

Sterlite Technologies Limited

**Q3FY16 – Earnings call
28 January 2016**

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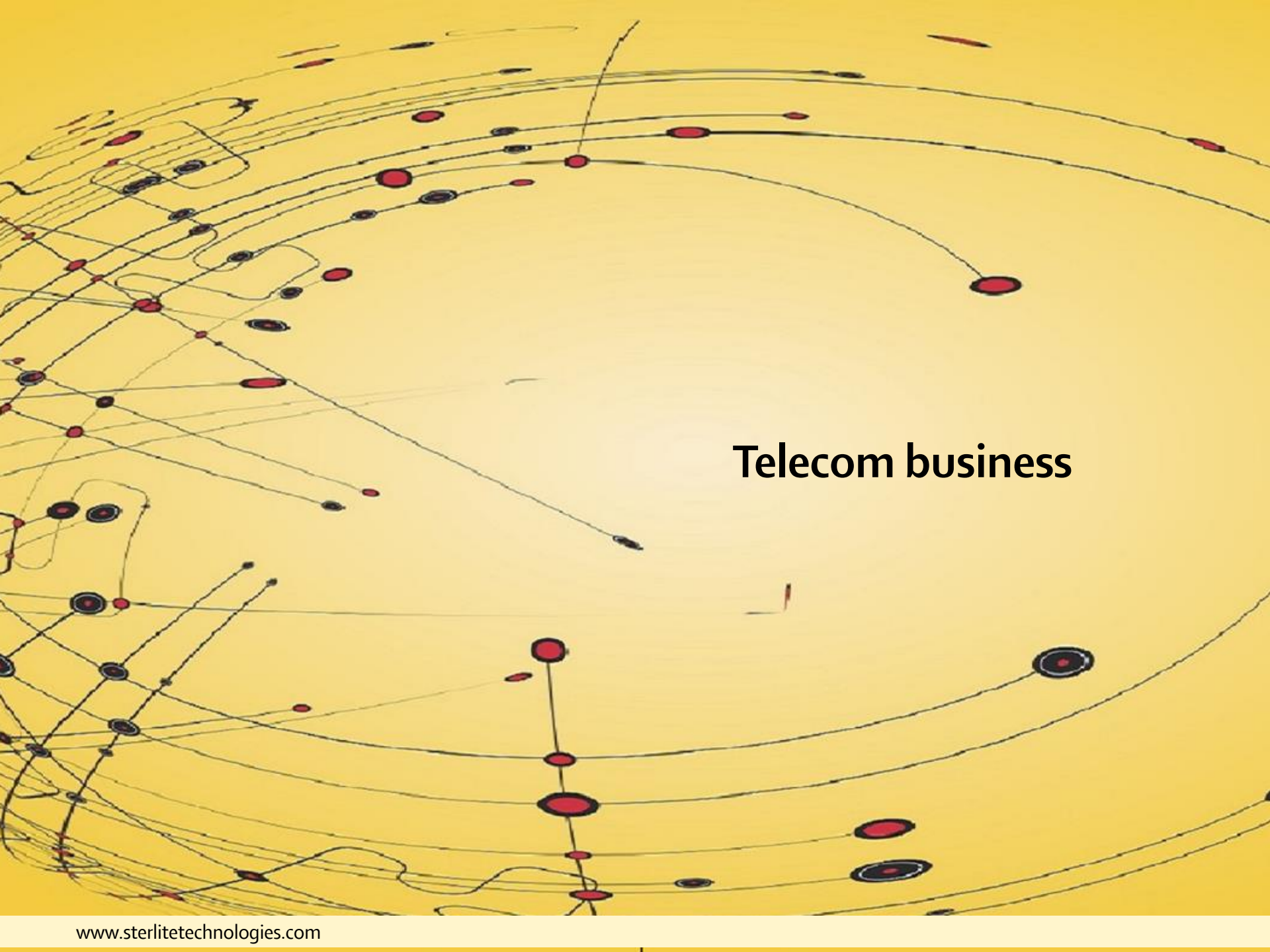
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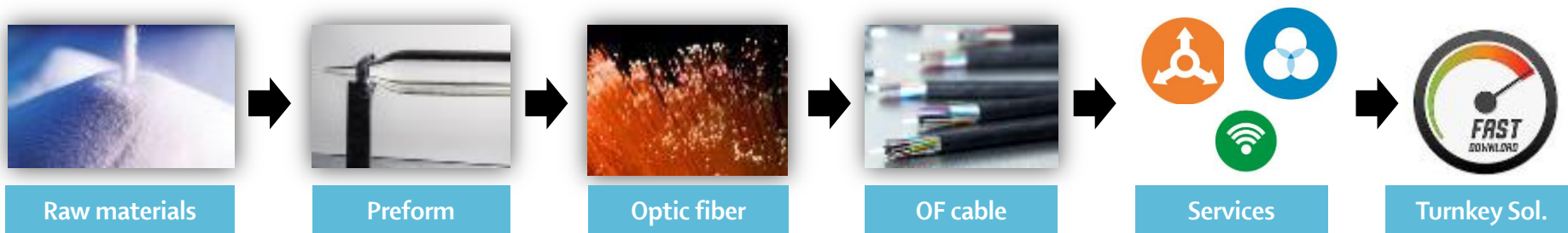
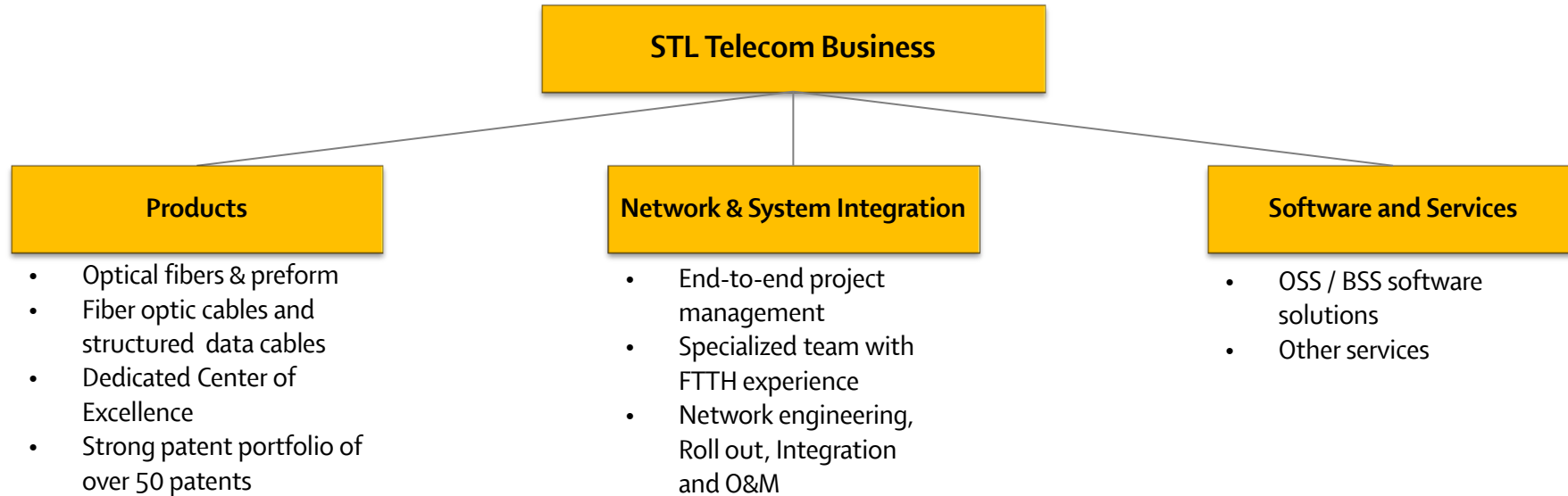
The background of the slide is a vibrant yellow. Overlaid on this is a complex network diagram. It consists of numerous black lines that curve and intersect across the frame. At various points along these lines are small, circular nodes. Some nodes are solid red, while others are blue with a red center. The nodes are scattered throughout, with a higher density on the left side of the image, suggesting a hub-and-spoke or mesh network structure. The overall aesthetic is technical and futuristic.

