATE 765 kV SUB-STATION

Sterlite Grid Limited, a subsidiary of Sterlite Technologies Limited, is amongst the few early private players to enter the power transmission infrastructure sector in India. In a short span of 4 years, we have become the country's largest independent private transmission developer. In an industry largely dominated by public sector entity- PGCIL, Sterlite has made its presence felt by building a strong portfolio in excess of ₹ 8000 Cr. with over ₹ 1100 Cr. of annual tariff. With 6 transmission infrastructure projects spanning nearly 5000 circuit kilometres spread over 12 states of India across diverse terrains & demographics, we have achieved several enviable

feats over past few years by bringing innovation and technology to the industry. Commissioning of India's first private 765 kV sub-station at Dhule is one such achievement that we are proud of.

Sterlite Grid Limited was awarded the prestigious BDTCL project by Govt. of India to strengthen the western and northern grids by developing transmission systems on BOOM basis. The system is designed to evacuate and transmit power through a network of over 900 kms. of transmission lines and two 765 kV sub-stations with Dhule S/S being one of them. Commissioning of such sub-stations under a

tight schedule is a herculean task which not only requires superior technical capabilities but also demands exceptional project management skills. And Sterlite delivered outstanding results by commissioning the sub-station within just 17 months from the date of handing over of the land against a schedule of 36 months allotted for the project. Sterlite delivered outstanding results by commissioning the sub-station within just 17 months from the date of handing over of the land against a schedule of 36 months allotted for the project.



765/400 kV Dhule Sub-Station

## Challenges Encountered

### Land Availability & Acquisition

Dhule City, located at north-western part of Maharashtra, is considered as one of the few well-planned cities of India and is also a part of the upcoming Delhi Mumbai Industrial Corridor. The city, with a population of nearly 500,000 people, is also emerging as one of the biggest upcoming commercial hubs of the state and has gained a strategic advantage for being on the junction of three national highways viz. NH-3, NH-6, and NH-211. That being said, the

availability of land for Dhule substation in urban areas was a major hurdle. There was a requirement of nearly 46.8 hectare of land for the development of substation and availability of such a massive block of land in a single patch is always a problem. Moreover when the land was available, its suitability raised questions as the region is extremely undulated and rocky.

After a rigorous land survey and evaluation, the land was identified and finalised at a distance of around 27 kms from Dhule city. The actual construction could start only after overcoming acquisition and encroachment challenges.

THE PROJECT HAS SET A NEW BENCHMARK IN THE INDUSTRY FOR EXCELLENCE IN PROJECT EXECUTION AND INCORPORATION OF TECHNOLOGY & INNOVATION. THE PROJECT HAS ALSO WON RECOGNITION FROM THE MINISTRY OF POWER FOR DELIVERING A CRITICAL LINK OF THE WESTERN GRID IN A RECORD TIME.

**What We Did Right**

**Enabling Supply Chain Management**

The efficient delivery of Dhule sub-station was backed by a strong supply chain management. The supply of material & equipment was tracked on a daily basis to supplement the planned erection activities. It was ensured that none of the erection and other construction work was hampered due to material shortage.

**Superior Project Management**

Project management is an integral part of any successful infrastructure project. Likewise, the Project Management team played a pivotal role in timely commissioning of the Dhule sub-station as well. Each relevant activity was planned well in

advance and monitored consistently to keep the project on-track. The resource deployment was regularly tracked against the planned requirement and sometimes even reinforced to expedite the construction. During commissioning of ICT's & reactors, as many as six oil filtration plants and vacuum machines were running simultaneously with similar number of gangs deployed specifically for erection of these equipment.

The team also ensured the coordination between different functions like supply-chain, finance, engineering etc. to execute the project as per plan and deliver solutions in case of any hiccups.

**Technology & Innovation**

Sterlite is renowned for bringing in innovative new technologies in the industry and Dhule substation

further solidifies this belief. Collaborations were made with world's best contractors and OEMs like Alstom, Hyundai and Baoding & Tianwei Electricals for EPC of the substation, supply of 7x500 MVA 765/400 kV transformers and supply of 11x80 MVAR, 765 kV reactors respectively. Also to ensure the safe operations of the system, Nitrogen fire fighting system was installed for the first time at 765 kV level in India.

The sub-station being one of the critical elements in the western region, its reliability had to be insured at any cost. For this purpose, switchable spare reactors and transformers were installed in the system. This ensures that the sub-station is capable of clearing the faults within half an hour's time without any mechanical alteration, thus increasing the system reliability and maximizing availability.



765/400 kV transformers supplied by Hyundai



Fully automated sub-station control room

**Excellence Delivered**

After months of relentless efforts from the men on ground and continuous management support, Dhule sub-station was mechanically completed and ready for CEA inspection in December 2013. The project has set a new benchmark in the industry for excellence in project execution and incorporation of technology & innovation. The professionalism exhibited by the team ensured that all the 9 elements of the substation were charged within just 36 hours. The excellent quality of execution is evident from the fact that the sub-station has consistently delivered 100% availability since its commissioning. The project has also won recognition from the Ministry of Power for delivering a critical link of the Western Grid in a record time. Sterlite further strives to achieve similar success in the future.



Sterlite Grid President and Business Head Ajay Bhardwaj receives an award for commissioning Dhule Substation in Maharashtra before schedule from Union Power Minister, Piyush Goyal

# RECONDUCTORING WITH STERLITE'S HIGH PERFORMANCE CONDUCTOR SOLUTION

## Background

The Government of India has taken several initiatives for rapid growth in industrialization as it plays an important role in urban growth and in-turn progression of economy of the nation.

One such booming area that is facilitating the nation's industrial growth is Ghaziabad- a major city in the state of Uttar Pradesh (UP). Ghaziabad is also known as the "Gateway of UP" as it neighbours India's national capital, New Delhi. Industries in Ghaziabad are growing at a rapid speed leading to the growth of the district and strengthening of its economic base. There is a huge establishment of residential colonies

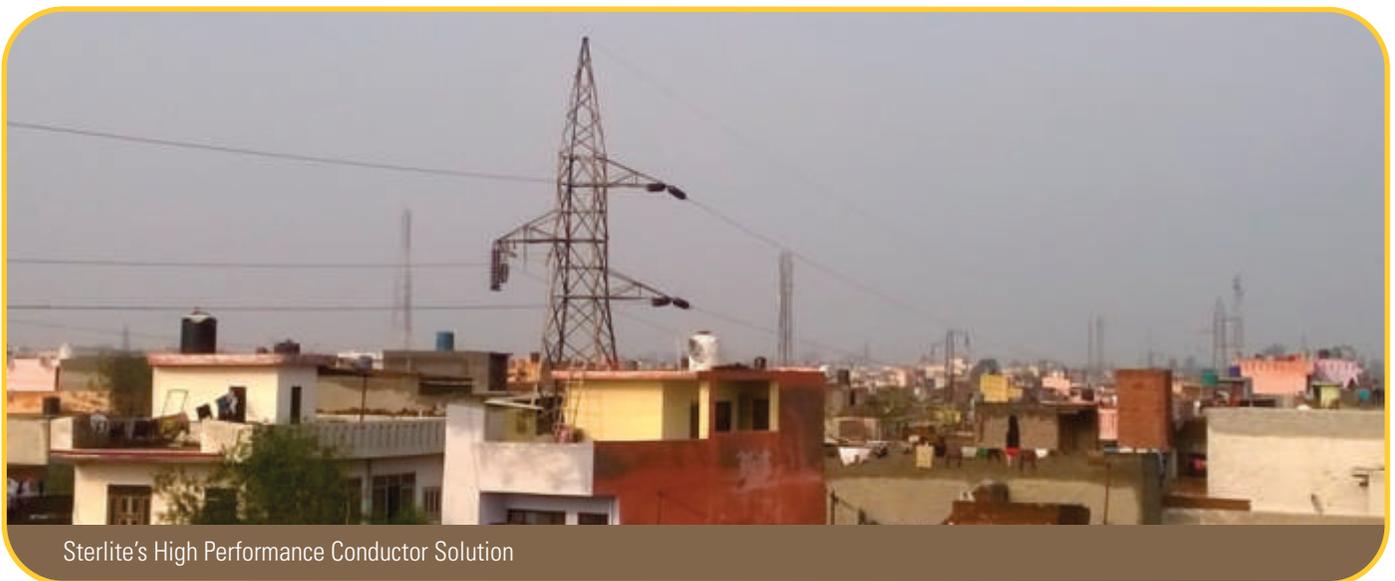
as well. This growth has led to a surge in the energy demand for residential and industrial purpose in the region.

Power supply in the state of Uttar Pradesh is catered to by Uttar Pradesh Power Transmission Corporation Limited (UPPTCL), incorporated under the Companies Act 1956, established in 2006. UPPTCL is a pioneer in EHV transmission & amongst the leading power transmission utilities in India.

## Rise in Demand for Power in Ghaziabad

The industrial and residential growth resulted in the increase in line load in Lal Kuan area of Ghaziabad and

the rise in power demand by many folds in Govindpuram. UPPTCL realized that the existing AAAC conductor on the 132kV line was not able to meet the increased load requirement. In order to meet the local power demand, UPPTCL decided to propose a new 132kV sub-station at Govindpuram with Last In Last Out (LILO) of 132kV transmission line from 400kV Murad Nagar Sub-station to 220kV B S Road (Lal Kuan - Ghaziabad) sub-station.



Sterlite's High Performance Conductor Solution

However, due to the congested demography and encroaching premises, it was difficult to construct a new line to meet the power requirement of the newly proposed sub-station.

Enhanced power requirements and the need for effective delivery of power to a number of customers in thickly populated areas of Ghaziabad, created urgency for UPPTCL authorities to upgrade the existing 132KV S/C Murad Nagar to BS Road Transmission line. UPPTCL was now looking for a solution to increase the ampacity on existing towers of the critical line by replacing AAAC Panther conductor with a high current carrying capacity conductor solution.

**REVIVAL OF CRITICAL LINE IN UTTAR PRADESH'S INDUSTRIAL AREA OF GHAZIABAD DESPITE AVAILABILITY OF ONLY 8 HOUR DAILY SHUTDOWN.**

## The Customer Need

UPPTCL was seeking a solution that could enable enhancement of the power transfer capacity on the same tower structures. Thus, a solution was needed which was high on ampacity, however lower in weight so that the existing towers could be retained. Also, a low impedance value was required for a lower heat loss of the transmission line even in the case of high transmission current. Due to the congested corridor, it was essential that the required sag of the conductor, less than that of the existing AAAC conductor.

## The Sterlite Solution

Sterlite Technologies Ltd. is a leading provider of transmission solutions for the power and telecom industry in India & globally.

Sterlite is the pioneer of High Performance Conductor (HPC) Solution suite in India- providing next generation solutions for various applications i.e. re-conductoring to maximize corridor intensity, new lines to lower losses and green energy to increase line efficiency. With a strong focus on Application Engineering, we are partnering India's progress in power through futuristic solutions for next generation power transmission & distribution.

Understanding UPPTCL's requirement, Sterlite proposed to replace the existing AAAC Panther Conductor with ACCC (Carbon Composite Core) Casablanca Conductor Solution for 18kms of line length on turnkey basis with the vision to double the power transmission capability over the same towers and existing line conditions.

Carbon Composite Core technology with fully annealed trapezoidal wire conductors are known to reduce line losses up to 40% compared to conventional conductors of the same diameter and weight. They have 28% more aluminium and better compactness which greatly increases capacity, reduces losses & hence result in cooler operating temperatures. The core is 25% stronger & 60% lighter compared to steel cores used in traditional conductors and have significantly lower coefficient of thermal

expansion which leads to less sag at higher temperatures. The technology is patented by CTC Global, USA and is licensed to Sterlite Technologies.

ACCC Casablanca is a light-weight conductor as compared to AAAC Panther having less sag which would have facilitated the improvement in ground profile and maintaining the existing clearances from the rooftop of residential buildings.

As the ACCC solution was a relatively new technology in the Indian market, Sterlite decided to aid UPPTCL by undertaking not only the development and supply of the conductor but also delivery of customized hardware as well as deployment of the solution along with on-field supervision by certified in-house trainers who have over 600 Kms of installation experience for HPC Solution.

| Parameters                      | AAAC Panther | ACCC Casablanca |
|---------------------------------|--------------|-----------------|
| Diameter (cm)                   | 2.205        | 2.05            |
| Area (cm <sup>2</sup> )         | 2.88         | 3.039           |
| Weight (kg/m)                   | 0.794        | 0.790           |
| UTS (KN)                        | 84.7         | 102.11          |
| DC resistance at 20deg ( /km)   | 0.1182       | 0.1025          |
| Current carrying capacity (amp) | 548          | 1018            |
| Max. operating temp. (deg C)    | 75           | 180             |
| Max. Sag (m)                    | 8.335        | 7.1             |

### Solution Deployment

The stringing of ACCC conductor is similar to that of AAAC conductor but taking some precautions was essential, during execution. The hybrid carbon and glass fibre composite core and annealed aluminium layer of conductor do not carry any binding force between them. Therefore, it was necessary that the stringing be carried out with the tension-and-pull method. Also, it was necessary to ensure the bending angle was less than 30 degree to protect the core from damage.

Extra safeguard had to be considered as because of the congested and thickly populated area, the dead ends and splices during stringing were going to be aerial and executed with the aid of a transmission ladder.



A critical step in this project execution was obtaining the approval from UPPTCL for plant shut down plan. Due to the heavy load demand and the city's high requirement of daily power and water, it was not

possible for the utility to provide continuous power shutdown. Hence, with no power backups available, Sterlite was permitted to perform the stringing in only 8 hrs shutdown period daily, which was an enormous challenge in itself.

A detailed field planning was carried out daily so as to ensure completion of the daily stringing schedule in the stipulated period. It was necessary to restore the power by evening daily to avoid public insurrections that could arise due to interrupted supply of power and water.

Despite the precautions needed during installation due to the densely populated region and challenges such as right of way issues, tremendous delays in getting daily shutdown clearances, installation in extremely low daily shutdown availability of only 8 hours, Sterlite was able to commission the UPPTCL lines successfully within a short span of 2 months.

The re-conducted 132kV Ghaziabad-Muradnagar line at the utility's Lal-Kuan Sub-station was charged & inaugurated by Honourable Minister of State for Energy, Government of Uttar Pradesh - Mr. Yashar Shah along with all senior delegates of UPPTCL in March 2015.

### Result

Sterlite indeed helped UPPTCL by offering, developing and deploying the robust and reliable solution to upgrade the line for supplying optimum power to one

of the most important industrial areas of the second largest contributor to Indian economy. This project involved key focus on application engineering for optimum solution development including customized hardware, overcoming right of way and shutdown clearances, precision in re-conductoring in the thickly congested area, and working in targeted timelines with no room for delay in daily deployment due to only an 8 hour shutdown availability every day.

Use of ACCC technology enabled higher power transfer line capacity to accommodate peak load demand. It also reduced the line losses at normal loading conditions. Low sag resulted in better ground profile and increased clearances from rooftop of residential buildings. Moreover, providing a solution that could be deployed on the existing 132kV line saved the utility, valuable time as well as cost for the erection of new towers.

UPPTCL appreciated the Sterlite team for display of superior technical, administrative and managerial capabilities to complete the project with full safety in a duration of only 2 months that was well within the committed period. The successful revival of the critical 132kV Lal Kuan-Muradnagar Line for UPPTCL reiterates Sterlite's excellence in developing & delivering power transmission & distribution solutions as the one stop solution provider to cater to the growing demand for electricity in the country.

# ENABLING EMPOWERED COMMUNITIES

As India rides the wave of economic boom and commercial success, corporate social responsibility is presenting itself both as an opportunity and an important requirement for corporates to be engaged in. As corporates have been regarded as institutions that cater to the market demand by providing products and services, and have the onus for creating wealth and jobs, their market position has traditionally been a function of financial performance and profitability.

Sterlite Technologies is no different. The vision of creating a better and a more sustainable world is the driving factor and every initiative is aimed at nurturing that social responsibility within all of us.

Sterlite Technologies aims to connect every home on the planet. In the process of installing thousands of miles of fiber optic cable, we will be connecting complete villages, cities and towns and inevitably schools. In a few years, National Optical Fiber Network will connect 250,000 Panchayats and it will help bridge the rich-poor 'gap' and deliver basic necessities such as health and education. With the nation undergoing an education crisis, it is the right time to be proactive and responsible.

This was the goal when a pilot was initiated across 50 schools to improve the quality of learning of children who attending these schools. Sterlite also supported in capacity building of government school teachers through the route of



**Virtual Classroom Initiative**

The aim of the virtual classroom initiative is to take maximum advantage of the infrastructure installed by municipal corporation of greater Mumbai to provide online learning and development to students and teachers, in order to enhance student-learning outcomes across all their schools

Virtual Classroom. This initiative met with a rousing response and the decision was taken to scale up and roll out programs across Marathi, Hindi, English and Urdu Medium Schools from June 2014 to April 2015. This time, 170 schools were part of

the initiative. This initiative has set a precedent in the way education is perceived in this country and lack of sufficiently trained teachers is no longer a hindrance. This is the best example where technology is bridging the gap.



**Jeevan Jyoti Initiative**

Sterlite Tech Foundation in partnership with Jnana Prabodhini launched a Women Empowerment Centre in September 2014 in Velhe Taluka

Sterlite Tech Foundation in partnership with Jnana Prabodhini, launched a Women Empowerment Centre in September 2014 in Velhe Taluka. The project aptly titled, 'Jeevan Jyoti' aims to empower women and make them financially, socially and psychologically independent. It is a holistic development centre with classroom trainings, workshops, practical labs, library, sports ground, health centre etc. This project aims to empower women by training them under various skill development programs. Here is a brief of all the programs.

**Home Nursing:** A three-month vocational training program for girls who seek to work at various homes in cities for taking care of geriatric patients, bed ridden patients or baby care. They are equipped with the

knowledge of basics of human body, nursing art, geriatric care, post natal and baby care and management of bed ridden patients. They mostly serve as patient assistants.

**Assistant Nursing:** A twelve-month intensive nursing program which comprises of 6 months of classroom training and 6 months of practical internship with the attached hospital. This program creates junior or assistant nurses who work at various healthcare set ups including multi-specialty hospitals, clinics, community health centers or any other health care set ups.

**Tailoring:** A six months training program in the basics of tailoring and stitching various dresses in order to make the women financially independent. The women

learn the art of stitching and are trained to a level from where they start their own tailoring shop or work at a textile factory to earn a livelihood and get a respectful position.

**Computer Literacy:** A six months training program for basics of computer science teaching the school/college students/dropouts the basics of Computer, including MS office package. The program aims to enable the students with the skills required to operate a computer independently, work as a clerk/data entry operator or pursue higher education in computer science.



Empowering lives in and around Aurangabad

### Empowering Lives

Sterlite has undertaken varied charitable projects to empower lives in and around Aurangabad and set an exemplary model of social welfare by undertaking various initiatives through the 11 eco-friendly campaigns covered under the project Gram Samrudhi-Pophala. The campaigns have given the village a total makeover by perfecting sanitary systems, empowering cultivators with a source of income, implementing a "go green" strategy, helping the poorer section, donating books, and leveraging agricultural reforms. Alongside, they have also handed over 316 dragon plants, suitable for hilly and draught areas, to reap the profits through the sale of fruits in forthcoming season.

Sterlite partnering with Zilla Parishad is the first public private partnership in Aurangabad District, Maharashtra that extends financial support to augment the inadequate conditions of toilet and drainage in Pophala village. Apart from this, the organization has commenced a drive to educate

local population regarding the importance of clean surroundings, which has been taken under the productive Swachh Bharat Abhiyaan. These efforts have spurred hygiene awareness among the village folk and the activity of cleaning the village together every Tuesday morning has become a regular practice among the residents.

Pioneering the Natural Resource Management campaign, Sterlite has undertaken the necessary, excavation and cementing work of Amindara dam, Dakindari dam and the Amrai dam in Khamkheda village to preserve water, thereby mitigating the drinking water shortage and strengthening the adjoining crop production during summer.

Not just Pophala village, even the nearby Khamkheda village was part of the Swachh Village Drive.

Among the other initiatives, the Patient Assistant Course was the standout initiative. In association with SPMESM, (Savitribai Phule Mahila Ekatma Samaj Mandal) Sterlite conducted the course for

those who were willing to learn and earn. The operation got thumbs up and was a huge success, as 80% of students were placed in various hospitals and started earning regular monthly income.

To make Aurangabad a cataract free city, the company has partnered with Global Eye Foundation and Nayana Research Centre which enabled free eye check up camps, handled 100 cataract operations free of cost, and benefited more than 12,000 patients in the process.

Last but not the least, the organization supplied tankers of drinking water to Aasaram Babu Nagar free of cost to ensure the water scarcity caused during the summer season does not remain a hindrance any more.

The voluntary operations foster a kind of confidence and motivation for the organization to work with double vigor in future and consistently strive to bring many more advancements to the society.

# A WORLD EMPOWERED BY INTERNET



The sheer speed of global internet expansion has been the biggest driver of success for uber, facebook, alibaba, airbnb and the likes. Around 40% of the world population has an internet connection today. In 1995, it was less than 1%. The number of internet users has increased tenfold from 1999 to 2013. The first billion was reached in 2005, the second billion in 2010 and the third billion in 2014.

We live in a very interesting time where ownership/creation of assets is becoming less important than providing an online quality service: **Uber**, the world's largest taxi company, owns no vehicles. **Facebook**, the world's most popular media owner, creates no content. **Alibaba**, the most valuable retailer, has no inventory. And **Airbnb**, the world's largest accommodation provider, owns no real estate.

Tencent, China's biggest social networking and online entertainment firm has just reached \$200 billion in market capitalization, surpassing global technology giants like Oracle, Amazon & IBM.

The sheer speed of global internet expansion has been the biggest driver for their success stories. Around 40% of the world population has an internet

connection today. In 1995, it was less than 1%. The number of internet users has increased tenfold from 1999 to 2013. The **first billion** was reached in 2005, the **second billion** in 2010 and the **third billion** in 2014. As per GSMA, another 1 billion users will come online by 2020.

According to Bell Labs Consulting Analysis, massive increases in overall network traffic and the types of devices connecting to the network will require new, innovative thinking and bold business plans. Some of their predictions include:

- Global demand for content on mobile devices will drive 31x traffic growth by 2020; 56% of which will be covered by Wi-Fi.
- Data center and cloud will increase metro traffic by 6x by 2020.

- Metro Video traffic will increase 9x by 2020. Software Defined Networks can lead to 10X reduction in time to bring new sites onboard in enterprise communication networks.

At Sterlite we always look at the latest high bandwidth applications and technologies that will drive tremendous data growth. Some of the most prominent technologies of the future are:

- Internet of Everything (IoE) and Machine 2 Machine (M2M)
- Driverless cars
- Wearable technology
- 5th generation wireless networks (5G)

**Internet of Everything**

From a technological perspective one of the most talked about trends today is the Internet of Everything (IoE). Expected to create \$19 trillion in value over the next 10 years, this gives service providers a tremendous opportunity to create value for both, enterprises and consumers. According to Cisco figures, IoE is estimated to create business value of up to \$511 billion over the next decade in India. This includes \$394.4 billion in the private sector and \$116.2 billion in the public sector.

The other opportunities for service providers are the increase in Machine-to-Machine (M2M) connections and proliferation of mobile devices. As indicated by the Cisco Visual Networking Index, there will be 5.3 billion mobile users as well as 11.5 billion mobile-ready devices, including 8.3 billion personal mobile devices and 3.2 billion M2M connections by 2019.

**Driverless Cars**

With as many as 9 billion people predicted to live in urban areas within the next 25 years, more than the global population now, automakers are under pressure to create technologies that ease gridlock and

give motorists stuck in traffic the ability to multitask safely.

As per Boston Consulting Group, vehicles that drive themselves on the freeway or take over in traffic jams may be on the road in large numbers by 2017 and autonomous cars might create a \$42 billion market for the technology by 2025.

Self-driving cars, building on technology already available in many luxury vehicles, will be able to navigate crowded city streets by 2022 and may be a quarter of worldwide auto sales by 2035. Japan and Western Europe will probably adopt the technology most quickly. Some of the companies leading innovation include Google, Apple, Tesla, Daimler and Fiat Chrysler.

To ensure the autonomous-car movement doesn't stall, vehicles must be secure from cyber-attacks and questions about liability must be answered. Also, more precise maps will be needed and automakers must overcome social concerns about cars that drive themselves.

The spread of the technology may also lead to self-driving taxis that would be cheaper to operate in large cities such as New York or Shanghai than

conventional taxis and reduce congestion. The autonomy may also increase ride and car sharing, further cutting traffic jams.

**Wearable Technology**

Apple's recently launched smart watch is expected to sell 20 million units in next 12 months. Even with a conservative estimate of \$300 per watch, this will generate close to \$6 billion in revenues for Apple.

Wearable technology mainly concerns devices and apparel/textiles. Glasses, jewellery, headgear, belts, arm wear, wristwear, legwear, footwear & skin patches. As the wearable electronics business powers from over \$14 billion in 2014 to over \$70 billion in 2024, the dominant sector will remain the healthcare sector, which merges medical, fitness and wellness.

It has the largest number of big names such as Apple, Accenture, Adidas, Fujitsu, Nike, Philips, Reebok, Samsung, SAP and Roche behind the most promising new developments.

**Worldwide Wearable Device Shipments, Market Share and Year-Over-Year Growth by Product, 2014-2019 (Units in Millions)**

| Product Category | 2014 Shipment Volumes | 2014 Market Share | 2015 Shipment Volumes | 2015 Market Share | 2019 Shipment Volumes | 2019 Market Share |
|------------------|-----------------------|-------------------|-----------------------|-------------------|-----------------------|-------------------|
| Wristwear        | 17.7                  | 90.4%             | 40.7                  | 89.2%             | 101.4                 | 80.4%             |
| Modular          | 1.6                   | 8.3%              | 2.6                   | 5.7%              | 6.7                   | 5.3%              |
| Clothing         | 0.0                   | 0.1%              | 0.2                   | 0.4%              | 5.6                   | 4.5%              |
| Eyewear          | 0.1                   | 0.3%              | 1.0                   | 2.2%              | 4.5                   | 3.5%              |
| Earwear          | 0.0                   | 0.0%              | 0.1                   | 0.1%              | 0.6                   | 0.5%              |
| Other            | 0.2                   | 0.9%              | 1.1                   | 2.4%              | 7.3                   | 5.8%              |
| <b>TOTAL</b>     | <b>19.6</b>           | <b>100.0%</b>     | <b>45.7</b>           | <b>100.0%</b>     | <b>126.1</b>          | <b>100.0%</b>     |

Source: IDC Worldwide Quarterly Wearable Device Tracker, March 30, 2015

**5G**

So far, telecom networking companies, operators and governments have earmarked hundreds of millions of dollars for research and development into 5G. Huawei plans to invest a minimum of \$600 million. The European Commission has set aside €700 million (\$767 million) ahead of 2020.

The industry aims to achieve a latency rate, or the speed at which two devices communicate with each other, of roughly one millisecond, from about 50 milliseconds for 4G. A reaction speed of one millisecond would enable driverless cars that could avoid potential accidents with other vehicles. Ultralow latency could also allow a doctor sitting in a hospital to conduct surgery at the scene of an accident via robotics.

Telecom operators also want to run more reliable networks when customers are traveling at speeds of roughly 300 miles an hour, allowing connectivity on high-speed trains. They aim to reach peak data-transmission speeds of 10 gigabits per second for 5G, thousands of times faster than current 4G speeds experienced by average users. At those rates, high-definition videos could be downloaded within seconds. However, this ecosystem of technology and mobile is not expected to become commercially viable till 2020.

**Summary:**

The advent of these 4 technologies will drive tremendous increase in data capacity build-out of networks. Sterlite is already well positioned to play an important role in this ecosystem through its optical

fiber based network solutions. In addition, these evolving technologies will bring exciting new opportunities for Sterlite to participate in the value chain.

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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.

# CREATING INDIA'S DATA EXPRESSWAY



4G or LTE (Long Term Evolution) is the fourth generation of mobile wireless technology which is capable of providing higher speed of 100Mbps under high mobility and 1Gbps under low mobility conditions. LTE is developed by 3rd Generation Partnership Project (3GPP) body and is well documented in Release 8 and 9. By end of April 2015, 393 LTE networks were deployed globally. GSA forecasts there will be 460 commercially launched LTE by end of 2015. As per Global mobile Supplier Association (GSA) reports, last year alone saw around 107 operators adding LTE feature into their networks globally. This simply means that on an average at least 2 LTE networks are getting added every week. Around 635 million LTE subscribers were present as on March 2015, which is around 7% of total global mobile subscriber base. A total of 3.7 billion LTE subscribers are expected by year 2020. LTE adoption is also the fastest amongst all previous mobile technologies, its adoption was 3 times faster than 3G.

LTE is designed to support voice as well as data in the packet domain. It is an all IP (Internet Protocol) network where Total Cost of Ownership (TCO) of service providers comes to around 20-25% less than 3G. LTE 4G technology is much more faster (50% reduction in latency leading to faster set-up times), spectrum efficient, has simplified network architecture with open interfaces and has comparatively lower power consumption than earlier 2G, 3G technologies. LTE supports flexible carrier

bandwidths, from 1.4MHz up to 20MHz as well as supports both FDD (Frequency Division Duplexing or Paired Spectrum) and TDD (Time Division Duplex or Unpaired Spectrum) mode of Operation. In India, LTE can be deployed using 1800MHz (Band 3), 2300MHz (Band 40) and recently auctioned 800MHz (Band 18 & 19) spectrum bands.

In Indian context, Airtel and Aircel have already launched LTE in few cities. Reliance JioInfocomm and Tikona Digital are expected to launch 4G services in second half of 2015 else they stand to get penalized for not meeting the minimum rollout obligations from telecom regulatory body. BSNL also has plans to launch LTE in later half of 2015. Most of other Indian telecom operators are already conducting trials or will undertake limited trials and pilots in 2015-16. It is expected that in near future the average download speed of 40 to 45 Mbps will become a norm. LTE device ecosystem is also developing at a faster rate. Although in its early days, India already has around 5.5 to 6 million LTE capable devices and around 85,000 active LTE users.

Presently in India, video contributes to around 40% of 10 Petabytes (PB) of monthly data traffic against the global average of 55%. Video consumption is estimated to be 65% of 600 PB of monthly data traffic by year 2020. It is believed and well known fact that a single smartphone user has the potential to put around 45 plus feature phone equivalent load on

existing network infrastructure. On an average, today, a 4G connection generates 10 times more data traffic than a non-4G connection. Even though global 4G connections stand at mere 7% of total mobile connections, yet its share is almost 40% of the entire mobile data traffic that was generated in 2014. The Government's Digital India and 100 Smart Cities by 2020 projects will start adding a huge number of various connected devices. Also not to forget the LTE-Advanced technology, which uses Carrier Aggregation Feature (where an operator can club multiple band carriers) to get much more speed than the traditional 4G LTE speed mentioned earlier, is already a global reality. Around 20 operators across 15 countries have already launched 300Mbps Category 6 LTE-Advanced (LTE-A) services. Are our Indian operators' 4G Network infrastructure or backhaul networks ready to support such non-linear data growth rates in coming years? This is the big question which needs to be answered honestly.

Typically, all existing operators have moved their core networks to high capacity 100Gbps rates. Though 100Gbps, 40Gbps and aggregation of optical 10Gbps capacities at metro layer is also increasing however the backhaul mobile capacity using fiber connectivity to support such high data rates are still in nascent stages. Operators are still running majority of their backhaul links on microwave, where very soon overloading will become a reality leading to increase in customer churn. Ideally very high percentage of

enodeBs or 4G base stations need to be fiberised to get an ubiquitous 4G experience. As compared to other developed nations like US and Canada, which have over 90% of their telecom towers connected with high speed fiber optic cables, India has only around 20% of towers that are fiberised and that too in urban areas. Telecom operators and tower infrastructure companies are adopting a cherry picking approach when it comes to tower fiberization. The access and backhaul networks need a very serious re-look. Backhaul capacity is expected to move to 200Mbps in next 2-3 years time line. Further high capacity and flexibility will be needed in next 5 or more years time once LTE uptake starts increasing. In order to stay competitive and ahead of the curve, a service operator will have no choice but to offer consistent high-speed services attractively packaged to its end users. Today customers expect very high quality of service which is not possible without investments on a robust and future proof network infrastructure.

Data usage is addictive and video consumption is not going to decrease, smartphone users and mobile shipments are only going to increase. Last year in India alone 258 million smartphones were shipped, out of which 73% were 3G capable devices. More and more multiband LTE devices are available at lower cost now than a year ago. The 4G device penetration in India is also expected to grow exponentially once the LTE services are offered by majority of Indian operators.

With easy availability of 4G devices to masses the data demand at every enodeB will surpass the supplied or configured capacities using microwave technologies. The role of fiber infrastructures will start becoming more and more crucial. Building of fiber infrastructures generally takes more time so it is very important that operator needs to be patient and think differently when it comes to fiber deployment. Today planned fiber network will start yielding huge dividends to operators in future and that too over longer period of time.

For India to be 4G ready in the true sense, not only there is an urgent need to upgrade the existing telecom infrastructure but also to overcome the mindset of extensively relying on microwave backhaul instead of fiber connectivity as first option. Fiber connectivity not only future proofs the infrastructure costs for 4G but for also upcoming LTE-A, 5G and subsequent technological advancements. Incidentally, the cumulative amount of fiber deployed in India today is about 70-80 million kms; while China has over 1 billion kms of fiber, so does the US. Conservative estimates indicate at least 400-500mn kms of fiber would be deployed over the next few years. To increase fiber penetration in India not only does one need to start laying cables during the construction of roads, but it will also need the right kind of policy framework and right-of-way (RoW) approach. As suggested by many industry experts an independent body to ensure single window clearance

for all fiber deployment projects are the need of the hour.

4G broadband wireless technologies like LTE offers tremendous potential to address India's broadband gap, increase the GDP output and in turn contribute to realize India's digital vision. Fiber infrastructures are national assets; they complement and are essential for a successful LTE rollout strategy. It is high time that fiber connectivity gets its due respect and the treatment it deserves.

#### ABOUT THE AUTHOR

**Tushar Belwal**  
**Manager-Application Engineering**  
**India Private Region**

Tushar joined Sterlite in 2013 and is responsible for extending engineering support to Tier-1 Telecom Service Providers across India Region. In a career spanning more than 12 years in Telecom domain, Tushar has been associated with Infosys Technologies Ltd, Tata Communications, Reliance Communications and others. He has completed his B.E in Electronics and Telecommunications from Mumbai University and Post Graduate Certification in Business Management (PGCBM) from XLRI, Jamshedpur.



# BOARD OF DIRECTORS



**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 Vedanta Limited. He has over three decades of experience in business strategy, general management and commercial matters.



**PRAVIN AGARWAL**  
*Vice Chairman & 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.



**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.



**ARUN TODARWAL**  
*Non-Executive & Independent Director*

Arun Tadarwal, partner of Tadarwal & Tadarwal, 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.



**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.

**AVAANTIKA KAKKAR**  
*Non-Executive & Independent Director*

Avaantika Kakkar is a corporate and commercial lawyer and is currently partner and co-head of the competition/anti-trust law practice of Khaitan & Co. She has significant experience with structured finance, foreign direct investment in real estate, private equity and on-market and off market acquisition transactions and joint ventures.



**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.

**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.





L-R 1) KAMAL SEHGAL 2) VIMAL MALHOTRA 3) RAJENDRA MISHRA 4) ANKIT AGARWAL 5) K. S. RAO 6) PRATIK AGARWAL 7) PRAVIN AGARWAL

# EXECUTIVE COMMITTEE

## **KAMAL SEHGAL** Leader - Business Excellence

1

Kamal Sehgal joined Sterlite in 2012 and spearheads business excellence initiatives enterprise wide. He holds over 21 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

2

Vimal Malhotra joined Sterlite in 2008 and heads Human Resources. He has over 17 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.

## **PRAVIN AGARWAL** Vice Chairman & Whole-time Director

7

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

8

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

9

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.



8) DR. ANAND AGARWAL 9) ANUPAM JINDAL 10) AJAY BHARDWAJ 11) PANKAJ PRIYADARSHI 12) ARINDAM HALDAR 13) PRASANTH PULIAKOTTU

**RAJENDRA MISHRA** **3**  
**COO, Power Cables Business**

Rajendra Mishra joined Sterlite in 2008 and is responsible for the Power Cables Business. In a career spanning over 25 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.

**ANKIT AGARWAL** **4**  
**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.

**K. S. RAO** **5**  
**COO, Power & Telecom Business**

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** **6**  
**Business Head, Transmission Networks**

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

**AJAY BHARDWAJ** **10**  
**President, Grid Business**

Ajay Bhardwaj joined Sterlite in 2011 and is responsible for the Power Infrastructure Business. In a career spanning 31 years, he has worked in senior capacities in various organizations in India on projects in Transmission and Distribution, Telecom and Energy Management Systems. He has completed Electrical Engineering from IIT-Roorkee.

**PANKAJ PRIYADARSHI** **11**  
**CCO**

Pankaj Priyadarshi joined Sterlite in January 2012. With over 29 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.

**ARINDAM HALDAR** **12**  
**CMO**

Arindam Haldar joined Sterlite in December 2014 and heads the Marketing & Communication function for STL as its Chief Marketing Officer. He comes with 20 years of experience across Global Fortune 500 companies in a variety of Sales, Marketing and Business Head roles. Arindam has completed Mechanical Engineering from IIT-Kharagpur, and an MBA from IIM-Calcutta.

**PRASANTH PULIAKOTTU** **13**  
**CIO**

Prasanth Puliakottu joined Sterlite in 2009 and is responsible for Standardization, Automation, and Integration of Business Processes. In a career spanning 21 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.

# PIONEERS OF LAST MILE HIGH SPEED FIBRE ACCESS IN INDIA



**FiON**<sup>TM</sup>  
POWERED BY STERLITE

First organized private player in India providing last mile access solution through FTTx, known as FiON™ with the objective to provide Ultra-high speed broadband connectivity. With a dedicated team, clear & aggressive roadmap backed by strong & committed alliance partners, FiON™ foresees a revolution in high speed broadband and is committed to make the country future ready.

- Largest base of FTTx homes of 165,000 across 6 major cities
- Indigenous expertise to deploy the best fibre infrastructure
- Superior & futuristic technology with Triple Play solution offering i.e Voice + Data + Video with speeds up to 100 Mbps

# DIRECTORS' REPORT

To the Members,

Your Directors are pleased to present the Annual Report for the Financial Year 2014-15 together with the audited accounts of the Company for the year ended March 31, 2015.

## Financial Summary / highlights

| Particulars   | ₹ in Crores |         |
|---|-------------|---------|
|   | 2014-15     | 2013-14 |
| Net Revenue from Operations                         | 3030        | 2726    |
| Profit / (Loss) before Interest, Depreciation & Tax | 386         | 271     |
| Less: Interest                                      | 179         | 95      |
| Less: Depreciation and amortization expense         | 108         | 103     |
| Net Profit/(Loss) before taxation                   | 99          | 73      |
| Total Tax Expenses                                  | 15          | 23      |
| Net Profit / (Loss) for the year after tax          | 84          | 50      |
| Balance carried forward from previous year          | 743         | 772     |
| Amount available for appropriation                  | 827         | 822     |
| <b>APPROPRIATIONS</b>                               |             |         |
| Transfer to General Reserve                         | -           | 3       |
| Transfer to Debenture Redemption Reserve            | 50          | 63      |
| Proposed Final Dividend                             | 24          | 12      |
| Provision for Tax for Dividend                      | 5           | 2       |
| Balance carried forward to the next year            | 749         | 743     |

## PERFORMANCE

Fiscal Year 2014-15 closed with Revenues of ₹3030 Crores, EBITDA of ₹386 Crores, PAT of ₹84 Crores and EBITDA margins of 13%. The telecom business had revenues of ₹1530 Crores at an EBITDA margin of 23% and the power business had revenues of ₹1500 Crores at an EBITDA margin of 3%.

## MATERIAL EVENTS SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENTS

### A. CORPORATE RESTRUCTURING

In the Board Meeting held on May 18, 2015, the Board of Directors ("The Board") of the Company has approved a Corporate Restructuring plan. As a result of this restructuring, Sterlite Technologies Limited ("STL") will become a pure-play Telecom Products & Solutions company providing Broadband Solutions for Fully Converged Networks. The Board approved to demerge the Power Products Business and the Power Transmission Grid Business into a separate entity named 'Sterlite Power Transmission Ltd.' ("SPTL").

The Chairman of the Company, Mr. Anil Agarwal, believes that the proposed restructuring is an important step in the direction of our vision to create two unique pure-play business entities, one focused on Broadband Solutions for Converged Networks and other focused on providing Solutions and Creating

World Class Power Transmission Infrastructure. Both these businesses will be attractively positioned to play an integral role in development of the country through several initiatives like 'Digital India' and 'Power 24x7'.

The corporate restructuring is viewed by the Company as a potential value creator for all shareholders combined with an objective of bringing a sharper and independent focus on both the segments, which have reached a certain scale and addressing two distinct opportunities of sustainably large magnitudes. It will essentially provide two separate and distinct platforms, one for Telecom business, which is in a high growth stage on the backdrop of huge data consumption opportunity and the other for Power business, which will be a strategic vehicle for creation of infrastructure assets in the growing transmission sector.

Considering the differentiated attributes, the inherent business models and capital requirement of each of these businesses, the equity shares of the telecom business will continue to be publicly listed, while those of the newly formed power business will remain unlisted. The decision to keep the equity shares of the power business unlisted is in line with the global model for such infrastructure companies, which are not amiable to quarterly public market reporting

requirements and need operational freedom and capital structure flexibility. Accordingly, this restructuring will essentially allow investors the choice to continue to be associated with all these businesses, or only specifically invest in businesses that best suit their respective investment philosophy. It also creates an opportunity for value discovery of each business independent of the other. The restructuring has been undertaken after careful consideration and review by the Board and also echoes the feedback received from the investor community.

Once the demerger scheme is effective, after due regulatory approvals, shareholders of STL will continue to retain their equity share of ₹ 2 each in STL (pure-play Telecom Company). Additionally, for every five equity share of ₹2 each held in STL, the shareholders will have an option to receive one equity share of ₹2 each of SPTL issued at a premium of ₹110.30 or one Redeemable Preference Share (RPS) of ₹2 each issued at a premium of ₹110.30 each. The shareholders will have the option of continuing to be invested in SPTL or redeeming the RPS through liquidity options. The RPS will be redeemable within 30 days of issue, if opted for. The value of SPTL has been decided by the Board based on the recommendation of 2 reputed Independent Valuers (Price Waterhouse & Co. LLP and Haribhakti & Co. LLP).

The value of the demerged undertaking after taking into consideration the allocation of debt would be ₹885 crores, implying a value of ₹22.46 per equity share of STL. Post this, as of 31st March 2015, on a proforma basis, STL will retain a consolidated net debt of ₹674 crores against a pre-restructuring consolidated net debt of ₹4,881 crores. The share entitlement ratio report has been prepared by Price Waterhouse & Co. LLP with a fairness opinion done by Axis Capital who are acting as financial advisers to STL. The Company has also appointed BSR and Co. as tax advisors and Khaitan & Co. as legal advisors to the proposed transaction.

The Appointed Date for the demerger is April 1, 2015, and the demerger is expected to be completed by Q4, FY16. The proposed Corporate Restructuring is subject to approval by the High Court, SEBI, Shareholders of STL, its creditors and other relevant regulatory authorities.

## **B. SHIFTING OF REGISTERED OFFICE OF THE COMPANY**

In furtherance of the proposed Demerger Scheme of the Company and considering large shareholders base in Maharashtra, the Board of Directors of the Company in the meeting held on May 18, 2015 has, subject to statutory approvals, approved the shifting of registered office of the Company from Survey No. 68/1, Rakholi Village, Madhuban Dam Road 396 230, Union Territory of Dadra & Nagar Haveli, India to E-1, Waluj, MIDC Industrial Area, Aurangabad-431 136, Maharashtra, India.

## **DIVIDEND**

The Board of Directors are pleased to recommend a dividend of 30% (₹ 0.60 per share of ₹ 2/- each) for the Financial Year 2014-15. The distribution of dividend will result in payout of ₹ 23.64 Crores excluding tax on dividend. The dividend payout is subject to approval of members at the ensuing Annual General Meeting. The Company proposed to carry nil amount to reserves for the FY 2014-15. The dividend will be paid to members whose names appear in the Register of Members as on the Record Date and in respect of shares held in dematerialized form, it will be paid to members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited, as beneficial owners as on that date. The dividend payout for the year under review has been formulated in accordance with the Company's policy to pay sustainable dividend linked to long term growth objectives of the Company to be met by internal cash accruals.

## **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.

## **BOARD MEETINGS**

During the Financial Year 2014-15, six meetings of the Board of Directors were held on April 30, 2014; July 04, 2014; July 31, 2014; September 30, 2014; October 31, 2014 and January 22, 2015. 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.

## **COMPOSITION OF AUDIT COMMITTEE**

The Board has constituted the Audit Committee which comprises of Mr. Arun Todarwal as the Chairman, Mr. A R Narayanaswamy, Mr. C V Krishnan and Mr. Pravin Agarwal as the members. More details on the Committee are given in the Corporate Governance Report. The Board of Directors has accepted all the recommendations given by Audit Committee during the FY 2014-15.

## **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

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, Mr. Pravin Agarwal, 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 and Clause 49 of the Listing Agreement, the Company in its last Annual General Meeting appointed Mr. Arun Todarwal, 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.

During the year under review, Mr. Haigreve Khaitan, Non-Executive Independent Director of the Company, due to pre-occupation, has tendered his resignation from the office of Director of the Company. The Company expresses its appreciation for the assistance and guidance provided by Mr. Haigreve Khaitan during his tenure as Director of the Company.

Pursuant to provisions of Section 149 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board of Directors of the Company appointed Ms. Avaantika Kakkar as Additional Director of the Company in the capacity of "Non-Executive Independent Director" effective from December 29, 2014. Ms. Kakkar has experience in structured finance, foreign direct investment, private equity, acquisition transactions and joint ventures. According to Section 161 of the Companies Act, 2013, Ms. Kakkar will hold the office of Director up to date of ensuing Annual General Meeting. The Company has received Notice of Candidature from Ms. Avaantika

Kakkar along with deposit amount of ₹ 1,00,000/- in which she expressed her intention to propose her candidature for being appointed as a Non-Executive Independent Director of the Company at ensuing Annual General Meeting of the Company. It is proposed to appoint Ms. Avaantika Kakkar as Independent Directors of the Company for a term of 5 (five) years commencing from December 29, 2014.

A brief resume, expertise, shareholding in your Company and details of other directorships of these directors are given in the Corporate Governance Report.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under the Companies Act, 2013 and Clause 49 of the Listing Agreement with the Stock Exchanges.

The Board of Directors of the Company is committed to assessing its own performance as a Board in order to identify its strengths and areas in which it may improve its functioning. To that end, the Nomination and Remuneration Committee has established the processes for evaluation of performance of Independent Director and the Board.

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit, Nomination & Remuneration and other Committees. A structured evaluation was conducted after taking into consideration inputs received from the Directors, covering various aspects of the Board's plus knowledge to perform the role, time and level of participation, performance of duties, level of oversight, professional conduct and independence.

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The Nomination & Remuneration Policy details are stated in the Corporate Governance Report.

Pursuant to Section 203 of the Companies Act, 2013 and rules made there under, the Board of Directors of the Company in its meeting held on April 30, 2014 has appointed following persons as Key Managerial Personnel of the Company with the effect from April 1, 2014.

1. Dr. Anand Agarwal – Chief Executive Officer
2. Mr. Anupam Jindal – Chief Financial Officer
3. Mr. Amit Deshpande – Company Secretary

## **DIRECTORS' RESPONSIBILITY STATEMENT**

In pursuance of Section 134 (5) of the Companies Act, 2013 (the Act), the Directors state that:

- a) In the preparation of the annual accounts for the year ended March 31, 2015, the applicable

accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;

- b) the Directors have selected such accounting policies and applied them consistently and made judgements 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, 2015 and of the profit of the Company for the year ended on that date;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors have prepared the annual accounts on a 'going concern' basis;
- e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

**SUBSIDIARIES AND JOINT VENTURES**

A report on the performance and financial position of each of the subsidiaries and joint venture companies as per the Companies Act, 2013 is provided as part of the consolidated financial statement and hence not repeated here for the sake of brevity. During the year under review, following are the details of the companies which have become or ceased to be Company's subsidiaries or joint ventures companies –

- A) Companies which have become subsidiaries during the Financial Year 2014-15 –
  - Sterlite Power Grid Ventures Limited
  - Sterlite Grid 3 Limited
  - NRSS XXIX Transmission Limited
  - Sterlite Power Technologies Private Limited
  - Sterlite Display Limited
- B) Companies which ceased to be subsidiaries during the Financial Year 2014-15 – Nil
- C) Companies which have become/ceased to be a joint venture or associate during the Financial Year 2014-15 - Nil

As per the listing agreement, a policy on material subsidiaries as approved by the Board of Directors, may be accessed on the company's website: [www.sterlitetechnologies.com](http://www.sterlitetechnologies.com)

**RELATED PARTY TRANSACTIONS**

All related party transactions that were entered into during the financial year were on an arm's length basis

and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. All Related Party Transactions are placed before the Audit Committee for approval. Prior omnibus approval of the Audit Committee is obtained on an annual basis for the transactions which are of a foreseen and repetitive nature. The transactions entered into pursuant to the omnibus approval so granted are audited and a statement giving details of all related party transactions is placed before the Audit Committee for its approval on a quarterly basis. The Company has developed a Related Party Transactions Manual, Standard Operating Procedures for purpose of identification and monitoring of such transactions. The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website. None of the Directors has any pecuniary relationships or transactions vis-à-vis the Company.

The details of the transactions with Related Parties are provided as **Annexure V** to the Directors' Report.

**ACCOUNTS**

In terms of Section 136(1) of the Companies Act, 2013, 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 financial statements 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 financial statements 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 financial statements of subsidiaries to any shareholder on demand. The financial statements of the subsidiary companies will also be available on the website of the Company: [www.sterlitetechnologies.com](http://www.sterlitetechnologies.com)

Additionally, the physical (hard) copies of the statement containing the salient features of all the documents, as prescribed in sub-section (1) to Section 136 of the Companies Act, 2013, 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 or to Registrar & Transfer Agents on its address as appearing in Corporate Governance section of this Annual Report.

