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# Investor Presentation May'21

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# Company Overview



**STL**  
Introduction

**1**

Digital Networks  
Growth Story

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Right to Win

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Q4 FY21  
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# We Integrate Digital Networks **STL** for Our Customers

Core  
Business

Customer  
Segments



**Telcos**



**Cloud  
Companies**



**Citizen  
Networks**



**Large  
Enterprises**

**opticonn**

**Optical  
Connectivity**



**Fibre  
Deployment**



**FTTx Access  
Network**



**Network  
Modernisation**

End-to-End  
Solutions

Portfolio  
Offerings



**Optical  
Interconnect  
Products**



**Virtualised  
Access  
Products**



**Network  
Software  
Products**



**System  
Integration  
Services**

Unique  
Capabilities

- Glass Preform
- Optical Fibre
- Optical and Specialty Cables
- Optical Interconnect Kits

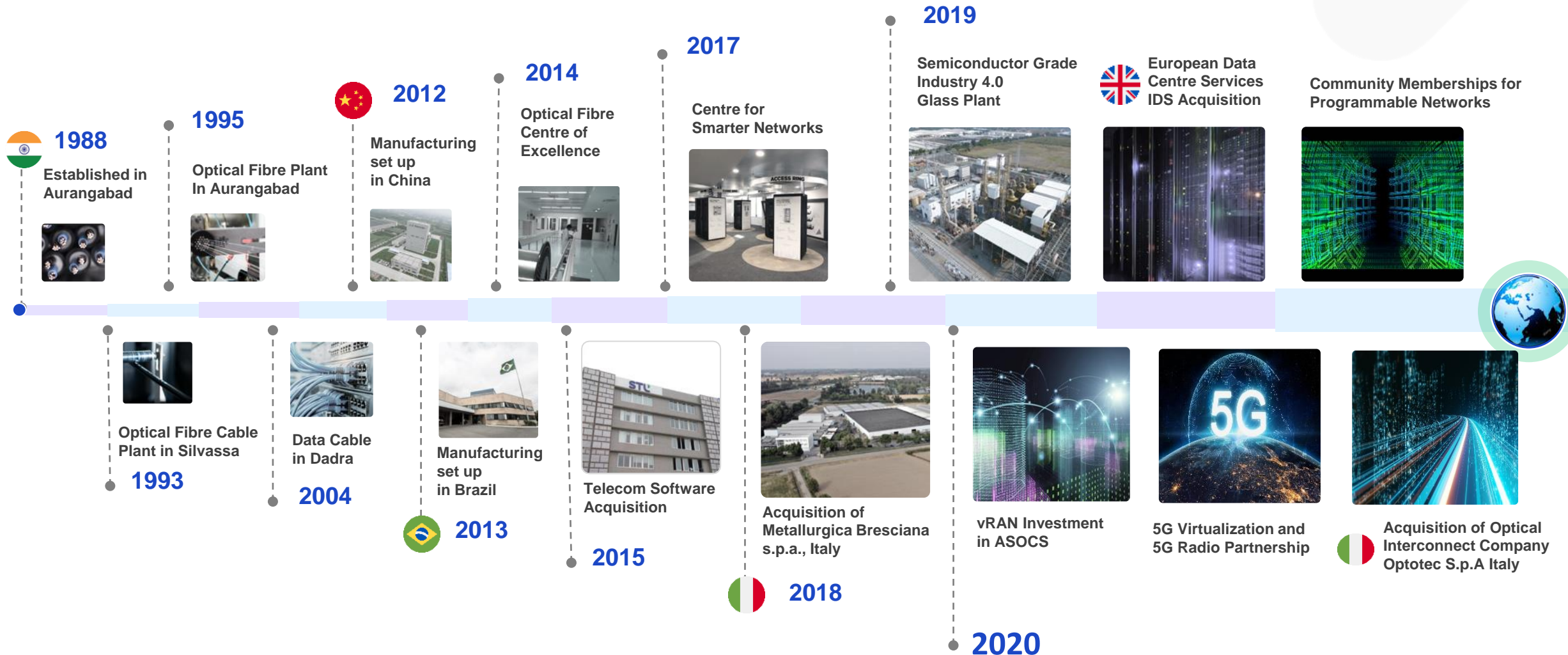
- Programmable FTTx
- Virtualised RAN
- RAN Intelligent Controller
- Network Orchestrator

- Digital BSS Platforms
- Network Operations Platforms

- Network Design Services
- Fibre Rollout Services
- Network O&M Services
- Data Centre Network
- Private Enterprise Network



# With a strong legacy & capabilities



# Our company in numbers



**Rs. 4,825 Cr.**

**FY21 REVENUE**

India (56%), EMEA (37%),  
America (4%), China (1%), RoW (2%)

**7**

**GLOBAL PRODUCTION FACILITIES**

**2**

**SOFTWARE DEVELOPMENT CENTRES**

**INDIA & UK**

**SYSTEM INTEGRATION SERVICES**

**4**

**INNOVATION CENTRES**

GLOBAL FOOTPRINT



**569**

**PATENTS**  
Across the network layers

**Zero**

**WASTE TO LANDFILL**  
Shendra, Rakholi, Dadra

**30+**

**NATIONALITIES**  
~3,100 Employees

# Our purpose is to transform everyday lives across communities



## Environment | Social | Governance



### Eco-friendly & Responsible Operations

Caring for our people & the environment

#### Policies & Systems

on Human Rights, Labour Practises, Fair Wages



**1M+ m<sup>3</sup>**

Water recycled and reused at STL and replenished in surrounding communities

**7,000+ tCO<sub>2</sub>e**

Reduced through in-plant initiatives and plantations in surrounding communities



### CSR Initiatives

Enabling millions using tech & connectivity

**1.43M+**

lives impacted

#### Signatory

To the UNGC & UN WEP\*\*

**3,500+**

Rural women Empowered

**1,400+**

Individuals digitally empowered



### World's 1<sup>st</sup> ZWL Certified

Driving Sustainability

**134,000+ MT**

Waste diverted from landfills

**94%**

of our industrial waste does not go into landfill

**93%**

Of waste recycled and reused

**3R**

Approach to reduce, reuse, recycle



### Sustainability Goals

2030: Towards a Cleaner & Greener Future

**100%**

- Manufacturing locations to be ZWL certified
- Water Positivity globally
- Sustainable Sourcing
- Products families covered under LCAs