Telecom business

Value proposition for the telecom business



Wide footprint within the telecom sector



Full control over the entire value chain driven by capacities and capabilities

Leader in developing broadband solutions for converged communication networks



Update on Demerger

- **Demerger as announced in May 2015 continues to progress as per schedule**

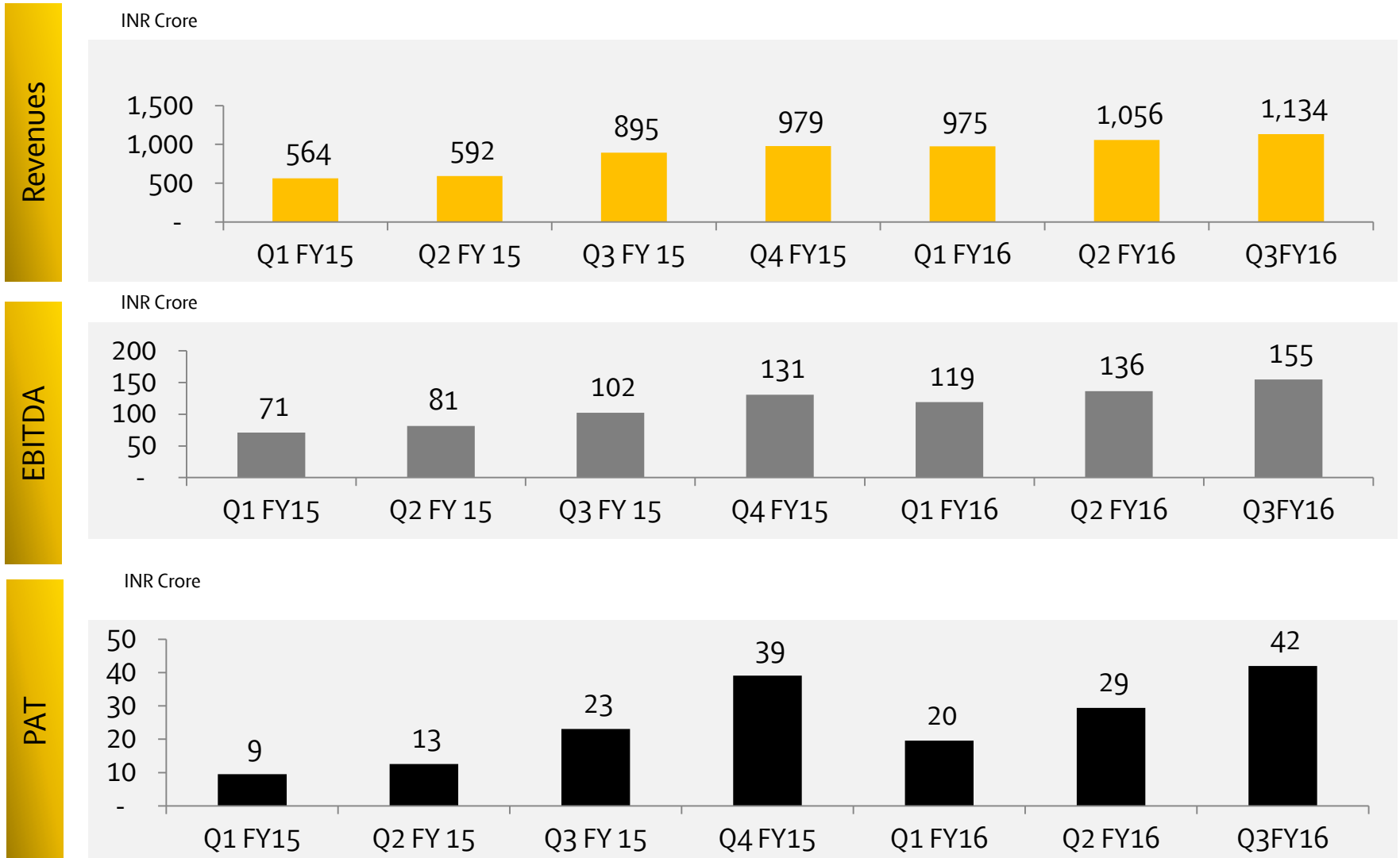
- **Court Convened meeting was held on 15th December 2015**
 - Transaction was well received and approved by shareholders, creditors and lenders
 - Substantial majority polled in favor of the transaction

- **Transaction expected to complete in March / April 2016 subject to approvals and clearances**
 - High Court approval
 - Registrar of Companies