**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 over Note No. 45 (A) in Notes to Accounts regarding demand of excise duty and penalty amounting to ₹ 188 crores is self-explanatory and does not require further comment.

In the year 2004-05 CESTAT upheld the demand of ₹ 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.

**REVISION OF ACCOUNTS FOR FY13-14**

Your Company claims deduction for its R&D expenditure under provisions of the Income Tax Act, 1961 for which one of statutory requirement is to maintain the R&D expenditure separately in notes to accounts in the Annual Report.

In view of the above and in order to enable the Company to claim benefit of exemption, the Board of Directors in its meeting held on May 18, 2015 approved the revised annual accounts for the Financial Year ended March 31, 2014, incorporating the revised notes to the accounts and accordingly, the statutory auditors of the Company had issued their revised report thereto.

Approval of the shareholders to the revised annual accounts for the financial year ended March 31, 2014, pursuant to applicable law, is also being sought and is included as part of the Notice convening the Annual General Meeting.

#### STATUTORY AUDITORS

M/s. S R B C & 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 B C & Co. LLP, Chartered Accountants are Statutory Auditors of the Company from the Financial Year 2007-08. Considering the transition period allowed by Companies Act, 2013, M/s S R B C & Co., LLP can be appointed as the Statutory Auditors of the Company for a period of 2 years (FY 2015-16 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 Annual General Meeting of the Company for the FY 2016-17. The Company has received intimation to the effect that, proposed re-appointment, if made, would be within the prescribed limit. As required under Clause 41 of the Listing Agreement, the auditors have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

#### COST AUDITORS

Pursuant to Section 148 of the Companies Act, 2013 read with The Companies (Cost Records and Audit) Amendment Rules, 2014, the cost audit records maintained by the Company in respect of its Telecom and Power products are required to be audited. Your Directors had, on the recommendation of the Audit Committee, appointed Mr. Kiran Naik, Cost Accountant, to audit the cost accounts of the Company for the financial year 2015-16 on a remuneration of ₹ 2.25 lakhs. Mr. Kiran Naik has confirmed that his appointment is within the prescribed limits. As required under the Companies Act, 2013, the remuneration payable to the cost auditor is required to be placed before the Members in a general meeting for their ratification. Accordingly, a resolution seeking Members' approval for the remuneration payable to Mr. Kiran Naik, Cost Auditor is included as part of the notice convening the Annual General Meeting.

#### SECRETARIAL AUDIT REPORT

Pursuant to Section 204 of the Companies Act, 2013, Dr. K.R. Chandratre, Practicing Company Secretary, was appointed to conduct the Secretarial Audit for the Financial Year ended March 31, 2015. The Secretarial Audit Report for the Financial Year ended March 31, 2015 is annexed herewith as **Annexure III**. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

#### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The Company has documented a robust and comprehensive internal control system for all the major processes to ensure reliability of financial reporting, timely feedback on achievement of operational and strategic goals, compliance with policies, procedures, laws and regulations, safeguarding of assets and economical and efficient use of resources. The formalized system of control facilitates effective compliance as per Clause 49 of Listing Agreement and relevant provisions of Companies Act, 2013.

To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee of the Board. The Internal Audit function monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company and its subsidiaries. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions there on are presented to the Audit Committee of the Board. The Audit Committee also met the Company's Statutory Auditors to ascertain their views on the financial statements, including financial reporting system, compliance to accounting policies and procedures, the adequacy and effectiveness of internal controls and systems followed by the Company.

#### BUSINESS RISK MANAGEMENT

In line with the new regulatory requirements, the Company has formally framed a Risk Management Plan to identify and assess the risk areas, monitor and report compliance and effectiveness of the policy and procedure. A detailed exercise is being carried out to identify, evaluate, manage and monitoring of both business and non-business risk. This plan seeks to create transparency, minimize adverse impact on the business objectives and enhance the Company's competitive advantage. The business risk plan defines the risk management approach across the enterprise at various levels including documentation and reporting. The plan has different risk models which

help in identifying risk trends, exposure and potential impact analysis at a Company level as also separately for business segments viz. Telecom and Power. The Audit Committee and Board of Directors periodically review the risks and suggest steps to be taken to control and mitigate the same through a properly defined framework. Details of Risk Management are presented in a separate section forming part of the Annual Report.

#### VIGIL MECHANISM/WHISTLE BLOWER POLICY

The Company has a vigil mechanism named Whistle Blower (WB) Policy to deal with instances of fraud and mismanagement, if any. The details of the WB Policy is explained in the Corporate Governance Report and also posted on the website of the Company.

#### CORPORATE GOVERNANCE

The Report on Corporate Governance certifying the compliance of Clause 49 of the Listing Agreement is included in the Annual Report. The requisite certificate from the Auditors of the Company confirming compliance with the conditions of corporate governance is attached to the report on Corporate Governance.

#### EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT 9 is annexed herewith as **Annexure IV**.

#### NON-CONVERTIBLE DEBENTURES

In addition to the Non-Convertible Debentures issued by the Company in FY 2013-14, the Company has raised ₹ 200 Crores by issuing further Secured, Rated, Listed, Redeemable, Non-Convertible Debentures (NCDs). The Company has maintained 100% asset cover sufficient to discharge the principal amount at all times for its NCDs. The Debentures are listed on the debt segment of BSE Limited 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

#### PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

## 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 134(3)(m) of the Companies Act, 2013 read with Rule 8 of The Companies (Accounts) Rules 2014, is given as **Annexure I** and forms part of the Directors' Report.

## PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules are provided in the full Annual Report. Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in the full Annual Report. Details are provided as **Annexure VII** of this report.

Having regard to the provisions of the first proviso to section 136 (1) of the act and as advised, the annual report excluding the aforesaid information is being sent to the members of the Company. The said information is available for inspection at the registered office of the Company during working hours and any member interested in obtaining such information may write to the Company Secretary or Registrar and Transfer Agent and the same will be furnished on request. The full annual report including the aforesaid information is being sent electronically to all those members who have registered their email address and is available on the Company's website.

## 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 2,34,720 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 14 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. The paid up Equity Share Capital as on March 31, 2015 was ₹ 78.81 Crores divided into 39.41 Equity Shares of ₹ 2 each. The Company has received a certificate from the Auditors of the Company that the Scheme has been implemented in accordance with the SEBI Regulations 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 (which are still applicable as the relevant sections under the Companies Act, 2013 are yet to be notified), 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 19, 2014 (date of last Annual General Meeting) on the website of the Company ([www.sterlitechtechnologies.com](http://www.sterlitechtechnologies.com)), as also on the Ministry of Corporate Affairs website.

## CORPORATE SOCIAL RESPONSIBILITY

The Board has constituted Corporate Social Responsibility (CSR) Committee which comprises of Mr. Arun Todarwal, Chairman, Mr. A.R. Narayanaswamy, Mr. Pravin Agarwal and Dr. Anand Agarwal, Members. The Board has also approved a CSR policy on recommendations of CSR Committee.

As part of its initiatives under "Corporate Social Responsibility, the Company has undertaken projects in the areas of Education, Health, Women Empowerment and Community Development during FY2014-15.

During the year, the Company has spent ₹ 1.35 crore (around 2.05% of the average net profits of last three financial years) on CSR activities. The Annual Report on CSR activities is annexed here with as "**Annexure VI**".

## GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

- The Company has not accepted any deposits from the public or otherwise in terms of Section 73 of the Companies Act, 2013 read with Companies (Acceptance of Deposit) Rules, 2014.
- Issue of equity shares with differential rights as to dividend, voting or otherwise.
- Neither the Managing Director nor the Whole-time Directors of the Company receive any remuneration or commission from any of its subsidiaries.
- No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
- No cases filed pursuant to the Sexual Harassment

of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

## 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

Vice Chairman & Whole-time Director

### Anand Agarwal

CEO & Whole-time Director

Place: Pune

Date: May 18, 2015

## ANNEXURE - I TO THE DIRECTORS' REPORT

Particulars of Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo required under the Companies (Accounts) Rules, 2014 for the year ended March 31, 2015.

### A. CONSERVATION OF ENERGY

#### 1. The steps taken or impact on conservation of energy:

- i. To tap on the potential of energy saving and keep monitoring the opportunities for optimizing energy usage, the optical fiber cables plant at Silvassa installed energy management system which gives real time analysis of power consumption. An APFC panel is installed to improve Power Factor. Insulation of chilled water pipe line to maintain the temperature of chiled water & to reduce the load of chiller plant (OFC). A few other initiatives to stop the water & air leakages in FG were also taken
- ii. At the power conductors plant at Silvassa, a number of initiatives resulted in saving of close to 75000 units/year. The measures taken are, replacing casting dc motor and drive system with ac motor and VFD for rolling mill, installation of auto temperature controller to stop the Heat Exchanger pump according to emulsion temperature, batch wise temperature monitoring for holding furnace in rolling mill, cooling tower fan auto controlling, Installation of VFD's in steel spooler and aluminium spooler in place of eddy current system and dol starter
- iii. At the optical fiber plants at Shendra and Waluj in Aurangabad, Introduction of cooling water instead of chilled water in furnace cooling application could realize 7.66 Lac units/year. Additional savings of 3.56 lac units/year were achieved through introduction of direct drive instead of belt drive at thermoset scrubber, reduction of effluent generation at HCL and Chlorine scrubber and introduction of chilled water instead of Brine for process cooling.

#### 2. The steps taken by the Company for utilizing alternate sources of energy

With an objective to maximize use of natural energy sources, Project Jyoti was launched. Under the project, the shop floors were observed from the perspective of energy usage. For maximizing the usage of sunlight in the day, FRP transparent sheets in plant shed were installed at the optical fiber cables plant, Silvassa. This resulted in saving the use of electrical lamps.

#### 3. The capital investments on energy conservation equipment's

- i. At optical fiber cables plant, old UPS batteries for better back up at time of power cut were replaced.
- ii. FRP blowers at thermoset scrubber were replaced with an investment of ₹40 Lac
- iii. At the Waluj plant, cooling water system along with plate heat exchanger was installed for process cooling with an investment of ₹28 Lacs

### B. TECHNOLOGY ABSORPTION

#### 1. The efforts made towards technology absorption

- i. At the optical fiber cables plant, a water softening plant (RO plant) has been started to enable use of soft water in processes & removal of hazardous chemical from it, centralize hot water system was put in place for FG first water through to maintain hot water supply to reduce pin hole effect and DG synchronization panel was enabled to share the load of individual DG in case of high load. At optical fiber plant in Aurangabad, annealing furnace and super coating for product quality enhancement were introduced.
- ii. In the Power Transmission Business, first commercial order of STACIR (Invar) using in-house STAL rod has been manufactured and supplied, HPC- ACSS Conductor has been manufactured and supplied to renewable energy segment as a replacement to conventional ACSR conductor for high performance.

#### 2. The benefits derived like product improvement, cost reduction, product development or import substitution

Introduction of specialized products developed throughout the year, such as ribbon ADSS with a phenomenal 1152 fiber count, have enabled the Company to gain market access through product differentiation. The introduction of a differentiated portfolio of optical fiber products has provided the Company opportunities to access higher revenues as well as margins via different segments of a fast-growing telecom market.

At optical fiber cables plant in Silvassa, higher fiber count cables reduced the installation costs with Ribbon and Totally Gel-free cables. Chances of

damage during transport by hybrid drum were reduced. By means of hybrid packing, shelf of packing material and FG was increased. Micro-duct Fiber Optic Cables saved some capex for the customer, on account of reduced installation costs. Some key product developments of the last year such as Cat6a and Cat7 cables and continuous improvements this year gave Company good margins and are helping increase global customer base.

#### 3. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)

Not Applicable.

#### 4. The expenditure incurred on Research and Development (₹ in Crores)

- i. Capital – 0.49
- ii. Recurring – 7.85
- iii. Total – 8.34
- iv. Total R&D expenditure as a % of total turnover- 0.26%

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

Foreign Exchange Actual Inflow: ₹ 1085.50 Crores

Foreign Exchange Actual Outflow: ₹ 1107.48 Crores

## ANNEXURE - II TO THE DIRECTORS' REPORT

Statement as on March 31, 2015 for Employee Stock Option Scheme, 2006 and 2010 as required under Clause 14 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

| S. No. | Particulars  | 2006 Scheme   |                | 2010 Scheme   |               |       |       |
|--------|--|---|----------------|---|---------------|-------|-------|
|        |  | Date of Grant   | No. of Options | Date of Grant   | Date of Grant |       |       |
| 1      | Options Granted  | Total 69,46,750 options were granted as on March 31, 2015 the details of which are as follows |                | Total 1,43,31,200 options were granted as on March 31, 2015 the 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      | 30.04.2014  | 37,13,800     |       |       |
|        |  | 14.06.2008  | 2,55,500       | 30.03.2015  | 57,24,600     |       |       |
|        |  | 26.06.2009  | 24,19,000      |   |               |       |       |
| 2      | Pricing formula  | Options vest at a nominal value i.e. ₹ 2 per option   |                |   |               |       |       |
| 3      | Options vested   | 29,66,727   |                | 5,42,432  |               |       |       |
| 4      | Options exercised  | 29,25,252   |                | 4,10,914  |               |       |       |
| 5      | Total number of ordinary shares arising as a result of exercise of Options   | 29,25,252   |                | 4,10,914  |               |       |       |
| 6      | Options Lapsed   | 39,67,955   |                | 53,32,410   |               |       |       |
| 7      | Variation of terms of option   | None  |                | None  |               |       |       |
| 8      | Money raised by exercise of option   | ₹ 29,25,252/-   |                | ₹ 8,21,828/-  |               |       |       |
| 9      | Total number of options in force   | 53,551  |                | 85,87,876   |               |       |       |
| 10     | Employee-wise details of options granted to  |   |                |   |               |       |       |
| 1      | Number of options granted to Senior Managerial Personnel   |   |                |   |               |       |       |
| I      | Dr. Anand Agarwal<br>CEO & Whole-time Director   | 3,79,500  |                | 6,30,000  |               |       |       |
| 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)  | ₹ 2.12  |                | ₹ 2.12  |               |       |       |
| 12     | Method of Calculation of Employee Compensation Cost<br>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.<br>Weighted Average exercise price (per option)<br>Weighted Average Fair value (per option) | ₹ 2   |                | ₹ 2   |               |       |       |
|        |  |   |                | Grant I - ₹ 25.87   |               |       |       |
|        |  |   |                | Grant II - ₹ 29.77  |               |       |       |
|        |  |   |                | Grant III - ₹ 28.22   |               |       |       |
|        |  | ₹ 35.23   |                | Grant IV - ₹ 48.66  |               |       |       |
| 14     | A description of method and significant assumptions used during the year to estimate the fair values of options<br>The fair value of each option is estimate using the Black Scholes Option Pricing model after applying following weighted average Assumptions                          |   |                |   |               |       |       |
|        |  | GRANT   |                | GRANT   |               |       |       |
|        |  | V   |                | I   | II            | III   | IV    |
|        | 1. Risk Free Interest rate (%)   | 6.05  |                | 8.33  | 8.04          | 8.66  | 7.84  |
|        | 2. Expected Life (yrs)   | 1.5   |                | 1.5   | 1.5           | 1.7   | 1.7   |
|        | 3. Expected Volatility (%)   | 77.57   |                | 48.31   | 53.93         | 44.41 | 51.55 |
|        | 4. Expected Dividend Yield (%)   | 0.60  |                | 0.73  | 0.79          | 0.79  | 0.59  |
|        | 5. The price of underlying share at the time of grant (₹)  | 35.23   |                | 25.87   | 29.77         | 30.40 | 55.60 |

## ANNEXURE - III TO THE DIRECTORS' REPORT

## SECRETARIAL AUDIT REPORT

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To The Members

Sterlite Technologies Limited  
Survey No.68/1, Madhuban Dam Road, Rakholi – 396  
230, Union Territory of Dadra & Nagar Haveli, India.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Sterlite Technologies Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31 March 2015 ('Audit Period'), the Company has complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :-
  - (a) The Securities and Exchange Board of India

(Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 **(Not applicable to the Company during the Audit Period);**
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not applicable to the Company during the Audit Period);** and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **(Not applicable to the Company during the Audit Period).**
- (vi) No law is specifically applicable to the Company.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India  
**(Not notified hence not applicable to the Company during the audit period).**
- (ii) The Listing Agreements entered into by the Company with Stock Exchanges.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**I further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on

agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

**I further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**I further report that** during the audit period:

- (a) The Company passed the following resolutions in the Annual General Meeting held on August 19, 2014 ("the AGM") under section 180 of the Act:
  - Creation of Charge / Mortgage etc. on Company's movable or immovable properties, in terms of Section 180(1)(a) of the Companies Act, 2013. (Special Resolution).
  - Enhancement of Borrowing Limit in terms of Section 180(1)(c) of the Companies Act, 2013. (Special Resolution).
  - To offer or invite for subscription of Non-Convertible Debentures in terms of section 180(1)(c) of the Companies Act, 2013 on private placement basis. (Special Resolution).
- (b) The Company also passed the following resolution in the AGM:

Raising of the funds through Qualified Institutions Placement (QIP)/ External Commercial Borrowings (ECBs) with rights of conversion into Shares/ Foreign Currency Convertible Bonds (FCCBs)/American Depository Receipts (ADRs)/ Global Depository Receipts (GDRs) /Optionally or Compulsorily Convertible Redeemable Preference Shares (OCPs/CCPs) etc. pursuant to Section 62 of Companies Act, 2013. (Special Resolution).

**Dr. KR Chandratre**

FCS No. 1370, CP No: 5144

**Place:** Pune

**Date:** May 18, 2015

# ANNEXURE - IV TO THE DIRECTORS' REPORT

Form No. MGT-9

## EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31.03.2015

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

### I. REGISTRATION AND OTHER DETAILS:

- i) CIN: - L31300DN2000PLC000340
- ii) Registration Date: March 24, 2000
- iii) Name of the Company: Sterlite Technologies Limited
- iv) Category / Sub-Category of the Company: Public Company / Limited by shares
- v) Address of the Registered office and contact details  
Survey No. 68/1, Rakholi Village, Madhuban Dam Road  
Silvassa, Dadra Nagar Haveli -396230  
Tel: +91-260-6612053 | Fax +91-260-6612013
- vi) Whether listed company Yes
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any  
Karvy Computershare Private Limited  
Karvy Selenium, Tower B, Plot number 31 & 32, Financial District  
Gachibowli, Hyderabad 500 008 | India | Tel: +91-040-67161524

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

| S. No. | Name and Description of main products / service | NIC Code of the Product/ service* | % to total turnover of the company |
|--------|---|-----------------------------------|------------------------------------|
| 1.     | Power transmission conductors                   | 3499                              | 42                                 |
| 2.     | Fiber optic cables                              | 3890                              | 30                                 |

\* As per IEM issued from Department of Industrial Policy and Promotion Ministry of Commerce ,New Delhi.

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

| S. No. | Name and Address of The Company   | Holding/ Subsidiary/ Associate | % of Shares held | Applicable Section | CIN                   |
|--------|---|--------------------------------|------------------|--------------------|-----------------------|
| 1.     | Sterlite Power Grid Ventures Limited<br>Survey No 68/1, Rakholi Village, Madhuban Dam Road, Silvassa, Dadra Nagar Haveli-396230   | Subsidiary                     | 96.15%           | 2 (87)             | U33120DN2014PLC000454 |
| 2.     | Sterlite Grid Limited<br>4th Floor, Godrej Millennium, 9, Koregaon Road, Pune, Maharashtra-411001                                 | Subsidiary                     | 96.15%           | 2 (87)             | U40104PN2010PLC135953 |
| 3.     | Sterlite Grid 2 Limited<br>E-1, MIDC, Waluj, Aurangabad, Maharashtra-431136   | Subsidiary                     | 96.15%           | 2 (87)             | U74999MH2005PLC153211 |
| 4.     | Sterlite Grid 3 Limited<br>4th Floor, Godrej Millennium, 9, Koregaon Road, Pune, Maharashtra-411001                               | Subsidiary                     | 96.15%           | 2 (87)             | U29130PN2014PLC152212 |
| 5.     | East North Interconnection Company Limited<br>F-1, The Mira Corporate Suites, 1 & 2 Ishwar Nagar, Mathura Road, New Delhi -110065 | Subsidiary                     | 98.11%           | 2 (87)             | U40102DL2007PLC158625 |
| 6.     | Bhopal Dhule Transmission Company Limited<br>F-1, The Mira Corporate Suites, 1 & 2 Ishwar Nagar, Mathura Road, New Delhi -110065  | Subsidiary                     | 96.15%           | 2 (87)             | U40102DL2009PLC194071 |

|     |   |            |        |        |                           |
|-----|---|------------|--------|--------|---------------------------|
| 7.  | Jabalpur Transmission Company Limited<br>F-1, The Mira Corporate Suites, 1 & 2 Ishwar Nagar,<br>Mathura Road, New Delhi - 110065                                | Subsidiary | 96.15% | 2 (87) | U40108DL200<br>9PLC194057 |
| 8.  | RAPP Transmission Company Limited<br>F-1, The Mira Corporate Suites, 1 & 2 Ishwar Nagar,<br>Mathura Road, New Delhi - 110065                                    | Subsidiary | 96.15% | 2 (87) | U40105DL201<br>2GOI246546 |
| 9.  | Purulia & Kharagpur Transmission Company Limited,<br>F-1, The Mira Corporate Suites, 1 & 2 Ishwar Nagar,<br>Mathura Road, New Delhi 110065.                     | Subsidiary | 96.15% | 2 (87) | U40105DL201<br>2GOI246263 |
| 10. | NRSS XXIX Transmission Limited,<br>F-1, The Mira Corporate Suites, 1 & 2 Ishwar Nagar,<br>Mathura Road, New Delhi 110065.                                       | Subsidiary | 96.15% | 2 (87) | U40106DL201<br>3GOI256050 |
| 11. | Speedon Network Limited,<br>Survey No. 68/1, Rakholi Village, Madhuban Dam<br>Road, Silvassa, Dadra Nagar Haveli-396230   | Subsidiary | 100%   | 2 (87) | U32202DN201<br>1PLC000373 |
| 12. | Maharashtra Transmission Communication<br>Infrastructure Ltd,<br>Prakashganga Plot No C 19 Eblock Bandra Kurla,<br>Complex Bandra (East), Mumbai - 400051.      | Subsidiary | 72%    | 2 (87) | U64201MH201<br>2PLC234316 |
| 13. | Sterlite Power Technologies Private Limited,<br>C 2 The Mira Corporate Suites, 1 & 2 Ishwar Nagar,<br>Mathura Road, New Delhi - 110065.                         | Subsidiary | 100%   | 2 (87) | U29190DL201<br>4PTC272744 |
| 14. | Sterlite Display Limited,<br>4th Floor, Godrej Millennium, Koregaon Road 9,<br>Pune 411001.   | Subsidiary | 100%   | 2 (87) | U74900PN201<br>5PLC153804 |
| 15. | Sterlite Technologies Americas, Llc,<br>15 Third Floor, 230 West 41st<br>St New York Ny 10036-0000.   | Subsidiary | 100%   | 2 (87) | NA                        |
| 16. | Sterlite Technologies Europe Ventures Ltd.<br>221 Chr. Haggipavlou Street, Halios Court, 3rd Floor,<br>Po Box 51625 3507, Limassol, Cyprus.                     | Subsidiary | 100%   | 2 (87) | NA                        |
| 17. | Sterlite Global Ventures (Mauritius) Ltd.<br>C/O Multiconsult Limited, Rogers House, 5 President<br>John Kennedy Street, Port Louis Mauritius.                  | Subsidiary | 100%   | 2 (87) | NA                        |
| 18. | Sterlite Technologies UK Ventures Limited<br>Third Floor, 126-134 Baker Street, London W1U 6UE  | Subsidiary | 100%   | 2 (87) | NA                        |
| 19. | Jiangsu Sterlite Tonggaung Fiber Co. Ltd.<br>777 Beihai Beihai Rd, Haimen Town, Hai Men City,<br>Jiangsu  | Subsidiary | 75%    | 2 (87) | NA                        |
| 20. | Sterlite Condispar Industrial Ltd.<br>Sao Jose dos Pinhais, State of Parana, at Rua Dr.<br>Muricy, 4000, Barracoa Fundos, Bairro Coesteria, CEP<br>83015 – 290. | Associate* | 50%    | 2 (6)  | NA                        |

\*Associate through wholly owned subsidiary

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

i) Category-wise Share Holding

| Category Code | Category of Shareholder   | No. of Shares held at the Beginning of the year 31/03/2014 |          |           |                   | No. of Shares held at the end of the year 31/03/2015 |          |           |                   | % Change during the year |
|---------------|---|--|----------|-----------|-------------------|--|----------|-----------|-------------------|--------------------------|
|               |   | Demat  | Physical | Total     | % of total Shares | Demat  | Physical | Total     | % of total Shares |                          |
| (I)           | (II)  | (III)  | (IV)     | (V)       | (VI)              | (VII)  | (VIII)   | (IX)      | (X)               | (XI)                     |
| (A)           | PROMOTER AND PROMOTER GROUP   |  |          |           |                   |  |          |           |                   |                          |
| (1)           | INDIAN  |  |          |           |                   |  |          |           |                   |                          |
| (a)           | Individual /HUF   | 1138556  | 0        | 1138556   | 0.29              | 1860056  | 0        | 1860056   | 0.47              | 0.18                     |
| (b)           | Central Government/State Government(s)  | 0  | 0        | 0         | 0                 | 0  | 0        | 0         | 0                 | 0                        |
| (c)           | Bodies Corporate  | 4764295  | 0        | 4764295   | 1.21              | 4764295  | 0        | 4764295   | 1.21              | 0                        |
| (d)           | Financial Institutions / Banks  | 0  | 0        | 0         | 0                 | 0  | 0        | 0         | 0                 | 0                        |
| (e)           | Others  | 0  | 0        | 0         | 0                 | 0  | 0        | 0         | 0                 | 0                        |
|               | <b>Sub-Total A(1) :</b>   | 5902851  | 0        | 5902851   | 1.50              | 6624351  | 0        | 6624351   | 1.68              | 0.18                     |
| (2)           | FOREIGN   |  |          |           |                   |  |          |           |                   |                          |
| (a)           | Individuals (NRIs/Foreign Individuals)  | 0  | 0        | 0         | 0                 | 0  | 0        | 0         | 0                 | 0                        |
| (b)           | Bodies Corporate  | 209402750  | 0        | 209402750 | 53.17             | 209402750  | 0        | 209402750 | 53.14             | -0.03                    |
| (c)           | Institutions  | 0  | 0        | 0         | 0                 | 0  | 0        | 0         | 0                 | 0                        |
| (d)           | Qualified Foreign Investor  | 0  | 0        | 0         | 0                 | 0  | 0        | 0         | 0                 | 0                        |
| (e)           | Others  | 0  | 0        | 0         | 0                 | 0  | 0        | 0         | 0                 | 0                        |
|               | <b>Sub-Total A(2) :</b>   | 209402750  | 0        | 209402750 | 53.17             | 209402750  | 0        | 209402750 | 53.14             | -0.03                    |
|               | <b>Total A=A(1)+A(2)</b>  | 215305601  | 0        | 215305601 | 54.67             | 216027101  | 0        | 216027101 | 54.82             | 0.15                     |
| (B)           | PUBLIC SHAREHOLDING   |  |          |           |                   |  |          |           |                   |                          |
| (1)           | INSTITUTIONS  |  |          |           |                   |  |          |           |                   |                          |
| (a)           | Mutual Funds /UTI   | 10974389   | 5025     | 10979414  | 2.79              | 14041196   | 5025     | 14046221  | 3.56              | 0.78                     |
| (b)           | Financial Institutions /Banks   | 21798305   | 21435    | 21819740  | 5.54              | 21715387   | 21435    | 21736822  | 5.52              | -0.02                    |
| (c)           | Central Government / State Government(s)                                      | 500  | 0        | 500       | 0                 | 500  | 0        | 500       | 0                 | 0                        |
| (d)           | Venture Capital Funds   | 0  | 0        | 0         | 0                 | 0  | 0        | 0         | 0                 | 0                        |
| (e)           | Insurance Companies   | 913737   | 1000     | 914737    | 0.23              | 913737   | 1000     | 914737    | 0.23              | 0                        |
| (f)           | Foreign Institutional Investors   | 4664913  | 10205    | 4675118   | 1.19              | 11569109   | 10205    | 11579314  | 2.94              | 1.75                     |
| (g)           | Foreign Venture Capital Investors   | 0  | 0        | 0         | 0                 | 0  | 0        | 0         | 0                 | 0                        |
| (h)           | Qualified Foreign Investor  | 0  | 0        | 0         | 0                 | 0  | 0        | 0         | 0                 | 0                        |
| (i)           | Others  | 0  | 0        | 0         | 0                 | 0  | 0        | 0         | 0                 | 0                        |
|               | <b>Sub-Total B(1) :</b>   | 38351844   | 37665    | 38389509  | 9.75              | 48239929   | 37665    | 48277594  | 12.25             | 2.50                     |
| (2)           | NON-INSTITUTIONS  |  |          |           |                   |  |          |           |                   |                          |
| (a)           | Bodies Corporate  | 19795394   | 98630    | 19894024  | 5.05              | 17569395   | 110595   | 17679990  | 4.49              | -0.56                    |
| (b)           | Individuals   |  |          |           |                   |  |          |           |                   |                          |
|               | (i) Individuals holding nominal share capital upto ₹ 1 lakh                   | 85139966   | 6148193  | 91288159  | 23.18             | 78201099   | 5803068  | 84004167  | 21.32             | -1.86                    |
|               | (ii) Individuals holding nominal share capital in excess of ₹ 1 lakh          | 23120728   | 207765   | 23328493  | 5.92              | 23402368   | 76360    | 23478728  | 5.96              | 0.03                     |
| (c)           | Others  |  |          |           |                   |  |          |           |                   |                          |
|               | CLEARING MEMBERS  | 719804   | 0        | 719804    | 0.18              | 462448   | 0        | 462448    | 0.12              | -0.07                    |
|               | DIRECTORS   | 203605   | 0        | 203605    | 0.05              | 376445   | 0        | 376445    | 0.10              | 0.05                     |
|               | FOREIGN BODIES  | 85550  | 0        | 85550     | 0.02              | 0  | 0        | 0         | 0                 | -0.02                    |
|               | FOREIGN NATIONALS   | 112600   | 0        | 112600    | 0.03              | 84050  | 0        | 84050     | 0.02              | -0.01                    |
|               | NON RESIDENT INDIANS  | 3916101  | 573930   | 4490031   | 1.14              | 3011898  | 563330   | 3575228   | 0.91              | -0.23                    |
|               | OVERSEAS CORPORATE BODIES   | 200  | 0        | 200       | 0                 | 200  | 0        | 200       | 0                 | 0                        |
|               | TRUSTS  | 6205   | 500      | 6705      | 0                 | 7000   | 500      | 7500      | 0                 | 0                        |
| (d)           | Qualified Foreign Investor  | 0  | 0        | 0         | 0                 | 0  | 0        | 0         | 0                 | 0                        |
|               | <b>Sub-Total B(2) :</b>   | 133100153  | 7029018  | 140129171 | 35.58             | 123114903  | 6553853  | 129668756 | 32.91             | -2.68                    |
|               | <b>Total B=B(1)+B(2) :</b>  | 171451997  | 7066683  | 178518680 | 45.33             | 171354832  | 6591518  | 177946350 | 45.16             | -0.17                    |
|               | <b>Total (A+B) :</b>  | 386757598  | 7066683  | 393824281 | 100               | 387381933  | 6591518  | 393973451 | 99.98             | -0.02                    |
| (C)           | Shares held by custodians, against which Depository Receipts have been issued |  |          |           |                   |  |          |           |                   |                          |
| (1)           | Promoter and Promoter Group   | 0  | 0        | 0         | 0                 | 0  | 0        | 0         | 0                 | 0                        |
| (2)           | Public  | 0  | 0        | 0         | 0                 | 85550  | 0        | 85550     | 0.02              | 0.02                     |
|               | <b>GRAND TOTAL (A+B+C) :</b>  | 386757598  | 7066683  | 393824281 | 100               | 387467483  | 6591518  | 394059001 | 100               |                          |

(ii) Shareholding of Promoters

| S. No. | Shareholder's Name     | Shareholding at the beginning of the year<br>March 31, 2014 |                                  |  | Shareholding at the end of the year<br>March 31, 2015 |                                  |  | % change in shareholding during the year |
|--------|------------------------|---|----------------------------------|--|---|----------------------------------|--|--|
|        |                        | No. of Shares   | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares   | % of total Shares of the company | % of Shares Pledged / encumbered to total shares |  |
| 1.     | TWIN STAR OVERSEAS LTD | 20,94,02,750  | 53.17                            | 0.00   | 20,94,02,750  | 53.14                            | 0  | (0.03)                                   |

Note:- The Company has published details of only Promoter Category which is decided as per the declaration received under Regulation 30 of SEBI (Substantial Acquisition of Shares and Takeovers) Regulation, 2011

(iii) Change in Promoters' Shareholding (please specify, if there is no change):- There is no change in the Promoters' Shareholding during FY2014-15.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

| S. No. | Shareholder's Name                                 | Shareholding at the beginning of the year |                                  | Change during the year    |                                    |          | Cumulative Shareholding during the year |                                  |
|--------|--|---|----------------------------------|---------------------------|------------------------------------|----------|---|----------------------------------|
|        |  | No. of Shares                             | % of total shares of the company | Date                      | Increase/ Decrease in shareholding | Reason   | No. of shares                           | % of total shares of the company |
| 1      | LIFE INSURANCE CORPORATION OF INDIA                | 21282975                                  | 5.40                             | No change during the year |                                    |          | 21282975                                | 5.40                             |
| 2      | RELIANCE CAPITAL TRUSTEE CO. LTD. A/C RELIANCE DIV | 10953320                                  | 2.78                             |                           |                                    |          |   |                                  |
|        |  |   |                                  | 5/30/2014                 | 100000                             | Transfer | 10853320                                | 2.75                             |
|        |  |   |                                  | 6/6/2014                  | 100000                             | Transfer | 10753320                                | 2.73                             |
|        |  |   |                                  | 6/13/2014                 | 50000                              | Transfer | 10703320                                | 2.72                             |
|        |  |   |                                  | 6/20/2014                 | 100000                             | Transfer | 10603320                                | 2.69                             |
|        |  |   |                                  | 6/30/2014                 | 50000                              | Transfer | 10553320                                | 2.68                             |
|        |  |   |                                  | 8/29/2014                 | 500000                             | Transfer | 10053320                                | 2.55                             |
|        |  |   |                                  | 10/10/2014                | 57250                              | Transfer | 9996070                                 | 2.54                             |
|        |  |   |                                  | 10/17/2014                | 200000                             | Transfer | 9796070                                 | 2.49                             |
|        |  |   |                                  | 11/21/2014                | 400000                             | Transfer | 9396070                                 | 2.38                             |
|        |  |   |                                  | 1/23/2015                 | 8999                               | Transfer | 9387071                                 | 2.38                             |
|        |  |   |                                  | 1/30/2015                 | 206600                             | Transfer | 9180471                                 | 2.33                             |
|        |  |   |                                  | 2/6/2015                  | 500000                             | Transfer | 8680471                                 | 2.20                             |
|        |  |   |                                  | 2/20/2015                 | 191250                             | Transfer | 8489221                                 | 2.15                             |
|        |  |   |                                  | 2/27/2015                 | 8750                               | Transfer | 8480471                                 | 2.15                             |
| 3      | VALLABH BHANSHALI                                  | 3500000                                   | 0.89                             |                           |                                    |          |   |                                  |
|        |  |   |                                  | 11/7/2014                 | 771900                             | Transfer | 2728100                                 | 0.69                             |
|        |  |   |                                  | 1/30/2015                 | 50000                              | Transfer | 2678100                                 | 0.68                             |
| 4      | DIMENSIONAL EMERGING MARKETS VALUE FUND            | 1777282                                   | 0.45                             |                           |                                    |          |   |                                  |
|        |  |   |                                  | 5/23/2014                 | 33637                              | Transfer | 1810919                                 | 0.46                             |
|        |  |   |                                  | 6/13/2014                 | 3080                               | Transfer | 1813999                                 | 0.46                             |
|        |  |   |                                  | 2/13/2015                 | 12622                              | Transfer | 1826621                                 | 0.46                             |
|        |  |   |                                  | 2/20/2015                 | 25620                              | Transfer | 1852241                                 | 0.47                             |
|        |  |   |                                  | 2/27/2015                 | 57169                              | Transfer | 1909410                                 | 0.48                             |
|        |  |   |                                  | 3/6/2015                  | 32527                              | Transfer | 1941937                                 | 0.49                             |
|        |  |   |                                  | 3/13/2015                 | 59471                              | Transfer | 2001408                                 | 0.51                             |
|        |  |   |                                  | 3/20/2015                 | 63374                              | Transfer | 2064782                                 | 0.52                             |
|        |  |   |                                  | 3/27/2015                 | 32038                              | Transfer | 2096820                                 | 0.53                             |
| 5      | LATA BHANSHALI                                     | 1635000                                   | 0.41                             | No change during the year |                                    |          | 1635000                                 | 0.41                             |
| 6      | SURAJ BHANSHALI                                    | 1530000                                   | 0.39                             | 11/7/2014                 | 1530000                            | Transfer | 0                                       | 0                                |
| 7      | AKASH BHANSHALI                                    | 1407105                                   | 0.36                             | No change during the year |                                    |          | 1407105                                 | 0.36                             |
| 8      | NAGREEKA CAPITAL AND INFRASTRUCTURE LTD            | 1354615                                   | 0.34                             |                           |                                    |          |   |                                  |
|        |  |   |                                  | 12/31/2014                | 250000                             | Transfer | 1104615                                 | 0.28                             |
|        |  |   |                                  | 1/30/2015                 | 4615                               | Transfer | 1100000                                 | 0.28                             |
| 9      | ILESH PURSOTHAMDAS SHAH                            | 1204943                                   | 0.31                             | No change during the year |                                    |          | 1204943                                 | 0.31                             |
| 10     | SHAH DIPTIBHEN ILESH                               | 1078119                                   | 0.27                             | No change during the year |                                    |          | 1078119                                 | 0.27                             |

**(v) Shareholding of Directors and Key Managerial Personnel**

| S. No. | Shareholder's Name                                    | Shareholding at the beginning of the year |                                  | Change during the year    |                                   |          | Cumulative Shareholding during the year |                                  |
|--------|---|---|----------------------------------|---------------------------|-----------------------------------|----------|---|----------------------------------|
|        |   | No. of Shares                             | % of total shares of the company | Date                      | Increase/Decrease in shareholding | Reason   | No. of shares                           | % of total shares of the company |
| 1      | Anil Agarwal - Chairman                               | Nil                                       | Nil                              | No change during the year |                                   |          | Nil                                     | Nil                              |
| 2      | Pravin Agarwal<br>Vice-Chairman & Whole-time Director | 30,000                                    | 0.01                             | 08/04/2014                | 43500                             | Transfer | 73500                                   | 0.01                             |
|        |   |   |                                  | 08/07/2014                | 81000                             | Transfer | 154500                                  | 0.02                             |
|        |   |   |                                  | 02/05/2015                | 500000                            | Transfer | 654500                                  | 0.17                             |
| 3      | Arun Todarwal - Independent Director                  | 925                                       | 0.00                             | No change during the year |                                   |          | 925                                     | 0.00                             |
| 4      | A R Narayanaswamy -<br>Independent Director           | Nil                                       | Nil                              | No change during the year |                                   |          | Nil                                     | Nil                              |
| 5      | C V Krishnan - Independent Director                   | Nil                                       | Nil                              | No change during the year |                                   |          | Nil                                     | Nil                              |
| 6      | Haigreve Khaitan - Independent Director*              | Nil                                       | Nil                              | No change during the year |                                   |          | Nil                                     | Nil                              |
| 7      | Avaantika Kakkar - Independent Director*              | Nil                                       | Nil                              | No change during the year |                                   |          | Nil                                     | Nil                              |
| 8      | Pratik Agarwal - Non-Executive Director               | 181140                                    | 0.05                             |                           |                                   |          |   |                                  |
|        |   |   |                                  | 05/27/2014                | 60000                             | Transfer | 241140                                  | 0.06                             |
|        |   |   |                                  | 05/28/2014                | 40000                             | Transfer | 281140                                  | 0.07                             |
| 9      | Anand Agarwal (KMP) -<br>CEO & Whole-time Director    | 202680                                    | 0.05                             |                           |                                   |          |   |                                  |
|        |   |   |                                  | 07/30/2014                | 19840                             | ESOP     | 222520                                  | 0.05                             |
|        |   |   |                                  | 02/25/2015                | 30000                             | Transfer | 255520                                  | 0.06                             |
|        |   |   |                                  | 02/27/2015                | 120000                            | Transfer | 375520                                  | 0.09                             |
|        |   |   |                                  | 02/27/2015                | 3000                              | ESOP     | 378520                                  | 0.10                             |
| 10     | Anupam Jindal (KMP) –<br>Chief Financial Officer      | 29000                                     | 0.01                             | 02/27/2015                | 10400                             | ESOP     | 39400                                   | 0.01                             |
| 11     | Amit Deshpande (KMP) –<br>Company Secretary           | Nil                                       | Nil                              | No change during the year |                                   |          | Nil                                     | Nil                              |

\* Part of the year

**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ In Crores)

|   | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|----------------------------------|-----------------|----------|--------------------|
| Indebtedness at the beginning of the financial year |                                  |                 |          |                    |
| i) Principal Amount                                 | 1312.05                          | 1.07            | -        | 1313.12            |
| ii) Interest due but not paid                       | -                                | -               | -        | -                  |
| iii) Interest accrued but not due                   | 8.91                             | -               | -        | 8.91               |
| <b>Total (i+ii+iii)</b>                             | <b>1320.96</b>                   | <b>1.07</b>     | <b>-</b> | <b>1322.03</b>     |
| Change in Indebtedness during the financial year    |                                  |                 |          |                    |
| • Addition  | 388.99                           | -               | -        | 388.99             |
| • Reduction   | -                                | 0.62            | -        | 0.62               |
| <b>Net Change</b>                                   | <b>388.99</b>                    | <b>0.62</b>     | <b>-</b> | <b>388.37</b>      |
| Indebtedness at the end of the financial year       |                                  |                 |          |                    |
| i) Principal Amount                                 | 1692.29                          | 0.45            | -        | 1692.29            |
| ii) Interest due but not paid                       | -                                | -               | -        | -                  |
| iii) Interest accrued but not due                   | 17.66                            | -               | -        | 17.66              |
| <b>Total (i+ii+iii)</b>                             | <b>1709.95</b>                   | <b>0.45</b>     | <b>-</b> | <b>1710.40</b>     |

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

Remuneration to Managing Director, Whole-time Directors and/or Manager:

(₹ in Crores)

| S. No. | Particulars of Remuneration   | Name of MD/WTD/ Manager   |                  | Total Amount |
|--------|---|---|------------------|--------------|
|        |   | Mr Pravin Agarwal   | Dr Anand Agarwal |              |
| 1      | <b>Gross salary</b>   |   |                  |              |
|        | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 6.31  | 2.96             | 9.27         |
|        | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                             | 0.88  | 0.12             | 1.00         |
|        | (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961             | -   | -                | -            |
| 2      | Stock Option #  | -   | -                | -            |
| 3      | Sweat Equity  | -   | -                | -            |
| 4      | Commission<br>-as % of profit<br>-others, specify...                                | -   | -                | -            |
| 5      | Others, please specify  |   |                  |              |
|        | Superannuation (LIC)  | 0.01  | -                | 0.01         |
|        | Gratuity  | 0.17  | 0.03             | 0.20         |
|        | Provident Fund - Employer contribution  | 0.42  | 0.07             | 0.49         |
|        | <b>Total (A)</b>  | <b>7.79</b>   | <b>3.18</b>      | <b>10.97</b> |
|        | Ceiling as per the Act  | ₹ 10.99 crores (being 10% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013) |                  |              |

#Details of Stock Options are mentioned in details of Shareholding and Key Managerial Personnel

**B. REMUNERATION TO OTHER DIRECTORS**

(₹ in Crores)

| S. No. | Particulars of Remuneration                  | Name of Director  |                    |              |                   |                   |                | Total Amount |
|--------|--|---|--------------------|--------------|-------------------|-------------------|----------------|--------------|
|        |  | Arun Todarwal   | A R Narayana swamy | C V Krishnan | Haigreve Khaitan* | Avaantika Kakkar* | Pratik Agarwal |              |
| 1.     | Independent Directors                        |   |                    |              |                   |                   |                |              |
|        | • Fee for attending board committee meetings | 0.05  | 0.05               | 0.04         | 0.00              | 0.01              |                | 0.15         |
|        | • Commission                                 | 0.10  | 0.10               | 0.00         | 0.05              | 0.05              |                | 0.30         |
|        | • Others, please specify                     | Nil   | Nil                | Nil          | Nil               | Nil               |                | Nil          |
|        | <b>Total (1)</b>                             | <b>0.15</b>   | <b>0.15</b>        | <b>0.04</b>  | <b>0.05</b>       | <b>0.06</b>       |                | <b>0.45</b>  |
| 2.     | Other Non-Executive Directors                |   |                    |              |                   |                   |                |              |
|        | • Fee for attending board committee meetings |   |                    |              |                   |                   | 0.02           | 0.02         |
|        | • Commission                                 |   |                    |              |                   |                   | 0.10           | 0.10         |
|        | • Others, please specify                     |   |                    |              |                   |                   | Nil            | Nil          |
|        | <b>Total (2)</b>                             |   |                    |              |                   |                   | <b>0.12</b>    | <b>0.12</b>  |
|        | <b>Total Managerial Remuneration = (1+2)</b> | <b>0.15</b>   | <b>0.15</b>        | <b>0.04</b>  | <b>0.05</b>       | <b>0.06</b>       | <b>0.12</b>    | <b>0.57</b>  |
|        | Overall Ceiling as per the Act               | ₹ 1.10 crores (being 1% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013) |                    |              |                   |                   |                |              |

\*Part of the year

## C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(₹ in Crores)

| S. No. | Particulars of Remuneration   | Key Managerial Personnel |                   |             |
|--------|---|--------------------------|-------------------|-------------|
|        |   | Cheif Financial Officer  | Company Secretary | Total       |
| 1      | <b>Gross salary</b>   |                          |                   |             |
|        | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 0.91                     | 0.20              | 1.11        |
|        | (b) Value of perquisites u/s 17(2) of Income-tax Act, 1961                          | 0.10                     | -                 | 0.10        |
|        | (c) Profits in lieu of salary under section 17(3) of Income-tax Act, 1961           | -                        | -                 | -           |
| 2      | Stock Option #  | -                        | -                 | -           |
| 3      | Sweat Equity  | -                        | -                 | -           |
| 4      | Commission<br>- as % of profit<br>- others, specify...                              | -                        | -                 | -           |
| 5      | Others, please specify  |                          |                   |             |
|        | Superannuation (LIC)  | -                        | -                 | -           |
|        | Gratuity  | 0.01                     | 0.01              | 0.02        |
|        | Provident Fund - Employer contribution  | 0.03                     | 0.01              | 0.04        |
|        | <b>Total</b>  | <b>1.05</b>              | <b>0.22</b>       | <b>1.27</b> |

#Details of Stock Options are mentioned in details of Shareholding and Key Managerial Personnel

## VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

NOT APPLICABLE

## ANNEXURE - V TO THE DIRECTORS' REPORT

**FORM NO. AOC.2**

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

**1. Details of contracts or arrangements or transactions not at arm's length basis**

NOT APPLICABLE

**2. Details of material contracts or arrangement or transactions at arm's length basis:****I. Details of Transaction with Sterlite Power Grid Ventures Limited**

- (a) Name(s) of the related party and nature of relationship: Sterlite Power Grid Ventures Limited (SPGVL) (subsidiary of the Company)
- (b) Nature of contracts/arrangements/transactions: Sale of equity shares of certain other subsidiaries to SPGVL.
- (c) Duration of the contracts/arrangements/transactions: Not Applicable
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any:

The Company had transferred equity shares of Sterlite Grid Limited (SGL) and Sterlite Display Technologies Private Limited (SDTPL) and Sale of compulsorily convertible debentures (CCDs) and equity shares of East North Interconnection Company Limited (ENICL) to Sterlite Power Grid Ventures Limited for consideration at such price not less than the cost of the said securities appearing in the books of the Company. The consideration discharged by Sterlite Power Grid Ventures Limited to the Company in cash is as below:

- i) For SGL shares ₹ 39.89 Cr.
- ii) For SDTPL shares ₹ 1.93 Cr.
- iii) For ENICL CCDs ₹ 76.48 Cr.
- (e) Date(s) of approval by the Board, if any: July 4, 2014
- (f) Amount paid as advances, if any: Not Applicable

**II. Details of Transaction with Sterlite Power Technologies Private Limited**

- (a) Name(s) of the related party and nature of relationship: Sterlite Power Technologies Private Limited (SPTPL) (wholly-owned subsidiary of the Company)
- (b) Nature of contracts/arrangements/transactions: Transfer of Company's Power Cables manufacturing facility located at Haridwar to SPTPL, as a going concern.
- (c) Duration of the contracts/arrangements/transactions: Not Applicable
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any:

It was proposed to transfer the Company's Division to its wholly owned subsidiary, as a going concern, together with all its assets, rights, liabilities / obligations of all nature and kind, all types of intellectual property rights related to the Division, goodwill and all its employees, for a lump sum consideration which was arrived at based on the book value of the net assets of the Division. The consideration for the transfer would be discharged by the wholly owned subsidiary by way of cash or equity shares or combination thereof any other mode or combination, as is acceptable to the Board of Directors of the Company.

- (e) Date(s) of approval by the Board, if any: July 4, 2014
- (f) Amount paid as advances, if any: Not Applicable

**For Sterlite Technologies Limited**

**Pravin Agarwal**  
Vice Chairman &  
Whole-time Director

**Anand Agarwal**  
CEO &  
Whole-time Director

Place: Pune  
Date: May 18 2015

# ANNEXURE - VI TO THE DIRECTORS' REPORT

As prescribed under section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility policy) Rules, 2014

## Annual Report on Corporate Social Responsibility (CSR) activities for the Financial Year 2014-15

### 1. A brief outline of the Company CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web link to the CSR Policy and projects or programs.