**50%**

Reduction in STL's carbon footprint



### ESG Goals

2025: Facilitating a More Inclusive Society

**5 Million**

- Impacting 5M lives
- Undertaking 5M plantations
- Replenishing 5M cubic meters of water in communities

# 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



**S. Madhavan**

*(Non-Executive & Independent Director)*

- Fellow member of institute of chartered accountants of India
- Holds directorial positions in top listed companies like HCL technologies, ICICI Bank, UFO Moviez and Transport Corporation of India
- Had set up a successful indirect tax practice, which got merged with PWC.
- Held leadership positions for over 14 years at PWC and was instrumental a leading tax practice



**B. J Arun**

*(Non-Executive & Independent Director)*

- Founded and led multiple successful ventures in silicon valley including California Digital, a Linux-based HPC leader and Librato, a software company
- Ex CEO of July Systems - a location-based mobile management platform
- Currently the vice president of Tie global and remains dedicated to fostering entrepreneurship in technology community



# The Digital Networks Growth Story



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Right to Win

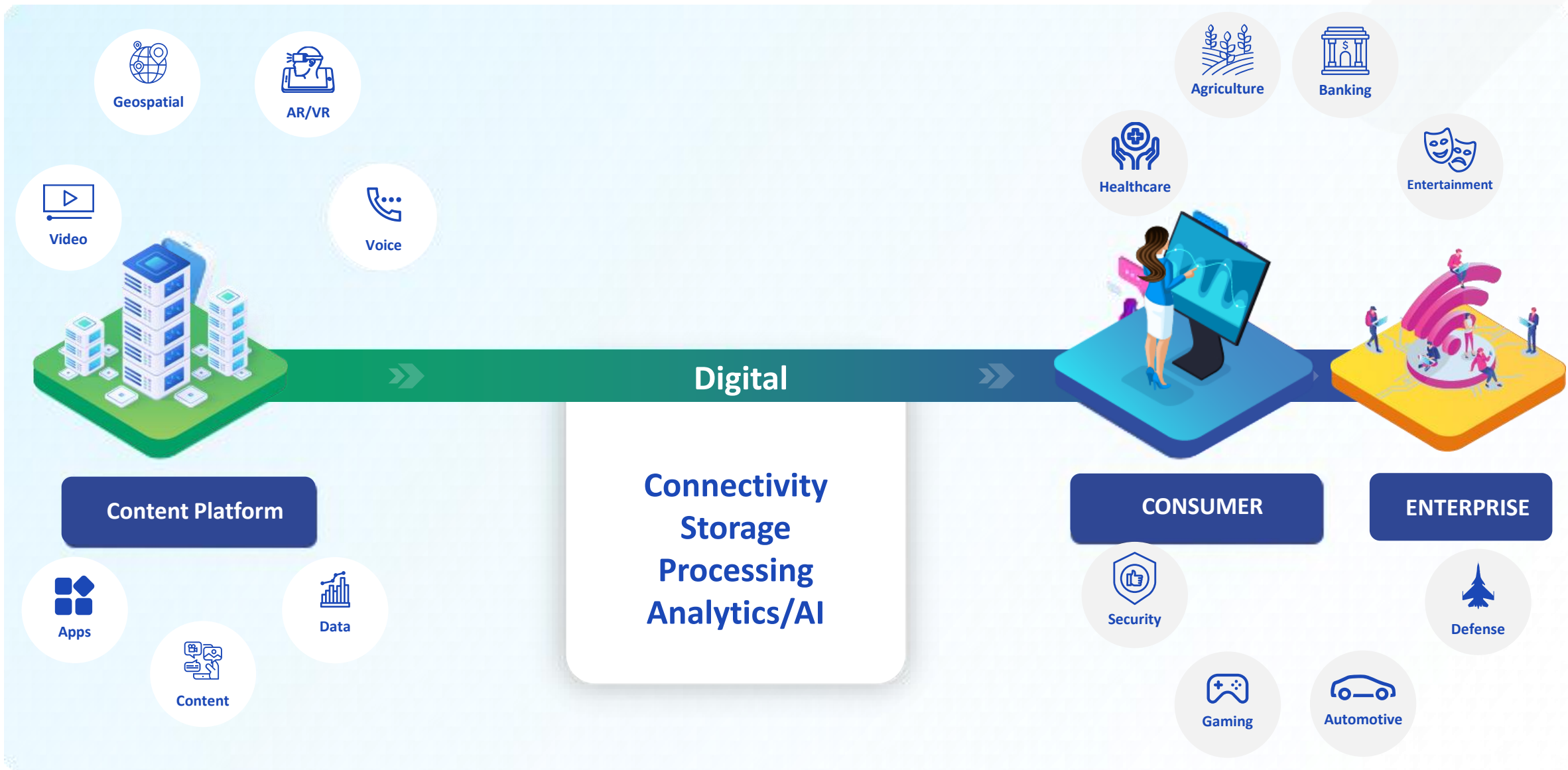
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# An evolution from Telecom to Digital