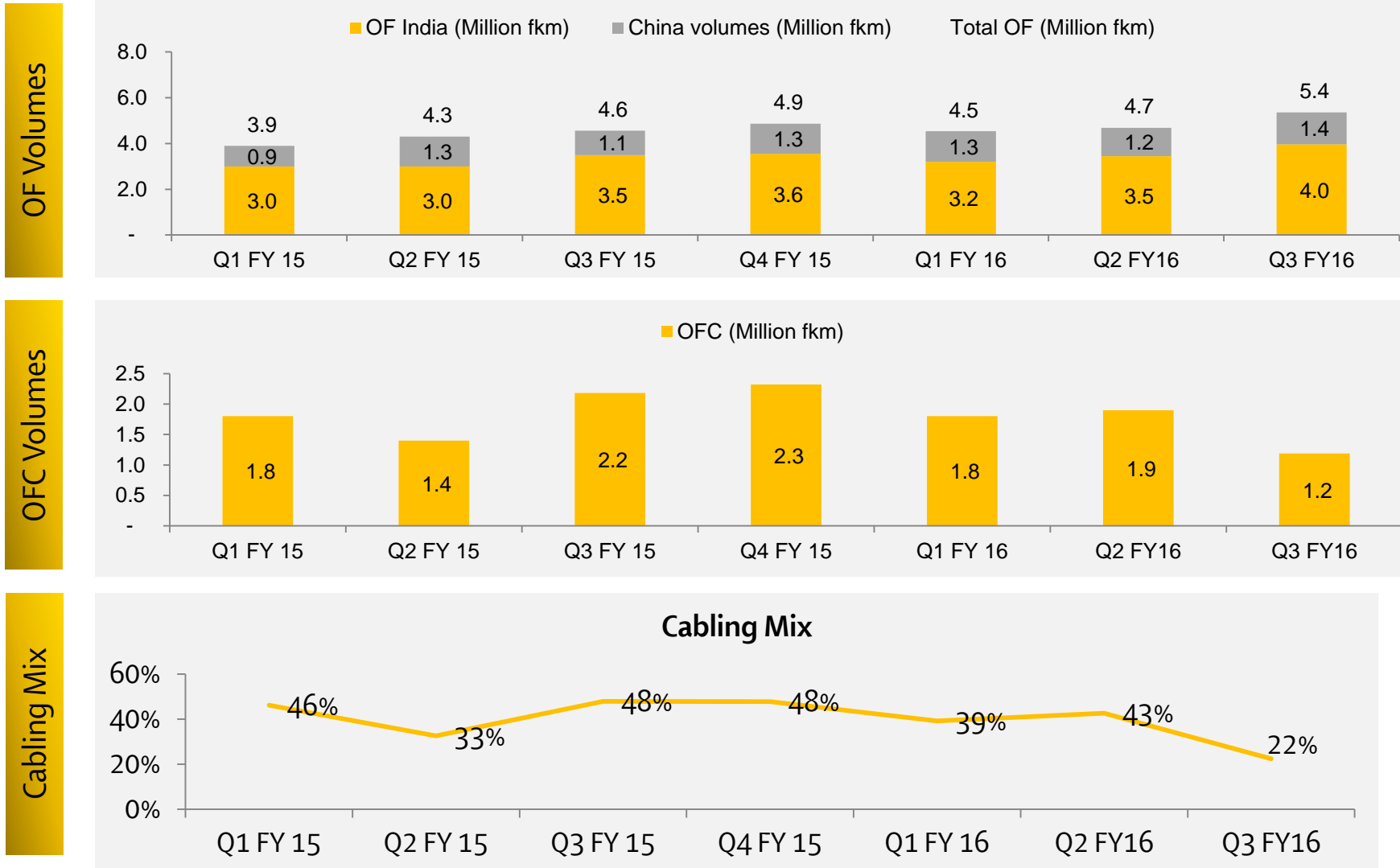
- **Record date for demerger to be notified in due course**
 - Shareholders will have the option to continue to retain their holdings in the power company
 - Alternatively opt for redeemable preference shares with payment in 30 days of the demerger or 18 months later

