



stl.tech

Investor Presentation May'20



Safe Harbour



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Company Overview



**Company
Overview**

1
The Digital
Networks
Growth Story

2
STL
Strategy

3
Our Unique
Value Proposition

4
STL
Financials

Annexure

We build digital networks for our customers



Core Business

Customer Segments



Telcos



Cloud Co.



Large Enterprises



Citizen Networks

End-to-End Solutions

opticonn

Optical Connectivity



Fibre Deployment

FTTx mantra
One Solution. Countless Opportunities

FTTx Access Network

netmode

Network Modernization

Portfolio Offerings



Optical Interconnect Products



Virtualised Access Products



Network Software Products



System Integration Services

Unique Capabilities

Glass Preform

Fibre & Cables

Virtual Network Software

Telecom Software

Network Design

Optical Interconnect

Radio Access

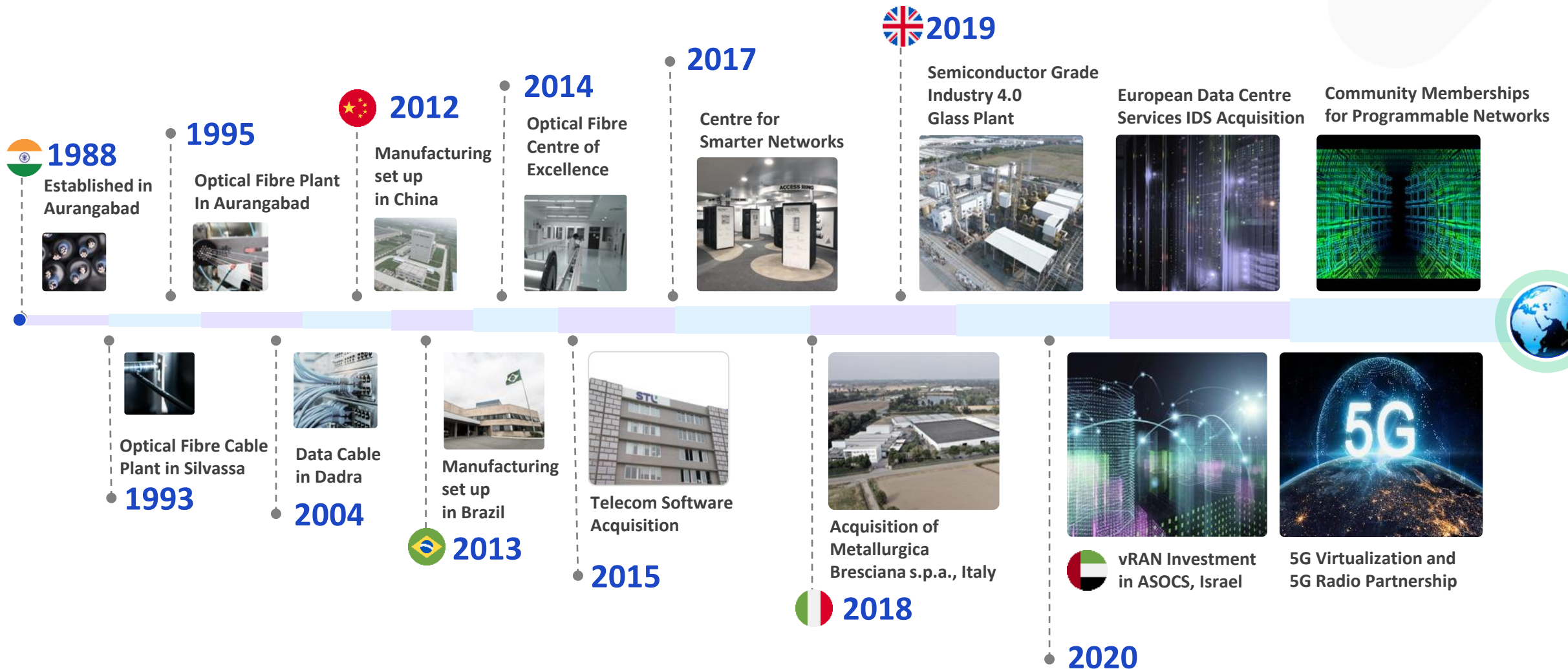
pFTTx

Fibre Deployment

O&M

Starting from optical fibres

We now build digital networks globally



Our Company in numbers



\$736 Mn.

FY20 REVENUE

India (66%), Europe (22%),
China (3%), Rest of world (9%)

7

GLOBAL PRODUCTION FACILITIES

50m fkm optical fibre capacity

4

INNOVATION CENTRES

Research & Development

358

PATENTS

Across the network layer

Zero

WASTE TO LANDFILL

Shendra, Rakholi, Dadra

30+

NATIONALITIES

~3,100 Employees

GLOBAL FOOTPRINT



STL has a comprehensive Portfolio of offerings



Optical Interconnect Products

- Glass Preform
- Optical Fibre
- Optical and Speciality Cables
- Optical Interconnect



Virtualised Access Products

- Programmable FTTx
- Virtualised Radio Access Network
- RAN Intelligent Controller
- RAN Orchestration



Network Software Products

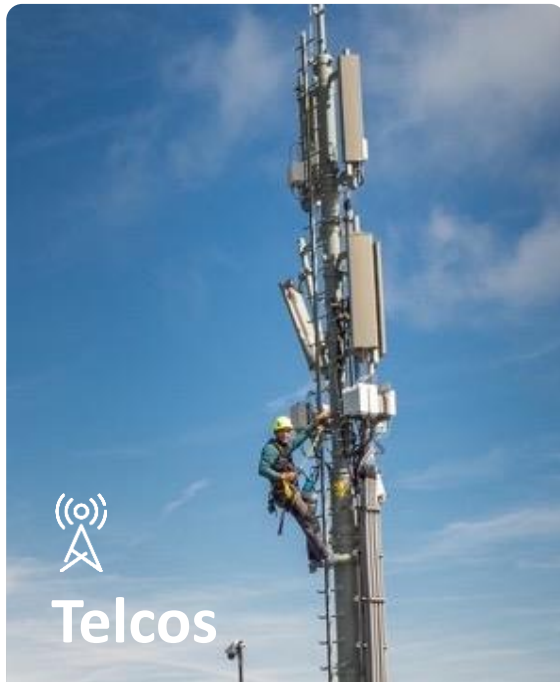
- Telecom Billing Operations Software
- Monetization and Engagement Software



System Integration Services

- Network Design Services
- Fibre Rollout Services
- Network Operations & Mgmt. Services
- Data Centre Network
- Private Enterprise Network

Our Customer and Case Studies



Telcos

to connect

each customer with the latest data applications while ensuring better experience



Cloud Co.

to enable

future applications and immersive content by bringing compute and storage capabilities to the edge



Citizen Networks

to empower

every citizen with high-quality primary connectivity



Large Enterprises

to create

secure networks for the specialized enterprise use cases

Fast and Future Ready Implementations - Case Studies



30% faster fibre to the home provisioning



Using **Yogalite™ Cable** with Micro-Module for a leading French Carrier

2x faster rollout for world's 1st Exabyte network



Using **LEAD360™** and **FTTx Mantra™** for leading South Asian Telco

40% cost efficient SDN ready network



Using **FTTx Mantra™**, **iCORE™** to provide high-speed broadband in 4.5 mn homes in Telangana

3x deployment speed for digital inclusion



Using **LEAD 360™** approach to connect 7.5 mn people and 4,045 villages in Maharashtra

50% reduction in cabling requirements



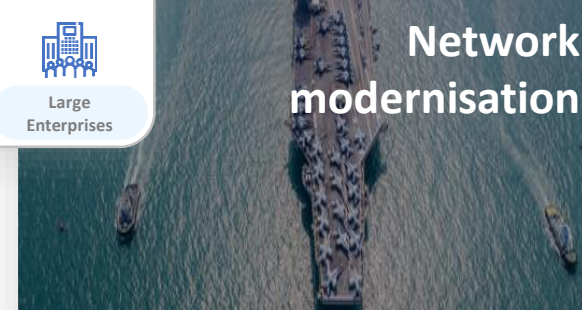
Using **POWER-Tx™** Solution for a **Global Cloud Co.** to serve high Speed data with power

35% reduction in installation cost



Using **TruRibbon™** to serve high capacity data transfer with extremely low latency

Network modernisation



\$500 mn multiyear project across 1600 sites to design, execute, O&M the Indian Naval Network

7x deployment speed in 10k+ Kms OFC network



\$350 mn project for creating the **world's largest intrusion-proof network** in J&K for Indian Army



Telco



Citizen Networks



Cloud Co.