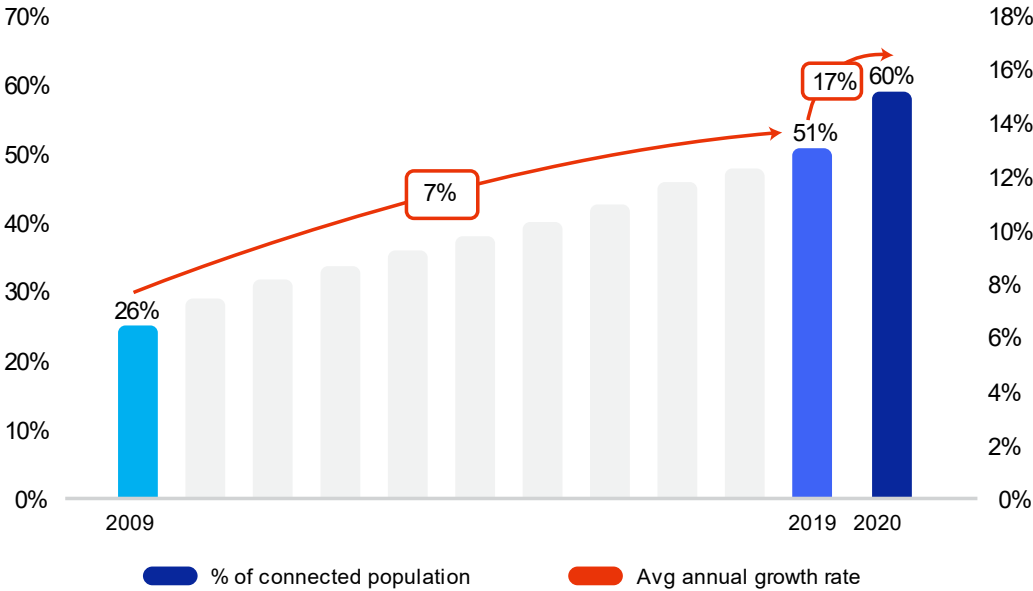


# 2020 was a year of inflection for digital networks



a

User growth accelerated significantly  
~2Mn users added daily in 2020



Figures from Statista

b

Network creators decided to invest disproportionately

Multi bn. \$ commitments, urgency

Logos of investors: SILVERLAKE, VISTA EQUITY PARTNERS, GENERAL ATLANTIC, KKR, TPG, CATTERTON, ADIA, MUBADALA, intel Capital, Qualcomm ventures, Jio.

Jio Platforms, India raised \$20.2 bn. capital

Logos of Bosch and Lufthansa.

Enterprise spectrum saw huge demand in US, UK, Germany, Many companies applied to set up local 5G networks.



allocated \$9.2 bn. In reverse auction for rural digital opportunity fund



Announced investment of \$10 Bn in US data centres & offices in 2020

2021 has kickstarted a decade long network creation cycle



# New technologies are driving the network creation cycle

## 5G

*the fastest technology  
to reach 400 million*

- **Over 163 5G commercial networks** deployed globally
- **Operators add Capex globally**  
AT&T and Verizon increased their capex plan by \$2+ bn.  
(initial guidance of ~\$17 bn.)
- **630 5G enabled handsets**  
announced globally as per GSMA

## FTTH

*Deployments pick up pace  
across India, Europe & US.*

- **EU Telcos plan 2+ mn FTTH**  
Deutsche Telekom plans 2 mn. new FTTH connections in 2021; Telefonica Germany plans 2.2 million rural FTTH connections over six years.
- **India budgets Rs. 14,200 Cr.**  
6.5 lakh FTTH connections in FY22,  
6.7 kms of OFC, 1.2 lakh Wi-fi points
- **US: AT&T plans 3 mn. FTTP**  
Deploy fiber-to-the-premises to  
3+ mn. residential and business  
locations across 90 metros in 2021.

## O-RAN

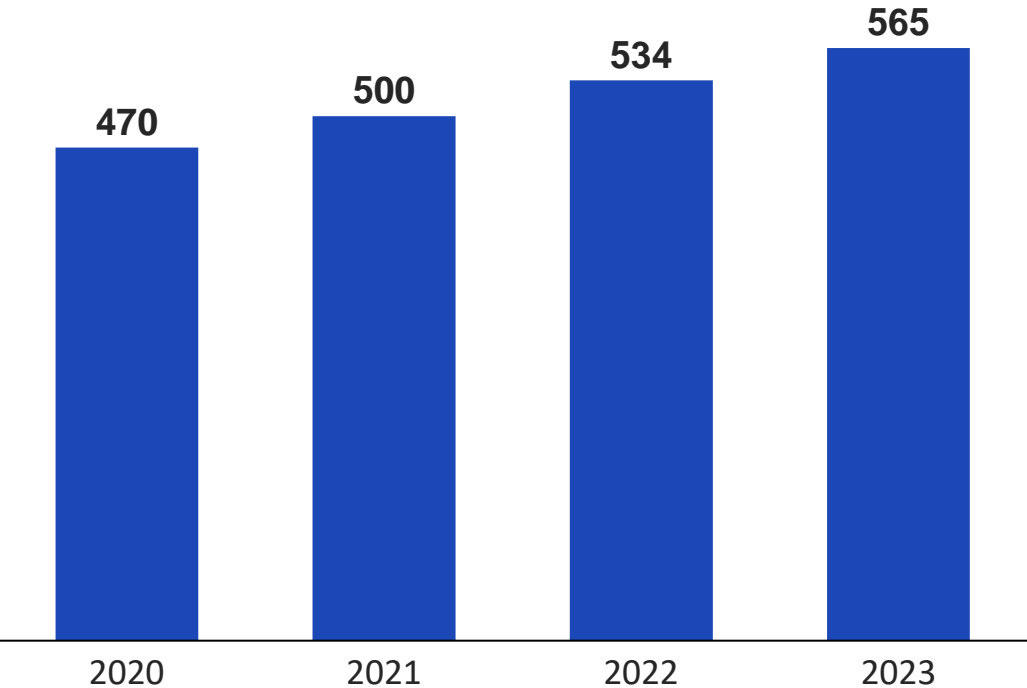
*Major operators start trials  
or deployments*

- **Verizon to start deploying**  
"We're 100% behind the idea, and that's why we're pushing it," Verizon's Kyle Malady
- **Telefonica, IBM start trial**  
open RAN in Argentina.
- **Operators partner for O-RAN**
  - Etisalat partner with Rakuten
  - Deutsche Telekom, Orange, Telefónica, and Vodafone join forces to support ORAN rollout
- **Germany earmarks \$300 mn.**  
for O-RAN research specifically.