Financials

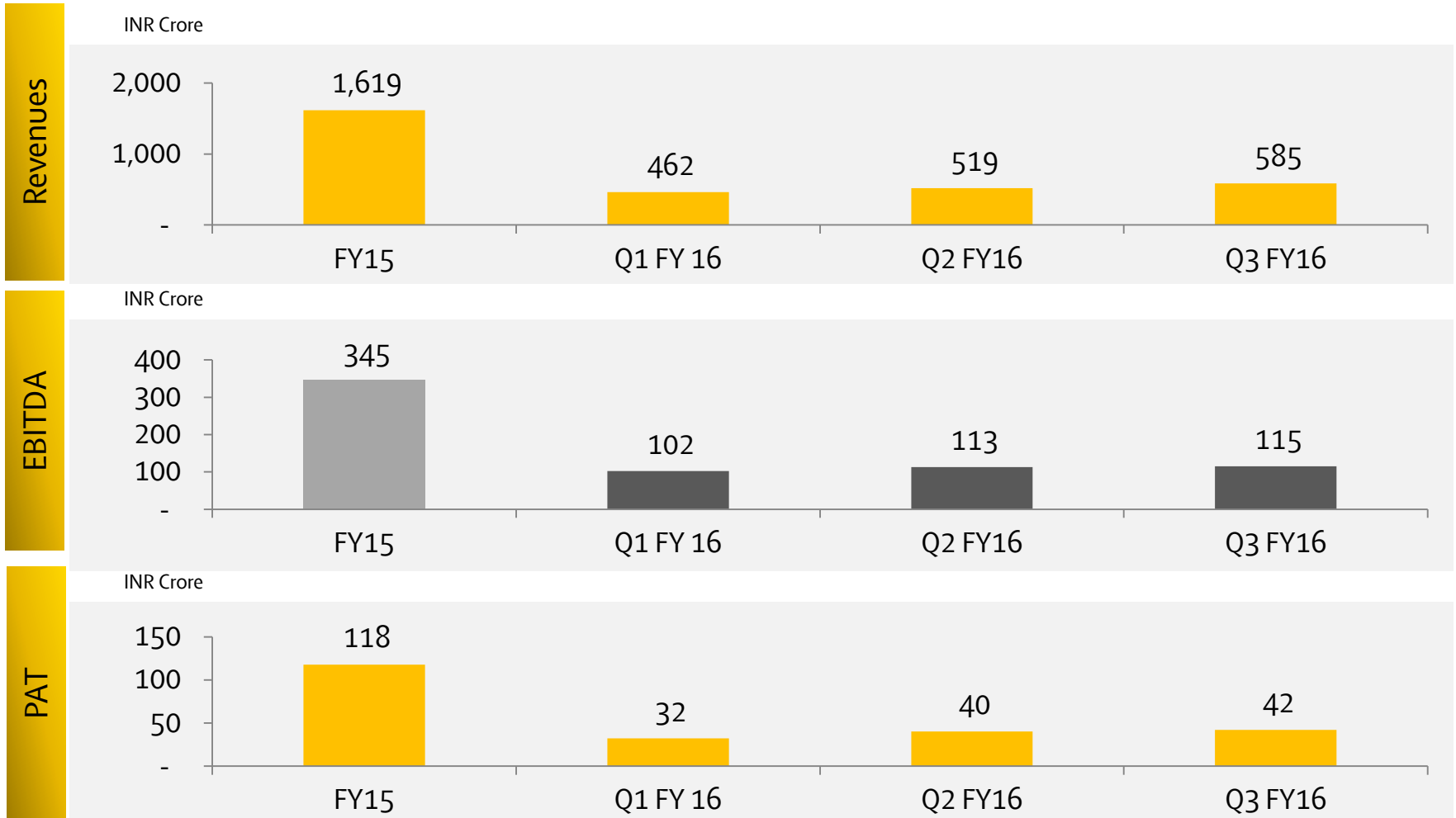
Quarterly standalone financials



Volume analysis for the Telecom business



