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May 27, 2016

National Stock Exchange of India Limited
Exchange Plaza, 5th Floor,
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Bandra Kurla Complex, Bandra (East)
Mumbai 400 051

BSE Limited
Phirozee Jeejeebhoy Towers,
Dalal Street,
Mumbai 400 001

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)

Sterlite Technologies Limited

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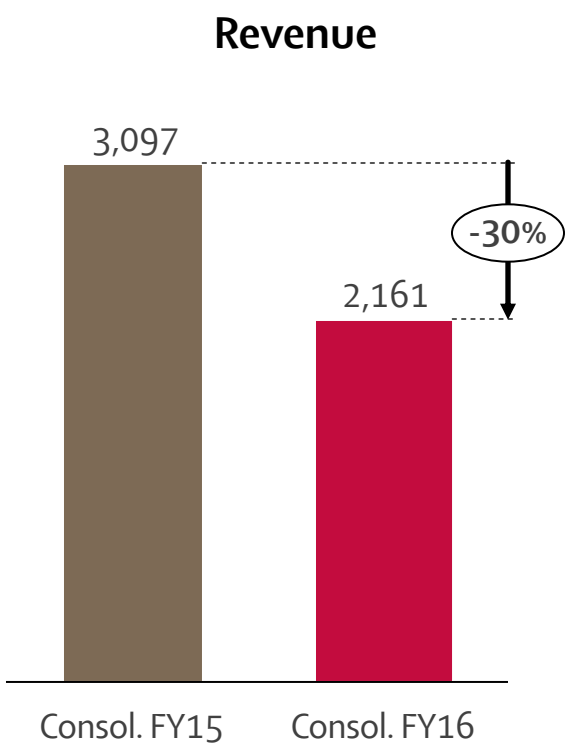
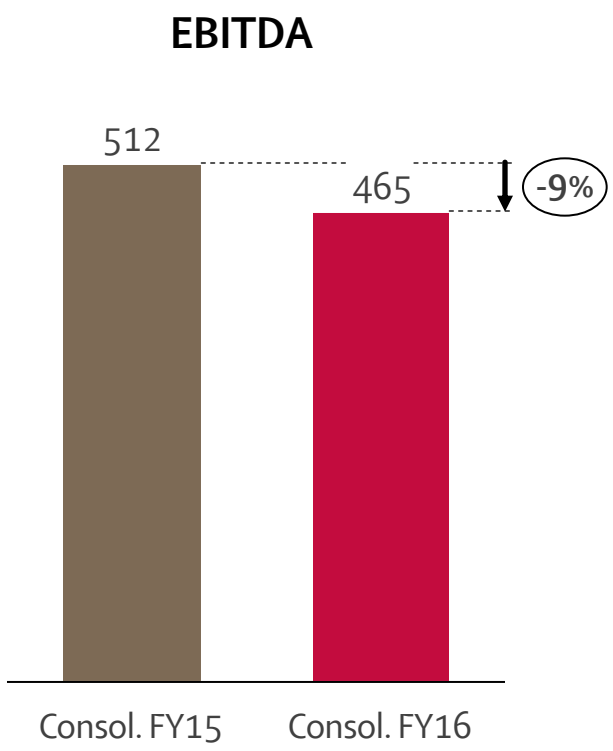
DEMERGER CONCLUDES: STERLITE TECH NOW A PURE PLAY TELECOM FOCUSED COMPANY

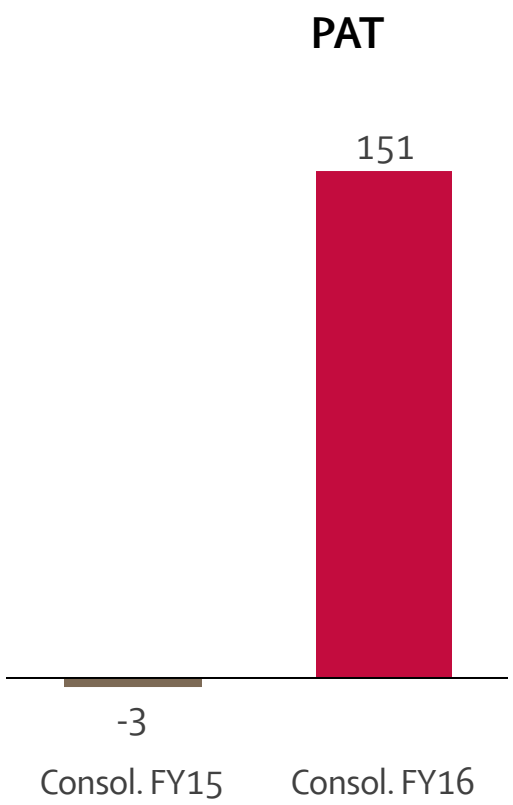
- New Company structure to accelerate execution and enable demonstration of **superior performance**
- **Leaner structure** to allow for simplicity and focus while enabling greater agility
- Implementing **Customer centric alignments** to transform go-to-market approach
- New organization effective from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

STERLITE TECH: PRE Vs POST DEMERGER-KEY FINANCIAL METRIC

Values in INR Cr.





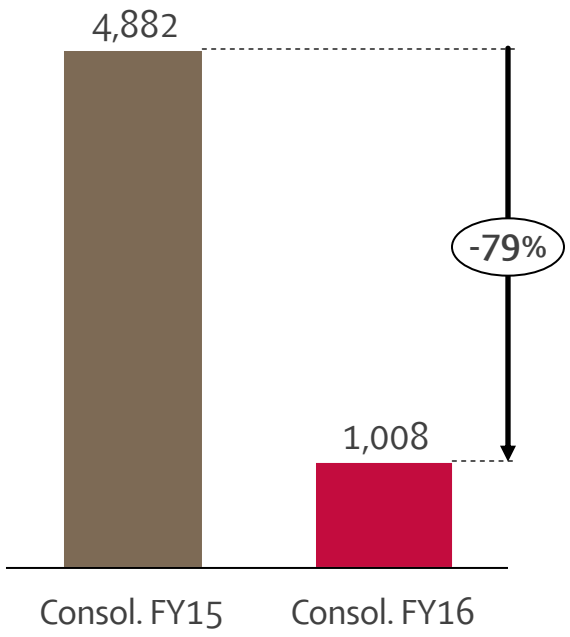


- Sterlite Tech is pure play Telecom focused company post Demerger
- PAT surges to Rs 151 Cr. Vs losses at Consolidated level last year

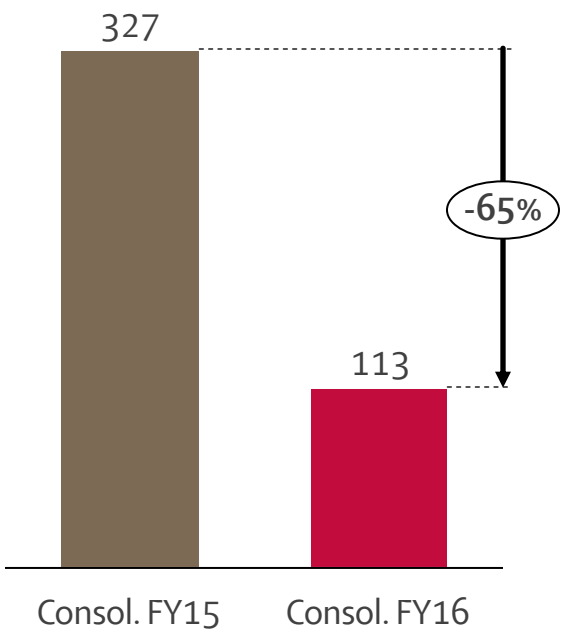
STERLITE TECH: PRE Vs POST DEMERGER-BALANCE SHEET METRIC

Values in INR Cr.

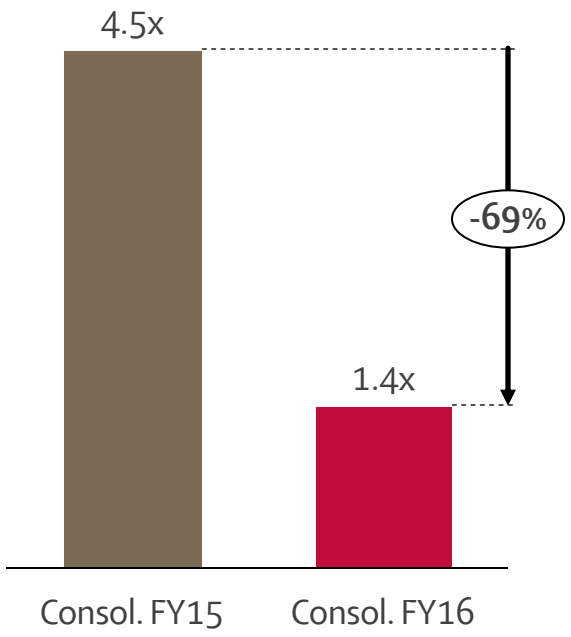
Net Debt



Interest Cost



Net Debt to Equity

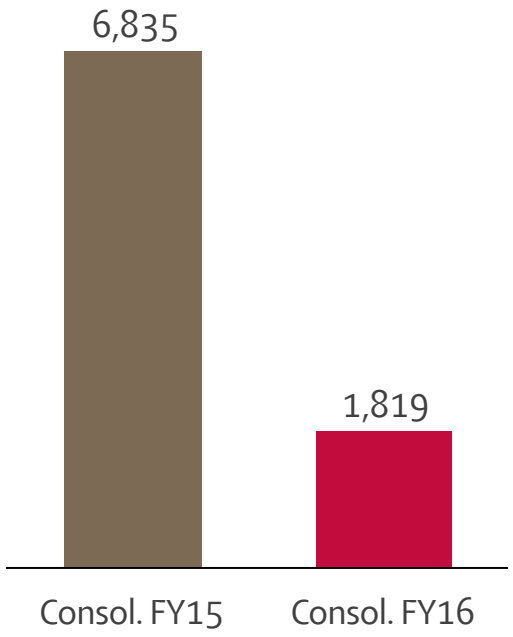


- Significant **deleveraging of the balance sheet**, considerable reduction in Net Debt
- **Interest burden reduces** by almost 1/3rd from Rs 327 Cr to 113 Cr
- **Leverage ratio** improves substantially

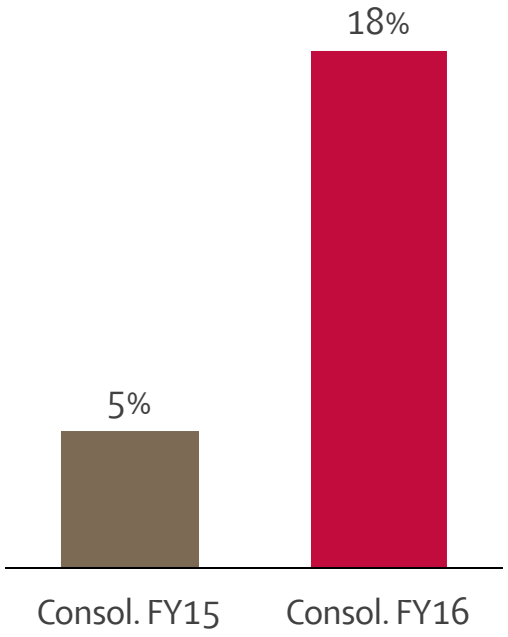
STERLITE TECH: PRE Vs POST DEMERGER- RETURN PROFILE METRIC

Values in INR Cr.

