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**May 27, 2016**

<b>National Stock Exchange of India Limited</b>	<b>BSE Limited</b>
Exchange Plaza, 5th Floor,	Phirozee Jeejeebhoy Towers,
Plot No. C-1, G Block,	Dalal Street,
Bandra Kurla Complex, Bandra (East)	Mumbai 400 001
Mumbai 400 051	

**Sub: EARNINGS CALL PRESENTATION AUDITED QUARTERLY & YEARLY FINANCIAL RESULTS FOR FY16**

**Ref.: Scrip ID - STRTECH/ Scrip Code – 532 374**

Dear Sirs,

Please find enclosed Earnings Call Presentation on Q4 & Yearly Financial Results FY 2015-16.

Kindly take this on your record and acknowledge the same.

Thanking you.

Yours faithfully,  
For **Sterlite Technologies Limited**

*A.V. Deshpande*

**Amit Deshpande**  
**Company Secretary (ACS 17551)**



Enclosures: As above



# Sterlite Technologies Limited Earnings Presentation

For the quarter and financial year ending March 31, 2016

27 May, 2016

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# DEMERGER CONCLUDES: STERLITE TECH NOW A PURE PLAY TELECOM FOCUSED COMPANY

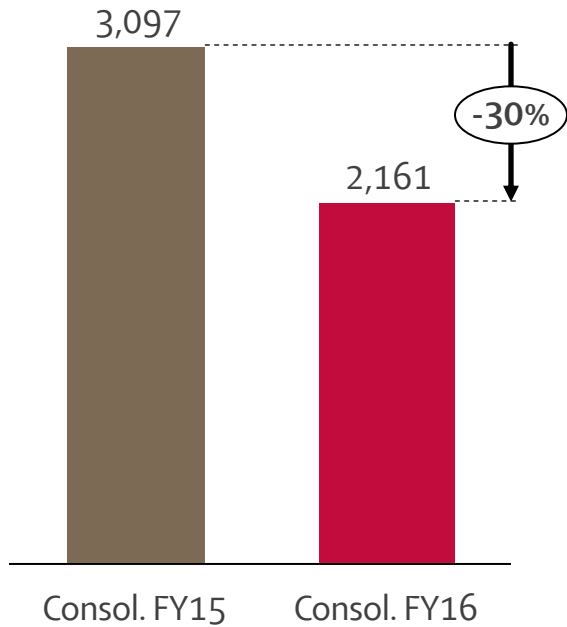
- ▶ New Company structure to accelerate execution and enable demonstration of **superior performance**
- ▶ **Leaner structure** to allow for simplicity and focus while enabling greater agility
- ▶ Implementing **Customer centric alignments** to transform go-to-market approach
- ▶ New organization effective from **April 1, 2015**
- ▶ **Record date to be announced soon**



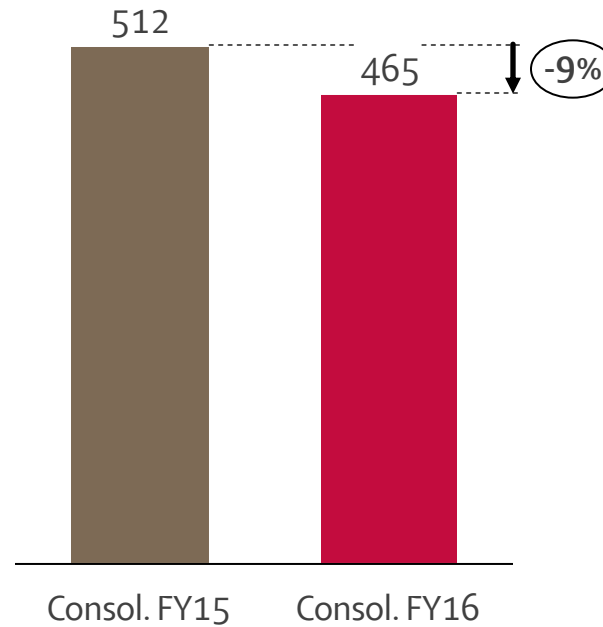
# STERLITE TECH: PRE Vs POST DEMERGER-KEY FINANCIAL METRIC

Values in INR Cr.

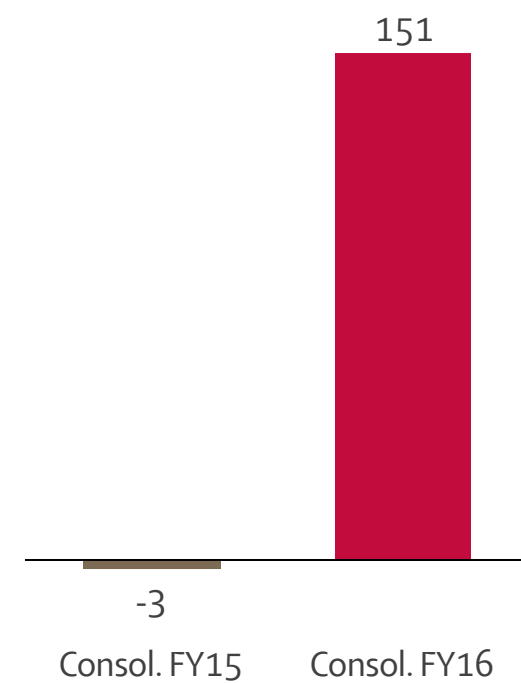
## Revenue



## EBITDA



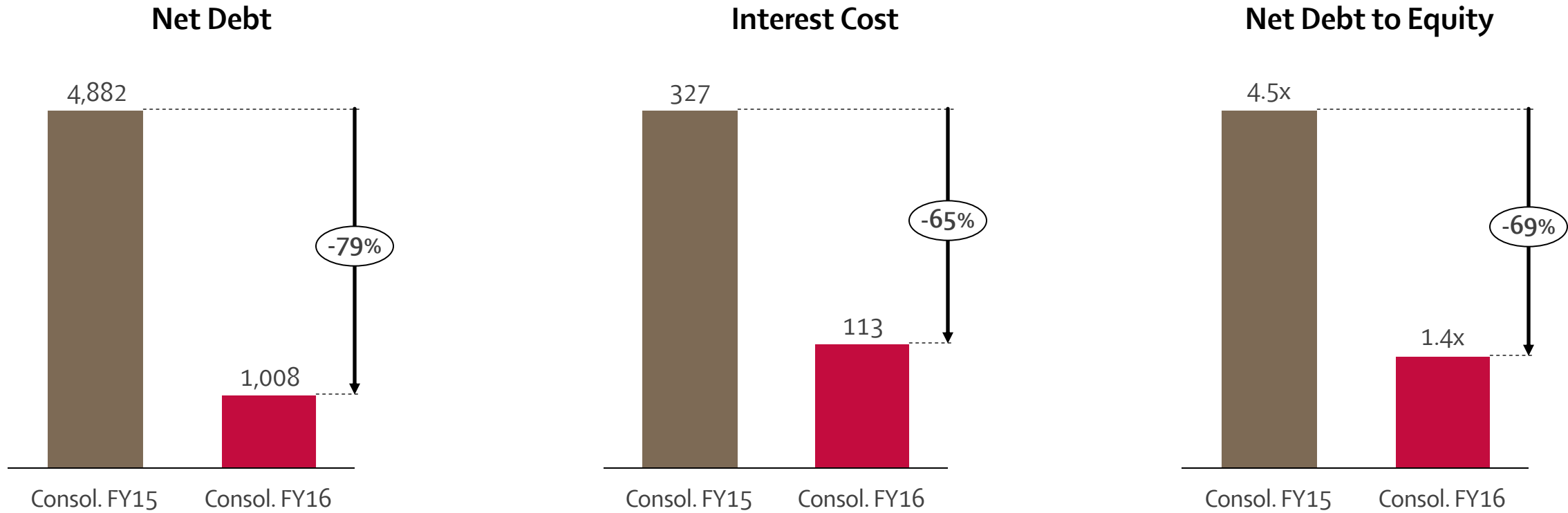
## PAT



- ▶ Sterlite Tech is pure play Telecom focused company post Demerger
- ▶ PAT surges to Rs 151 Cr. Vs losses at Consolidated level last year

# STERLITE TECH: PRE Vs POST DEMERGER-BALANCE SHEET METRIC

Values in INR Cr.

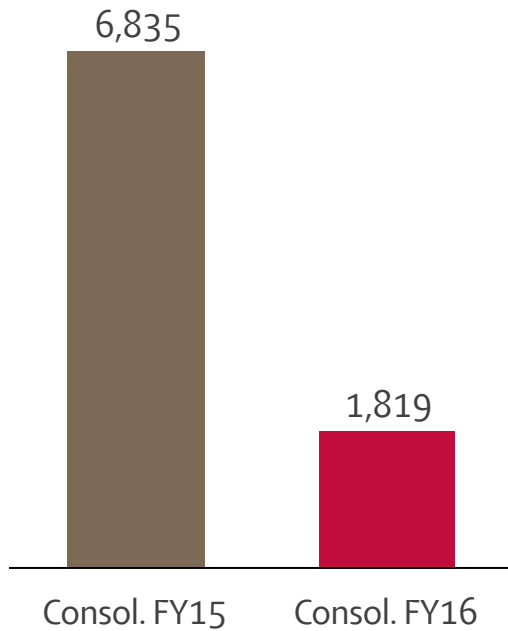


- ▶ Significant **deleveraging of the balance sheet**, considerable reduction in Net Debt
- ▶ **Interest burden reduces** by almost 1/3<sup>rd</sup> from Rs 327 Cr to 113 Cr
- ▶ **Leverage ratio improves** substantially

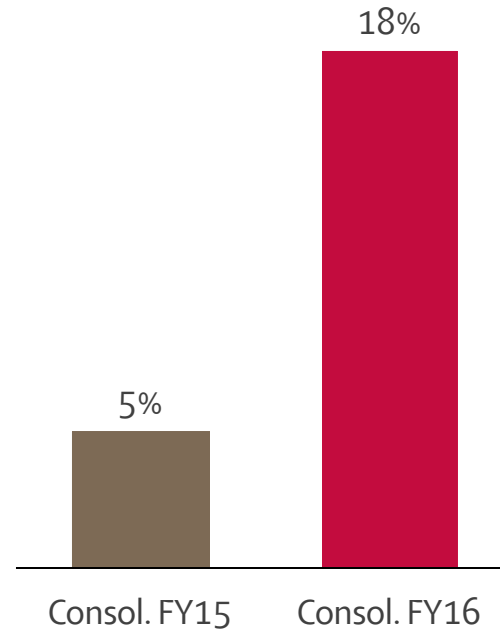
# STERLITE TECH: PRE Vs POST DEMERGER- RETURN PROFILE METRIC

Values in INR Cr.