Financial Performance of the Telecom business

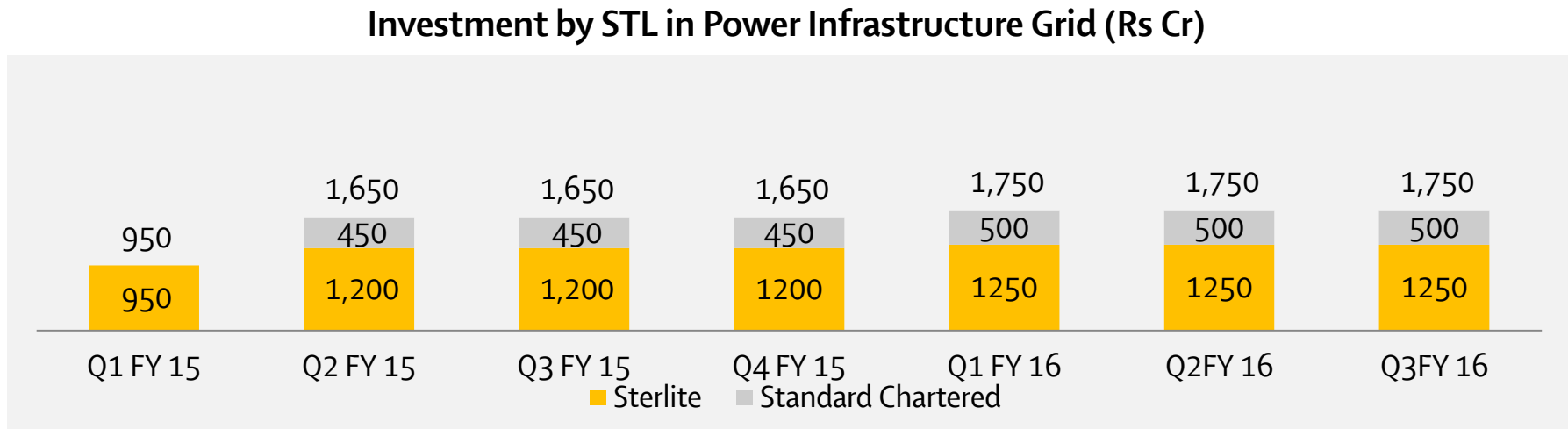
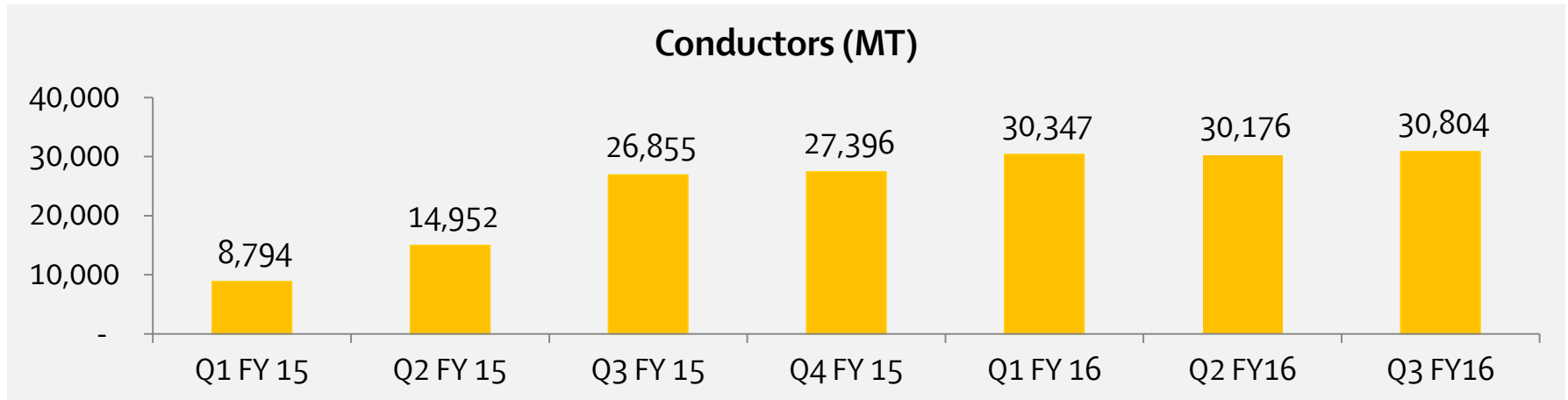


