

FORM B**Format of covering letter of the annual audit report to be filed with the stock exchanges**

1	Name of the Company:	Sterlite Technologies Limited ('the Company')
2	Annual financial statements for the year ended	31 st March, 2013
3	Type of Audit qualification	<p>Following qualification has been given by the Auditors in the audit report on Standalone financial statements of the Company:</p> <p>Basis for Qualified Opinion <i>As stated in Note no. 43(A) in the accompanying financial statements, the Company had in an earlier year received an order of CESTAT upholding a demand of Rs.188 crores (including penalties and excluding interest) (Rs.188 crores as at March 31 2012) 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 of the accompanying financial statements is considered adequate by Management. In the event the decision of the Honourable Supreme Court goes against the Company on any of the grounds of appeal, additional provision against the said demand may be required. Pending disposal of the matter by the Honourable Supreme Court, we are unable to comment on the adequacy of the provisions made towards the amount of excise / customs duty payable. Our audit opinion on the financial statements for the year ended March 31, 2012 was also qualified in respect of this matter.</i></p> <p>Qualified opinion</p> <p>In our opinion and to the best of our information and according to the explanations given to us, <i>except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph</i>, the 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:</p> <p>(a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;</p> <p>(b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and</p> <p>(c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.</p>

4	Frequency of qualification	Appearing since Financial Year 2003-04.
5	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	<p>Please refer Note 8 and Note 43(A) in the Standalone Financial Statements of the Company.</p> <p style="text-align: center;"><u>Management Response to the Qualification in the Directors' Report:</u></p> <p>The remark of Auditors at basis for Qualified Opinion paragraph of the Auditor's Report over Note No. 43(A) in Notes to Accounts regarding demand of excise duty and penalty amounting to Rs. 188 crores is self-explanatory and does not require further comment.</p> <p>In the year 2004-05 CESTAT upheld the demand of Rs. 188 crores and interest thereon for alleged breach of norms pertaining to Export Oriented Unit (EOU). The Company had filed an appeal before the Hon'ble High Court of Bombay against this order. The Department had also made an appeal against the same CESTAT order before the High Court of Bombay. The Company's appeal against this order was dismissed by the Hon'ble High Court on the grounds that appeal is not maintainable in High Court. However continued the stay granted by CESTAT, 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.</p> <p>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.</p> <p>Based on merits of the case and the legal opinion obtained, the management believes that the Company has a strong case and it has been carrying adequate provisions for contingencies in the Books of Account in this matter and does not require any further provisioning.</p>

6	Additional comments from the board/audit committee chair:	The Company has obtained legal opinion from a leading Law firm in India having expertise on Indirect tax matters which states that the Company has a strong case in its favour and the provision made in respect of the above matter is adequate. The Audit Committee agrees to the view expressed by the Law firm that the Company has a strong case and that the current provisioning in the books is adequate.
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S.R. Batliboi & Co. LLP
For S.R. Batliboi & Co. LLP

For Sterlite Technologies Limited

Firm Registration No. 301003E

Chartered Accountants

Arvind Sethi
Arvind Sethi

Partner

Pravin Agarwal
Pravin Agarwal

Whole-time Director

Anupam Jindal
Anupam Jindal

Chief Financial officer

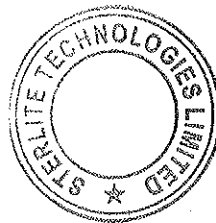
Arun Tadarwal
Arun Tadarwal

Audit Committee Chairman

Membership Number : 89802

Date: April 26, 2013

Place: Mumbai



CONNECTING

EVERY HOME ON THE PLANET



FEATURE STORY:
PROFIT BY NUMBERS

LEADER SPEAK:
FROM THE CHAIRMAN'S DESK


Sterlite

Leader Speak

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STERLITE TECHNOLOGIES LIMITED

ANNUAL REPORT 2012-2013

sterlitechtechnologies.com

REGISTERED OFFICE:

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

LOCATIONS:

China, India, Netherlands, Russia, South Africa,
Turkey, United Arab Emirates, United Kingdom,
United States of America, Vietnam.

BOARD OF DIRECTORS:

Anil Agarwal, Arun Tadarwal, A. R. Narayanaswamy,
Haigreave Khaitan, C. V. Krishnan, Pravin Agarwal,
Anand Agarwal, Pratik Agarwal.

CHIEF FINANCIAL OFFICER: Anupam Jindal

COMPANY SECRETARY: Sandeep Deshmukh

MANAGEMENT COMMITTEE:

Pravin Agarwal (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), Prasanth Puliakottu (CIO),
Pankaj Priyadarshi (CCO), Ajay Bhardwaj (COO – Grid
Business), Vijay Jain (COO – Networks Business),
Ankit Agarwal (Global Head-Telecom Business),
Rajendra Mishra (Head – Power Cables),
Kamal Sehgal (Leader – Business Excellence),
Vimal Malhotra (Head – Human Resources).