The Company believes that in partnership with Government of India, and other development players (both national and international) the Company can positively impact and contribute to realization of integrated development for rural, semi-urban and urban areas. Sustainable development of our businesses is dependent on sustainable, long lasting and mutually beneficial relationships with our stakeholders, especially our neighbours and communities the Company work with.

As part of its initiatives under "Corporate Social Responsibility, the Company has undertaken projects in the areas of Education, Health, Women Empowerment and Community Development during FY2014-15 which will remain focus area for Company's CSR activities in future as well.

A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken are covered in Company's CSR Policy which can be seen on the link as mentioned herein below:

**Weblink:** <https://www.sterlitechtechnologies.com/Code-of-Conduct-and-Policies>

### 2. The Composition of the CSR Committee.

- a. Mr. Arun Todarwal (Independent Director)
- b. Mr. A.R. Narayanaswamy (Independent director)
- c. Mr. Pravin Agarwal
- d. Mr. Anand Agarwal

### 3. Average net profit of the company for last three financial years.

Average net profit: ₹ 66.32 crores

### 4. Prescribed CSR Expenditure.

The company is required to spend 2% of last three year average net profit: ₹ 1.32 crores

### 5. Details of CSR spent during the financial year.

Total amount to be spent for the financial year: ₹ 1.35 crores

Amount unspent, if any; NIL

### Manner in which the amount spent during the financial year is detailed below.

(₹ in Lacs)

| (1)<br>S. No. | (2)<br>CSR Project or Activity Identified.  | (3)<br>Sector in which project is covered                | (4)<br>Location | (5)<br>Amount outlay (budget) project or programs wise or programs sub-heads: (1) Direct expenditure on projects or programs (2) Overheads | (6)<br>Amount spent on the projects | (7)<br>Cumulative expenditure upto to the reporting period | (8)<br>Amount spent: Direct or through implementing agency * |
|---------------|---|--|-----------------|--|-------------------------------------|--|--|
| 1.            | Model village : Pophala<br>Development of village through quality education initiatives, Basic health care services, women empowerment, Agricultural development, Natural resource Management (Check dams, contours, green zone development, etc)   | Education, Health, Empowerment and social Infrastructure | Aurangabad      | 9  | 13.94                               | 13.94  | Direct   |
| 2.            | Model village : Khamkheda<br>Development of village through quality education initiatives, Basic health care services, women empowerment, Agricultural development, Natural resource Management (Check dams, contours, green zone development, etc) | Education, Health, Empowerment and social Infrastructure | Aurangabad      | 3  | 4.0                                 | 4.0  | Direct   |
| 3.            | Project 'Sight First' providing the vision to the elders and empowering them. The eye cataract operations initiative  | Health   | Aurangabad      | 3.0  | 1.75                                | 1.75   | Direct   |

|     |   |  |            |              |               |               |        |
|-----|---|--|------------|--------------|---------------|---------------|--------|
| 4.  | Supply of safe Drinking water to the village during summer as per village need  | Community development                  | Aurangabad | 0.5          | 0.73          | 0.73          | Direct |
| 5.  | Patient Assistant vocational training program for Girls/women with 100% placement in hospitals.   | Empowerment Skill training             | Aurangabad | 3.30         | 3.05          | 3.05          | Direct |
| 6.  | Medical Mobile Unit : providing basic health care services in rural areas, Health awareness , preventive care, addressing local health issues, etc  | Health                                 | Silvassa   | 12           | 9             | 9             | Direct |
| 7.  | Hiv aids / Health awareness program for local community. Capacity building of local community   | Health                                 | Silvassa   | 2.5          | 2.62          | 2.62          | Direct |
| 8.  | Virtual Classroom project: technology based quality education program for urban slum underprivileged children. Joint initiative of Sterlite tech foundation and Mumbai Corporation                      | Education                              | Mumbai     | 38           | 26.89         | 26.89         | Direct |
| 9.  | Jeevan Jyoti Women empowerment through vocational skill training program<br>Running currently three skill programs viz, Patient Assistant, Computers and Tailoring with placement support in rural area | Skill development /vocational training | Pune       | 40           | 56.76         | 56.76         | Direct |
| 10. | Ward/Patient Assistant training program with 100% placement in hospitals as per the hospital industry needs.  | Skill development/ vocational training | Pune       | 3            | 2.94          | 2.94          | Direct |
| 11. | Education needs, curricular development, preservation of heritage culture.  | Education                              | Pune       | 16           | 12.00         | 12.00         | Direct |
| 12. | Support for surgeries of the disadvantaged to empower them to lead normal life.   | Health                                 | Pune       | 1.5          | 1.5           | 1.5           | Direct |
|     | <b>TOTAL</b>  |  |            | <b>131.8</b> | <b>135.18</b> | <b>135.18</b> |        |

**Details of implementing agency:** 1.Jnana Prabodhini, Pune 2.Swaroop Wardhini, Punwe 3.Savitribai Phule Mahila Ekta Samaj Mandal, Aurangabad 4.Global Medical Foundation and Dr Nayana Research Centre, Aurangabad 5.Indian Red Cross Society, Silvassa, D&NH 6.Dinbandhu Youth Welfare Trust, Silvassa, D&NH 7.Pearson education services Pvt. Ltd.

**Note:-** All CSR activities have been carried out directly by the Company through administrative support of several Implementing Agency as mentioned above and other Non-Governmental Organisations or Charitable Institutions.

**6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report. – Not Applicable**

**7. A responsibility statement of the CSR committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company, is reproduced below**

'The implementation and monitoring of Corporate Social Responsibility (CSR) Policy, is in compliance with CSR objectives and policy of the Company.'

Anand Agarwal  
CEO & Whole Time Director

Arun Tadarwal  
Chairman CSR Committee

May 18, 2015, Pune

## ANNEXURE - VII TO THE DIRECTORS' REPORT

A. The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2014-15, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2014-15

(₹ In Crores)

| S. No. | Name of Director/KMP and Designation                    | Remuneration of Director/KMP for financial year | % increase in Remuneration in the Financial Year 2014-15 | Ratio of remuneration of each Director/to median remuneration of employees |
|--------|---|---|--|--|
| 1      | Mr. Anil Agarwal, Non-Executive Chairman                | Nil   | Nil  | Nil  |
| 2      | Mr. Pravin Agarwal, Vice Chairman & Whole-time Director | 7.61  | 11#  | 139  |
| 3      | Dr. Anand Agarwal (KMP), CEO & Whole-time Director      | 3.16  | 13   | 61.17  |
| 4      | Mr. ArunTodarwal, Independent Director                  | 0.15  | 50   | 3.06   |
| 5      | Mr. AR Narayanaswamy, Independent Director              | 0.15  | 50   | 3.06   |
| 6      | Mr. C V Krishnan, Independent Director                  | 0.04  | 100  | 0.82   |
| 7      | Ms. AvaantikaKakkar*, Independent Director              | 0.06  | NA   | 1.22   |
| 8      | Mr. HaigreveKhaitan*, Independent Director              | 0.05  | NA   | 1.02   |
| 9      | Mr. Pratik Agarwal, Non-Executive Director              | 0.12  | 33   | 2.45   |
| 10     | Mr. Anupam Jindal (KMP), Chief Financial Officer        | 1.03  | 10   | 21.02  |
| 11     | Mr. AmitDeshpande (KMP), Company Secretary              | 0.21  | 10   | 4.29   |

\*For part of the year.

# The year on year percentage increase in remuneration was 11%, whereas actual payout was made as per the permissible limits of managerial remuneration as per Companies Act, 2013.

Note: As the liabilities for gratuity and leave encashment are provided on an actuarial basis for the Company as a whole, the said amounts are not included above.

- B. The percentage increase in the median remuneration of employees in the Financial Year is 8.79%.
- C. The number of permanent employees on the rolls of company is 1212.
- D. The explanation on the relationship between average increase in remuneration and company performance; - The Key Performance Indicators (KPI) are set for each year with main focus on Order Bookings, Revenues, Profits, etc. which are keenly monitored and measured against the set targets. With increase in PAT and healthy order bookings the average percentage in increment is finalised.
- E. Comparison of the Remuneration of the KMP against the performance of the Company:- The average percentage increase in the remuneration of Key Managerial Personnel was 11.09% whereas the Profit after Tax of the Company was increased by 67%.
- F. a. Variations in the market capitalisation of the company: The market capitalisation as on March 31, 2015 was ₹2159 crores (₹912crores as on March 31, 2014)
- b. Price earnings ratio of the Company was 25.7x (Standalone Basis) as at March 31, 2015 and was 18.2x as at March 31, 2014 (Standalone Basis).
- c. Percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer :Sterlite Technologies Limited was formed by the demerger of the erstwhile division of Sterlite Industries (India) Limited as per the scheme approved by Hon. Bombay High Court on August 2, 2000. The closing share price (post adjusting for bonus and split) after the trading commenced on 26 October 2000 was ₹181.42 and the closing share price as on 31st March 2015 was ₹ 54.95 indicating the decrease of 69.71%.
- G. Average percentile increase made in the salaries of employees other than the managerial personnel in the last financial year viz. FY2014-15 was 7.5%.
- H. The key parameters for any variable component of remuneration availed by the directors are considered by the Board of Directors based on the business performance against the Key Performance Indicators set for business and also as per recommendations of the Human Resources, Nomination and Remuneration Committee as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.
- I. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year – Not Applicable
- J. It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

(ii) Details pertaining to employees as required under section 197(12) of the Companies Act, 2013 as part of the Directors' Report

A. Statement of particulars of employees pursuant to provisions of Section 197(12) of the Companies Act, 2013 read the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

| S. No. | Name of Employee        | Designation of the employee                                 | Remuneration Received (In Lakhs) | Nature of Employment (Contractual or Otherwise) | Qualification & Experience of the employee | Experience | Date of Commencement of Employment | Age | The Last Employment held by employee before joining the Company |
|--------|-------------------------|---|----------------------------------|---|--|------------|------------------------------------|-----|---|
| 1      | Pravin Agarwal          | Vice Chairman & Whole Time Director                         | 761.00                           | Employee  | B.Com                                      | 29         | 01/11/2006                         | 60  | NA  |
| 2      | Anand Agarwal           | Chief Executive Officer & Whole Time Director               | 316.00                           | Employee  | PhD  | 20         | 10/08/1995                         | 47  | Siemens Optical Fibre Cables                                    |
| 3      | Pramod Kumar Srivastava | Head Operations - Telecom Products                          | 64.97                            | Employee  | B.Tech                                     | 24         | 30/05/2000                         | 46  | Optel Telecommunications Ltd.                                   |
| 4      | Prasanth Puliakottu     | Chief Information Officer                                   | 67.47                            | Employee  | MS   | 21         | 07/12/2009                         | 44  | Payne India Pvt Ltd(Filtorna Plc)                               |
| 5      | Manish Agarwal          | Business Head - Power Conductor Business                    | 70.94                            | Employee  | MBA/PGDM                                   | 18         | 15/03/1999                         | 43  | Started with Sterlite   |
| 6      | Rajendra Mishra         | Chief Operating Officer- Power Cables Business              | 76.78                            | Employee  | B.E  | 25         | 01/04/2008                         | 48  | RPG Cables Ltd.   |
| 7      | Rajiv Nayyar            | Head - Sales & Marketing, Telecom Products                  | 82.45                            | Employee  | B.E  | 18         | 05/08/2013                         | 45  | Mondia Media  |
| 8      | Pankaj Priyadarshi      | Chief Commercial Officer                                    | 95.07                            | Employee  | B.Tech                                     | 29         | 31/01/2012                         | 50  | Sundaram Clayton Limited  |
| 9      | Anupam Jindal           | Chief Finance Officer                                       | 100.00                           | Employee  | CA   | 19         | 27/10/1998                         | 39  | Vedanta   |
| 10     | Arindam Halder*         | Chief Marketing Officer                                     | 31.36                            | Employee  | MBA/PGDM                                   | 20         | 01/12/2014                         | 44  | General Mills   |
| 11     | Badri Gomatam           | Chief Technology Officer - Telecom Products                 | 143.49                           | Employee  | PhD  | 21         | 09/05/2011                         | 50  | ClariPhy Communications   |
| 12     | K.S.Rao                 | Chief Operating Officer - Telecom & Power Products Business | 144.21                           | Employee  | B.Tech                                     | 19         | 05/04/1993                         | 44  | Started with Sterlite   |
| 13     | Madhukar Srivastava*    | Vice President-Telecom                                      | 53.81                            | Employee  | B.Tech                                     | 27         | 12/08/2014                         | 53  | HFCL  |

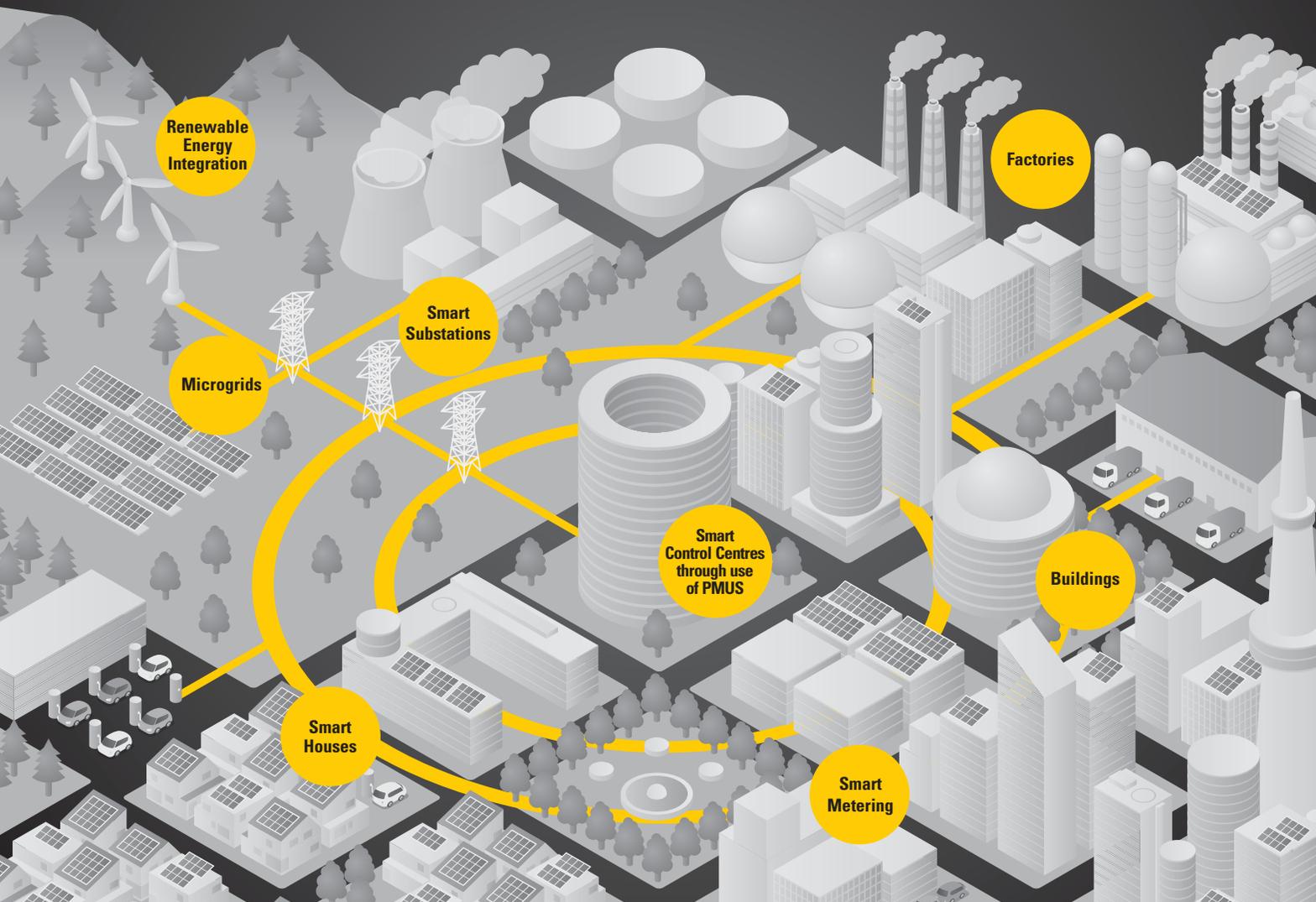
\*Employed for part of the year

B. Percentage of equity share held by the employee in the Company within the meaning of clause (iii) of sub rule (2) above - Not Applicable

C. Whether any such employee is a relative of any director or manager of the Company and if so, name of such director or manager -

Mr. Anil Agarwal (brother of Mr. Pravin Agarwal) & Mr. Pratik Agarwal (son of Mr. Pravin Agarwal)

# YOUR PARTNER IN ENABLING SMARTER POWER TRANSMISSION NETWORKS



It is time that power transmission companies identify future challenges for their networks and system balancing, including current and potential barriers to efficient deployment of smart grids. At Sterlite, we believe that building smarter transmission networks is an incremental process involving the development of technologies & approaches.

Sterlite's T&D Solutions are specifically designed for a sustainable & high capacity power system

- Use of advanced power electronics
- World Class OPGW Technology
- High Efficiency Transmission Networks
- Advanced Transmission Facility Maintenance

# CORPORATE GOVERNANCE REPORT

## 1. 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 client 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:

|                              |  |
|------------------------------|--|
| <b>Strategic Supervision</b> | 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. |
| <b>Strategic Management</b>  | The Executive Committee is composed of the senior management of the Company and operates upon the directions of the Board.   |
| <b>Executive Management</b>  | The function of Management Committee is to execute and realize the goals that are laid down by the Board and the Executive Committee.  |

## 2. BOARD OF DIRECTORS

The Board of Directors consists of two Whole Time Directors and six Non-Executive Directors including one woman director. Mr. Anil Agarwal is Non-Executive Chairman. In the Board Meeting held on May 18, 2015, Mr. Pravin Agarwal was elected as the Vice Chairman of the Board of Directors of the Company. In the absence of Mr. Anil Agarwal, the meetings are chaired by Mr. Pravin Agarwal who is also the Whole-time Director. The Board composition is in compliance with the requirements of Clause 49 II (A) of the Listing Agreement, requiring that not less than half the Board of Directors should consist of Independent Directors.

During the year under review, Mr. Haigreve Khaitan, Non-Executive Independent Director of the Company, due to pre-occupation, had tendered his resignation from the office of Director of the Company. The Company expresses its appreciation for the assistance and guidance provided by Mr. Haigreve Khaitan during his tenure as Director of the Company.

Pursuant to provisions of Section 149 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board of Directors of the Company appointed Ms. Avaantika Kakkar as Additional Director of the Company in the capacity of "Non-Executive Independent Director" effective from December 29, 2014. Ms. Kakkar has experience in structured finance, foreign direct investment, private

equity, acquisition transactions and joint ventures. According to Section 161 of the Companies Act, 2013, Ms. Kakkar will hold the office of Director up to date of ensuing Annual General Meeting. The Company has received Notice of Candidature from Ms. Avaantika Kakkar along with deposit amount of ₹1,00,000/- in which she expressed her intention to propose her candidature for being appointed as a Non-Executive Independent Director of the Company at ensuing Annual General Meeting of the Company. It is proposed to appoint Ms. Avaantika Kakkar as Independent Director of the Company for a term of 5 (five) years commencing from December 29, 2014. A brief resume, expertise, shareholding in the Company and details of other directorships are given in the Report.

### DISCLOSURES/INTEREST IN OTHER COMPANIES

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 Stakeholders' Relationship Committee) across all companies in which he/she 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.

### BOARD MEETINGS

The required information as enumerated in Annexure X 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-compliances, if any. Chief Executive Officer and Chief Financial Officer have certified to the Board in accordance with Clause 49 IX of the Listing Agreement pertaining to CEO and CFO certification for the Financial Year ended March 31, 2015. During the Financial Year 2014-15, six meetings of the Board of Directors were held on April 30, 2014; July 04, 2014; July 31, 2014; September 30, 2014; October 31, 2014 and January 22, 2015. 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 as on April 1, 2015 are as follows:

| Name                             | Designation                         | Board Meetings attended | Attendance at the Last AGM | Directorships in other Companies <sup>1</sup> | Committee Memberships & (Chairmanships) in other Companies <sup>3</sup> | Number of shares held in the Company |
|----------------------------------|-------------------------------------|-------------------------|----------------------------|---|---|--------------------------------------|
| Anil Agarwal                     | Non-Executive Chairman              | 01                      | No                         | 03  | Nil   | Nil                                  |
| Arun Todarwal <sup>2</sup>       | Non-Executive                       | 06                      | Yes                        | 10  | 07 [02]   | 925                                  |
| A. R. Narayanaswamy <sup>2</sup> | Non-Executive                       | 06                      | Yes                        | 14  | 08 [02]   | Nil                                  |
| C V Krishnan <sup>2</sup>        | Non-Executive                       | 06                      | No                         | Nil   | Nil   | Nil                                  |
| Haignre Khaitan <sup>2</sup>     | Non-Executive                       | 00                      | No                         | NA  | NA  | Nil                                  |
| Avaantika Kakkar <sup>2#</sup>   | Non-Executive                       | 01                      | NA                         | 02  | 02  | Nil                                  |
| Pravin Agarwal                   | Vice Chairman & Whole-time Director | 06                      | Yes                        | 03  | Nil   | 6,54,500                             |
| Anand Agarwal                    | CEO & Whole-time Director           | 06                      | Yes                        | 04  | Nil   | 3,78,520                             |
| Pratik Agarwal                   | Non-Executive                       | 03                      | No                         | 09  | Nil   | 2,81,140                             |

1 All public, private, foreign, Section 8 Companies are included.

2 Independent Directors.

3 Includes only Audit and Stakeholders' Relationship Committees.

\* Resigned as Director w.e.f. September 30, 2014.

# Appointed as Director w.e.f. December 29, 2014.

## COMMITTEES OF THE BOARD

### 3. AUDIT COMMITTEE

The Company has the Audit Committee which is governed by a Charter which is in accordance with the requirements of the Companies Act, 2013, Clause 49 of the Listing Agreement. 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 Company has incorporated new terms of reference in the existing scope of Audit Committee to make it in line with the provisions of revised Clause 49 and Companies Act, 2013 and rules made there under.

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.
  - d. Audit Qualifications and significant adjustments arising out of Audit.
  - e. Significant adjustments made in the financial statements arising out of audit findings.
  - f. Compliance with listing and other legal requirements relating to financial statements.
  - g. Disclosure of any related party transactions.
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 (Vigil mechanism as per of the Companies Act, 2013)
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 three 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 Todarwal, 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 five times during the Financial Year 2014-15 on April 30, 2014; July 31, 2014; September 30, 2014; October 31, 2014 and January 22, 2015. The Composition of the Audit Committee and attendance at committee meetings is as follows:

| Name                    | Category                            | Number of Meetings attended |
|-------------------------|-------------------------------------|-----------------------------|
| Arun Todarwal, Chairman | Non-Executive & Independent         | 05                          |
| Haigreve Khaitan*       | Non-Executive & Independent         | Nil                         |
| A. R. Narayanaswamy     | Non-Executive & Independent         | 05                          |
| C V Krishnan            | Non-Executive & Independent         | 05                          |
| Pravin Agarwal          | Vice Chairman & Whole-time Director | 04                          |

\* Resigned as Director w.e.f. September 30, 2014.

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.

#### 4. 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, on Criteria, Composition and Terms of Reference of Nomination and Remuneration Committee for the Company, 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 Todarwal is the Chairman of the Committee. The Chairman of the

Committee was present at the last Annual General Meeting. The Committee met thrice during the Financial Year 2014-15 on April 30, 2014; September

30, 2014 and March 30, 2015. The Composition of the Nomination and Remuneration Committee and attendance at Committee meetings is as follows:

| Name                    | Category                    | Number of Meetings attended |
|-------------------------|-----------------------------|-----------------------------|
| Arun Todarwal, Chairman | Non-Executive & Independent | 03                          |
| A. R. Narayanaswamy     | Non-Executive & Independent | 03                          |
| C. V. Krishnan          | Non-Executive & Independent | 03                          |

## POLICY FOR SELECTION AND APPOINTMENT OF DIRECTORS AND THEIR REMUNERATION

The Nomination and Remuneration (N&R) Committee has adopted a Charter which, inter alia, deals with the manner of selection of Board of Directors and CEO & Managing Director and their remuneration. This Policy is accordingly derived from the said Charter.

### a. Appointment criteria and qualification:

The N&R Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director in terms of Diversity Policy of the Board and recommend to the Board his / her appointment.

For the appointment of KMP (other than Managing / Whole time Director or Manager) or Senior Management, a person should possess adequate qualification, expertise and experience for the position he / she is considered for the appointment.

### b. Term:

The Term of the Directors including Managing / Whole time Director / Manager/ Independent Director shall be governed as per the provisions of the Act and Rules made thereunder and the Clause 49, as amended from time to time.

Whereas the term of the KMP (other than the Managing / Whole time Director/ Manager) and Senior Management shall be governed by the prevailing HR policies of the Company.

### c. Removal:

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, Rules and Regulations there under and / or for any

disciplinary reasons and subject to such applicable Acts, Rules and Regulations and the Company's prevailing HR policies, the N&R Committee may recommend, to the Board, with reasons recorded in writing, removal of a Director, KMP or Senior Management.

### d. Remuneration of Managing / Whole-time Director, KMP and Senior Management

The remuneration / compensation / commission, etc., as the case may be, to the Managing / Whole time Director will be determined by the N&R Committee and recommended to the Board for approval. The remuneration / compensation / commission, etc., as the case may be, shall be subject to the prior / post approval of the shareholders of the Company and Central Government, wherever required and shall be in accordance with the provisions of the Act and Rules made thereunder. Further, the Whole time Director of the Company is authorised to decide the remuneration of KMP (other than Managing/Whole-time Director) and Senior Management, and which shall be decided by the Whole time Director based on the standard market practice and prevailing HR policies of the Company.

### e. Remuneration to Non-executive / Independent Director:

The remuneration / commission / sitting fees, as the case may be, to the Non-Executive / Independent Director, shall be in accordance with the provisions of the Act and the Rules made thereunder for the time being in force or as may be decided by the Committee / Board / shareholders.

An Independent Director shall not be entitled to any stock option of the Company unless otherwise

permitted in terms of the Act and the Clause 49, as amended from time to time.

## 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 Vice Chairman & 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 ₹50,000/- for attendance at each meeting of the Board and ₹25,000/- for Audit Committee, and ₹10,000/- for meetings of other Committees 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, 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) for FY 2014-15 is as follows:

| Director            | Salary / Perquisites* | Incentive/ Commission | Sitting Fee | Total (Rs. in lacs) |
|---------------------|-----------------------|-----------------------|-------------|---------------------|
| Anil Agarwal        | -                     | -                     | -           | -                   |
| Arun Todarwal       | -                     | 10.00                 | 4.70        | 14.70               |
| A. R. Narayanaswamy | -                     | 10.00                 | 4.70        | 14.70               |
| C V Krishnan        | -                     | -                     | 4.00        | 4.00                |
| Haigreve Khaitan    | -                     | 5.00                  | -           | 5.00                |
| Avaantika Kakkar    | -                     | 5.00                  | 0.60        | 5.60                |
| Pravin Agarwal      | 691.00                | 70.00                 | -           | 761.00              |
| Anand Agarwal       | 251.00                | 65.00                 | -           | 316.00              |
| Pratik Agarwal      | -                     | 10.00                 | 1.50        | 11.50               |

\* As the liabilities for gratuity and leave encashment are provided on an actuarial basis for the Company as a whole, the said amounts are not included above.

### Notes:

1. 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 ₹ 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 were allotted to Dr. Anand Agarwal, upon exercise.

2. Under ESOP 2010 Scheme, Dr. Anand Agarwal was granted 1,00,000 Stock Options on

December 29, 2011 (Grant I); 1,80,000 Stock options on April 30, 2014 (Grant III) and 3,50,000 on March 30, 2015 (Grant IV), each option convertible in one equity share of ₹ 2 each. Out of

these, 30,000 options (Grant I) and 1,80,000 options (Grant III) are eligible for vesting during the period of five years, as per the scheme. During the year under review 9,000 options

vested, in respect of which equal shares were allotted to Dr. Anand Agarwal, on exercise.

## 5. STAKEHOLDERS' RELATIONSHIP COMMITTEE

Pursuant to provisions of the 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 composition is given below. The Committee met four times during the year 2014-15 on April 30, 2014; July 31, 2014; October 31, 2014 and January 22, 2015.

During the year, the Company received 258 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 |
|---|-------------------------------------|-----------------------------|
| Avaantika Kakkar, Chairman <sup>#</sup> | Non-Executive & Independent         | 01                          |
| Arun Tadarwal                           | Non-Executive & Independent         | 04                          |
| Pravin Agarwal                          | Vice Chairman & Whole-time Director | 04                          |
| A. R. Narayanaswamy*                    | Non-Executive & Independent         | 04                          |

\* Resigned as Member and Chairman of the Committee w.e.f. April 15, 2015.

# Appointed as Member w.e.f. December 29, 2014 and as Chairperson w.e.f. May 18, 2015

## 6. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Pursuant to provisions of the Companies Act, 2013, the Board of Directors of the Company has 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 there under. The terms of reference of the Corporate Social Responsibility Committee include:

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

- To monitor the CSR Policy of the company from time to time.
- To approve the Corporate Sustainability Report and oversee the implementation of sustainability activities.

The Corporate Social Responsibility Committee met once during the Financial Year 2014-15 on January 21, 2015 after its constitution. The Composition of the Corporate Social Responsibility Committee is as follows:

| Name                    | Category                            | Number of Meetings attended |
|-------------------------|-------------------------------------|-----------------------------|
| Arun Tadarwal, Chairman | Non-Executive & Independent         | 01                          |
| A.R. Narayanaswamy      | Non-Executive & Independent         | 01                          |
| Pravin Agarwal          | Vice Chairman & Whole-time Director | 01                          |
| Anand Agarwal           | CEO & Whole-time Director           | 01                          |

## 7. SEPERATE MEETING OF INDEPENDENT DIRECTORS

As stipulated by the Code of Independent Directors under the Companies Act, 2013 and the Listing Agreement, a separate meeting of the Independent Directors of the Company was held on March 19, 2015 to review the performance of Non-independent Directors (including the Chairman) and the Board as whole. The Independent Directors also reviewed the quality, content and timeliness of the flow of information between the Management and the Board and its Committees which is necessary to effectively and reasonably perform and discharge their duties.

## 8. BOARD EVALUATION

The Board of Directors of the Company is committed to assessing its own performance as a Board in order to identify its strengths and areas in which it may improve its functioning. To that end, the Nomination and Remuneration Committee has established the processes for evaluation of performance of Independent Director and the Board.

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as

the evaluation of the working of its Audit, Nomination & Remuneration and other Committees. A structured evaluation was conducted after taking into consideration inputs received from the Directors, covering various aspects of the Board's plus knowledge to perform the role, time and level of participation, performance of duties, level of oversight, professional conduct and independence.

## 9. INDUCTION AND TRAINING OF BOARD MEMBERS

On appointment, the concerned Director is issued a Letter of Appointment setting out in detail, the terms of appointment, duties, responsibilities and expected time commitments. Each newly appointed Independent Director is taken through a formal induction program including the presentation from the Managing Director & CEO on the Company's

manufacturing, marketing, finance and other important aspects. The Company Secretary briefs the Director about their legal and regulatory responsibilities as a Director. The induction for Independent Directors include interactive sessions with Executive Committee Members, Business and Functional Heads, visit to the manufacturing site etc. On the matters of specialized nature, the Company engages outside experts/consultants for presentation

and discussion with the Board members. The familiarization programme of directors forms part of Nomination and Remuneration Policy of the Company and can be viewed on the website of the Company in "Investors" section at the link <https://www.sterlitetechnologies.com/Code-of-Conduct-and-Policies>

## 10. PROFILE OF DIRECTORS TO BE APPOINTED/RE-APPOINTED

| S. No. | Particulars as on April 1, 2015  |
|--------|--|
| 1.     | <p><b>Ms. Avaantika Kakkar (DIN : 06966972 Date of Birth – February 22, 1980; Date of Joining Board - December 29, 2014; Shareholding – NIL shares)</b></p> <p>Ms. Avaantika Kakkar is a Non-Executive &amp; Independent Director of the Company. She has significant experience with structured finance, foreign direct investment in real estate, private equity and on-market and off market acquisition transactions and joint ventures.</p> <p><b>Directorships including Memberships and Chairmanships of Committees in other Companies</b></p> <p><b>Mahindra Sona Ltd.</b></p> <ol style="list-style-type: none"> <li>Nomination and Remuneration Committee (Member)</li> <li>Audit Committee (Member)</li> </ol>  |
| 2.     | <p><b>Mr. Pravin Agarwal (DIN: 00022096 Date of Birth - October 16, 1954 ; Date of Joining Board - January 29, 2004; Shareholding – 6,54,500)</b></p> <p>Mr. Pravin Agarwal has been closely involved with Sterlite Group's Operations in India since its inception and has been instrumental in growing telecom and power business. His rich experience in general management and commercial matters spans over three decades.</p> <p><b>Directorships including Memberships and Chairmanships of Committees in other Companies</b></p> <ol style="list-style-type: none"> <li>Sterlite Power Grid Ventures Limited</li> <li>Sterlite Power Technologies Private Limited</li> <li>Sterlite Display Limited</li> </ol>   |
| 3.     | <p><b>Dr. Anand Agarwal (DIN: 00057364 Date of Birth - August 7, 1967; Date of Joining Board - July 30, 2003; Shareholding – 3,78,520 shares )</b></p> <p>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.</p> <p><b>Directorships including Memberships and Chairmanships of Committees in other Companies</b></p> <ol style="list-style-type: none"> <li>Sterlite Power Grid Ventures Limited</li> <li>Sterlite Display Limited</li> <li>Sterlite Technologies Europe Ventures Limited</li> <li>Sterlite Global Ventures (Mauritius) Limited</li> </ol> |

## 11. GENERAL BODY MEETINGS

During the preceding three years, the Company's Annual General Meetings were held at Survey No. 68/1, Madhuban Dam Road, Rakholi – 396230, Union of Territory of Dadra & Nagar Haveli, India. The date and time of Annual General Meetings held during last three years, and the special resolution(s) passed thereat, are as follows:

| Date            | Time     | Special Resolutions Passed   |
|-----------------|----------|--|
| Sept 12, 2012   | 12:30 pm | <ul style="list-style-type: none"> <li>Appointment of Mr. Pravin Agarwal as Whole-Time Director.</li> <li>Appointment of Dr. Anand Agarwal as CEO &amp; Whole-Time Director</li> </ul>   |
| August 6, 2013  | 12:30 pm | NIL  |
| August 19, 2014 | 12.30 pm | <ul style="list-style-type: none"> <li>Enhancement of Borrowing Limit in terms of Section 180(1)(c) of the Companies Act, 2013</li> <li>Creation of Charge / Mortgage etc. on Company's movable or immovable properties, in terms of Section 180(1)(a) of the Companies Act, 2013</li> <li>To offer or invite for subscription of Non-Convertible Debentures on private placement basis</li> <li>Raising of the funds through Qualified Institutions Placement (QIP)/ External Commercial Borrowings (ECBs) with rights of conversion into Shares/ Foreign Currency Convertible Bonds (FCCBs)/ American Depository Receipts (ADRs)/ Global Depository Receipts (GDRs) /Optionally or Compulsorily Convertible Redeemable Preference Shares (OCPs/CCPs) etc. pursuant to Section 62 of Companies Act, 2013</li> <li>Approve related party transactions under Section 188 of the Companies Act, 2013</li> <li>Approve related party transactions under Section 188 of the Companies Act, 2013</li> </ul> |

The Company had provided facility of e-voting pursuant to provisions of the Companies Act, 2013 and the Listing Agreement to its Members. A scrutinizor was appointed by the Company to monitor and review the e-voting process. On completion of e-voting process, the Scrutinizer presented a report to the Chairman. All the resolutions were passed with requisite majority.

**Details of resolutions passed by Postal Ballot** – None of the transactions during the Financial Year 2014-15 were required to be passed through Postal Ballot.

## 12. SUBSIDIARY COMPANIES

The Company has one material non-listed subsidiary company viz. Sterlite Power Grid Ventures Limited ("SPGVL"). Accordingly, Mr. A.R. Narayanaswamy and Ms. Avaantika Kakkar, Independent Directors of the Company, have been appointed on the Board of SPGVL as Independent Directors. The financial statements of SPGVL and specially the investments made by SPGVL are reviewed by the Audit Committee.

Significant issues pertaining to all 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.

## 13. RELATED PARTY TRANSACTIONS

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and Clause 49 of the Listing Agreement during the financial year were in the ordinary course of business and on an arm's length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013. There were no materially significant transactions with related parties during the financial year which were in conflict with the interest of the Company. Suitable disclosure as required by the Accounting Standards (AS18) has been made in the notes to the Financial

Statements. The Board has approved the policies on Related Party Transactions and on Material Subsidiary, which has been uploaded on the Company's website in "Investors" section at link <https://www.sterlitetechnologies.com/Code-of-Conduct-and-Policies>.

## 14. 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](http://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'.

## 15. PREVENTION OF INSIDER TRADING

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in

possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Company Secretary is responsible for implementation of the Code. All Board Directors and the designated employees have confirmed compliance with the Code. 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. In the meeting held on May 18, 2015, the Board of Directors of the Company has approved and adopted the Code of Conduct to regulate, monitor and Report Trading by Insiders and Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information as per the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

## 16. DISCLOSURE REGARDING PREVENTION OF SEXUAL HARASSMENT

The company is committed to maintaining a productive environment for all its employees at various levels in the organization, free of sexual harassment and discrimination on the basis of gender. The Company has framed a policy on Prevention of Sexual Harassment in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. The Company has also set up "Prevention of Sexual Harassment Committee" ("the Committee") to redress the Complaints received regarding sexual harassment.

The Committee has not received any complaints of sexual harassment during the Financial Year -2014-15.

## 17. SECRETARIAL AUDIT

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.
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 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).

## 18. DISCLOSURES

- a. Disclosures on materially significant related party transactions - As required under Accounting Standard 18, transactions with related parties are furnished under Note 46 of Notes to the Accounts. There are no transactions of material nature with the Promoters, Directors or their relatives 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. The Company's major related party transactions are generally with its subsidiaries and associates. The related party transactions are entered into based on considerations of various business exigencies, such as synergy in operations, sectoral specialization and the Company's long-term strategy for sectoral investments, optimization of market share, profitability, legal requirements, liquidity and capital resources of subsidiaries and associates. All related party transactions are negotiated on an arm's length basis, and are intended to further the Company's interests.
- 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 a Vigil mechanism and 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 directors, employees of the Company, its subsidiaries and all external stakeholders 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 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](mailto: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 directors, employees of the Company, its subsidiaries and all external stakeholders, if they feels that they 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 2014-15.

## 19. MEANS OF COMMUNICATION

- a. 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 Bhaskar.
- b. Results are also posted on the Company's website: [www.sterlitechtechnologies.com](http://www.sterlitechtechnologies.com)
- c. The Company also displays official news releases and the presentations made to institutional investors or to analysts on the website.
- d. Management Discussion & Analysis is a part of the Annual Report.
- e. NSE Electronic Application Processing System (NEAPS): The NEAPS is a web-based application designed by NSE for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are filed electronically on NEAPS.
- f. BSE Corporate Compliance & Listing Centre (the 'Listing Centre') : BSE's Listing Centre is a web-based application designed for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are also filed electronically on the Listing Centre.
- g. SEBI Complaints Redress System (SCORES): The investor complaints are processed in a centralised web-based complaints redress system. The salient features of this system are: Centralised database of all complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of actions taken on the complaint and its current status.

## 20. GENERAL SHAREHOLDER INFORMATION

|                               |  |
|-------------------------------|--|
| <b>Annual General Meeting</b> | Day, Date - Tuesday, August 4, 2015<br>Time - 12.30 p.m. IST<br>Survey No. 68/1, Rakholi Village, Madhuban Dam Road, Silvassa - 396 230, Union Territory of Dadra & Nagar Haveli, India. |
| <b>Book Closure Dates:</b>    | Saturday, July 25, 2015 to Tuesday, August 4, 2015 (both days inclusive)   |
| <b>Dividend Payment Date:</b> | Dividend, if declared in the Annual General Meeting, will be paid within the statutory time limits.  |

**Financial Calendar for financial year 2015-16 (Financial Year April 1 to March 31)**

|                               |                     |
|-------------------------------|---------------------|
| First Quarter Results         | End of July 2015    |
| Half Yearly Results           | End of October 2015 |
| Third Quarter Results         | End of January 2016 |
| Fourth Quarter/Annual Results | End of April 2016   |

**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, 2015 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  | <b>BSE Limited</b> Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001  |
| NSE      | STRTECH | <b>National Stock Exchange of India Ltd.</b><br>Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex Bandra (E), Mumbai - 400 051. |

**Stock Price Data**

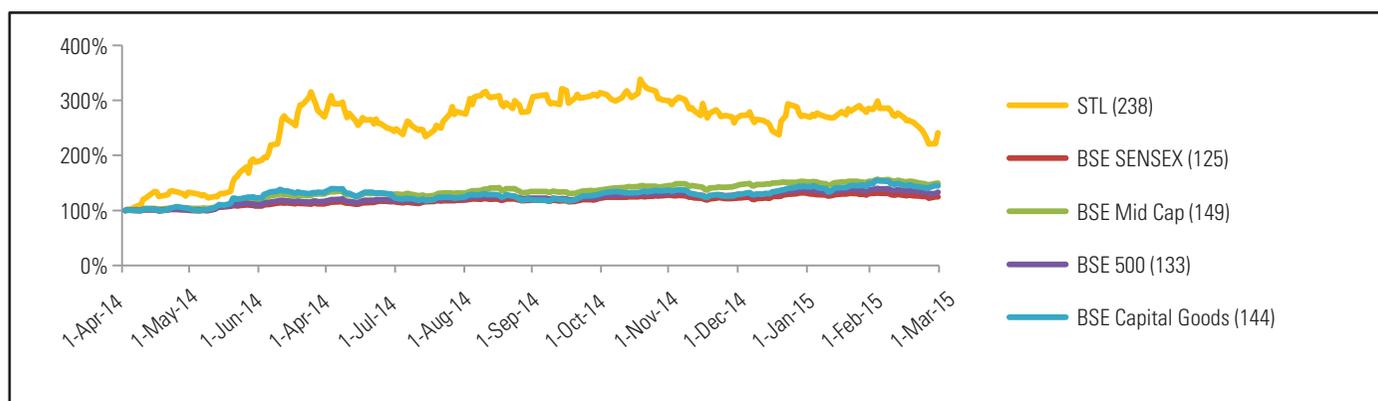
Stock Price data for the period April 1, 2014 to March 31, 2015 is as detailed below:

| MONTH  | Monthly High (₹) NSE | Monthly Low (₹) NSE | Monthly High (₹) BSE | Monthly Low (₹) BSE |
|--------|----------------------|---------------------|----------------------|---------------------|
| Apr-14 | 33.35                | 22.75               | 33.30                | 22.60               |
| May-14 | 45.75                | 28.05               | 45.90                | 28.15               |
| Jun-14 | 73.45                | 43.50               | 73.50                | 43.55               |
| Jul-14 | 72.00                | 55.00               | 72.00                | 55.05               |
| Aug-14 | 67.40                | 52.50               | 67.20                | 52.45               |
| Sep-14 | 73.90                | 62.20               | 74.00                | 62.30               |
| Oct-14 | 76.25                | 66.50               | 76.25                | 66.55               |
| Nov-14 | 79.20                | 68.55               | 79.30                | 68.00               |
| Dec-14 | 72.45                | 59.00               | 72.50                | 59.15               |
| Jan-15 | 71.95                | 53.70               | 71.90                | 53.20               |
| Feb-15 | 70.20                | 60.25               | 70.30                | 60.30               |
| Mar-15 | 70.50                | 48.25               | 70.45                | 48.45               |

Sources: Data Compiled from BSE & NSE official websites.

**Stock Performance**

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



**Distribution of Shareholding as on March 31, 2015**

| Sr. no | Category       | Cases           | % of Cases    | No. of shares       | % of shareholding |
|--------|----------------|-----------------|---------------|---------------------|-------------------|
| 1      | upto 1 - 5000  | 1,19,972        | 95.15         | 4,96,19,195         | 12.59             |
| 2      | 5001 - 10000   | 3,486           | 2.76          | 1,28,49,170         | 3.26              |
| 3      | 10001 - 20000  | 1,399           | 1.11          | 1,01,01,301         | 2.56              |
| 4      | 20001 - 30000  | 403             | 0.32          | 50,75,449           | 1.29              |
| 5      | 30001 - 40000  | 228             | 0.18          | 40,68,497           | 1.03              |
| 6      | 40001 - 50000  | 139             | 0.11          | 32,03,701           | 0.81              |
| 7      | 50001 - 100000 | 246             | 0.20          | 85,14,436           | 2.16              |
| 8      | 100001 & ABOVE | 210             | 0.17          | 30,06,27,252        | 76.29             |
|        | <b>Total</b>   | <b>1,26,083</b> | <b>100.00</b> | <b>39,40,59,001</b> | <b>100.00</b>     |

**Equity holding pattern as on March 31, 2015**

| Category  | Number of Shares    | % of Equity   |
|---|---------------------|---------------|
| Promoter Group  | 21,60,27,101        | 54.82         |
| Banks, Directors, Mutual Funds, Trusts, UTI, LIC, Govt & Insurance Companies, Indian Financial Institutions, etc. | 3,70,82,225         | 9.41          |
| Foreign Bodies Corporates, Flls, Foreign National and NRIs  | 1,52,38,792         | 3.87          |
| Bodies Corporates   | 1,76,79,990         | 4.48          |
| Individuals (Public) & HUFs   | 10,74,82,895        | 27.27         |
| Clearing Members  | 4,62,448            | 0.11          |
| GDRs  | 85,550              | 0.02          |
| <b>TOTAL</b>  | <b>39,40,59,001</b> | <b>100.00</b> |

**Dematerialization of Shares and Liquidity**

The Company's equity shares are compulsorily traded in the electronic form. As on March 31, 2015, 38,74,67,483 shares representing 98.33% 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 124 of the Companies Act, 2013, 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, 2013, as under:

- 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
- Dividend for the year 2013-14: Due for transfer from September 24, 2021

During the year under review, the dividend for the year 2006-07 amounting to ₹ 899,955/- 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).

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 19, 2014 (date of last Annual General Meeting) on the Company's website ([www.sterlitetechnologies.com](http://www.sterlitetechnologies.com)) and on the website of the Ministry of Corporate Affairs.

**Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date & likely impact on equity** – The Company has 85,550 GDRs outstanding as on March 31, 2015.

**Details of outstanding shares in the Unclaimed Suspense Account**

In terms of Clause 5A(I) and Clause 5A(II) of the Listing Agreement, the Company reports the following details in respect of equity shares lying in the suspense accounts -

| Particulars   | Total No. of Shareholders | No. of Outstanding Shares lying in Unclaimed Suspense Account |
|---|---------------------------|---|
| As on April 1, 2014   | 5,520                     | 21,97,265   |
| Shareholders approached for transfer/delivery during FY 2014-15 | 45                        | 23,155  |
| Shares transferred/delivered during FY 2014-15                  | 45                        | 23,155  |
| Balance as on March 31, 2015                                    | 5,565                     | 21,74,110   |

The voting rights on the shares in the suspense accounts as on March 31, 2015 shall remain frozen till the rightful owners of such shares claim the shares.

### 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)  
Karvy Selenium Tower-B | Plot No. 31 & 32,  
Financial District, Gachibowli, Nanakramguda,  
Serilingampally | Hyderabad 500 008 India  
Phone No.: +91 040 67161524  
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 & Compliance Officer 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

#### Depository Bank (GDRs)

Deutsche Bank AG  
Trust & Securities Services  
The Capital, C-70, G Block, 14th Floor,  
Bandra Kurla Complex, Bandra (East),  
Mumbai 400 051. India  
Phone No. +91-22-71804386

### PLANT LOCATIONS

|  |  |
|--|--|
| Optical Fiber                                  | <ul style="list-style-type: none"> <li>E1, E2, E3, MIDC, Waluj, Aurangabad – 431136, India</li> <li>AL-23, Shendra MIDC SEZ, Aurangabad - 431 201,</li> </ul>                |
| Fiber Optic Cables & OPGW Cables               | <ul style="list-style-type: none"> <li>Survey No. 68/1, Rakholi Village, Madhuban Dam Road, Silvassa – 396230, Union Territory of Dadra &amp; Nagar Haveli, India</li> </ul> |
| Copper Telecom Cables & Structured Data Cables | <ul style="list-style-type: none"> <li>Survey No. 33/1/1, Waghdara Road, Dadra – 396191, Union Territory of Dadra &amp; Nagar Haveli, India</li> </ul>                       |
| Power Conductors                               | <ul style="list-style-type: none"> <li>Survey No. 99, Rakholi Village, Madhuban Dam Road, Silvassa – 396230, Union Territory of Dadra &amp; Nagar Haveli, India</li> </ul>   |
| Power Cables Business                          | <ul style="list-style-type: none"> <li>No 5, Vardhaman Industrial Estate Haridwar – 249402 Uttaranchal, INDIA</li> </ul>   |

### COMPLIANCE CERTIFICATE OF THE AUDITORS

Certificate from the Company's Auditors, M/s. S R B C & Co LLP. confirming compliance with conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement, is attached to this Report.

**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.

#### 2. 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, the Company does not circulate the half-yearly results to its shareholders.

#### 3. 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 2014-15.

#### 4. Separate Posts of Chairman and CEO

The Company has separate posts of Chairman and CEO

**5. Reporting of Internal Auditor**

The Internal Auditor of the Company reports directly to Audit Committee.

**CEO AND CFO CERTIFICATION**

The Chief Executive Officer and Whole Time Director

and the Chief Financial Officer of the Company give annual certification on financial reporting and internal controls to the Board in terms of Clause 49 of the Listing Agreement. The Chief Executive Officer and Whole Time Director and the Chief Financial Officer also give quarterly certification on financial results

while placing the financial results before the Board in terms of Clause 41 of the Listing Agreement. The annual certificate given by the Chief Executive Officer and Whole-time Director and the Chief Financial Officer is published in this Report.

**CEO AND CFO CERTIFICATE UNDER CLAUSE 49 (IX)**

To,  
The Board of Directors  
Sterlite Technologies Limited

1. We have reviewed financial statements and the cash flow statement of Sterlite Technologies Limited for the year ended 31st March, 2015 and to the best of our knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered

into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.

3. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of Company's internal control systems pertaining to financial reporting. We have not come across any reportable deficiencies in the design or operation of such internal controls.
4. We have indicated to the Auditors and the Audit Committee:
  - (i) that there are no significant changes in internal control over financial reporting during the year;
  - (ii) that there are no significant changes in accounting policies during the year; and
  - (iii) that there are no instances of significant fraud of which we have become aware.

For **Sterlite Technologies Limited**

**Anand Agarwal**  
CEO & Whole-time Director

**Anupam Jindal**  
Chief Financial Officer

Place: Pune  
Date: May 18, 2015

**CERTIFICATE ON COMPLIANCE WITH CODE OF CONDUCT**

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, 2015.

For **Sterlite Technologies Limited**

**Anand Agarwal**  
CEO & Whole-time Director

Place: Pune  
Date: May 18, 2015

**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, 2015, 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 **SRBC & Co LLP.**

Chartered Accountants  
ICAI Firm Registration No. 324982E

**per Paul Alvares**  
Partner  
Membership No: 105754

Place : Pune  
Date : May 18, 2015

# THERE ARE OPTICAL FIBRE MANUFACTURERS, AND THEN THERE IS STERLITE

...providing end-to-end solutions for high speed data transmission.



Sterlite Technologies develops and delivers products, solutions and infrastructure for the telecom transmission networks, globally. We ensure that all the data connectivity needs of a network are addressed and that is why most of the top telecom operators, across five continents, trust us with their communication needs.

- End-to-end solutions capability to address high bandwidth applications
- Largest vertically integrated company
- India's only Telecommunications R&D Center of Excellence
- System Integration expertise in up-grading networks across all network layers
- Over 165,000 homes connected with future proof Fibre To The Home (FTTH) network

# INDEPENDENT AUDITORS' REPORT

To,

**The Members of Sterlite Technologies Limited**

## REPORT ON THE STANDALONE FINANCIAL STATEMENTS

We have audited the accompanying standalone financial statements of Sterlite Technologies Limited (the "Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the "Act") with respect to the preparation of these standalone 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 specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; 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 controls 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.

### AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these standalone financial statements based on our 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, 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 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 financial control relevant to the Company's preparation of the 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 Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the

accounting estimates made by the Company's Directors, 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 qualified audit opinion on the standalone financial statements.

### BASIS FOR QUALIFIED OPINION

As stated in Note no. 45(A) to the accompanying standalone 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, 2014) 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 standalone 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, 2014 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 above, the aforesaid standalone 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 state of affairs of the Company as at March 31, 2015, of its profit and its 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, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
  - (a) We 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;
  - (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 Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the aforesaid standalone 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 Company;
  - (f) On the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of section 164(2) of the Companies Act, 2013;

- (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 Company has disclosed the impact of pending litigations on its financial position in its Standalone financial statements – Refer Notes 8, 33 and 45(A) to the Standalone financial statements;
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any on long-term contracts including derivative contracts - Refer Note 8 and 10 to the Standalone financial statements;
  - iii. Except for the instance of delay, there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

For **SRBC & COLLP**  
 Chartered Accountants  
 ICAI Firm Registration Number: 324982E

**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) Fixed assets were physically verified by management during the 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 nature of its assets. No material discrepancies were identified on such verification.
- (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 any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a) and (b) 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) The Company has not accepted any deposits from the public. Accordingly, the provisions of clause 3(v) of the Order are not applicable to the company and hence not commented upon.
- (vi) 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 148(1) of the Companies Act, 2013, related to the manufacture of power conductors and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, value added tax, 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.
- (b) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax and cess on account of any dispute, below:

| 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                  |
|                          |                | 0.70                 | 2002 - 2003                        | Bombay High Court              |
|                          |                | 28.77                | 2001 - 2008                        | CESTAT                         |
|                          |                | 6.45                 | 2001 - 2003                        | Commissioner                   |
| Customs Act, 1962        | Customs Duty   | 67.24                | 2001 - 2004                        | CESTAT                         |

- (c) According to the information and explanations given to us, there is a delay of 65 days in transfer of an amount of ₹ 899,995 required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.
- (viii) 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.
- (ix) 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 to the standalone financial statements, the Company continues to dispute amounts aggregating ₹18.87 Crores debited by a bank in the earlier years, 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.
- (x) According to the information and explanations given to us, the Company has given guarantees for loans taken by others from banks and financial institutions, the terms and conditions whereof, in our opinion, are not prima-facie prejudicial to the interest of the Company.
- (xi) 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 fixed deposits with banks. The maximum amount of idle/surplus fund invested during the year was ₹ 55.80 crores which was also outstanding at the end of the year.
- (xii) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For **SRBC & COLLP**  
Chartered Accountants  
ICAI Firm Registration Number: 324982E

**per Paul Alvares**  
Partner  
Membership Number: 105754

Place of Signature: Pune  
Date: May 18, 2015

## BALANCE SHEET AS AT 31 MARCH 2015

(All amounts in ₹ crores unless otherwise stated)

|  | Note | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
|--|------|--------------------------------|--------------------------------|
| <b>EQUITY AND LIABILITIES</b>              |      |                                |                                |
| <b>Shareholders' Funds</b>                 |      |                                |                                |
| Share capital                              | 3    | 78.81                          | 78.76                          |
| Reserves and surplus                       | 4    | 1,163.84                       | 1,139.53                       |
|  |      | 1,242.65                       | 1,218.29                       |
| <b>Non-current liabilities</b>             |      |                                |                                |
| Long-term borrowings                       | 5    | 988.74                         | 683.44                         |
| Deferred tax liabilities (net)             | 6    | 49.58                          | 86.64                          |
| Other long term liabilities                | 7    | 22.48                          | -                              |
| Long-term provisions                       | 8    | 9.16                           | 5.18                           |
|  |      | 1,069.96                       | 775.26                         |
| <b>Current liabilities</b>                 |      |                                |                                |
| Short-term borrowings                      | 9    | 563.73                         | 559.72                         |
| Trade payables                             | 10   | 884.16                         | 619.46                         |
| Other current liabilities                  | 10   | 420.04                         | 346.14                         |
| Short-term provisions                      | 8    | 46.77                          | 27.45                          |
|  |      | 1,914.70                       | 1,552.77                       |
| <b>TOTAL</b>                               |      | <b>4,227.31</b>                | <b>3,546.32</b>                |
| <b>ASSETS</b>                              |      |                                |                                |
| <b>Non-current assets</b>                  |      |                                |                                |
| Fixed assets                               |      |                                |                                |
| Tangible assets                            | 11   | 907.51                         | 998.21                         |
| Intangible assets                          | 11   | 6.79                           | 7.89                           |
| Capital work-in-progress                   |      | 32.94                          | 16.13                          |
| Intangible assets under development        |      | -                              | 0.27                           |
|  |      | 947.24                         | 1,022.50                       |
| Non-current investments                    | 12   | 1,318.25                       | 228.65                         |
| Long-term loans and advances               | 13   | 116.82                         | 884.03                         |
| Trade receivables                          | 14   | 10.27                          | 10.52                          |
| Other non-current assets                   | 15   | 0.42                           | 1.80                           |
|  |      | 2,393.00                       | 2,147.50                       |
| <b>Current assets</b>                      |      |                                |                                |
| Current investments                        | 16   | 55.00                          | 205.00                         |
| Inventories                                | 17   | 398.01                         | 299.41                         |
| Trade receivables                          | 14   | 898.72                         | 671.28                         |
| Cash and bank balances                     | 18   | 260.33                         | 44.12                          |
| Short-term loans and advances              | 13   | 216.94                         | 173.42                         |
| Other current assets                       | 15   | 5.31                           | 5.59                           |
|  |      | 1,834.31                       | 1,398.82                       |
| <b>TOTAL</b>                               |      | <b>4,227.31</b>                | <b>3,546.32</b>                |
| 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 SRBC & Co LLP**Firm Registration No. 324982E  
Chartered Accountants**per Paul Alvares**Partner  
Membership Number : 105754Place : Pune  
Date : May 18, 2015**For and on behalf of the board of directors of Sterlite Technologies Limited****Pravin Agarwal**Vice Chairman & Whole-time Director  
DIN: 00022096**Anupam Jindal**

Chief Financial Officer

**Anand Agarwal**CEO & Whole-time Director  
DIN : 00057364**Amit Deshpande**

Company Secretary

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2015

(All amounts in ₹ crores unless otherwise stated)

|  | Note | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
|--|------|--------------------------------|--------------------------------|
| <b>INCOME</b>  |      |                                |                                |
| Revenue from operations (gross)  | 19   | 3,224.47                       | 2,859.18                       |
| Less : Excise duty   | 19   | 194.37                         | 132.84                         |
| <b>Revenue from operations (net)</b>   |      | <b>3,030.10</b>                | 2,726.34                       |
| Other income   | 20   | 44.81                          | 16.95                          |
| <b>Total income (I)</b>  |      | <b>3,074.91</b>                | 2,743.29                       |
| <b>EXPENSES</b>  |      |                                |                                |
| Cost of raw material and components consumed   | 21   | 1,944.64                       | 1,776.86                       |
| Purchase of traded goods   |      | 42.92                          | 28.12                          |
| (Increase)/ decrease in inventories of finished goods                                  |      |                                |                                |
| work-in-progress and traded goods  | 22   | (34.69)                        | (18.05)                        |
| Employee benefits expense  | 23   | 150.95                         | 122.39                         |
| Other expenses   | 24   | 585.05                         | 562.73                         |
| <b>Total expenses (II)</b>   |      | <b>2,688.87</b>                | 2,472.05                       |
| <b>Earning before interest, tax, depreciation and amortisation (EBITDA) (I) - (II)</b> |      | <b>386.04</b>                  | 271.24                         |
| Depreciation and amortisation expense  | 25   | 107.74                         | 102.88                         |
| Finance costs  | 26   | 179.28                         | 95.28                          |
| <b>Profit before tax</b>   |      | <b>99.02</b>                   | 73.08                          |
| <b>Tax expense:</b>  |      |                                |                                |
| Current tax  |      | 27.43                          | 20.60                          |
| Deferred tax   | 6    | (18.10)                        | (0.57)                         |
| Income tax for earlier years   |      | 5.45                           | 2.85                           |
| <b>Total tax expenses</b>  |      | <b>14.78</b>                   | 22.88                          |
| <b>Profit for the year</b>   |      | <b>84.24</b>                   | 50.20                          |
| <b>Earnings per equity share [nominal value of share ₹ 2 (31 March 2014: ₹2)]</b>      | 27   |                                |                                |
| <b>Basic</b>   |      |                                |                                |
| Computed on the basis of profit for the year   |      | 2.14                           | 1.28                           |
| <b>Diluted</b>   |      |                                |                                |
| Computed on the basis of profit for the year   |      | 2.12                           | 1.27                           |
| 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 B C & Co LLP**

Firm Registration No. 324982E

Chartered Accountants

**per Paul Alvares**

Partner

Membership Number : 105754

Place : Pune

Date : May 18, 2015

**For and on behalf of the board of directors of Sterlite Technologies Limited****Pravin Agarwal**

Vice Chairman &amp; Whole-time Director

DIN: 00022096

**Anupam Jindal**

Chief Financial Officer

**Anand Agarwal**

CEO &amp; Whole-time Director

DIN : 00057364

**Amit Deshpande**

Company Secretary

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2015

|   | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
|---|--------------------------------|--------------------------------|
| <b>A. Cash flow from operating activities</b>                                     |                                |                                |
| Net profit as per statement of profit and loss                                    | 84.24                          | 50.20                          |
| Adjustment for taxation   | 14.78                          | 22.88                          |
| Profit before tax   | 99.02                          | 73.08                          |
| Non-cash adjustment to reconcile profit before tax to net cash flows              |                                |                                |
| Depreciation and amortisation expenses  | 107.74                         | 102.88                         |
| Provision for doubtful debts and advances   | (5.94)                         | 6.58                           |
| Bad debts / advances written off  | 25.44                          | 21.63                          |
| Dividend from subsidiary  | (0.74)                         | -                              |
| Balances no longer payable written back   | (19.13)                        | (1.46)                         |
| Provision for diminution in value of investment in subsidiary company             | (6.80)                         | -                              |
| Loss on sale of fixed assets  | 2.07                           | 1.33                           |
| Employees stock option expenses   | 4.52                           | 0.25                           |
| Income from investments   | (14.70)                        | -                              |
| Finance costs   | 179.28                         | 95.28                          |
| Interest income   | (3.75)                         | (14.11)                        |
| Unrealized exchange difference  | (12.77)                        | 1.27                           |
|   | 255.22                         | 213.65                         |
| <b>Operating profit before working capital changes</b>                            | <b>354.24</b>                  | <b>286.73</b>                  |
| Movements in working capital :  |                                |                                |
| Increase/(decrease) in trade payables   | 280.16                         | (13.09)                        |
| Increase/(decrease) in long-term provisions                                       | 3.98                           | (0.63)                         |
| Increase in short-term provisions   | 4.69                           | 0.71                           |
| Increase/(decrease) in other current liabilities                                  | 16.94                          | (10.16)                        |
| (Increase)/decrease in trade receivable   | (246.72)                       | 13.06                          |
| Increase in inventories   | (98.60)                        | (7.87)                         |
| Increase in long-term loans and advances  | (0.34)                         | (4.29)                         |
| Decrease/(increase) in short-term loans and advances                              | (43.97)                        | 24.10                          |
| Decrease/(increase) in other current assets                                       | 2.07                           | (2.86)                         |
| Decrease/(increase) in other non-current assets                                   | 0.20                           | (3.41)                         |
| Change in working capital   | (81.60)                        | (4.44)                         |
| <b>Cash generated from operations</b>   | <b>272.64</b>                  | <b>282.29</b>                  |
| Direct taxes paid (net of refunds)  | (17.49)                        | (19.65)                        |
| <b>Net cash flow from operating activities</b>                                    | <b>255.15</b>                  | <b>262.64</b>                  |
| <b>B. Cash flow from investing activities</b>                                     |                                |                                |
| Purchase of fixed assets, including capital work-in-progress and capital advances | (80.43)                        | (96.54)                        |
| Proceed from sale of fixed assets   | 7.85                           | 1.70                           |
| Investment in subsidiaries  | (1,206.85)                     | (30.42)                        |
| Sale of Investment in subsidiaries  | 125.10                         | -                              |
| Proceeds / (purchase) of current investments (net)                                | 0.42                           | (55.00)                        |
| Dividend from subsidiary  | 0.74                           | -                              |
| Purchase of non-current investments   | -                              | (150.00)                       |
| Proceeds of non-current investments   | 164.28                         | -                              |
| Share application money (paid) / refund in subsidiaries                           | 186.10                         | (10.80)                        |
| Investment in bank deposits (having original maturity of more than three months)  | (218.69)                       | (13.91)                        |
| Redemption of bank deposits (having original maturity of more than three months)  | 16.55                          | 100.00                         |
| Advances given to subsidiaries / joint ventures                                   | (194.79)                       | (172.71)                       |
| Repayment of advance from subsidiaries  | 691.14                         | 5.65                           |
| Advance received from subsidiaries  | 0.61                           | -                              |
| Repayment of advance to subsidiaries  | -                              | (0.28)                         |
| Interest received   | 70.99                          | 14.38                          |
| <b>Net cash flow used in investing activities</b>                                 | <b>(436.98)</b>                | <b>(407.93)</b>                |

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2015

|   | 31 March 2015<br>(₹ in Crores)         | 31 March 2014<br>(₹ in Crores)         |
|---|--|--|
| <b>C. Cash flow from financing activities</b>   |  |  |
| Proceeds of long term borrowings  | 500.00                                 | 564.57                                 |
| Repayment of long term borrowings   | (124.39)                               | (47.69)                                |
| Proceeds/(repayment) of short term borrowings (net)   | 10.21                                  | (269.95)                               |
| Proceeds of issue of shares against employee stock options  | 0.04                                   | 0.03                                   |
| Interest paid   | (176.22)                               | (153.52)                               |
| Dividend paid on equity shares  | (11.73)                                | (11.68)                                |
| Tax on equity dividend paid   | (2.01)                                 | (2.01)                                 |
| <b>Net cash flow from financing activities</b>  | <b>195.90</b>                          | <b>79.75</b>                           |
| <b>Net decrease in cash and cash equivalents</b>  | <b>14.07</b>                           | <b>(65.54)</b>                         |
| <b>Cash and cash equivalents as at beginning of year</b>  | <b>27.57</b>                           | <b>93.11</b>                           |
| <b>Cash and cash equivalents as at year end *</b>   | <b>41.64</b>                           | <b>27.57</b>                           |
| *The Cash and cash equivalents include balance of ₹ 1.33 crores (31 March 2014: ₹ 1.24 crores) which is not available for use by the company. |  |  |
| <b>Components of cash and cash equivalents</b>  | <b>31 March 2015<br/>(₹ in Crores)</b> | <b>31 March 2014<br/>(₹ in Crores)</b> |
| <b>Balances with banks:</b>   |  |  |
| On current accounts   | 40.27                                  | 26.30                                  |
| On unpaid dividend account  | 1.33                                   | 1.24                                   |
| <b>Cash in hand</b>   | <b>0.04</b>                            | <b>0.03</b>                            |
| <b>Total cash and cash equivalents (refer note 18)</b>  | <b>41.64</b>                           | <b>27.57</b>                           |

As per our report of even date

**For S R B C & Co LLP**

Firm Registration No. 324982E

Chartered Accountants

**per Paul Alvares**

Partner

Membership Number : 105754

Place : Pune

Date : May 18, 2015

**For and on behalf of the board of directors of Sterlite Technologies Limited****Pravin Agarwal**

Vice Chairman &amp; Whole-time Director

DIN: 00022096

**Anupam Jindal**

Chief Financial Officer

**Anand Agarwal**

CEO &amp; Whole-time Director

DIN : 00057364

**Amit Deshpande**

Company Secretary

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

## 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. The Company is also engaged in design, engineering, implementation and maintenance of Optical Fiber Cable (OFC) Network.

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 section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. 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. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

#### (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.

The company 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.

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) Till the year ended 31 March 2014, depreciation rates prescribed under Schedule XIV to the Companies Act, 1956 were treated as minimum rates and the company was not allowed to charge depreciation at lower rates even if such lower rates were justified by the estimated useful life of the asset. Schedule II to the Companies Act, 2013 prescribes useful lives for fixed assets which, in many cases, are different from lives prescribed under the erstwhile Schedule XIV. However, Schedule II allows companies to use higher/ lower useful lives and residual values if such useful lives and residual values can be technically supported and justification for difference is disclosed in the financial statements.

Considering the applicability of Schedule II, the management has re-estimated useful lives and residual values of all its fixed assets. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets, though these rates in certain cases are different from lives prescribed under Schedule II.

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The company has used the following rates to provide depreciation on its fixed assets.

| S.No. | Nature of assets                              | Useful life considered | Useful life specified in Schedule II of the Companies Act, 2013        |
|-------|---|------------------------|--|
| 1     | Buildings (Factory/Office)                    | 30/60 Years            | 30/60 Years  |
| 2     | Plant and Machinery (Excluding S.No. 8 and 9) | 3-20 Years *           | Continuous process plant -25 Years<br>Others - 15 Years                |
| 3     | Furniture and fixtures                        | 7.5 Years *            | 10 Years   |
| 4     | Data processing equipments                    | 4 Years *              | Service and networks -6 years and<br>Desktops and laptop etc - 3 Years |
| 5     | Office equipment                              | 4 Years *              | 5 Years  |
| 6     | Electric fittings                             | 4 Years *              | 10 Years   |
| 7     | Vehicles                                      | 4 Years *#             | 8 Years  |
| 8     | Telecom - Ducts, Cables and Optical Fibre     | 18 Years               | 18 Years   |
| 9     | Other telecom networks equipments             | 3-18 Years *           | 13 Years   |

\* Considered on the basis of management's estimation, supported by technical advice, of the useful lives of the respective assets.

# Residual value considered as 15% on the basis of management's estimation, supported by technical advice.

Refer Note 45(C) on change in useful lives during the current year.

- (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 amortized 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 activities 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 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.

##### *Revenue from projects*

##### *Fixed Price Contracts :*

Revenue from fixed price construction contracts for optical fibre cable networks and power transmission lines is recognised based on the stage of completion of the individual contract using the percentage completion method, provided the order outcome as well as expected total costs can be reliably estimated. Where the profit from a contract cannot be estimated reliably, revenue is only recognised equalling the expenses incurred to the extent that it is probable that the expenses will be recovered. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses.

The estimates of contract cost and the revenue thereon are reviewed periodically by management and the cumulative effect of any changes in estimates is recognised in the

period in which such changes are determined. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised immediately as an expense in the statement of profit and loss.

Prepayments from customers are recognised as liabilities. A contract in progress for which the selling price of the work performed exceeds interim billings and expected losses is recognised as an asset. Contracts in progress for which interim billings and expected losses exceed the selling price are recognised as a liability. Expenses relating to sales work and the winning of contracts are recognised in the statement of profit and loss as incurred.

#### *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 and high value added licenses. These are recognised on the basis of receipt of proof of export.

### **(l) 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 capitalised 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 amortised over the remaining life of the concerned monetary item.
- 3) All other exchange differences are recognised as income or as expenses in the period in which they arise. For the purpose of (iii)(1) and (iii)(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 9 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 difference.

##### (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. The company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

#### **(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 income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

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**

Employees of the company receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Till 27 October 2014, the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, dealt with the grant of share-based payments to employees. Among other matter, these guidelines prescribed accounting for grant of share-based payments to employees. From 28 October 2014, the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 have been replaced by the SEBI (Share Based Employee Benefits) Regulations, 2014. The new regulations don't contain any specific accounting treatment; rather, they require the Guidance Note on Accounting for Employee Share-based Payments issued by ICAI to be followed. The change does not have any material impact on the financial statements of the Company.

In accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the ICAI Guidance note, the cost of equity-settled transactions is measured using the fair value method. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit recognized in the statement of profit and loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

**(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.

**Warranty provisions:**

Provision for warranty related costs are recognised when the product is sold or services provided. The estimate of such warranty related costs is revised annually.

**(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 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 commodity 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) 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

**(v) Measurement of EBITDA**

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 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
|--|--------------------------------|--------------------------------|
| Authorised shares (no. crores)   |                                |                                |
| 75.00 (31 March 2014: 75.00) equity shares of ₹2 each                  | 150.00                         | 150.00                         |
| Issued, subscribed and fully paid-up shares (no. crores)               |                                |                                |
| 39.41 (31 March 2014: 39.38) equity shares of ₹2 each fully paid - up. | 78.81                          | 78.76                          |
| <b>Total issued, subscribed and fully paid-up share capital</b>        | <b>78.81</b>                   | <b>78.76</b>                   |

**a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**

|  | 31 March 2015 |              | 31 March 2014 |              |
|--|---------------|--------------|---------------|--------------|
|  | No. in Crores | ₹ in Crores  | No. in Crores | ₹ in Crores  |
| At the beginning of the period             | 39.38         | 78.76        | 39.34         | 78.69        |
| Issued during the year - ESOP              | 0.02          | 0.04         | 0.02          | 0.04         |
| Issued during the year - bonus on ESOP     | 0.01          | 0.01         | 0.02          | 0.04         |
| <b>Outstanding at the end of the year*</b> | <b>39.41</b>  | <b>78.81</b> | <b>39.38</b>  | <b>78.76</b> |

\* The difference in reconciliation of the number of shares is due to rounding off.

**b. 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 except for the underlying 85,550 (31 March 2014: 85,550) equity shares held by custodian bank against Global Depository Receipts ('GDRs') which do not have voting rights.

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 2015, the amount of per share dividend recognised as distributions to equity shareholders was ₹0.60 (31 March 2014: ₹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.

**c. Shares held by holding company and their subsidiaries/associates:**

|  | 31 March 2015 |           | 31 March 2014 |           |
|--|---------------|-----------|---------------|-----------|
|  | No. in Crores | % Holding | No. in Crores | % Holding |
| <b>Holding company</b>                                   |               |           |               |           |
| Twin Star Overseas Limited, Mauritius                    | 20.94         | 53.14%    | 20.94         | 53.17%    |
| <b>Subsidiary of Volcan Investments Limited, Bahamas</b> |               |           |               |           |
| <b>[Ultimate holding company]</b>                        |               |           |               |           |
| Vedanta Limited (Erstwhile Sesa Sterlite Limited)        | 0.48          | 1.21%     | 0.48          | 1.21%     |

**d. 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 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
|---|--------------------------------|--------------------------------|
| Equity shares allotted as fully paid bonus shares by capitalisation of securities premium | 1.92                           | 19.69                          |

In addition company has issued total 1,088,324 shares (31 March 2014 : 1,208,596 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.

**e. Detail of shareholders holding more than 5 % of shares in the company**

|  | 31 March 2015 |           | 31 March 2014 |           |
|--|---------------|-----------|---------------|-----------|
|  | No. in Crores | % Holding | No. in Crores | % Holding |
| 1. Twin Star Overseas Limited, Mauritius (Holding Company) | 20.94         | 53.14%    | 20.94         | 53.17%    |
| 2. Life Insurance Corporation of India                     | 2.13          | 5.40%     | 2.13          | 5.40%     |

**f. Shares reserved for issue under options:**

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, please refer note 29.

**NOTE 4: RESERVES AND SURPLUS**

|  | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
|--|--------------------------------|--------------------------------|
| <b>Capital reserve</b>   | <b>0.04</b>                    | 0.04                           |
| <b>Securities premium account</b>  |                                |                                |
| Balance as per last financial statements   | <b>196.66</b>                  | 196.96                         |
| Add: Additions on ESOPs exercised  | <b>0.71</b>                    | 1.09                           |
| Less: Utilised for issue of bonus shares   | <b>0.01</b>                    | 0.04                           |
| Less: Utilised for writing off expenses on issue of debentures (net of tax)      | <b>0.10</b>                    | 1.35                           |
| <b>Closing balance</b>   | <b>197.26</b>                  | 196.66                         |
| <b>Employee stock option outstanding</b>   |                                |                                |
| Balance as per last financial statements   | <b>1.62</b>                    | 2.46                           |
| Add: Employees stock option expenses for the year (refer note 23)                | <b>4.52</b>                    | 0.25                           |
| Less: Transferred to securities premium account                                  | <b>0.71</b>                    | 1.09                           |
| <b>Closing balance</b>   | <b>5.43</b>                    | 1.62                           |
| <b>Debenture redemption reserve</b>  |                                |                                |
| Balance as per last financial statements   | <b>62.50</b>                   | -                              |
| Add: Amount transferred from surplus in the statement of profit and loss         | <b>50.00</b>                   | 62.50                          |
| <b>Closing balance</b>   | <b>112.50</b>                  | 62.50                          |
| <b>General reserve</b>   |                                |                                |
| Balance as per last financial statements   | <b>135.85</b>                  | 133.34                         |
| Add: Amount transfer from surplus in the statement of profit and loss            | <b>-</b>                       | 2.51                           |
| Less: Adjustment on account of fixed assets (refer note 45 C)                    | <b>35.88</b>                   | -                              |
| <b>Closing balance</b>   | <b>99.97</b>                   | 135.85                         |
| <b>Surplus in the statement of profit and loss</b>                               |                                |                                |
| Balance as per last financial statements   | <b>742.86</b>                  | 771.50                         |
| Profit for the year  | <b>84.24</b>                   | 50.20                          |
| Less: Appropriations   |                                |                                |
| Proposed final equity dividend (amount per share ₹ 0.60 (31 March 2014: ₹ 0.30)) | <b>23.65</b>                   | 11.82                          |
| Tax on proposed equity dividend  | <b>4.81</b>                    | 2.01                           |
| Transfer to general reserve  | <b>-</b>                       | 2.51                           |
| Transfer to debenture redemption reserve   | <b>50.00</b>                   | 62.50                          |
| Total appropriations   | <b>78.46</b>                   | 78.84                          |
| <b>Net surplus in the statement of profit and loss</b>                           | <b>748.64</b>                  | 742.86                         |
| <b>Total reserves and surplus</b>  | <b>1,163.84</b>                | 1,139.53                       |

## NOTE 5: LONG-TERM BORROWINGS

|   | Non-current portion            |                                | Current maturities             |                                |
|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
|   | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
| <b>Debentures</b>   |                                |                                |                                |                                |
| 2,000 (31 March 2014 : Nil) 10.60% Non convertible debentures of ₹ 10 lacs each (secured)   | 200.00                         | -                              | -                              | -                              |
| 2,500 (31 March 2014 : 2,500) 11.45% Non convertible debentures of ₹ 10 lacs each (secured) | 250.00                         | 250.00                         | -                              | -                              |
| <b>Term loans</b>   |                                |                                |                                |                                |
| Indian rupee term loans from banks (secured)  | 538.74                         | 433.44                         | 139.82                         | 68.89                          |
| <b>Deferred payment liabilities</b>   |                                |                                |                                |                                |
| Sales tax loan (interest free) (unsecured)  | -                              | -                              | 0.45                           | 1.07                           |
|   | <b>988.74</b>                  | 683.44                         | <b>140.27</b>                  | 69.96                          |
| <b>The above amount includes</b>  |                                |                                |                                |                                |
| Secured borrowings  | 988.74                         | 683.44                         | 139.82                         | 68.89                          |
| Unsecured borrowings  | -                              | -                              | 0.45                           | 1.07                           |
| Amount disclosed under the head "other current liabilities" (note 10)                       | -                              | -                              | 140.27                         | 69.96                          |
| <b>Net amount</b>   | <b>988.74</b>                  | 683.44                         | -                              | -                              |

- a) 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.
- b) 10.60 % Non convertible debentures are redeemable at par in financial year 2017-18, 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.
- c) Indian rupee term loan from banks amounting to ₹ 62.50 crores carries interest @ LTMLR + 1.10% p.a. Loan amount is repayable in 8 quarterly equated installments of ₹ 7.50 crores (excluding interest) from the end of this financial year and 9th quarter installment of ₹ 2.50 crores. The term loan is secured by first pari passu charge on the movable fixed assets of the Company (both present and future) & pari passu charge of specified immovable fixed assets of the Company.
- d) Indian rupee term loan from bank amounting to ₹ 47.32 crores carries interest @ Base rate + 1% p.a. Loan amount is repayable in 2 quarterly equated installments of ₹ 15.63 crores (excluding interest) from the end of this financial year and 3rd quarter installment of ₹ 16.06 crores. The term loan is secured by first pari passu charge on the movable fixed assets of the Company (both present and future) & pari passu charge of specified immovable fixed assets of the Company.
- e) Indian rupee term loan from the bank amounting to ₹ 218.75 crores carries interest @ Base rate + 1% p.a. Loan amount is repayable in 14 quarterly equated installments of ₹ 15.63 crores (excluding interest) starting from the end of this financial year. The term loan is secured by first pari passu charge on the movable fixed assets of the Company (both present and future) & pari passu charge of specified immovable fixed assets of the Company.
- f) 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.
- g) Indian rupee term loan from banks amounting to ₹ 300.00 crores carries interest @ LTMLR + 0.75% p.a. Loan amount is repayable in 12 quarterly equated installments of ₹ 25.00 crores (excluding interest) starting from March 2017. The term loan is secured by first charge on the movable fixed assets of the Company (both present and future) and mortgage of certain immovable fixed assets of the Company.

## NOTE 6: DEFERRED TAX LIABILITIES (NET)

|   | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
|---|--------------------------------|--------------------------------|
| <b>Deferred tax liability</b>   |                                |                                |
| Fixed assets: Impact of difference between tax depreciation and depreciation/amortisation for financial reporting                   | 89.83                          | 112.80                         |
| Others  | -                              | 7.35                           |
| <b>Gross deferred tax liability</b>   | <b>89.83</b>                   | <b>120.15</b>                  |
| <b>Deferred tax assets</b>  |                                |                                |
| Provision for doubtful debts and advances   | 21.93                          | 19.61                          |
| Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis | 5.75                           | 3.39                           |
| Provision for inventory   | 6.95                           | 5.40                           |
| Provision for litigations / contingencies   | 2.51                           | 2.46                           |
| Others  | 3.11                           | 2.65                           |
| <b>Gross deferred tax assets</b>  | <b>40.25</b>                   | <b>33.51</b>                   |
| <b>Net deferred tax liability</b>   | <b>49.58</b>                   | <b>86.64</b>                   |
| <b>Deferred tax charge for the year</b>   |                                |                                |
| Closing deferred tax liability, net   | 49.58                          | 86.64                          |
| Less: Opening deferred tax liability, net   | 86.64                          | 87.21                          |
| Deferred tax movement for the year  | (37.07)                        | (0.57)                         |
| Deferred tax (credit) / charge recorded in statement of profit and loss   | (18.10)                        | (0.57)                         |
| Deferred tax recorded in reserves and surplus [refer note 45 C]   | (18.97)                        | -                              |

## NOTE 7: OTHER LONG-TERM LIABILITIES

|                                      | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
|--------------------------------------|--------------------------------|--------------------------------|
| Payable for purchase of fixed assets | 22.48                          | -                              |
| <b>Total</b>                         | <b>22.48</b>                   | <b>-</b>                       |

## NOTE 8: PROVISIONS

|  | Long-term                      |                                | Short-term                     |                                |
|--|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
|  | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
| <b>Provision for employee benefits</b>               |                                |                                |                                |                                |
| Provision for gratuity (refer note 28)               | 7.79                           | 5.18                           | 2.00                           | -                              |
| Provision for leave benefit                          | -                              | -                              | 6.82                           | 4.13                           |
|  | <b>7.79</b>                    | <b>5.18</b>                    | <b>8.82</b>                    | <b>4.13</b>                    |
| <b>Other provisions</b>                              |                                |                                |                                |                                |
| Provision for income tax (net of advance income tax) | -                              | -                              | -                              | -                              |
| Provision for litigations / contingencies            | -                              | -                              | 9.50                           | 9.50                           |
| Proposed equity dividend                             | -                              | -                              | 23.64                          | 11.81                          |
| Provision for tax on proposed equity dividend        | -                              | -                              | 4.81                           | 2.01                           |
| Provision for warranty                               | 1.37                           | -                              | -                              | -                              |
|  | <b>1.37</b>                    | <b>-</b>                       | <b>37.95</b>                   | <b>23.32</b>                   |
| <b>Total</b>   | <b>9.16</b>                    | <b>5.18</b>                    | <b>46.77</b>                   | <b>27.45</b>                   |

**Provision for litigations / contingencies**

The provision of ₹ 9.50 crores as at March 31, 2015 is towards contingencies in respect of disputed claims against the Company as described in note 33 and note 45 (A), the timing of outflow and quantum of which is presently unascertainable. There is no movement in the provision for litigations / contingencies during the year.

**Provision for warranty**

The Company has given warranty on products and services forming part of a project being undertaken by the Company to repair or replace the items that fail to perform satisfactorily during the warranty period. Provision made as at March 31, 2015 represents the amount of the expected cost of meeting such obligations of rectification/replacement. The timing of the outflows is expected to be within a period of three years from the date of completion of the project.

|                               | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
|-------------------------------|--------------------------------|--------------------------------|
| At the beginning of the year  | -                              | -                              |
| Arising during the year       | 1.37                           | -                              |
| Utilized during the year      | -                              | -                              |
| Unused amounts reversed       | -                              | -                              |
| <b>At the end of the year</b> | <b>1.37</b>                    | -                              |

**NOTE 9: SHORT-TERM BORROWINGS (SECURED)**

|   | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
|---|--------------------------------|--------------------------------|
| Cash credit from banks                  | 4.28                           | 17.04                          |
| Working capital demand loans from banks | 105.00                         | -                              |
| Other loan from banks                   | 454.45                         | 542.68                         |
| <b>Total</b>                            | <b>563.73</b>                  | 559.72                         |

**Note :**

- (i) 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 @ 9.65-13.75 %.
- (ii) Working capital demand loans from banks are secured by hypothecation of raw materials , work in progress, finished goods and trade receivables. Working Capital Demand Loan is generally taken for a period of 30-180 days and carries interest @ 9.40%-10.75%.
- (iii) Other loans from banks include buyer's credit arrangements and export bill discounting. There 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 @ 0.50-1.50% (excluding hedging premium).

**NOTE 10: OTHER CURRENT LIABILITIES**

|  | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
|--|--------------------------------|--------------------------------|
| Trade payables (including acceptances)<br>(refer note 36 for details of dues to Micro, medium and small enterprises) | 884.16                         | 619.46                         |
| <b>Other liabilities</b>   |                                |                                |
| Current maturities of long-term borrowings (refer note 5)  | 140.27                         | 69.96                          |
| Interest accrued but not due on borrowings   | 17.66                          | 8.91                           |
| Unclaimed dividend [refer note 45(B)]  | 1.33                           | 1.24                           |
| Advance from customers   | 88.64                          | 121.13                         |
| Gross amount due to customers for contract work as a liability (refer note 43)                                       | 23.09                          | -                              |
| Interest free deposit from customers   | 0.82                           | 0.66                           |
| Interest free deposit from vendors   | 1.11                           | 6.61                           |
| Payables for purchase of fixed assets  | 15.58                          | 19.25                          |
| Service tax payable  | 0.04                           | 0.55                           |
| TDS payable  | 2.10                           | 1.37                           |
| Value added tax payable  | 1.01                           | 17.65                          |
| Central sales tax payable  | 2.92                           | 2.54                           |
| Others   | 125.47                         | 96.27                          |
| <b>Total</b>   | <b>1,304.20</b>                | 965.60                         |

## NOTE 11 : TANGIBLE AND INTANGIBLE ASSETS

(₹ in Crores)

| Nature of assets           | Gross Block     |               |                          |   | Depreciation/Amortisation |                                     |               |                          | Impairment    |              |                         | Net Block     |                 |
|----------------------------|-----------------|---------------|--------------------------|---|---------------------------|-------------------------------------|---------------|--------------------------|---------------|--------------|-------------------------|---------------|-----------------|
|                            | As on           | Additions     | Deletions/<br>Adjustment | Exchange<br>differences<br>-(gain)/loss | As on                     | Adjusted<br>with Opening<br>Reserve | Additions*    | Deletions/<br>Adjustment | As on         | Additions    | Deletions/<br>Reversals | As on         | As on           |
|                            | 01 Apr 14       | Refer Note 31 | Refer Note 31            |   | 01 Apr 14                 | Refer Note 45C                      |               |                          | 31 Mar 15     | 01 Apr 14    |                         | 31 Mar 15     | 31 Mar 14       |
|                            |                 |               |                          |   |                           |                                     |               |                          |               |              |                         |               |                 |
| <b>Tangible assets</b>     |                 |               |                          |   |                           |                                     |               |                          |               |              |                         |               |                 |
| Freehold land              | 40.04           | -             | -                        | -                                       | 40.04                     | -                                   | -             | -                        | -             | -            | -                       | 40.04         | 40.04           |
| Leasehold land             | 36.64           | 0.10          | 8.85                     | -                                       | 27.89                     | 1.61                                | 0.30          | 0.33                     | 1.58          | -            | -                       | 26.31         | 35.03           |
| Buildings #                | 220.86          | 7.73          | -                        | -                                       | 228.59                    | 44.94                               | 7.63          | -                        | 52.57         | -            | -                       | 176.02        | 175.92          |
| Plant and machinery        | 1,273.29        | 63.58         | 9.72                     | (0.67)                                  | 1,326.48                  | 546.95                              | 86.33         | 7.48                     | 675.76        | 28.85        | 1.27                    | 621.75        | 697.49          |
| Furniture and fixtures     | 9.67            | 2.49          | 0.06                     | -                                       | 12.10                     | 3.70                                | 1.46          | 0.02                     | 5.46          | -            | -                       | 6.64          | 5.97            |
| Data processing equipments | 19.31           | 1.51          | 1.17                     | -                                       | 19.65                     | 14.64                               | 2.11          | 1.12                     | 16.04         | -            | -                       | 3.61          | 4.67            |
| Office equipments          | 7.64            | 0.99          | 0.03                     | -                                       | 8.60                      | 3.11                                | 1.22          | 0.03                     | 6.05          | 0.05         | -                       | 2.50          | 4.48            |
| Electric fittings          | 50.50           | 1.89          | -                        | -                                       | 52.39                     | 20.08                               | 2.26          | -                        | 24.51         | 0.45         | -                       | 27.43         | 29.97           |
| Vehicles                   | 6.41            | 1.14          | 0.82                     | -                                       | 6.73                      | 1.77                                | 1.98          | 0.48                     | 3.52          | -            | -                       | 3.21          | 4.64            |
| <b>Sub - total</b>         | <b>1,664.36</b> | <b>79.43</b>  | <b>20.65</b>             | <b>(0.67)</b>                           | <b>1,722.47</b>           | <b>636.80</b>                       | <b>103.29</b> | <b>9.46</b>              | <b>785.49</b> | <b>29.35</b> | <b>1.27</b>             | <b>907.51</b> | <b>998.21</b>   |
| <b>Intangible assets</b>   |                 |               |                          |   |                           |                                     |               |                          |               |              |                         |               |                 |
| Software/ licenses         | 5.64            | 1.60          | -                        | -                                       | 7.24                      | 2.80                                | 1.39          | -                        | 4.20          | -            | -                       | 3.04          | 2.84            |
| Patents                    | 9.31            | -             | -                        | -                                       | 9.31                      | 8.09                                | 1.22          | -                        | 9.31          | -            | -                       | -             | 1.22            |
| Customer acquisition       | 4.25            | 0.37          | -                        | -                                       | 4.62                      | 0.42                                | 0.45          | -                        | 0.87          | -            | -                       | 3.75          | 3.83            |
| <b>Sub - total</b>         | <b>19.20</b>    | <b>1.97</b>   | <b>-</b>                 | <b>-</b>                                | <b>21.17</b>              | <b>11.31</b>                        | <b>3.06</b>   | <b>-</b>                 | <b>14.38</b>  | <b>-</b>     | <b>-</b>                | <b>6.79</b>   | <b>7.89</b>     |
| <b>Total</b>               | <b>1,683.56</b> | <b>81.40</b>  | <b>20.65</b>             | <b>(0.67)</b>                           | <b>1,743.64</b>           | <b>648.11</b>                       | <b>106.35</b> | <b>9.46</b>              | <b>799.87</b> | <b>29.35</b> | <b>1.27</b>             | <b>914.30</b> | <b>1,006.10</b> |
| <b>Previous year</b>       | <b>1,580.35</b> | <b>110.76</b> | <b>7.55</b>              | <b>-</b>                                | <b>1,683.56</b>           | <b>552.06</b>                       | <b>100.57</b> | <b>4.52</b>              | <b>648.11</b> | <b>27.04</b> | <b>-</b>                | <b>29.35</b>  | <b>1,006.10</b> |

# Buildings include those constructed on leasehold land:

Gross block ₹ 118.51 crores (31 March 2014: ₹ 106.33 crores)

Depreciation for the year ₹ 4.48 crores (31 March 2014: ₹ 3.96 crores)

Accumulated depreciation ₹ 28.16 crores (31 March 2014: ₹ 23.68 crores)

Net block ₹ 90.35 crores (31 March 2014: ₹ 82.65 crores)

# Buildings include building given on operating lease:

Gross block - ₹ 10.03 crores (31 March 2014: 10.03 crores)

Depreciation for the year ₹ 0.15 crores (31 March 2014: ₹ 0.33 crores)

Accumulated depreciation ₹ 0.68 crores (31 March 2014: ₹ 0.53 crores)

Net block ₹ 9.35 crores (31 March 2014: ₹ 9.50 crores)

## NOTE 12: NON-CURRENT INVESTMENTS

|   | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
|---|--------------------------------|--------------------------------|
| <b>Trade investment (valued at cost unless stated otherwise)</b>  |                                |                                |
| <b>Investment in subsidiaries</b>   |                                |                                |
| <b>Preference shares (unquoted)</b>   |                                |                                |
| 1,198,024,866 (31 March 2014: Nil) Compulsorily convertible preference shares of Sterlite Power Grid Ventures Limited of ₹ 10 each fully paid up  | 1,198.02                       | -                              |
| <b>Equity instruments (unquoted)</b>  |                                |                                |
| 50,000 (31 March 2014: Nil) Equity shares of Sterlite Power Grid Ventures Limited of ₹ 10 each fully paid up  | 0.05                           | -                              |
| 12,381,447 (31 March 2014: 12,381,447) Equity shares of Sterlite Global Ventures (Mauritius) Limited of USD 1 each fully paid up  | 67.14                          | 67.14                          |
| 1,550,000 (31 March 2014: 1,550,000) Equity shares of Speedon Network Limited (Erstwhile Sterlite Networks Limited) of ₹ 10 each fully paid-up  | 37.50                          | 37.50                          |
| 2,000 (31 March 2014: 2,000) Equity shares of Sterlite Europe Ventures Limited of Euro 1 each fully paid-up   | 0.10                           | 0.10                           |
| 50,000 (31 March 2014: Nil) Equity shares of Sterlite Display Limited of ₹ 10 each fully paid-up  | 0.05                           | -                              |
| 10,000 (31 March 2014: Nil) Equity shares of Sterlite Power Technologies Private Limited of ₹ 10 each fully paid-up   | 0.01                           | -                              |
| 10,000 (31 March 2014: 10,000) Equity shares of Sterlite Technologies Americas LLC of USD 1 each fully paid-up  | 0.05                           | 0.05                           |
| 5,000 (31 March 2014: 5,000) Equity shares of Sterlite Technologies UK Ventures Limited of Euro 1 each fully paid-up  | 0.04                           | 0.04                           |
| 25,500 (31 March 2014: 25,500) Equity shares of East North Interconnection Company Limited of ₹ 10 each fully paid up [refer note 32 (e)]   | 0.03                           | 0.03                           |
| Nil (31 March 2014: 175,000) Equity shares of Sterlite Grid Limited of ₹ 10 each fully paid up  | -                              | 39.89                          |
| Nil (31 March 2014: 8,730,000) Equity shares of Sterlite Grid 2 Limited (Erstwhile Sterlite Display Technologies Private Limited) of ₹10 each fully paid up. [At cost less provision for other than temporary diminution in value ₹ Nil (31 March 2014: ₹ 6.80 crores)] | -                              | 1.93                           |
| 8,824,838 (31 March 2014: 389,022) Maharashtra Transmission Communication Infrastructure Limited #  | 15.26                          | 5.49                           |
| <b>Debentures (unquoted)</b>  |                                |                                |
| Nil (31 March 2014: 510,000) 0.01% Compulsorily Convertible Debentures of East North Interconnection Company Limited of ₹ 10 each   | -                              | 76.48                          |
| <b>(Aggregate amount of unquoted investments)</b>   | <b>1,318.25</b>                | <b>228.65</b>                  |
| Aggregate provision for diminution in value of investments  | -                              | 6.80                           |

# The Company had paid an amount of ₹ 5.10 crores towards Right of Way granted to Maharashtra Transmission Communication Infrastructure Limited (MTCIL) 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 2015<br>(₹ in crores) | 31 March 2014<br>(₹ in crores) |
|---|--------------------------------|--------------------------------|
| Nil (31 March 2014: 85,750) Equity shares of Sterlite Grid Limited of ₹ 10 each fully paid up | -                              | 19.54                          |

## NOTE 13: LOANS AND ADVANCES

|  |     | Non-current                    |                                | Current                        |                                |
|--|-----|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
|  |     | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
| Capital advances (unsecured, considered good)  | (A) | 5.09                           | 3.11                           | -                              | -                              |
| Security deposits (unsecured, considered good)   |     |                                |                                |                                |                                |
| Covered by bank guarantee  |     | 6.00                           | 6.00                           | -                              | -                              |
| Others   |     | 2.52                           | 2.02                           | 1.75                           | 3.13                           |
|  | (B) | 8.52                           | 8.02                           | 1.75                           | 3.13                           |
| Loans and advances to related parties (refer note 35 and note 46)<br>(Unsecured considered good) | (C) | 69.01                          | 636.08                         | 3.98                           | 4.43                           |
| Advances recoverable in cash or kind (unsecured)   |     |                                |                                |                                |                                |
| Considered good  |     | -                              | -                              | 162.72                         | 106.76                         |
| Considered doubtful  |     | 0.12                           | 0.12                           | -                              | -                              |
|  |     | 0.12                           | 0.12                           | 162.72                         | 106.76                         |
| Provision for doubtful advances  |     | 0.12                           | 0.12                           | -                              | -                              |
|  | (D) | -                              | -                              | 162.72                         | 106.76                         |
| Other loans and advances (unsecured, considered good)  |     |                                |                                |                                |                                |
| Share application money pending allotment in subsidiaries  |     | -                              | 187.15                         | -                              | -                              |
| Advance income tax, including TDS (net of provisions)  |     | 6.25                           | 7.16                           | -                              | -                              |
| Minimum alternate tax credit entitlement   |     | 25.95                          | 40.36                          | -                              | -                              |
| Balances with central excise authorities   |     | -                              | -                              | 35.91                          | 38.07                          |
| Other advances   |     | 2.00                           | 2.15                           | 12.58                          | 21.03                          |
|  | (E) | 34.20                          | 236.82                         | 48.49                          | 59.10                          |
| <b>Total (A+B+C+D+E)</b>   |     | <b>116.82</b>                  | <b>884.03</b>                  | <b>216.94</b>                  | <b>173.42</b>                  |

## NOTE 14: TRADE RECEIVABLES (Unsecured)

|   |     | Non-current                    |                                | Current                        |                                |
|---|-----|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
|   |     | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
| Outstanding for a period exceeding six months from the<br>date they are due for payment |     |                                |                                |                                |                                |
| Considered good   |     | 10.27                          | 10.52                          | 67.77                          | 133.24                         |
| Considered doubtful   |     | 67.11                          | 73.04                          | -                              | -                              |
|   |     | 77.38                          | 83.56                          | 67.77                          | 133.24                         |
| Less: Provision for doubtful receivables  |     | 67.11                          | 73.04                          | -                              | -                              |
|   | (A) | 10.27                          | 10.52                          | 67.77                          | 133.24                         |
| Other receivables (considered good)   | (B) | -                              | -                              | 830.95                         | 538.04                         |
| <b>Total (A+B)</b>  |     | <b>10.27</b>                   | <b>10.52</b>                   | <b>898.72</b>                  | <b>671.28</b>                  |

## NOTE 15: OTHER ASSETS

|  | Non-current                    |                                | Current                        |                                |
|--|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
|  | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
| Non-current bank balance (refer note 18)   | -                              | 0.20                           | -                              | -                              |
| Ancillary cost of arranging the borrowings | 0.42                           | 1.60                           | 1.70                           | 1.03                           |
| Interest accrued on fixed deposits         | -                              | -                              | 1.56                           | 0.29                           |
| Unbilled revenue                           | -                              | -                              | 2.05                           | 0.81                           |
| Others                                     | -                              | -                              | -                              | 3.46                           |
| <b>Total</b>                               | <b>0.42</b>                    | <b>1.80</b>                    | <b>5.31</b>                    | <b>5.59</b>                    |

## NOTE 16: CURRENT INVESTMENTS

|  | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
|--|--------------------------------|--------------------------------|
| <b>Current portion of long-term investment (valued at cost) (quoted)</b>   |                                |                                |
| Nil (31 March 2014: 3.85 crores) units of ₹ 10/- each of ICICI Prudential Interval VI Annual Plan DDP Cum                    | -                              | 42.00                          |
| Nil (31 March 2014: 0.80 crore) units of ₹ 10/- each of ICICI Prudential FMP Series 73-368D Plan                             | -                              | 8.00                           |
| Nil (31 March 2014: 10.00 crores) units of ₹ 10/- each of Reliance Fixed Horizon Fund - Xxv - Series 32-Direct Plan - Growth | -                              | 100.00                         |
| <b>Current investments (valued at lower of cost and fair value, unless stated otherwise) (quoted)</b>                        |                                |                                |
| Nil (31 March 2014: 0.02 crore) units of Axis Liquid Fund - Direct Growth (CFDGG)  | -                              | 25.00                          |
| Nil (31 March 2014: 0.02 crore) units of Religare Invesco Short Term Fund - Direct Plan - Growth                             | -                              | 30.00                          |
| 0.01 crore (31 March 2014: Nil) units of Reliance Liquid Fund- Treasury Plan- Direct Growth Plan - Growth Option             | 20.00                          | -                              |
| 0.01 crore (31 March 2014: Nil) units of Reliance Money Manager Fund - Direct Growth Plan Growth Option                      | 20.00                          | -                              |
| 0.01 crore (31 March 2014: Nil) units of Axis Banking Debt Fund - Direct Plan - Growth                                       | 10.00                          | -                              |
| 0.00* crore (31 March 2014: Nil) units of SBI Premier Liquid Fund - Direct Plan - Daily Dividend                             | 5.00                           | -                              |
| Aggregate amount of quoted investments [Market Value ₹ 55.11 crores (March 31, 2014: ₹ 205.90 crores)]                       | 55.00                          | 205.00                         |
| * Less than 0.01 crore.  |                                |                                |

## NOTE 17: INVENTORIES

(Valued at lower of cost and net realisable value)

|   | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
|---|--------------------------------|--------------------------------|
| Raw materials and components  | 170.38                         | 106.80                         |
| [Includes stock in transit ₹ 39.11 crores (31 March 2014: ₹ 17.51 crores)] (refer note 21)                | -                              |                                |
| Work-in-progress (refer note 22)  | 73.03                          | 40.16                          |
| Finished goods [Includes stock in transit ₹ 17.37 crores (31 March 2014: ₹ 23.14 crores)] (refer note 22) | 116.31                         | 114.39                         |
| Traded goods (refer note 22)  | 8.11                           | 8.21                           |
| Stores, spares, packing materials and others  | 30.18                          | 29.85                          |
| <b>Total</b>  | <b>398.01</b>                  | <b>299.41</b>                  |

## NOTE 18: CASH AND BANK BALANCES

|  | Non-current                    |                                | Current                        |                                |
|--|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
|  | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
| <b>Cash and cash equivalents</b>   |                                |                                |                                |                                |
| Balance with banks:  |                                |                                |                                |                                |
| On current accounts  | -                              | -                              | 40.27                          | 26.30                          |
| On unpaid dividend account   | -                              | -                              | 1.33                           | 1.24                           |
| Cash in hand   | -                              | -                              | 0.04                           | 0.03                           |
|  | -                              | -                              | 41.64                          | 27.57                          |
| <b>Other bank balances</b>   |                                |                                |                                |                                |
| Deposit with original maturity for more than 12 months*                            | -                              | 0.20                           | -                              | -                              |
| Deposit with original maturity for more than 3 months<br>but less than 12 months** | -                              | -                              | 218.69                         | 16.55                          |
|  | -                              | 0.20                           | 218.69                         | 16.55                          |
| Amount disclosed under non current assets (note 15)                                | -                              | (0.20)                         | -                              | -                              |
| <b>Total</b>   | -                              | -                              | 260.33                         | 44.12                          |

\* Includes Nil (31 March 2014: ₹ 0.20 crore) held as lien by banks against bank guarantees.