NOTE: The performance is based on the consolidated numbers for the telecom business. This includes performance of our China and Brazil JV and other telecom related subsidiaries, including performance of Elitecore which was acquired on 30th September

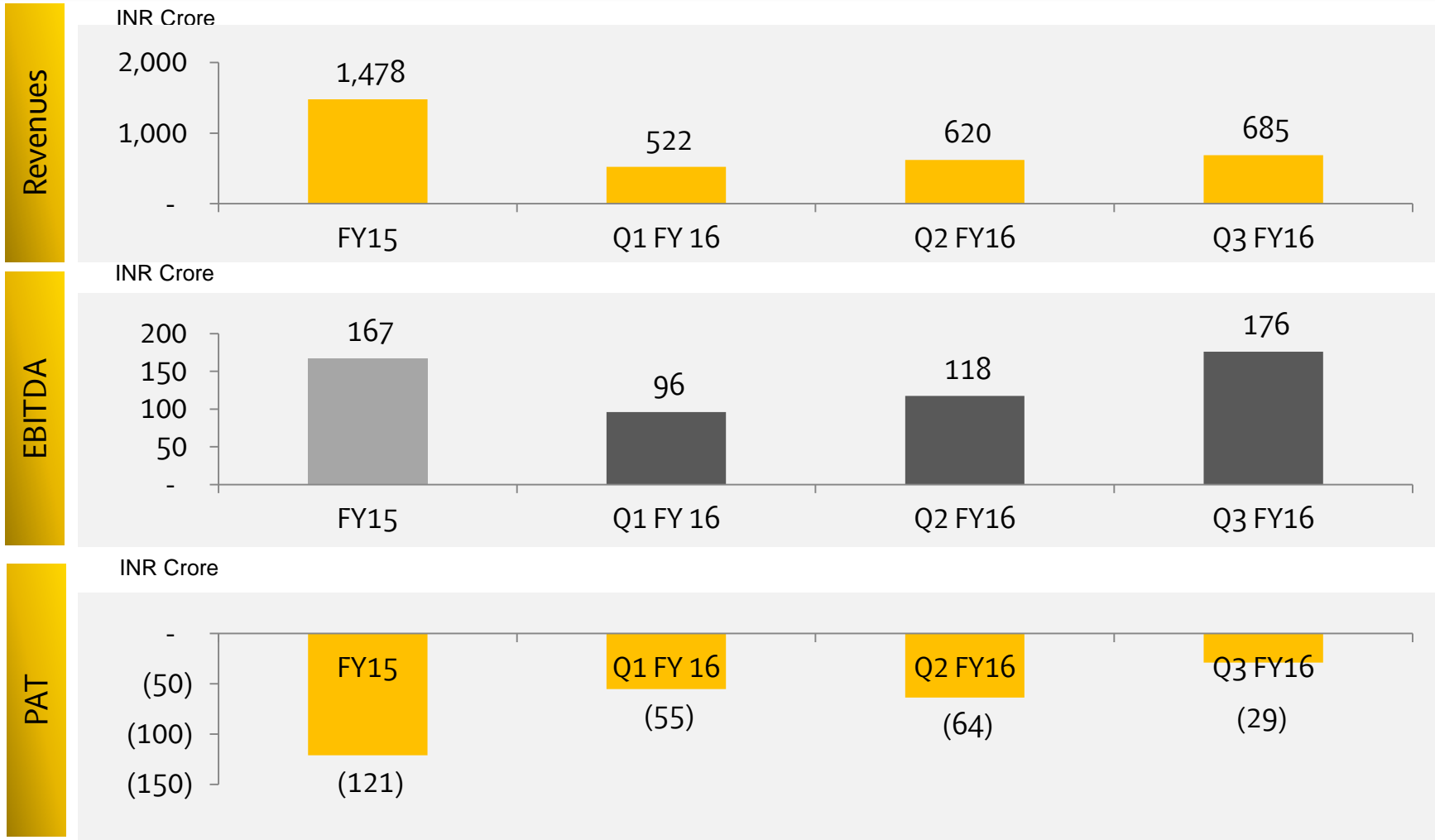
Operating highlights for the Telecom business