# 5G and FTTH deployments will ensure sustained OFC demand



Global Optical fiber cable demand showing sustained growth



Source: CRU

Units: Mn. fkm



INDIA  
19% ↑

Growth driven by  
FTTH deployments  
and Bharatnet



N. AMERICA  
8% ↑

Growth driven by  
Tier 2/3 carriers  
deployments



EUROPE  
7% ↑

Growth driven by  
buoyant FTTH  
deployments



CHINA  
4% ↑

Growth driven by  
600,000 to 1mn. 5G  
base stations deployments

# Addressable Market



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# Our Addressable Market





**Optical Interconnect Products**

**~ \$18-20 B**



**Virtualised Access & Network Software**

**~ \$15 B**



**System Integration Services**

**~ \$7B**



**Optical Fibre Cable** ~ \$7 - 8 B

**Optical Interconnect Kits** ~ \$10 - 12 B

**Open & Virtualised RAN Small cells** ~ \$5 -6 B

**Network Software** ~ \$10-11 B

**Telco (India)** ~ \$2 B

**Citizen Networks (India)** ~ \$1-1.5 B

**Defence (India)** ~ \$1.5 - \$2 B

**Cloud (India + Europe)** ~ \$1.5 B



# STL Right to Win



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# 1. 25 years of experience in optical connectivity