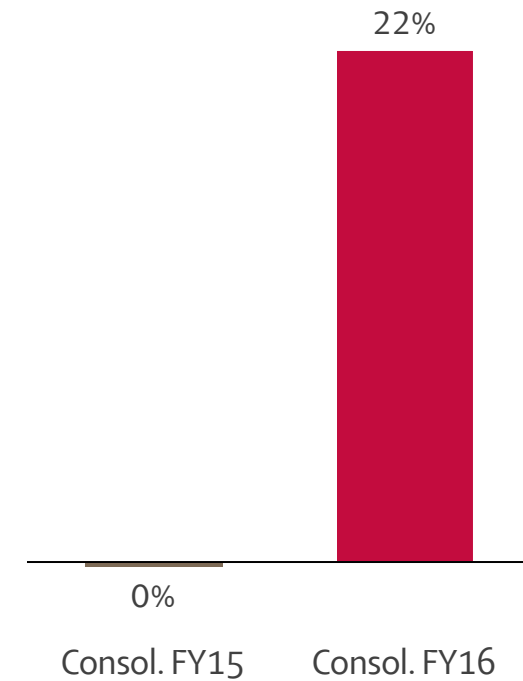
### Capital Employed



### ROCE (Pre-Tax)



### ROE (Post-Tax)



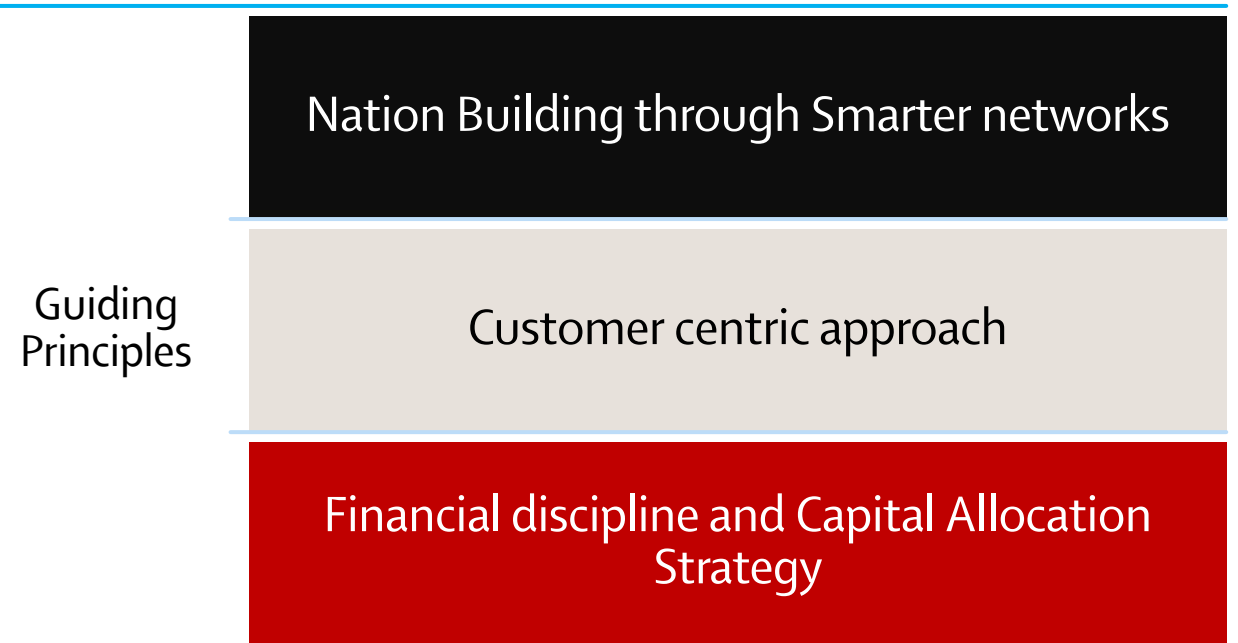
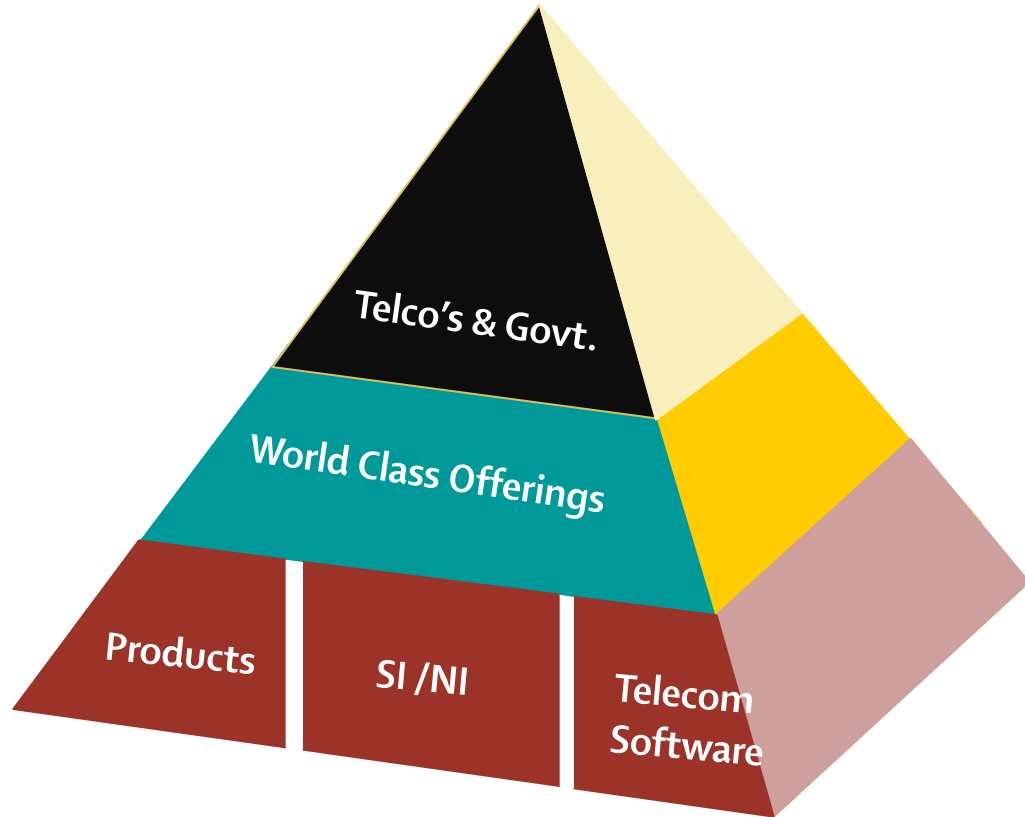
- ▶ Capital Employed post demerger pertains to Telecom business only
- ▶ Significantly improved ROCE & ROE post restructuring



# Sterlite Tech Overview



# NEW IDENTITY OF STERLITE TECH



- ▶ We are **transforming ourselves** and the Business Model to serve our customers better
- ▶ New Identity, New Look & New Logo

# WHAT STERLITE TECH OFFERS

## CUTTING EDGE OPTICAL COMMUNICATION PRODUCTS...

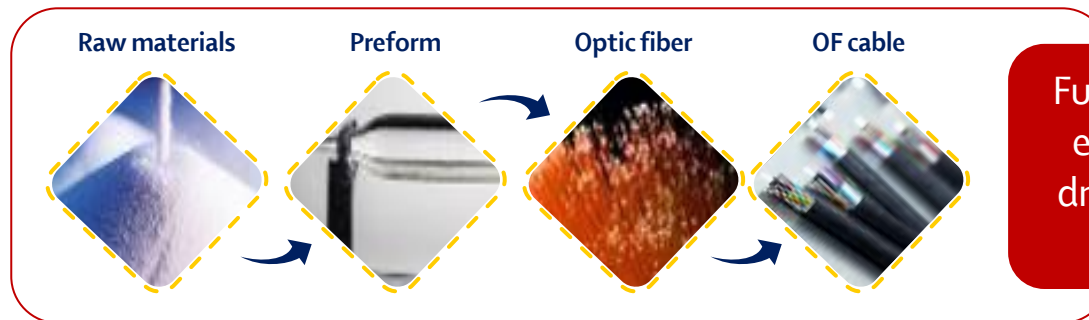
### Specialty Fibre Products

Bend Insensitive Optical Fibre

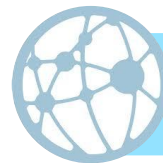
Intrusion Proof Cables

Customized Cables For Varied Applications

## ...MADE POSSIBLE BY FULL CONTROL OVER THE VALUE CHAIN



## SERVICES & SOFTWARE



NETWORK & SYSTEM INTEG

- End-to-end project management
- Specialized team with FTTH experience
- Network engineering, Roll out, Integration and O&M







SOFTWARE & SERVICES

- OSS / BSS software solutions
- Telecom Software : Managed Services

End to End Integrated solutions

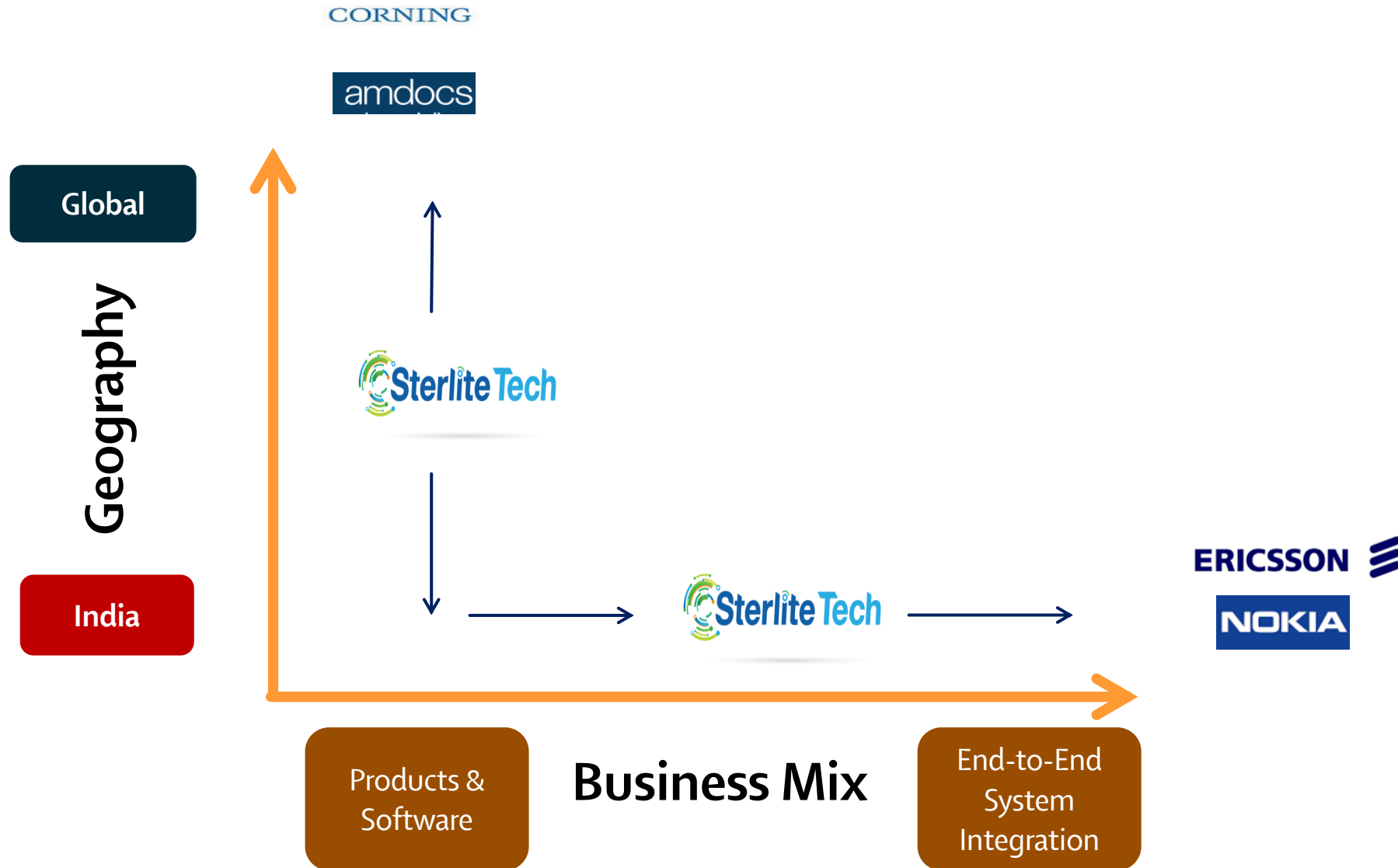
# STERLITE TECH HAS SUCCEEDED AT EACH GENERATION OF THE OPPORTUNITY

Requirement				
	64 kbps	<0.5 mbps +	16 Mbps +	100 mbps +
	<b>1G</b>	<b>2G</b>	<b>3G</b>	<b>4G /LTE &amp; FTTH</b>
	<b>Application:</b> Basic Data Applications, email, dial-up connections	<b>Application:</b> Web sites, Richer text Email, Photos, Internet	<b>Application:</b> Music, Video Streaming, Rich content, Apps, TV on Demand, Video calling	<b>Application:</b> IoT, Connected Devices, 4K video, Drones, Converged networks

## ...BY EVOLVING ITS OFFERINGS

- Brought **High end glass manufacturing technology** India
- Establishing Optical fiber Capacities ahead of Home country demand
- First of its kind **Center of Excellence** at Aurangabad
- Building **intrusion proof high security** network for defense
- **Acquisition of EliteCore** to offer end to end converge software solutions and services
- Building State of the Art **Next Gen Customer experience center** at Gurgaon