\*\* Includes ₹ 57.23 crores (31 March 2014: ₹ 16.55 crores) held as lien by banks against bank guarantees.

## NOTE 19: REVENUE FROM OPERATIONS

|   | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
|---|--------------------------------|--------------------------------|
| <b>Sale of products</b>                           |                                |                                |
| Finished goods                                    | 3,016.77                       | 2,768.59                       |
| Traded goods                                      | 45.47                          | 14.00                          |
| <b>Revenue from projects (also refer note 43)</b> | 72.20                          | -                              |
| <b>Sale of services</b>                           | 20.16                          | 13.83                          |
| <b>Other operating revenue</b>                    |                                |                                |
| Scrap sales                                       | 26.56                          | 28.58                          |
| Export incentive                                  | 43.31                          | 34.18                          |
| <b>Revenue from operations (gross)</b>            | 3,224.47                       | 2,859.18                       |
| Less: Excise duty #                               | 194.37                         | 132.84                         |
| <b>Revenue from operations (net)</b>              | 3,030.10                       | 2,726.34                       |

# Excise duty on sales amounting to ₹194.37 crore (31 March 2014: ₹ 132.84 crore) has been reduced from sales in statement of profit and loss and excise duty on increase / (decrease) in stock amounting to (₹ 3.35 crore) (31 March 2014: ₹ 1.24 crore) has been considered as (income) / expense in note 24 of financial statements.

|   | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
|---|--------------------------------|--------------------------------|
| <b>Details of products sold</b>   |                                |                                |
| <b>Finished goods sold</b>  |                                |                                |
| Power transmission conductors   | 1,337.93                       | 1,517.51                       |
| Optical fibre *   | 183.69                         | 223.97                         |
| Preforms (optical fibre)  | 77.84                          | 72.39                          |
| Fibre optic cables  | 931.91                         | 574.93                         |
| Copper telecom cables   | 298.03                         | 260.24                         |
| Others  | 187.37                         | 119.55                         |
|   | <b>3,016.77</b>                | <b>2,768.59</b>                |
| * Excludes 0.84 crore FKM (31 March 2014: 0.60 crore FKM) captively consumed during the year. |                                |                                |
| <b>Traded goods sold</b>  |                                |                                |
| Broadband access network equipment  | 0.92                           | 0.27                           |
| Local access network equipment  | -                              | 2.56                           |
| Power transmission conductors and OPGW accessories  | 36.09                          | 6.71                           |
| Fiber connectivity accessories  | 8.46                           | 0.59                           |
| Others  | -                              | 3.87                           |
|   | <b>45.47</b>                   | <b>14.00</b>                   |
| <b>Revenue from projects</b>  |                                |                                |
| Supply and installation of optical fibre cable network  | 72.20                          | -                              |
| <b>Details of services rendered</b>   |                                |                                |
| Installation and commissioning services for broadband network setup                           | 1.24                           | 5.15                           |
| Provisioning of network services  | 15.46                          | 8.13                           |
| Others  | 3.46                           | 0.55                           |
|   | <b>20.16</b>                   | <b>13.83</b>                   |

## NOTE 20: OTHER INCOME

|   | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
|---|--------------------------------|--------------------------------|
| <b>Interest income on</b>               |                                |                                |
| Bank deposits                           | 2.57                           | 10.25                          |
| Others                                  | 1.18                           | 3.86                           |
| <b>Dividend income on</b>               |                                |                                |
| Investment in subsidiaries              | 0.74                           | -                              |
| Net gain on sale of current investments | 14.70                          | 0.59                           |
| Balances no longer payable written back | 19.13                          | 1.46                           |
| Miscellaneous Income                    | 6.49                           | 0.79                           |
| <b>Total</b>                            | <b>44.81</b>                   | <b>16.95</b>                   |

## NOTE 21: COST OF RAW MATERIAL AND COMPONENTS CONSUMED

|   | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
|---|--------------------------------|--------------------------------|
| Inventory at the beginning of the year              | 106.80                         | 114.03                         |
| Add: Purchases                                      | 2,008.22                       | 1,769.63                       |
|   | 2,115.02                       | 1,883.66                       |
| Less: Inventory at the end of the year              | 170.38                         | 106.80                         |
| <b>Cost of raw material and components consumed</b> | <b>1,944.64</b>                | <b>1,776.86</b>                |

|  | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
|--|--------------------------------|--------------------------------|
| <b>Details of raw material and components consumed</b> |                                |                                |
| Aluminum/alloy   | 996.76                         | 1,078.74                       |
| Galvanised steel wire/ Steel tape                      | 110.94                         | 124.07                         |
| Copper rods  | 175.47                         | 172.50                         |
| Polyethylene compounds                                 | 174.71                         | 130.26                         |
| Resin  | 52.48                          | 38.76                          |
| Silicon tetrachloride                                  | 30.28                          | 22.61                          |
| Others   | 404.00                         | 209.92                         |
| <b>Total</b>   | <b>1,944.64</b>                | <b>1,776.86</b>                |

## NOTE 22: (INCREASE) / DECREASE IN INVENTORIES

|                                      | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
|--------------------------------------|--------------------------------|--------------------------------|
| <b>Opening inventories:</b>          |                                |                                |
| Traded goods                         | 8.21                           | 5.69                           |
| Work-in-progress                     | 40.16                          | 54.65                          |
| Finished goods                       | 114.39                         | 84.37                          |
|                                      | 162.76                         | 144.71                         |
| <b>Closing inventories:</b>          |                                |                                |
| Traded goods                         | 8.11                           | 8.21                           |
| Work-in-progress                     | 73.03                          | 40.16                          |
| Finished goods                       | 116.31                         | 114.39                         |
|                                      | 197.45                         | 162.76                         |
| (Increase) / decrease in inventories | (34.69)                        | (18.05)                        |

|  | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
|--|--------------------------------|--------------------------------|
| <b>Details of purchase of traded goods</b>         |                                |                                |
| Broadband access network equipment                 | 5.47                           | 2.18                           |
| Fiber connectivity accessories                     | 8.08                           | 0.98                           |
| Power transmission conductors and OPGW accessories | 29.36                          | 15.39                          |
| Local access network equipment                     | -                              | 2.94                           |
| Others   | 0.01                           | 6.63                           |
| <b>Total</b>                                       | <b>42.92</b>                   | <b>28.12</b>                   |

|                                   | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
|-----------------------------------|--------------------------------|--------------------------------|
| <b>Detail of work-in-progress</b> |                                |                                |
| Power transmission conductors     | 43.94                          | 18.40                          |
| Optical fibre                     | 6.91                           | 11.40                          |
| Fibre optic cables                | 10.14                          | 5.61                           |
| Copper telecom cables             | 3.93                           | 3.15                           |
| Others                            | 8.11                           | 1.61                           |
| <b>Total</b>                      | <b>73.03</b>                   | <b>40.16</b>                   |

## NOTE 23: EMPLOYEE BENEFIT EXPENSE

|  | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
|--|--------------------------------|--------------------------------|
| Salaries, wages and bonus                              | 128.35                         | 109.35                         |
| Contribution to provident fund and superannuation fund | 4.33                           | 4.07                           |
| Employees stock option expenses (refer note 29)        | 4.52                           | 0.25                           |
| Gratuity expenses (refer note 28)                      | 5.74                           | 0.87                           |
| Staff welfare expenses                                 | 8.01                           | 7.85                           |
| <b>Total</b>   | <b>150.95</b>                  | <b>122.39</b>                  |

## NOTE 24: OTHER EXPENSES

|  | 31 March 2015<br>(₹ in Crores)         | 31 March 2014<br>(₹ in Crores)         |
|--|--|--|
| Increase / (decrease) of excise duty on inventory                                    | (3.35)                                 | 1.24                                   |
| Consumption of stores and spares   | 64.41                                  | 51.41                                  |
| Power, fuel and water  | 102.18                                 | 118.73                                 |
| Repairs and maintenance  |  |  |
| Building   | 1.16                                   | 1.31                                   |
| Machinery  | 11.58                                  | 10.93                                  |
| Others   | 13.35                                  | 7.14                                   |
| CSR Expenditure  | 1.35                                   | -                                      |
| Carriage inwards   | 7.33                                   | 3.15                                   |
| Consumption of packing materials   | 99.13                                  | 95.55                                  |
| Sales commission ( other than sole selling agent)                                    | 25.06                                  | 24.75                                  |
| Sales promotion  | 4.65                                   | 4.03                                   |
| Carriage outwards  | 72.75                                  | 61.00                                  |
| Rent   | 5.86                                   | 4.26                                   |
| Insurance  | 6.75                                   | 6.66                                   |
| Rates and taxes  | 1.38                                   | 1.89                                   |
| Travelling and conveyance  | 22.57                                  | 21.79                                  |
| Loss on sale of fixed assets, net  | 2.07                                   | 1.33                                   |
| Bad debts / advances written off   | 25.44                                  | 21.63                                  |
| Provision for doubtful debts and advances  | (5.94)                                 | 6.58                                   |
| Provision for diminution in value of investment in subsidiary company                | (6.80)                                 | -                                      |
| Directors sitting fee and commission   | 0.42                                   | 0.26                                   |
| Payment to auditor (refer details below)   | 1.23                                   | 0.81                                   |
| Research and development expenses (refer note 42)                                    | 7.85                                   | 8.42                                   |
| Miscellaneous expenses   | 124.62                                 | 109.86                                 |
| <b>Total</b>   | <b>585.05</b>                          | <b>562.73</b>                          |
|  | <b>31 March 2015<br/>(₹ in Crores)</b> | <b>31 March 2014<br/>(₹ in Crores)</b> |
| <b>Payment to auditor</b>  |  |  |
| As auditor:  |  |  |
| Audit fee (including limited reviews and audit of consolidated financial statements) | 0.68                                   | 0.68                                   |
| Tax audit fee  | 0.08                                   | 0.08                                   |
| In other capacity:   |  |  |
| Other services (including certification fees)  | 0.47                                   | 0.05                                   |
| <b>Total</b>   | <b>1.23</b>                            | <b>0.81</b>                            |

## NOTE 25: DEPRECIATION AND AMORTISATION EXPENSE

|  | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
|--|--------------------------------|--------------------------------|
| Depreciation of tangible assets          | 103.29                         | 97.51                          |
| Amortisation of intangible assets        | 3.06                           | 3.06                           |
| Provision for impairment of fixed assets | 1.39                           | 2.31                           |
| <b>Total</b>                             | <b>107.74</b>                  | <b>102.88</b>                  |

## NOTE 26: FINANCE COST

|   | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
|---|--------------------------------|--------------------------------|
| Interest expense  | 150.13                         | 88.75                          |
| Bank charges  | 15.34                          | 10.70                          |
| Amortization of ancillary borrowing costs   | 1.21                           | 0.09                           |
| Exchange difference to the extent considered as an adjustment to borrowing costs                    | 36.57                          | 53.52                          |
| <b>Sub-total</b>  | <b>203.25</b>                  | 153.06                         |
| Less : Interest charged to subsidiaries towards loans and advances provided to them (refer note 46) | 23.97                          | 57.78                          |
| <b>Total</b>  | <b>179.28</b>                  | 95.28                          |

## NOTE 27: EARNINGS PER SHARE

The following reflects the profit and share data used in the basic and diluted EPS computation

|  | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
|--|--------------------------------|--------------------------------|
| Profit for the year  | 84.24                          | 50.20                          |
| <b>Weighted average number of equity shares in calculating basic EPS</b>   | <b>39.41</b>                   | 39.37                          |
| <b>Effect of dilution:</b>   |                                |                                |
| Employee stock option outstanding during the year                          | 0.26                           | 0.06                           |
| <b>Weighted average number of equity shares in calculating diluted EPS</b> | <b>39.67</b>                   | 39.43                          |
| Earnings per share   |                                |                                |
| Basic (on nominal value of ₹ 2 per share) Rupees/share                     | 2.14                           | 1.28                           |
| Diluted (on nominal value of ₹ 2 Per Share) Rupees/share                   | 2.12                           | 1.27                           |

## 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 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
|---|--------------------------------|--------------------------------|
| Defined benefit obligation at the beginning of the year | 6.59                           | 6.34                           |
| Current service cost                                    | 0.65                           | 0.75                           |
| Interest cost   | 0.62                           | 0.51                           |
| Actuarial (gain)/loss                                   | 4.64                           | (0.34)                         |
| Benefits paid   | (0.63)                         | (0.67)                         |
| Defined benefit obligation, at the end of the year      | <b>11.87</b>                   | 6.59                           |

**Changes in the fair value of plan assets are as follows:**

| Particulars  | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
|--|--------------------------------|--------------------------------|
| Fair value of plan assets at the beginning of the year | 1.41                           | 0.53                           |
| Expected return on plan assets                         | 0.12                           | 0.05                           |
| Contribution by employer                               | 1.12                           | 1.50                           |
| Benefits paid  | (0.63)                         | (0.67)                         |
| Actuarial gain / (loss)                                | 0.05                           | (0.00)*                        |
| Fair value of plan assets at the end of the year       | <b>2.08</b>                    | 1.41                           |

\* Amount below ₹ 0.01 crore.

The Company expects to contribute ₹ 2.00 crores (31 March 2014: ₹ Nil ) to its defined benefit gratuity plan in 2015-16.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

| Particulars   | 31 March 2015 (%) | 31 March 2014 (%) |
|---|-------------------|-------------------|
| Investment with Insurer (Life Insurance Corporation of India) | 100               | 100               |

#### Details of defined benefit obligation

| Particulars                                 | 31 March 2015 (₹ in Crores) | 31 March 2014 (₹ in Crores) |
|---|-----------------------------|-----------------------------|
| Present value of defined benefit obligation | 11.87                       | 6.59                        |
| Fair value of plan assets                   | 2.08                        | 1.41                        |
| Plan liability                              | 9.79                        | 5.18                        |

#### Net employee benefit expense recognised in the statement of profit and loss:

| Particulars                            | 31 March 2015 (₹ in Crores) | 31 March 2014 (₹ in Crores) |
|--|-----------------------------|-----------------------------|
| Current service cost                   | 0.65                        | 0.75                        |
| Interest cost on benefit obligation    | 0.62                        | 0.51                        |
| Net actuarial (gain) / loss recognised | 4.59                        | (0.34)                      |
| Expected return on plan assets         | (0.12)                      | (0.05)                      |
| Net benefit expense                    | 5.74                        | 0.87                        |

#### Amounts for the current and previous periods are as follows:

| Particulars                                | 31 March 2015 (₹ in Crores) | 31 March 2014 (₹ in Crores) | 31 March 2013 (₹ in Crores) | 31 March 2012 (₹ in Crores) | 31 March 2011 (₹ in Crores) |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Defined benefit obligation                 | 11.87                       | 6.59                        | 6.34                        | 4.68                        | 3.69                        |
| Plan assets                                | 2.08                        | 1.41                        | 0.53                        | 0.92                        | 1.78                        |
| Surplus / (deficit)                        | 9.79                        | 5.18                        | 5.81                        | 3.76                        | 1.91                        |
| Experience adjustments on plan liabilities | 0.41                        | 0.65                        | (0.12)                      | 0.13                        | (0.06)                      |
| Experience adjustments on plan assets      | (0.05)                      | (0.01)                      | (0.08)                      | (0.14)                      | (0.14)                      |

#### The principal assumptions used in determining defined benefit obligation are shown below:

| Particulars                           | 31 March 2015 | 31 March 2014 |
|---------------------------------------|---------------|---------------|
| Discount rate                         | 7.98%         | 9.44%         |
| Expected rate of return on plan asset | 7.98%         | 8.70%         |
| Employee turnover                     | 10.00%        | 2.00%         |
| Expected rate of salary increase      | 8.00%         | 5.00%         |
| Actual rate of return on plan assets  | 9.00%         | 9.00%         |

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 seven grants vide their meetings held on June 14, 2006; March 19, 2007, September 28, 2007, June 14, 2008, June 26, 2009, December 29, 2011, April 30, 2014 and March 30, 2015. As per the plans, 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 plans are equity settled plans.

The Company has charged ₹ 4.52 crore (31 March 2014: ₹ 0.25 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                 | 1.7                  | 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              | Grant 3              | Grant 4              |
|---------------------------|----------------------|----------------------|----------------------|
| Date of grant #           | 29-Dec-11            | 30-Apr-14            | 30-Mar-15            |
| Number of options granted | 22,24,000            | 37,13,800            | 57,24,600            |
| Method of settlement      | Equity               | Equity               | Equity               |
| Vesting period (years)    | 5                    | 5                    | 5                    |
| Exercise period (years)   | 1                    | 1.16                 | 1.18                 |
| Vesting conditions        | Business performance | Business performance | Business performance |

# The Company had granted 2,668,800 options in ESOP scheme 2010 on July 27, 2012 (Grant 2), the vesting for which was linked to business performance which could not be met. Hence the options were forfeited during the year 2012-13.

The details of the activity under ESOP scheme 2006 have been summarized below:

| Particulars  | 31 March 2015     |                                    | 31 March 2014     |                                    |
|--|-------------------|------------------------------------|-------------------|------------------------------------|
|  | Number of options | Weighted average exercise price(₹) | Number of options | Weighted average exercise price(₹) |
| Outstanding at the beginning of the year               | 87,144            | 2                                  | 158,640           | 2                                  |
| Granted during the year                                | Nil               | -                                  | Nil               | -                                  |
| Forfeited during the year                              | Nil               | -                                  | Nil               | -                                  |
| Exercised during the year                              | 53,608            | 2                                  | 50,868            | 2                                  |
| Expired during the year                                | 5,163             | 2                                  | 20,628            | 2                                  |
| Outstanding at the end of the year                     | 28,373            | 2                                  | 87,144            | 2                                  |
| Exercisable at the end of the year                     | 28,373            | 2                                  | 33,996            | 2                                  |
| Weighted average remaining contractual life (in years) | 0.25              |                                    | 1.15              |                                    |
| 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, 2015 was ₹ 59.02 (March 31, 2014: ₹ 21.70)

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%         |
| <b>Outputs</b>                |               |               |               |
| Option fair value             | 16.80         | 16.76         | 16.72         |
| Vesting percentage            | 20.00%        | 40.00%        | 40.00%        |
| <b>Option fair value</b>      |               |               | <b>16.76</b>  |

| 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%         |
| <b>Outputs</b>                 |               |               |
| Option fair value              | 34.61         | 34.47         |
| Vesting percentage             | 60.00%        | 40.00%        |
| <b>Option fair value</b>       |               | <b>34.55</b>  |

| 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%              |
| <b>Outputs</b>                     |                    |                    |
| Option fair value                  | 46.20              | 46.08              |
| Vesting percentage                 | 50.00%             | 50.00%             |
| <b>Option fair value</b>           |                    | <b>46.14</b>       |

| 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%       |
| <b>Option fair value</b>      | <b>38.53</b>  |

| 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%        |
| <b>Option fair value</b>      |               |               |               |               | <b>35.23</b>  |

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 summarized below:

| Particulars  | 31 March 2015     |                                     | 31 March 2014     |                                     |
|--|-------------------|-------------------------------------|-------------------|-------------------------------------|
|  | Number of options | Weighted average exercise price (₹) | Number of options | Weighted average exercise price (₹) |
| Outstanding at the beginning of the year               | 330,020           | 2                                   | 728,570           | 2                                   |
| Granted during the year                                | 9,438,400         | -                                   | -                 | -                                   |
| Forfeited during the year                              | -                 | -                                   | -                 | -                                   |
| Exercised during the year                              | 127,504           | 2                                   | 283,410           | 2                                   |
| Expired during the year                                | 1,072,260         | 2                                   | 115,140           | 2                                   |
| Outstanding at the end of the year                     | 8,568,656         | 2                                   | 330,020           | 2                                   |
| Exercisable at the end of the year                     | 73,868            | 2                                   | 159,548           | 2                                   |
| Weighted average remaining contractual life (in years) | 4.82              |                                     | 0.90              |                                     |
| Weighted average fair value of options granted         | 41.83             |                                     | 25.87             |                                     |

The weighted average share price for the year ended March 31, 2015 was ₹ 59.02 (March 31, 2014: ₹ 21.70)

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%             |
| <b>Outputs</b>                   |                   |                   |                   |                   |                   |
| 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%            |
| <b>Options fair value</b>        |                   |                   |                   |                   | <b>25.87</b>      |

| Date of grant: April 30, 2014 | Vest 1        | Vest 2        | Vest 3        | Vest 4        | Vest 5        |
|-------------------------------|---------------|---------------|---------------|---------------|---------------|
| Variables                     | June 26, 2015 | June 26, 2016 | June 26, 2017 | June 26, 2018 | June 26, 2019 |
| Weighted average stock price  | 30.45         | 30.45         | 30.45         | 30.45         | 30.45         |
| Expected volatility (*)       | 44.41%        | 46.93%        | 47.87%        | 46.48%        | 57.47%        |
| Risk free rate                | 8.66%         | 8.72%         | 8.78%         | 8.82%         | 8.87%         |
| Exercise price (₹ Per Option) | 2             | 2             | 2             | 2             | 2             |
| Time to maturity (years)      | 1.66          | 2.66          | 3.66          | 4.66          | 5.66          |
| Dividend yield                | 0.79%         | 0.79%         | 0.79%         | 0.79%         | 0.79%         |
| <b>Outputs</b>                |               |               |               |               |               |
| Option fair value             | 28.32         | 28.23         | 28.14         | 28.03         | 27.94         |
| Vesting percentage            | 50.00%        | 20.00%        | 10.00%        | 10.00%        | 10.00%        |
| <b>Options fair value</b>     |               |               |               |               | <b>28.22</b>  |

| Date of grant: March 30, 2015 | Vest 1       | Vest 2       | Vest 3       | Vest 4       | Vest 5       |
|-------------------------------|--------------|--------------|--------------|--------------|--------------|
| Variables                     | June 1, 2016 | June 1, 2017 | June 1, 2018 | June 1, 2019 | June 1, 2020 |
| Weighted average stock price  | 51.10        | 51.10        | 51.10        | 51.10        | 51.10        |
| Expected volatility (*)       | 51.55%       | 48.02%       | 49.61%       | 49.11%       | 48.02%       |
| Risk free rate                | 7.84%        | 7.80%        | 7.77%        | 7.76%        | 7.76%        |
| Exercise price (₹ Per Option) | 2            | 2            | 2            | 2            | 2            |
| Time to maturity (years)      | 1.68         | 2.68         | 3.68         | 4.68         | 5.68         |
| Dividend yield                | 0.59%        | 0.59%        | 0.59%        | 0.59%        | 0.59%        |
| <b>Outputs</b>                |              |              |              |              |              |
| Option fair value             | 48.85        | 48.68        | 48.51        | 48.33        | 48.14        |
| Vesting percentage            | 50.00%       | 20.00%       | 10.00%       | 10.00%       | 10.00%       |
| <b>Options fair value</b>     |              |              |              |              | <b>48.66</b> |

(\*)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 Accounting Standard- 19 on Leases are as under:

- Lease payments recognised in the statement of profit and loss for the year is ₹ 5.86 crores (31 March 2014: ₹ 4.26 crores).
- The future minimum lease payments payable over the next one year is ₹ 4.50 crores (31 March 2014: ₹ 1.77 crores).
- The future minimum lease payments payable later than one year but not later than five year is ₹ 12.46 crores (31 March 2014: ₹ 0.66 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 Accounting Standard- 19 on Leases are as under:

- Lease income recognised in the statement of profit and loss for the year is ₹ 0.39 crore (31 March 2014: ₹ 0.10 crore).
- The future minimum lease payments receivable over the next one year is ₹ 0.39 crore (31 March 2014: ₹ 0.39 crore).
- The future minimum lease payments receivable later than one year but not later than five year is ₹ 1.20 crores (31 March 2014: ₹ 0.69 crore).

## NOTE 31: CAPITALISATION OF EXCHANGE DIFFERENCE

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 Company has adjusted exchange gain arising on long-term foreign currency loan amounting to ₹ 0.67 crore (31 March 2014: Nil) to the value of plant and machinery."

## 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 ₹ 121.93 crores (31 March 2014: ₹ 63.96 crores.)
- As on March 31, 2015, the Company has commitments of ₹ 72.85 crores (31 March 2014: ₹ 419.72 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 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 2015   | 31 March 2014                              |
|---|--|
| RAPP Transmission 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      |
| Purulia Kharagpur Transmission Company Limited                  | Sterlite Networks Limited                  |
| Speedon Network Limited (erstwhile 'Sterlite Networks Limited') |  |

Further, 51% equity shares of East North Interconnection Company Limited are in the process of being pledged with the lenders.

- Pursuant to the share holders' agreement dated 7 July 2014 executed among the Company, its subsidiary Sterlite Power Grid Ventures Limited and Standard Chartered Financial Holdings, Mauritius, the Company has commitment to transfer 51% equity share holding in East North Interconnection Company Limited ("ENICL") to Sterlite Grid Limited at a nominal amount in future subject to applicable laws and regulations.
- During the year, Sterlite Power Grid Ventures Limited ('SPGVL') was incorporated as a wholly owned subsidiary of the Company. SPGVL issued 409,099,372 Optionally Convertible Redeemable Preference Shares ('OCRPS') with face value ₹ 10 per OCRPS at ₹ 11 per OCRPS for a total consideration of ₹ 4,500,098,092 (including premium of ₹ 409,099,372) and 2,000 equity shares of face value ₹ 10 each at ₹ 10 per equity share to Standard Chartered Financial Holdings, Mauritius ('Investor') pursuant to Subscription agreement and Shareholders' Agreement dated 7 July 2014 ('Agreements') executed among the Company, SPGVL and the Investor. The Agreements specify various exit options for the Investor including an IPO. The OCRPS are either convertible into equity shares or redeemable after 60 months from the date of allotment so as to provide the Investor with desired IRR from the date of allotment of OCRPS ('Closing date') until the date of exit. The OCRPS are convertible into such number of equity shares of SPGVL so as to provide 27.11% of equity share capital (calculated on a fully diluted basis) as on the the date of allotment. In case the return to the Investor on conversion is less than desired return, SPGVL will issue its equity shares to the Investor at the minimum possible price as permitted by the applicable laws and regulations so as to provide a return agreed as per Agreements to the Investor subject to Investor's equity shareholding in SPGVL not exceeding 49.9%. Alternatively, OCRPS are redeemable at a price mutually agreed between STL and the Investor based on the fair market value of the shares of SPGVL at the time of exit subject to the Investor getting desired IRR. As a result of the above, the effective equity holding of the Company in SPGVL has reduced to 96.15% (72.89% on a fully diluted basis if the OCRPS get converted into equity shares of SPGVL).

## NOTE 33: CONTINGENT LIABILITIES

|  | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
|--|--------------------------------|--------------------------------|
| 1 Disputed liabilities in appeal   |                                |                                |
| a) Sales tax   | 0.43                           | 0.43                           |
| b) Excise duty [Including excise duty case in Supreme Court, refer note 8 and note 45 (A)]   | 276.21                         | 258.18                         |
| c) Customs duty  | 69.60                          | 69.60                          |
| d) Income tax  | 21.20                          | 18.09                          |
| e) Claims lodged by a bank against the Company (*) (refer note 8)  | 18.87                          | 18.87                          |
| f) Claims against the Company not acknowledged as debt   | 23.23                          | 25.27                          |
| 2 Outstanding amount of export obligation against advance license  | 6.95                           | -                              |
| 3 Corporate guarantee to the income tax department on behalf of group companies.   | 114.00                         | 114.00                         |
| 4 Corporate 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 ₹ 334.45 crores (31 March 2014: ₹842.02 crores)  | 75.57                          | 574.83                         |
| 5 Bank guarantee given to Long Term Transmission Customers on behalf of its subsidiary companies.  | 220.93                         | 176.72                         |

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. The company is contesting the demands and the management, including its tax advisors, believe that its position will likely be upheld in the appellate process. No tax expense has been accrued in the financial statements for the tax demand raised. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the company's financial position and results of operations.

In respect of the claims against the company not acknowledged as debts as above, the management does not expect these claims to succeed. Accordingly, no provision for the contingent liability has been recognized in the financial statements.

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. Thereafter, the bank filed claim against the company in the Debt Recovery Tribunal (DRT). Against the DRT Order dated 28-Oct-2010, the parties had filed cross appeals before the Debt Recovery Appellate Tribunal. The Debt Recovery Appellate Tribunal vide its Order dated 28-Jan-2015 has allowed the appeal filed by the company and has dismissed the appeal filed by the bank. The bank has challenged the said order in WRIT before the Bombay High Court. The management doesn't expect the claim to succeed.

## NOTE 34: DERIVATIVE INSTRUMENTS

The Company has entered into the following derivative instruments:

(a) The following are the outstanding forward exchange contracts entered into by the company, for hedge purpose, as on March 31, 2015:

| Purpose   | Foreign currency<br>(in Crores) | Amount<br>(₹ in Crores) | Buy/Sell | No. of contracts<br>Quantity |
|---|---------------------------------|-------------------------|----------|------------------------------|
| <b>March 31, 2015</b>   |                                 |                         |          |                              |
| Hedge of payables, buyers credit and highly probable foreign currency purchases | US \$ 13.63                     | 872.29                  | Buy      | 288                          |
| Hedge of trade receivables and highly probable foreign currency sale            | US \$ 8.06                      | 520.64                  | Sell     | 105                          |
| Hedge of payables, buyers credit and highly probable foreign currency purchases | EUR 0.87                        | 66.17                   | Buy      | 36                           |
| Hedge of trade receivables and highly probable foreign currency sale            | EUR 0.50                        | 32.77                   | Sell     | 25                           |
| Hedge of trade receivables and highly probable foreign currency sale            | GBP 1.00                        | 99.05                   | Sell     | 27                           |
| <b>March 31, 2014</b>   |                                 |                         |          |                              |
| Hedge of payables, buyers credit and highly probable foreign currency purchases | US \$ 13.78                     | 880.57                  | Buy      | 271                          |
| Hedge of trade receivables and highly probable foreign currency sale            | US \$ 9.65                      | 604.40                  | Sell     | 102                          |
| Hedge of payables, buyers credit and highly probable foreign currency purchases | EUR 0.58                        | 52.00                   | Buy      | 29                           |
| Hedge of trade receivables and highly probable foreign currency sale            | EUR 0.78                        | 64.29                   | Sell     | 21                           |
| Hedge of trade receivables and highly probable foreign currency sale            | GBP 0.16                        | 16.65                   | Sell     | 9                            |

**(b) The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:**

(i) Amount receivable in foreign currency on account of the following:

| Category             | Currency type | 31 March 2015                |                      | 31 March 2014                |                      |
|----------------------|---------------|------------------------------|----------------------|------------------------------|----------------------|
|                      |               | Foreign currency (In Crores) | Amount (₹ in Crores) | Foreign currency (In Crores) | Amount (₹ in Crores) |
| Export of goods      | ZAR           | -                            | -                    | 0.01                         | 0.04                 |
| Advance to suppliers | US \$         | 0.03                         | 1.69                 | 0.00*                        | 0.29                 |
| Advance to suppliers | EUR           | 0.02                         | 1.11                 | 0.03                         | 2.35                 |
| Advance to suppliers | GBP           | 0.00*                        | 0.13                 | 0.00*                        | 0.10                 |
| Advance to suppliers | CHF           | 0.00*                        | 0.04                 | -                            | -                    |
| Advance to suppliers | JPY           | 0.03                         | 0.02                 | -                            | -                    |
| Advance to suppliers | CAD           | 0.02                         | 1.02                 | -                            | -                    |
| Balance with banks   | US \$         | -                            | -                    | 0.01                         | 0.71                 |
| Balance with banks   | EUR           | 0.01                         | 0.73                 | 0.00*                        | 0.30                 |
| Balance with banks   | GBP           | 0.01                         | 0.86                 | 0.00*                        | 0.19                 |
| Balance with banks   | RMB           | 0.00*                        | 0.00*                | -                            | -                    |
| Balance with banks   | ZAR           | -                            | -                    | 0.02                         | 0.11                 |
| Balance with banks   | RUB           | 0.01                         | 0.01                 | 0.01                         | 0.01                 |

\* Amount below 0.01 crore.

**(ii) Amounts payable in foreign currency on account of the following:**

| Category                     | Currency type | 31 March 2015                |                      | 31 March 2014                |                      |
|------------------------------|---------------|------------------------------|----------------------|------------------------------|----------------------|
|                              |               | Foreign currency (In Crores) | Amount (₹ in Crores) | Foreign currency (In Crores) | Amount (₹ in Crores) |
| Import of goods and services | GBP           | -                            | -                    | 0.00*                        | 0.11                 |
| Import of goods and services | CHF           | -                            | -                    | 0.00*                        | 0.07                 |
| Import of capital goods      | US \$         | 0.43                         | 27.47                | -                            | -                    |
| Import of capital goods      | EUR           | 0.04                         | 2.60                 | -                            | -                    |

\* Amount below 0.01 crore.

**(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 2015:

| Year          | Commodity type | No. of contracts | Contracted quantity (MT) | Buy/Sell |
|---------------|----------------|------------------|--------------------------|----------|
| 31 March 2015 | Aluminium*     | 273              | 74,994                   | Buy      |
| 31 March 2015 | Aluminium      | 59               | 10,550                   | Sell     |
| 31 March 2015 | Copper         | 29               | 361                      | Buy      |
| 31 March 2015 | Copper         | 3                | 216                      | Sell     |
| 31 March 2015 | Zinc           | 1                | 25                       | Buy      |
| 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     |

\* Includes 12 (31 March 2014: 10) commodity futures contracts for 1,585 MT (31 March 2014:11,475 MT) entered on behalf of subsidiaries.

## 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 2015                       |                                  | 31 March 2014                       |                                  |
|--|-------------------------------------|----------------------------------|-------------------------------------|----------------------------------|
|  | Outstanding amount<br>(₹ in Crores) | Maximum balance<br>(₹ in Crores) | Outstanding amount<br>(₹ in Crores) | Maximum balance<br>(₹ in Crores) |
| Sterlite Global Ventures (Mauritius) Limited                       | 0.09                                | 0.09                             | 0.00*                               | 0.00*                            |
| Sterlite Grid Limited  | 9.34                                | 778.11                           | 565.62                              | 565.62                           |
| East North Interconnection Company Limited                         | 0.00*                               | 31.71                            | 31.24                               | 39.30                            |
| Sterlite Technologies Americas LLC                                 | 0.23                                | 0.23                             | 0.26                                | 9.05                             |
| Speedon Network Limited<br>(erstwhile 'Sterlite Networks Limited') | 46.19                               | 46.97                            | 41.93                               | 119.61                           |
| Maharashtra Transmission Communication<br>Infrastructure Limited   | 0.01                                | 2.07                             | 0.06                                | 1.32                             |
| Sterlite Technologies UK Ventures Limited                          | 17.13                               | 22.74                            | 1.40                                | 1.40                             |
| <b>Total</b>   | <b>72.99</b>                        |                                  | 640.51                              |                                  |

## NOTE 36: DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER MSMED ACT, 2006

| Description  | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ 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  | 0.75                           | 0.46                           |
| Interest due on above  | 0.01                           | -                              |
| (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.   | 0.01                           | 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 ₹ 0.01 crore (31 March, 2014 Nil) and same is not accrued in the books of accounts. During, the year 2014-2015 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 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
|----------------------------|--------------------------------|--------------------------------|
| Raw materials              | 981.24                         | 893.26                         |
| Components and spare parts | 19.97                          | 13.45                          |
| Capital goods              | 41.54                          | 46.36                          |
| <b>Total</b>               | <b>1,042.75</b>                | 953.07                         |

## NOTE 38: EXPENDITURE IN FOREIGN CURRENCY (ACCRUAL BASIS)

| Particulars               | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
|---------------------------|--------------------------------|--------------------------------|
| Travelling and conveyance | 5.44                           | 6.23                           |
| Sales commission          | 3.09                           | 12.27                          |
| Interest and bank charges | 6.72                           | 10.25                          |
| Royalty                   | -                              | 0.48                           |
| Employee benefit expenses | 16.41                          | 18.80                          |
| Others                    | 33.07                          | 33.91                          |
| <b>Total</b>              | <b>64.73</b>                   | <b>81.94</b>                   |

## NOTE 39: IMPORTED AND INDIGENOUS RAW MATERIALS, COMPONENTS AND SPARE PARTS CONSUMED

| Particulars                       | % of total consumption<br>31 March 2015 | Value (₹ in Crores)<br>31 March 2015 | % of total consumption<br>31 March 2014 | Value (₹ in Crores)<br>31 March 2014 |
|-----------------------------------|---|--------------------------------------|---|--------------------------------------|
| <b>Raw material</b>               |   |                                      |   |                                      |
| Imported                          | 48.58                                   | 944.73                               | 51.10                                   | 908.02                               |
| Indigenous                        | 51.42                                   | 999.91                               | 48.90                                   | 868.84                               |
|                                   | <b>100.00</b>                           | <b>1,944.64</b>                      | <b>100.00</b>                           | <b>1,776.86</b>                      |
| <b>Components and spare parts</b> |   |                                      |   |                                      |
| Imported                          | 31.15                                   | 20.06                                | 28.45                                   | 14.63                                |
| Indigenous                        | 68.85                                   | 44.35                                | 71.55                                   | 36.78                                |
|                                   | <b>100.00</b>                           | <b>64.41</b>                         | <b>100.00</b>                           | <b>51.41</b>                         |

## NOTE 40: NET DIVIDEND REMITTED IN FOREIGN EXCHANGE

| Year of remittance (ending on)                         | 31 March 2015<br>(₹ in Crores)   | 31 March 2014<br>(₹ in Crores)   |
|--|----------------------------------|----------------------------------|
| Period to which it relates                             | 1 April 2013 to<br>31 March 2014 | 1 April 2012 to<br>31 March 2013 |
| Number of non-resident shareholders                    | 8                                | 8                                |
| Number of equity shares held on which dividend was due | 209,508,950                      | 209,492,100                      |
| Amount remitted, net of tax (₹ in crores)              | 6.29                             | 6.28                             |

## NOTE 41: EARNINGS IN FOREIGN CURRENCY (ACCRUAL BASIS)

| Particulars                     | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
|---------------------------------|--------------------------------|--------------------------------|
| F.O.B. value of exports         | 1,056.81                       | 907.43                         |
| F.O.B. value of deemed exports  | 28.27                          | 32.57                          |
| Corporate guarantee commission  | 0.42                           | 0.15                           |
| Dividend income from subsidiary | 0.74                           | -                              |
| <b>Total</b>                    | <b>1,086.24</b>                | <b>940.16</b>                  |

## NOTE 42: RESEARCH AND DEVELOPMENT EXPENDITURE

| Particulars   | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
|---|--------------------------------|--------------------------------|
| <b>Capital expenditure</b>  |                                |                                |
| - Plants and machinery - capitalized during the year                              | 0.49                           | 10.35                          |
| - Plants and machinery - purchased during the year but pending for capitalization | -                              | 0.49                           |
|   | 0.49                           | 10.84                          |
| <b>Revenue expenditure</b>  |                                |                                |
| -Salaries, wages and bonus  | 3.67                           | 4.33                           |
| - Raw materials consumed  | 2.05                           | 2.58                           |
| - General expenses  | 2.13                           | 1.51                           |
| <b>Total</b>  | <b>7.85</b>                    | 8.42                           |

NOTE 43: DISCLOSURES PURSUANT TO ACCOUNTING STANDARD (AS) 7 (REVISED)  
"CONSTRUCTION CONTRACTS"

| Particulars  | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
|--|--------------------------------|--------------------------------|
| Amount of contract revenue recognised during the period (net of excise duty)   | 68.56                          | -                              |
| The aggregate amount of costs incurred and recognised profits (less recognised losses) for all contracts in progress upto the reporting date | 68.56                          | -                              |
| Amount of customer advances outstanding for contracts in progress upto the reporting date  | -                              | -                              |
| Retention amount due from customers for contracts in progress upto the reporting date  | -                              | -                              |
| Gross amount due from customers for contract work as an asset  | -                              | -                              |
| Gross amount due to customers for contract work as a liability   | 23.09                          | -                              |

## NOTE 44: INTEREST IN JOINT VENTURE

The Company holds 50% interest in Sterlite Condu spar Industrial Ltda, Brazil, a jointly 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 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
|-------------------------------------|--------------------------------|--------------------------------|
| Current assets                      | 9.21                           | -                              |
| Non-current assets                  | 7.05                           | 3.86                           |
| Current liabilities                 | 5.80                           | 2.58                           |
| Non-current liabilities             | 5.30                           | -                              |
| Net worth                           | 5.16                           | 1.28                           |
| Revenue                             | 2.70                           | -                              |
| Cost of material consumed           | 2.92                           | -                              |
| Depreciation of plant and machinery | 0.15                           | -                              |
| Employee benefit expenses           | 1.04                           | 0.03                           |
| Other expenses                      | 2.68                           | 0.02                           |
| Finance cost                        | 0.13                           | -                              |
| Profit before tax                   | (4.22)                         | (0.05)                         |
| Tax expenses                        | -                              | -                              |
| Profit after tax                    | (4.22)                         | (0.05)                         |

## NOTE 45: 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 2014: ₹ 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. As per the requirements of Schedule II to the Companies Act, 2013 effective from April 1, 2014, the Company has revised the useful lives of certain assets in the current year on the basis of management's estimation, supported by technical advice, of the useful lives of the respective assets. As a result, the depreciation charge for the Company for the year ended March 31, 2015 is higher by ₹ 0.73 crore. Further, an amount of ₹ 35.88 crores (net of deferred tax of ₹ 18.97 crores) pertaining to assets for which the remaining useful lives were nil as at April 1, 2014 has been adjusted to General Reserve. The Company has opted to apply the provisions of para 4(a) under the heading Notes after Part C in Schedule II of the Companies Act, 2013 from April 1, 2015 as permitted by MCA Notification dated August 29, 2014.
- D. In order to assess the recoverability of the carrying amounts of investments in Sterlite Power Grid Ventures Limited as at March 31, 2015, the Company has determined the recoverable amounts of the underlying transmission assets of East North Interconnection Company Limited (ENICL), Bhopal Dhule Transmission Company Limited (BDTCL) and Jabalpur Transmission Company Limited (JTCL) on the basis of the individual transmission assets value in use by estimating the future cash flows over the estimated license period of the respective transmission asset.

For such estimation, management has used certain key assumptions which are as follows:

- i) Additional tariff to be claimed from customers in respect of cost overruns incurred due to force majeure events and changes in laws as permitted by the respective Transmission Services Agreements (TSAs);
- ii) Tax adjusted discounting rate of 10% (for ENICL and BDTCL) and 10.1% for JTCL;
- iii) Recoverability of the metal value (as adjusted for inflation) in the project cost at the end of license period;
- iv) Availability of transmission lines at 99.75% throughout the license period;
- v) Inflation rate of 6.98% for escalable tariff for future periods.

Based on management evaluation, these assumptions are considered reasonable as at March 31, 2015 and the recoverable amounts are higher than the carrying values of the respective transmission assets. The Company has also obtained valuation reports from an external consultant in order to arrive at the conclusion that as per AS-28, the recoverable amounts are higher than the respective carrying values of the transmission assets as at March 31, 2015. These assumptions will be reassessed on a periodic basis for the purpose of determination of the recoverable amounts of the individual transmission assets. Any change in key assumptions could have a material effect on the recoverable amounts of the individual transmission assets and consequently on the carrying amounts of the investments in SPGVL as at March 31, 2015.

In respect of additional tariff claimed, the Management has taken a legal opinion that based on facts and circumstances; ENICL, BDTCL and JTCL are legally entitled as per terms of TSA to claim the amount. The additional tariff that these entities will eventually receive will depend on Central Electricity Regulatory Commission (CERC) approving their claim and the amount. ENICL and JTCL have filed petitions with CERC and BDTCL is in the process of filing the same.

- E. The Board of directors of the Company on 18 May 2015 have approved the Scheme of Arrangement under Sections 391 – 394 of the Companies Act, 1956 ('the Scheme') between Sterlite Technologies Limited ('STL' or 'Demerged company'), Sterlite Power Transmission Limited ('SPTL' or 'Resulting company') and their respective shareholders and creditors for the demerger of power products and solutions business (including the investments of STL in power transmission infrastructure subsidiaries) into its subsidiary SPTL with the appointed date of 1 April 2015 subject to the approval of shareholders and creditors, approvals of the relevant regulatory authorities and the sanction of the Hon'ble Bombay High Court. The Scheme inter alia provides for issue of equity share or redeemable preference shares of SPTL to the shareholders of STL. The Scheme would become effective upon receipt of all requisite approvals and filing of the certified copies of the Court order with the Registrar of Companies.
- F. The company has spent an amount of ₹ 1.35 cr during the year as required under section 135 of the Companies Act, 2013 in the areas of skill development, education and health in the cities of Pune, Aurangabad, Silvassa and Mumbai. Out of ₹ 1.35 cr, an amount of 0.27 crore was spent by way of contribution to Sterlite Tech Foundation, in which directors/senior executives of the Company and their relatives are trustees.