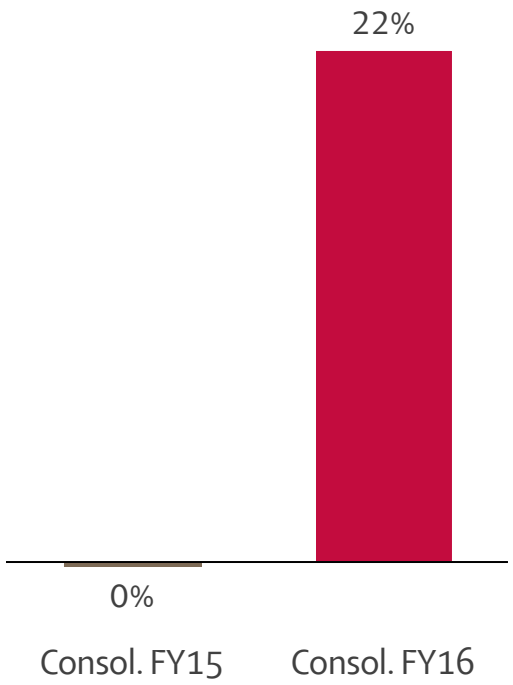
Capital Employed



ROCE (Pre-Tax)



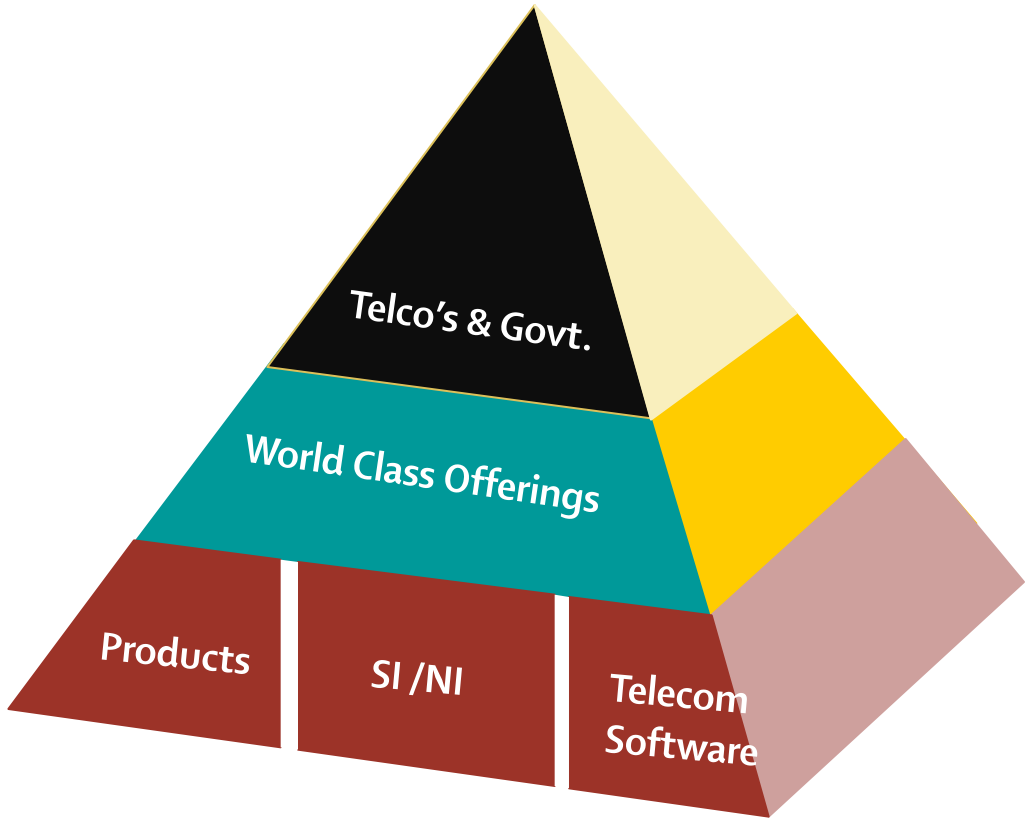
ROE (Post-Tax)



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

Sterlite Tech Overview

NEW IDENTITY OF STERLITE TECH



Guiding Principles	Nation Building through Smarter networks
	Customer centric approach
	Financial discipline and Capital Allocation Strategy