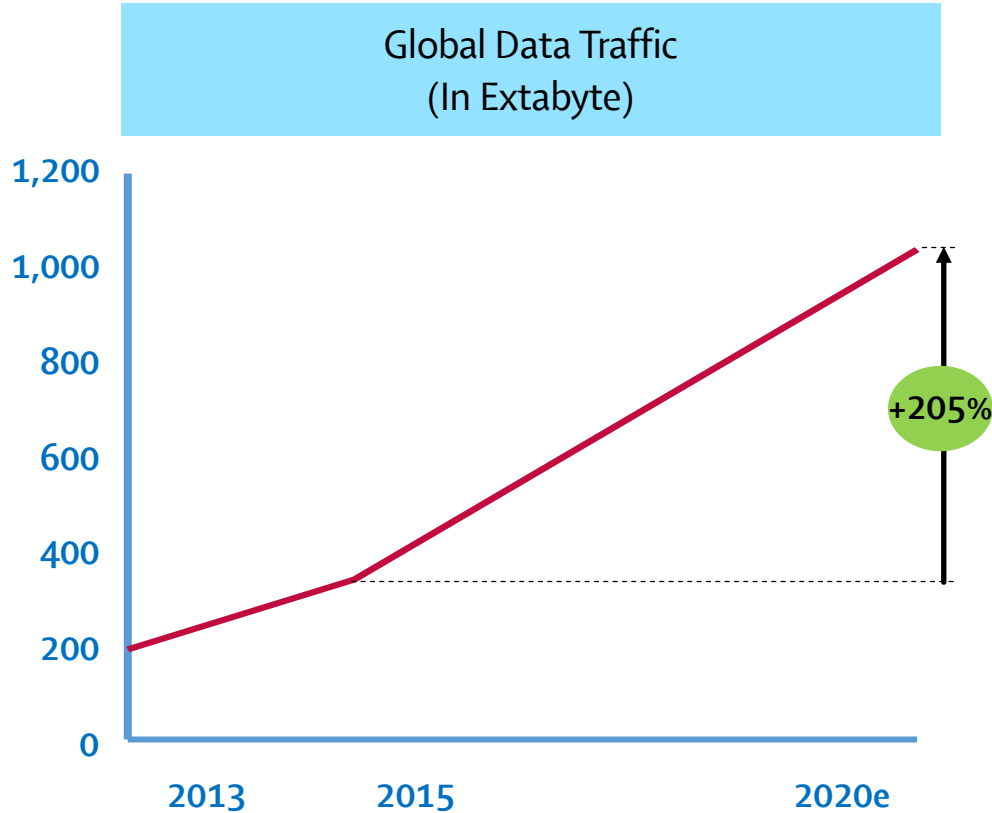
# OUR BUSINESS MODEL EVOLUTION



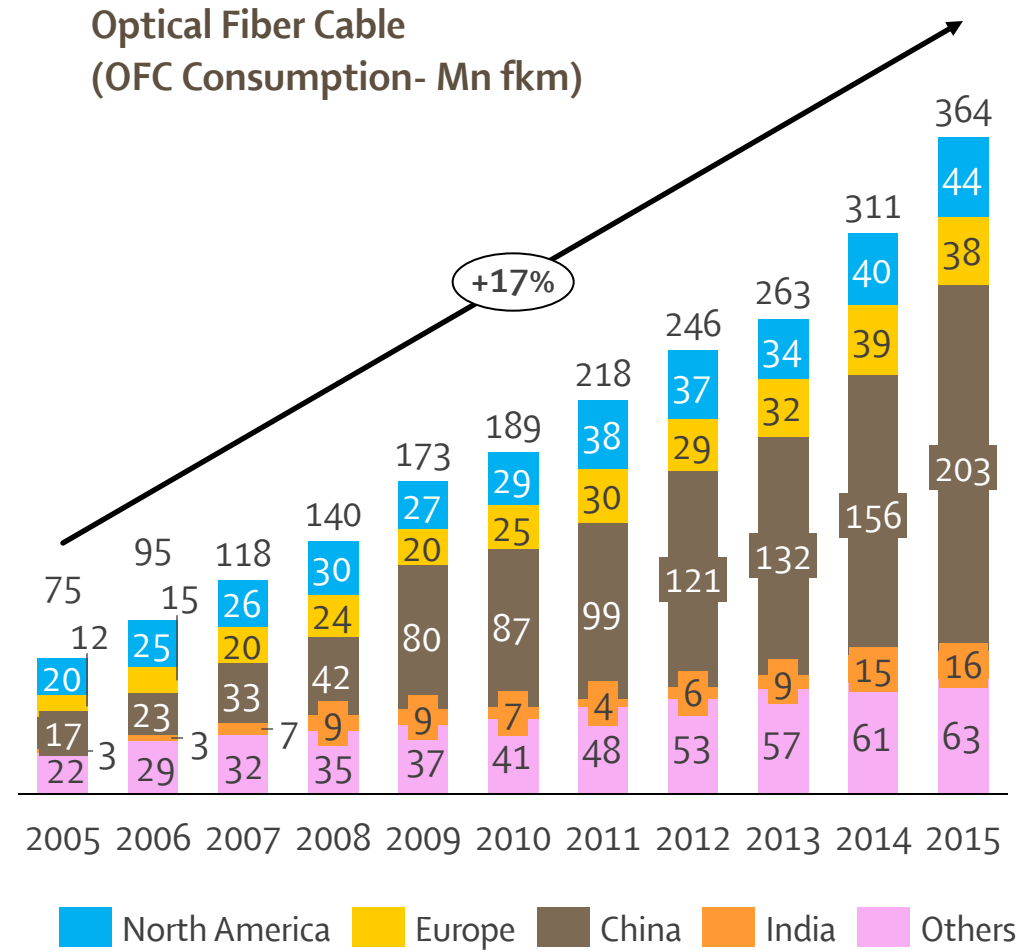
# Opportunity Landscape



# OUR PRODUCT BUSINESS:GLOBAL OPPORTUNITY LANDSCAPE



1 Extabyte is equal to 1,000 Gigabytes  
Includes both fixed and mobile traffic

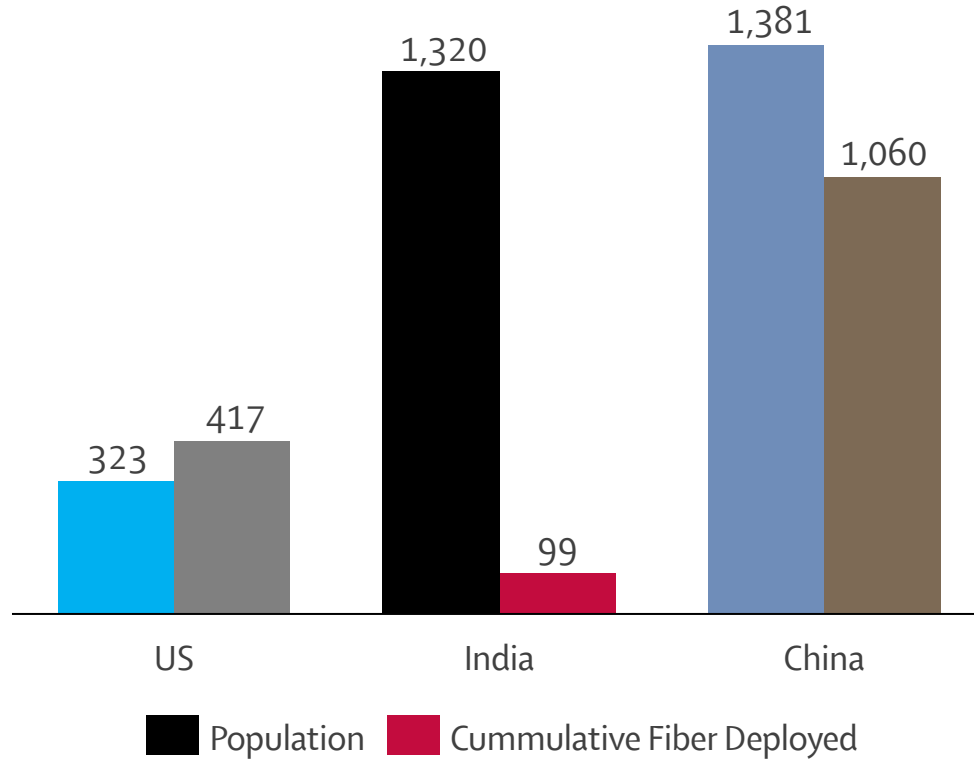


North America Europe China India Others

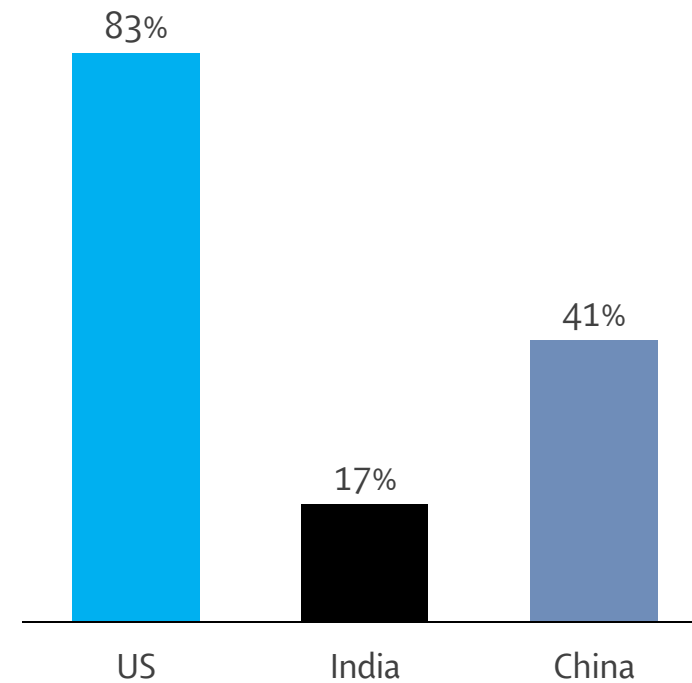
- Global Demand for Optical fiber remains strong and continues to show annual growth
- India remains highly under fiberized compared to other geographies

# INDIA BROADBAND SPACE

Population (Mn) vs Cumulative Fiber Deployed (Mn Fkm)



% users above >4 Mbps



- Total Cumulative Fiber Deployed to Population Ratio in US is 1.3x, China is 0.8x while India is just 0.1x