## NOTE 46: RELATED PARTY DISCLOSURES

**(A) Name of related party and nature of its relationship:****(a) Related parties where control exists****(i) Holding company**

Twin Star Overseas Limited, Mauritius (Immediate holding company)  
Volcan Investments Limited, Bahamas (Ultimate holding company)

**(ii) Subsidiaries**

Sterlite Power Grid Ventures Limited  
Sterlite Grid Limited  
Sterlite Grid 2 Limited (Erstwhile Sterlite Display Technologies Private Limited)  
Sterlite Grid 3 Limited  
East North Interconnection Company Limited  
Jabalpur Transmission Company Limited  
Bhopal Dhule Transmission Company Limited  
Purulia & Kharagpur Transmission Company Limited  
RAPP Transmission Company Limited  
NRSS XXIX Transmission Limited  
Sterlite Global Ventures (Mauritius) Limited  
Jiangsu Sterlite and Tongguang Fiber Co. Limited  
Sterlite Display Limited  
Sterlite Technologies Americas LLC  
Sterlite Technologies Europe Ventures Limited  
Sterlite Technologies UK Ventures Limited  
Speedon Network Limited (Erstwhile Sterlite Networks Limited)  
Maharashtra Transmission Communication Infrastructure Limited  
Sterlite Power Technologies Private Limited

**(iii) Joint ventures**

Sterlite Condu spar Industrial Ltda (50:50 joint venture between Sterlite Technologies UK Ventures Limited and Condu spar Conductores Eletricos Limitada)

**(b) Other related parties with whom transactions have taken place during the year****(i) Key Management Personnel (KMP)**

Mr. Pravin Agarwal  
Dr. Anand Agarwal

**(ii) Entities where key management personnel / relatives of key management personnel have significant influence (EKMP)**

Vedanta Limited (Erstwhile Sesa Sterlite Limited)  
Fujairah Gold FZE  
Bharat Aluminium Company Limited  
Hindustan Zinc Limited  
Vedanta Resources PLC  
Sterlite Tech Foundation

**(B) 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   |        |
|-----------------------------|--|--------------|----------|----------------|-------|-----------------|--------|-------|-------|--------|--------|
|                             |  | 14-15        | 13-14    | 14-15          | 13-14 | 14-15           | 13-14  | 14-15 | 13-14 | 14-15  | 13-14  |
| 1                           | Remuneration   | -            | -        | -              | -     | -               | -      | 10.76 | 6.78  | -      | -      |
| 2                           | Dividend received / (paid)   | 0.74         | -        | -              | -     | (6.28)          | (6.28) | -     | -     | (0.14) | (0.14) |
| 3                           | Investment during the year   | 1,206.86     | 30.42    | -              | -     | -               | -      | -     | -     | -      | -      |
| 4                           | Allotment of equity shares against share application money pending allotment | 1.04         | 24.81    | -              | -     | -               | -      | -     | -     | -      | -      |
| 5                           | Share application money paid / (Refund)                                      | (186.10)     | 10.80    | -              | -     | -               | -      | -     | -     | -      | -      |
| 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 subsidiaries**   | 125.10       | 63.70    | -              | -     | -               | -      | -     | -     | -      | -      |
| 9                           | Loans and advances given##   | 200.83       | 172.71   | -              | -     | -               | -      | -     | -     | -      | -      |
| 10                          | Repayment of advances from subsidiary  | 691.14       | 5.65     | -              | -     | -               | -      | -     | -     | -      | -      |
| 11                          | Advances from subsidiary##   | 0.61         | -        | -              | -     | -               | -      | -     | -     | -      | -      |
| 12                          | Repayment of advances to subsidiary  | -            | 0.28     | -              | -     | -               | -      | -     | -     | -      | -      |
| 13                          | Interest charged on loans  | 23.97        | 57.78    | -              | -     | -               | -      | -     | -     | -      | -      |
| 14                          | Management fees charged / (paid)   | -            | -        | -              | -     | -               | -      | -     | -     | (0.12) | (0.16) |
| 15                          | Corporate guarantee commission charged                                       | 0.42         | 0.15     | -              | -     | -               | -      | -     | -     | -      | -      |
| 16                          | Commission paid  | -            | 8.52     | -              | -     | -               | -      | -     | -     | -      | -      |
| 17                          | Purchase of goods  | 1.61         | 20.65    | -              | -     | -               | -      | -     | -     | 682.97 | 614.12 |
| 18                          | Purchase of services   | 13.04        | 6.60     | -              | -     | -               | -      | -     | -     | -      | -      |
| 19                          | Purchase of power  | -            | -        | -              | -     | -               | -      | -     | -     | 3.59   | 28.37  |
| 20                          | Sale of goods (net of excise duty)   | 260.45       | 310.98   | 3.98           | 2.89  | -               | -      | -     | -     | 12.72  | 1.18   |
| 21                          | Interest paid  | -            | -        | -              | -     | -               | -      | -     | -     | 1.32   | 0.73   |
| 22                          | Expenses incurred  | 0.52         | 0.46     | -              | -     | -               | -      | -     | -     | 0.11   | 1.89   |
| 23                          | Advance received against supplies  | 14.37        | 4.12     | -              | -     | -               | -      | -     | -     | -      | -      |
| 24                          | Corporate and bank guarantees given on behalf of subsidiaries                | 59.21        | 51.30    | -              | -     | -               | -      | -     | -     | -      | -      |
| 25                          | Contributions made   | -            | -        | -              | -     | -               | -      | -     | -     | 0.28   | 0.23   |
| <b>Outstanding Balances</b> |  |              |          |                |       |                 |        |       |       |        |        |
| 1                           | Advance outstanding against supplies   | 5.67         | 7.96     | -              | -     | -               | -      | -     | -     | 1.79   | -      |
| 2                           | Loans/advance receivables##  | 72.99        | 640.51   | -              | -     | -               | -      | -     | -     | -      | -      |
| 3                           | Loans/advance payables##   | 2.13         | 1.52     | -              | -     | -               | -      | -     | -     | -      | -      |
| 4                           | Trade receivables  | 107.73       | 130.25   | 6.92           | 2.94  | -               | -      | -     | -     | 0.35   | -      |
| 5                           | Trade payables   | 1.16         | 4.26     | -              | -     | -               | -      | -     | -     | 7.21   | 43.05  |
| 6                           | Share application money pending allotment                                    | -            | 187.15   | -              | -     | -               | -      | -     | -     | -      | -      |
| 7                           | Compulsorily convertible debentures  | -            | 76.48    | -              | -     | -               | -      | -     | -     | -      | -      |
| 8                           | Investment in equity shares and preference shares                            | 1,318.25     | 152.17   | -              | -     | -               | -      | -     | -     | -      | -      |
| 9                           | Corporate and bank guarantees given and outstanding                          | 555.38       | 1,018.74 | -              | -     | -               | -      | -     | -     | 114.00 | 114.00 |

## (C) Disclosure in respect of material related party transaction during the year:

(₹ in Crores)

| S. No. | Particulars   | Relationship    | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
|--------|---|-----------------|--------------------------------|--------------------------------|
| 1      | <b>Remuneration #</b>   |                 |                                |                                |
|        | Mr. Pravin Agarwal  | KMP             | 7.61                           | 3.99                           |
|        | Dr. Anand Agarwal   | KMP             | 3.16                           | 2.79                           |
| 2      | <b>Dividend received/(paid)</b>   |                 |                                |                                |
|        | Twin Star Overseas Limited  | Holding Company | (6.28)                         | (6.28)                         |
|        | Vedanta Limited (Erstwhile Sesa Sterlite Limited)                                   | EKMP            | (0.14)                         | (0.14)                         |
|        | Sterlite Technologies Europe Ventures Limited                                       | Subsidiary      | 0.74                           | -                              |
| 3      | <b>Investment during the year</b>   |                 |                                |                                |
|        | Sterlite Power Grid Ventures Limited  | Subsidiary      | 1,198.07                       | -                              |
|        | Sterlite Global Ventures (Mauritius) Limited  | Subsidiary      | -                              | 30.38                          |
| 4      | <b>Allotment of equity shares against share application money pending allotment</b> |                 |                                |                                |
|        | Sterlite Grid Limited   | Subsidiary      | -                              | 24.79                          |
|        | Maharashtra Transmission Communication Infrastructure Limited                       | Subsidiary      | 1.04                           | 0.03                           |
| 5      | <b>Share application money paid/(Refund)</b>  |                 |                                |                                |
|        | Sterlite Grid Limited   | Subsidiary      | (175.30)                       | -                              |
|        | Sterlite Grid 2 Limited (Erstwhile Sterlite Display Technologies Private Limited)   | Subsidiary      | (10.80)                        | 10.80                          |
| 6      | <b>Conversion of advance to investment in equity shares / debentures</b>            |                 |                                |                                |
|        | East North Interconnection Company Limited  | Subsidiary      | -                              | 10.20                          |
|        | Speedon Network Limited (Erstwhile Sterlite Networks Limited)                       | Subsidiary      | -                              | 37.45                          |
| 7      | <b>Conversion of loans and advance to share application money</b>                   |                 |                                |                                |
|        | Sterlite Grid Limited   | Subsidiary      | -                              | 175.30                         |
| 8      | <b>Sale of Investment in Subsidiaries**</b>   |                 |                                |                                |
|        | Sterlite Power Grid Ventures Limited  | Subsidiary      | 125.10                         | -                              |
|        | Sterlite Grid Limited   | Subsidiary      | -                              | 63.70                          |
| 9      | <b>Loans and advances given ##</b>  |                 |                                |                                |
|        | Sterlite Grid Limited   | Subsidiary      | 182.19                         | 155.67                         |
|        | Speedon Network Limited (Erstwhile Sterlite Networks Limited)                       | Subsidiary      | 0.15                           | 15.51                          |
| 10     | <b>Repayment of advances from subsidiary</b>  |                 |                                |                                |
|        | Sterlite Grid Limited   | Subsidiary      | 671.06                         | -                              |
|        | Sterlite Technologies Americas LLC  | Subsidiary      | -                              | 5.65                           |
| 11     | <b>Advances from subsidiary ##</b>  |                 |                                |                                |
|        | Jiangsu Sterlite and Tongguang Fiber Co. Limited                                    | Subsidiary      | 0.61                           | -                              |
| 12     | <b>Repayment of advances to subsidiary</b>  |                 |                                |                                |
|        | Sterlite Grid 2 Limited (Erstwhile Sterlite Display Technologies Private Limited)   | Subsidiary      | -                              | 0.28                           |
| 13     | <b>Interest charged on loans</b>  |                 |                                |                                |
|        | Sterlite Grid Limited   | Subsidiary      | 18.74                          | 46.54                          |
|        | Speedon Network Limited (Erstwhile Sterlite Networks Limited)                       | Subsidiary      | 4.57                           | 8.86                           |
| 14     | <b>Management fees charged/(paid)</b>   |                 |                                |                                |
|        | Vedanta Resources PLC   | EKMP            | (0.12)                         | (0.16)                         |
| 15     | <b>Corporate guarantee commission charged</b>                                       |                 |                                |                                |
|        | Jiangsu Sterlite and Tongguang Fiber Co. Limited                                    | Subsidiary      | 0.42                           | 0.15                           |
| 16     | <b>Commission paid</b>  |                 |                                |                                |
|        | Sterlite Technologies Americas LLC  | Subsidiary      | -                              | 8.52                           |
| 17     | <b>Purchase of goods</b>  |                 |                                |                                |
|        | Vedanta Limited (Erstwhile Sesa Sterlite Limited)                                   | EKMP            | 601.20                         | 560.37                         |

**(D) The transactions with related parties during the year and their outstanding balances are as follows:-**

| S. No. | Particulars   | Relationship | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
|--------|---|--------------|--------------------------------|--------------------------------|
| 18     | <b>Purchase of services</b>   |              |                                |                                |
|        | Speedon Network Limited (Erstwhile Sterlite Networks Limited)         | Subsidiary   | 13.04                          | 6.60                           |
| 19     | <b>Purchase of power</b>  |              |                                |                                |
|        | Vedanta Limited (Erstwhile Sesa Sterlite Limited)                     | EKMP         | 3.59                           | 28.37                          |
| 20     | <b>Sale of goods (net of excise duty)</b>                             |              |                                |                                |
|        | Sterlite Grid Limited   | Subsidiary   | 117.02                         | 93.74                          |
|        | Jiangsu Sterlite and Tongguang Fiber Co. Limited                      | Subsidiary   | 82.40                          | 72.86                          |
|        | Bhopal Dhule Transmission Company Limited                             | Subsidiary   | 11.81                          | 57.96                          |
|        | Jabalpur Transmission Company Limited                                 | Subsidiary   | -                              | 49.04                          |
| 21     | <b>Interest paid</b>  |              |                                |                                |
|        | Vedanta Limited (Erstwhile Sesa Sterlite Limited)                     | EKMP         | 1.32                           | 0.73                           |
| 22     | <b>Expenses incurred</b>  |              |                                |                                |
|        | Vedanta Limited (Erstwhile Sesa Sterlite Limited)                     | EKMP         | 0.06                           | 1.69                           |
|        | Hindustan Zinc Limited  | EKMP         | 0.06                           | 0.20                           |
|        | Speedon Network Limited (Erstwhile Sterlite Networks Limited)         | Subsidiary   | 0.52                           | 0.46                           |
| 23     | <b>Advance received against supplies</b>                              |              |                                |                                |
|        | Sterlite Power Grid Ventures Limited                                  | Subsidiary   | 14.37                          | -                              |
|        | Jabalpur Transmission Company Limited                                 | Subsidiary   | -                              | 4.12                           |
| 24     | <b>Corporate and bank guarantee given on behalf of subsidiaries @</b> |              |                                |                                |
|        | NRSS XXIX Transmission Limited  | Subsidiary   | 44.21                          | -                              |
|        | Bhopal Dhule Transmission Company Limited                             | Subsidiary   | 15.00                          | -                              |
|        | Purulia & Kharagpur Transmission Company Limited                      | Subsidiary   | -                              | 27.90                          |
|        | RAPP Transmission Company Limited                                     | Subsidiary   | -                              | 23.40                          |
| 25     | <b>Contributions made</b>   |              |                                |                                |
|        | Sterlite Tech Foundation  | EKMP         | 0.28                           | 0.23                           |

# As the liabilities for gratuity and leave encashment are provided on an actuarial basis for the Company as a whole, the amounts pertaining to the directors are not included above.

## Includes expenses incurred and recoverable.

\*\* During the current year, the Company has transferred its 100% investment in equity shares of Sterlite Grid Limited and Sterlite Grid 2 Limited (Erstwhile Sterlite Display Technologies Private Limited) and investment in compulsorily convertible debentures of East North Interconnection Limited to Sterlite Power Grid Ventures Limited.

@ The guarantees are provided to banks/financial institutions in respect of loans/hedging facilities taken by subsidiaries and to long term transmission customers of transmission grid subsidiaries.

## NOTE 47: SEGMENT INFORMATION

In accordance the Accounting Standard 17 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           |          |
|----------------------------------|-------------------------------|----------|-----------------------------|----------|-----------------|----------|-----------------|----------|
|                                  | 2014-15                       | 2013-14  | 2014-15                     | 2013-14  | 2014-15         | 2013-14  | 2014-15         | 2013-14  |
| <b>Segment revenue</b>           | <b>1,591.39</b>               | 1,146.48 | <b>1,563.21</b>             | 1,649.94 | -               | -        | <b>3,154.60</b> | 2,796.42 |
| Less: Excise duty                | <b>104.13</b>                 | 69.77    | <b>90.24</b>                | 63.07    | -               | -        | <b>194.37</b>   | 132.84   |
| Net revenue                      | <b>1,487.26</b>               | 1,076.71 | <b>1,472.97</b>             | 1,586.87 | -               | -        | <b>2,960.23</b> | 2,663.58 |
| <b>Segment results (EBIT)</b>    | <b>269.06</b>                 | 113.20   | <b>9.24</b>                 | 55.16    | -               | -        | <b>278.30</b>   | 168.36   |
| Less: Finance cost               |                               |          |                             |          | <b>179.28</b>   | 95.28    | <b>179.28</b>   | 95.28    |
| Profit before tax                |                               |          |                             |          |                 |          | <b>99.02</b>    | 73.08    |
| Less: Tax expense                |                               |          |                             |          | <b>14.78</b>    | 22.88    | <b>14.78</b>    | 22.88    |
| <b>Net profit</b>                |                               |          |                             |          |                 |          | <b>84.24</b>    | 50.20    |
| Segment assets                   | <b>1,622.42</b>               | 1,425.45 | <b>1,074.12</b>             | 938.73   |                 |          | <b>2,696.54</b> | 2,364.18 |
| Common assets                    |                               |          |                             |          | <b>1,530.77</b> | 1,182.14 | <b>1,530.77</b> | 1,182.14 |
| <b>Total assets</b>              |                               |          |                             |          |                 |          | <b>4,227.31</b> | 3,546.32 |
| Segment liabilities              | <b>443.03</b>                 | 337.55   | <b>751.40</b>               | 563.27   |                 |          | <b>1,194.43</b> | 900.82   |
| Common liabilities               |                               |          |                             |          | <b>1,790.23</b> | 1,427.21 | <b>1,790.23</b> | 1,427.21 |
| <b>Total liabilities</b>         |                               |          |                             |          |                 |          | <b>2,984.66</b> | 2,328.03 |
| Capital expenditure incurred     | <b>70.73</b>                  | 72.13    | <b>18.60</b>                | 19.29    | -               | -        | <b>89.33</b>    | 91.42    |
| Depreciation                     | <b>76.12</b>                  | 73.49    | <b>31.62</b>                | 29.40    | -               | -        | <b>107.74</b>   | 102.89   |
| Significant non cash expenditure | <b>10.67</b>                  | 9.33     | <b>19.04</b>                | 20.01    | -               | -        | <b>29.71</b>    | 29.34    |

**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 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
|---|--------------------------------|--------------------------------|
| <b>i. Segment revenue - external turnover (gross)</b> |                                |                                |
| Within India  | <b>2,043.26</b>                | 1,747.88                       |
| Outside India   | <b>1,111.34</b>                | 1,048.54                       |
| <b>Total</b>  | <b>3,154.60</b>                | 2,796.42                       |
| <b>ii. Segment assets</b>                             |                                |                                |
| Within India  | <b>2,451.75</b>                | 2,120.79                       |
| Outside India   | <b>244.79</b>                  | 243.39                         |
| <b>Total</b>  | <b>2,696.54</b>                | 2,364.18                       |
| <b>iii. Capital expenditure</b>                       |                                |                                |
| Within India  | <b>89.33</b>                   | 91.42                          |
| Outside India   | -                              | -                              |
| <b>Total</b>  | <b>89.33</b>                   | 91.42                          |

## NOTE 48: DISCLOSURE REQUIRED UNDER SEC. 186 (4) OF THE COMPANIES ACT 2013

Included in loans and advances are certain loans the particulars of which are disclosed below as required by Sec 186 (4) of Companies Act 2013

| Name of the loanee   | Rate of Interest | Due date            | Secured / Unsecured | Outstanding amount ₹ in Crores | Maximum balance ₹ in Crores | Purpose   |
|--|------------------|---------------------|---------------------|--------------------------------|-----------------------------|---|
| Speedon Network Limited<br>(Erstwhile Sterlite Networks Limited) | 10.25-10.50%     | Repayable on demand | Unsecured           | 46.19                          | 46.97                       | The loan has been utilised by the Company for construction of network infrastructure. |
| Sterlite Technologies UK Ventures Limited                        | Nil              | Repayable on demand | Unsecured           | 17.13                          | 22.74                       | The loan has been utilised by the Company for investment in Joint Venture in Brazil.  |

For details of investments, refer note 12. For details of guarantees given, refer note 46.

## NOTE 49: 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 SRBC & Co LLP**

Firm Registration No. 324982E

Chartered Accountants

**per Paul Alvares**

Partner

Membership Number : 105754

Place : Pune

Date : May 18, 2015

**For and on behalf of the board of directors of Sterlite Technologies Limited****Pravin Agarwal**

Vice Chairman & Whole-time Director

DIN : 00022096

**Anupam Jindal**

Chief Financial Officer

**Anand Agarwal**

CEO & Whole-time Director

DIN : 00057364

**Amit Deshpande**

Company Secretary

# ENRICHING LIVES AND ENABLING BETTER LIVING....



## Our Imprint on the Community

Sterlite has always strived towards empowering lives and the corporate social responsibility initiatives undertaken in recent times have focused towards improving the quality of education, health, employment and creation of several model villages that have become self-sufficient and empowered in their own right.

- 1,50,000 lives impacted by Sterlite's health initiatives
- 35,000 lives impacted by Sterlite's water conservation initiatives
- 4,000 lives impacted by Sterlite's hygiene & sanitation initiatives
- 1,500 lives impacted by Sterlite's child welfare initiatives
- 800 lives impacted by Sterlite's women empowerment initiatives

# 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 ₹ 188 crores (including penalties and excluding interest) (₹ 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:
- 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;
  - 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;
  - 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 ₹ 173.30 crore as at March 31, 2015, and total revenues and net cash inflows of ₹ 174.03 crore and ₹ 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 ₹ 16.45 crore as at March 31, 2015, and total revenues and net cash inflows of ₹ 2.89 crores and ₹ 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 **SRBC & COLLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E

**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

The Group, comprising Sterlite Technologies Limited ('Holding Company') and its subsidiaries incorporated in India and to whom the provisions of the Order apply (together referred to as “the Covered entities” in this report)

(i) (a) The Holding Company and the Covered entities of the Group have maintained proper records showing full particulars, including quantitative details and situation of fixed assets, except for in case of a subsidiary which is in the process of updating the location-wise details of Optical Network Terminal (ONT) devices and telecom boxes installed in societies/apartments, telecom devices lying with subscribers/customers and certain other fixed assets. Certain Covered entities did not have any fixed assets during the year and, accordingly, the requirements under clause 3(i) of the Order are not applicable to such Covered entities and hence not commented upon.

(b) Fixed assets have been physically verified by the management of the Holding Company during the year. All fixed assets have not been physically verified by the management of other Covered entities (to which provisions of clause 3(i)(a) of the Order apply) during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets except for in case of a subsidiary where fixed assets such as, Optical Network Terminal (ONT) devices and telecom boxes installed in societies/apartments and telecom devices lying with subscribers/customers have not been physically verified during the year. Further, certain assets like cables, etc. cannot be physically verified due to the manner in which they have been installed/laid. No material discrepancies were noticed on such verification.

(ii) (a) The management of the Holding Company has conducted physical verification of inventory at reasonable intervals during the year. The businesses of other Covered entities do not involve inventories and, accordingly, the requirements under paragraph 3(ii)(a) of the Order are not applicable to such Covered entities.

(b) The procedures of physical verification of inventory followed by the management of the Holding Company are reasonable and adequate in relation to the size of the Holding Company and the nature of its business. The businesses of other Covered entities do not involve inventories and, accordingly, the requirements under paragraph 3(ii)(b) of the Order are not applicable to such Covered entities and hence not commented upon.

(c) The Holding Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification. The businesses of other Covered entities do not involve inventories and, accordingly, the requirements under paragraph 3(ii)(c) of the Order are not applicable to such Covered entities.

(iii) According to the information and explanations given to us, the Holding Company and the Covered entities of the Group have not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a) and (b) of the Order are not applicable to the Covered entities of the Group 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 Holding Company and the Covered entities of the Group and the nature of

its businesses, for the purchase of inventory and fixed assets and for the sale of goods and services, to the extent applicable to the nature of the businesses of the Covered entities of the Group. During the course of our audit of the Holding Company and the Covered entities of the Group, no major weakness or continuing failure to correct any major weakness was observed in the internal control system of the Holding Company and the Covered entities of the Group in respect of these areas.

(v) The Holding Company and the Covered entities of the Group have not accepted any deposits from the public.

(vi) We have broadly reviewed the books of account maintained by the Holding Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture of power conductors and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same. To the best of our knowledge and as explained, the cost records prescribed by the Central Government under section 148(1) of the Companies Act, 2013, are not applicable to the other Covered entities for the year ended March 31, 2015.

(vii)(a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues have generally been regularly deposited by the Holding Company with the appropriate authorities though there has been a slight delay in a few cases. The other Covered entities of the Group are regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues as applicable to the respective covered entities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, value added tax, 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.

(b) According to the records of the Holding Company and the Covered entities of the Group, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax 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               | Entity   |
|------------------------------|----------------|----------------------|------------------------------------|--|--|
| Central Excise Act, 1944     | Excise Duty    | 188.00               | 2001 - 2003                        | Supreme Court                                | Holding Company  |
|                              |                | 0.70                 | 2002 - 2003                        | Bombay High Court                            |  |
|                              |                | 28.77                | 2001 - 2008                        | CESTAT                                       |  |
|                              |                | 6.45                 | 2001 - 2003                        | Commissioner                                 |  |
| Customs Act, 1962            | Customs Duty   | 67.24                | 2001 - 2004                        | CESTAT                                       | Holding Company  |
| Madhya Pradesh Vat Act, 2002 | Entry Tax      | 6.90                 | 2012 - 13                          | Addl. Commissioner of Commercial Tax, Bhopal | Subsidiary (Bhopal Dhule Transmission Company Limited) |
| Madhya Pradesh Vat Act, 2002 | Entry Tax      | 3.20                 | 2012 - 13                          | Addl. Commissioner of Commercial Tax, Bhopal | Subsidiary (Jabalpur Transmission Company Limited)     |

- (c) According to the information and explanations given to us, there is a delay of 65 days in transfer of an amount of ₹ 899,995 required to be transferred by the Holding Company to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the other Covered entities of the Group in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.
- (viii) The Holding 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. The accumulated losses of certain Covered entities of the Group at the end of the financial year are more than fifty percent of their respective net worth and certain Covered entities of the Group have incurred cash losses in the current and/or immediately preceding financial year. Covered entities of the Group other than above have been registered for a period of less than five years and hence we are not required to comment on whether or not the accumulated losses at the end of the financial year is fifty per cent or more of their respective net worth and whether they have incurred cash losses in the current financial year and in the immediately preceding financial year.
- (ix) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Holding Company and the Covered entities of the Group have not defaulted in their repayment of dues to a financial institution, bank or debenture holders. As stated in Note no. 34 in the consolidated financial statements, the Holding Company continues to dispute amounts aggregating to ₹ 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.
- (x) According to the information and explanations given to us, the Holding Company and one of the Covered entities have given guarantees for loans taken by others from banks and financial institutions, the terms and conditions whereof, in our opinion, are not prima-facie prejudicial to the interest of the Holding Company and . According to the information and explanations given to us, other Covered entities of the Group have not given any guarantee for loans taken by others from banks or financial institutions.
- (xi) Based on information and explanations given to us, 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/fixed deposits with banks. The maximum amount of idle/surplus funds invested during the year was ₹ 266.98 crores of which ₹ 55.95 crores was outstanding at the end of the year in respect of the Covered entities of the Group.
- (xii) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the consolidated financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Holding Company and the Covered entities of the Group has been noticed or reported during the year.

For **SRBC & COLLP**  
Chartered Accountants  
ICAI Firm Registration Number: 324982E

**per Paul Alvares**  
Partner  
Membership Number: 105754

Place of Signature: Pune  
Date: May 18, 2015

# CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2015

(All amounts in ₹ crores unless otherwise stated)

|  | Note | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
|--|------|--------------------------------|--------------------------------|
| <b>EQUITY AND LIABILITIES</b>  |      |                                |                                |
| <b>Shareholders' funds</b>   |      |                                |                                |
| Share capital  | 3    | 78.81                          | 78.76                          |
| Reserves and surplus   | 4    | 1,008.06                       | 1,031.40                       |
|  |      | <b>1,086.87</b>                | 1,110.16                       |
| <b>Optionally Convertible Preference Shares<br/>(issued by Subsidiary Company) [refer note 37 (B)]</b> |      |                                |                                |
|  |      | <b>409.10</b>                  | -                              |
| <b>Minority interest</b>   |      |                                |                                |
|  |      | <b>23.04</b>                   | 20.72                          |
| <b>Non-current liabilities</b>   |      |                                |                                |
| Long-term borrowings   | 5    | 4,435.92                       | 3,485.56                       |
| Deferred tax liabilities (net)   | 6    | 47.35                          | 84.41                          |
| Other long term liabilities  | 8    | 121.72                         | 101.64                         |
| Long-term provisions   | 9    | 10.59                          | 5.83                           |
|  |      | <b>4,615.58</b>                | 3,677.44                       |
| <b>Current liabilities</b>   |      |                                |                                |
| Short-term borrowings  | 10   | 621.86                         | 658.97                         |
| Trade payables   | 11   | 899.73                         | 594.39                         |
| Other current liabilities  | 11   | 687.84                         | 836.69                         |
| Short-term provisions  | 9    | 48.18                          | 28.51                          |
|  |      | <b>2,257.61</b>                | 2,118.56                       |
| <b>TOTAL</b>   |      |                                |                                |
|  |      | <b>8,392.20</b>                | 6,926.88                       |
| <b>ASSETS</b>  |      |                                |                                |
| <b>Non-current assets</b>  |      |                                |                                |
| Fixed assets   |      |                                |                                |
| Tangible assets  | 12   | 4,038.96                       | 1,707.96                       |
| Intangible assets  | 12   | 16.21                          | 17.30                          |
| Capital work-in-progress   |      | 2,192.58                       | 3,548.39                       |
| Intangible assets under development  |      | 0.06                           | 0.37                           |
|  |      | <b>6,247.81</b>                | 5,274.02                       |
| Deferred tax assets  | 7    | 11.89                          | 0.98                           |
| Long-term loans and advances   | 13   | 133.48                         | 204.70                         |
| Trade receivables  | 14   | 10.27                          | 10.52                          |
| Other non-current assets   | 15   | 25.57                          | 7.68                           |
|  |      | <b>6,429.02</b>                | 5,497.90                       |
| <b>Current assets</b>  |      |                                |                                |
| Current investments  | 16   | 58.82                          | 221.58                         |
| Inventories  | 17   | 414.91                         | 319.58                         |
| Trade receivables  | 14   | 834.43                         | 572.40                         |
| Cash and bank balances   | 18   | 375.92                         | 102.02                         |
| Short-term loans and advances  | 13   | 240.51                         | 195.75                         |
| Other current assets   | 15   | 38.59                          | 17.65                          |
|  |      | <b>1,963.18</b>                | 1,428.98                       |
| <b>TOTAL</b>   |      |                                |                                |
|  |      | <b>8,392.20</b>                | 6,926.88                       |
| 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 SRBC & Co LLP**

Firm Registration No. 324982E

Chartered Accountants

**per Paul Alvares**

Partner

Membership Number : 105754

Place : Pune

Date : May 18, 2015

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

**Pravin Agarwal**

Vice Chairman & Whole-time Director

DIN: 00022096

**Anupam Jindal**

Chief Financial Officer

**Anand Agarwal**

CEO & Whole-time Director

DIN: 00057364

**Amit Deshpande**

Company Secretary

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2015

(All amounts in ₹ crores unless otherwise stated)

|  | Note | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
|--|------|--------------------------------|--------------------------------|
| <b>INCOME</b>  |      |                                |                                |
| Revenue from operations (gross)  | 19   | 3,270.40                       | 2,670.10                       |
| Less : Excise duty   | 19   | 173.34                         | 106.25                         |
| <b>Revenue from operations (net)</b>   |      | <b>3,097.06</b>                | 2,563.85                       |
| Other income   | 20   | 51.34                          | 22.50 - -                      |
| <b>Total Income (I)</b>  |      | <b>3,148.40</b>                | 2,586.35                       |
| <b>EXPENSES</b>  |      |                                |                                |
| Cost of raw material and components consumed   | 21   | 1,811.76                       | 1,564.51                       |
| Purchase of traded goods   |      | 42.92                          | 28.26                          |
| (Increase)/ decrease in inventories of finished goods                                  |      |                                |                                |
| work-in-progress and traded goods  | 22   | (30.97)                        | (22.77)                        |
| Employee benefits expense  | 23   | 175.94                         | 142.58                         |
| Other expenses   | 24   | 636.76                         | 575.89                         |
| <b>Total Expenses (II)</b>   |      | <b>2,636.41</b>                | 2,288.47                       |
| <b>Earning before interest, tax, depreciation and amortisation (EBITDA) (I) - (II)</b> |      |                                |                                |
|  |      | <b>511.99</b>                  | 297.88                         |
| Depreciation and amortisation expense  | 25   | 184.98                         | 133.31                         |
| Finance costs  | 26   | 326.90                         | 179.78                         |
| <b>Profit/(loss) before tax</b>  |      | <b>0.11</b>                    | (15.21)                        |
| <b>Tax expense:</b>  |      |                                |                                |
| Current tax  |      | 27.25                          | 20.84                          |
| Deferred tax   |      | (29.01)                        | 0.62                           |
| Income tax for earlier years   |      | 5.45                           | 2.85                           |
| <b>Total tax expenses</b>  |      | <b>3.69</b>                    | 24.31                          |
| <b>Loss for the year</b>   |      | <b>(3.58)</b>                  | (39.52)                        |
| Share of loss of minority interest   |      | (0.94)                         | (4.01)                         |
| <b>Loss for the year after minority interest</b>                                       |      | <b>(2.64)</b>                  | (35.51)                        |
| <b>Earnings per equity share [nominal value of share ₹ 2 (31 March 2014: ₹2)]</b>      |      |                                |                                |
|  | 27   |                                |                                |
| <b>Basic and diluted</b>   |      |                                |                                |
| Computed on the basis of loss for the year   |      | (0.07)                         | (0.90)                         |
| 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 B C & Co LLP**

Firm Registration No. 324982E

Chartered Accountants

**per Paul Alvares**

Partner

Membership Number : 105754

Place : Pune

Date : May 18, 2015

**For and on behalf of the board of directors of Sterlite Technologies Limited****Pravin Agarwal**

Vice Chairman &amp; Whole-time Director

DIN: 00022096

**Anupam Jindal**

Chief Financial Officer

**Anand Agarwal**

CEO &amp; Whole-time Director

DIN: 00057364

**Amit Deshpande**

Company Secretary

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2015

|   | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
|---|--------------------------------|--------------------------------|
| <b>A. Cash flow from operating activities</b>                                     |                                |                                |
| <b>Net profit/(loss) as per consolidated statement of profit and loss</b>         | <b>(3.58)</b>                  | (39.52)                        |
| Adjustment for taxation   | 3.69                           | 24.31                          |
| <b>Profit/(loss) before tax</b>   | <b>0.11</b>                    | (15.21)                        |
| Non-cash adjustment to reconcile profit before tax to net cash flows              |                                |                                |
| Depreciation and amortisation expenses  | 184.98                         | 133.31                         |
| Provision for doubtful debts and advances   | (5.94)                         | 6.58                           |
| Bad debts and advances written off  | 25.44                          | 18.25                          |
| Balances no longer payable written back   | (19.13)                        | (1.46)                         |
| Goodwill on consolidation written off   | 1.65                           | -                              |
| Loss on sale of fixed assets, net   | 2.62                           | 1.36                           |
| Employees stock option expenses   | 4.52                           | 0.25                           |
| Income from investments   | (18.29)                        | (3.59)                         |
| Finance costs   | 326.90                         | 179.78                         |
| Interest income   | (4.16)                         | (14.62)                        |
| Unrealised exchange difference  | (13.20)                        | 7.18                           |
| Adjustments for consolidation*  | (0.65)                         | 1.76                           |
|   | <b>484.73</b>                  | 328.80                         |
| <b>Operating profit before working capital changes</b>                            | <b>484.84</b>                  | 313.59                         |
| Movements in working capital :  |                                |                                |
| Increase/(decrease) in trade payables   | 339.88                         | (25.75)                        |
| Increase/(decrease) in long-term provisions                                       | 4.76                           | (0.47)                         |
| Increase in short-term provisions   | 5.33                           | 0.98                           |
| Increase in other current liabilities   | 26.47                          | 4.25                           |
| Increase/(decrease) in other long-term liabilities                                | (0.10)                         | 0.32                           |
| (Increase)/decrease in trade receivable   | (281.31)                       | 42.27                          |
| Increase in inventories   | (95.33)                        | (18.53)                        |
| Increase in long-term loans and advances  | (2.81)                         | (13.04)                        |
| Increase in short-term loans and advances   | (44.85)                        | (13.12)                        |
| (Increase)/decrease in other current assets                                       | (22.45)                        | 8.95                           |
| (Increase)/decrease in other non-current assets                                   | 0.20                           | (1.92)                         |
| <b>Change in working capital</b>  | <b>(70.22)</b>                 | (16.06)                        |
| <b>Cash generated from operations</b>   | <b>414.62</b>                  | 297.53                         |
| Direct taxes paid (net of refunds)  | (21.96)                        | (33.90)                        |
| <b>A. Cash flow from operating activities</b>                                     | <b>392.65</b>                  | 263.63                         |
| <b>B. Cash flow from investing activities</b>                                     |                                |                                |
| Purchase of fixed assets, including capital work-in-progress and capital advances | (1,159.15)                     | (1,663.63)                     |
| Proceeds from sale of fixed assets  | 7.96                           | 10.85                          |
| (Purchase)/proceeds of current investments (net)                                  | 16.65                          | (23.61)                        |
| Purchase of non-current investments   | -                              | (150.00)                       |
| Proceeds of non-current investments   | 164.39                         | -                              |
| Investment in bank deposits (having original maturity of more than three months)  | (220.82)                       | (15.19)                        |
| Redemption of bank deposits (having original maturity of more than three months)  | 17.83                          | 100.00                         |
| Purchase of minority interest   | (1.50)                         | -                              |
| Interest received   | 2.85                           | 14.99                          |
| <b>B. Net cash flow used in investing activities</b>                              | <b>(1,171.78)</b>              | (1,726.59)                     |

\* Primarily includes impact of foreign currency translation in non-integral operation.

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2015

|   | 31 March 2015<br>(₹ in Crores)         | 31 March 2014<br>(₹ in Crores)         |
|---|--|--|
| <b>C. Cash flow from financing activities</b>   |  |  |
| Proceeds of issue of Optionally Convertible Preference Shares (issued by Subsidiary Company)  | 450.01                                 | -                                      |
| Increase in minority interest due to issue of shares by subsidiaries  | 2.05                                   | 11.51                                  |
| Proceeds of long term borrowings  | 2,220.59                               | 1,776.61                               |
| Repayment of long term borrowings   | (1,201.62)                             | (63.65)                                |
| Proceeds/(repayment) of short term borrowings (net)   | (32.66)                                | (195.84)                               |
| Proceeds of issue of shares against employee stock options  | 0.03                                   | 0.03                                   |
| Interest paid   | (574.62)                               | (436.38)                               |
| Dividend paid on equity shares  | (11.73)                                | (11.68)                                |
| Tax on equity dividend paid   | (2.01)                                 | (2.01)                                 |
| <b>C. Net cash flow from financing activities</b>   | <b>850.03</b>                          | <b>1,078.58</b>                        |
| <b>Net increase/(decrease) in cash and cash equivalents</b>   | <b>70.91</b>                           | <b>(384.38)</b>                        |
| <b>Cash and cash equivalents as at beginning of period</b>  | <b>84.19</b>                           | <b>468.57</b>                          |
| <b>Cash and cash equivalents as at period end *</b>   | <b>155.10</b>                          | <b>84.19</b>                           |
| *The Cash and cash equivalents include balance of ₹ 1.33 crores (31 March 2014: 1.24 crores) which is not available for use by the Company. |  |  |
| <b>Components of cash and cash equivalents:</b>   | <b>31 March 2015<br/>(₹ in Crores)</b> | <b>31 March 2014<br/>(₹ in Crores)</b> |
| <b>Balances with banks:</b>   |  |  |
| On current accounts   | 153.71                                 | 82.92                                  |
| Deposit with original maturity of less than 3 months  | -                                      | -                                      |
| On unpaid dividend account  | 1.33                                   | 1.24                                   |
| <b>Cash in hand</b>   | <b>0.06</b>                            | <b>0.03</b>                            |
| <b>Total cash and cash equivalents (refer note 18)</b>  | <b>155.10</b>                          | <b>84.19</b>                           |

As per our report of even date

**For SRBC & Co LLP**

Firm Registration No. 324982E  
Chartered Accountants

**per Paul Alvares**

Partner  
Membership Number : 105754

Place : Pune  
Date : May 18, 2015

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

**Pravin Agarwal**

Vice Chairman & Whole-time Director  
DIN: 00022096

**Anupam Jindal**

Chief Financial Officer

**Anand Agarwal**

CEO & Whole-time Director  
DIN: 00057364

**Amit Deshpande**

Company Secretary

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

## 1. CORPORATE INFORMATION

Sterlite Technologies Limited (hereinafter referred to as the 'Company') and its subsidiaries and joint venture (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 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.

## 2. BASIS OF PREPARATION

The consolidated financial statements are prepared in accordance with Accounting Standard 21 – Consolidated Financial Statements, specified under the Companies Act, 1956 (which are deemed to be applicable as per section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014). The accounting policies have been consistently applied by the Group 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 intragroup 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, 2015.
- (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. 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.

### 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. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring material adjustment to the carrying amounts of assets or liabilities in future periods.

#### (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 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 Group 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

Till the year ended 31 March 2014, depreciation rates prescribed under Schedule XIV to the Companies Act, 1956 were treated as minimum rates and the group was not allowed to charge depreciation at lower rates even if such lower rates were justified by the estimated useful life of the asset. Schedule II to the Companies Act, 2013 prescribes useful lives for fixed assets which, in many cases, are different from lives prescribed under the erstwhile Schedule XIV. However, Schedule II allows companies to use higher/ lower useful lives and residual values if such useful lives and residual values can be technically supported and justification for difference is disclosed in the financial statements.

Considering the applicability of Schedule II, the management has re-estimated useful lives and residual values of all its fixed assets. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets, though these rates in certain cases are different from lives prescribed under Schedule II

- i. Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived, based on the useful lives estimated by the management. The group has used the following rates to provide depreciation on its fixed assets:

| S. No. | Nature of assets                                    | Useful life considered  | Useful life specified in Schedule II of the Companies Act, 2013      |
|--------|---|---|--|
| 1      | Buildings (Factory/Office)                          | 30/60 years   | 30/60 years  |
| 2      | Plant and machinery (excluding S.No. 3 and 4)       | 3-20 years *  | Continuous Process Plant - 25 years, Others - 15 years               |
| 3      | Telecom - Ducts, Cables and Optical Fibre           | 18 years  | 18 years   |
| 4      | Other telecom network equipments                    | 3-18 years *  | 13 years   |
| 5      | Substations   | Period of Transmission license of the respective projects or Useful life whichever is lower | 40 years   |
| 6      | Power Transmission Lines (Conductors, Towers, etc.) | Period of Transmission license of the respective projects or Useful life                    | 40 years   |
| 7      | Furniture and fixtures                              | 7.5 years *   | 10 years   |
| 8      | Data processing equipments                          | 4 years *   | Servers and networks - 6 years and Desktops, laptops, etc. - 3 years |
| 9      | Office equipments                                   | 4 years *   | 5 years  |
| 10     | Electric fittings                                   | 6-14 years *  | 10 years   |
| 11     | Vehicles  | 4 years * #   | 8 years  |

\* Considered on the basis of management's estimation, supported by technical advice, of the useful lives of the respective assets. # Residual value considered as 15% on the basis of management's estimation, supported by technical advice.

Refer Note 37(C) on change in useful lives during the current period.

- 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 group 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 consolidated statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the consolidated statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the consolidated 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 consolidated 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.

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.

*Revenue from projects*

Fixed Price Contracts :

Revenue from fixed price construction contracts for optical fibre cable networks and power transmission lines is recognised based on the stage of completion of the individual contract using the percentage completion method, provided the order outcome as well as expected total costs can be reliably estimated. Where the profit from a contract cannot be estimated reliably, revenue is only recognised equalling the expenses incurred to the extent that it is probable that the expenses will be recovered. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses.

The estimates of contract cost and the revenue thereon are reviewed periodically by management and the cumulative effect of any changes in estimates is recognised in the period in which such changes are determined. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised immediately as an expense in the consolidated statement of profit and loss.

Prepayments from customers are recognised as liabilities. A contract in progress for which the selling price of the work performed exceeds interim billings and expected losses is recognised as an asset. Contracts in progress for which interim billings and expected losses exceed the selling price are recognised as a liability. Expenses relating to sales work and the winning of contracts are recognised in the consolidated statement of profit and loss as incurred.

*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 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 and high value added licenses. 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 group 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 group 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 group 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 group 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. The group presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where group has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

#### **(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 income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of profit and loss

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**

Employees of the group receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Till 27 October 2014, the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, dealt with the grant of share-based payments to employees. Among other matter, these guidelines prescribed accounting for grant of share-based payments to employees. From 28 October 2014, the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 have been replaced by the SEBI (Share Based Employee Benefits) Regulations, 2014. The new regulations don't contain any specific accounting treatment; rather, they require the Guidance Note on Accounting for Employee Share-based Payments issued by ICAI to be followed. The change does not have any material impact on the financial statements of the group.

In accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the ICAI Guidance note, the cost of equity-settled transactions is measured using the fair value method. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit recognized in the consolidated statement of profit and loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

**(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.

**Warranty provisions:**

Provision for warranty related costs are recognised when the product is sold or services provided. The estimate of such warranty related costs is revised annually.

**(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 "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 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 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 commodity 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 inter segment 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 financials statements of the group as a whole.

**(v) Measurement of EBITDA**

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 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
|---|--------------------------------|--------------------------------|
| Authorised shares (no. crores)  |                                |                                |
| 75.00 (31 March 2014: 75.00) equity shares of ₹ 2 each                  | 150.00                         | 150.00                         |
| Issued, subscribed and fully paid-up shares (no. crores)                |                                |                                |
| 39.41 (31 March 2014: 39.38) equity shares of ₹ 2 each fully paid - up. | 78.81                          | 78.76                          |
| <b>TOTAL</b>  | <b>78.81</b>                   | <b>78.76</b>                   |

**a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year**

|  | 31 March 2015 |              | 31 March 2014 |              |
|--|---------------|--------------|---------------|--------------|
|  | No. in Crores | ₹ in Crores  | No. in Crores | ₹ in Crores  |
| At the beginning of the year               | 39.38         | 78.76        | 39.34         | 78.69        |
| Issued during the year - ESOP              | 0.02          | 0.04         | 0.02          | 0.04         |
| Issued during the year - bonus on ESOP     | 0.01          | 0.01         | 0.02          | 0.04         |
| <b>Outstanding at the end of the year*</b> | <b>39.41</b>  | <b>78.81</b> | <b>39.38</b>  | <b>78.76</b> |

\* The difference in reconciliation of the amount is due to rounding off.

**b. Terms/rights attached to equity shares**

The Group 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 except for the underlying 85,550 (31 March 2014: 85,550) equity shares held by custodian bank against Global Depository Receipts ('GDRs') which do not have voting rights.

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 2015, the amount of per share dividend recognised as distributions to equity shareholders was ₹ 0.60 (31 March 2014 : ₹ 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.

**c. Shares held by holding company and their subsidiaries/associates:**

|  | 31 March 2015 |           | 31 March 2014 |           |
|--|---------------|-----------|---------------|-----------|
|  | No. in Crores | % Holding | No. in Crores | % Holding |
| <b>Holding company</b>                                   |               |           |               |           |
| Twin Star Overseas Limited, Mauritius                    | 20.94         | 53.14%    | 20.94         | 53.17%    |
| <b>Subsidiary of Volcan Investments Limited, Bahamas</b> |               |           |               |           |
| <b>[Ultimate holding company]</b>                        |               |           |               |           |
| Vedanta Limited (Erstwhile Sesa Sterlite Limited)        | 0.48          | 1.21%     | 0.48          | 1.21%     |

**d. 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 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
|---|--------------------------------|--------------------------------|
| Equity shares allotted as fully paid bonus shares by capitalisation of securities premium | 1.92                           | 19.69                          |

In addition company has issued total 1,088,324 shares (31 March 2014 : 1,208,596 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.

**e. Detail of shareholders holding more than 5 % of shares in the company**

|  | 31 March 2015 |           | 31 March 2014 |           |
|--|---------------|-----------|---------------|-----------|
|  | No. in Crores | % Holding | No. in Crores | % Holding |
| 1. Twin Star Overseas Limited, Mauritius (Holding Company) | 20.94         | 53.14%    | 20.94         | 53.17%    |
| 2. Life Insurance Corporation of India                     | 2.13          | 5.40%     | 2.13          | 5.40%     |

**f. Shares reserved for issue under options:**

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Group, please refer note 30.