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

WHAT STERLITE TECH OFFERS

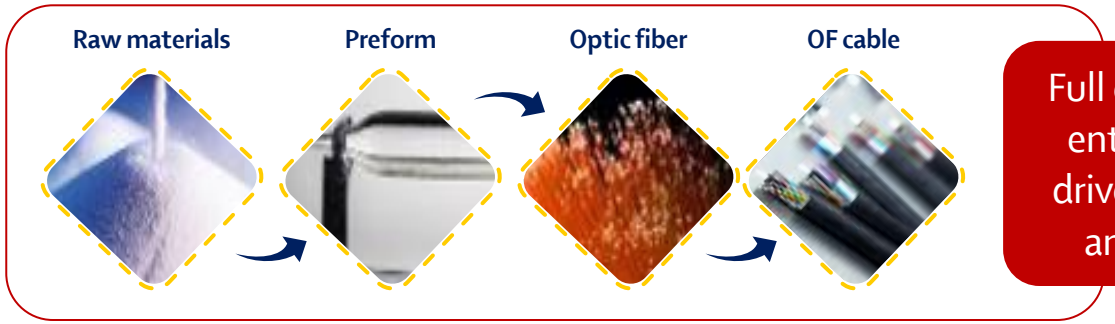
End to End Integrated solutions

CUTTING EDGE OPTICAL COMMUNICATION PRODUCTS…

Specialty Fibre Products Intrusion Proof Cables

Bend Insensitive Optical Fibre **Customized Cables For Varied Applications**

…MADE POSSIBLE BY FULL CONTROL OVER THE VALUE CHAIN



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

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

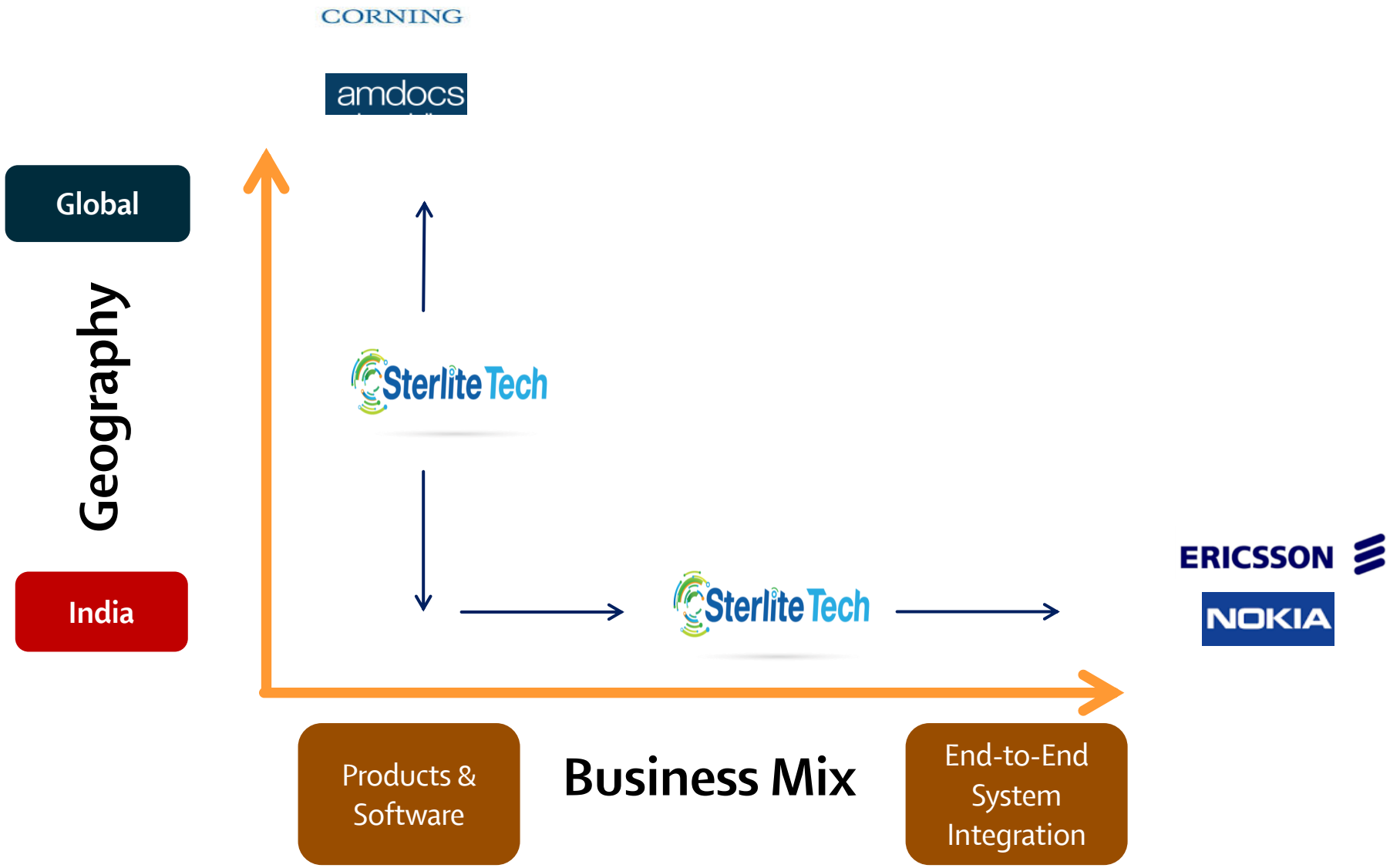
STERLITE TECH HAS SUCCEEDED AT EACH GENERATION OF THE OPPORTUNITY

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

...BY EVOLVING ITS OFFERINGS

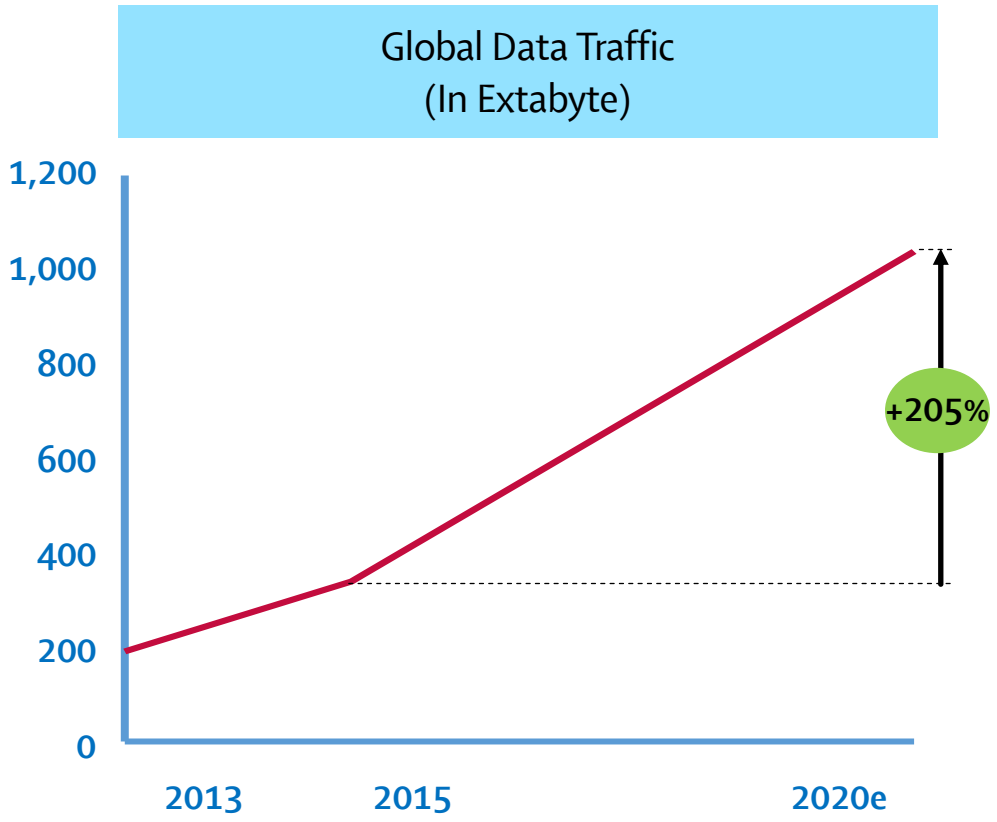
- Brought **High end glass manufacturing technology** India
- Establishing Optical fiber Capacities ahead of Home country demand
- First of its kind **Center of Excellence** at Aurangabad
- Building **intrusion proof high security** network for defense
- **Acquisition of EliteCore** to offer end to end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

OUR BUSINESS MODEL EVOLUTION

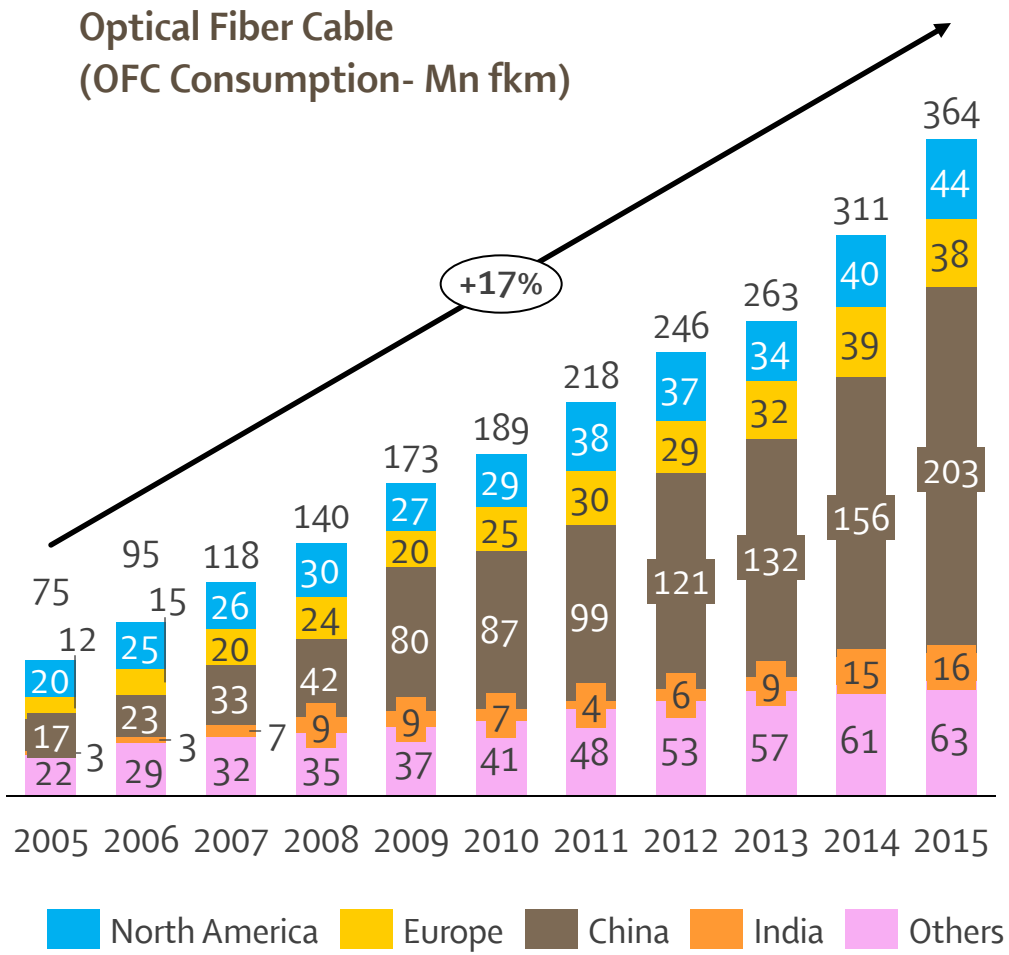


Opportunity Landscape

OUR PRODUCT BUSINESS:GLOBAL OPPORTUNITY LANDSCAPE



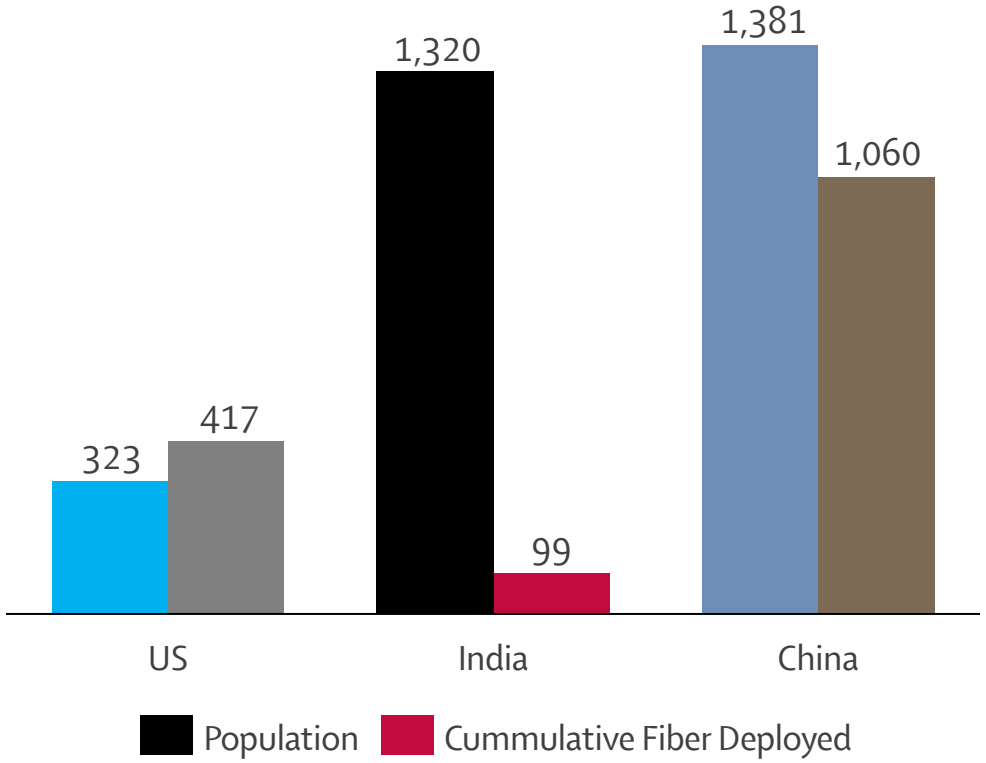
1 Extabyte is equal to 1,000 Gigabytes
Includes both fixed and mobile traffic



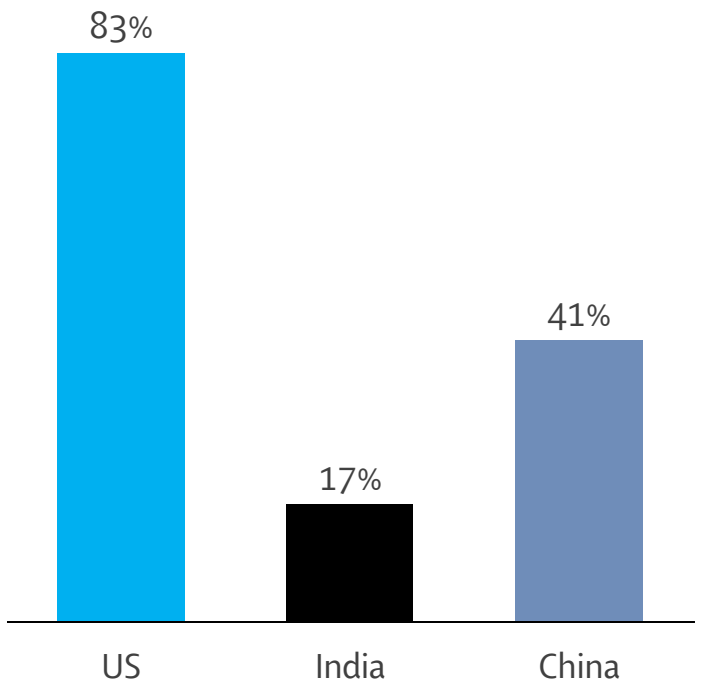
- Global Demand for Optical fiber remains strong and continues to show annual growth
- India remains highly under fiberized compared to other geographies