- India just has 17% of users which enjoys 4 mbps and above speed

India highly under-invested in Digital Infrastructure



Unique Opportunity to capitalize on Digital India & Telco's Investment



# OUR e2e SYSTEM INTEGRATION:INDIA OPPORTUNITY LANDSCAPE

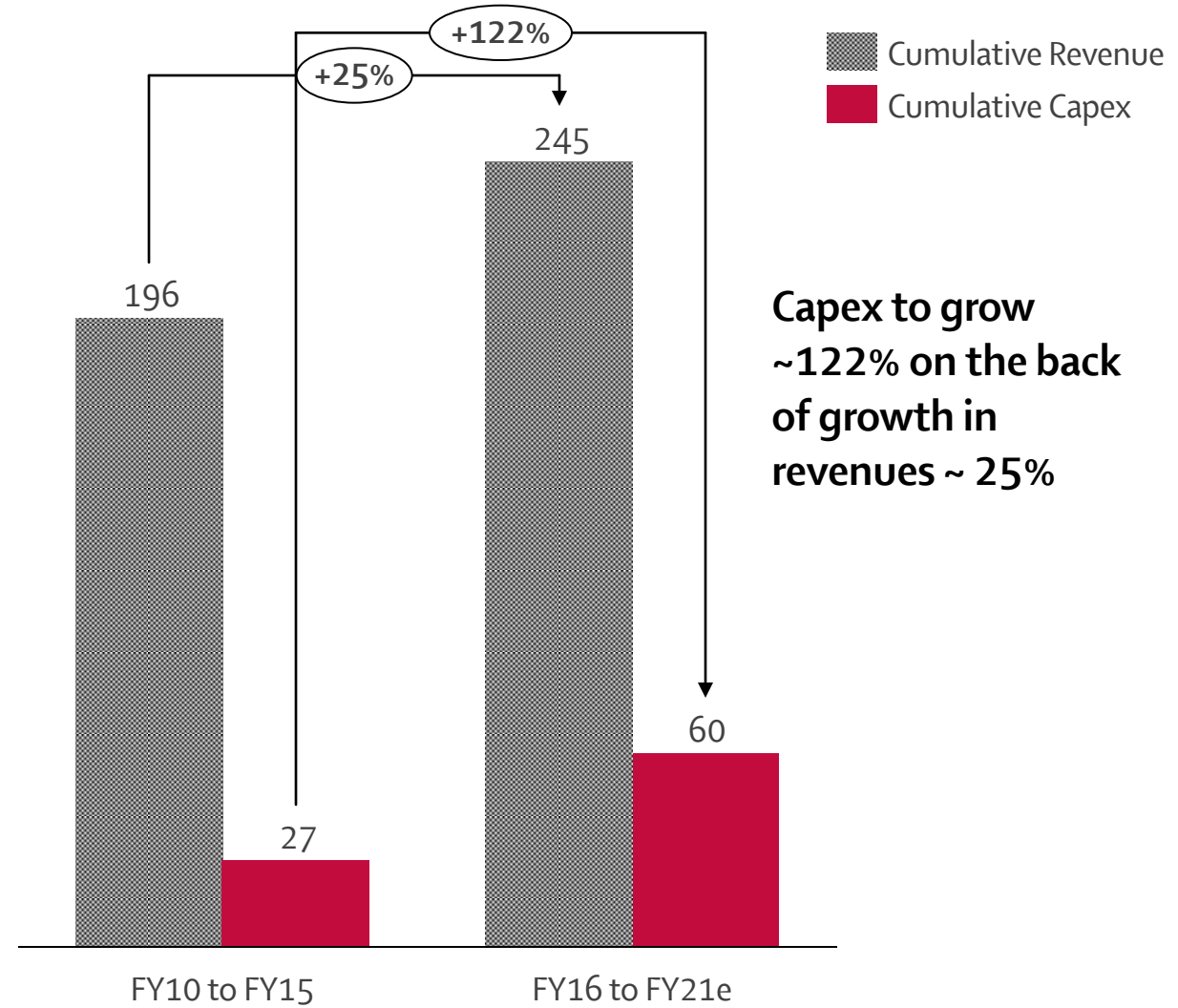


**Private Telco's  
Fiber Network  
Deployment Capex:  
\$3.6 bn next 3 years\***



**Government:  
\$22.7 bn spend  
next 5 years \***

- Unprecedented capital investments planned over the next 5 years by Telcos and Government and Sterlite will continue to be integral partner for initiatives such as "Digital India", "Make in India" and "Smart Cities"

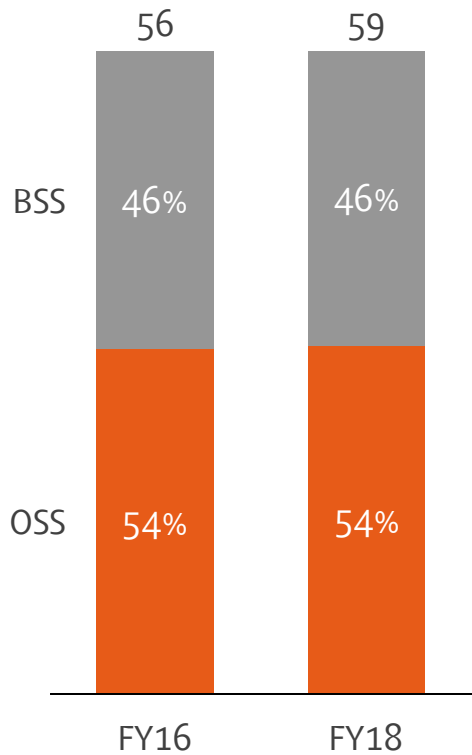


Values in USD Billion  
\* Sterlite Tech addressable market

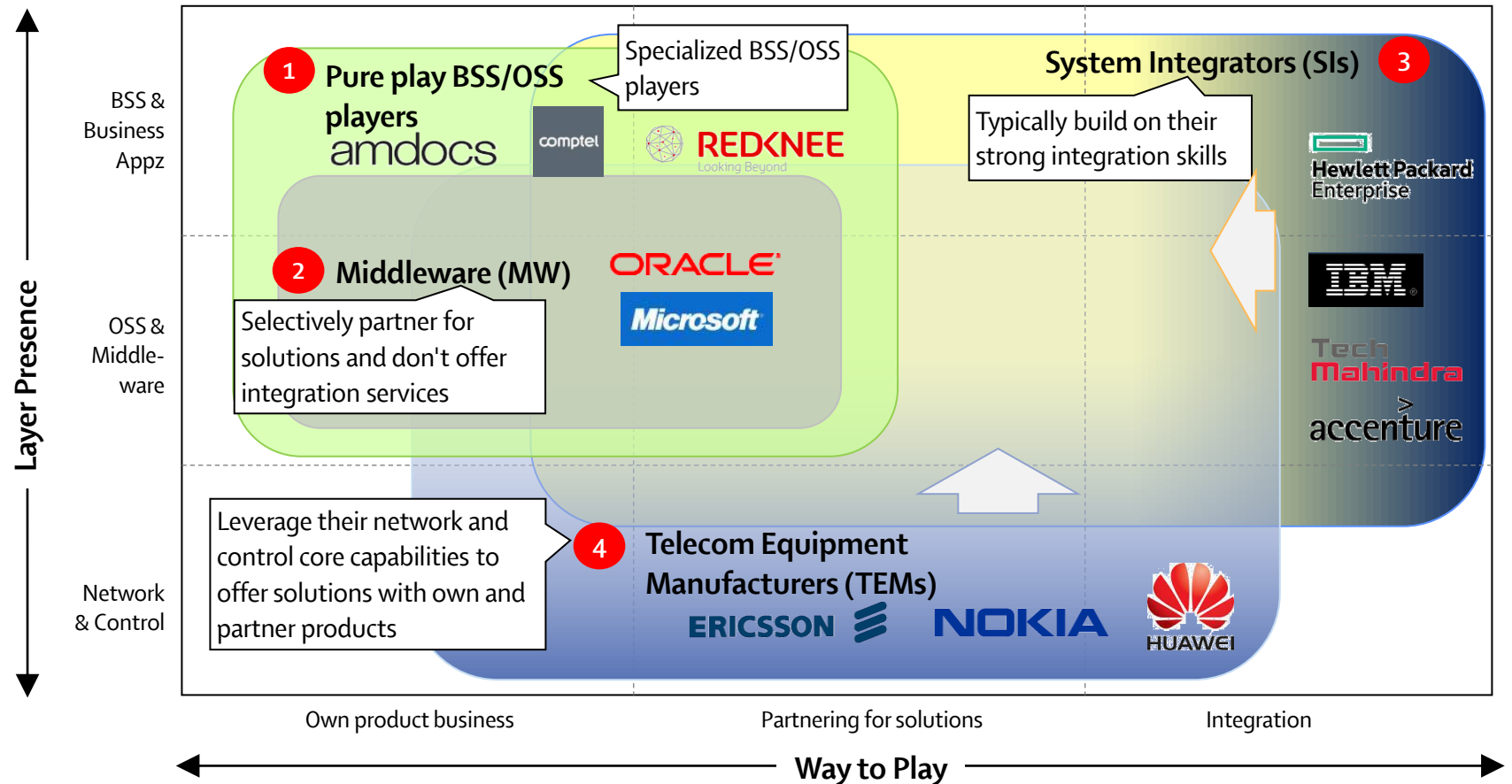
# OUR TELECOM SOFTWARE BUSINESS: GLOBAL OPPORTUNITY LANDSCAPE

## Global OSS-BSS Market

(in USD Bn, FY16-FY18)