Large Enterprises

The Digital Networks Growth Story



Company
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1
The Digital
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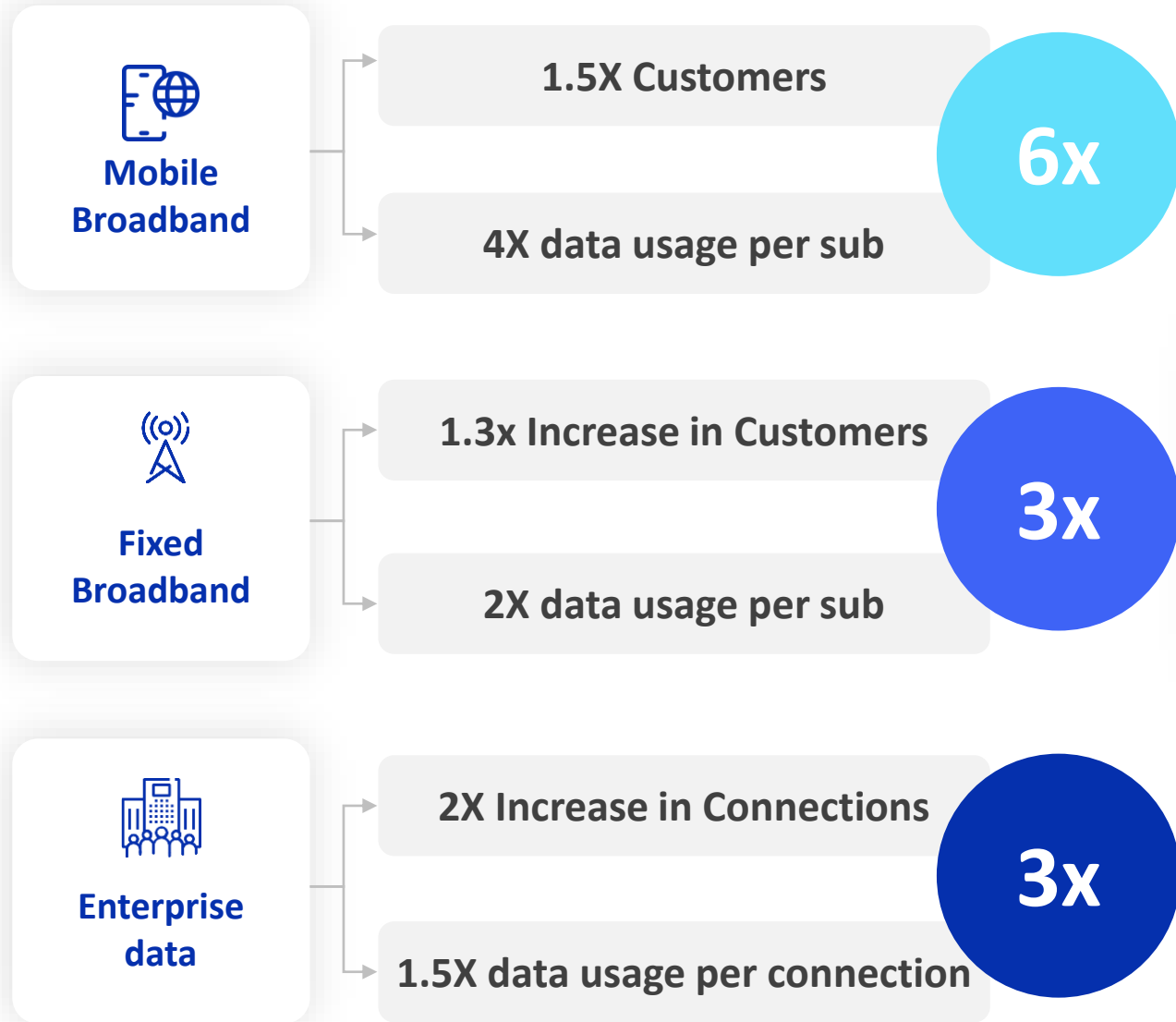
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Proposition

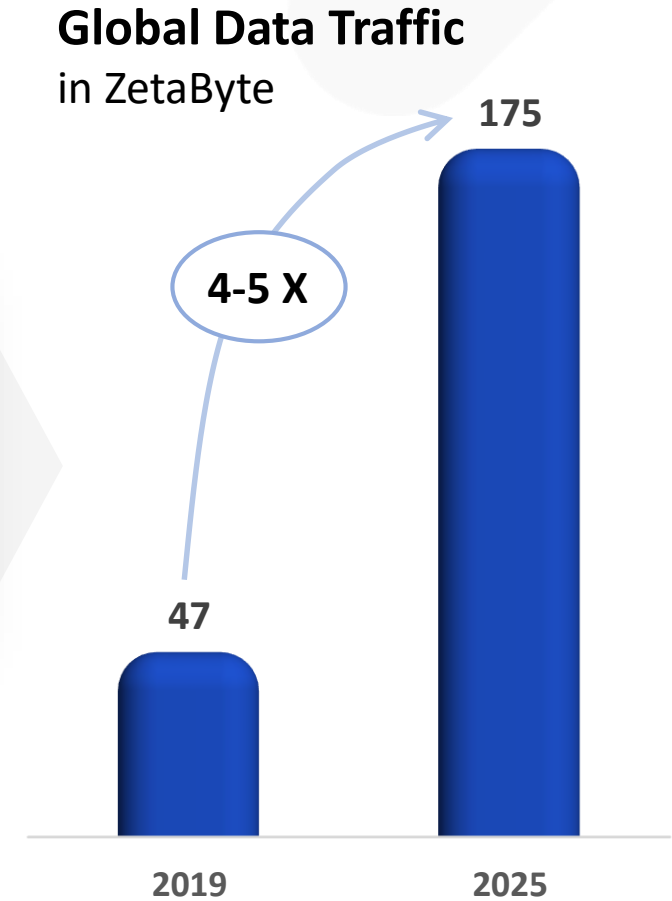
4
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Annexure

Data growth is continuing and accelerating



Data Traffic growth: **4x to 5X**

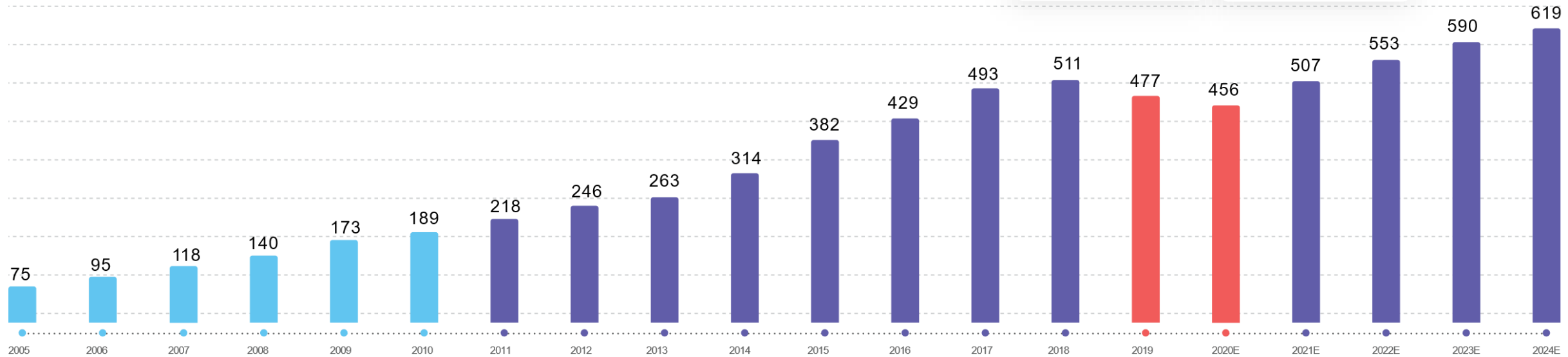


In the short term due to COVID19 There may be delay in demand recovery



H1 FY21 ↓
Degrowth

H2 FY21 ↑
Growth



Units: Mn. fkm

- The fibre demand is currently in temporary pause at the end of 4G and at the start of 5G network deployment.
- After the pause in 2019 & 2020, the fibre demand will start to grow from 2021, much faster than currently anticipated.
- The 5G deployment cycle is expected to be a 8 to 10 year cycle.