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

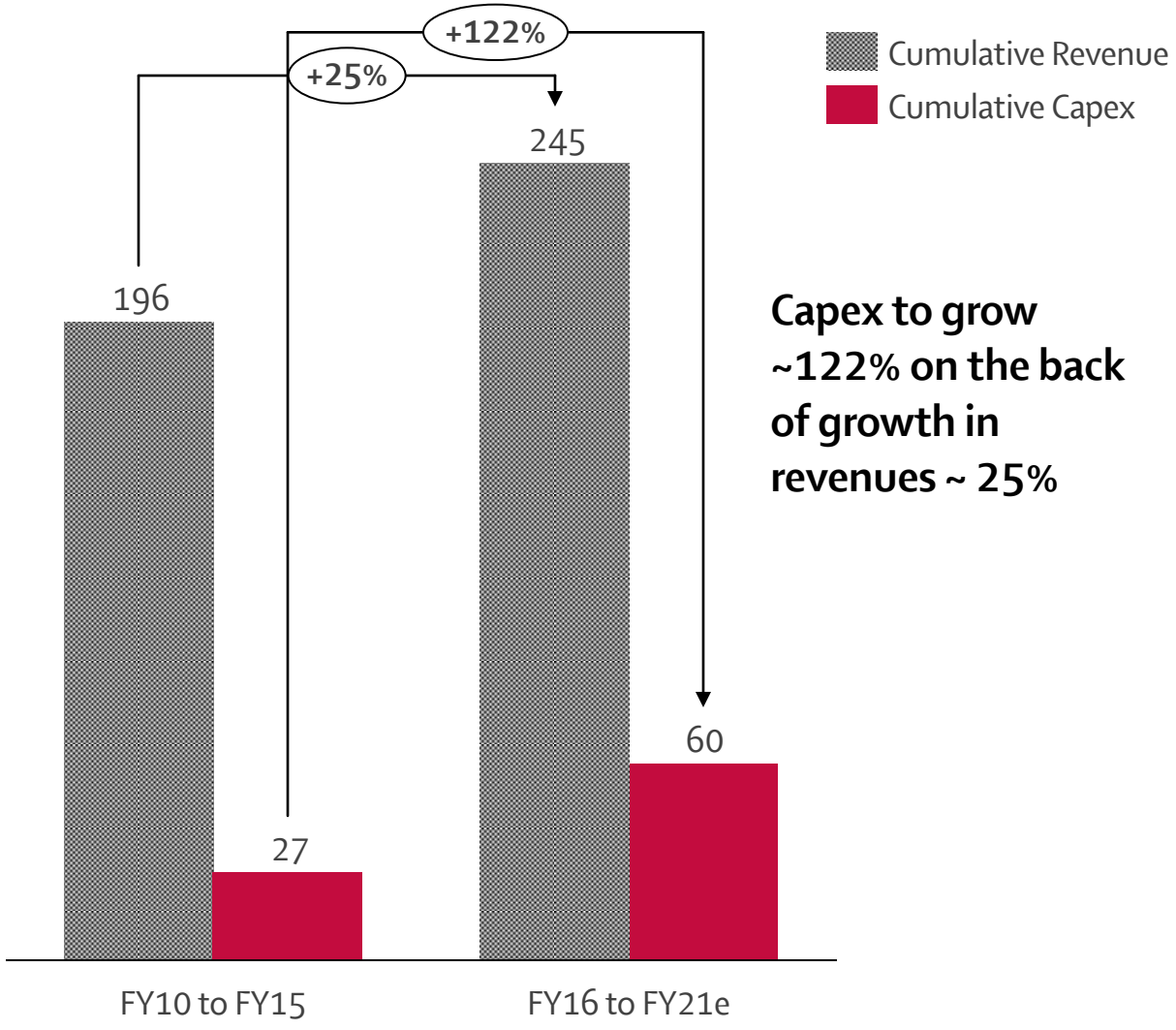
Unique Opportunity to capitalize on Digital India & Telco's Investment

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"

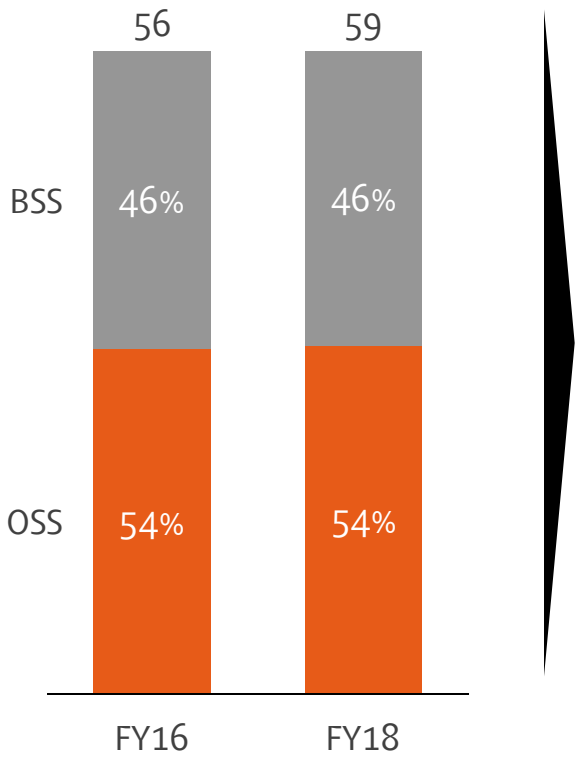


Capex to grow ~122% on the back of growth in revenues ~ 25%

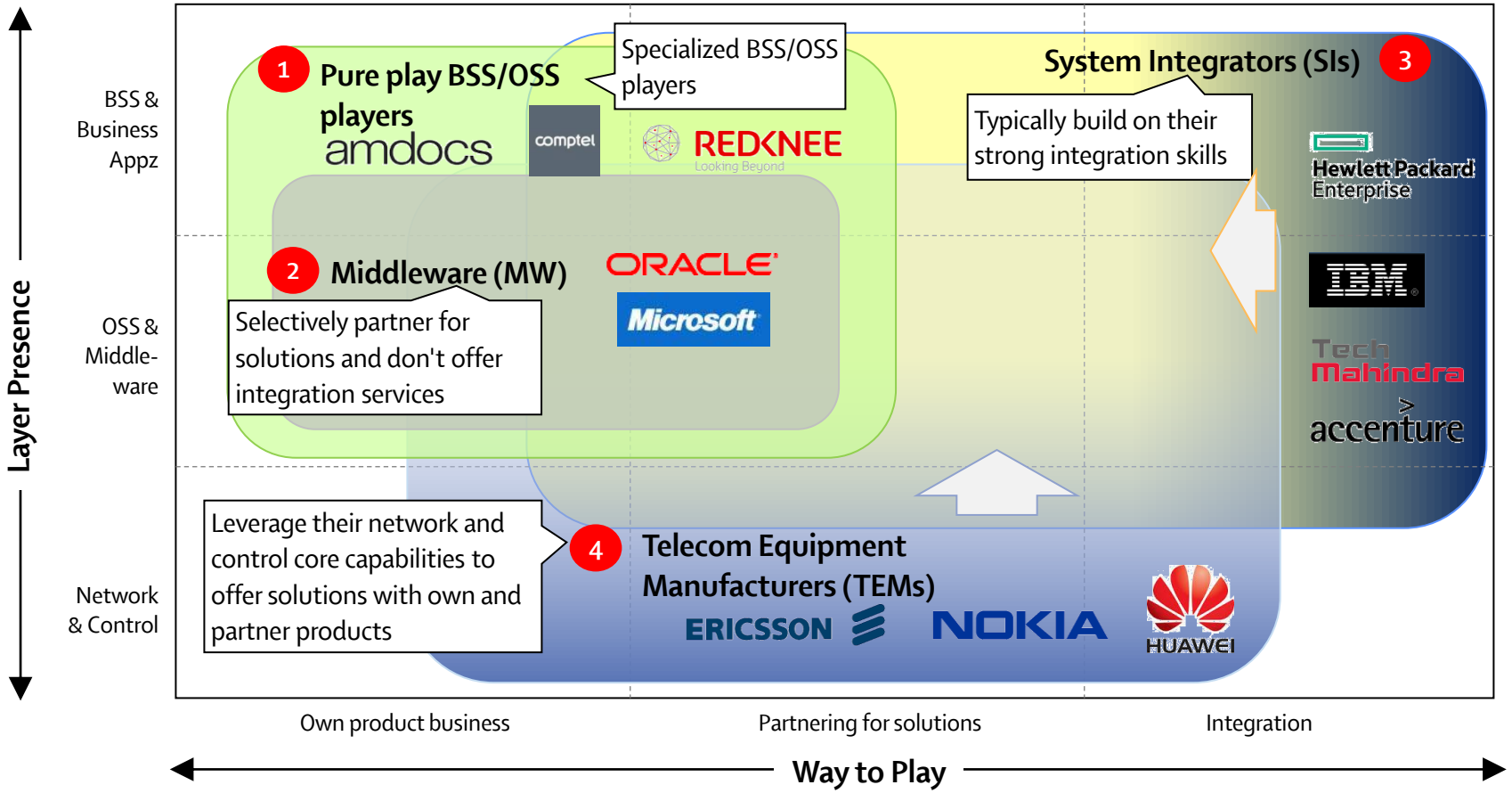
Values in USD Billion
** Sterlite Tech addressable market*