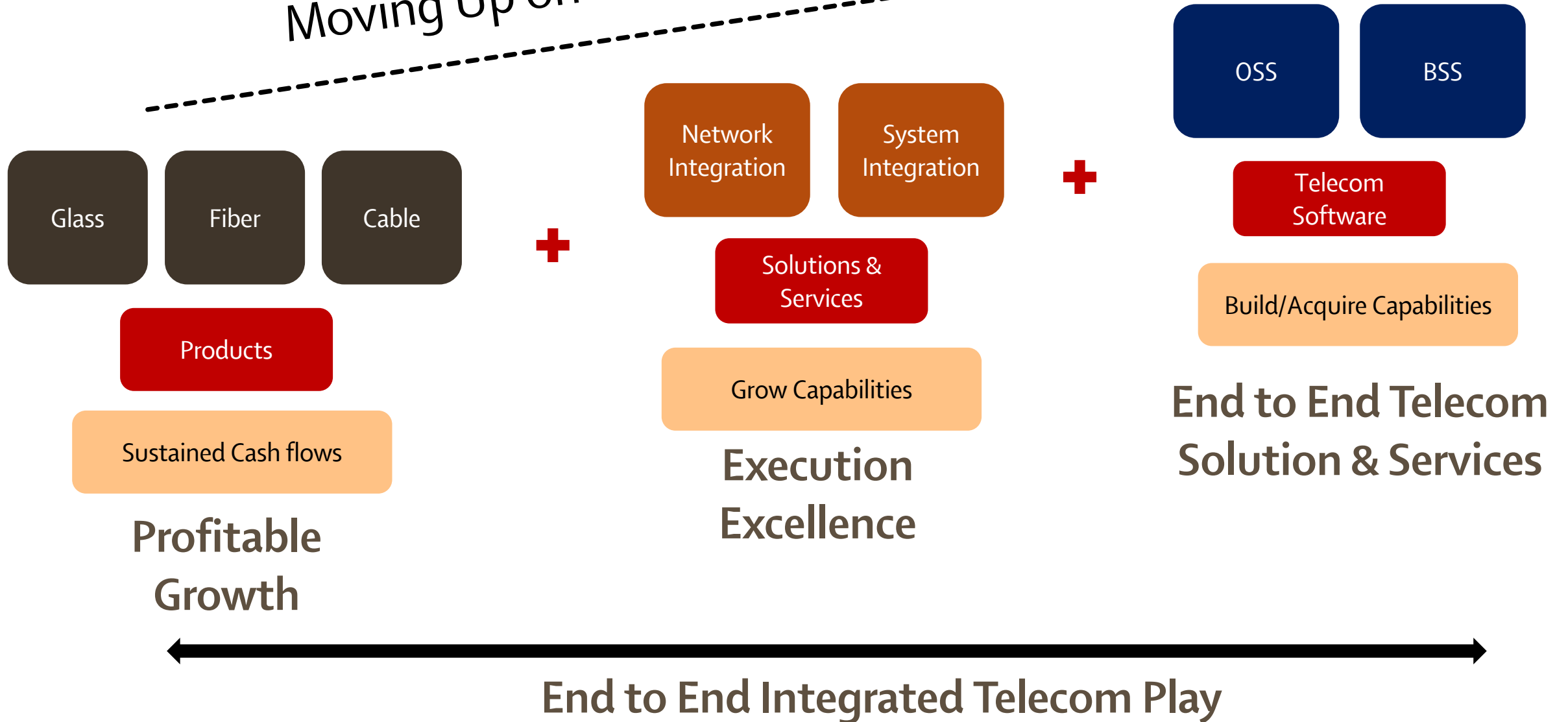
## Landscape in Telecom OSS/BSS Space



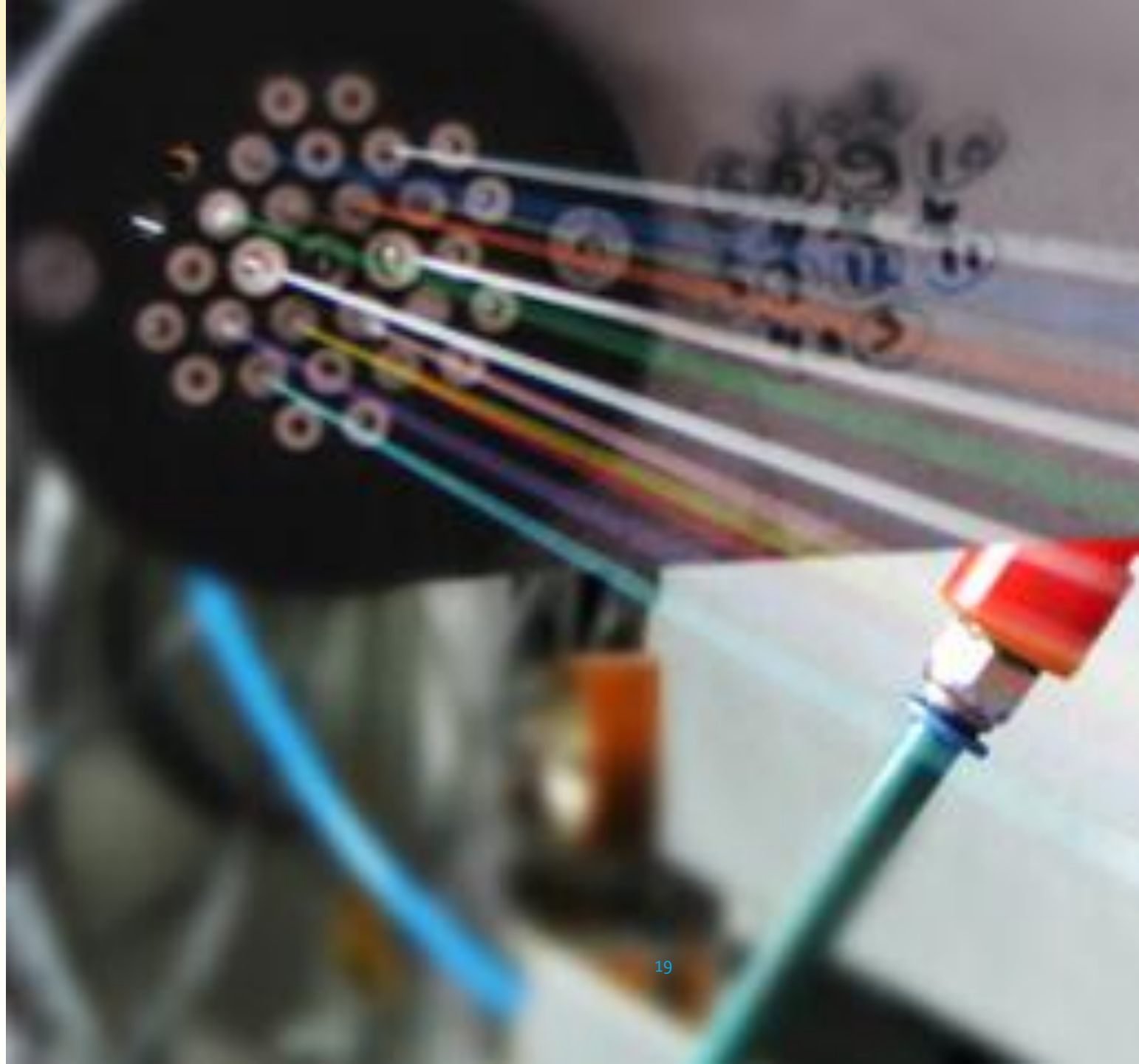
- Increased network complexity, due to heterogeneity of technology and vendors
- Increased competition, demanding agility of BSS/OSS systems to deploy new offers and monitor success in real-time

# OUR MARKET STRATEGY

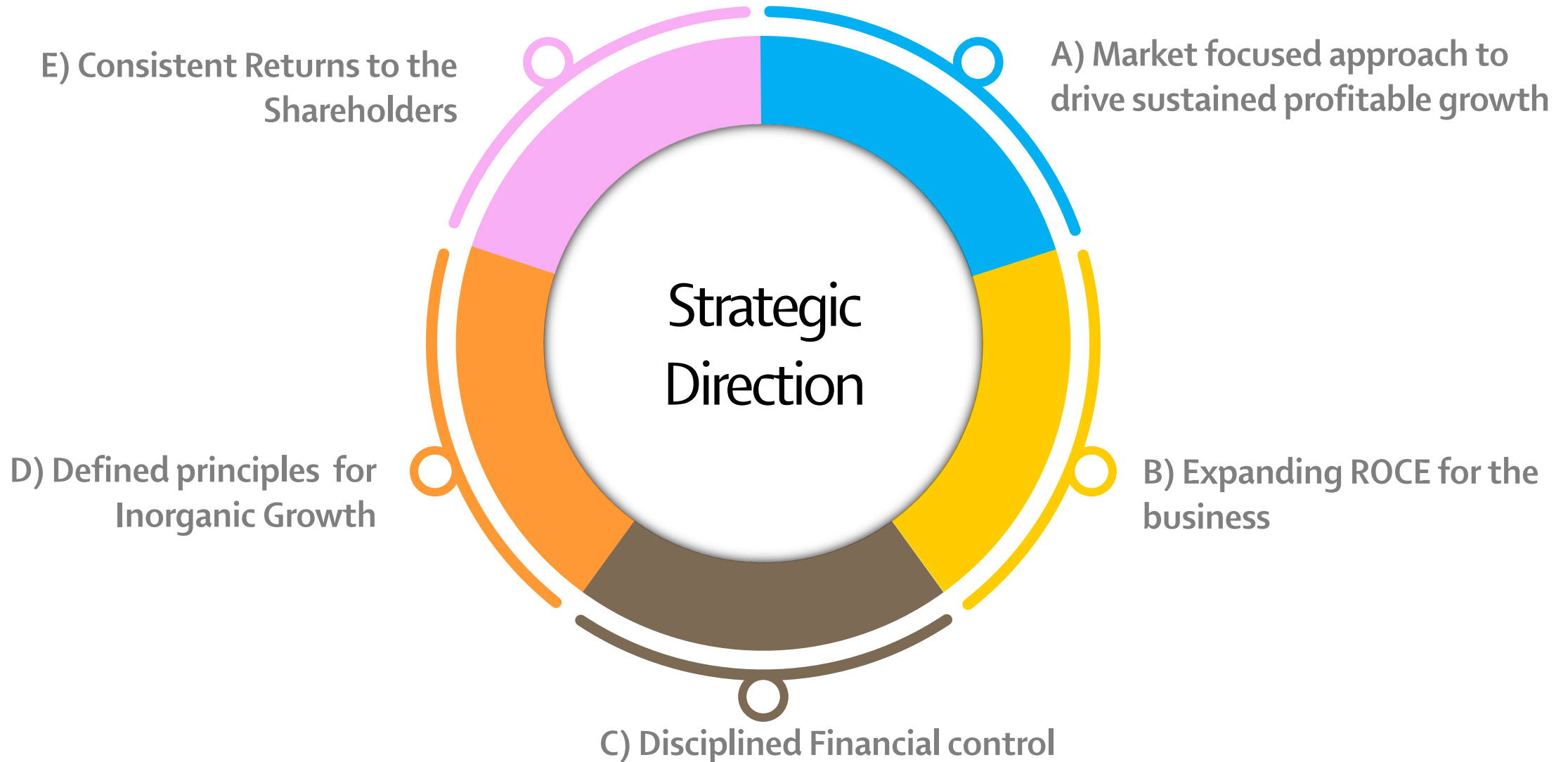
Moving Up on the Telecom Value Chain



# Strategic Direction



# STRATEGIC DIRECTION



## A) MARKET FOCUSED APPROACH



New Fiber & Cables Products



Smart Networks



Offer Innovative Business Models to CSP & Govt.



Fiber network as a Core to CSP

- ▶ Offer pre-connected intelligent products and services to Telco's
- ▶ Offer innovative business models for Network rollout
- ▶ Building Fiber networks as brain and heart of CSP
- ▶ Increase capacities through minimal Capex & Debottlenecking initiatives
- ▶ Enabling Government to rollout citizen centric services by offering end to end System Integration service

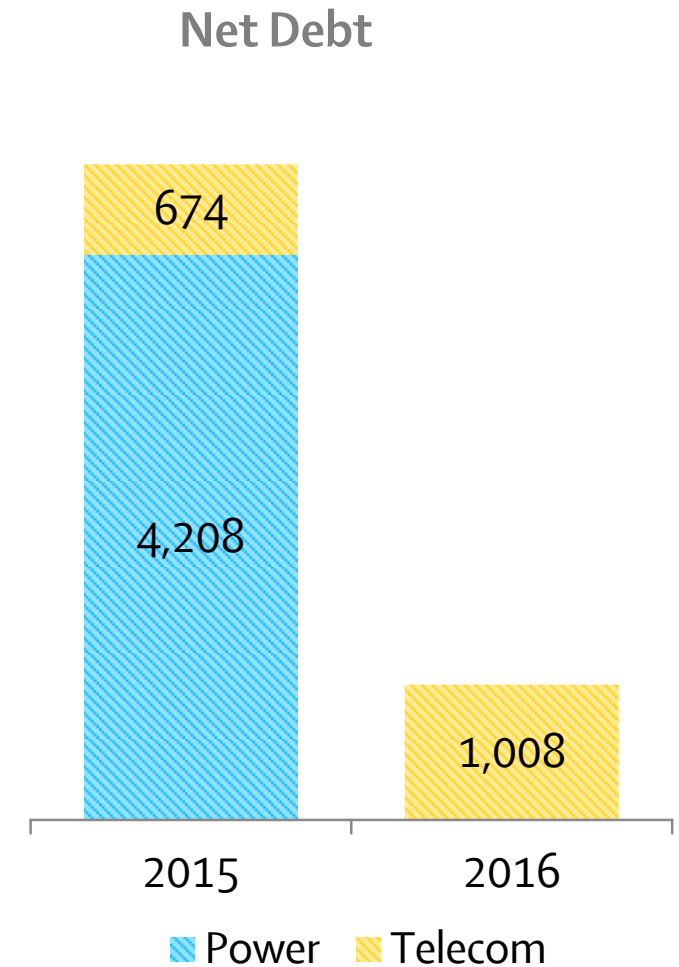
## B) TARGETTED EXPANSION OF ROCE

- ▶ Increased proportion of **cabling mix** in business. ~ OFC Capacity ramped up to 15 Mn
- ▶ Increase proportion of **Higher value products** from 10% currently to 30% in 2018 on growing revenue base
- ▶ **Cost leadership** in manufacturing through increasing manufacturing yields through analytics
- ▶ Strong in-house **design and engineering capabilities** for creating high performance, long life networks for customers, thereby reducing TCO:
  - Working with leading international firms to bring world class practices and technologies for fiber network creation
- ▶ Strong partner ecosystem of global players for **execution excellence**

## C) REDUCE DEBT THROUGH DISCIPLINED FINANCIAL CONTROL

Values in INR Cr.