But in the medium term This will be the inflection point for data networks industry

Surge in traffic
by 30% to 100%
& decrease in
internet speed

Surge in cloud
demand from
enterprise segment

Enterprise
applications
demanding low
latency shall push
edge datacenters

Work from Home
leading to higher
traffic from
residential localities
which shall push
FTTH penetration

Data traffic is
becoming more
symmetric



We believe Covid-19 pandemic has accelerated the society transition to broadband & digitization by at least a decade

- MKM Partners

Leading to investment by network creators



Telcos

CAPEX- \$200~\$250 bn.

Telcos to invest heavily in 5G & FTTH

- Increasing proportion of current CAPEX for optical Infrastructure
- **5G deployment** to continue for 8 to 10 years leading to denser networks
- **FTTH roll outs** continue across the globe



Cloud Co.

CAPEX- \$100~\$120 bn

Cloud companies invest in developing edge networks and massive data centres

- Cloud companies also starting to **own transmission network** b/w datacenters



Large Enterprises

GLOBAL CAPEX- \$300 bn

INDIA CAPEX - \$1 ~\$2 bn.

Large enterprises invest in developing specialized enterprise use cases

- Defence in **Network Modernisation**
- Large enterprises PowerGrid, Railways continue to invest in **smarter networks**



Citizen Networks

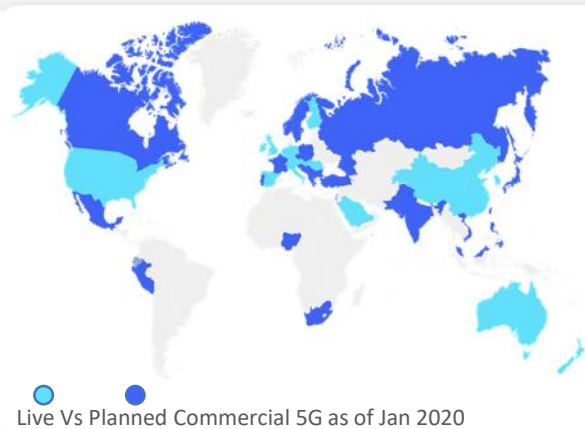
INDIA CAPEX - \$1 ~\$2 bn.

Citizen networks invest in developing digital infrastructure for all

- National Broadband Mission to invest \$100bn for providing **broadband access to villages** by 2022
- **BharatNet Initiative** to deploy 3 mn. route km OFC, Fiberisation of towers from 30% to 70%.

Telcos to invest heavily 5G and FTTH

5G



- Chinese Telcos put together plan to spend **\$25 bn. on 5G**
- AT&T sets aside **\$4bn for network investments**
- Verizon boosts capex by **\$400mn**

- **By 2025, 20% of connections will be 5G**
 - 46 operators in 24 markets have commercial availability now
 - 76 operators in 39 markets have announced plans to roll out
- **48.3 million 5G subscriber base in China in March 2020***
- **Operators will invest \$1.1 trillion in their networks globally in the next five years and almost 80% (~\$800bn) will be in 5G.**

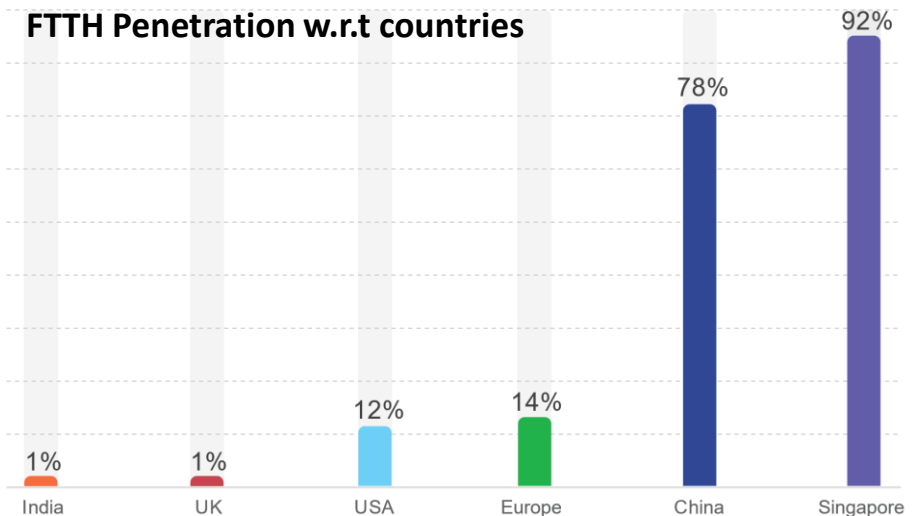
FTTH

- Most of the world (incl. US, UK) have a lot of potential to increase FTTH Penetration. Only few countries (e.g. China, Singapore) have nearly full FTTH reach and reaping its benefits
- Developing economies like India with very low FTTH penetration, have huge potential for growth, driving fiber demand.



Working from home is a necessity (to be compared to water or electricity). Government will mandate 5G and super fast fibre universal roll out

- Credit Suisse



Source: IDATE for FTTH Council Europe, 2019; Company estimates

* reported by 2 of large Chinese carriers, China mobile & China telecom

Cloud companies, large enterprises and citizen networks shall also accelerate their investments



Cloud Co.



As COVID-19 impacts every aspect of our work and life, we have seen two years' worth of digital transformation in two months.

- Microsoft



Large Enterprises



Many companies are looking at long-term investments in their networks, and in some cases, pulling forward investment in 5G because of its increased reliability and speeds

- Deloitte



Citizen Networks

The UK govt. announced the \$6.5 bn. investment in creating gigabit capable broadband in March 2020.



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Our Customer investments are creating a New Generation of Digital Networks



4G Data Network

Less end points & wireless last mile connectivity

Telco Use cases only

Hardware packed together with closed-source software

5G Data Network

SIGNIFICANT NETWORK CREATION BY TELCOS

Data Growth (5G, Edge Network creation, FTTH Rollouts and Rural Connectivity) will drive dense and deep fibre networks with multiple end points and low latency

LARGE-SCALE NETWORK CREATION BY NON-TELCOS

Hyperscale and Edge data centre build by Cloud companies
Government and Private Enterprises – *campus connectivity, 4G/5G Intelligent mobility, data centres, IoT, Industry 4.0, Smart grid, E-health, etc.*
Fibre infra companies and DC colocation companies

OPEN DISAGGREGATED VIRTUALIZED NETWORKS

Open and Software defined networks need
Next generation innovation that will enable the entry of new players

We help our customers capture this opportunity By Providing End-to-End Solutions



Trends

SIGNIFICANT NETWORK
CREATION BY TELCOS

LARGE-SCALE NETWORK
CREATION BY CLOUD,
ENTERPRISES & CITIZEN
NETWORKS

OPEN DISAGGREGATED
VIRTUALIZED NETWORKS

4 Customer Segments



Telcos



Cloud
Co.