## Optical Fibre



Waluj  
Aurangabad  
India



Shendra  
Aurangabad  
India



Jiangsu Sterlite  
Tongguang Fibre Co.  
Limited  
Haimen-City  
China



Rakholi  
Silvassa  
India



Metallurgica  
Bresciana  
Dello  
Italy



Sterlite Conduspar  
Parana  
Brazil



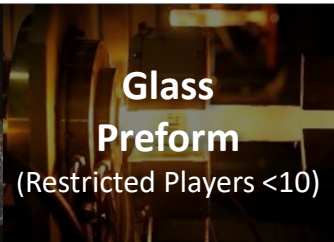
Dadra &  
Nagar Haveli  
India

## Optical Fibre Cable

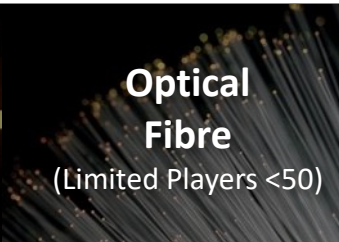
## Speciality Cable



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

33M\*

FKM OPTICAL  
FIBRE CABLE  
CAPACITY

**Industry 4.0 standards**

Fully automated machinery with robotic operations

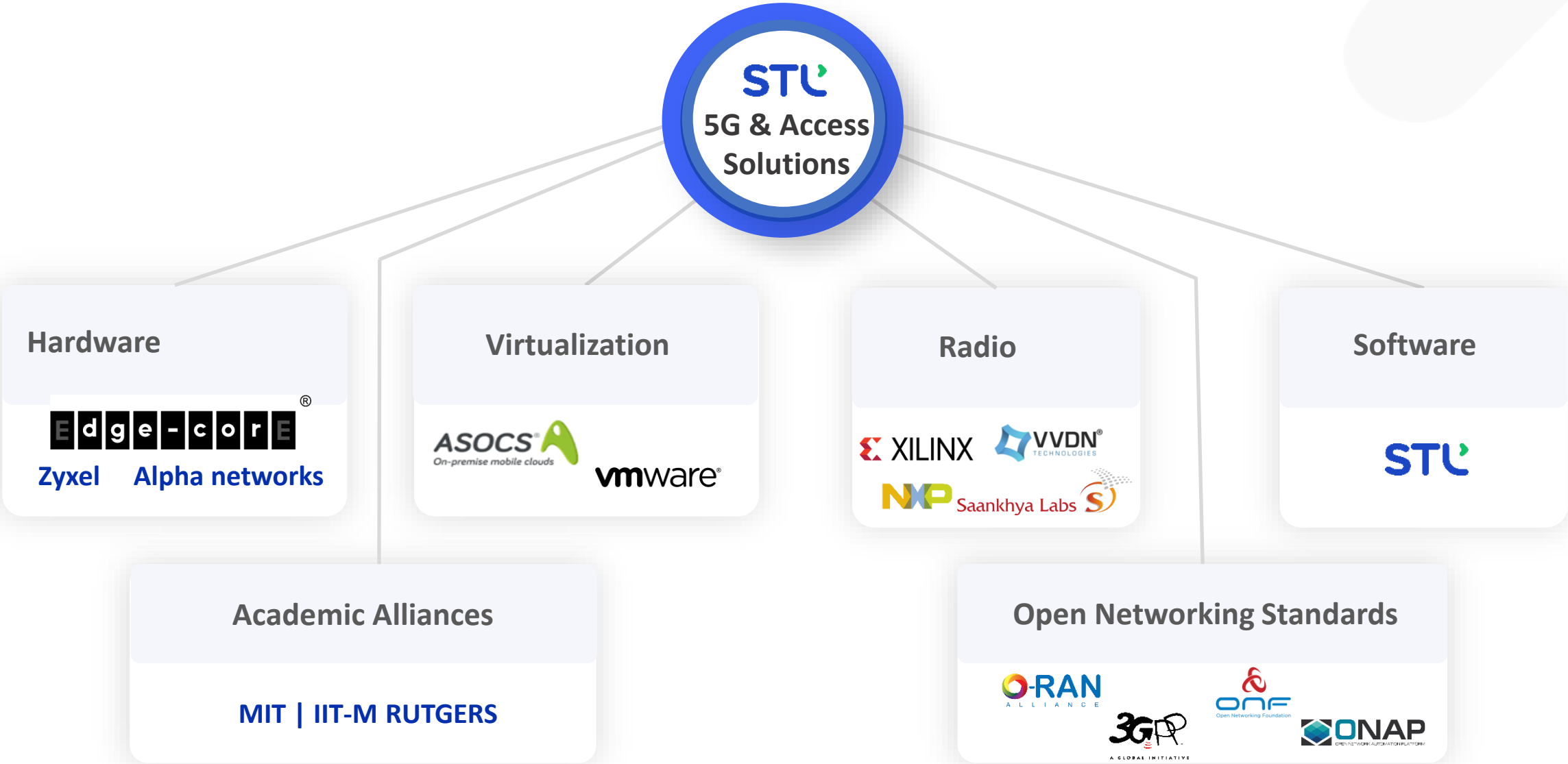
**Efficient supply chain**

Reduced delivery times and SCM cost

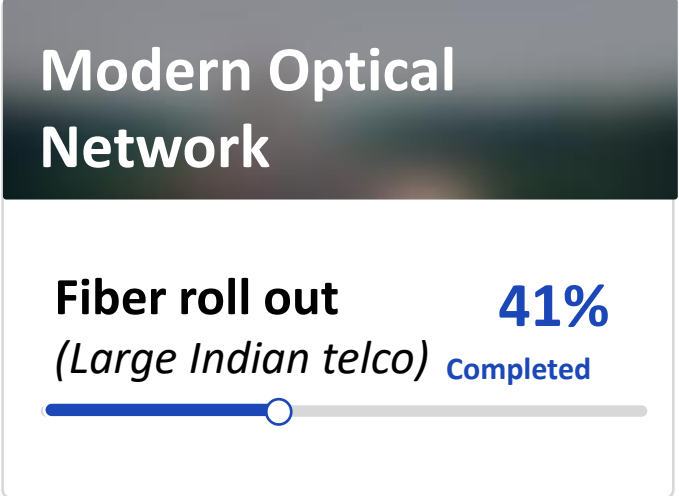
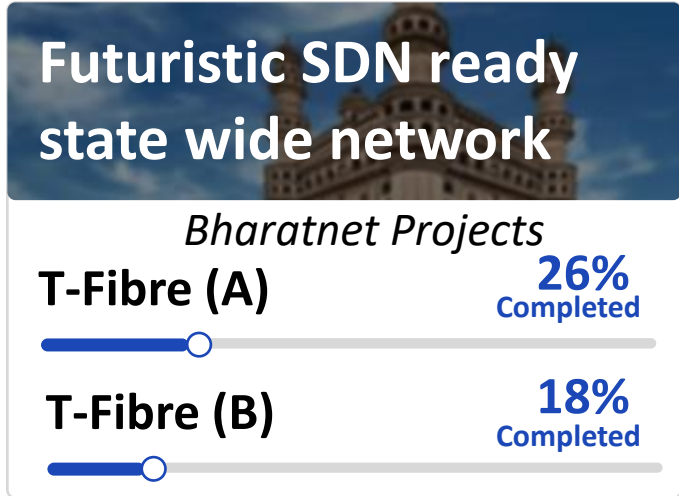
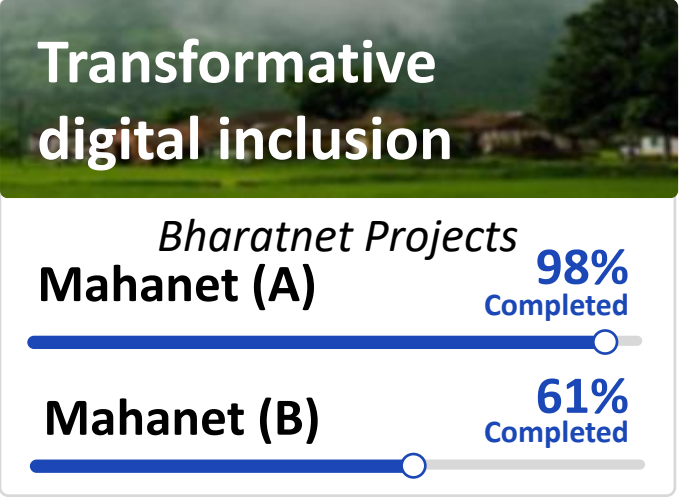
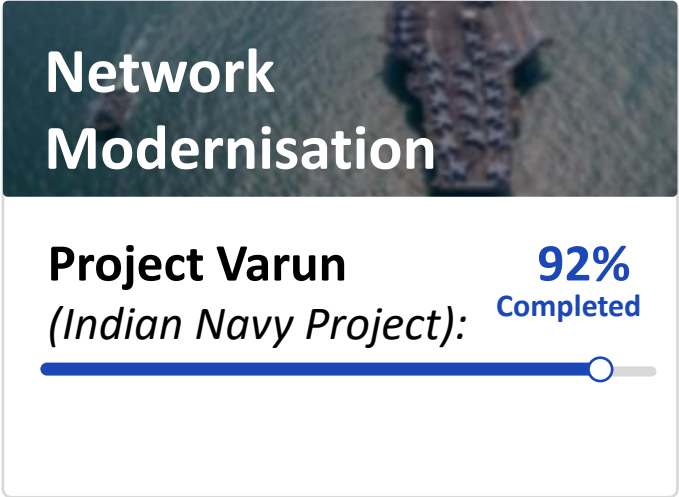
**\* Plan to reach by Jun 2021**