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

Glass | Fiber | Cable

Products

Sustained Cash flows

Profitable Growth

+

Network Integration | System Integration

Solutions & Services

Grow Capabilities

Execution Excellence

+

OSS | BSS

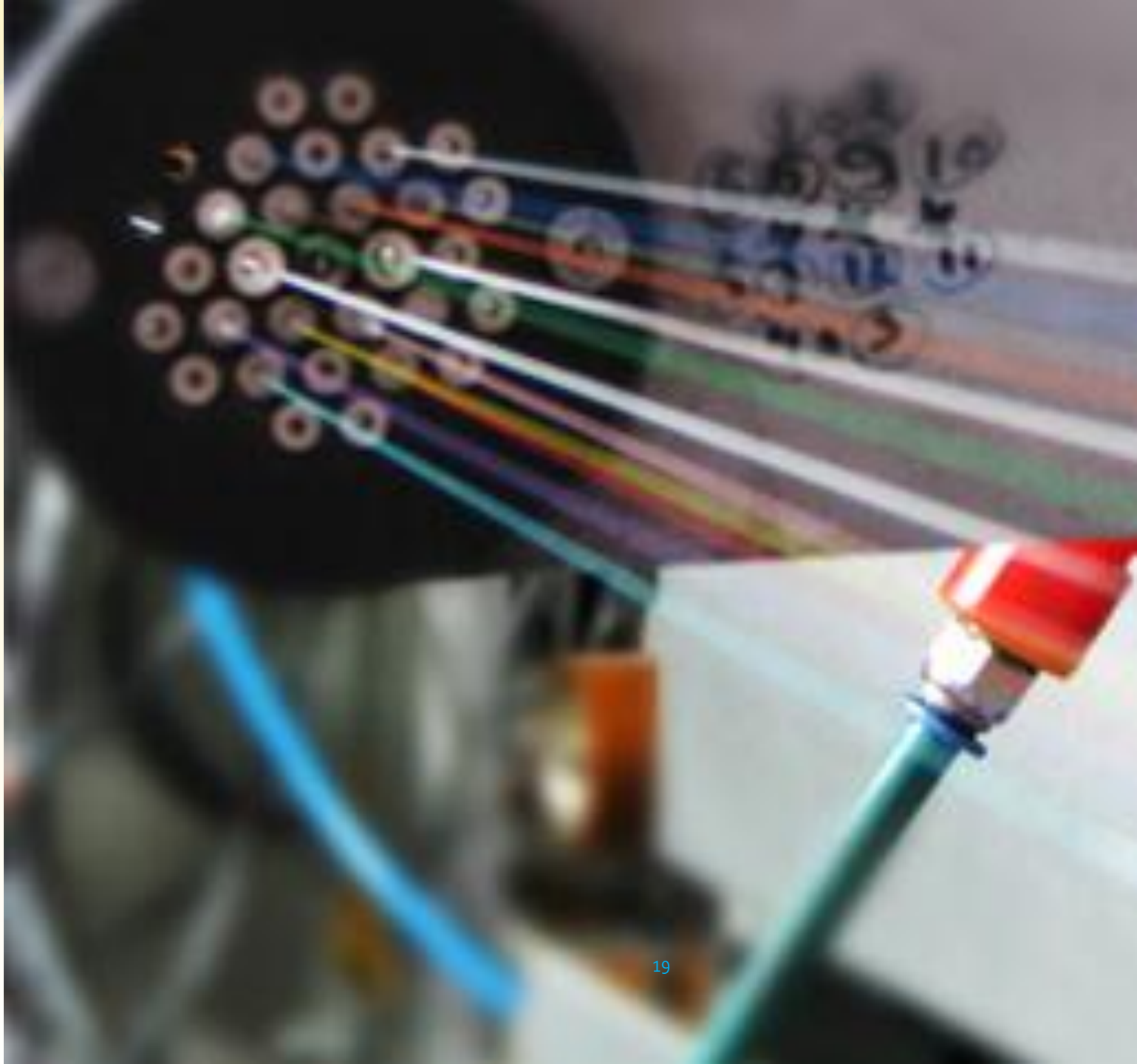
Telecom Software

Build/Acquire Capabilities

End to End Telecom Solution & Services

End to End Integrated Telecom Play

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

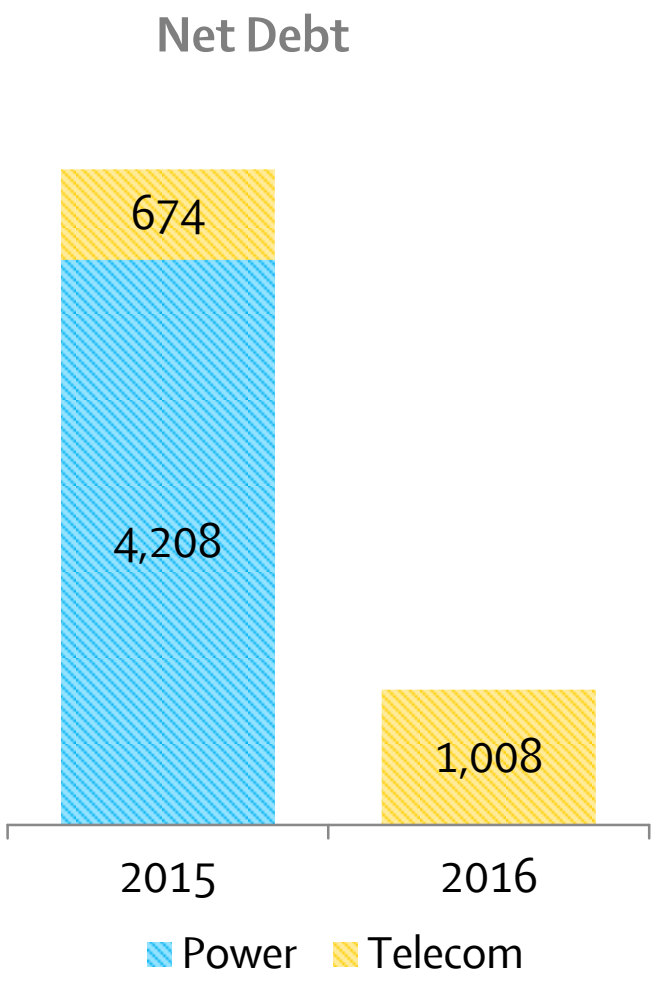
B) TARGETTED EXPANSION OF ROCE

- 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

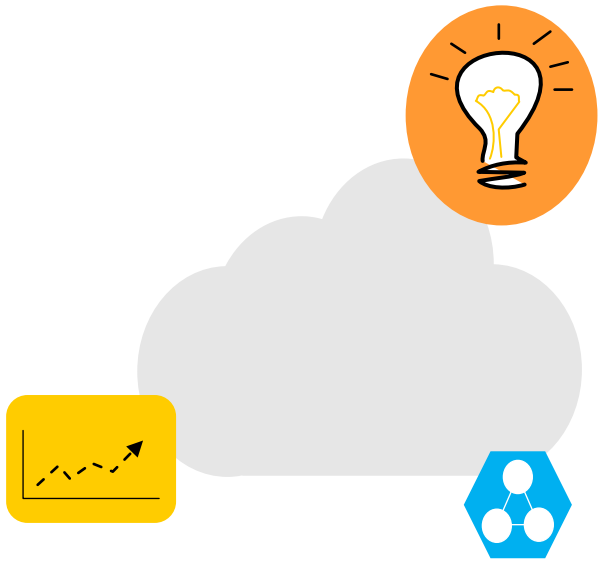
Values in INR Cr.

- 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		

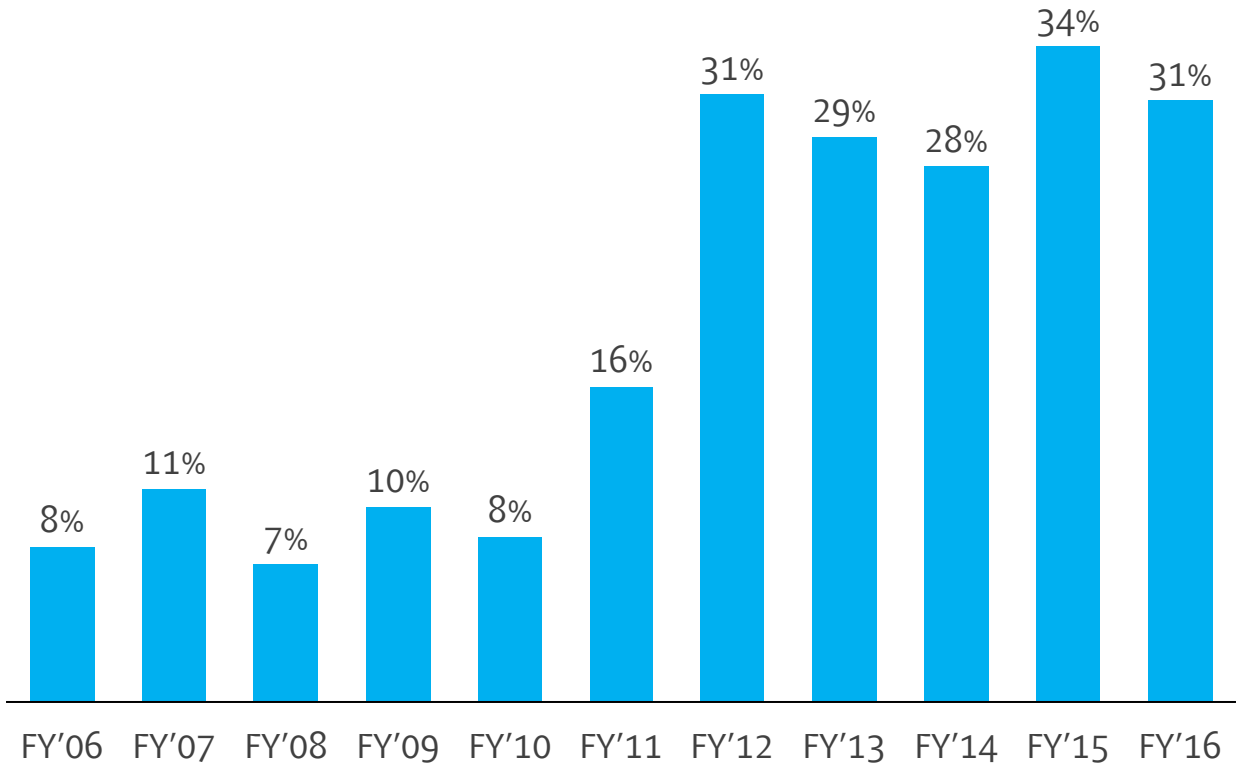


- Enhancing core competency & market access (Design, Engineering, R&D, Global Customer Access)
- Buying decision driven by capability augmentation and & not adding scale/capacity
- Tuck in acquisitions to elevate competitiveness of offerings