- Mix between domestic revenues and exports was at 29% for the business, main export markets were China and Europe. Marginal increase as compared to the previous quarter given lower cable offtake in the domestic market
- Revenues for the quarter from the NFS order were at Rs 108 crore, which include sale of products and services as part of the J&K project
- Previously announced optical fibre cable capacity expansion from 8m fkm to 15m fkm continues to progress well and we expect to complete the expansion during Q4 FY16. We had earmarked Rs 150 crore for this expansion and see no increase in our estimate. The optical fibre capacity de-bottlenecking is also progressing well and should result in a 10% increase in capacity to 22m fkm by the end of this financial year.
- Elitecore Technologies has been making good progress and inline with our earlier communication opens up newer opportunities for us. The company has recently been awarded a Smart City project –part of Digital India initiative for a town in Western India
- Telecom order book stands at Rs 1930 crore, marginal decline to the previous quarter as we continue to execute the services component of the NFS order, however product orders have increased over the quarter
- New products continue to add to unique capabilities to the company, especially on our range of new speciality optical fibres. The business continues to win new customers across all its target markets and we have recently been awarded as “World’s top 10 most competitive fibre optic cable manufacturers” by the Chinese Optical Communications Development Forum

Product volumes and level of investment in the Power business



Financial performance of the Power business



NOTE: The performance is based on the consolidated numbers for the power business. This includes performance of the power products division and power transmission grid subsidiary

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Additional financial information

Standalone financials – overall STL



Standalone INR (CR)	Q3 FY 16	Q2 FY 16	Q3 FY 15	9M FY 16	9M FY 15	FY 15
Income from Operations	1134	1056	895	3166	2051	3030
EBITDA	155	136	102	411	255	386
EBITDA %	14%	13%	11%	13%	12%	13%
Depreciation	32	31	27	91	81	108
EBIT	123	105	76	319	174	278
EBIT %	11%	10%	8%	10%	9%	9%
Interest	69	66	52	197	124	179
PBT	55	39	24	123	51	99
Tax	13	10	1	31	6	15
Effective tax rate	23%	25%	5%	25%	11%	15%
PAT	42	29	23	92	45	84
PAT %	4%	3%	3%	3%	2%	3%

Standalone financials – Segment wise

Telecom Standalone (INR Cr)	Q3 FY 16	Q2 FY 16	Q3 FY 15	9M FY 16	9M FY 15	FY 15
Sales	496	478	412	1399	1020	1487
EBITDA	110	112	88	322	234	345
EBITDA %	22%	23%	21%	23%	23%	23%
Depreciation	23	22	20	64	57	76
EBIT	87	90	68	259	176	269
EBIT %	18%	19%	17%	18%	17%	18%
Capital employed	1575	1539	1154	1575	1154	1179
ROCE %	22%	23%	24%	22%	20%	23%

Power Standalone (INR Cr)	Q3 FY 16	Q2 FY 16	Q3 FY 15	9M FY 16	9M FY 15	FY 15
Sales	621	562	461	1720	978	1473
EBITDA	45	25	14	88	22	41
EBITDA %	7%	4%	3%	5%	2%	3%
Depreciation	9	9	7	28	23	32
EBIT	36	15	7	61	-2	9
EBIT %	6%	3%	2%	4%	NA	1%
Capital employed	698	471	392	698	392	323
ROCE %	21%	13%	8%	12%	NA	3%