Large
Enterprises



Citizen
Networks

4 End-to-end Solutions

opticonn

Optical
Connectivity

- Product suite design
 - Fibre and cables
 - interconnect
 - logistics
- for all network topologies*



Fibre
Deployment

- Large scale design
 - Fibre rollout
 - Activation
 - Management
- for core networks*

FTTx
mantra

One Solution. Countless Opportunities

FTTx Access
Network

- Design for scale, latency, agility
 - Rollout, activation
 - programmable open orchestration
- for fibre access network*

netmode

Network
Modernization

- Comprehensive network redesign
 - Future readiness
 - Transport, compute, security
- for enterprise networks*

4 Portfolio Offerings



Optical
Interconnect
Products



Virtualised
Access
Products



Network
Software
Products



System
Integration
Services

These end-to-end solutions have been delivering results



Faster Fibre provisioning

for a leading French Carrier

30%

Time saving faster installation

5x

More storage space utilisation

1.5 dB

Improved signal strength

opticonn

Optical
Connectivity

Transformative digital inclusion

connecting 4,045 village in Maharashtra



Fibre
Deployment

2x

Deployment speed

Future ready

IP MPLS architecture

Robotics, big data & analytics

Full-stack solution

for world's first Exabyte network

2x

Faster speed of activation

FTR

Better network life and TCO

FTTx
mantra
One Solution. Countless Opportunities

FTTx Access
Network

netmode

Network
Modernization

\$500 mn. multiyear project

for Indian Naval Digital Network

12

Data centres

1600

Sites with 44 network locations

30,000

Network elements

STL's strategy is focused to win in this future



**Key Accounts
Management**



**Technology-led E2E
Solutions**



**Ecosystem Partnerships
and Investments**

**Increase funnel
&
win-ratio in top 20 accounts**

**Increase win-ability
&
total addressable market**

**Enhance capabilities with M&A
&
organic investments**

1

Industry leading growth

- Key account management, Technology led end to end solutions & ecosystem partnerships
- Growth vectors – (Penetration in Telco & Cloud segment, Expansion in Europe, ME & US)

2

Absolute EBITDA growth & RoCE expansion

- Led by revenue growth & cost reduction
- Increase in global optical fibre prices shall directly flow to EBITDA

3

Riding the disruption wave

- Developing new technologies to ride the incoming disruption in virtualisation.
- Target enterprise segment in 5G network applications

4

Completion of Investment Cycle

Free Cash flow shall be available post investment cycle completion in FY22 to reduce debt & distribution to shareholders

Our Unique Value Proposition



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Why STL ? – Our unique proposition



Experience, expertise and disrupting for digital networks



**25 years of experience in
Optical Connectivity**

Glass Preform | Optical Fibre | Cables | Rollout



**Expertise in integration of
large-scale digital networks**

Large complex projects | completing integration



**Disrupting with virtual edge
technologies**

Strategic investments | Collaborations | R&D

Driven by technology & purpose



**Investing in technology
development and adoption**

4 Innovation Labs. | 358 Patents. | Startup-style



**Transforming everyday lives across
communities**

Environment | Social | Governance

25 years of experience in optical connectivity



Optical Fibre

Optical Fibre Cable

Speciality Cable



Waluj
Aurangabad
India



Shendra
Aurangabad
India



Jiangsu Sterlite
Tongguang Fibre Co.
Limited
Haimen-City
China



Rakholi
Silvassa
India



Metallurgica
Bresciana
Dello
Italy



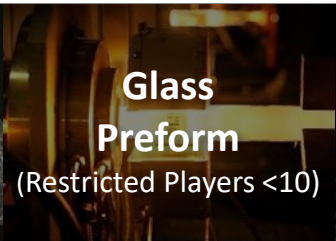
Sterlite Condu spar
Parana
Brazil



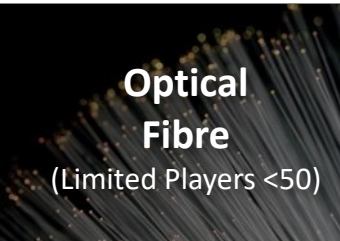
Dadra &
Nagar Haveli
India



Pure
Silicon



Glass
Preform
(Restricted Players <10)



Optical
Fibre
(Limited Players <50)



Optical
Fibre Cable
(Cable Manufacturers <200)



Optical
Interconnect

STL's unique manufacturing capabilities with full vertical integration. Also top 3 integrated fibre producer globally

7

GLOBAL
PRODUCTION
FACILITIES

50M

FKM OPTICAL
FIBRE
CAPACITY

18M

FKM OPTICAL
FIBRE CABLE
CAPACITY

Industry 4.0 standards

Fully automated machinery with robotic operations

Efficient supply chain

Reduced delivery times and SCM cost

Expertise in integration of complex large-scale digital networks



Intrusion Proof Smarter Network

Project NFS: \$350 million project for creating the world's largest intrusion-proof smarter network infrastructure in Jammu and Kashmir state of India for the Indian Army



Completed
& moved to O&M

Network Modernisation

Project Varun: \$500 million multiyear project to design, execute, operate & maintain the Indian Naval Digital Network



76%
Complete

Transformative digital inclusion

Project Mahanet: Connecting 7.5 million people and 4,045 villages in the state of Maharashtra



74%
Complete

Futuristic SDN ready state wide network

Project T-Fibre: Providing ubiquitous access of high-speed broadband in 4.5 million homes in the state of Telangana



3%
Complete

World's Largest Exabyte Network

FTTH Roll out: A large scale FTTH roll out for a large Indian telco



1%
Complete

Disrupting with virtual edge technologies



Strategic Investments



'Inside' Data centre services for serving Global cloud providers, colocation providers and enterprises



A developer of open, disruptive and virtualized Radio Access Network (vRAN) solutions, delivering 4G and 5G for serving Enterprise and Telcos

Strategic Collaborations



A leading innovator in enterprise software, to develop virtual network functions for 5G Access Solutions for converged wireline-wireless technology serving Enterprises and Telcos .



Designs and develops 5G Radio solutions like macro RU and small cells for Telcos .

Strategic Alliances



STL has been working very closely to develop an optical transport controller to manage and control Voyager and Cassini platforms developed by TIP members.



STL has been contributing to ONAP in fields of orchestration and cloud management in this domain.



STL is working very closely with ORAN to build near real time 5G controllers.



STL has been collaborating continuously in workgroups like VOLTHA, SEBA and ONOS for productization and commercialization of these open platforms..

MIT | IIT-M
RUTGERS

Research on innovation
Multi-Stage fibre
manufacturing process

Next-Gen fibre to improve
network performance

Research and accelerate the
advancements in 5G

MIT | RUTGERS | IIT

Investing in technology development and adoption



4 Innovations Centres

with world class R&D capabilities



358 Patents in Optical Connectivity, Network Software & Services and Access solutions

Innovating with Startups, Future Disruptors

Transforming everyday lives across communities



Environment | Social | Governance



SURE Packaging

Caring for the environment

8k

trees saved

5.3k

MT CO2 reduced

5R

Approach – Recycle, Resuse, Reduce, Refuse, Remove



CSR Initiatives

Enabling millions

1.32M

lives impacted

Our Initiatives

Education : Smart Nandghars, Digital Empowerment

Health : Mobile Medical Unit

Environment : Jaldoot, Greenbelt

Empowerment : Jeevan Jyoti



World's 1st ZWL Certified

Driving Sustainability

65k

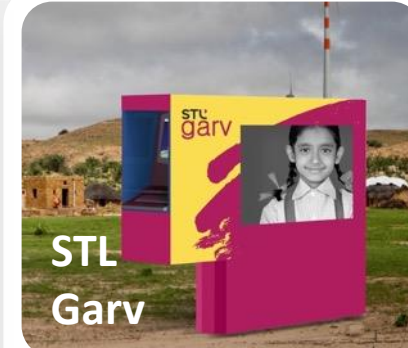
tons diverted from landfill spaces

96%

of our industrial waste does not go into landfill

Reduced

CO2 emissions significantly



STL Garv

Innovating for good

Transform

rural India (Pilot across 3 states) for digital readiness

Results

27% increase in internet usage

76.2% women using supplementary education

50% more usage of Govt. Apps

8.7 average user rating



STL Academy

Skilling for a better future

72K

Trained Professionals

10K

Certified Professions

Academy

training for deployment of future ready networks

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Growth

- Profitable Organic Growth
- EPS accretive strategic acquisitions
- Commitment to R&D and Talent