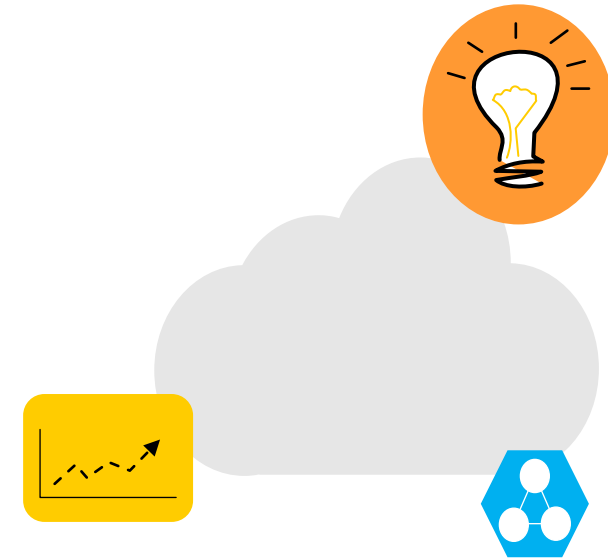
- ▶ Demerger has resulted in transfer of ~ Rs. 4,200 crore out of the Company's Balance sheet
- ▶ Post demerger debt - equity ratio has improved from 4.5x to 1.4x
- ▶ **Aim to reduce debt** year on year from internal accruals through free cash-flow generation
- ▶ **Capex outlook**
  - Completed capacity expansion of OFC 15 Mn
  - OF capacity to be ramped up by 10% year on year through and debottlenecking initiatives funded from Maintenance capex
  - Investment in R&D and new product development
- ▶ Prudent capital allocation: Asset light model





## D) INORGANIC GROWTH : DEFINED PRINCIPLES

	Product & Solutions (core)	System Integration (targeted)	Telco Software (new)
Target Strategic Fit	Innovative product or technology	Technology innovation: IoT, Education, Healthcare, NFV, & SDN	OSS/BSS innovative portfolio
Business ROCE	20%-30%		
EPS Accretive to STL	< 36 Months		

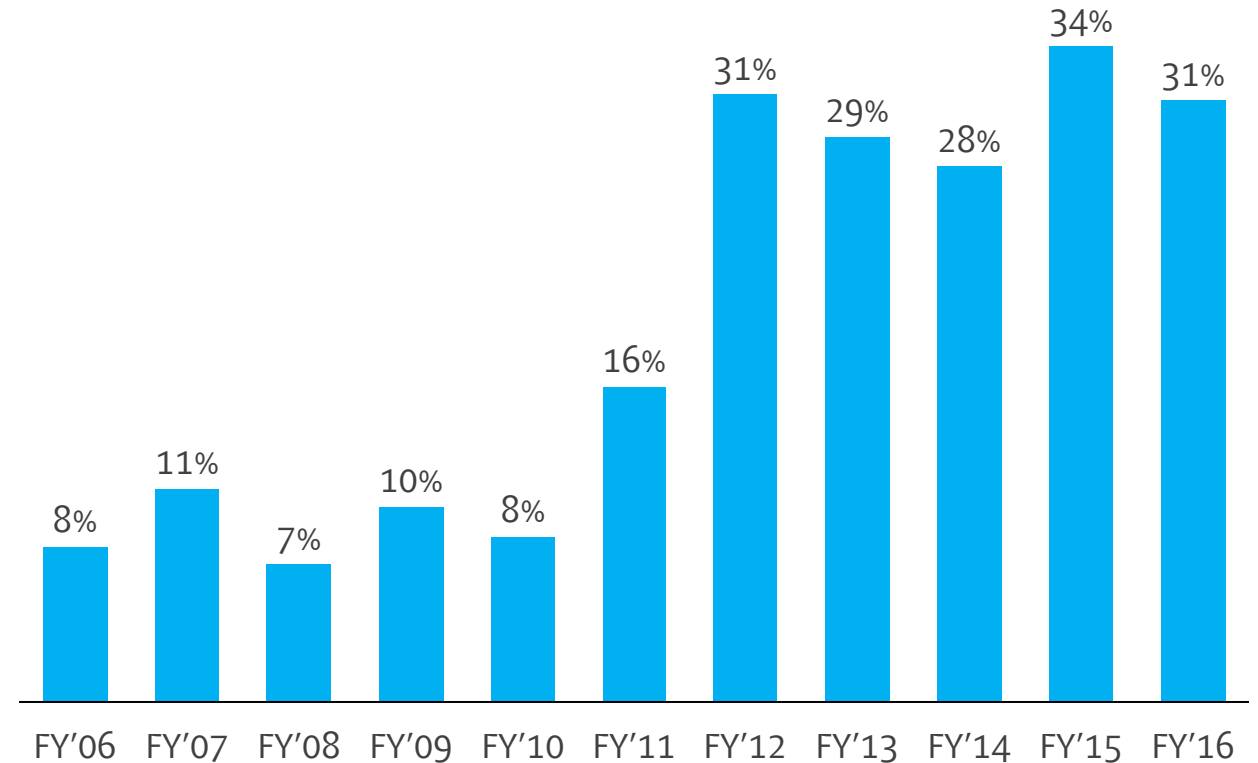


- ▶ Enhancing core competency & market access ( Design, Engineering, R&D, Global Customer Access)
- ▶ Buying decision driven by capability augmentation and & not adding scale/capacity
- ▶ Tuck in acquisitions to elevate competitiveness of offerings

## E) CONSISTENT RETURNS TO THE SHAREHOLDERS

- ▶ Consistent Dividend payment history
- ▶ Increasing ratio of profit sharing
- ▶ **Board announced a 50% Dividend** ( highest ever) for our shareholders for FY'16 i.e 31% Dividend payout
- ▶ Stated Dividend Policy going forward
  - Board will endeavor to maintain a Dividend pay-out around ~ 30% of profits after tax (PAT) on Consolidated financials basis

Dividend Payout History

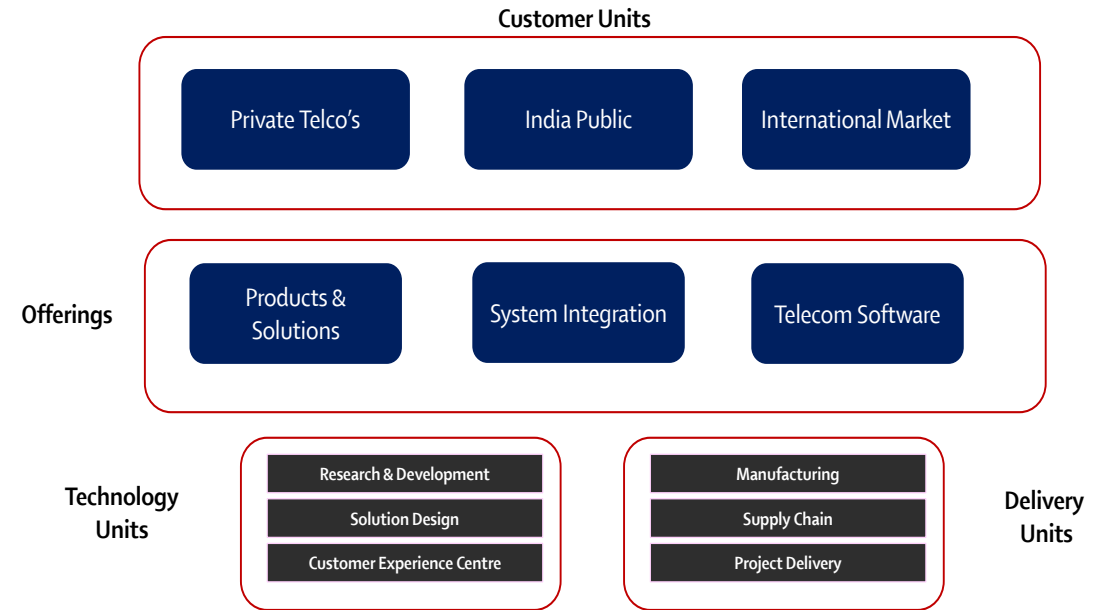


# FY 16 KEY STRATEGIC INITIATIVES

## Elitecore Acquisition



## Customer Centric Model



## Next Gen Customer experience center



## Smart Cities Win



Jaipur



Gandhi Nagar

# RECOGNITIONS & ACHIEVEMENTS

## CII Industrial Innovation Award

**Sterlite Tech. received CII Industrial Innovation Award for being adjudged as one of the top 25 Innovative Company of CII Industrial Innovation award 2015 Category**



## Frost & Sullivan India Manufacturing Award

**Sterlite Tech Won the Frost & Sullivan 'India Manufacturing Excellence award**



## National Quality Excellence Award 2016

- **Sterlite Tech wins National Quality Excellence Award 2016**
- **Award was organized by World Quality Congress & endorsed by Asian Confederation of Business**



# Financials

## Notes:

- On May 24th, 2016, Sterlite Tech had announced demerger effective from appointed date of 1st April, 2015. Post demerger, FY 16 performance is representative of only Telecom business.
- The FY 15 reported numbers would not be comparable to FY 16 reported financial numbers.
- The following information is prepared for the like to like comparison of telecom consolidated financials.



# FINANCIAL HIGHLIGHTS

## Q4 & Fy16 Performance

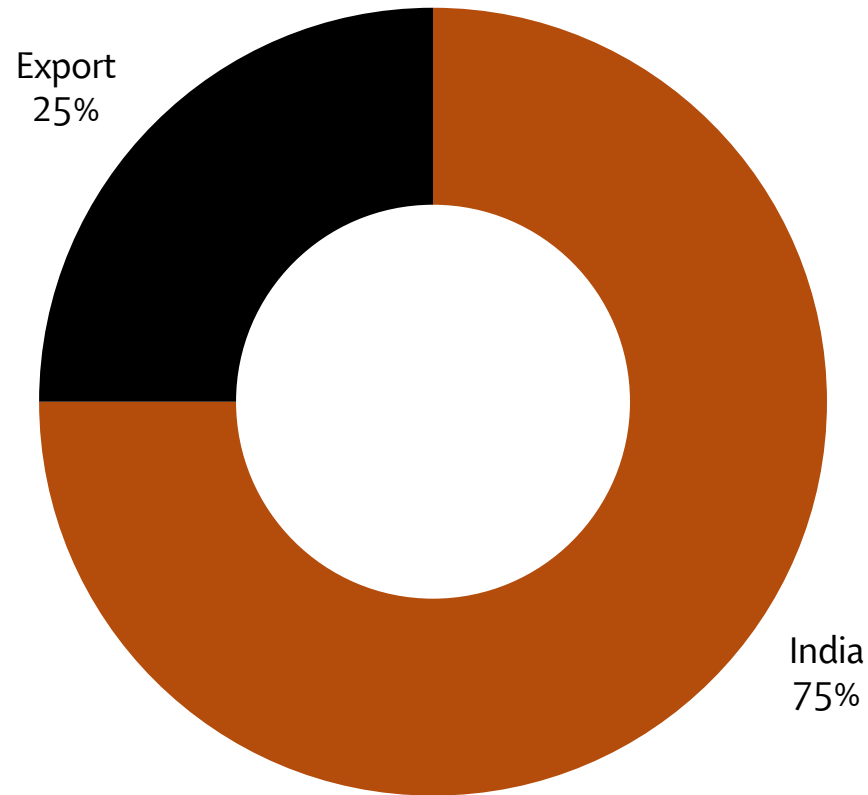
- Revenue Growth remains strong at 34% YoY basis
- OF Volumes at all time high at 20 Mn fkm
- Cabling mix reverts to 27% from 22% in Q3 as ordering resumed
- Booked 479 crore of revenues from Services contributing 22% of total revenues
- EliteCore ends the year with annual revenue run rate of >200 Cr

## Strategic & Operational progress

- Demerger approved by Court, STL emerges as a pure play telecom focused business
- De-bottlenecking of OF plant added 10% to the capacity
- NFS Project progressing well
- Won 2 smart city projects: Jaipur & Gandhi nagar