Consolidated financials



Particulars	Standalone	Consolidated	Standalone	Consolidated	Standalone	Consolidated
	Quarter ended		Nine Month ended		Year ended	
	Dec 15 (Unaudited)	Dec 15 (Unaudited / Unreviewed)	Dec 15 (Unaudited)	Dec 15 (Unaudited / Unreviewed)	Mar 15 (Audited)	Mar 15 (Audited)
Income from Operations						
a) Net Revenue	1,117.09	1,251.98	3,118.55	3,345.78	2,960.23	3,027.09
b) Other Operating Income	17.33	17.46	47.02	47.28	69.87	69.97
Total Income from operations (Net)	1,134.42	1,269.44	3,165.57	3,393.06	3,030.10	3,097.06
Total Expenditure	1,016.72	1,069.85	2,859.61	2,916.15	2,796.61	2,821.39
a) Cost of materials consumed	637.00	583.37	2,018.65	1,839.73	1,944.64	1,811.76
b) Purchase of stock-in-trade	22.15	22.30	34.73	34.88	42.92	42.92
c) (Inc) / Dec in finished goods, stock-in-trade & WIP	46.22	44.96	(11.17)	(10.80)	(34.69)	(30.97)
d) Staff Cost	50.32	73.88	136.81	181.25	150.95	175.94
e) Depreciation & Impairment	31.73	86.28	91.35	226.34	107.74	184.98
f) Other Expenditure	229.30	259.06	589.24	644.75	585.05	636.76
Operating profit before other income, interest and tax	117.70	199.59	305.96	476.91	233.49	275.67
Other Income	5.54	5.87	13.35	17.66	44.81	51.34
Profit before interest and tax	123.24	205.46	319.31	494.57	278.30	327.01
Interest Cost	68.70	182.28	196.73	483.85	179.28	326.90
Profit / (loss) before tax	54.54	23.18	122.58	10.72	99.02	0.11
Tax Expenses	12.63	8.20	31.02	21.76	14.78	3.69
Net Profit /(loss) after tax	41.91	14.98	91.56	(11.04)	84.24	(3.58)
Adjustment for Minority Interest	-	2.03	-	2.90	-	(0.94)
Net Profit / (loss) after Tax & Minority Interest	41.91	12.95	91.56	(13.94)	84.24	(2.64)

Additional information pertaining to consolidated financial performance of the group for the quarter and nine month ended December 31,2015 is not audited or reviewed by the Auditors

Consolidated financials



Segment Reporting	Standalone	Consolidated	Standalone	Consolidated	Standalone	Consolidated
	Quarter ended		Nine Month ended		Year ended	
	Dec 15 (Unaudited)	Dec 15 (Unaudited / Unreviewed)	Dec 15 (Unaudited)	Dec 15 (Unaudited / Unreviewed)	Mar 15 (Audited)	Mar 15 (Audited)
Segment Revenue						
Telecom Product and Solutions	496.23	563.94	1,398.69	1,528.02	1,487.26	1,576.43
Power Product and Solutions	620.86	620.86	1,719.86	1,719.86	1,472.97	1,472.97
Power Transmission Grid		145.25		341.74		153.87
Inter-segment elimination		(78.07)		(243.84)		(176.18)
Total	1,117.09	1,251.98	3,118.55	3,345.78	2,960.23	3,027.09
Profit before interest,depreciation and tax						
Telecom Product and Solutions	109.80	115.48	322.33	331.01	345.18	345.15
Power Product and Solutions	45.17	38.77	88.33	70.29	40.86	35.19
Power Transmission Grid		137.61		319.80		131.95
Unallocable		(0.13)		(0.19)		(0.30)
Total	154.97	291.73	410.66	720.91	386.04	511.99
Profit before Interest and Tax						
Telecom Product and Solutions	87.03	86.09	258.75	249.22	269.06	248.98
Power Product and Solutions	36.21	29.92	60.56	42.83	9.24	3.80
Power Transmission Grid		89.66		202.92		74.78
Unallocable		(0.21)		(0.40)		(0.55)
Total	123.24	205.46	319.31	494.57	278.30	327.01
Net Interest Cost	68.70	182.28	196.73	483.85	179.28	326.90
Profit / (loss) before tax	54.54	23.18	122.58	10.72	99.02	0.11
Capital Employed (Segment Assets- Segment Liabilities)						
Telecom Product and Solutions	1,575.43	1,636.01	1,575.43	1,636.01	1,179.39	1,296.68
Power Product and Solutions	698.02	638.03	698.02	638.03	322.72	342.38
Power Transmission Grid		5,880.41		5,880.41		4,911.71
Unallocable	1,259.30	330.16	1,259.30	330.16	1,433.28	284.54
Total	3,532.75	8,484.61	3,532.75	8,484.61	2,935.39	6,835.31

Additional information pertaining to consolidated financial performance of the group for the quarter and nine month ended December 31,2015 is not audited or reviewed by the Auditors

A complex network diagram with red and blue nodes and black lines on a yellow background. The nodes are represented by small red and blue circles, some of which are larger and more prominent. The lines are thin and black, forming a dense web of connections that curves and loops across the frame. The overall aesthetic is technical and futuristic.

Thank you