## 2. An ecosystem in virtualised access technologies



### 3. Expertise to integrate large-scale complex digital networks



# Put together, an E2E capability to integrate future digital networks



LARGE SCALE NETWORKS  
SYSTEM INTEGRATION

10 Years Network Design & Integration Solutions

OPTICAL  
INTERCONNECT



25 years

Extraordinary track record  
Globally respected

VIRTUALIZED  
WIRELESS

(SOFTWARE, CLOUD)



5 years

Strategic alliances and  
product development



Digital Network  
Integrator

Close to the Edge

**EDGE**

Seamless Wired & Wireless

**CONVERGED**

Enhanced Experience

**COMPUTE**

Agile, Scalable, Agnostic

**DISAGGREGATED**

At the Edge

Optical

&

Radio

Connectivity

&

Compute

Hardware

&

Software

STL can integrate all  
the technologies  
required for the new  
age digital network



# Future Growth Levers



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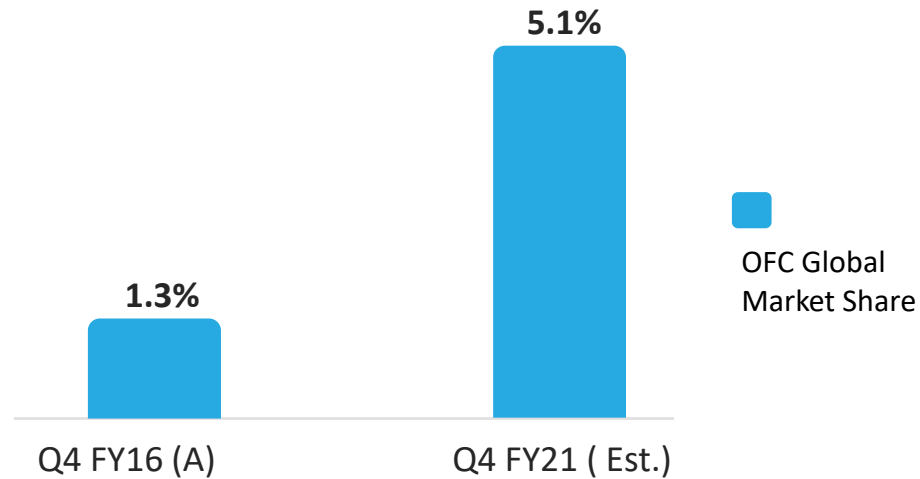
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# 1. Grow OFC Volume and Optical Interconnect business



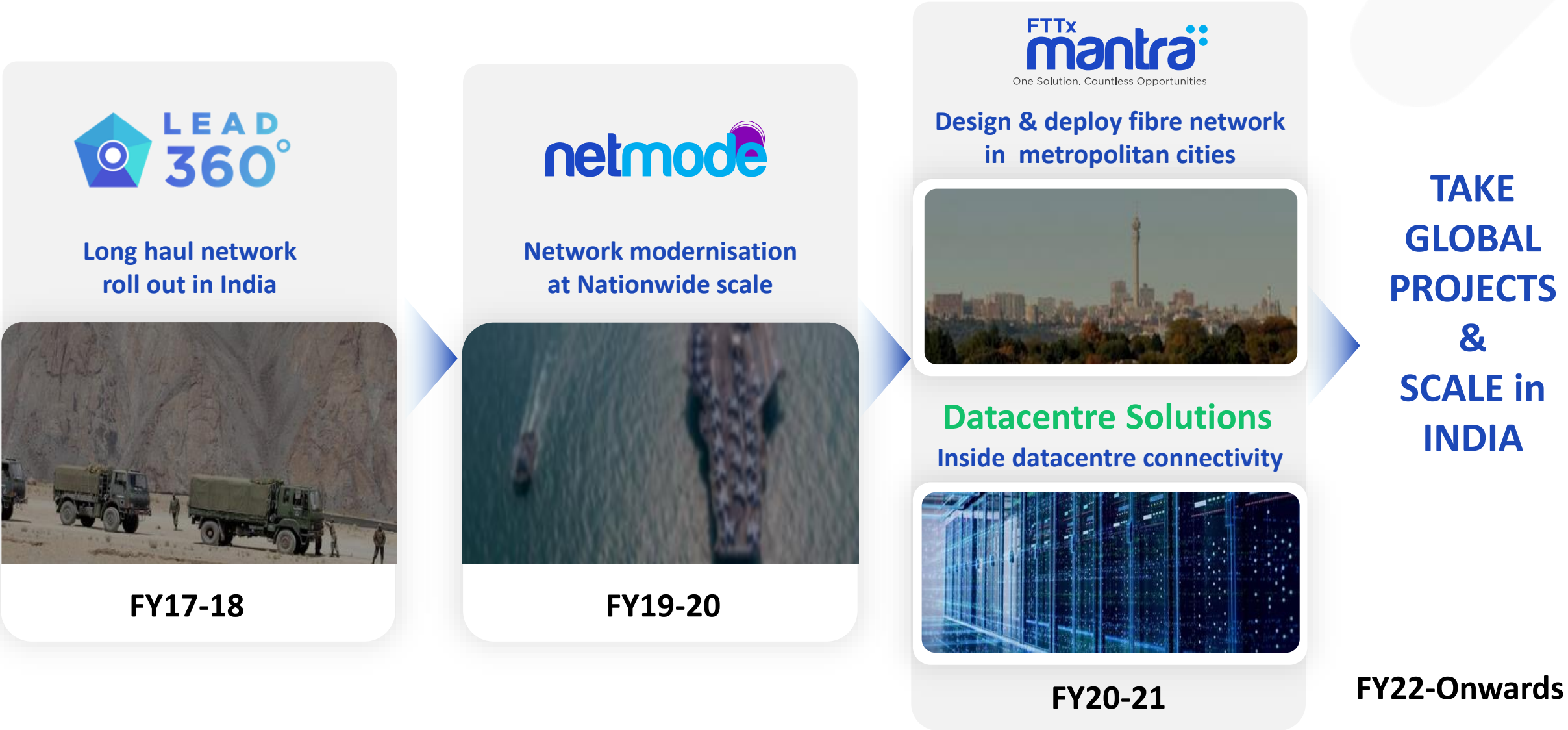
- STL OFC market share grew 4 times in last 5 years
- In FY21, our OFC volume grew by more than 35% despite a flat global Industry
- Going forward, we shall continue to penetrate newer markets e.g. USA

OPTOTEC  
by STL



- Expand optical interconnect business by leveraging existing customer relationships in EMEA
- Offer Optotec products integrated as Opticonn Solutions - a compelling value proposition

## 2. Take System Integration business global & Scale in India





### 3. Build a strong Access Solutions business, based on disruptive open-source products



#### Building a World class team

Leverage a team of exceptional professionals and ecosystem partnerships to develop network solutions, with disaggregated hardware and software.

