

Date 24.11.2016

Department of Corporate Services BSE Ltd. Phiroze Jeejeebhoy Towers Dalal Street, Fort, Mumbai- 400 001. Scrip Code: 532374	The Listing Department National Stock Exchange of India Ltd. Exchange Plaza, C-1, Block G Bandra Kurla Complex, Bandra (East), Mumbai- 400 051. Scrip Code: STRTECH
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Dear Sir/Madam,

Sub: Intimation of Revision of Credit Rating

Pursuant to Regulation 30(6) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform you that CRISIL has upgraded the Long term credit rating to '**CRISIL AA-/Stable** from '**CRISIL A+/Watch Developing**' and Short term credit rating have been upgraded to '**CRISIL A1+**' from '**CRISIL A1 /Watch Developing**'.

Additionally, CRISIL has removed its ratings on bank loan facilities and debt instruments of the Company from 'Watch with Developing Implications' and it has also withdrawn its rating on 'bonds' at the Company's request, as there is no amount outstanding against the said instrument.

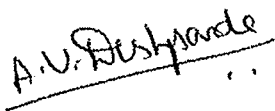
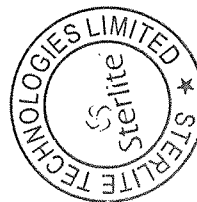
Pursuant to Regulation 46(2)(o) of the Regulations, the aforesaid information is also disclosed on the website of the Company i.e www.sterlitetechnologies.com and on CRISIL's website at the link [http://www.crisil.com/Ratings/RatingList/RatingDocs/Sterlite Technologies Limited November 23 2016 RR.html](http://www.crisil.com/Ratings/RatingList/RatingDocs/Sterlite%20Technologies%20Limited%20November%2023%202016%20RR.html)

Copy of Credit Rating published on CRISIL's website is also enclosed for your reference.

Kindly take the above on your record & acknowledge the receipt.

Thanking you.

Yours faithfully,

For **Sterlite Technologies Limited****Amit Deshpande**
Company Secretary (ACS No. 17551)

Enclosures: as above

Ratings

Rating Rationale

November 23, 2016 | Mumbai

Sterlite Technologies Limited

Ratings upgraded to 'CRISIL AA-/Stable/CRISIL A1+' ; Removed from 'Watch Developing'

Total Bank Loan Facilities Rated	Rs.30381.3 Million (Reduced from Rs.65800 Million)
Long Term Rating	CRISIL AA-/Stable (Upgraded from 'CRISIL A+' ; Removed from 'Rating Watch with Developing Implications')

(Refer to Annexure 1 for Facility-wise details)

Rs.3.5 Billion Short Term Debt	CRISIL A1+ (Upgraded from 'CRISIL A1'; Removed from 'Rating Watch with Developing Implications')
Rs.2 Billion Bond	Withdrawal
Rs.2.5 Billion Bond	Withdrawal

CRISIL has removed its ratings on bank loan facilities and debt instruments of Sterlite Technologies Limited (STL) from 'Watch with Developing Implications'. The ratings have been upgraded to '**CRISIL AA-/Stable/CRISIL A1+**' from 'CRISIL A+/CRISIL A1/Watch Developing'. CRISIL has also **withdrawn** its rating on bonds of STL at the company's request, as there is no amount outstanding against the said instrument. The rating withdrawal is in line with CRISIL's policy on withdrawal of ratings on bonds.

CRISIL had, on May 26, 2015, placed the ratings on 'Watch', following the announcement by STL of its demerger into two different entities: STL and Sterlite Power Transmission Ltd (SPTL). Though clarity on business segments and quantum of debt getting transferred to SPTL was obtained, the watch continued as CRISIL was awaiting the structure and bifurcation of its rated bank facilities and debt instruments which will remain in STL. CRISIL has now received clarity on this and has taken the final rating action.

The upgrade reflects CRISIL's belief that STL will sustain its improved financial risk profile over the medium term backed by healthy and steady net cash accrual, reduced debt levels, and absence of major capex plans over the period. CRISIL's view is underpinned by STL's strong business risk profile, reflected in its dominant market position, healthy operating efficiencies emanating from integrated nature of operations, and expected increase in revenue contribution from services business. STL's financial risk profile, particularly its debt protection metrics improved in fiscal 2016, with significant increase in its interest coverage and net cash accruals to total debt ratio to 3.61 times (1.66 times for fiscal 2015) and 0.21 time (0.08 time), respectively. This improvement was because of transfer of debt taken to fund equity requirement of the Sterlite group's power transmission assets to SPTL reducing STL's debt levels.