AUDITORS: S. R. Batliboi & 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.

REGISTRAR & TRANSFER AGENTS:

Karvy Computershare Private Limited, Unit – Sterlite
Technologies Limited, Plot No. 17 to 24, Vittalrao
Nagar, Madhapur, Hyderabad – 500081, Andhra
Pradesh, India. Phone: +91.40.23420818/828.
Fax: +91.40.23420814.
E-mail: einward.ris@karvy.com

FORWARD-LOOKING & CAUTIONARY STATEMENT:

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

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Sustainable Connectivity

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LiDAR survey & PLS CADD

From the Chairman's desk



Over the past 30 years, I have witnessed fluctuations in business cycles, a structural shift in economies, and epicenters of growth changing. In all this, my underlying belief that 'Growth is integral to human evolution and will always be a perpetual phenomenon' has always been reinforced in more ways than one. For instance, in the year gone by, even amidst looming political challenges and economic risk, we recorded a global GDP growth of approximately 3.2%. While there would be disparities regionally on account of growth rate, where economies across the world would showcase different levels of maturity during any given interval of time, the human mind would never rest and will always be propelled to evolve and grow continually.

With this growth comes an even greater need to focus on innovation and technologies. Mobility and connectedness will be at the heart of future business environment, with communications shifting from focused one-to-one relationships, to many-to-many. In such a scenario, a well-developed communications infrastructure network is a prerequisite for the access of less-developed communities to core economic activities and services. Economies equally depend on electricity supplies that are free of interruptions and shortages, and increasingly generated from renewable sources, so that businesses and factories can work unimpeded. In this regard, it is imperative to develop an extensive energy and data transmission network, which will allow rapid and free flow of information.

At Sterlite, we realise this underlying need for connectivity in an increasingly integrated world, and sense that this perpetual phenomenon will continue to increase the per capita consumption of bandwidth and energy. In our journey of more than a decade, I believe that our company's successes have come from recognising and capitalising on market transitions before they occur. Our goal is to capture these market transitions as per applications desired by our customers, and by investing in major technologies and markets, that would play a crucial role in the future of power and Telecommunications industry. We continue to drive our business through scaling of volume, enhancement of our global client footprint, stringent focus on costs and advances in technology.



I believe that our company's successes have come from recognising and capitalising on market transitions before they occur.”

Going stronger year on year, following our vision to “Connect every home on the planet”, we continue to refine our global business strategies to ensure sustained value creation for our stakeholders.

As a company, we remain highly sensitive to the needs of the society and environment and continue to take initiatives to bring sustainable change in the lives of people around us. In FY 2013, we made several important strides in community environmental stewardship and we gave equal impetus to the ongoing CSR activities that promote our social advancement cause.

Outlook

A nation of smart buildings, high-speed transportation, clean energy, light-speed communications and sustainable architecture are all within our reach now. And, the key to this more efficient and productive future is in sustainable technologies. While this will create a better, long-lasting and more sustainable infrastructure, it will also benefit both the economy and the environment.

Going forward, Sterlite will continue to develop a green and sustainable high-speed data and energy transmission infrastructure that will have a huge, positive impact on our economy and the environment. ■

Anil Agarwal

Chairman, Board of Directors
Sterlite Technologies Limited

The year that was...

Here's a look back at Sterlite's achievements and milestones attained in FY 13.

1 Highest volume sales for all core businesses in the year including optical fiber, optical fiber cables, power conductors and structured data cables.

2 More than 5% of the revenues were from new products enabling the customers to reduce their losses and total cost of ownership while ensuring high speed data and power transmission.

3 The company continued to expand its global footprint with 28% of the total sales for the year coming from international markets.

4 The JV in China commenced production of optical fiber at the new facility located in Haimen, Jiangsu Province.

5 Grant of 1 more patent in FY 13; taking the total up to 46 patents granted in USA, Europe, India & China.

6 Financial closure for all three B00M projects and execution on stream.

Awards & Certifications



Sterlite Technologies accelerates FTTH deployment in the Netherlands

MARCH 12, 2013: Sterlite Technologies Limited announced that it is involved in several landmark Fiber-to-the-Home (FTTH) deployments in the Netherlands, a country that is experiencing a significant upswing in FTTH connectivity. As a leading provider of optical fiber-based products and services, Sterlite is bringing high-speed, fiber-based broadband access to people living in the Netherlands.

By December 2012, Sterlite had 10,000 connected homes across 2 cities in the country. The company now aims to add another 40,000 households to the fiber-optic network by the end of 2013, thereby extending its services to 5 cities. Sterlite's scope of work includes delivery of all optical fiber passive components, project management, warehousing, logistics and product training.