Earnings

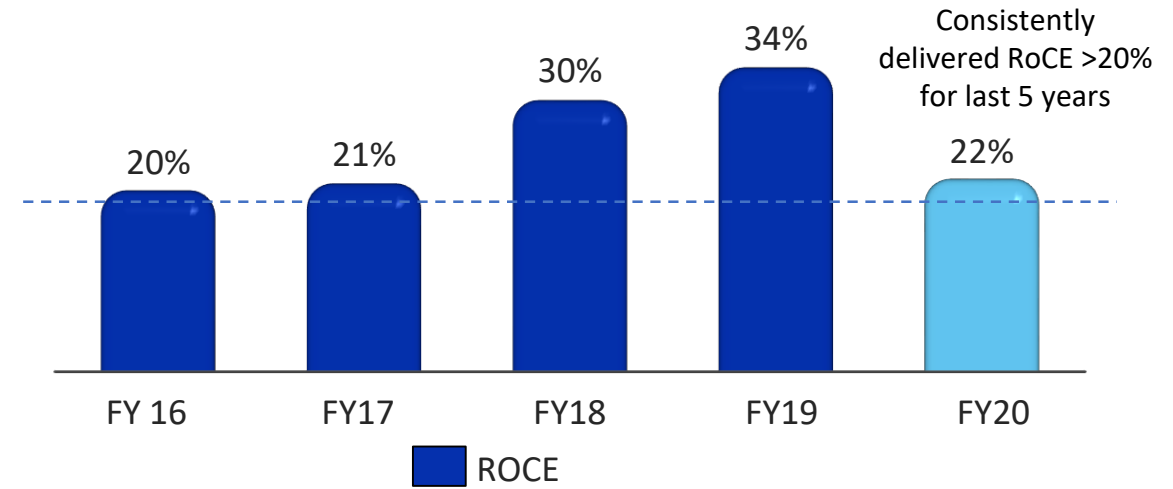
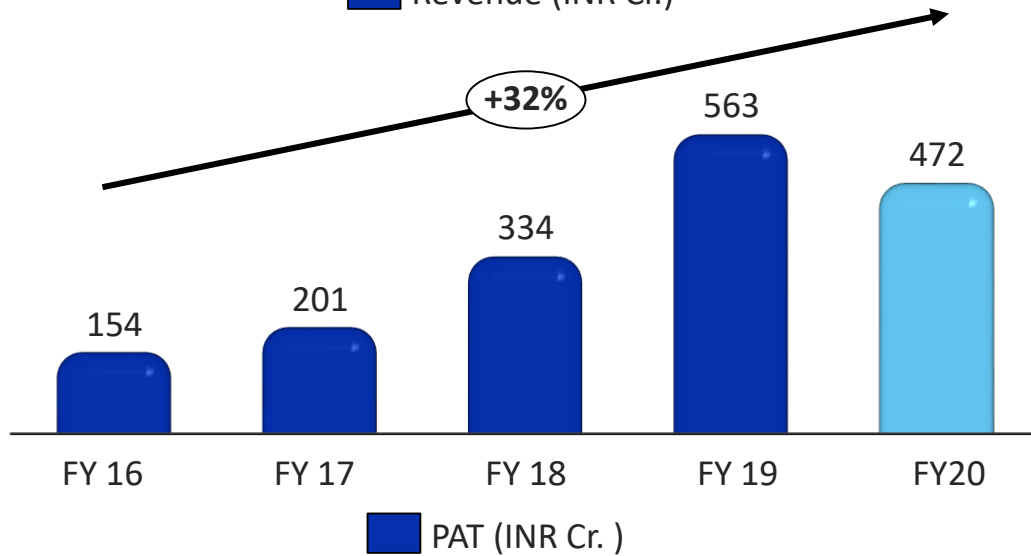
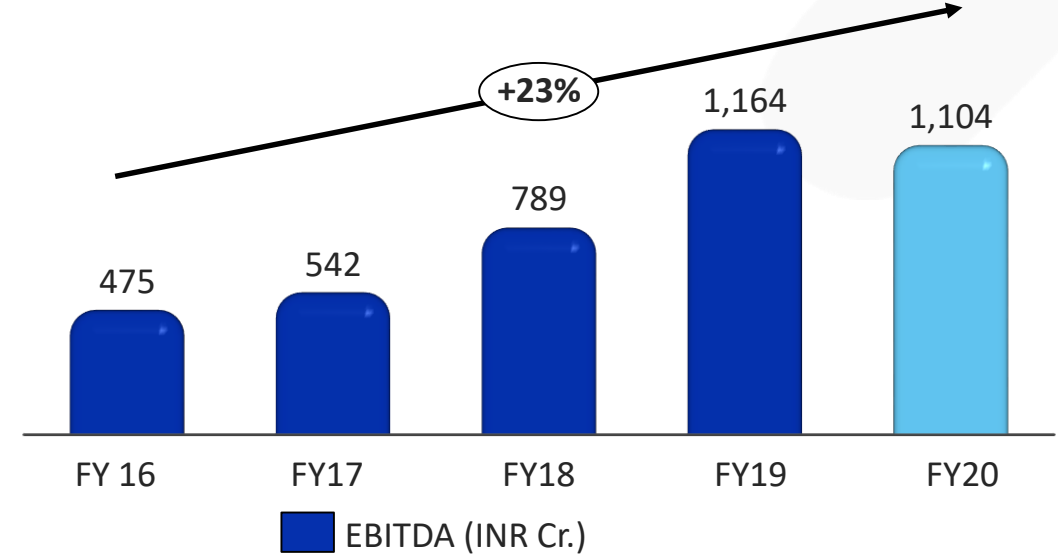
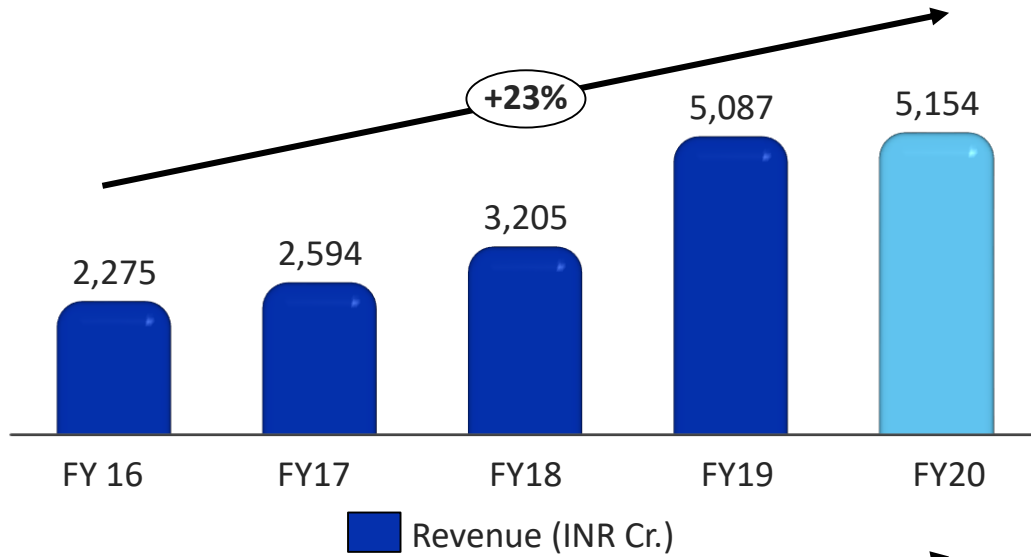
- Drive sustainable EPS growth
- Attain earning objectives across economic cycles
- ROCE > 25%