The ratings continue to reflect STL's leadership position in telecommunication (telecom) cable segments, healthy operating capabilities, and benefits expected from the healthy growth prospects for its end-user industries. These strengths are partially offset by strong competition for optical fibre (OF) and optical fibre cable (OFC) segments in the export markets and working capital-intensive operations.

STL has a dominant market share in India's OF and OFC market. Backward integration in operations, strong and consistent focus on quality, and benefits from economies of scale enhance the operating efficiency. It is among India's largest and low-cost producers of OF and OFC. The company's telecom business is growing at a healthy compound annual growth rate of 16% over the four years though fiscal 2016. The business also commands high margins given STL's backward integrated operations and healthy demand prospects for the OF and OFC business. STL has also established its footprint in the overseas market in these segments, thus increasing the diversification in its client base and reducing customer concentration risks.

The ratings are also supported by healthy growth prospects for STL's end-user industry, telecom. With the expected increase in the penetration of broadband services, the medium-term demand outlook for the company's telecom business is robust. Order book was strong at Rs 23 billion as on September 30, 2016, providing healthy revenue visibility over the medium term.

STL's OF and OFC business faces stiff competition from established players in the export market, while in the domestic market, these segments remain exposed to capex cycles of the telecom service providers. Moreover, operations remain working capital intensive, with large part of the revenue expected to come from the network for spectrum project, where working capital requirements are relatively higher. STL's large working capital requirement is reflected in its gross current assets of 206 days as on March 31, 2016.

For arriving at its ratings, CRISIL has combined the business and financial risk profiles of STL, its subsidiaries and its joint ventures (JVs), Jiangsu Sterlite & Tongguang Optical Fibers Co Ltd (JSTOFCL), and Sterlite Condu spar Industrial Ltd (Sterlite Condu spar). This is because of STL's significant control over the management of these entities, which are in the same line of business as, and strategically important to, STL.

Outlook: Stable

CRISIL believes that STL will maintain its strong business risk profile over the medium term, supported by its leadership position in its product segments and integrated nature of operations. Its financial risk profile is also expected to sustain at improved levels in absence of major capex plans. The outlook may be revised to 'Positive' if there is faster than expected improvement in STL's financial risk profile most likely due to increased net cash accruals, better operating profitability and faster debt reduction. Conversely, the outlook may be revised to 'Negative' if there is any deterioration in STL's operating performance in the near term, or if the company undertakes any large, debt-funded capex programme precluding sustenance of improvement in debt protection metrics.

About the Company

STL is a leading manufacturer of OF and OFC. It also has a 75:25 JV, JSTOFCL, with Jiangsu Tongguang Communication Co Ltd of China. JSTOFCL, which has set up a manufacturing facility, with capacity of 4 million fibre kilometres (mfkm) of OFC in China, commenced operations in April 2013. STL has also set up a 50:50 JV with Condispar Condutores Eletricos in July 2013 for manufacturing OFC in Brazil. In fiscal 2015, STL acquired Elitecore Technologies Pvt Ltd which is a global provider of software products.

For the six months ended September 30, 2016, STL, on a consolidated basis, reported a net profit of Rs 889 million on net sales of Rs 11.35 billion against a net profit of Rs 688 million on net sales of Rs 10.48 billion for the previous corresponding period. For fiscal 2016, STL, on a standalone basis, reported a net profit Rs.1.8 billion on an operating income of Rs 20 billion as against a net profit of Rs 842 million on an operating income of Rs 31 billion for fiscal 2015. STL, on a consolidated basis, reported a net profit of Rs 1.5 billion on an operating income of Rs 22 billion for fiscal 2016. The figures for fiscal 2016 reflect the demerged entity of STL, hence, these are not comparable with fiscal 2015 figures.

Annexure 1 - Details of various bank facilities

Current facilities			Previous facilities		
Facility	Amount (Rs.Million)	Rating	Facility	Amount (Rs.Million)	Rating
Cash Credit	5600	CRISIL AA-/Stable	Cash Credit	8450	CRISIL A+/Watch Developing
Letter of credit & Bank Guarantee	23100	CRISIL AA-/Stable	Letter of credit & Bank Guarantee	51850	CRISIL A+/Watch Developing
Term Loan	1681.3	CRISIL AA-/Stable	Proposed Long Term Bank Loan Facility	225	CRISIL A+/Watch Developing
--	0	--	Term Loan	5275	CRISIL A+/Watch Developing
Total	30381.3	--	Total	65800	--

Links to related criteria

CRISILs Approach to Financial Ratios

CRISILs Bank Loan Ratings - process, scale and default recognition

CRISILs Criteria for Consolidation

Criteria for rating Short-Term Debt (including Commercial Paper)

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Last updated: April 2016

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