In the Netherlands, Sterlite will continue to implement projects in a phased manner. This will involve deploying more than 400 km of fiber cable and 3,000 km of direct buried fiber access cable together with ducts, micro-tubes, ODF drawers and cabinets, as part of the entire project requirements to complete the FTTH installation.

"The key to Sterlite's success in rollouts of complex FTTH networks has been working closely with customers to develop innovative solutions," said Ron Bron, Head-Benelux Region for Sterlite. "In fact, Sterlite is helping its customers to minimise the cost of installation, reduce delays in deployment, and design networks offering simple on-site integrations."

Sterlite and Tongguang joint venture in China starts production of optical fiber

FEBRUARY 18, 2013: Jiangsu Sterlite Tongguang Fiber Co. Ltd. (JSTFCL), the joint venture (JV) company formed between Sterlite Technologies Limited (Sterlite) and Jiangsu Tongguang Communication Co. Ltd. (TGCI) announced the commencement of

production of optical fiber at their new facility located in Haimen, Jiangsu Province, China.

The green-field factory has been set up with an investment of around US \$25 Million. With the benefits of extended product lines, Jiangsu Sterlite Tongguang Fiber Co. Ltd. would make it faster, easier and more cost-effective for utilities and service providers to build new age communication infrastructures.

"This joint venture leverages the strengths of two great companies to offer high-quality and competitive optical fiber to our China customers," said Pravin Agarwal, Director, Sterlite Technologies Limited. "Additionally, it strategically positions both companies for global growth in the Telecommunications segment."

"This partnership combines the expertise of both companies to become a technology leader for the global market," said Tang Jinming, Chairman of Jiangsu Tongguang Communication. "We look forward to continued cooperation and innovation with Sterlite to provide our customers the best in class products at competitive prices."

The first phase of the project, which has started operations, has an installed capacity of 5 Million km optical fiber annually and the state-of-the-art facility today provides direct employment to over 90 people.

Sterlite wins V&D 100 'Top Telecom Cables Company' award

OCTOBER 19, 2012: Sterlite Technologies Limited received the Voice&Data "Top Telecom Cable Company 2011-12" award for being India's biggest player in FY 2011-12. As per Voice&Data 100 – India's most comprehensive survey of Indian Telecom market – Sterlite with revenues worth Rs. 804 Crore from global sales of Telecom cables, registered the highest market share in India. The trophy was presented to Rahul Sharma, Business Head – System Integration, Sterlite Technologies Limited by Debjani Ghosh, MD, Intel South Asia, during the awards function held at Hotel Taj Palace in New Delhi. Sterlite is the only company to have won this award for nine consecutive years from 2004-12.

Sterlite Grid successfully type tests towers for 765 kV double and single circuit transmission line projects

SEPTEMBER 26, 2012: Sterlite Grid Limited, a wholly owned subsidiary of Sterlite Technologies Limited announced that it has successfully completed full-scale type testing for its 765 kV double circuit Dharamjaygarh-Jabalpur transmission line (JTCL) project for all the four types of towers.

"We perform full-scale prototype testing on a wide variety of structures and have the unique distinction of being one of the few companies in the world to have a portfolio of tested tower designs at 765 KV class for both single as well as double circuit configurations. Our in-house engineering, procurement and project management capabilities give us an unmatched ability to get a transmission tower project done on time and on budget," said Ajay Bhardwaj, COO and Business Head, Sterlite Grid Limited.

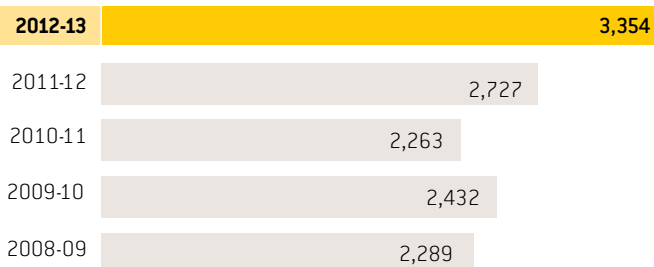
Sterlite signs financial agreements for two of its grid projects

JUNE 19, 2012: The Bhopal-Dhule Transmission Company Limited (BDTCL) and Jabalpur Transmission Company Limited (JTCL), both wholly owned subsidiaries of Sterlite Technologies Limited have received Rs. 2,200 Crores as Debt Syndication for their power transmission projects. The syndication has State Bank of India as the lead participant.