Capital Allocation

- Focus on Free Cash Flow Generation
- Sound Leverage D/E < 1 & Working Capital management
- Stated dividend policy with consistent returns to shareholders

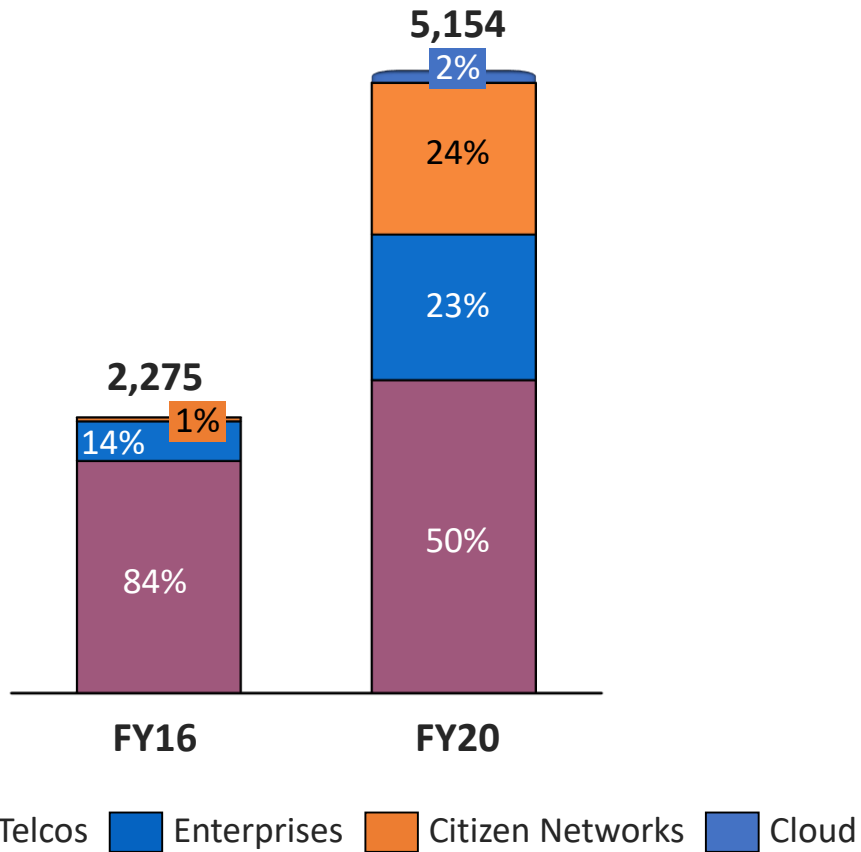
Delivering sustainable value for shareholders



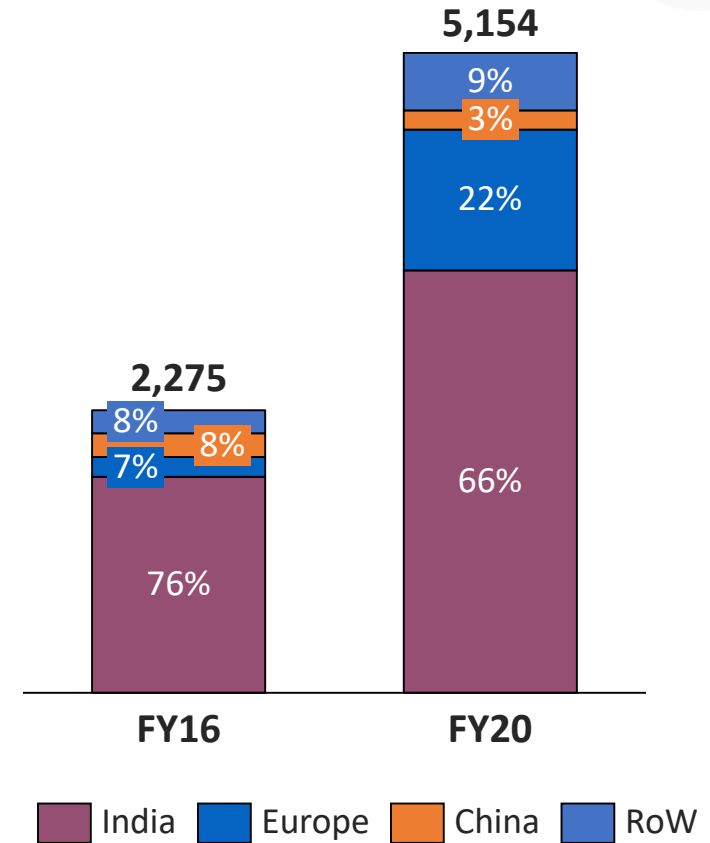
Revenue Split



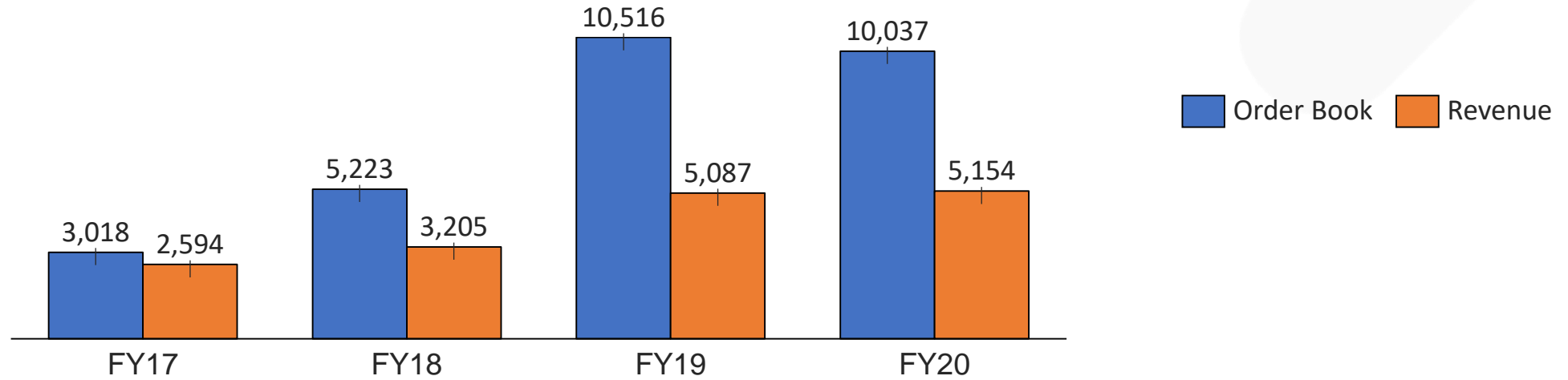
Customer Segments
Revenues (Rs. Cr.)



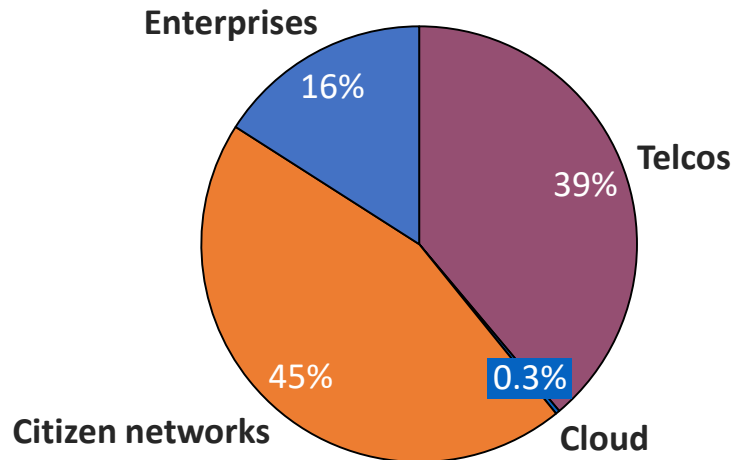
Geographical Distribution
Revenues (Rs. Cr.)