**NOTE 4 : RESERVES AND SURPLUS**

|   | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
|---|--------------------------------|--------------------------------|
| <b>Capital reserve</b>  | <b>0.04</b>                    | 0.04                           |
| <b>Securities premium account</b>   |                                |                                |
| Balance as per last financial statements  | <b>196.66</b>                  | 196.96                         |
| Add: Additions on ESOPs exercised   | <b>0.71</b>                    | 1.09                           |
| Less: Utilised for issue of bonus shares  | <b>0.01</b>                    | 0.04                           |
| Less: Utilised for writing off expenses on issue of debentures (net of tax)           | <b>0.10</b>                    | 1.35                           |
| <b>Closing balance</b>  | <b>197.26</b>                  | 196.66                         |
| <b>Gain on dilution</b>   |                                |                                |
| Balance as per last financial statements  | -                              | -                              |
| Add: Addition during the year [refer note 37(B)]                                      | <b>41.59</b>                   | -                              |
| <b>Closing balance</b>  | <b>41.59</b>                   | -                              |
| <b>Employee stock option outstanding</b>  |                                |                                |
| Balance as per last financial statements  | <b>1.62</b>                    | 2.46                           |
| Add: Employees stock option expenses for the year (refer note 23)                     | <b>4.52</b>                    | 0.25                           |
| Less: Transferred to securities premium account                                       | <b>0.71</b>                    | 1.09                           |
| <b>Closing balance</b>  | <b>5.43</b>                    | 1.62                           |
| <b>Foreign currency translation reserve</b>   |                                |                                |
| Balance as per last financial statements  | <b>3.88</b>                    | 2.56                           |
| Add: Effect of foreign exchange rate variations during the year                       | <b>(1.68)</b>                  | 1.32                           |
| <b>Closing balance</b>  | <b>2.20</b>                    | 3.88                           |
| <b>Debenture redemption reserve</b>   |                                |                                |
| Balance as per last financial statements  | <b>62.50</b>                   | -                              |
| Add: Amount transferred from surplus in the consolidated statement of profit and loss | <b>50.00</b>                   | 62.50                          |
| <b>Closing balance</b>  | <b>112.50</b>                  | 62.50                          |
| <b>General reserve</b>  |                                |                                |
| Balance as per last financial statements  | <b>135.85</b>                  | 133.34                         |
| Add: Amount transferred from surplus in the consolidated statement of profit and loss | -                              | 2.51                           |
| Less: Adjusted with depreciation reserve (refer note 37 C)                            | <b>35.88</b>                   | -                              |
| <b>Closing balance</b>  | <b>99.97</b>                   | 135.85                         |
| <b>Surplus in the consolidated statement of profit and loss</b>                       |                                |                                |
| Balance as per last financial statements  | <b>630.85</b>                  | 745.20                         |
| Loss for the year   | <b>(2.64)</b>                  | (35.51)                        |
| Less: Minority's share of losses adjusted against Group's interest                    | <b>(0.68)</b>                  | -                              |
| Less: Appropriations  |                                |                                |
| Proposed final equity dividend (amount per share ₹ 0.60 (31 March 2014: ₹ 0.30))      | <b>23.65</b>                   | 11.82                          |
| Tax on proposed equity dividend   | <b>4.81</b>                    | 2.01                           |
| Transfer to general reserve   | -                              | 2.51                           |
| Transfer to debenture redemption reserve  | <b>50.00</b>                   | 62.50                          |
| Total appropriations  | <b>78.46</b>                   | 78.84                          |
| <b>Net surplus in the consolidated statement of profit and loss</b>                   | <b>549.07</b>                  | 630.85                         |
| <b>Total reserves and surplus</b>   | <b>1,008.06</b>                | 1,031.40                       |

## NOTE 5: LONG-TERM BORROWINGS

|   | Non-current portion            |                                | Current maturities             |                                |
|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
|   | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
| <b>Debentures</b>   |                                |                                |                                |                                |
| 2,000 (31 March 2014 : Nil) 10.60%  |                                |                                |                                |                                |
| Non convertible debentures of ₹ 10 lacs each (secured)                                      | <b>200.00</b>                  | -                              | -                              | -                              |
| 2,500 (31 March 2014 : 2,500) 11.45% Non convertible debentures of ₹ 10 lacs each (secured) | <b>250.00</b>                  | 250.00                         | -                              | -                              |
| <b>Term loans</b>   |                                |                                |                                |                                |
| Indian rupee term loans from banks (secured)  | <b>3,231.62</b>                | 2,362.80                       | <b>223.35</b>                  | 161.46                         |
| Foreign currency loan from banks (secured)  | <b>40.81</b>                   | 55.00                          | <b>16.44</b>                   | 15.83                          |
| Foreign currency loan from financial institution (secured)                                  | <b>264.79</b>                  | 182.38                         | <b>14.47</b>                   | 10.77                          |
| Indian rupee loan from financial institutions (secured)                                     | <b>380.64</b>                  | 462.50                         | <b>3.80</b>                    | 4.58                           |
| <b>Other loans and advances</b>   |                                |                                |                                |                                |
| Domestic bill discounting (secured)   | <b>32.52</b>                   | 145.38                         | -                              | -                              |
| Buyers credit (secured)   | <b>35.54</b>                   | 27.50                          | -                              | -                              |
| Sales tax loan (interest free) (unsecured)  | -                              | -                              | <b>0.45</b>                    | 1.07                           |
|   | <b>4,435.92</b>                | 3,485.56                       | <b>258.51</b>                  | 193.71                         |
| <b>The above amount includes</b>  |                                |                                |                                |                                |
| Secured borrowings  | <b>4,435.92</b>                | 3,485.56                       | <b>258.06</b>                  | 192.64                         |
| Unsecured borrowings  | -                              | -                              | <b>0.45</b>                    | 1.07                           |
| Amount disclosed under the head other current liabilities (note 11)                         | -                              | -                              | <b>258.51</b>                  | 193.71                         |
| <b>Net amount</b>   | <b>4,435.92</b>                | 3,485.56                       | -                              | -                              |

**Sterlite Technologies Limited (STL)**

- 10.60 % Non convertible debentures are redeemable at par in financial year 2017-18, 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.
- 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 ₹ 62.50 crores carries interest @ LTMLR + 1.10% p.a. Loan amount is repayable in 8 quarterly equated installments of ₹ 7.50 crores (excluding interest) from the end of this financial year and 9th quarter installment of ₹ 2.50 crores. The term loan is secured by first pari passu charge on the movable fixed assets of STL (both present and future) & pari passu charge of specified immovable fixed assets of STL.
- Indian rupee term loan from bank amounting to ₹ 47.32 crores carries interest @ Base rate + 1% p.a. Loan amount is repayable in 2 quarterly equated installments of ₹ 15.63 crores (excluding interest) from the end of this financial year and 3rd quarter installment of ₹ 16.06 crores. The term loan is secured by first pari passu charge on the movable fixed assets of STL (both present and future) & pari passu charge of specified immovable fixed assets of STL.
- Indian rupee term loan from the bank amounting to ₹ 218.75 crores carries interest @ Base rate + 1% p.a. Loan amount is repayable in 14 quarterly equated installments of ₹ 15.63 crores (excluding interest) starting from the end of this financial year. The term loan is secured by first pari passu charge on the movable fixed assets of STL (both present and future) & pari passu charge of specified immovable fixed assets of STL.
- 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.
- Indian rupee term loan from banks amounting to ₹ 300.00 crores carries interest @ LTMLR + 0.75% p.a. Loan amount is repayable in 12 quarterly equated installments of ₹ 25.00 crores (excluding interest) starting from March 2017. The term loan is secured by first charge on the movable fixed assets of STL (both present and future) and mortgage of certain immovable fixed assets of STL.

**East North Interconnection Company Limited (ENICL)**

- Indian rupee term loan of ₹ 925.00 crores from banks carries a fixed interest rate of 10.75% for first six months and thereafter a floating interest rate linked to the base rate. 75% of the loan is repayable in 56 quarterly instalments from the end of moratorium period i.e. 30 June 2015 and balance 25% is repayable as a bullet payment at the end of 14 years from the moratorium period. The loan is secured by way of a first charge of hypothecation of all movable assets, present and future; a first charge on all intangible assets, present and future; a first charge on all book debts, operating cash flows, receivables, commissions, revenues whatsoever nature and wherever arising,

of ENICL, present and future; a first charge by way of mortgage of all immovable properties including but not limited to civil structures, towers and cables, present and future, including ROW/land. Loan is also being secured by a pledge of 51% equity share capital of ENICL.

#### **Bhopal Dhule Transmission Company Limited (BDTCL)**

- i) Indian rupee term loan of ₹ 1,018.47 crores from bank carries interest at the rate of SBI base rate + 2.00% p.a. 65% of total loan amount is repayable in 46 quarterly instalments 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 will be in the range of 12 years and 5 months to 15 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 Company 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 into 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 into 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 share capital till final settlement date. Upon occurrence of event of default the negative lien shall be converted in pledge of 51% of the equity share capital of BDTCL.
- j) Foreign currency loan of ₹ 279.25 crores from financial institution carries interest @ 6m Libor + spread from 2.10% to 3.80%. BDTCL has taken interest rate swap to hedge 6m LIBOR to fixed rate [refer note 35(d)]. 65% of total loan amount is repayable in 46 quarterly instalments 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 right, title, interest benefits, claims and demands whatsoever of the Company 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 into 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 share capital till final settlement date. Upon occurrence of event of default the negative lien shall be converted in pledge of 51% of the equity share capital of BDTCL.
- k) Local bill discounting of ₹ 8.78 crores for period of 360 days to 470 days carries interest at the rate of 9.75% to 10.50% p.a. This facility has been sanctioned as a sublimit of the term loan and have the same securities as described above. This facility gets converted into rupee term loan on maturity. Hence this has been classified as long term borrowings.

#### **Jabalpur Transmission Company Limited (JTCL)**

- l) Indian rupee term loan from banks of ₹ 627.34 crores and from financial institution of ₹ 184.44 crores carries interest @ SBI base rate + 2.00% p.a. 65% of total loan amount is repayable in 46 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 15 years and 9 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 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.
- m) Buyer's Credit of ₹ 35.54 crores carries interest 0.5% to 2% p.a (excluding hedging premium). This facility has been sanctioned as 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 borrowing.

#### **RAPP Transmission Company Limited (RTCL)**

- n) Indian rupee term loan from banks of ₹ 41.00 crores carries interest @ Bank of India base rate + 1.55% p.a.. 65% of total loan amount is repayable in 46 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 15 years. 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 RTCL 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 RTCL 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 RTCL 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 share capital till final settlement date. Upon occurrence of event of default the negative lien shall be converted in pledge of 51% of the equity share capital of RTCL.

- o) Domestic bill discounting of ₹ 23.74 crores carries interest @ 10%. This facility has been sanctioned as a sublimit of the rupee term loan and have the same securities as described above. This facility has a term of 360 days and gets converted into rupee term loan on maturity. Hence this has been classified as long term borrowings.

#### **Purulia & Kharagpur Transmission Company Limited (PKTCL)**

- p) Indian rupee term loan of ₹ 55.92 crores from financial institution carries interest @ Bank of India base rate + 1.55% p.a. 65% of total loan amount is repayable in 46 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 15 years. 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 PKTCL 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 PKTCL 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 PKTCL 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 share capital till final settlement date. Upon occurrence of event of default the negative lien shall be converted in pledge of 51% of the equity share capital of PKTCL.

#### **Sterlite Grid Limited (SGL)**

- q) Indian rupee term loan of ₹ 200.00 crores from financial institution carries interest @ 12.00% p.a. (Axis bank benchmark Rate + Spread). The loan is repayable as single instalment at the end of 18 months from the date of initial disbursement. The loan is secured by first charge on all the current and movable fixed assets, both present and future; a first charge on loans granted to subsidaires; a pledge of 47% of paid up equity capital and other such securities including bonds, non convertible debentures, debentures stocks or other marketable securities of a like nature issued by SGL; an irrecoverable, unconditional guarantee of SPGVL and demand of promissory note.

#### **Jiangsu Sterlite and Tongguang Optical Fiber Co. Limited (JSTFCL)**

- r) Foreign currency term loan from bank of ₹ 26.26 crores carries interest @ PBOC + 2.5% p.a. and foreign currency term loan from bank of ₹ 30.99 crores carries an interest of LIBOR + 4.5% p.a. Loan amount is repayable in 6 half yearly equated installments of ₹ 8.24 crores (excluding interest) from the end of this financial period and 7th quarter installment of ₹ 7.84 crores.. The term loan is secured by first charge on the immovable fixed assets of JSTFCL.

#### **Speedon Network Limited (Erstwhile Sterlite Networks Limited) (SNL)**

- s) "The term loan represents Indian rupee term loan of ₹ 101.98 crores which carries interest at 11.75% p.a obtained from Bank of India. Total amount is repayable in 32 equal quarterly instalments calculated on the basis of 3.125% of term loan (principal amount), immediately after expiry of 3 months from COD (i.e. COD is 31 December 2015 as per agreement). The term loan is secured by first charge on all immovable assets both present and future pertaining to project, tangible moveable assets, all accounts of the borrower, that may be opened in accordance with the Transaction Documents, and in all funds from time from time to time deposited therein (including the reserves) and the permitted investments or other securities representing all amounts credited to the Account and a first charge on the receivables. The loans are also secured by assignment of all the right, title, interest, benefits, claims and demands whatsoever of the Borrower in, to and under all the Project Agreements, duly acknowledged and consented to by the counter parties to the Project Agreements if such Project Agreements requires prior consent of such counter parties before creation of Security Interest as within-mentioned, all as amended, varied or supplemented from time to time; the right, title and interest and benefits of the Borrower in, to and under all the Clearances in the name of the Borrower and pertaining to the Project to the the extent the same are assignable; all the right, title, interest, benefits, claims and demands whatsoever of the Borrower in, to and under any letter of credit, guarantee including contractor guarantees and liquidated damages, consent agreements, side letters and performance bond provided by any party to the Project Agreements; and all the right, 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.

#### **Maharashtra Transmission Communication Infrastructure Limited (MTCIL)**

- t) During the year ending on 31 March 2015 the company has obtained Indian rupee term loan outstanding amounting to ₹ 6.70 crores which carries interest at base rate plus 1.50% p.a from Bank of India. Total amount is repayable in 32 equal quarterly instalments calculated on the basis of 3.125% of term loan (principal amount) immediately after expiry of 6 months from the date of COD (i.e. 31 December 2015). The loan carries moratorium of two years i.e. till 31 December 2015. The term loan is secured by first charge on project assets of MTCIL.

## NOTE 6: DEFERRED TAX LIABILITIES

|   | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
|---|--------------------------------|--------------------------------|
| Fixed assets: Impact of difference between tax depreciation and depreciation/amortisation for financial reporting | 187.51                         | 112.80                         |
| Others  | -                              | 5.12                           |
| <b>Gross deferred tax liability</b>   | <b>187.51</b>                  | 117.92                         |
| Less: Netted off against deferred tax assets  | 140.16                         | 33.51                          |
| <b>Net deferred tax liabilities</b>   | <b>47.35</b>                   | 84.41                          |

## NOTE 7: DEFERRED TAX ASSETS

|   | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
|---|--------------------------------|--------------------------------|
| Provision for doubtful debts and advances   | 21.93                          | 19.61                          |
| Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis | 5.75                           | 3.39                           |
| Provision for inventory   | 6.95                           | 5.40                           |
| Provision for litigations / contingencies   | 2.51                           | 2.46                           |
| Unabsorbed depreciation in subsidiary *   | 111.80                         | 0.98                           |
| Others  | 3.11                           | 2.65                           |
| <b>Gross deferred tax assets</b>  | <b>152.05</b>                  | 34.49                          |
| Less: Netted off against deferred tax liabilities   | 140.16                         | 33.51                          |
| <b>Net deferred tax assets</b>  | <b>11.89</b>                   | 0.98                           |

As at 31 March 2015, for the calculation of deferred tax assets/liabilities, the group has not considered tax holiday available to East North Interconnection Company Limited (ENICL) and Bhopal Dhule Transmission Company Limited (BDTCL) under the Income Tax Act. The management, based on the estimated cash flow workings for these projects, believes that since there will be losses in the initial years of the projects, no benefit under the Income Tax Act would accrue to the group in respect of the tax holiday. Management will re-assess this position at each balance sheet date.

\* During the year ended March 31, 2015, the group has recognized deferred tax asset on its tax losses of ENICL and BDTCL representing unabsorbed depreciation to the extent there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. ENICL and BDTCL had entered into Transmission Services Agreements (TSAs) with long term transmission customers which provides for fixed revenues over the transmission license period of 35 years and 25 years respectively. The management believes that the existence of TSAs and the projects becoming operational from the current year fulfils the test of virtual certainty as required by AS 22 – Accounting for Taxes on Income.

## NOTE 8: OTHER LONG-TERM LIABILITIES

|   | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
|---|--------------------------------|--------------------------------|
| <b>Other liabilities</b>                                      |                                |                                |
| Payables for purchase of fixed assets (including acceptances) | 120.90                         | 100.71                         |
| Others  | 0.82                           | 0.93                           |
| <b>Total</b>  | <b>121.72</b>                  | 101.64                         |

## NOTE 9: PROVISIONS

|  | Long-term                      |                                | Short-term                     |                                |
|--|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
|  | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
| <b>Provision for employee benefits</b>               |                                |                                |                                |                                |
| Provision for gratuity                               | 9.22                           | 5.83                           | 2.00                           | -                              |
| Provision for leave benefit                          | -                              | -                              | 8.23                           | 4.89                           |
|  | <b>9.22</b>                    | 5.83                           | <b>10.23</b>                   | 4.89                           |
| <b>Other provisions</b>                              |                                |                                |                                |                                |
| Provision for income tax (net of advance income tax) | -                              | -                              | -                              | 0.30                           |
| Provision for litigations / contingencies            | -                              | -                              | 9.50                           | 9.50                           |
| Proposed equity dividend                             | -                              | -                              | 23.64                          | 11.81                          |
| Provision for tax on proposed equity dividend        | -                              | -                              | 4.81                           | 2.01                           |
| Provision for warranty                               | 1.37                           | -                              | -                              | -                              |
|  | <b>1.37</b>                    | -                              | <b>37.95</b>                   | 23.62                          |
| <b>Total</b>   | <b>10.59</b>                   | 5.83                           | <b>48.18</b>                   | 28.51                          |

## Provision for litigations / contingencies

The provision of ₹9.50 crores as at March 31, 2015 is towards contingencies in respect of disputed claims against the Group as described in note 34 and note 37 (A), the timing of outflow and quantum of which is presently unascertainable. There is no movement in the provision for litigations / contingencies during the year.

## Provision for warranty

The Group has given warranty on products and services forming part of a project being undertaken by the Group to repair or replace the items that fail to perform satisfactorily during the warranty period. Provision made as at March 31, 2015 represents the amount of the expected cost of meeting such obligations of rectification/replacement. The timing of the outflows is expected to be within a period of three years from the date of completion of the project.

|                               | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
|-------------------------------|--------------------------------|--------------------------------|
| At the beginning of the year  | -                              | -                              |
| Arising during the year       | 1.37                           | -                              |
| Utilized during the year      | -                              | -                              |
| Unused amounts reversed       | -                              | -                              |
| <b>At the end of the year</b> | <b>1.37</b>                    | -                              |

## NOTE 10: SHORT-TERM BORROWINGS (SECURED)

|   | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
|---|--------------------------------|--------------------------------|
| Cash credit from banks                  | 4.28                           | 17.04                          |
| Working capital demand loans from banks | 105.00                         | -                              |
| Other loan from banks                   | 512.58                         | 641.93                         |
| <b>Total</b>                            | <b>621.86</b>                  | 658.97                         |

## Note:

- (i) 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 @9.65-13.75%
- (ii) Working capital demand loans from banks are secured by hypothecation of raw materials, work in progress, finished goods and trade receivables. Working Capital Demand Loan is generally taken for a period of 30-180 days and carries interest @9.40%-10.75%.
- (iii) Other loans from banks include buyer's credit arrangements and export bill discounting. There 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 @0.50-1.50% (excluding hedging premium).

## NOTE 11: OTHER CURRENT LIABILITIES

|  | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
|--|--------------------------------|--------------------------------|
| Trade payables (including acceptances)<br>(refer note 36 for details of dues to Micro and small enterprises) | 899.73                         | 594.39                         |
| <b>Other liabilities</b>   |                                |                                |
| Current maturities of long-term borrowings (refer note 5)  | 258.51                         | 193.71                         |
| Interest accrued but not due on borrowings   | 17.70                          | 9.06                           |
| Unclaimed dividend [refer note 37 (E)]   | 1.33                           | 1.24                           |
| Advance from customers   | 107.97                         | 113.21                         |
| Unearned revenue   | 0.89                           | -                              |
| Gross amount due to customers for contract work as a liability [refer note 37(H)]                            | 23.09                          | -                              |
| Interest free deposit from customers   | 0.82                           | 0.66                           |
| Interest free deposit from vendors   | 1.11                           | 6.61                           |
| Payables for purchase of fixed assets  | 133.68                         | 382.53                         |
| Service tax payable  | 0.87                           | 0.94                           |
| TDS payable  | 3.92                           | 8.20                           |
| Value added tax payable  | 1.01                           | 17.66                          |
| Central sales tax payable  | 2.92                           | 2.54                           |
| Others   | 134.02                         | 100.33                         |
|  | 687.84                         | 836.69                         |
| <b>Total</b>   | <b>1,587.57</b>                | 1,431.08                       |

NOTE 12 : TANGIBLE AND INTANGIBLE ASSETS

(₹ in Crores)

| Nature of assets           | Gross Block     |                 |                      | Depreciation/Amortisation |                               |               |                      | Impairment             |              |             | Net Block           |                 |                 |
|----------------------------|-----------------|-----------------|----------------------|---------------------------|-------------------------------|---------------|----------------------|------------------------|--------------|-------------|---------------------|-----------------|-----------------|
|                            | As on           | Additions       | Deletions/Adjustment | As on                     | Adjustment to General Reserve | Additions     | Deletions/Adjustment | Translation Adjustment | As on        | Additions   | Deletions/Reversals | As on           | As on           |
|                            | 01 Apr 14       | 31 Mar 15       | 01 Apr 14            | 31 Mar 15                 | 01 Apr 14                     | 31 Mar 15     | 01 Apr 14            | 31 Mar 15              | 01 Apr 14    | 31 Mar 15   | 31 Mar 15           | 31 Mar 15       | 31 Mar 14       |
| <b>Tangible assets</b>     |                 |                 |                      |                           |                               |               |                      |                        |              |             |                     |                 |                 |
| Freehold land              | 52.04           | 1.20            | -                    | 53.24                     | -                             | -             | -                    | -                      | -            | -           | -                   | 53.24           | 52.04           |
| Leasehold land             | 38.30           | 0.10            | 8.85                 | 29.62                     | 1.74                          | 0.33          | 0.01                 | 1.75                   | -            | -           | -                   | 27.87           | 36.56           |
| Buildings#                 | 250.15          | 14.19           | 0.40                 | 265.07                    | 46.43                         | 9.06          | 0.14                 | 55.39                  | -            | -           | -                   | 209.68          | 203.72          |
| Plant and machinery##      | 1,480.55        | 93.89           | 9.75                 | 1,568.62                  | 563.23                        | 107.46        | 7.48                 | 713.39                 | 28.85        | 1.39        | 1.27                | 826.26          | 888.47          |
| Substations                | -               | 672.00          | -                    | 672.00                    | -                             | 9.65          | -                    | 9.66                   | -            | -           | -                   | 662.34          | -               |
| Transmission Lines         | 488.30          | 1,776.40        | -                    | 2,264.70                  | 13.92                         | 42.60         | -                    | 56.53                  | -            | -           | -                   | 2,208.17        | 474.38          |
| Furniture and fixtures     | 10.45           | 4.17            | 0.40                 | 14.23                     | 3.93                          | 1.61          | 0.09                 | 5.77                   | -            | -           | -                   | 8.46            | 6.52            |
| Data processing equipments | 20.66           | 2.26            | 1.25                 | 21.67                     | 15.06                         | 2.38          | 1.16                 | 16.69                  | -            | -           | -                   | 4.98            | 5.60            |
| Office equipments          | 8.69            | 4.58            | 0.04                 | 13.24                     | 3.26                          | 1.46          | 0.03                 | 6.44                   | 0.05         | -           | -                   | 6.75            | 5.38            |
| Electric fittings          | 51.18           | 1.89            | 0.07                 | 53.16                     | 20.27                         | 2.45          | 0.02                 | 24.88                  | 0.45         | -           | -                   | 27.83           | 30.46           |
| Vehicles                   | 6.61            | 1.14            | 0.82                 | 6.93                      | 1.78                          | 2.00          | 0.48                 | 3.55                   | -            | -           | -                   | 3.38            | 4.83            |
| <b>Sub - total</b>         | <b>2,406.93</b> | <b>2,571.82</b> | <b>21.58</b>         | <b>4,962.48</b>           | <b>669.62</b>                 | <b>179.00</b> | <b>9.73</b>          | <b>894.05</b>          | <b>29.35</b> | <b>1.39</b> | <b>1.27</b>         | <b>4,038.96</b> | <b>1,707.96</b> |
| <b>Intangible assets</b>   |                 |                 |                      |                           |                               |               |                      |                        |              |             |                     |                 |                 |
| Software/licences          | 10.46           | 2.19            | -                    | 12.71                     | 3.74                          | 2.56          | -                    | 6.32                   | -            | -           | -                   | 6.39            | 6.72            |
| Patents                    | 9.32            | -               | -                    | 9.32                      | 8.09                          | 1.23          | -                    | 9.32                   | -            | -           | -                   | -               | 1.23            |
| Customer acquisition       | 4.28            | 1.27            | -                    | 5.55                      | 0.68                          | 0.74          | -                    | 1.42                   | -            | -           | -                   | 4.13            | 3.60            |
| Right Of Way               | 5.10            | -               | -                    | 5.10                      | 0.23                          | -             | -                    | 0.23                   | -            | -           | -                   | 4.87            | 4.87            |
| Indefeasible right of use  | 0.99            | -               | -                    | 0.99                      | 0.11                          | 0.06          | -                    | 0.17                   | -            | -           | -                   | 0.82            | 0.88            |
| <b>Sub - total</b>         | <b>30.15</b>    | <b>3.46</b>     | <b>-</b>             | <b>33.67</b>              | <b>12.85</b>                  | <b>4.59</b>   | <b>-</b>             | <b>17.46</b>           | <b>-</b>     | <b>-</b>    | <b>-</b>            | <b>16.21</b>    | <b>17.30</b>    |
| <b>Total</b>               | <b>2,437.08</b> | <b>2,575.27</b> | <b>21.58</b>         | <b>4,996.15</b>           | <b>682.47</b>                 | <b>54.87</b>  | <b>9.73</b>          | <b>911.51</b>          | <b>29.35</b> | <b>1.39</b> | <b>1.27</b>         | <b>4,055.17</b> | <b>1,725.26</b> |
| <b>Previous year</b>       | <b>1,699.74</b> | <b>750.41</b>   | <b>16.73</b>         | <b>2,437.08</b>           | <b>556.18</b>                 | <b>-</b>      | <b>4.52</b>          | <b>682.47</b>          | <b>27.04</b> | <b>2.31</b> | <b>-</b>            | <b>29.35</b>    | <b>1,725.26</b> |

\*Refer note 32 for amount of expenses capitalised during the year.

#Buildings include those constructed on leasehold land:

Gross block ₹ 146.72 crores (31 March 2014: ₹ 133.29 crores)

Depreciation for the year ₹ 5.77 crores (31 March 2014: ₹ 4.38 crores)

Accumulated depreciation ₹ 29.87 crores (31 March 2014: ₹ 24.10 crores)

Net block ₹ 116.86 crores (31 March 2014: ₹ 109.19 crores)

# Buildings include building given on operating lease :

Gross block - ₹ 10.03 crores (31 March 2014 : 10.03 crores)

Depreciation for the year ₹ 0.15 crores (31 March 2014 : ₹ 0.33 crores)

Accumulated depreciation ₹ 0.68 crores (31 March 2014 : ₹ 0.53 crores)

Net block ₹ 9.35 crores (31 March 2014 : ₹ 9.50 crores)

## Plant & Machinery includes equipments given on operating lease :

Gross block - ₹ 8.64 crores (31 March 2014 : ₹ 8.64 crores)

Depreciation for the year ₹ 3.09 crores (31 March 2014 : ₹ 1.23 crores)

Accumulated depreciation ₹ 4.32 crores (31 March 2014 : ₹ 1.23 crores)

Net block ₹ 4.32 crores (31 March 2014 : ₹ 7.40 crores)

**NOTE 13: LOANS AND ADVANCES**

|  | Non-current                    |                                | Current                        |                                |
|--|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
|  | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
| <b>Capital advances (unsecured, considered good)</b>         |                                |                                |                                |                                |
| Covered by bank guarantee                                    | 59.26                          | 124.39                         | -                              | -                              |
| Others   | 5.12                           | 3.11                           | -                              | -                              |
| <b>(A)</b>   | <b>64.38</b>                   | <b>127.50</b>                  | <b>-</b>                       | <b>-</b>                       |
| <b>Security deposits (unsecured, considered good)</b>        |                                |                                |                                |                                |
| Covered by bank guarantee                                    | 6.00                           | 6.00                           | -                              | -                              |
| Others   | 7.33                           | 5.36                           | 1.76                           | 3.15                           |
| <b>(B)</b>   | <b>13.33</b>                   | <b>11.36</b>                   | <b>1.76</b>                    | <b>3.15</b>                    |
| <b>Advances recoverable in cash or kind (unsecured)</b>      |                                |                                |                                |                                |
| Considered good  | -                              | -                              | 174.92                         | 121.93                         |
| Considered doubtful  | 0.12                           | 0.12                           | -                              | -                              |
|  | 0.12                           | 0.12                           | 174.92                         | 121.93                         |
| Provision for doubtful advances                              | 0.12                           | 0.12                           | -                              | -                              |
| <b>(C)</b>   | <b>-</b>                       | <b>-</b>                       | <b>174.92</b>                  | <b>121.93</b>                  |
| <b>Other loans and advances (unsecured, considered good)</b> |                                |                                |                                |                                |
| Advance income tax, including TDS (net of provisions)        | 19.19                          | 15.70                          | -                              | 0.09                           |
| Minimum alternate tax credit entitlement                     | 25.95                          | 40.36                          | -                              | -                              |
| Balances with central excise authorities                     | 8.52                           | 7.65                           | 45.25                          | 42.89                          |
| Other advances   | 2.11                           | 2.13                           | 18.58                          | 27.69                          |
| <b>(D)</b>   | <b>55.77</b>                   | <b>65.84</b>                   | <b>63.83</b>                   | <b>70.67</b>                   |
| <b>Total (A+B+C+D)</b>                                       | <b>133.48</b>                  | <b>204.70</b>                  | <b>240.51</b>                  | <b>195.75</b>                  |

**NOTE 14: TRADE RECEIVABLES (unsecured)**

|   | Non-current                    |                                | Current                        |                                |
|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
|   | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
| <b>Outstanding for a period exceeding six months from the date they are due for payment</b> |                                |                                |                                |                                |
| Considered good   | 10.27                          | 10.52                          | 63.69                          | 127.60                         |
| Considered doubtful   | 67.11                          | 73.04                          | -                              | -                              |
|   | 77.38                          | 83.56                          | 63.69                          | 127.60                         |
| Less: Provision for doubtful receivables  | 67.11                          | 73.04                          | -                              | -                              |
| <b>(A)</b>  | <b>10.27</b>                   | <b>10.52</b>                   | <b>63.69</b>                   | <b>127.60</b>                  |
| <b>Other receivables (considered good)</b>  | <b>(B)</b>                     |                                |                                |                                |
|   | -                              | -                              | 770.74                         | 444.80                         |
| <b>Total (A+B)</b>  | <b>10.27</b>                   | <b>10.52</b>                   | <b>834.43</b>                  | <b>572.40</b>                  |

## NOTE 15: OTHER ASSETS

|  | Non-current                    |                                | Current                        |                                |
|--|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
|  | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
| Non-current bank balance (refer note 18)   | -                              | 0.20                           | -                              | -                              |
| Ancillary cost of arranging the borrowings | 25.57                          | 7.48                           | 4.56                           | 7.38                           |
| Interest accrued on fixed deposits         | -                              | -                              | 1.60                           | 0.29                           |
| Unbilled revenue                           | -                              | -                              | 31.42                          | 6.45                           |
| Others                                     | 0.00*                          | -                              | 1.01                           | 3.53                           |
| <b>Total</b>                               | <b>25.57</b>                   | <b>7.68</b>                    | <b>38.59</b>                   | <b>17.65</b>                   |

\* Amount below ₹ 0.01 crore.

## NOTE 16: CURRENT INVESTMENTS

|  | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
|--|--------------------------------|--------------------------------|
| <b>Current portion of long-term investment (valued at cost) (quoted)</b>   |                                |                                |
| Nil (31 March 2014: 3.85 crores) units of ₹ 10/- each of ICICI Prudential Interval VI Annual Plan DDP Cum                    | -                              | 42.00                          |
| Nil (31 March 2014: 0.80 crore) units of ₹ 10/- each of ICICI Prudential FMP Series 73-368D Plan                             | -                              | 8.00                           |
| Nil (31 March 2014: 10.00 crores) units of ₹ 10/- each of Reliance Fixed Horizon Fund - Xxv - Series 32-Direct Plan - Growth | -                              | 100.00                         |
| <b>Current investments (valued at lower of cost and fair value) (quoted)</b>   |                                |                                |
| Nil (31 March 2014: 0.02 crore) units of Axis Liquid Fund - Direct Growth (CFDGG)  | -                              | 25.00                          |
| Nil (31 March 2014: 0.02 crore) units of Religare Invesco Short Term Fund - Direct Plan - Growth                             | -                              | 30.00                          |
| Nil (31 March 2014: 0.01 crore) units Reliance Liquid Fund - Treasury Fund - Direct Plan Growth Option - LFAG                | -                              | 16.58                          |
| 0.01 crore (31 March 2014: Nil) units of Reliance Liquid Fund- Treasury Plan- Direct Growth Plan - Growth Option             | 20.15                          | -                              |
| 0.01 crore (31 March 2014: Nil) units of Reliance Money Manager Fund - Direct Growth Plan Growth Option                      | 20.00                          | -                              |
| 0.01 crore (31 March 2014: Nil) units of Axis Banking Debt Fund - Direct Plan - Growth                                       | 10.00                          | -                              |
| 0.00* crore (31 March 2014: Nil) units of Religare Invesco Liquid Fund - Direct Plan - Growth                                | 5.00                           | -                              |
| 0.00* crore (31 March 2014: Nil) units of SBI Premier Liquid Fund - Direct Plan - Daily Dividend                             | 3.67                           | -                              |
| Aggregate amount of quoted investments [Market Value ₹ 58.95 crores (March 31, 2014: ₹ 222.50 crores)]                       | <b>58.82</b>                   | 221.58                         |

\* Less than 0.01 crore.

## NOTE 17: INVENTORIES

(Valued at lower of cost and net realisable value)

|   | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
|---|--------------------------------|--------------------------------|
| Raw materials and components [Includes stock in transit ₹ 41.42 crores (31 March 2014: ₹ 17.51 crores)] (refer note 21) | 178.52                         | 116.01                         |
| Work-in-progress (refer note 22)  | 74.45                          | 41.14                          |
| Finished goods [Includes stock in transit ₹ 17.37 crores (31 March 2014: ₹ 23.14 crores)] (refer note 22)               | 119.65                         | 121.69                         |
| Traded goods (refer note 22)  | 8.17                           | 8.24                           |
| Stores, spares, packing materials and others  | 34.12                          | 32.50                          |
| <b>Total</b>  | <b>414.91</b>                  | <b>319.58</b>                  |

## NOTE 18: CASH AND BANK BALANCES

|  | Non-current                    |                                | Current                        |                                |
|--|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
|  | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
| <b>Cash and cash equivalents</b>   |                                |                                |                                |                                |
| Balance with banks:  |                                |                                |                                |                                |
| On current accounts  | -                              | -                              | <b>153.71</b>                  | 82.92                          |
| On unpaid dividend account   | -                              | -                              | <b>1.33</b>                    | 1.24                           |
| Cash in hand   | -                              | -                              | <b>0.06</b>                    | 0.03                           |
|  | -                              | -                              | <b>155.10</b>                  | 84.19                          |
| Other bank balances  |                                |                                |                                |                                |
| Deposit with original maturity for more than 12 months*                            | -                              | 0.20                           | <b>0.86</b>                    | 0.99                           |
| Deposit with original maturity for more than 3 months<br>but less than 12 months** | -                              | -                              | <b>219.96</b>                  | 16.84                          |
|  | -                              | 0.20                           | <b>220.82</b>                  | 17.83                          |
| Amount disclosed under non current assets (refer note 15)                          | -                              | 0.20                           | -                              | -                              |
| <b>Total</b>   | -                              | -                              | <b>375.92</b>                  | 102.02                         |

\*\* Includes Nil (31 March 2014: ₹ 0.20 crore) held as lien by banks against bank guarantees.

\*\* Includes ₹ 59.00 crores (31 March 2014: ₹ 16.55 crores) held as lien by banks against bank guarantees."

## NOTE 19: REVENUE FROM OPERATIONS

|  | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
|--|--------------------------------|--------------------------------|
| <b>Sale of products</b>                |                                |                                |
| Finished goods                         | <b>2,908.38</b>                | 2,542.73                       |
| Traded goods                           | <b>45.47</b>                   | 16.71                          |
| <b>Construction related activity</b>   | <b>72.20</b>                   | -                              |
| <b>Sale of services</b>                | <b>174.38</b>                  | 47.79                          |
| <b>Other operating revenue</b>         |                                |                                |
| Scrap sales                            | <b>26.66</b>                   | 28.69                          |
| Export incentive                       | <b>43.31</b>                   | 34.18                          |
| <b>Revenue from operations (gross)</b> | <b>3,270.40</b>                | 2,670.10                       |
| Less: Excise duty #                    | <b>173.34</b>                  | 106.25                         |
| <b>Revenue from operations (net)</b>   | <b>3,097.06</b>                | 2,563.85                       |

# Excise duty on sales amounting to ₹173.34 crore (31 March 2014: ₹ 106.25 crore) has been reduced from sales in the consolidated statement of profit and loss and excise duty on increase/(decrease) in stock amounting to (₹ 3.35 crore)(31 March 2014: ₹ 1.24 crore) has been considered as (income)/expense in note 24 of consolidated financial statements.

|   | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
|---|--------------------------------|--------------------------------|
| <b>Details of products sold</b>   |                                |                                |
| <b>Finished goods sold</b>  |                                |                                |
| Power transmission conductors   | 1,158.41                       | 1,275.37                       |
| Optical fibre   | 350.17                         | 321.43                         |
| Fibre optic cables  | 932.90                         | 577.59                         |
| Copper telecom cables   | 297.00                         | 258.91                         |
| Others  | 169.90                         | 109.43                         |
|   | <b>2,908.38</b>                | <b>2,542.73</b>                |
| * Excludes 0.85 crore FKM (31 March 2014: 0.60 crore FKM) captively consumed during the year. |                                |                                |
| <b>Traded goods sold</b>  |                                |                                |
| Broadband access network equipment  | 0.92                           | 0.27                           |
| Local access network equipment  | -                              | 2.56                           |
| Power transmission conductors and OPGW accessories  | 36.09                          | 6.71                           |
| Fibre optic cables  | -                              | 2.61                           |
| Fiber connectivity accessories  | 8.46                           | 0.59                           |
| Others  | -                              | 3.97                           |
|   | <b>45.47</b>                   | <b>16.71</b>                   |
| <b>Construction related activity</b>  |                                |                                |
| Supply and installation of optical fibre cable network  | 72.20                          | -                              |
| <b>Details of services rendered</b>   |                                |                                |
| Power transmission services   | 153.87                         | 34.89                          |
| Installation and commissioning services for broadband network setup                           | 1.24                           | 5.15                           |
| Provisioning of network services  | 15.80                          | 7.20                           |
| Others  | 3.46                           | 0.55                           |
|   | <b>174.38</b>                  | <b>47.79</b>                   |

## NOTE 20: OTHER INCOME

|   | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
|---|--------------------------------|--------------------------------|
| Interest income on                      |                                |                                |
| Bank deposits                           | 2.98                           | 10.76                          |
| Others                                  | 1.18                           | 3.86                           |
| Net gain on sale of current investments | 18.29                          | 3.59                           |
| Balances no longer payable written back | 19.13                          | 1.46                           |
| Profit on sale of assets (net)          | 0.01                           | 0.79                           |
| Miscellaneous income                    | 9.75                           | 2.04                           |
| <b>Total</b>                            | <b>51.34</b>                   | <b>22.50</b>                   |

## NOTE 21: COST OF RAW MATERIAL AND COMPONENTS CONSUMED

|   | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
|---|--------------------------------|--------------------------------|
| Inventory at the beginning of the year              | 116.01                         | 119.14                         |
| Add: Purchases                                      | 1,874.27                       | 1,561.38                       |
|   | <b>1,990.28</b>                | <b>1,680.52</b>                |
| Less: Inventory at the end of the year              | 178.52                         | 116.01                         |
| <b>Cost of raw material and components consumed</b> | <b>1,811.76</b>                | <b>1,564.51</b>                |

**NOTE 22: (INCREASE) / DECREASE IN INVENTORIES**

|   | 31 March 2015<br>(₹ in Crores)         | 31 March 2014<br>(₹ in Crores)         |
|---|--|--|
| <b>Opening inventories:</b>                 |  |  |
| Traded goods                                | 8.24                                   | 9.55                                   |
| Work-in-progress                            | 41.16                                  | 56.58                                  |
| Finished goods                              | 121.90                                 | 82.40                                  |
|   | 171.30                                 | 148.53                                 |
| <b>Closing inventories:</b>                 |  |  |
| Traded goods                                | 8.17                                   | 8.24                                   |
| Work-in-progress                            | 74.45                                  | 41.16                                  |
| Finished goods                              | 119.65                                 | 121.90                                 |
|   | 202.27                                 | 171.30                                 |
| <b>(Increase) / decrease in inventories</b> | <b>(30.97)</b>                         | <b>(22.77)</b>                         |
| <b>Detail of work-in-progress</b>           | <b>31 March 2015<br/>(₹ in Crores)</b> | <b>31 March 2014<br/>(₹ in Crores)</b> |
| Power transmission conductors               | 43.94                                  | 18.40                                  |
| Optical fibre                               | 7.56                                   | 12.40                                  |
| Fibre optic cables                          | 10.91                                  | 5.61                                   |
| Copper telecom cables                       | 3.93                                   | 3.15                                   |
| Others                                      | 8.11                                   | 1.61                                   |
| <b>Total</b>                                | <b>74.45</b>                           | <b>41.16</b>                           |

**NOTE 23: EMPLOYEE BENEFITS EXPENSE**

|  | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
|--|--------------------------------|--------------------------------|
| Salaries, wages and bonus                              | 150.58                         | 127.69                         |
| Contribution to provident fund and superannuation fund | 4.57                           | 4.26                           |
| Employees stock option expenses (refer note 30)        | 4.52                           | 0.25                           |
| Gratuity expenses (refer note 29)                      | 6.35                           | 0.89                           |
| Staff welfare expenses                                 | 9.92                           | 9.49                           |
| <b>Total</b>   | <b>175.94</b>                  | <b>142.58</b>                  |

## NOTE 24: OTHER EXPENSES

|   | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
|---|--------------------------------|--------------------------------|
| Increase /(decrease) of excise duty on inventory  | (3.35)                         | 1.24                           |
| Consumption of stores and spares                  | 67.42                          | 58.58                          |
| Power, fuel and water                             | 110.20                         | 125.96                         |
| Repairs and maintenance                           |                                |                                |
| -Building   | 1.31                           | 1.34                           |
| -Machinery  | 13.28                          | 11.61                          |
| -Others   | 3.86                           | -                              |
| CSR Expenditure                                   | 1.35                           | -                              |
| Carriage inwards                                  | 7.39                           | 3.60                           |
| Consumption of packing materials                  | 102.86                         | 97.94                          |
| Sales commission ( other than sole selling agent) | 25.06                          | 16.25                          |
| Sales promotion                                   | 6.16                           | 5.65                           |
| Carriage outwards                                 | 73.96                          | 61.48                          |
| Rent  | 9.78                           | 7.49                           |
| Insurance   | 8.55                           | 7.49                           |
| Rates and taxes                                   | 7.61                           | 4.42                           |
| Travelling and conveyance                         | 26.65                          | 24.95                          |
| Loss on sale of fixed assets, net                 | 2.63                           | 1.36                           |
| Bad debts / advances written off                  | 25.44                          | 18.25                          |
| Provision for doubtful debts and advances         | (5.94)                         | 6.58                           |
| Directors sitting fee and commission              | 0.48                           | 0.26                           |
| Payment to auditors                               | 2.02                           | 1.33                           |
| Research and development expenses                 | 7.85                           | 8.42                           |
| Miscellaneous expenses                            | 142.19                         | 111.69                         |
| <b>Total</b>                                      | <b>636.76</b>                  | <b>575.89</b>                  |

## NOTE 25: DEPRECIATION AND AMORTISATION EXPENSE

|  | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
|--|--------------------------------|--------------------------------|
| Depreciation of tangible assets          | 179.00                         | 126.87                         |
| Amortisation of intangible assets        | 4.59                           | 4.13                           |
| Provision for impairment of fixed assets | 1.39                           | 2.31                           |
| <b>Total</b>                             | <b>184.98</b>                  | <b>133.31</b>                  |

## NOTE 26: FINANCE COSTS

|  | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
|--|--------------------------------|--------------------------------|
| Interest expense   | 266.23                         | 114.52                         |
| Bank charges   | 21.70                          | 11.64                          |
| Amortization of ancillary borrowing costs  | 2.00                           | 0.10                           |
| Exchange difference to the extent considered as an adjustment to borrowing costs | 36.97                          | 53.52                          |
| <b>Total</b>   | <b>326.90</b>                  | <b>179.78</b>                  |

## NOTE 27: EARNINGS PER SHARE

The following reflects the loss and share data used in the basic and diluted EPS computation

|  | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
|--|--------------------------------|--------------------------------|
| Loss for the year  | (2.64)                         | (35.51)                        |
| <b>Weighted average number of equity shares in calculating basic EPS</b>   | <b>39.41</b>                   | 39.37                          |
| <b>Effect of dilution:</b>   |                                |                                |
| Employee stock options outstanding during the year                         | 0.26                           | 0.06                           |
| <b>Weighted average number of equity shares in calculating diluted EPS</b> | <b>39.67</b>                   | 39.43                          |
| <b>Earnings/(loss) per share</b>   |                                |                                |
| Basic (on nominal value of ₹ 2 per share) Rupees/share                     | (0.07)                         | (0.90)                         |
| Diluted (on nominal value of ₹ 2 per share) Rupees/share*                  | (0.07)                         | (0.90)                         |

\* Since the loss per share computation based on diluted weighted average number of shares is anti-dilutive, the basic and diluted loss per share are 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<br>as on 31 March, 2015 | Effective ownership<br>as on 31 March, 2014 | Country of<br>incorporation |
|--|---|---|-----------------------------|
| <b>List of subsidiaries</b>  |   |   |                             |
| Sterlite Power Grid Ventures Limited #   | 96.15%                                      | -   | India                       |
| Sterlite Grid Limited @  | 96.15%                                      | 100.00%                                     | India                       |
| Sterlite Grid 2 Limited (Erstwhile Sterlite Display Technologies Private Limited) ## @ | 96.15%                                      | 85.34%                                      | India                       |
| Sterlite Grid 3 Limited # @  | 96.15%                                      | -   | India                       |
| East North Interconnection Company Limited @   | 98.11%                                      | 100.00%                                     | India                       |
| Bhopal Dhule Transmission Company Limited @  | 96.15%                                      | 100.00%                                     | India                       |
| Jabalpur Transmission Company Limited @  | 96.15%                                      | 100.00%                                     | India                       |
| Purulia & Kharagpur Transmission Company Limited @                                     | 96.15%                                      | 100.00%                                     | India                       |
| RAPP Transmission Company Limited @  | 96.15%                                      | 100.00%                                     | India                       |
| NRSS XXIX transmission Limited * @   | 96.15%                                      | -   | India                       |
| Speedon Network Limited (Erstwhile Sterlite Networks Limited)                          | 100.00%                                     | 100.00%                                     | India                       |
| Maharashtra Transmission Communication Infrastructure Limited**                        | 67.55%                                      | 51.00%                                      | India                       |
| Sterlite Display Limited #   | 100.00%                                     | -   | India                       |
| Sterlite Power Technologies Private Limited #  | 100.00%                                     | -   | India                       |
| Sterlite Global Ventures (Mauritius) Limited   | 100.00%                                     | 100.00%                                     | Mauritius                   |
| 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%                                     | 100.00%                                     | United Kingdom              |
| <b>List of joint venture</b>   |   |   |                             |
| Sterlite Condu spar Industrial Ltda  | 50.00%                                      | 50.00%                                      | Brazil                      |

\* Acquired during the year.

# Subsidiary incorporated during the year.

## During the year group acquired 14.66% stake from Volcan Investments Limited.

@ Refer note 37 (B)

\*\* The Shareholders' agreement among the Company, Maharashtra State Electricity Transmission Company Limited ('MSETCL') and Maharashtra Transmission Communication Infrastructure Limited ('MTCIL') is being revised which provides for 67.55% equity stake of the Company in MTCIL and the remaining equity stake of MSETCL

## 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 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
|---|--------------------------------|--------------------------------|
| Defined benefit obligation at the beginning of the year | 7.24                           | 6.83                           |
| Current service cost                                    | 0.96                           | 0.89                           |
| Interest cost   | 0.68                           | 0.54                           |
| Actuarial (gain)/loss                                   | 5.05                           | (0.35)                         |
| Benefits paid   | (0.63)                         | (0.67)                         |
| Defined benefit obligation, at the end of the year      | 13.30                          | 7.24                           |

**Changes in the fair value of plan assets are as follows:**

| Particulars  | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
|--|--------------------------------|--------------------------------|
| Fair value of plan assets at the beginning of the year | 1.41                           | 0.53                           |
| Expected return on plan assets                         | 0.12                           | 0.05                           |
| Contribution by employer                               | 1.12                           | 1.50                           |
| Benefits paid  | (0.63)                         | (0.67)                         |
| Actuarial gain / (loss)                                | 0.05                           | (0.00)*                        |
| Fair value of plan assets at the end of the year       | 2.08                           | 1.41                           |

\* Amount below ₹ 0.01 crore.

The Group expects to contribute ₹ 2.00 crores (31 March 2014: ₹ Nil) to its defined benefit gratuity plan in 2015-16.

**The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:**

| Particulars   | 31 March 2015<br>(%) | 31 March 2014<br>(%) |
|---|----------------------|----------------------|
| Investment with Insurer (Life Insurance Corporation of India) | 100                  | 100                  |

**Details of defined benefit obligation are as follows:**

| Particulars                                 | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
|---|--------------------------------|--------------------------------|
| Present value of defined benefit obligation | 13.30                          | 7.24                           |
| Fair value of plan assets                   | 2.08                           | 1.41                           |
| Plan liability                              | 11.22                          | 5.83                           |

**Net employee benefit expense recognised in the consolidated statement of profit and loss:**

| Particulars                            | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
|--|--------------------------------|--------------------------------|
| Current service cost                   | 0.96                           | 0.89                           |
| Interest cost on benefit obligation    | 0.68                           | 0.54                           |
| Net actuarial (gain) / loss recognised | 4.99                           | (0.35)                         |
| Expected return on plan assets         | (0.12)                         | (0.05)                         |
| Net benefit expense *                  | 6.51                           | 1.03                           |

\* Out of this, amount of ₹ 0.16 crore (31 March 2014: ₹ 0.14 crore) capitalized during the year. (refer note 32)

Amounts for the current and previous years are as follows:

| Particulars                                | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) | 31 March 2013<br>(₹ in Crores) | 31 March 2012<br>(₹ in Crores) | 31 March 2011<br>(₹ in Crores) |
|--|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Defined benefit obligation                 | 13.30                          | 7.24                           | 6.83                           | 4.84                           | 3.69                           |
| Plan assets                                | 2.08                           | 1.41                           | 0.53                           | 0.92                           | 1.78                           |
| Surplus/(deficit)                          | 11.22                          | 5.83                           | 6.30                           | 3.92                           | 1.91                           |
| Experience adjustments on plan liabilities | 0.49                           | 0.75                           | (0.12)                         | 0.13                           | (0.06)                         |
| Experience adjustments on plan assets      | (0.05)                         | (0.01)                         | (0.08)                         | (0.14)                         | (0.14)                         |

The principal assumptions used in determining defined benefit obligation are shown below:

| Particulars                           | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
|---------------------------------------|--------------------------------|--------------------------------|
| Discount rate                         | 7.98%                          | 9.44%                          |
| Expected rate of return on plan asset | 7.98%                          | 8.70%                          |
| Employee turnover                     | 10.00%                         | 2.00%                          |
| Expected rate of salary increase      | 8.00%                          | 5.00%                          |
| Actual rate of return on plan assets  | 9.00%                          | 9.00%                          |

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 following grants vide their meeting held on June 14, 2006; March 19, 2007, September 28, 2007, June 14, 2008, June 26, 2009, December 29, 2011, April 30, 2014 and March 30, 2015. As per the plans, 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 plans are equity settled plans.