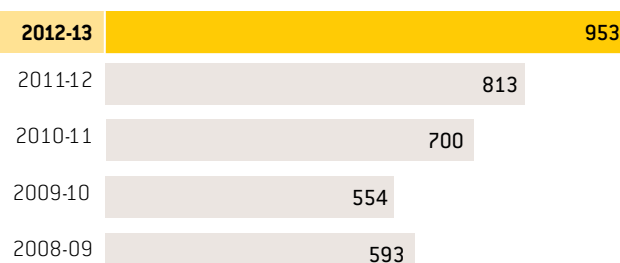
These 765 kV projects are a part of the 'System Strengthening Common for Western & Northern Region'. The JTCL project would connect Dharamjaygarh-JabalpurBina and features India's first private sector developed Double Circuit Line. The BDTCL project includes Single Circuit Lines from Vadodara-Dhule-Aurangabad and Indore-Bhopal-Jabalpur, along with two 765 KV substations at Dhule and Bhopal another first for a private sector player. ■

Delivering growth through Excellence

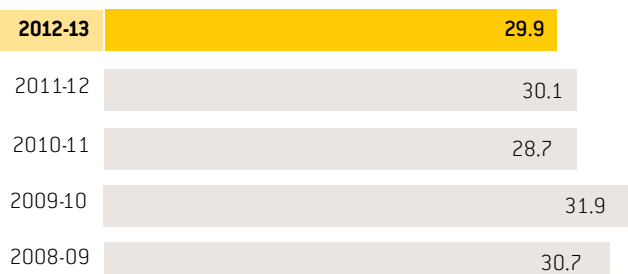
NET REVENUES (₹ In Crores)



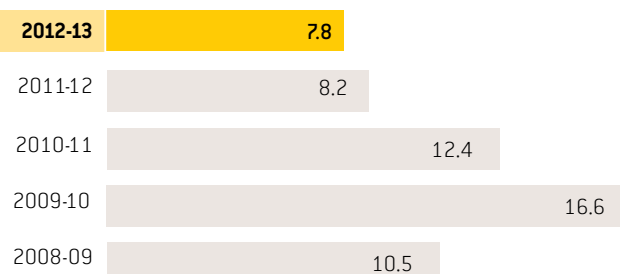
EXPORTS (₹ In Crores)



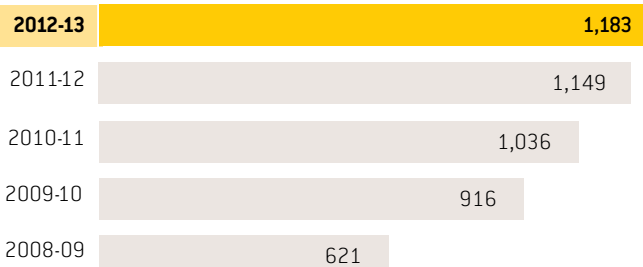
GROSS MARGIN (%)



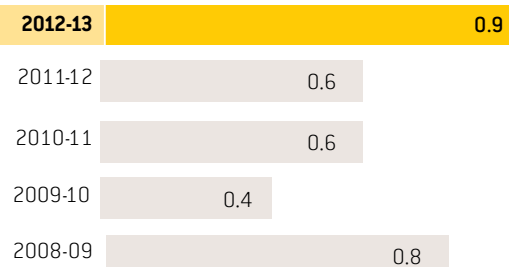
EBITDA (%)



NET WORTH (₹ In Crores)



DEBT/EQUITY RATIO



Note: All graphs are for Standalone Financials

	2012-13	2011-12	2010-11	2009-10	2008-09
₹ IN CRORES					
Net Revenues	3,354	2,727	2,263	2,432	2,289
Growth%	23	21	-7	6	36
EBITDA	260	223	282	404	240
PBDT	155	128	234	366	150
PAT	47	44	141	246	90
Diluted EPS (₹)	1.20	1.11	3.72	7.34	2.78
US\$ IN MILLION					
Net Revenues	632.8	545.5	452.5	486.3	457.8
EBITDA	49.1	44.6	56.3	80.8	48.1
PBDT	29.2	25.6	46.8	73.1	30.0
PAT	9.0	8.8	28.1	49.2	18.0
RATIOS					
EBITDA Margin	7.8	8.2	12.4	16.6	10.5
PBDT Margin	4.6	4.7	10.4	15.0	6.5
PAT Margin	1.4	1.6	6.2	10.1	3.9
Effective Tax Rate (%)	31.0	22.8	21.1	22.5	18.4
Capital Employed (INR Crores)	2252	1,813	1,722	1,334	1,173
Return on Capital Employed (%)	7.6	8.0	13.6	27.9	17.3
Debt Equity Ratio	0.9	0.6	0.6	0.4	0.8

Notes:

$ROCE = EBIT / \text{Capital Employed}$

$\text{Interest Coverage Ratio} = EBIT / \text{Interest}$

$\text{Working Capital Ratio} = \text{Current Assets} / \text{Current Liabilities}$

$\text{Debt Equity Ratio} = \text{Debt} / \text{Net Worth}$

Conversion rate 1US\$ = ₹53