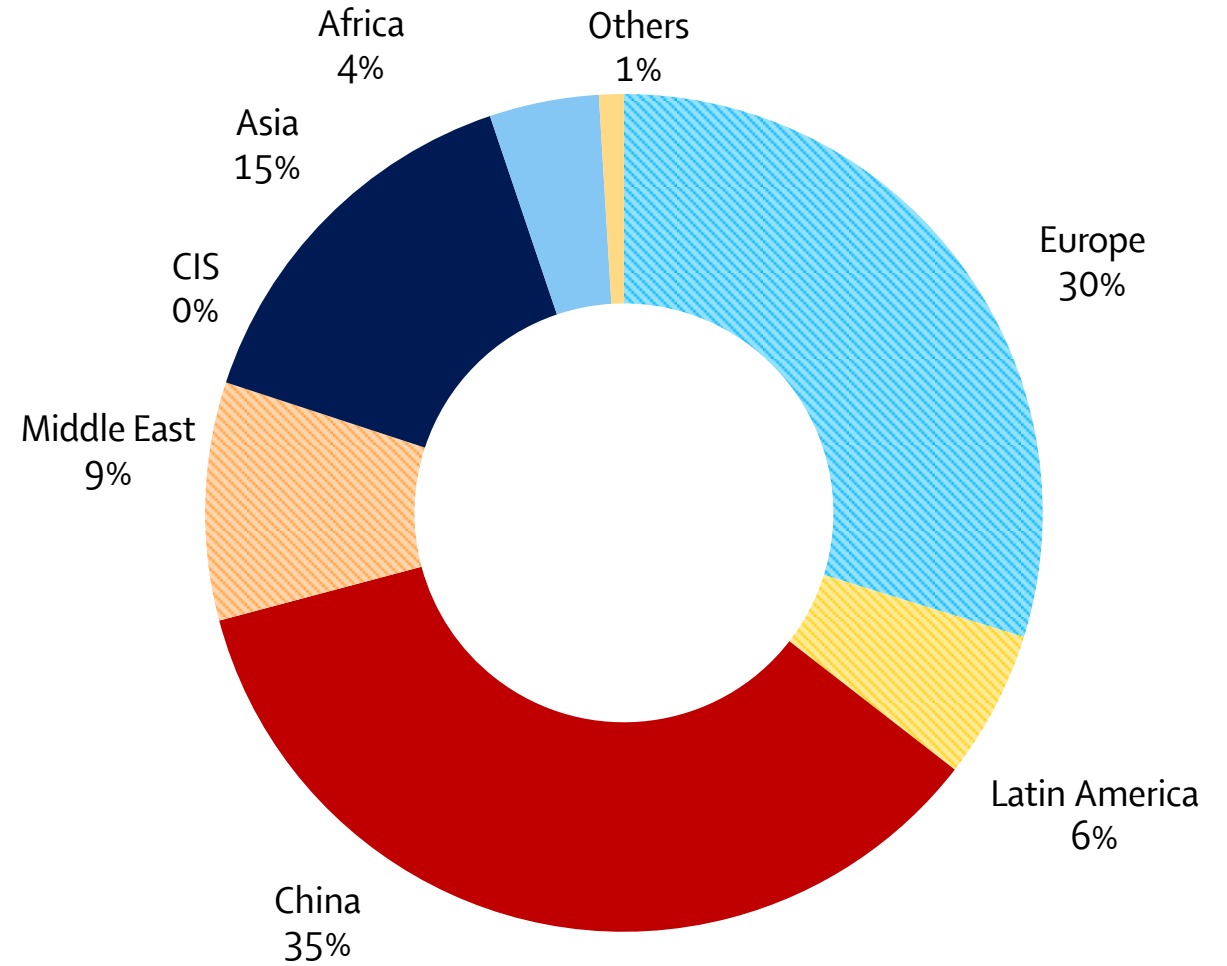
# REVENUE PROFILE – TELECOM BUSINESS

## Revenue Profile



Exports 25%, of total sales

## Export by Region



China the major contributor to exports

# ANNUAL FINANCIAL PERFORMANCE – CONSOL. TELECOM BUSINESS

Values in INR Cr.

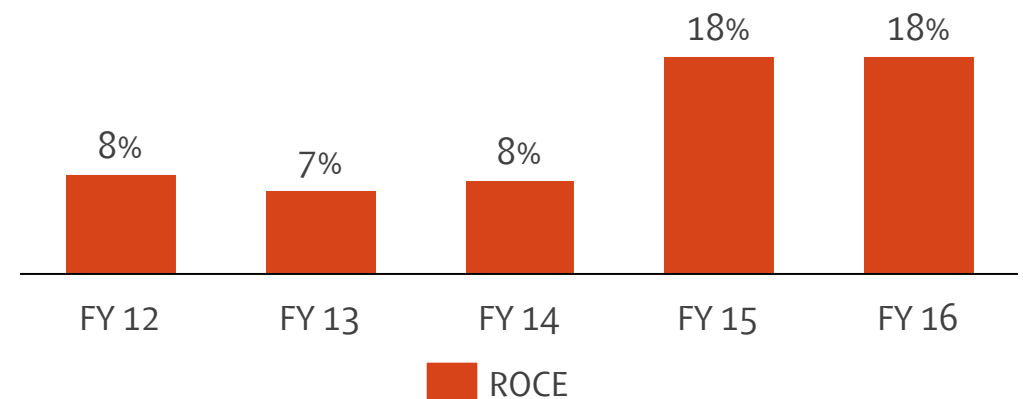
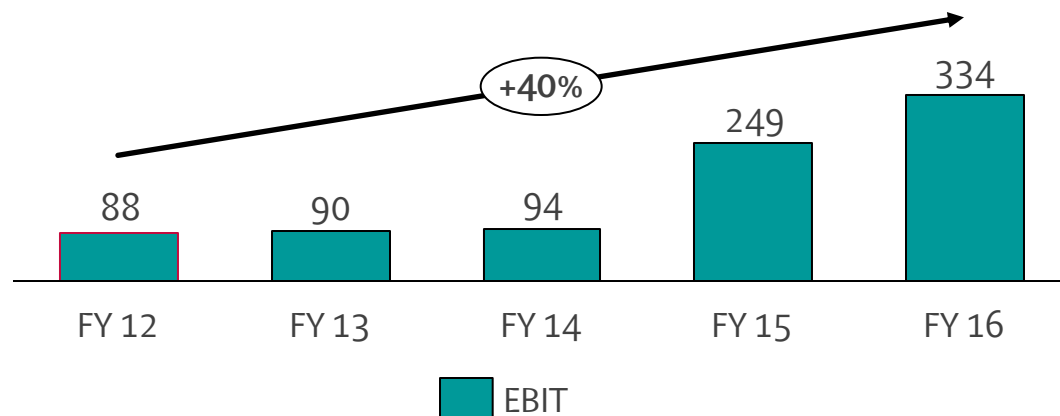
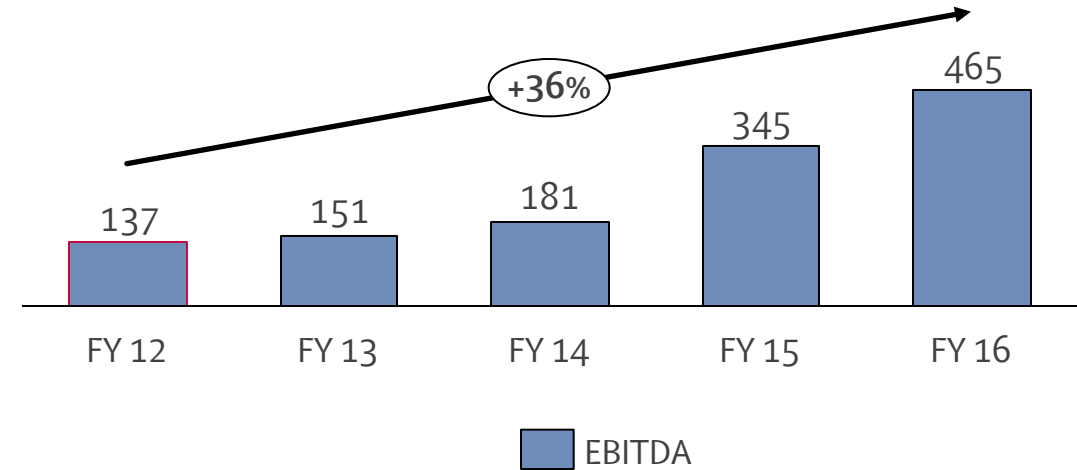
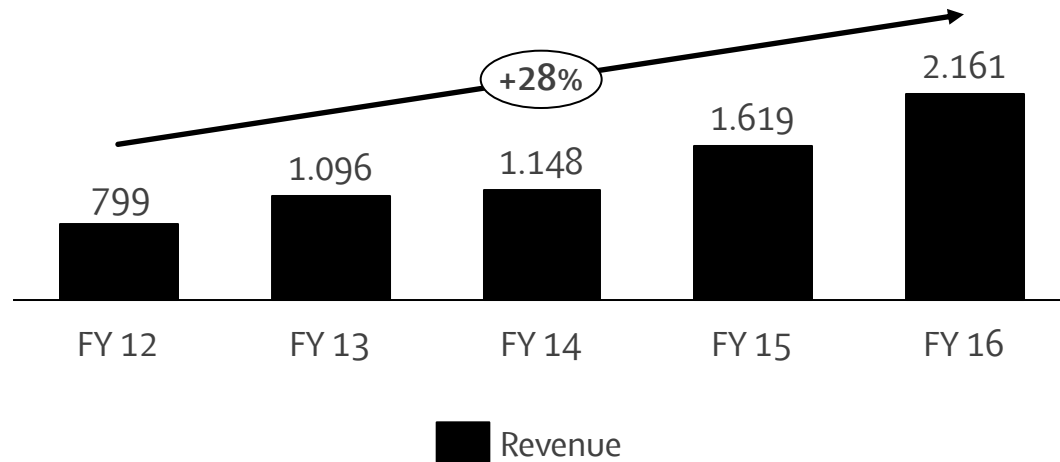
P&L	FY 15 (Adj. proforma)	FY16 ( Audited)
Revenue	1,619	2,161
EBIDTA	345	465
EBITDA %	21%	22%
Depreciation	96	131
EBIT	249	334
EBIT %	15%	15%
Interest	75	113
PBT	173	221
Tax	55	64
PAT (After minority Interest)	119	151
EPS (Diluted) in Rs.	2.99	3.75

Balance sheet	FY 15 ( Adj. proforma)	FY16 (Audited)
Net Worth	577	699
Minority Interest	23	31
Net Debt	674	1,008
<b>Total</b>	<b>1,274</b>	<b>1,738</b>
Fixed Assets	984	1,318
Net Working Capital	290	420
<b>Total</b>	<b>1,274</b>	<b>1,738</b>



# 5 YEAR JOURNEY - TELECOM BUSINESS : CONSOL. P&L METRICS

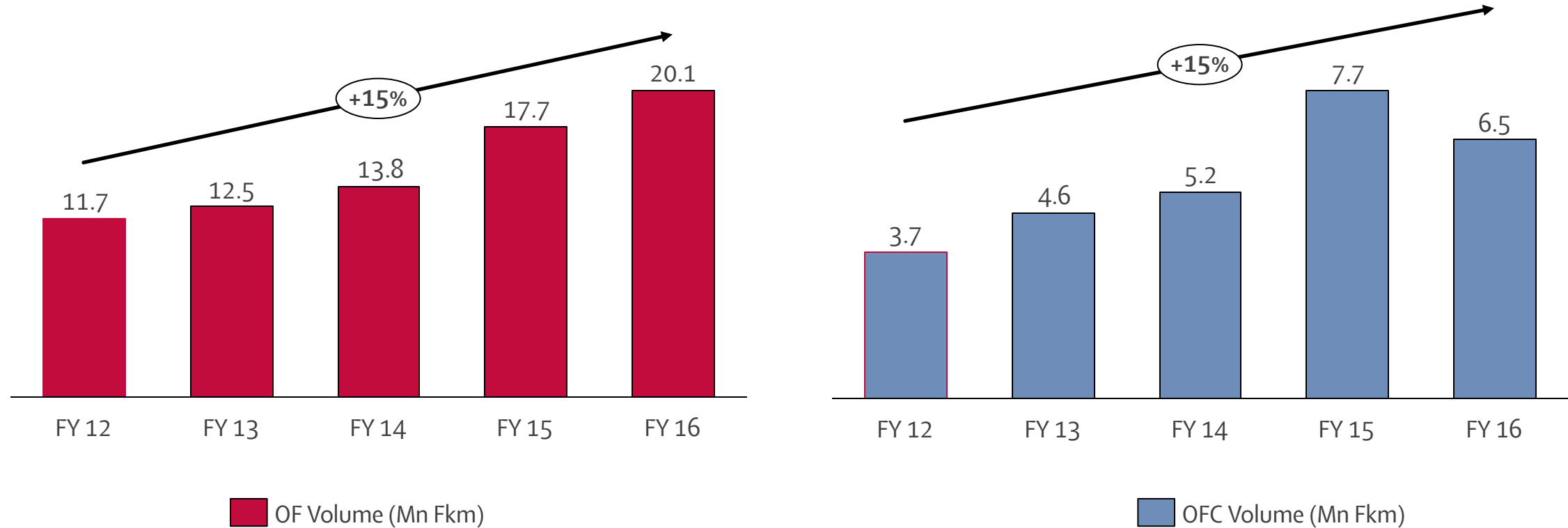
Values in INR Cr.