The Group has charged ₹ 4.52 crore (31 March 2014: ₹ 0.25 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              | Grant 3              | Grant 4              |
|---------------------------|----------------------|----------------------|----------------------|
| Date of grant #           | 29-Dec-11            | 30-Apr-14            | 30-Mar-15            |
| Number of options granted | 22,24,000            | 37,13,800            | 57,24,600            |
| Method of settlement      | Equity               | Equity               | Equity               |
| Vesting period (years)    | 5                    | 5                    | 5                    |
| Exercise period (years)   | 1                    | 1.16                 | 1.18                 |
| Vesting conditions        | Business performance | Business performance | Business performance |

# The Group had granted 2,668,800 options in ESOP scheme 2010 on July 27, 2012 (Grant 2), the vesting for which was linked to business performance which could not be met. Hence the options were forfeited during the year 2012-13.

The details of the activity under ESOP scheme 2006 have been summarized below:

| Particulars  | 31 March 2015     |                                    | 31 March 2014     |                                    |
|--|-------------------|------------------------------------|-------------------|------------------------------------|
|  | Number of options | Weighted average exercise price(₹) | Number of options | Weighted average exercise price(₹) |
| Outstanding at the beginning of the year               | 87,144            | 2                                  | 158,640           | 2                                  |
| Granted during the year                                | Nil               | -                                  | Nil               | -                                  |
| Forfeited during the year                              | Nil               | -                                  | Nil               | -                                  |
| Exercised during the year                              | 53,608            | 2                                  | 50,868            | 2                                  |
| Expired during the year                                | 5,163             | 2                                  | 20,628            | 2                                  |
| Outstanding at the end of the year                     | 28,373            | 2                                  | 87,144            | 2                                  |
| Exercisable at the end of the year                     | 28,373            | 2                                  | 33,996            | 2                                  |
| Weighted average remaining contractual life (in years) | 0.25              |                                    | 1.15              |                                    |
| 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, 2015 was ₹ 59.02 (March 31, 2014: ₹ 21.70)

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%         |
| <b>Outputs</b>                |               |               |               |
| Option fair value             | 16.80         | 16.76         | 16.72         |
| Vesting percentage            | 20.00%        | 40.00%        | 40.00%        |
| <b>Option fair value</b>      |               |               | <b>16.76</b>  |

| 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%         |
| <b>Outputs</b>                 |               |               |
| Option fair value              | 34.61         | 34.47         |
| Vesting percentage             | 60.00%        | 40.00%        |
| <b>Option fair value</b>       |               | <b>34.55</b>  |

| <b>Date of grant : September 28, 2007</b> |                           | <b>Vest 1</b>             | <b>Vest 2</b> |
|---|---------------------------|---------------------------|---------------|
| <b>Variables</b>                          | <b>September 28, 2008</b> | <b>September 28, 2009</b> |               |
| 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%                     |               |
| <b>Outputs</b>                            |                           |                           |               |
| Option fair value                         | 46.20                     | 46.08                     |               |
| Vesting percentage                        | 50.00%                    | 50.00%                    |               |
| <b>Option fair value</b>                  |                           | <b>46.14</b>              |               |

| <b>Date of grant : June 14, 2008</b> |  | <b>Vest 1</b>        |
|--------------------------------------|--|----------------------|
| <b>Variables</b>                     |  | <b>June 14, 2009</b> |
| 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%                |
| <b>Outputs</b>                       |  |                      |
| Option fair value                    |  | 38.53                |
| Vesting percentage                   |  | 100.00%              |
| <b>Option fair value</b>             |  | <b>38.53</b>         |

| <b>Date of grant : June 26, 2009</b> | <b>Vest 1</b>        | <b>Vest 2</b>        | <b>Vest 3</b>        | <b>Vest 4</b>        | <b>Vest 5</b>        |
|--------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Variables</b>                     | <b>June 26, 2010</b> | <b>June 26, 2011</b> | <b>June 25, 2012</b> | <b>June 25, 2013</b> | <b>June 25, 2014</b> |
| 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%                |
| <b>Outputs</b>                       |                      |                      |                      |                      |                      |
| 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%               |
| <b>Option fair value</b>             |                      |                      |                      |                      | <b>35.23</b>         |

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 summarized below:

| Particulars  | 31 March 2015     |                                    | 31 March 2014     |                                    |
|--|-------------------|------------------------------------|-------------------|------------------------------------|
|  | Number of options | Weighted average exercise price(₹) | Number of options | Weighted average exercise price(₹) |
| Outstanding at the beginning of the year               | 330,020           | 2                                  | 728,570           | 2                                  |
| Granted during the year                                | 9,438,400         | -                                  | -                 | -                                  |
| Forfeited during the year                              | -                 | -                                  | -                 | -                                  |
| Exercised during the year                              | 127,504           | 2                                  | 283,410           | 2                                  |
| Expired during the year                                | 1,072,260         | 2                                  | 115,140           | 2                                  |
| Outstanding at the end of the year                     | 8,568,656         | 2                                  | 330,020           | 2                                  |
| Exercisable at the end of the year                     | 73,868            | 2                                  | 159,548           | 2                                  |
| Weighted average remaining contractual life (in years) | 4.82              |                                    | 0.90              |                                    |
| Weighted average fair value of options granted         | 41.83             |                                    | 25.87             |                                    |

The weighted average share price for the year ended March 31, 2015 was ₹ 59.02 (March 31, 2014: ₹ 21.70)

The fair value as per the Black Scholes Options Pricing Model was measured based on the following input:

| Date of grant: December 29, 2011<br>Variables | Vest 1            | Vest 2            | Vest 3            | Vest 4            | Vest 5            |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
|   | 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%             |
| <b>Outputs</b>                                |                   |                   |                   |                   |                   |
| 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%            |
| <b>Options fair value</b>                     |                   |                   |                   |                   | <b>25.87</b>      |

| Date of grant: April 30, 2014<br>Variables | Vest 1        | Vest 2        | Vest 3        | Vest 4        | Vest 5        |
|--|---------------|---------------|---------------|---------------|---------------|
|  | June 26, 2015 | June 26, 2016 | June 26, 2017 | June 26, 2018 | June 26, 2019 |
| Weighted average stock price               | 30.45         | 30.45         | 30.45         | 30.45         | 30.45         |
| Expected volatility (*)                    | 44.41%        | 46.93%        | 47.87%        | 46.48%        | 57.47%        |
| Risk free rate                             | 8.66%         | 8.72%         | 8.78%         | 8.82%         | 8.87%         |
| Exercise price (₹ Per Option)              | 2             | 2             | 2             | 2             | 2             |
| Time to maturity (years)                   | 1.66          | 2.66          | 3.66          | 4.66          | 5.66          |
| Dividend yield                             | 0.79%         | 0.79%         | 0.79%         | 0.79%         | 0.79%         |
| <b>Outputs</b>                             |               |               |               |               |               |
| Option fair value                          | 28.32         | 28.23         | 28.14         | 28.03         | 27.94         |
| Vesting percentage                         | 50.00%        | 20.00%        | 10.00%        | 10.00%        | 10.00%        |
| <b>Options fair value</b>                  |               |               |               |               | <b>28.22</b>  |

| Date of grant: March 30, 2015 | Vest 1       | Vest 2       | Vest 3       | Vest 4       | Vest 5       |
|-------------------------------|--------------|--------------|--------------|--------------|--------------|
| Variables                     | June 1, 2016 | June 1, 2017 | June 1, 2018 | June 1, 2019 | June 1, 2020 |
| Weighted average stock price  | 51.10        | 51.10        | 51.10        | 51.10        | 51.10        |
| Expected volatility (*)       | 51.55%       | 48.02%       | 49.61%       | 49.11%       | 48.02%       |
| Risk free rate                | 7.84%        | 7.80%        | 7.77%        | 7.76%        | 7.76%        |
| Exercise price (₹ Per Option) | 2            | 2            | 2            | 2            | 2            |
| Time to maturity (years)      | 1.68         | 2.68         | 3.68         | 4.68         | 5.68         |
| Dividend yield                | 0.59%        | 0.59%        | 0.59%        | 0.59%        | 0.59%        |
| <b>Outputs</b>                |              |              |              |              |              |
| Option fair value             | 48.85        | 48.68        | 48.51        | 48.33        | 48.14        |
| Vesting percentage            | 50.00%       | 20.00%       | 10.00%       | 10.00%       | 10.00%       |
| <b>Options fair value</b>     |              |              |              |              | <b>48.66</b> |

(\*)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, are as under:

- Lease payments recognised in the Consolidated Statement of Profit and Loss for the year is ₹ 9.78 crores (31 March 2014: ₹ 7.49 crores).
- The future minimum lease payments payable over the next one year is ₹ 9.34 crores (31 March 2014: ₹ 5.28 crores).
- The future minimum lease payments payable later than one year but not later than five year is ₹ 23.93 crores (31 March 2014: ₹ 4.76 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 with mutual consent of both the parties. Disclosures in respect of operating leases of office building as per the requirement of AS- 19 on Leases, are as under:

- Lease income recognised in the Consolidated Statement of Profit and Loss for the year is ₹ 2.05 crores (31 March 2014: ₹ 1.86 croresA).
- The future minimum lease payments receivable over the next one year is ₹ 0.39 crores (31 March 2014: ₹ 0.54 crores).
- The future minimum lease payments receivable later than one year but not later than five year is ₹ 1.20 crores (31 March 2014: ₹ 0.69 crores).

## 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.

| Particulars               | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
|---------------------------|--------------------------------|--------------------------------|
| Employee benefits expense | 18.17                          | 23.00                          |
| Finance costs             | 236.65                         | 241.14                         |
| Other Expenses*           | 59.07                          | 14.65                          |
| <b>Total</b>              | <b>313.90</b>                  | 278.79                         |

\* 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 ₹ 6.04 crore (31 March 2014: ₹ 1.06 crores) to the capital work in progress.

## 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 ₹724.68 crores (31 March 2014: ₹574.39 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 the lenders of following subsidiaries 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 sell, 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 2015   | 31 March 2014   |
|---|---|
| RAPP Transmission 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                           |
| Purulia Kharagpur Transmission Company Limited                  | Speedon Network Limited (erstwhile 'Sterlite Networks Limited') |
| Speedon Network Limited (erstwhile 'Sterlite Networks Limited') |   |

- 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.
- For commitment in respect of issue of optionally convertible redeemable preference shares, refer note 37 (B)

## NOTE 34: CONTINGENT LIABILITIES

|  | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
|--|--------------------------------|--------------------------------|
| 1 Disputed liabilities in appeal   |                                |                                |
| a) Sales tax   | 0.43                           | 0.43                           |
| b) Excise duty [Including excise duty case in Supreme Court, refer note 9 and note 37 (A)] | 276.21                         | 258.18                         |
| c) Customs duty  | 69.60                          | 69.60                          |
| d) Entry tax   | 10.09                          | -                              |
| e) Income tax  | 21.20                          | 18.09                          |
| f) Claims lodged by a Bank against the Group (*) (refer note 9)                            | 18.87                          | 18.87                          |
| g) Claims against the Group not acknowledged as debt                                       | 23.23                          | 25.27                          |
| 2 Outstanding amount of export obligation against advance licence                          | 6.95                           | -                              |
| 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, entry tax and service tax arising from disallowances made in assessments which are pending with appellate authorities for its decision. The Group is contesting the demands and the management, including its tax advisors, believe that its position will likely be upheld in the appellate process. No tax expense has been accrued in the financial statements for the tax demand raised. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Group's financial position and results of operations

In respect of the claims against the Group not acknowledged as debts as above, the management does not expect these claims to succeed. Accordingly, no provision for the contingent liability has been recognized in the financial statements.

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. Thereafter, the bank filed claim against the Group in the Debt Recovery Tribunal. Against the DRT Order dated 28-Oct-2010, the parties had filed cross appeals before the Debt Recovery Appellate Tribunal. The Debt Recovery Appellate Tribunal vide its Order dated 28-Jan-2015 has allowed the appeal filed by the Group and has dismissed the appeal filed by the bank. The bank has challenged the said order in WRIT before the Bombay High Court. The management doesn't expect the claim to succeed.

## NOTE 35: DERIVATIVE INSTRUMENTS

The Group has entered into the following derivative instruments:

(a) The following are the outstanding forward exchange contracts entered into by the Group, for hedge purpose, as on March 31, 2015:

| Purpose   | Foreign currency (In Crores) | Amount (₹ in Crores) | Buy/Sell | No. of contracts Quantity |
|---|------------------------------|----------------------|----------|---------------------------|
| <b>March 31, 2015</b>   |                              |                      |          |                           |
| Hedge of payables, buyers credit and highly probable foreign currency purchases | US \$ 13.63                  | 887.93               | Buy      | 290                       |
| Hedge of trade receivables and highly probable foreign currency sale            | US \$ 8.06                   | 520.64               | Sell     | 105                       |
| Hedge of payables, buyers credit and highly probable foreign currency purchases | EUR 0.87                     | 66.17                | Buy      | 36                        |
| Hedge of trade receivables and highly probable foreign currency sale            | EUR 0.50                     | 32.77                | Sell     | 25                        |
| Hedge of trade receivables and highly probable foreign currency sale            | GBP 1.00                     | 99.05                | Sell     | 27                        |
| <b>March 31, 2014</b>   |                              |                      |          |                           |
| Hedge of payables, buyers credit and highly probable foreign currency purchases | US \$ 14.06                  | 897.17               | Buy      | 274                       |
| Hedge of trade receivables and highly probable foreign currency sale            | US \$ 9.65                   | 604.40               | Sell     | 102                       |
| Hedge of payables, buyers credit and highly probable foreign currency purchases | EUR 0.58                     | 52.00                | Buy      | 29                        |
| Hedge of trade receivables and highly probable foreign currency sale            | EUR 0.78                     | 64.29                | Sell     | 21                        |
| Hedge of trade receivables and highly probable foreign currency sale            | GBP 0.16                     | 16.65                | Sell     | 9                         |

(b) The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

(i) Amount receivable in foreign currency on account of the following:

| Category             | Currency type | 31 March 2015                |                      | 31 March 2014                |                      |
|----------------------|---------------|------------------------------|----------------------|------------------------------|----------------------|
|                      |               | Foreign currency (In Crores) | Amount (₹ in Crores) | Foreign currency (In Crores) | Amount (₹ in Crores) |
| Export of goods      | ZAR           | -                            | -                    | 0.01                         | 0.04                 |
| Advance to suppliers | US \$         | 0.03                         | 1.69                 | 0.00*                        | 0.29                 |
| Advance to suppliers | EUR           | 0.02                         | 1.11                 | 0.03                         | 2.35                 |
| Advance to suppliers | GBP           | 0.00*                        | 0.13                 | 0.00*                        | 0.10                 |
| Advance to suppliers | CHF           | 0.00*                        | 0.04                 | -                            | -                    |
| Advance to suppliers | JPY           | 0.03                         | 0.02                 | -                            | -                    |
| Advance to suppliers | CAD           | 0.02                         | 1.02                 | -                            | -                    |
| Balance with banks   | US \$         | -                            | -                    | 0.01                         | 0.71                 |
| Balance with banks   | EUR           | 0.01                         | 0.73                 | 0.00*                        | 0.30                 |
| Balance with banks   | GBP           | 0.01                         | 0.86                 | 0.00*                        | 0.19                 |
| Balance with banks   | RMB           | 0.00*                        | 0.00*                | -                            | -                    |
| Balance with banks   | ZAR           | -                            | -                    | 0.02                         | 0.11                 |
| Balance with banks   | RUB           | 0.01                         | 0.01                 | 0.01                         | 0.01                 |

\* Amount below 0.01 crore.

(ii) Amounts payable in foreign currency on account of the following:

| Category                     | Currency type | 31 March 2015                |                      | 31 March 2014                |                      |
|------------------------------|---------------|------------------------------|----------------------|------------------------------|----------------------|
|                              |               | Foreign currency (In Crores) | Amount (₹ in Crores) | Foreign currency (In Crores) | Amount (₹ in Crores) |
| Import of goods and services | EUR           | -                            | -                    | 0.00*                        | 0.00*                |
| Import of goods and services | GBP           | -                            | -                    | 0.00*                        | 0.11                 |
| Import of goods and services | CHF           | -                            | -                    | 0.00*                        | 0.07                 |
| Import of capital goods      | US \$         | 5.80                         | 363.68               | 5.48                         | 329.61               |
| Import of capital goods      | EUR           | 0.08                         | 5.72                 | -                            | -                    |

\* Amount below 0.01 crore.

**(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 2015:

| Year          | Commodity type | No. of contracts | Contracted quantity (MT) | Buy/Sell |
|---------------|----------------|------------------|--------------------------|----------|
| 31 March 2015 | Aluminium      | 273              | 74,994                   | Buy      |
| 31 March 2015 | Aluminium      | 59               | 10,550                   | Sell     |
| 31 March 2015 | Copper         | 29               | 361                      | Buy      |
| 31 March 2015 | Copper         | 3                | 216                      | Sell     |
| 31 March 2015 | Zinc           | 1                | 25                       | Buy      |
| 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     |

**(d) Interest rate swap contracts outstanding as at 31 March 2015 to hedge against exposure to variable interest outflow on loans :**

| Year          | Currency type | No. of contracts | Foreign currency In Crores (Nominal amount) | Period of Contract         | Floating rate     | Fixed rate |
|---------------|---------------|------------------|---|----------------------------|-------------------|------------|
| 31 March 2015 | US\$          | 1                | 2.38  | 13 Feb 2013 to 30 Dec 2015 | USD 6 Month Libor | 1.045%     |
| 31 March 2015 | US\$          | 1                | 4.14  | 31 Dec 2015 to 27 Dec 2017 | USD 6 Month Libor | 1.950%     |
| 31 March 2014 | US\$          | 1                | 2.38  | 31 Dec 2015 to 27 Dec 2017 | USD 6 Month Libor | 1.045%     |
| 31 March 2014 | US\$          | 1                | 4.14  | 31 Dec 2015 to 27 Dec 2017 | USD 6 Month Libor | 1.950%     |

## NOTE 36: DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER MSMED ACT, 2006

| Description  | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ 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  | 0.76                           | 0.48                           |
| Interest due on above  | 0.01                           | -                              |
| (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.   | 0.01                           | 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 ₹ 0.01 crore (31 March, 2014 Nil) and same is not accrued in the books of accounts. During, the year 2014-2015 the Company has not received any confirmation for Micro, Small and Medium enterprise.

## NOTE 37: 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 2014: ₹ 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. During the year, Sterlite Power Grid Ventures Limited ('SPGVL') was incorporated as a wholly owned subsidiary of the Company. SPGVL issued 409,099,372 Optionally Convertible Redeemable Preference Shares ('OCRPS') with face value ₹ 10 per OCRPS at ₹ 11 per OCRPS for a total consideration of ₹ 4,500,098,092 (including premium of ₹ 409,099,372) and 2,000 equity shares of face value ₹ 10 each at ₹ 10 per equity share to Standard Chartered Financial Holdings, Mauritius ('Investor') pursuant to Subscription agreement and Shareholders' Agreement dated 7 July 2014 ('Agreements') executed among the Company, SPGVL and the Investor. The Agreements specify various exit options for the Investor including an IPO. The OCRPS are either convertible into equity shares or redeemable after 60 months from the date of allotment so as to provide the Investor with desired IRR from the date of allotment of OCRPS ('Closing date') until the date of exit. The OCRPS are convertible into such number of equity shares of SPGVL so as to provide 27.11% of equity share capital (calculated on a fully diluted basis) as on the the date of allotment. In case the return to the Investor on conversion is less than desired return, SPGVL will issue its equity shares to the Investor at the minimum possible price as permitted by the applicable laws and regulations so as to provide a return agreed as per Agreements to the Investor subject to Investor's equity shareholding in SPGVL not exceeding 49.9%. Alternatively, OCRPS are redeemable at a price mutually agreed between STL and the Investor based on the fair market value of the shares of SPGVL at the time of exit subject to the Investor getting desired IRR.

As a result of the above, the effective equity holding of the Group in SPGVL has reduced to 96.15% (72.89% on a fully diluted basis if the OCRPS get converted into equity shares of SPGVL). The gain on dilution of Group's effective stake in SPGVL has been recognised in reserves and disclosed as "Gain on dilution" in Note 4 - Reserves and Surplus. SPGVL's effective holdings in Group companies as at 31 March 2015 are as follows:

| Name of the Company   | SPGVL's effective holding as at 31 March 2015 ** | SPGVL's effective holding as at 31 March 2014 |
|---|--|---|
| Sterlite Grid Limited   | 100.00%  | -   |
| Sterlite Grid 2 Limited (Erstwhile Sterlite Display Technologies Private Limited) | 100.00%  | -   |
| Sterlite Grid 3 Limited   | 100.00%  | -   |
| East North Interconnection Company Limited  | 49.00%   | -   |
| Bhopal Dhule Transmission Company Limited   | 100.00%  | -   |
| Jabalpur Transmission Company Limited   | 100.00%  | -   |
| Purulia & Kharagpur Transmission Company Limited                                  | 100.00%  | -   |
| RAPP Transmission Company Limited   | 100.00%  | -   |
| NRSS XXIX transmission Limited  | 100.00%  | -   |

\*\* For Group's effective holdings at 31 March 2015, refer note 28

- C. As per the requirements of Schedule II to the Companies Act, 2013 effective from April 1, 2014, the Group has revised the useful lives of certain assets in the current year on the basis of management's estimation, supported by technical advice, of the useful lives of the respective assets. As a result, the depreciation charge for the Group for the year ended March 31, 2015 is lower by ₹ 4.60 crore. Further, an amount of ₹ 35.88 crores (net of deferred tax of ₹ 18.97 crores) pertaining to assets for which the remaining useful lives were nil as at April 1, 2014 has been adjusted to General Reserve. The Group has opted to apply the provisions of para 4(a) under the heading Notes after Part C in Schedule II of the Companies Act, 2013 from April 1, 2015 as permitted by MCA Notification dated August 29, 2014.

During the year, one of the subsidiaries of the Company in telecom network business has re-assessed the useful lives of certain assets mainly optical fibre cables and active network components to bring those in line with the relevant industry norms. As a result, the depreciation for charge for the year ended March 31, 2015 is lower by ₹ 3.07 crores.

- D. As required by Accounting Standard-28 - Impairment of Assets, the Group has determined the recoverable amounts of the transmission assets of East North Interconnection Company Limited (ENICL), Bhopal Dhule Transmission Company Limited (BDTCL) and Jabalpur Transmission Company Limited (JTCL) on the basis of the individual transmission assets value in use by estimating the future cash flows over the estimated license period of the respective transmission asset.

For such estimation, management has used certain key assumptions which are as follows:

- Additional tariff to be claimed from customers in respect of cost overruns incurred due to force majeure events and changes in laws as permitted by the respective Transmission Services Agreements (TSAs);
- Tax adjusted discounting rate of 10% (for ENICL and BDTCL) and 10.1% for JTCL;
- Recoverability of the metal value (as adjusted for inflation) in the project cost at the end of license period;
- Availability of transmission lines at 99.75% throughout the license period;
- Inflation rate of 6.98% for escalable tariff for future periods.

Based on management evaluation, these assumptions are considered reasonable as at March 31, 2015 and the recoverable amounts are higher than the carrying values of the respective transmission assets. The Group has also obtained valuation reports from an external consultant in order to arrive at the conclusion that as per AS-28, the recoverable amounts are higher than the respective carrying values of the transmission assets as at March 31, 2015. These assumptions will be reassessed on a periodic basis for the purpose of determination of the recoverable amounts of the individual transmission assets. Any change in key assumptions could have a material effect on the recoverable amounts of the respective transmission asset.

In respect of additional tariff claimed, the Management has taken a legal opinion that based on facts and circumstances; the Group is legally entitled as per terms of TSA to claim the amount. The additional tariff that the Group will eventually receive will depend on Central Electricity Regulatory Commission (CERC) approving the Group's claim and the amount. The Group has filed petitions with CERC for ENICL and JTCL and is in the process of filing the same for BDTCL.

- E. There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.
- F. The Board of directors of the Company on 18 May 2015 have approved the Scheme of Arrangement under Sections 391-394 of the Companies Act, 1956 ('the Scheme') between Sterlite Technologies Limited ('STL' or 'Demerged Company'), Sterlite Power Transmission Limited ('SPTL' or 'Resulting Company') and their respective shareholders and creditors for the demerger of power products and solutions business (including the investments of STL in power transmission infrastructure subsidiaries) into its subsidiary SPTL with the appointed date of 1 April 2015 subject to the approval of shareholders and creditors, approvals of the relevant regulatory authorities and the sanction of the Hon'ble Bombay High Court. The Scheme inter alia provides for issue of equity share or redeemable preference shares of SPTL to the shareholders of STL. The Scheme would become effective upon receipt of all requisite approvals and filing of the certified copies of the Court order with the Registrar of Companies.

G. DISCLOSURES PURSUANT TO ACCOUNTING STANDARD (AS) 7 (REVISED) "CONSTRUCTION CONTRACTS":

| Particulars  | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
|--|--------------------------------|--------------------------------|
| Amount of contract revenue recognised during the year  | 68.56                          | -                              |
| The aggregate amount of costs incurred and recognised profits (less recognised losses) for all contracts in progress upto the reporting date | 68.56                          | -                              |
| Amount of customer advances outstanding for contracts in progress upto the reporting date  | -                              | -                              |
| Retention amount due from customers for contracts in progress upto the reporting date  | -                              | -                              |
| Gross amount due from customers for contract work as an asset  | -                              | -                              |
| Gross amount due to customers for contract work as a liability   | 23.09                          | -                              |

## H. Additional information related to subsidiaries :-

| Name of entity  | Net assets, i.e., total assets minus total liabilities |                 | Share in profit or loss                |                |
|---|--|-----------------|--|----------------|
|   | As % of consolidated net assets                        | (₹ in Crores)   | As % of consolidated net profit / loss | (₹ in Crores)  |
| <b>Sterlite Technologies Limited (A)</b>  | -17.49%  | (265.60)        | -2081.26%                              | 74.43          |
|   | 3.34%  | 37.76           | -115.58%                               | 45.68          |
| <b>Subsidiaries</b>   |  |                 |  |                |
| <b>Indian</b>   |  |                 |  |                |
| Sterlite Power Grid Ventures Limited  | -4.90%   | (74.40)         | 302.37%                                | (10.81)        |
|   | -  | -               | -                                      | -              |
| Sterlite Grid Limited   | -7.60%   | (115.40)        | 355.35%                                | (12.71)        |
|   | -29.09%  | (328.92)        | 102.93%                                | (40.68)        |
| Sterlite Grid 2 Limited (Erstwhile Sterlite Display Technologies Private Limited) | 0.85%  | 12.89           | 65.15%                                 | (2.33)         |
|   | -0.07%   | (0.79)          | 0.95%                                  | (0.37)         |
| Sterlite Grid 3 Limited   | 0.02%  | 0.26            | 10.66%                                 | (0.38)         |
|   | -  | -               | -                                      | -              |
| East North Interconnection Company Limited  | 21.72%   | 329.89          | 179.98%                                | (6.44)         |
|   | 33.88%   | 383.13          | 19.17%                                 | (7.58)         |
| Bhopal Dhule Transmission Company Limited   | 46.04%   | 699.42          | 192.74%                                | (6.89)         |
|   | 41.56%   | 469.95          | 2.13%                                  | (0.84)         |
| Jabalpur Transmission Company Limited   | 51.45%   | 781.47          | 4.47%                                  | (0.16)         |
|   | 35.47%   | 401.12          | 1.40%                                  | (0.55)         |
| Purulia & Kharagpur Transmission Company Limited                                  | -2.80%   | (42.53)         | 1.49%                                  | (0.05)         |
|   | 0.58%  | 6.61            | 0.01%                                  | (0.00)         |
| RAPP Transmission Company Limited   | 1.16%  | 17.64           | 1.46%                                  | (0.05)         |
|   | 0.41%  | 4.69            | 0.01%                                  | (0.00)         |
| NRSS XXIX transmission Limited  | 1.42%  | 21.61           | 5.84%                                  | (0.21)         |
|   | -  | -               | -                                      | -              |
| Speedon Network Limited (Erstwhile Sterlite Networks Limited)                     | 1.21%  | 18.41           | 927.86%                                | (33.18)        |
|   | 4.09%  | 46.28           | 64.74%                                 | (25.59)        |
| Maharashtra Transmission Communication Infrastructure Limited                     | 1.67%  | 25.40           | 31.27%                                 | (1.12)         |
|   | 0.57%  | 6.50            | 0.76%                                  | (0.30)         |
| Sterlite Display Limited  | 0.00%  | 0.05            | -                                      | -              |
|   | -  | -               | -                                      | -              |
| Sterlite Power Technologies Private Limited                                       | 0.00%  | 0.01            | -                                      | -              |
|   | -  | -               | -                                      | -              |
| <b>Foreign</b>  |  |                 |  |                |
| Sterlite Global Ventures (Mauritius) Limited                                      | 0.00%  | (0.01)          | 2.09%                                  | (0.07)         |
|   | 0.01%  | 0.13            | 0.17%                                  | (0.07)         |
| Jiangsu Sterlite and Tongguang Fiber Co. Limited                                  | 6.30%  | 95.69           | 41.35%                                 | (1.48)         |
|   | 8.87%  | 100.36          | 38.51%                                 | (15.22)        |
| Sterlite Technologies Americas LLC  | 0.01%  | 0.19            | 1.15%                                  | (0.04)         |
|   | 0.02%  | 0.23            | -14.39%                                | 5.69           |
| Sterlite Technologies Europe Ventures Limited                                     | 0.01%  | 0.08            | 7.52%                                  | (0.27)         |
|   | 0.10%  | 1.09            | -1.16%                                 | 0.46           |
| Sterlite Technologies UK Ventures Limited   | 0.00%  | 0.01            | -67.80%                                | 2.42           |
|   | 0.00%  | 0.02            | 0.05%                                  | (0.02)         |
| <b>Subsidiaries (B)</b>   | 116.57%  | 1,770.69        | 2063.23%                               | (73.79)        |
|   | 96.42%   | 1,090.39        | 215.28%                                | (85.09)        |
| <b>Joint Venture (C)</b>  |  |                 |  |                |
| <b>Foreign</b>  |  |                 |  |                |
| Sterlite Condispar Industrial Ltda  | 0.92%  | 13.92           | 118.31%                                | (4.23)         |
|   | 0.24%  | 2.73            | 0.30%                                  | (0.12)         |
| <b>Total (A+B+C)</b>  | <b>100.00%</b>   | <b>1,519.01</b> | <b>100.00%</b>                         | <b>(3.58)</b>  |
|   | <b>100.00%</b>   | <b>1,130.88</b> | <b>100.00%</b>                         | <b>(39.52)</b> |
| Minority Interest in all subsidiaries   |  | 23.04           |  | (0.94)         |
|   |  | 20.72           |  | (4.01)         |
| Preference shares issued by subsidiary  |  | 409.10          |  | -              |
|   | -  | -               | -                                      | -              |

Note :- Figures in italics pertain to previous year.

## NOTE 38: SEGMENT INFORMATION

In accordance with Accounting Standard 17 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           |          |
|--|-------------------------------|----------|-----------------------------|----------|-------------------------|----------|-----------------|----------|-----------------|----------|-----------------|----------|
|  | 2014-15                       | 2013-14  | 2014-15                     | 2013-14  | 2014-15                 | 2013-14  | 2014-15         | 2013-14  | 2014-15         | 2013-14  | 2014-15         | 2013-14  |
| Segment revenue                                | <b>1,680.56</b>               | 1,174.63 | <b>1,563.21</b>             | 1,649.94 | <b>153.87</b>           | 54.13    | -               | -        | <b>(197.21)</b> | (271.47) | <b>3,200.43</b> | 2,607.23 |
| Less: Excise duty                              | <b>104.13</b>                 | 69.77    | <b>90.24</b>                | 63.07    | -                       | -        | -               | -        | <b>(21.03)</b>  | (26.59)  | <b>173.34</b>   | 106.25   |
| <b>Segment revenue</b><br>(net of excise duty) | <b>1,576.43</b>               | 1,104.86 | <b>1,472.97</b>             | 1,586.87 | <b>153.87</b>           | 54.13    | -               | -        | <b>(176.18)</b> | (244.88) | <b>3,027.09</b> | 2,500.98 |
| Segment results (PBIT)                         | <b>248.98</b>                 | 93.74    | <b>9.24</b>                 | 56.16    | <b>74.78</b>            | 20.14    | <b>(0.55)</b>   | (1.84)   | <b>(5.44)</b>   | (3.63)   | <b>327.01</b>   | 164.57   |
| Less: Finance cost                             |                               |          |                             |          |                         |          | <b>326.90</b>   | 179.78   | -               | -        | <b>326.90</b>   | 179.78   |
| Profit/(loss) before tax                       |                               |          |                             |          |                         |          |                 |          |                 |          | <b>0.11</b>     | (15.21)  |
| Less: Tax expense                              |                               |          |                             |          |                         |          | <b>3.69</b>     | 24.31    | -               | -        | <b>3.69</b>     | 24.31    |
| Minority interest                              |                               |          |                             |          |                         |          | <b>(0.94)</b>   | (4.01)   | -               | -        | <b>(0.94)</b>   | (4.01)   |
| <b>Net profit/(loss)</b>                       |                               |          |                             |          |                         |          |                 |          |                 |          | <b>(2.64)</b>   | (35.51)  |
| Segment assets                                 | <b>1,754.71</b>               | 1,581.70 | <b>1,074.13</b>             | 938.73   | <b>5,277.20</b>         | 4,217.51 |                 |          | <b>(105.57)</b> | (117.01) | <b>8,000.47</b> | 6,620.93 |
| Common assets                                  |                               |          |                             |          |                         |          | <b>391.73</b>   | 305.95   |                 |          | <b>391.73</b>   | 305.95   |
| <b>Total assets</b>                            |                               |          |                             |          |                         |          |                 |          |                 |          | <b>8,392.20</b> | 6,926.88 |
| Segment liabilities                            | <b>457.88</b>                 | 364.56   | <b>751.40</b>               | 563.27   | <b>347.01</b>           | 562.39   |                 |          | <b>(106.61)</b> | (149.69) | <b>1,449.68</b> | 1,340.53 |
| Common liabilities                             |                               |          |                             |          |                         |          | <b>5,423.50</b> | 4,455.47 |                 |          | <b>5,423.50</b> | 4,455.47 |
| <b>Total liabilities</b>                       |                               |          |                             |          |                         |          |                 |          |                 |          | <b>6,873.18</b> | 5,796.00 |
| Capital expenditure incurred                   | <b>123.30</b>                 | 153.48   | <b>19.16</b>                | 19.29    | <b>1,009.34</b>         | 1,823.92 | <b>20.19</b>    | 3.43     | <b>(10.92)</b>  | (3.99)   | <b>1,161.07</b> | 1,996.14 |
| Depreciation                                   | <b>96.17</b>                  | 87.48    | <b>31.62</b>                | 29.40    | <b>57.17</b>            | 16.19    | <b>0.26</b>     | 0.24     | <b>(0.23)</b>   | -        | <b>184.98</b>   | 133.31   |
| Significant non cash expenditure               | <b>10.82</b>                  | 9.34     | <b>19.05</b>                | 20.01    | <b>0.49</b>             | 0.01     | -               | -        | -               | -        | <b>30.36</b>    | 29.37    |

**Geographical segments**

The Group'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 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
|--|--------------------------------|--------------------------------|
| <b>(1) Segment revenue - external turnover (gross)</b> |                                |                                |
| Within India   | <b>1,998.37</b>                | 1,521.76                       |
| Outside India  | <b>1,202.05</b>                | 1,085.47                       |
| <b>Total</b>   | <b>3,200.43</b>                | 2,607.23                       |
| <b>(2) Segment assets</b>                              |                                |                                |
| Within India   | <b>7,545.66</b>                | 6,258.59                       |
| Outside India  | <b>454.81</b>                  | 362.34                         |
| <b>Total</b>   | <b>8,000.47</b>                | 6,620.93                       |
| <b>(3) Capital expenditure</b>                         |                                |                                |
| Within India   | <b>1,147.22</b>                | 1,965.51                       |
| Outside India  | <b>13.85</b>                   | 30.63                          |
| <b>Total</b>   | <b>1,161.07</b>                | 1,996.14                       |

## NOTE 39: RELATED PARTY DISCLOSURES

### (A) Name of related party and nature of its relationship:

#### (a) Related parties where control exists

##### (i) Holding company

Twin Star Overseas Limited, Mauritius (Immediate holding company)

Volcan Investments Limited, Bahamas (Ultimate holding company)

##### (ii) Joint ventures

Sterlite Condispar Industrial Ltda (50:50 joint venture between Sterlite Technologies UK Ventures Limited and Condispar Condutores Eletricos Limitada)

#### (b) Other related parties with whom transactions have taken place during the year

##### (i) Key management personnel (KMP)

Mr. Pravin Agarwal

Dr. Anand Agarwal

##### (ii) Entities where key management personnel / relatives of key management personnel have significant influence (EKMP)

Vedanta Limited (Erstwhile Sesa Sterlite Limited)

Fujairah Gold FZE

Bharat Aluminium Company Limited

Hindustan Zinc Limited

Vedanta Resources PLC

Sterlite Tech Foundation

### (B) The transactions with related parties during the year and their outstanding balances are as follows:-

(₹ in crores)

| S No. | Particulars   | Joint Ventures |       | Holding Company |       | KMP   |       | EKMP   |        |
|-------|---|----------------|-------|-----------------|-------|-------|-------|--------|--------|
|       |   | 14-15          | 13-14 | 14-15           | 13-14 | 14-15 | 13-14 | 14-15  | 13-14  |
| 1     | Remuneration  | -              | -     | -               | -     | 10.76 | 6.78  | -      | -      |
| 2     | Dividend paid                                       | -              | -     | 6.28            | 6.28  | -     | -     | 0.14   | 0.14   |
| 3     | Management fees paid                                | -              | -     | -               | -     | -     | -     | 0.12   | 0.16   |
| 4     | Purchase of goods                                   | -              | -     | -               | -     | -     | -     | 682.97 | 614.12 |
| 5     | Purchase of power                                   | -              | -     | -               | -     | -     | -     | 3.59   | 28.37  |
| 6     | Sale of goods (net of excise duty)                  | 1.99           | 1.45  | -               | -     | -     | -     | 12.72  | 1.18   |
| 7     | Interest paid                                       | -              | -     | -               | -     | -     | -     | 1.32   | 0.73   |
| 8     | Expenses incurred                                   | -              | -     | -               | -     | -     | -     | 0.11   | 1.89   |
| 9     | Contributions made                                  | -              | -     | -               | -     | -     | -     | 0.28   | 0.23   |
|       | <b>Outstanding Balances</b>                         |                |       |                 |       |       |       |        |        |
| 1     | Advance outstanding against supplies                | -              | -     | -               | -     | -     | -     | 1.79   | -      |
| 2     | Trade receivables                                   | 3.46           | 1.45  | -               | -     | -     | -     | 0.35   | -      |
| 3     | Trade payables                                      | -              | -     | -               | -     | -     | -     | 7.21   | 43.05  |
| 4     | Corporate and bank guarantees given and outstanding | -              | -     | -               | -     | -     | -     | 114.00 | 114.00 |

**Disclosure in respect of material related party transaction during the year:**

| S. No. | Particulars                                       | Relationship    | 31 March 2015<br>(₹ in Crores) | 31 March 2014<br>(₹ in Crores) |
|--------|---|-----------------|--------------------------------|--------------------------------|
| 1      | <b>Remuneration #</b>                             |                 |                                |                                |
|        | Mr. Pravin Agarwal                                | KMP             | 7.61                           | 3.99                           |
|        | Dr. Anand Agarwal                                 | KMP             | 3.16                           | 2.79                           |
| 2      | <b>Dividend paid</b>                              |                 |                                |                                |
|        | Twin Star Overseas Limited                        | Holding Company | 6.28                           | 6.28                           |
| 3      | <b>Management fees paid</b>                       |                 |                                |                                |
|        | Vedanta Resources PLC                             | EKMP            | 0.12                           | 0.16                           |
| 4      | <b>Purchase of goods</b>                          |                 |                                |                                |
|        | Vedanta Limited (Erstwhile Sesa Sterlite Limited) | EKMP            | 601.20                         | 560.37                         |
| 5      | <b>Purchase of power</b>                          |                 |                                |                                |
|        | Vedanta Limited (Erstwhile Sesa Sterlite Limited) | EKMP            | 3.59                           | 28.37                          |
| 6      | <b>Sale of goods (net of excise duty)</b>         |                 |                                |                                |
|        | Sterlite Condu spar Industrial Ltda               | Joint Venture   | 1.99                           | 1.45                           |
|        | Vedanta Limited (Erstwhile Sesa Sterlite Limited) | EKMP            | 11.53                          | 1.18                           |
|        | Hindustan Zinc Limited                            | EKMP            | 1.19                           | -                              |
| 7      | <b>Interest paid</b>                              |                 |                                |                                |
|        | Vedanta Limited (Erstwhile Sesa Sterlite Limited) | EKMP            | 1.32                           | 0.73                           |
| 8      | <b>Expenses incurred</b>                          |                 |                                |                                |
|        | Vedanta Limited (Erstwhile Sesa Sterlite Limited) | EKMP            | 0.06                           | 1.69                           |
|        | Hindustan Zinc Limited                            | EKMP            | 0.06                           | 0.20                           |
| 9      | <b>Contributions made</b>                         |                 |                                |                                |
|        | Sterlite Tech Foundation                          | EKMP            | 0.28                           | 0.23                           |

# 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 40: 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 SRBC & Co LLP**

Firm Registration No. 324982E  
Chartered Accountants

**per Paul Alvares**

Partner  
Membership Number : 105754

Place : Pune

Date : May 18, 2015

**For and on behalf of the board of directors of Sterlite Technologies Limited**
**Pravin Agarwal**

Vice Chairman & Whole-time Director  
DIN: 00022096

**Anupam Jindal**

Chief Financial Officer

**Anand Agarwal**

CEO & Whole-time Director  
DIN: 00057364

**Amit Deshpande**

Company Secretary

**STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES /  
ASSOCIATE COMPANIES / JOINT VENTURES AS PER COMPANIES ACT, 2013**

(₹ in Crores)

| S. No. | Name of Subsidiary   | Country of Incorporation | Reporting currency | Exchange rate (INR) | Share Capital | Reserve & Surplus | Total assets | Total liabilities | Investment | Turnover | Profit / (loss) before taxation | Provision for taxation | Profit / (loss) after taxation | Proposed dividend | % of Holding |
|--------|--|--------------------------|--------------------|---------------------|---------------|-------------------|--------------|-------------------|------------|----------|---------------------------------|------------------------|--------------------------------|-------------------|--------------|
| 1      | Sterlite Power Grid Ventures Limited   | India                    | INR                | NA                  | 1,607.17      | 35.29             | 1,807.59     | 165.12            | -          | 69.41    | (5.62)                          | -                      | (5.62)                         | -                 | 96.15        |
| 2      | Sterlite Grid Limited  | India                    | INR                | NA                  | 17.67         | (14.64)           | 1,767.74     | 1,764.70          | -          | 147.00   | (11.40)                         | -                      | (11.40)                        | -                 | 96.15        |
| 3      | Sterlite Grid 2 Limited<br>(Erstwhile Sterlite Display Technologies Private Limited) | India                    | INR                | NA                  | 87.30         | (9.46)            | 97.12        | 19.28             | -          | 3.20     | (1.11)                          | -                      | (1.11)                         | -                 | 96.15        |
| 4      | Sterlite Grid 3 Limited  | India                    | INR                | NA                  | 0.05          | (0.38)            | 0.28         | 0.61              | -          | 0.19     | (0.38)                          | -                      | (0.38)                         | -                 | 96.15        |
| 5      | EastNorth Interconnection Company Limited  | India                    | INR                | NA                  | 0.05          | (14.27)           | 1,277.09     | 1,291.31          | 3.67       | 94.45    | (14.90)                         | (8.47)                 | (6.44)                         | -                 | 98.11        |
| 6      | Bhopal Dhule Transmission Company Limited  | India                    | INR                | NA                  | 0.60          | 203.82            | 2,165.82     | 1,961.40          | -          | 59.91    | (10.45)                         | (3.56)                 | (6.89)                         | -                 | 96.15        |
| 7      | Jabalpur Transmission Company Limited  | India                    | INR                | NA                  | 0.55          | 148.20            | 1,672.34     | 1,523.58          | -          | -        | (0.21)                          | (0.05)                 | (0.16)                         | -                 | 96.15        |
| 8      | Purulia & Kharagpur Transmission Company Limited                                     | India                    | INR                | NA                  | 5.95          | (0.06)            | 95.07        | 89.17             | -          | -        | (0.05)                          | -                      | (0.05)                         | -                 | 96.15        |
| 9      | RAPP Transmission Company Limited  | India                    | INR                | NA                  | 4.29          | (0.06)            | 118.77       | 114.53            | -          | -        | (0.05)                          | -                      | (0.05)                         | -                 | 96.15        |
| 10     | NPSS XXIX transmission Limited   | India                    | INR                | NA                  | 19.72         | (0.21)            | 21.89        | 2.38              | -          | -        | (0.21)                          | -                      | (0.21)                         | -                 | 96.15        |
| 11     | Speedon Network Limited (Erstwhile Sterlite Networks Limited)                        | India                    | INR                | NA                  | 1.55          | (27.13)           | 146.70       | 172.28            | -          | 14.41    | (33.18)                         | -                      | (33.18)                        | -                 | 100.00       |
| 12     | Maharashtra Transmission Communication Infrastructure Limited                        | India                    | INR                | NA                  | 12.29         | 4.22              | 32.37        | 15.86             | 0.15       | 0.06     | (0.69)                          | -                      | (0.69)                         | -                 | 72.00        |
| 13     | Sterlite Display Limited   | India                    | INR                | NA                  | 0.05          | -                 | 0.05         | -                 | -          | -        | -                               | -                      | -                              | -                 | 100.00       |
| 14     | Sterlite Power Technologies Private Limited  | India                    | INR                | NA                  | 0.01          | -                 | 0.01         | -                 | -          | -        | -                               | -                      | -                              | -                 | 100.00       |
| 15     | Sterlite Global Ventures (Mauritius) Limited   | Mauritius                | US\$               | 62.59               | 67.02         | (0.15)            | 66.99        | 0.12              | -          | -        | (0.07)                          | -                      | (0.07)                         | -                 | 100.00       |
| 16     | Jiangsu Sterlite Tongguang Fiber Co. Limited   | China                    | RMB                | 10.05               | 89.49         | (10.59)           | 175.05       | 96.15             | -          | 175.63   | (0.51)                          | 0.98                   | (1.49)                         | -                 | 75.00        |
| 17     | Sterlite Technologies Americas LLC*  | USA                      | US\$               | 62.59               | 0.05          | (3.49)            | 0.26         | 3.70              | -          | 0.19     | (0.04)                          | -                      | (0.04)                         | -                 | 100.00       |
| 18     | Sterlite Technologies Europe Ventures Limited  | Cyprus                   | Euro               | 67.51               | 0.01          | 0.07              | 0.08         | -                 | -          | 0.01     | (0.27)                          | -                      | (0.27)                         | -                 | 100.00       |
| 19     | Sterlite Technologies UK Ventures Limited  | UK                       | GBP                | 92.46               | 0.04          | 2.40              | 19.59        | 17.15             | -          | -        | 2.42                            | -                      | 2.42                           | -                 | 100.00       |
| 20     | Sterlite Conduspar Industrial Ltda   | Brazil                   | Real               | 19.48               | 14.26         | (9.10)            | 16.26        | 11.10             | -          | 2.70     | (4.23)                          | -                      | (4.23)                         | -                 | 50.00        |

\*Company having December 31 as reporting date.

**Names of Subsidiaries which are yet to commence operations**

| S. No. | Name of Subsidiary                          |
|--------|---|
| 1      | Sterlite Display Limited                    |
| 2      | Sterlite Power Technologies Private Limited |

**Names of Subsidiaries which have been liquidated or sold during the year - Not Applicable**

FORM AOC-1 - PART B

## STATEMENT PURSUANT TO SECTION 129(3) OF THE COMPANIES ACT, 2013 RELATED TO ASSOCIATE COMPANIES AND JOINT VENTURES

(₹ in Crores)

| S. No. | Name of Associate / Joint Ventures  | Maharashtra Transmission Communication Infrastructure Limited |
|--------|---|---|
| 1      | Latest audited Balance Sheet date   | 31/03/2015  |
| 2      | Shares of Associate/Joint Ventures held by the Company on the year end    |   |
| a      | Number  | 0.88  |
| b      | Amount of investment (At face value)                                      | 15.26   |
| c      | % of holding  | 72  |
| 3      | Description of how there is significant influence                         | By way of ownership   |
| 4      | Reason why the associate / joint venture is not consolidated              | Not Applicable  |
| 5      | Networth attributable to shareholding as per latest audited Balance sheet | 11.88   |
| 6      | Profit/Loss for the year considered in consolidation                      | (0.69)  |
| a      | Considered in consolidation   | (0.69)  |
| b      | Not considered in consolidation   | -   |

Note:- Only Direct Joint Venture /Associate Companies are considered.

- Names of associate or joint ventures which are yet to commence operations :- Nil
- Names of associate or joint ventures which have been liquidated or sold during the year :- Nil

For and on behalf of the Board of Directors of Sterlite Technologies Limited

**Pravin Agarwal**  
Vice Chairman & Whole-time Director

**Anand Agarwal**  
CEO & Whole-time Director

**Anupam Jindal**  
Chief Financial Officer

**Amit Deshpande**  
Company Secretary

Place : Pune  
Date: May 18, 2015

# ANNUAL REPORT 2014-15 CONTRIBUTORS



**We thank all our team members who have contributed to make this annual report an interesting read**

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Arindam Halder

#### **Agency Partners**

Pratisaad Communications Pvt. Ltd.

In Alphabetical order

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● India

● Russia



Sterlite

| CONNECTING LIVES

A large, stylized globe is depicted on the left side of the page. It is covered in a complex network of black lines and dots, representing a global communication or data network. The dots are in various colors, including red, black, and blue. The globe is set against a bright yellow background.

**TRANSCENDING 5 CONTINENTS  
CONNECTING 75+ COUNTRIES  
CONNECTING LIVES  
A VISION IS ALL IT TAKES.**