Sterlite Technologies announces Q4 and full year FY15 results

Board approves corporate restructuring as part of value unlocking for shareholders

- ***Sterlite Technologies Limited*** to become a ***pure-play Telecom Products & Solutions company*** providing Broadband Solutions for Fully Converged Networks; *Demerge Power Products business and Power Transmission Grid Business into a separate company (Sterlite Power Transmission Limited)*

- FY15 revenues up 11% to Rs. 3,030 crore, ***EBITDA up 42% and PAT up 68%*** ; Order Book over Rs. 4700 crores

- Board recommends ***dividend of Rs. 0.60 per share*** against Rs 0.30 per share last year

NEWS RELEASE
FOR IMMEDIATE PUBLICATION

Pune, India – May 18, 2015: At its meeting earlier today, the Board of Sterlite Technologies Ltd. ("STL") approved a Corporate Restructuring plan. As a result of this restructuring, ***Sterlite Technologies Limited will become a pure-play Telecom Products & Solutions*** company providing Broadband Solutions for Fully Converged Networks. The Board approved to demerge the Power Products Business and the Power Transmission Grid Business into a ***separate entity named 'Sterlite Power Transmission Ltd.' ("SPTL")***. The Board also approved the financial results for the quarter and financial year ended March 31, 2015.

Sharing his vision for the Company, Mr. Anil Agarwal, Chairman of Sterlite Technologies, said " We are very excited by the opportunities that are surfacing on both our Telecom and Power businesses. This proposed restructuring is an important step in the direction of our vision to create ***two unique pure-play business entities***, one focussed on Broadband Solutions for Converged Networks and other focussed on providing Solutions and Creating World class Power Transmission Infrastructure. Both these businesses will be attractively positioned to play an integral role in development of the country through several initiatives like Digital India and Power 24x7".

The corporate restructuring is viewed by the company as a potential value creator for all shareholders combined with an objective of bringing a sharper and independent focus on both the segments, which have reached a certain scale and addressing two distinct opportunities of sustainably large magnitudes. It will essentially provide two separate and distinct platforms, one for Telecom business, which is in a high growth stage on the backdrop of huge data consumption opportunity and the other for Power business, which will be a strategic vehicle for creation of infrastructure assets in the growing transmission sector.

Considering the differentiated attributes, the inherent business models and capital requirement of each of these business, the equity shares of the telecom business will continue to be publicly listed, while those of the newly

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formed power business will remain unlisted. The decision to keep the equity shares of the power business unlisted is in line with the global model for such infrastructure companies, which are not amiable to quarterly public market reporting requirements and need operational freedom and capital structure flexibility.

Accordingly, this restructuring will essentially allow investors the choice to continue to be associated with all these businesses, or only specifically invest in businesses that best suit their respective investment philosophy. It also creates an opportunity for value discovery of each business independent of the other. The restructuring has been undertaken after careful consideration and review by the Board and also echoes the feedback received from the investor community.

Once the demerger scheme is effective, after due regulatory approvals, STL's shareholders will continue to retain their equity share of Rs 2 in STL (pure-play telecom company). Additionally, for every five equity share of Rs. 2 each held in STL, the shareholders will have an option to receive one equity share of Rs. 2 each of SPTL issued at a premium of Rs 110.30 or one Redeemable Preference Share (RPS) of Rs. 2 each issued at a premium of Rs 110.30 each. The shareholders will have the option of continuing to be invested in SPTL or redeeming the RPS through liquidity options. The RPS will be redeemable within 30 days of issue if opted for. The value of SPTL has been decided by the Board based on the recommendation of 2 reputed Independent Valuers (Price Waterhouse & Co LLP and Haribhakti & Co LLP). The value of the demerged undertaking after taking into consideration the allocation of debt would be Rs 885 crores, implying a value of Rs 22.46 per equity share of STL. Post this, as of 31st March 2015, on a proforma basis STL will retain a consolidated net debt of Rs 674 crores against a pre-restructuring consolidated net debt of Rs 4881 crores. The share entitlement ratio report has been prepared by Price Waterhouse & Co LLP with a fairness opinion done by Axis Capital who are acting as financial advisers to STL. The company has also appointed BSR and Co. as tax advisors and Khaitan & Co as legal advisors to the proposed transaction.

The Appointed Date for the demerger is April 1, 2015, and the demerger is expected to be completed by Q4,FY16. The proposed Corporate Restructuring is subject to approval by the High Court, SEBI, Shareholders of STL, its creditors and other relevant regulatory authorities.

The Company also announced financial results for the Q4 and full year FY15.

Financial Highlights:

- Revenues for the Q4, FY15 stood at Rs. 979 crores, an increase of 52% with respect to same period last year. Full year revenues stood at Rs. 3030 crores.
- Q4 2015 EBITDA at Rs. 131 crores continues to show sequential growth on a Quarter on Quarter basis. On full year basis, the standalone EBITDA for FY15 stood at Rs. 386 crores against Rs. 271 crores - EBITDA margin improved from 10% last year to 13% this year.
- Strong volume growth across Optical Fiber and Optical Fiber Cable of 28% and 48% respectively, while power conductors had volume de-growth of 18%.
- Strong performance in the telecom segment reflected in ROCE improvement from 10% in FY14 to 23% in FY15
- Strong order book of Rs. 4,711 crores as at end of FY 15, against Rs. 2,521 crores the previous year. Current order book represents nearly 1.5 times of FY15 revenues.

Business Highlights:

- Commenced capacity increase in Optical Fiber cable business to 15 million kms (from 8 million kms) at an estimated capex of Rs. 150 crores.
- Successfully developed innovative new optical fiber cable products portfolio (micro-module up to 144f) for use in Fiber to the Home applications.

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- State-of-the Art Centre of Excellence inaugurated in Aurangabad by Honourable Dr. APJ Abdul Kalam with a view to sharpen our research focus on ultra-high speed broadband technologies.
- Power conductor business continues to expand its client base and has added in marquee clients in Africa as well as Latin America.
- Power transmission business successfully refinanced the first project ENICL resulting in a release of Rs. 150 crores of equity capital as well as reduction in interest rate by 175 bps.

STANDALONE FINANCIALS

Standalone Financials	Quarter Ended March 31	Quarter Ended Dec 31	Quarter Ended March 31	Year Ended March 31	Year Ended March 31
	Q4 FY 15	**Q3 FY15**	**Q4FY14**	**FY15**	**FY14**
Net Revenues (INR Cr)	979	895	646	3,030	2,726
Net Revenues ($ Mn)	153	140	101	473	423
EBITDA (INR Cr)	131	102	73	386	271
EBITDA ($ Mn)	20	16	11	60	42
Net Income (INR Cr)	39	23	10	84	50
Net Income ($ Mn)	6	4	2	13	8
Conversion of USD to INR at Rs 64					

ABOUT STERLITE TECHNOLOGIES

Sterlite Technologies Limited (STL) develops & delivers products, solutions and infrastructure for telecom & power transmission networks, globally. STL is among the global leaders in all its business areas of Optical Fiber, Fiber Optic Cables,Power Conductors and HV / EHV Power Cables through its operations in India, China & Brazil. As the most integrated Optical Fiber Company in the world, STL is pioneering Fiber-to-the-Home (FTTH) deployment in India to enable high speed broadband connectivity. STL is developing several transmission infrastructure projects spanning over 5,000 Circuit Kms, across India. Listed on Stock Exchanges BSE & NSE in Mumbai, India, Sterlite Technologies is a public company with broad shareholder base.

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Forward-looking and cautionary statements: 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. Assumption US$ = Rs. 64.

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