- ▶ Continued growth in Revenue, last 4 Year CAGR growth at 28%
- ▶ Stronger growth in EBITDA, last 4 Year CAGR growth at 36%
- ▶ Expanding ROCE with expanding margin for the business

# 5 YEAR JOURNEY - TELECOM BUSINESS : VOLUME ANALYSIS

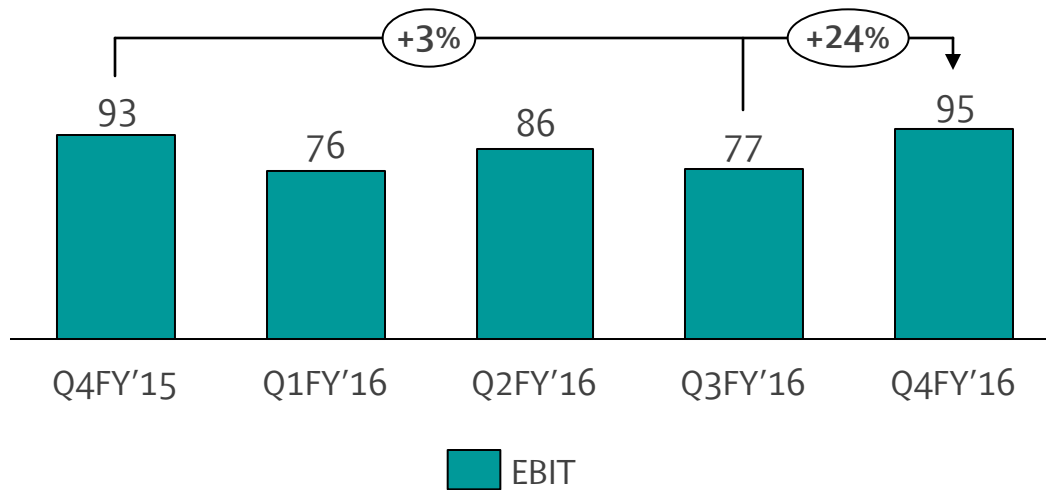
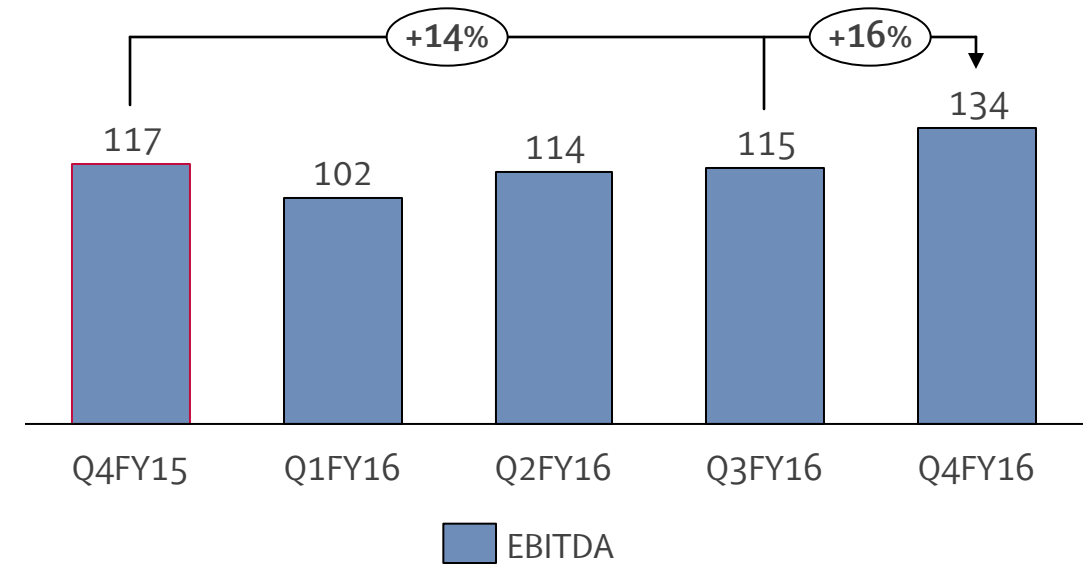
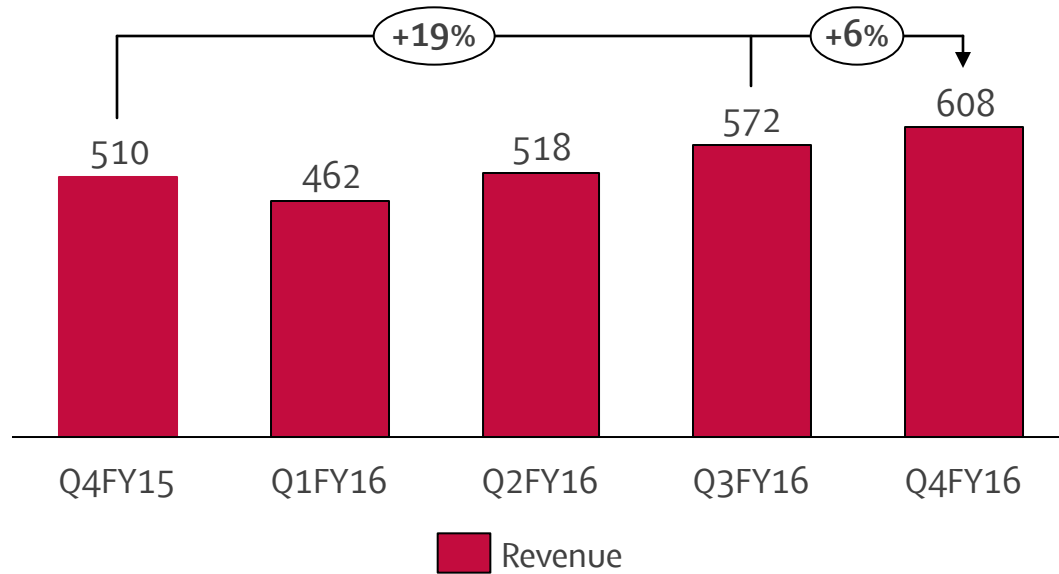
Values in Mn fkm



- ▶ Volume of OF continues to growth @ of 15% CAGR levels
- ▶ Cabling volume also continues to growth @ of 15% CAGR levels
- ▶ OFC Volume decline on YoY basis due to shift in the product mix and solutions positioning

# QUARTERLY FINANCIAL PERFORMANCE – CONSOL. TELECOM BUSINESS

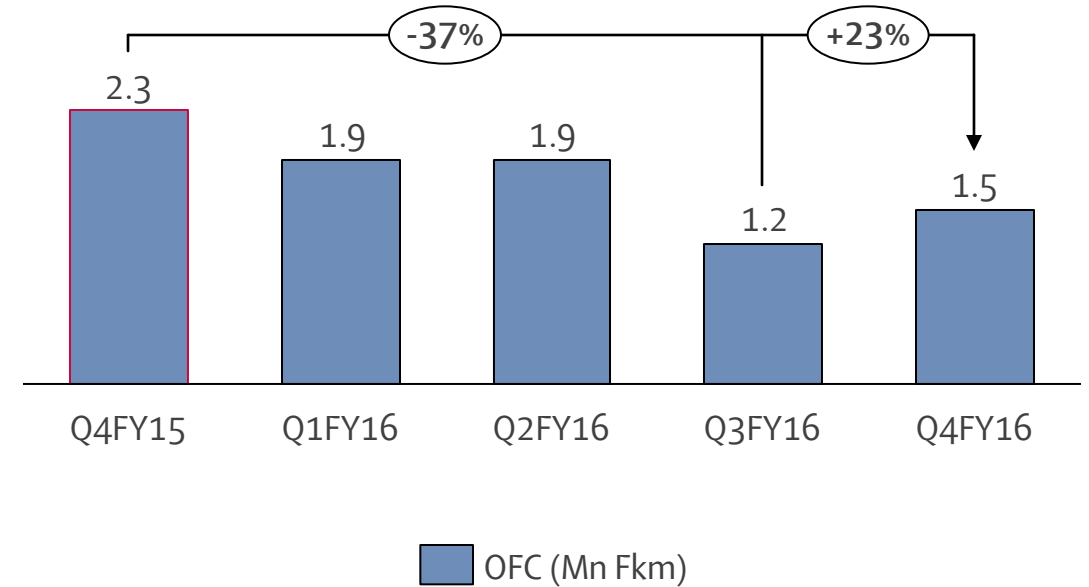
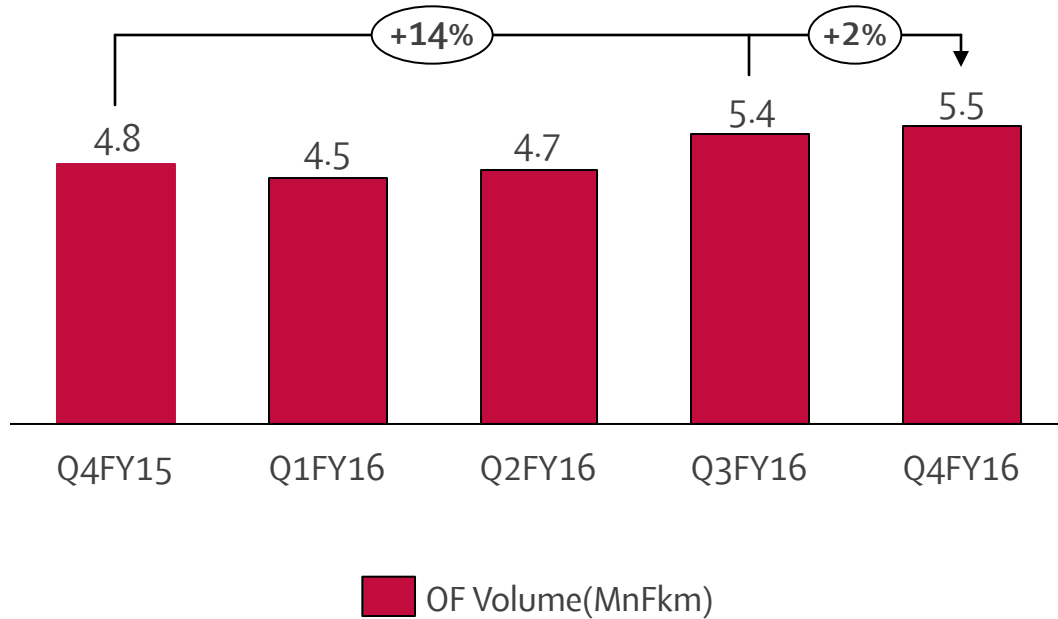
Values in INR Cr.



- ▶ Revenue increased by 6% over last quarter
- ▶ EBITDA grows by 16% over last quarter
- ▶ EBIT grows by 24% over last quarter
- ▶ Increasing utilization is helping to drive up the EBITDA margin in the products business, trend in blended margin driven by increasing proportion of Software and Services in revenue mix
- ▶ Telecom order book stands at Rs 2,200 crore

# QUARTERLY VOLUME ANALYSIS FOR THE TELECOM BUSINESS

Values in Mn fkm



- ▶ Demand for fiber continues to be strong both in India and internationally as observed in sustained volumes increase of optical fiber.
- ▶ Quarterly volumes for OF have consistently crossed the 5 million mark
- ▶ The OFC volumes and cabling mix number has fallen due to one off lower levels of cable off-take

## KEY TAKEAWAYS

- ▶ Sterlite Tech is well placed to strengthen its leadership position for connectivity enhancing products and solutions
- ▶ High ROCE & ROE business profile
- ▶ Focused on Customers & Stakeholders value creation
- ▶ Demerged company allows simplicity in business and focused Telecom play
- ▶ Implementing Customer centric alignments to transform go-to-market approach
- ▶ New organization effective from April 1, 2015 and the record date for the Demerger tentatively expected to be in Mid-June, subject to regulatory approval



The image features a stylized city skyline with various skyscrapers in shades of blue, grey, and white. Each building has a white Wi-Fi symbol on its roof, indicating a smart city or IoT theme. The skyline is set against a blue sky with a white cloud. The entire scene is framed by a large, semi-circular yellow sun in the background. In the top left corner, the Sterlite logo is displayed within a white cloud shape. The logo consists of a circular icon with three interlocking loops, followed by the word "Sterlite" in a sans-serif font.

Sterlite™

**Thank You**