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

eLITECORE®

IS NOW

SterliteTech

Customer Centric Model

Customer Units

- Private Telco's
- India Public
- International Market

Offerings

- Products & Solutions
- System Integration
- Telecom Software

Technology Units

- Research & Development
- Solution Design
- Customer Experience Centre

Delivery Units

- Manufacturing
- Supply Chain
- Project Delivery

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

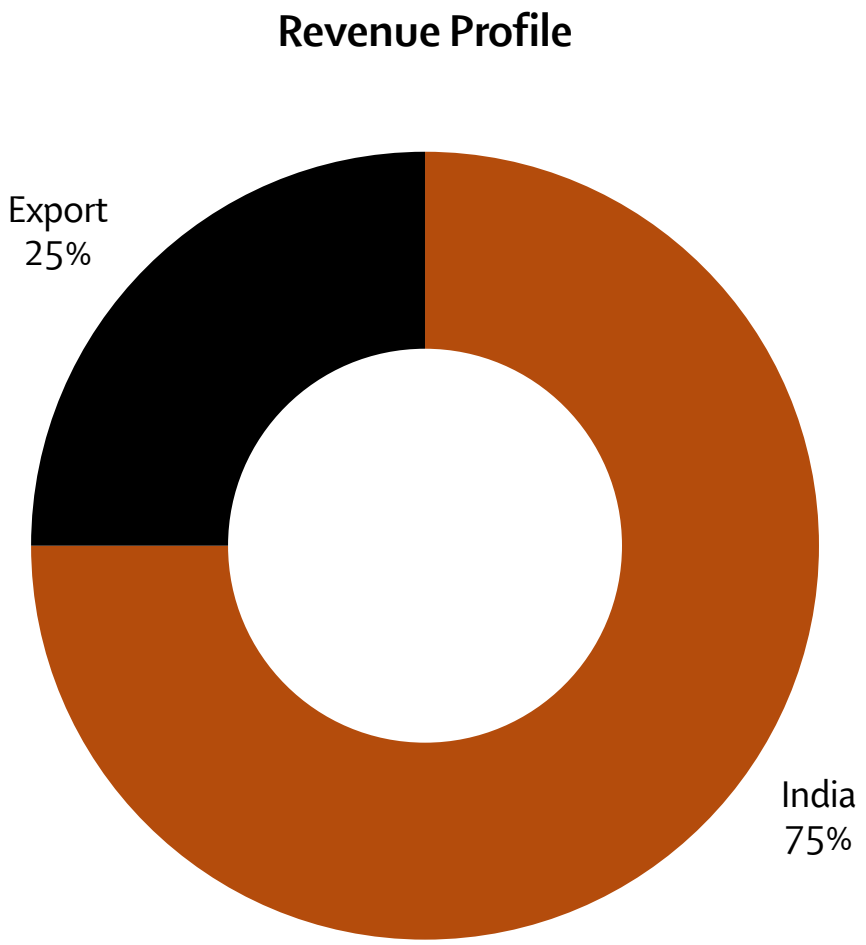
Q4 & Fy16 Performance

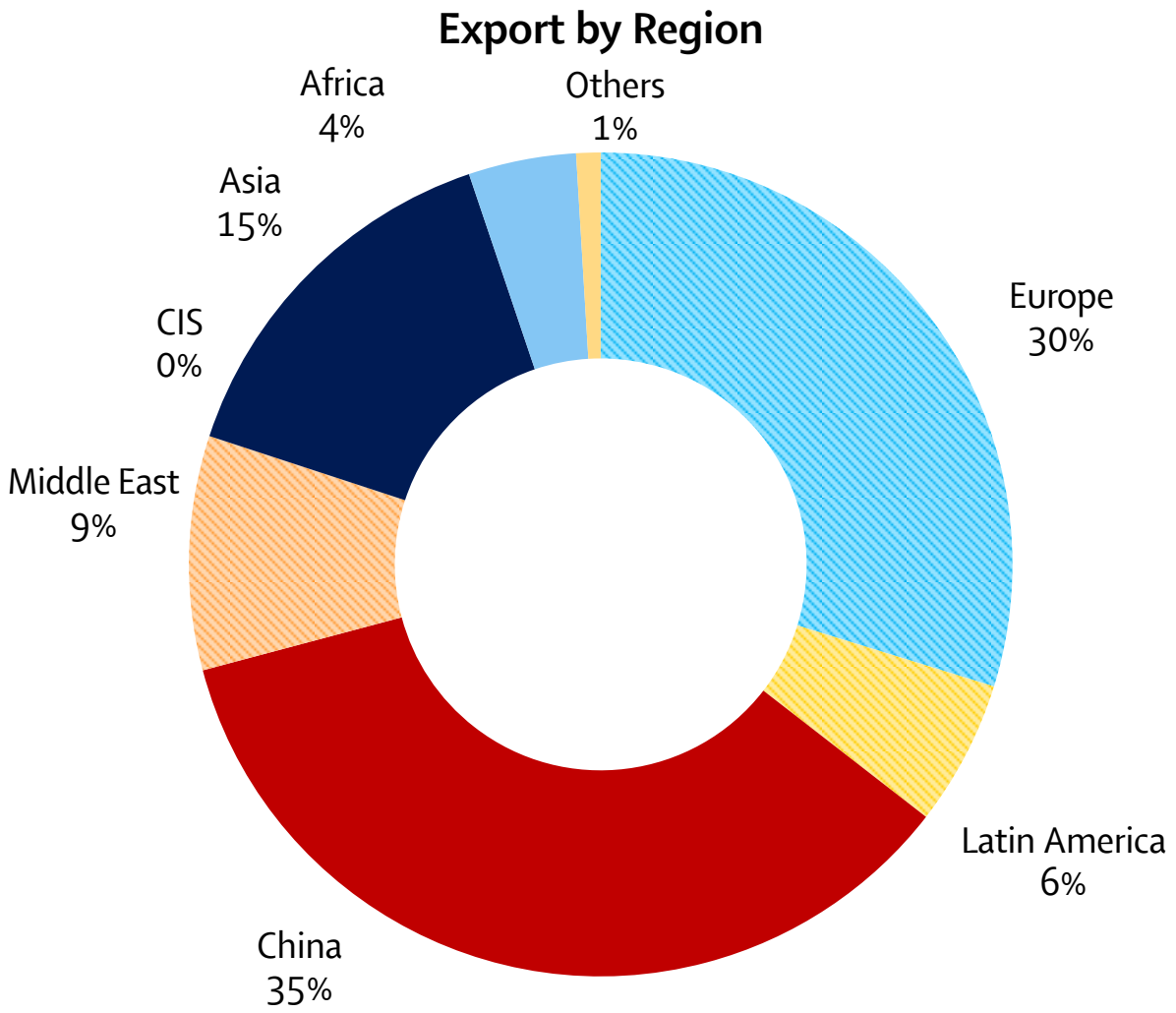
- Revenue Growth remains strong at 34% YoY basis
- OF Volumes at all time high at 20 Mn fkm
- Cabling mix reverts to 27% from 22% in Q3 as ordering resumed
- Booked 479 crore of revenues from Services contributing 22% of total revenues
- EliteCore ends the year with annual revenue run rate of >200 Cr

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





Exports 25%,of total sales

China the major contributor to exports

ANNUAL FINANCIAL PERFORMANCE – CONSOL.TELECOM BUSINESS

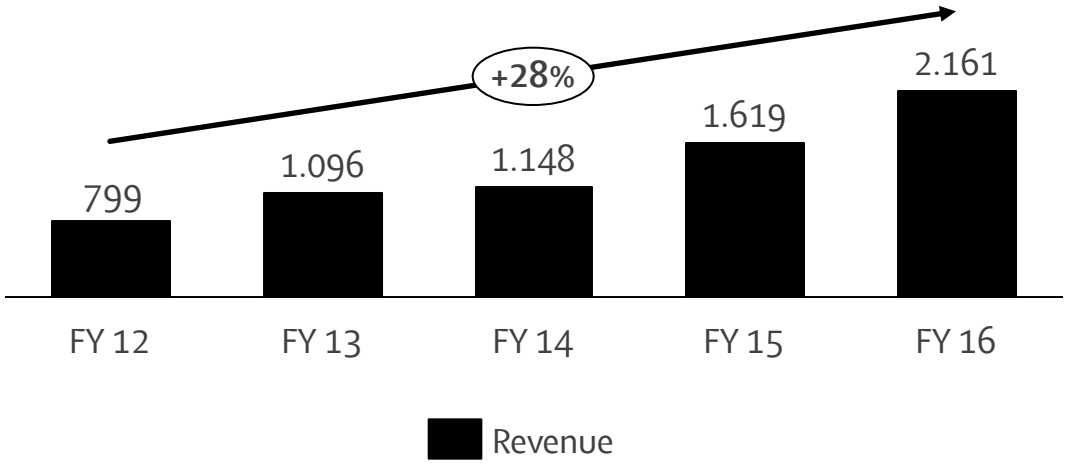
Values in INR Cr.