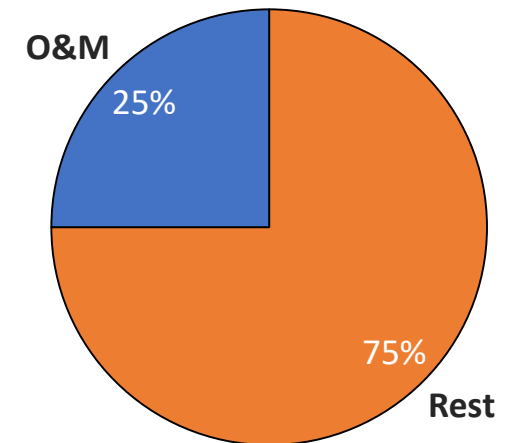
Stable Order book



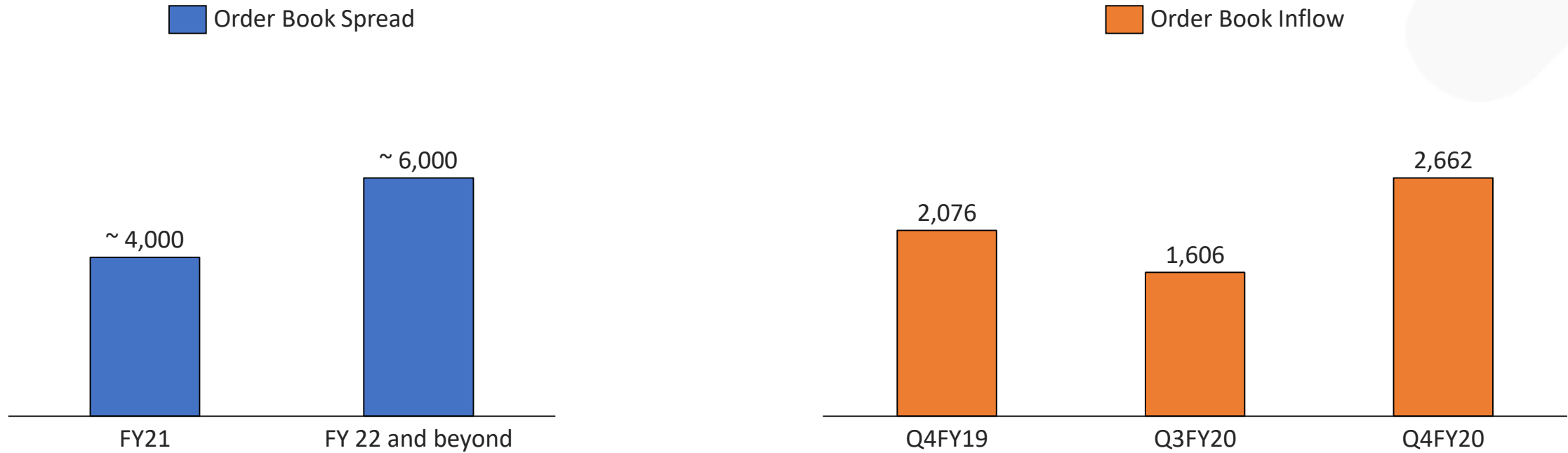
Open Order Book Customer Segment wise



Open Order Book Split

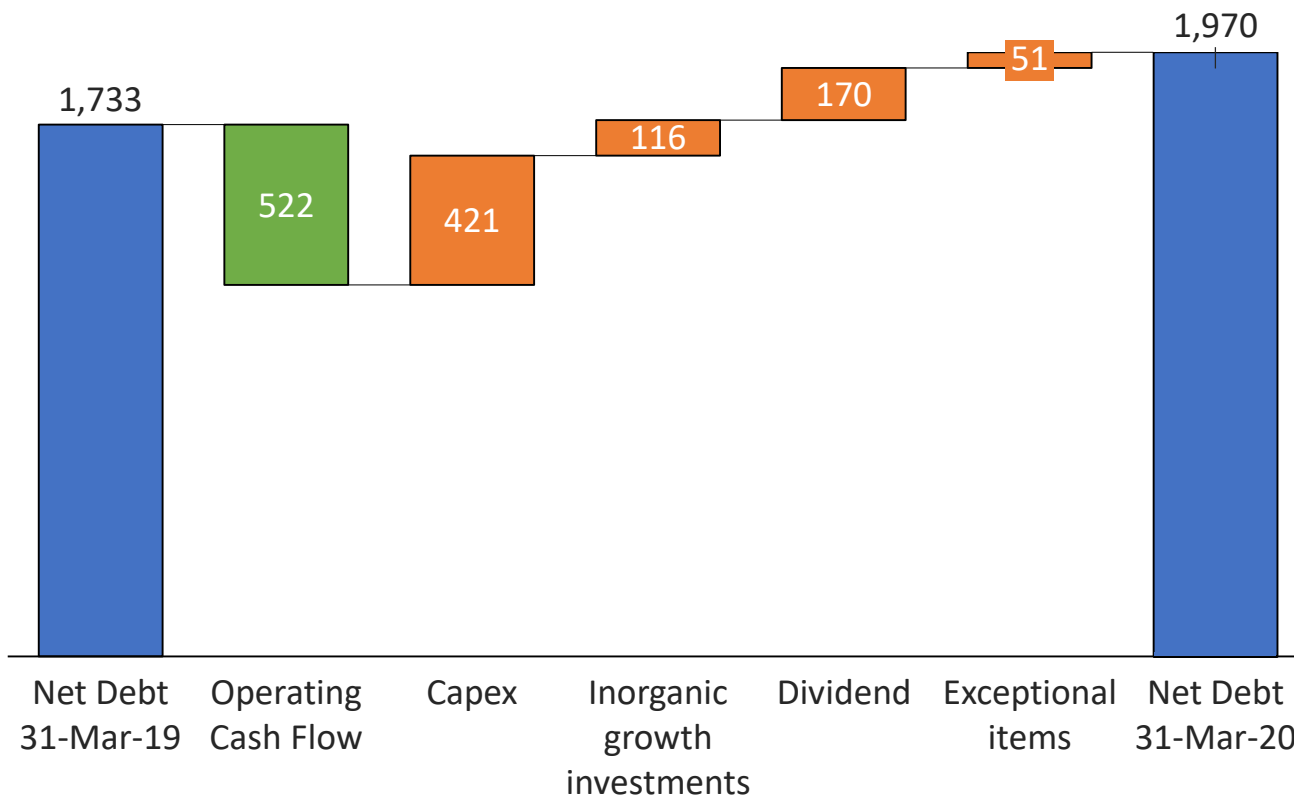


Order book spread & inflow



Strong RFQ Participation Funnel ~ Rs. 8,500 Cr as on 31st March 2020

Focus on free cash flow & sound leverage



Free Cash Flow @ consolidated level	Rs. Cr.
Cash Profit after Tax	774
(Increase) / Decrease in working Capital	(252)
Operating Cash Flow	522
CAPEX	(421)
Free Cash Flow	100

The business generated **free cash flow in FY20**

The business is carrying **cash & cash equivalents of Rs. 478 Cr.** as on 31st Mar'20
(reflecting preparedness for the current uncertain times)

Abridged financials



P&L (INR Cr.)	FY19	FY20
Revenue	5,087	5,154
EBIDTA	1,164	1,104
EBITDA %	23%	21%
Depreciation	195	290
EBIT	969	813
Interest	105	221
Exceptional Item		51
PBT	864	542
Tax	278	109
Net Income (After Minority Interest)	563	434
Net Income Adjusted for exceptional item net of tax	563	472

Balance Sheet (INR Cr.)	FY19	FY20
Net Worth	1,815	2,023
Net Debt	1,733	1,970
Total	3,548	3,993
Fixed Assets	2,356	2,536
Goodwill	107	122
Net Working Capital	1,085	1,335
Total	3,548	3,993

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Strong corporate governance



Independent Directors on the Board of STL



Kumud Srinivasan

(Non-Executive & Independent Director)