Current team strength at 200 nos.

#### Product of Choice for large Scale O-RAN Deployments

To become a product of choice in 5G networks based on Open RAN technology.

Currently product trials are being conducted at customer premises.

# These 3 validated levers will drive growth for STL



**1**

**Grow Optical fibre  
cable volume and  
Optical interconnect  
business**

**2**

**Take System  
Integration business  
global  
and scale in India**

**3**

**Build a strong Access  
Solutions business,  
based on disruptive  
open-source products**

# Q4 FY21 Updates



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# Customers: Added BT Openreach partnership



Customer  
Engagement



openreach

**Multi-year  
strategic  
partnership to  
help build new  
UK full-fiber  
network**



**Five year,  
multi million  
contract for dual  
band and tri  
band radio units**



**Multi-year LOI  
for fiber roll out  
across 10 circles**



**Multi-year  
contract for  
Opticonn  
solution**



**Digital  
transformation  
for a leading  
telco in Africa**

# Portfolio: Advanced OI portfolio by completing Optotec Acquisition



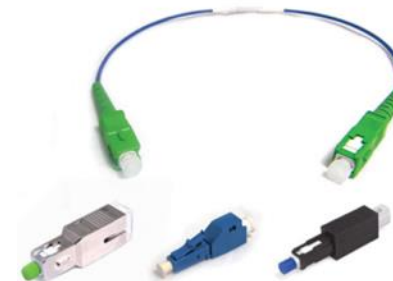
## Central Office



## Outside Plant



## Distribution & Access



## Customer Premises



Technology  
Portfolio



# Technology: Got the first 5G patent



**569 Patents**

**First 5G Patent**



**191 patents  
filed in  
FY21**



**STL got its first 5G  
patent granted**

“System and method for configuring photonic components using photonic abstraction interface.”

**R&D spend at 3.1% of revenues in FY21**



**Technology  
Portfolio**





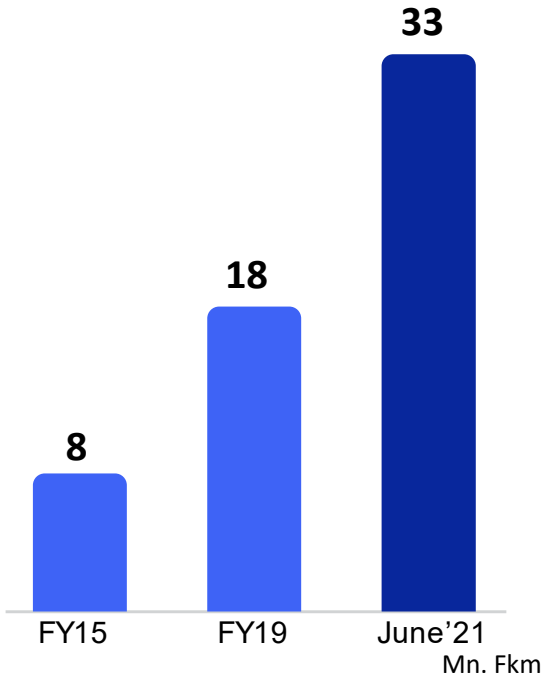
# Delivery: Increased OFC capacity; on target to reach 33 mn. fkm.



OFC capacity expansion to 33 mn



Optical fibre cable capacity



Impeccable  
Delivery



OFC expansion project is on track for time & cost



# STL Financials



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# Continued growth in participation across geographies