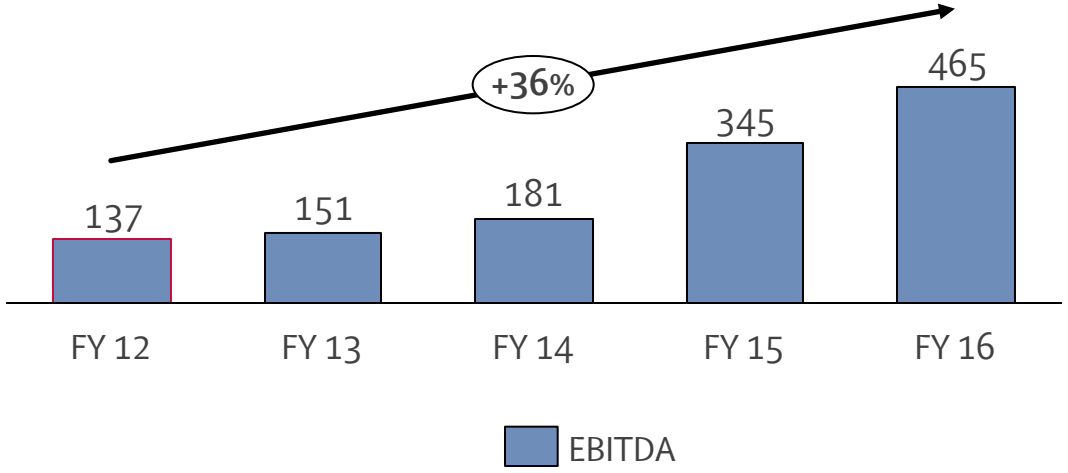
P&L	FY 15 (Adj. proforma)	FY16 (Audited)
Revenue	1,619	2,161
EBIDTA	345	465
EBITDA %	*21%*	*22%*
Depreciation	96	131
EBIT	249	334
EBIT %	*15%*	*15%*
Interest	75	113
PBT	173	221
Tax	55	64
PAT (After minority Interest)	119	151
EPS (Diluted) in Rs.	2.99	3.75

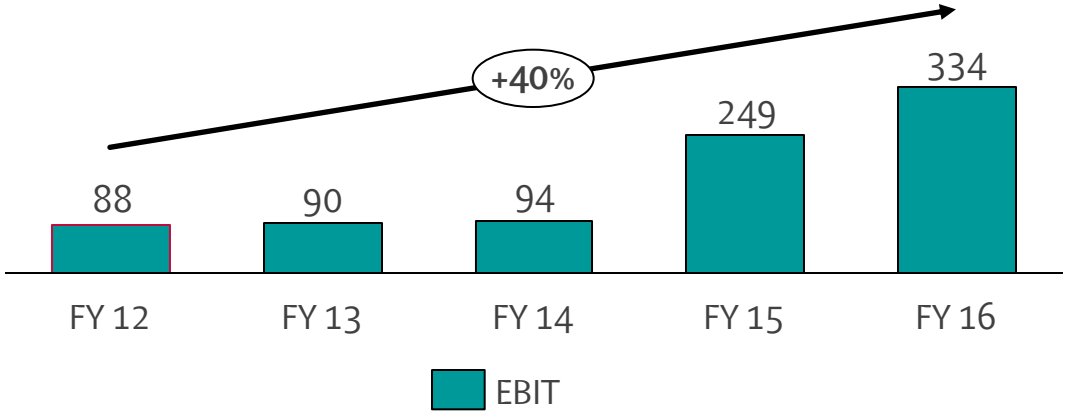
Balance sheet	FY 15 (Adj. proforma)	FY16 (Audited)
Net Worth	577	699
Minority Interest	*23*	*31*
Net Debt	674	1,008
Total	**1,274**	**1,738**
Fixed Assets	984	1,318
Net Working Capital	290	420
Total	**1,274**	**1,738**

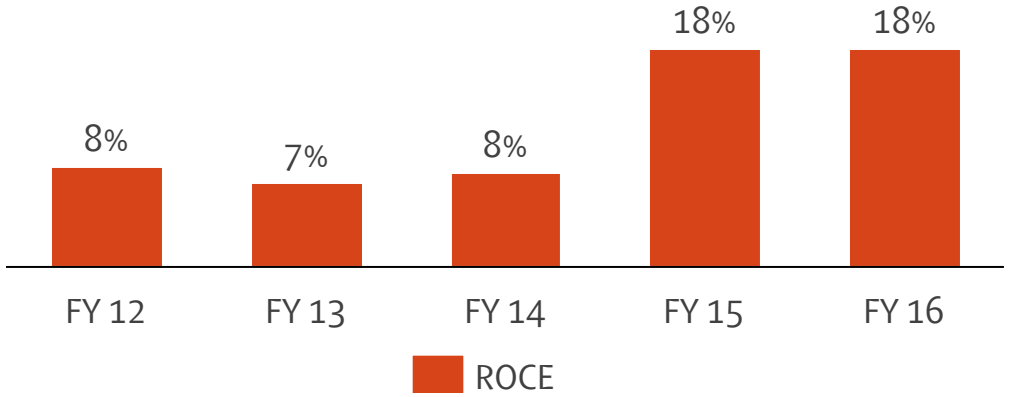
5 YEAR JOUNEY - TELECOM BUSINESS : CONSOL. P&L METRICS

Values in INR Cr.





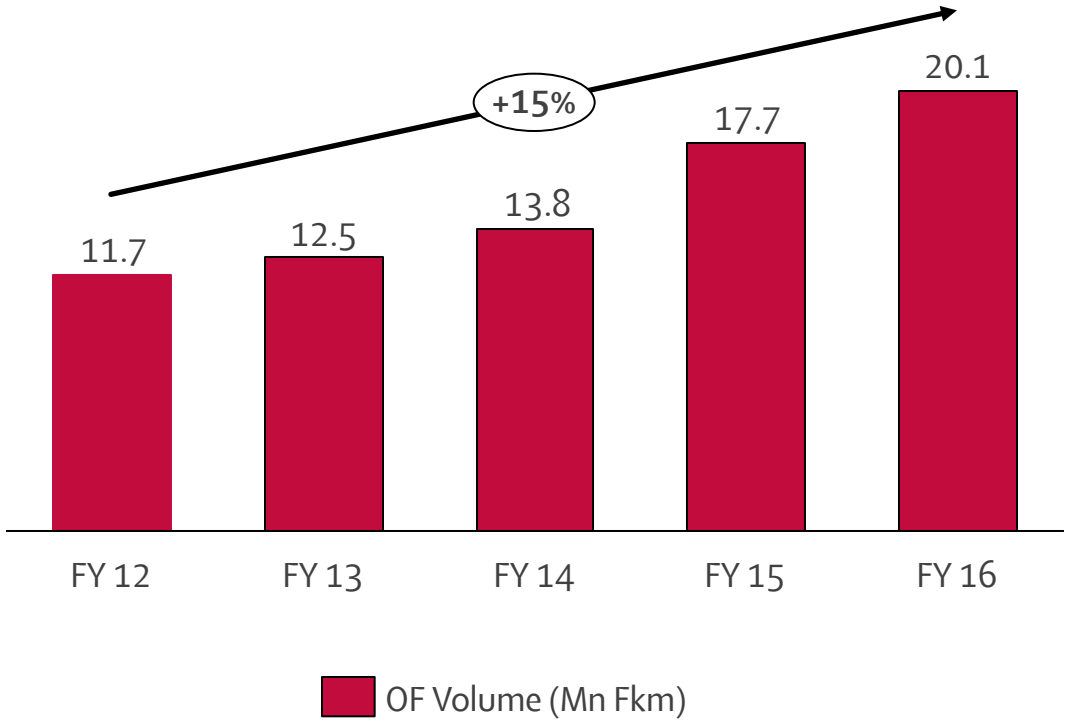


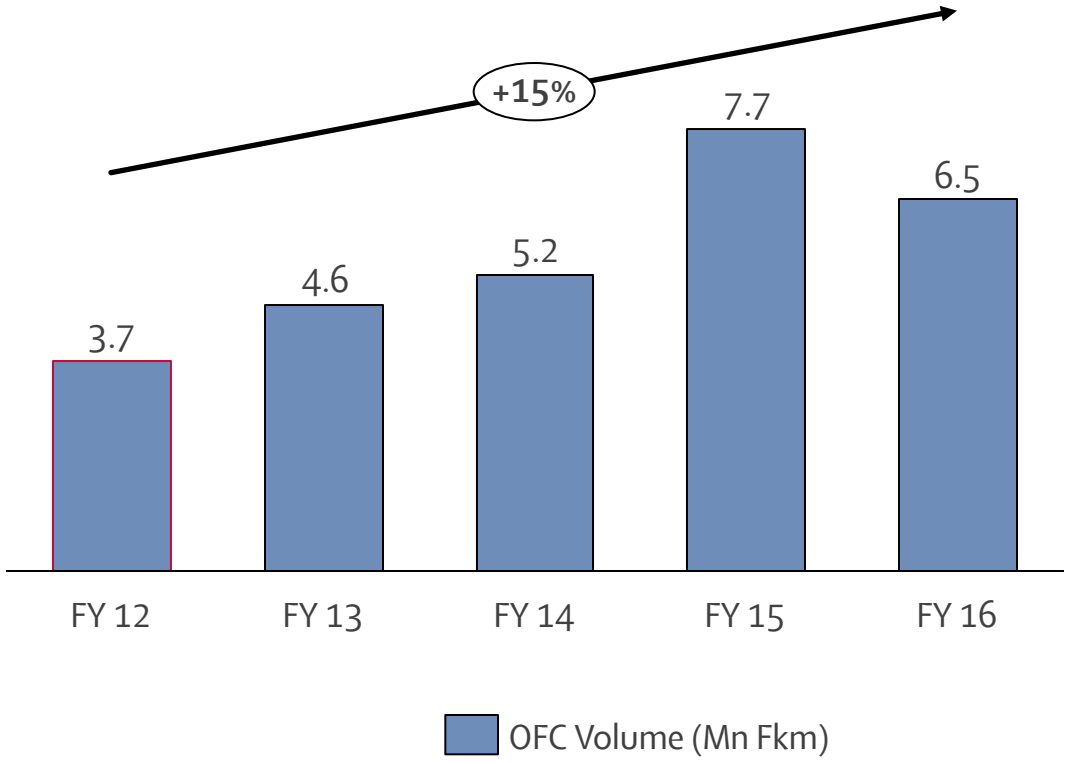


- Continued growth in Revenue, last 4 Year CAGR growth at 28%
- Stronger growth in EBITDA, last 4 Year CAGR growth at 36%
- Expanding ROCE with expanding margin for the business