- VP and Director of Non-Volatile Fab Manufacturing and Automation Systems at Intel Corporation
- Has spent 30 years at Intel in US, leading multiple global functions, prominent ones being R&D for technology manufacturing, industrial automation and IoT for manufacturing facilities
- She served as the President of Intel India from 2012 to 2016



Sandip Das

(Non-Executive & Independent Director)

- One of Asia's most respected telecommunications professionals and an acclaimed Chief Executive
- Ex-MD of Reliance Jio, Group-CEO, Maxis Communications and Hutchison Essar Telecom (now Vodafone), India
- One of the founding members of private telephony in India and was part of the group of individuals that founded Hutchison Max Telecom in 1994



A. R. Narayanaswamy

(Non-Executive & Independent Director)

- Chartered Accountant & Management Consultant with over 35 years of industry experience
- Member of The Institute of Chartered Accountants of India
- Provides consulting services in accounting, financial management and information technology across several industry verticals



Arun Tadarwal

(Non-Executive & Independent Director)

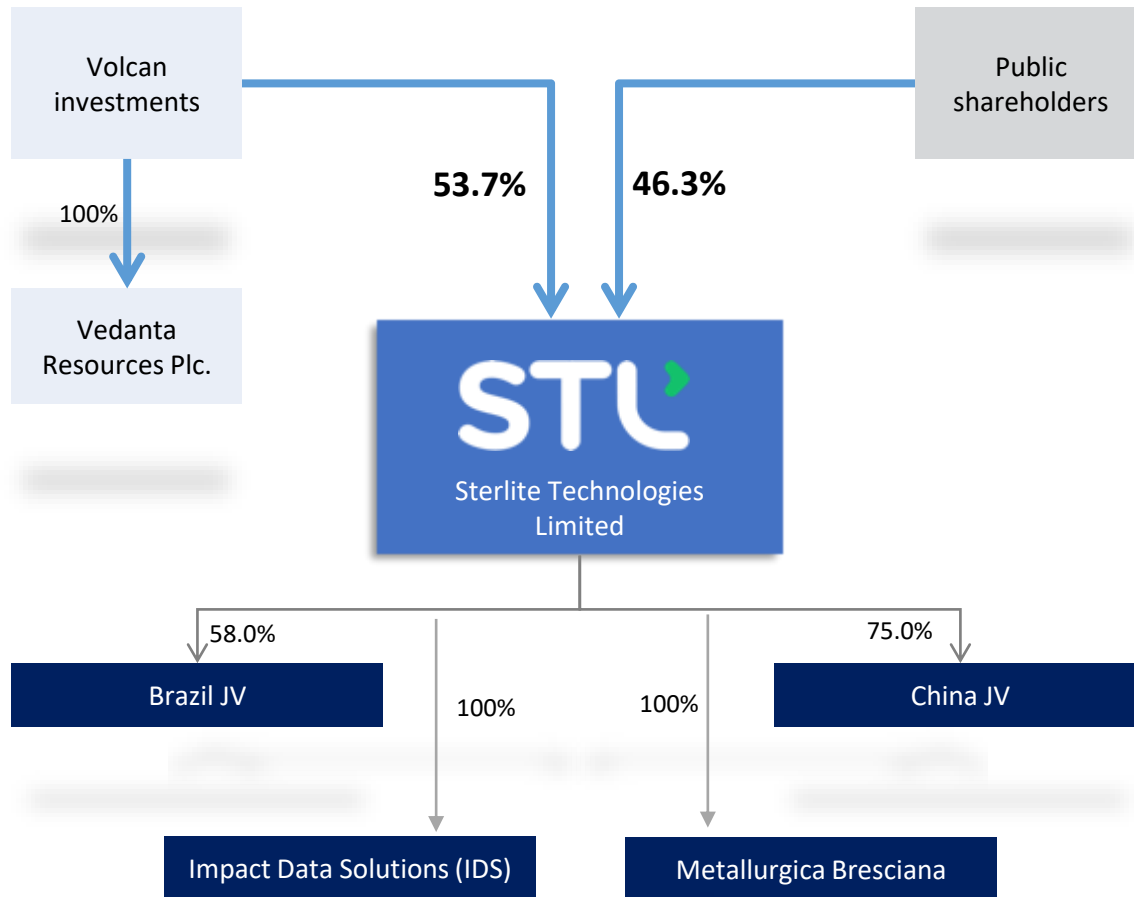
- Partner of Tadarwal & Tadarwal, a Mumbai based firm of Chartered Accountants
- Member of The Institute of Chartered Accountants of India
- Has rich and varied experience spanning over three decades in management consultancy, finance and audit

Corporate Structure & Shareholding Pattern



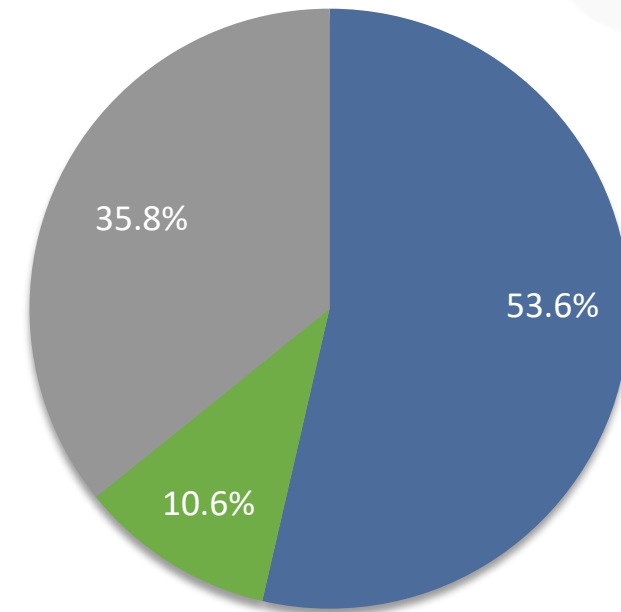
Corporate structure

Only Material Subsidiaries are disclosed



Shareholding pattern

Source: Company information; Karvy Shareholding Services; Data as of Mar 31st, 2020



- Promoters & Promoter Group
- Institutional Holding
- Non Institutional Holding

Our Values



hunger to
learn



keep it
simple



promises
delivered



respect &
empathise

STL Leadership



**DR. ANAND
AGARWAL**

Group CEO And Whole-Time
Director

Dr. Anand Agarwal is the Group CEO of STL and is passionate about driving technological advancement to impact everyday lives. Recognising the exponential growth in data consumption and shifts in the global technology landscape, Anand has navigated STL from an optical connectivity company to a global leader in end-to-end data network solutions.

Anand is driving STL as an industry leading integrator of data networks with core capabilities in optical connectivity, radio engineering and networking software. Anand was honoured with the prestigious 'Broadband Infrastructure Leader Award' in 2016 and "Pathbreaker of the Year" in 2019 for transforming India's digital infrastructure at the Telecom Leadership Forum.

A PhD in Materials Engineering from Rensselaer Polytechnic Institute and B.Tech from IIT Kanpur, Anand is a hands-on technologist on advanced photonics and programmable networks. He is a firm believer in empowering and transforming lives through innovations in technology.



[@anandagarwal2](#)



[@anand1agarwal](#)

Led by an Executive Team with extensive Experiences



ANUPAM JINDAL
Group Chief Finance Officer



ANKIT AGARWAL
CEO, Connectivity Solutions
Business



KS RAO
CEO, Network Services and
Software Business



DR. BADRI GOMATAM
Group Chief Technology
Officer



GAURAV BASRA
Chief Strategy Officer



ANJALI BYCE
Chief Human Resources
Officer



MANISH SINHA
Chief Marketing Officer



NISCHAL GUPTA
Chief Transformation Officer



AKANKSHA SHARMA
Head CSR And Sustainability

Great
Place
To
Work®

Certified
JUN 2019–MAY 2020
INDIA

Certified as a Great Place to Work

STL

30+

NATIONALITIES

~ 3,100 Employees
– Each one is STler

Thank You



beyond tomorrow