5 YEAR JOUNEY - TELECOM BUSINESS : VOLUME ANALYSIS

Values in Mn fkm

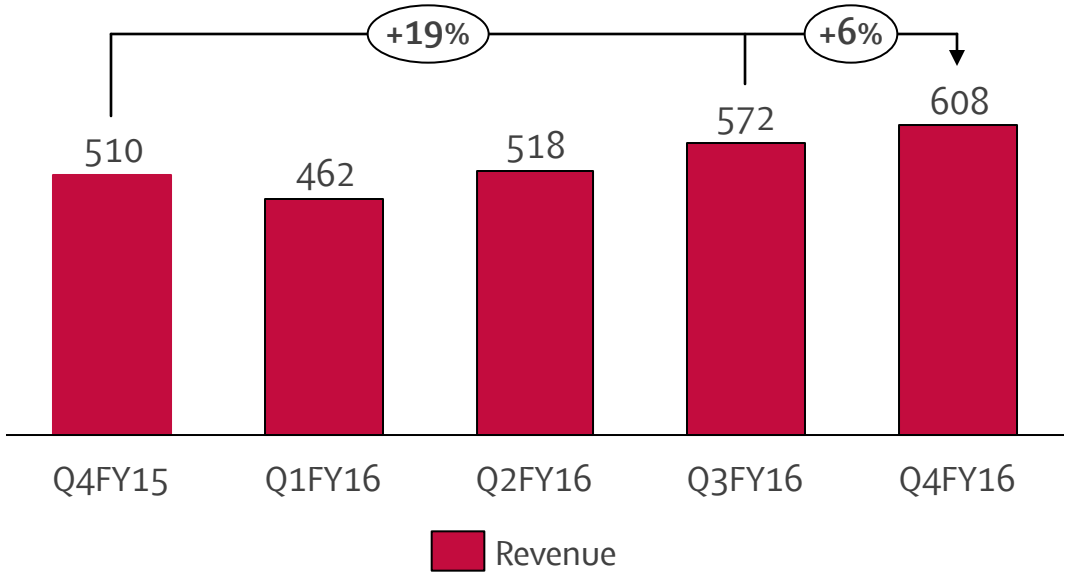


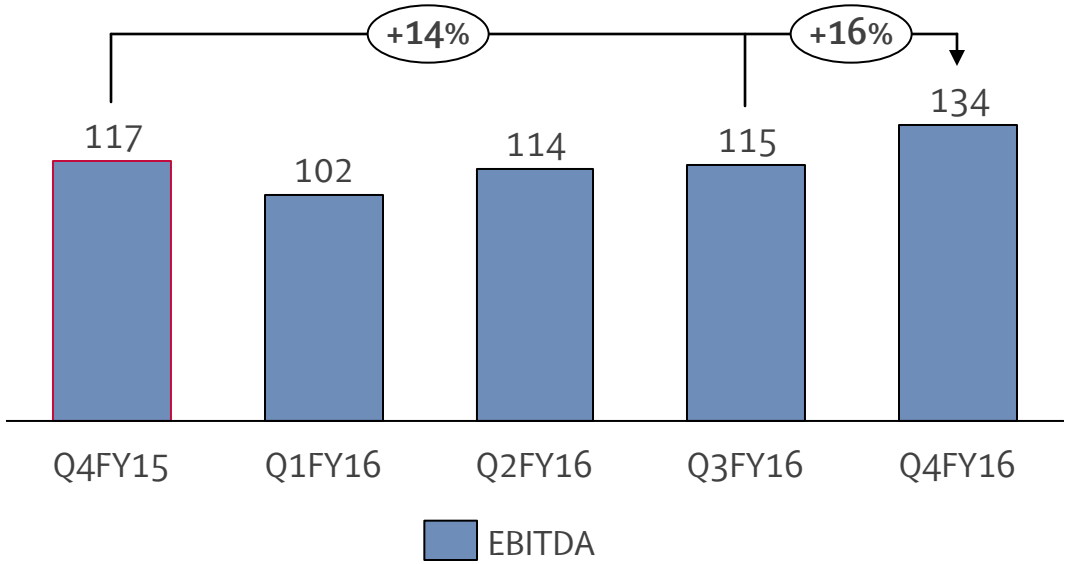


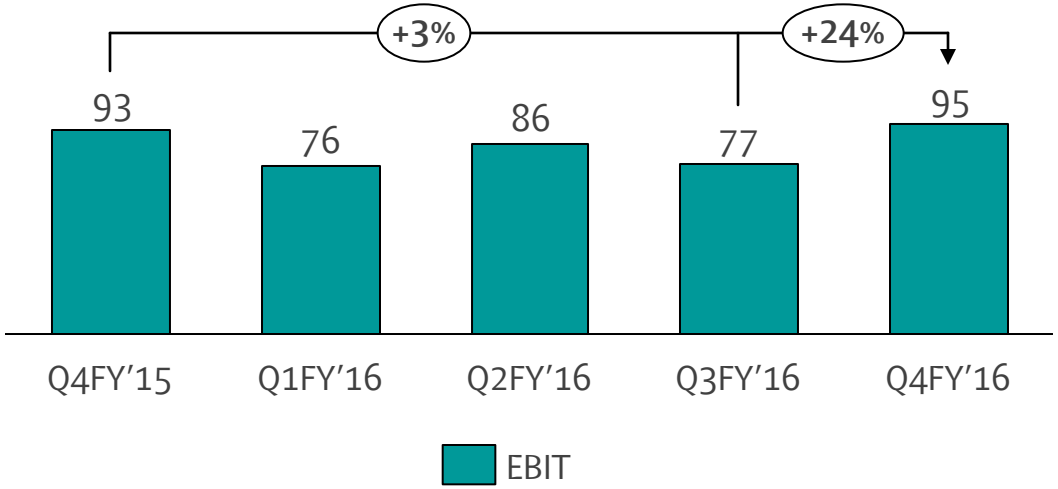
- Volume of OF continues to growth @ of 15% CAGR levels
- Cabling volume also continues to growth @ of 15% CAGR levels
- OFC Volume decline on YoY basis due to shift in the product mix and solutions positioning

QUARTERLY FINANCIAL PERFORMANCE – CONSOL. TELECOM BUSINESS

Values in INR Cr.



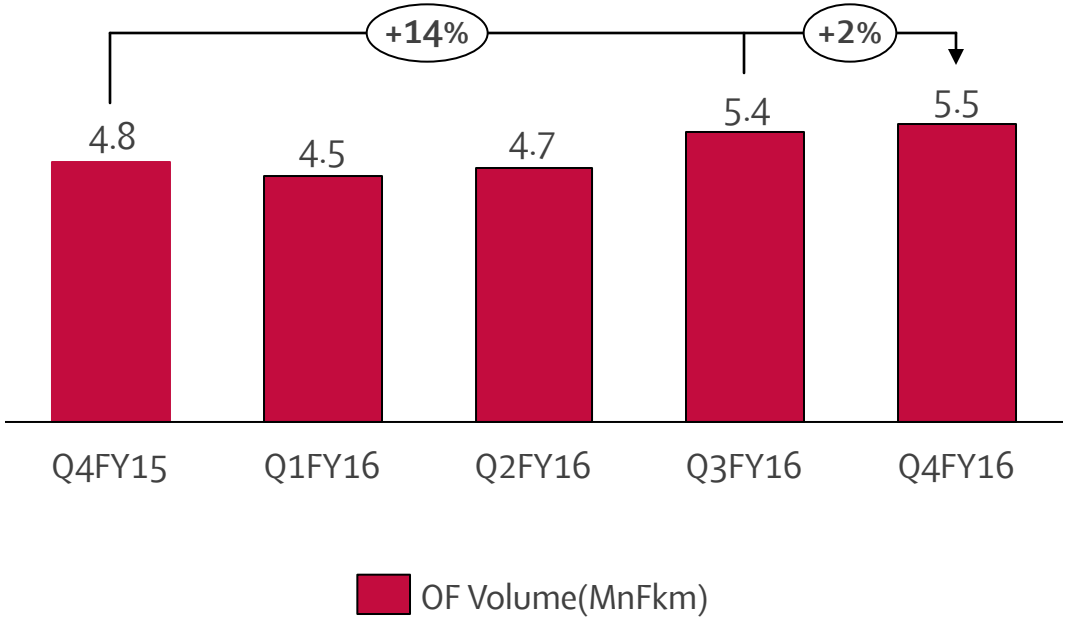


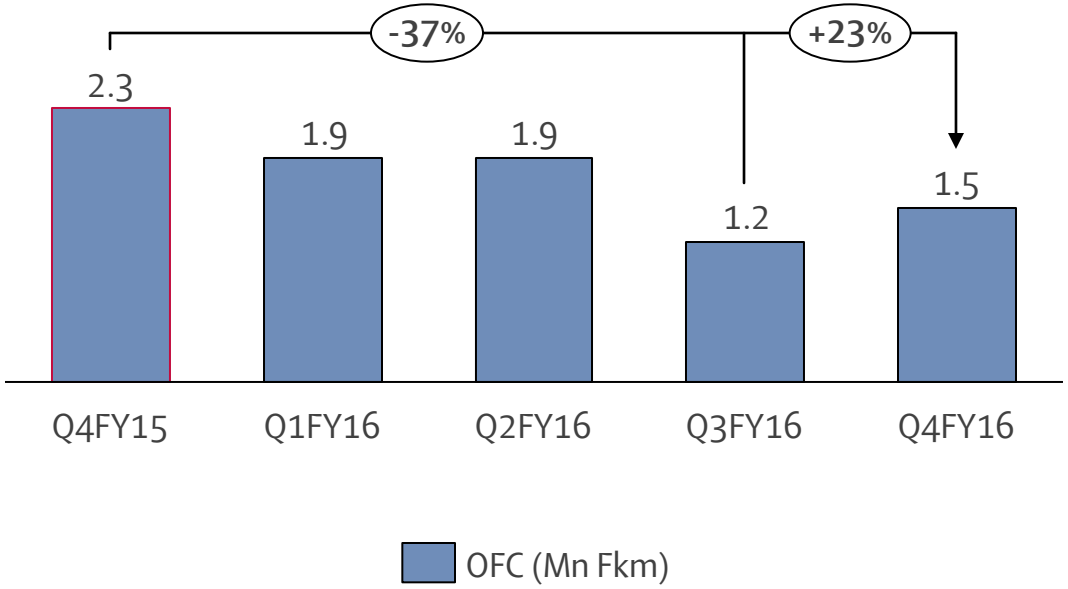


- Revenue increased by 6% over last quarter
- EBITDA grows by 16% over last quarter
- EBIT grows by 24% over last quarter
- Increasing utilization is helping to drive up the EBITDA margin in the products business, trend in blended margin driven by increasing proportion of Software and Services in revenue 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 positon 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

Thank You