## Key Opportunities



**LARGE US  
HYPERSCALER**

*OPTICONN*



**LARGE EUROPEAN  
TELCO**

*OPTICONN*



**LARGE EUROPEAN  
TELCO**

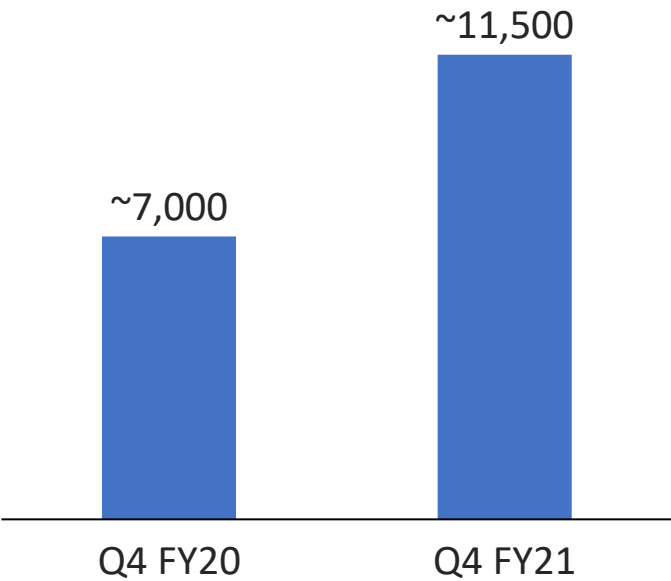
*OPTICAL INTERCONNECT*



**LARGE INDIAN  
ENTERPRISE**

*FIBER ROLLOUT*

## Open Participation Funnel (Rs. Cr.)

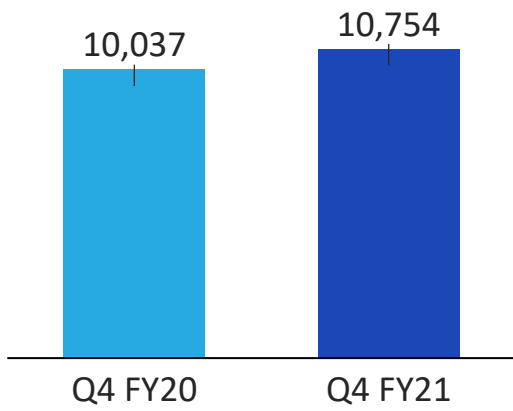




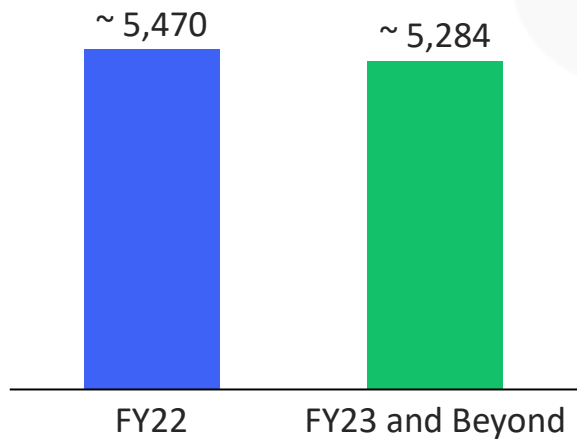
# Leading to a stable order book



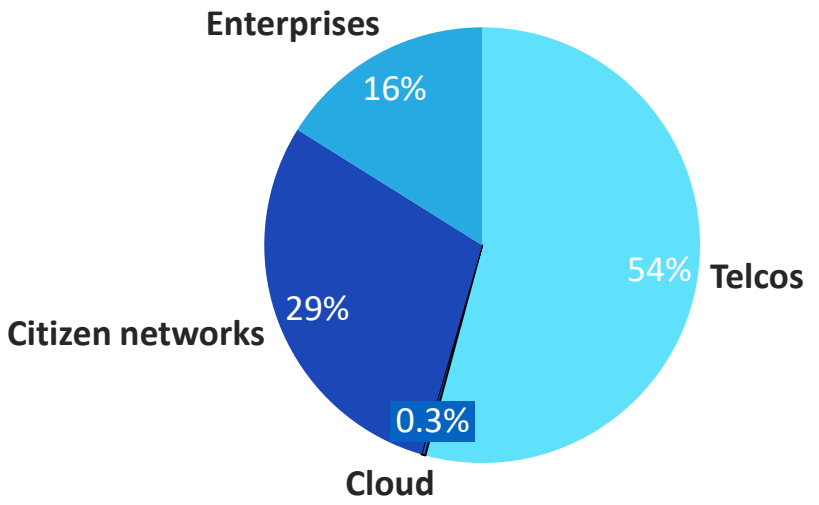
Open Order Book (Rs. Cr.)



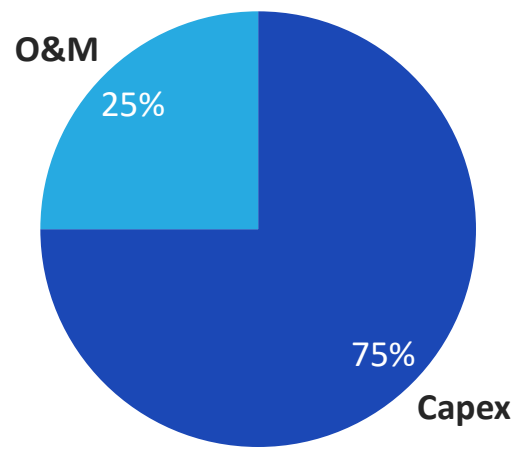
Order Book Spread (Rs. Cr.)



Open Order Book Customer Segment wise



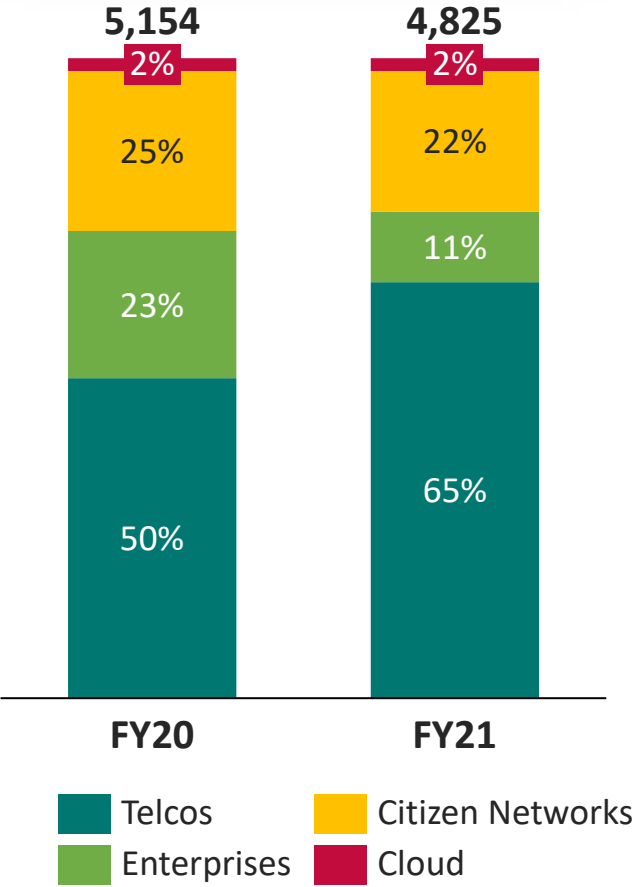
Open Order Book Split



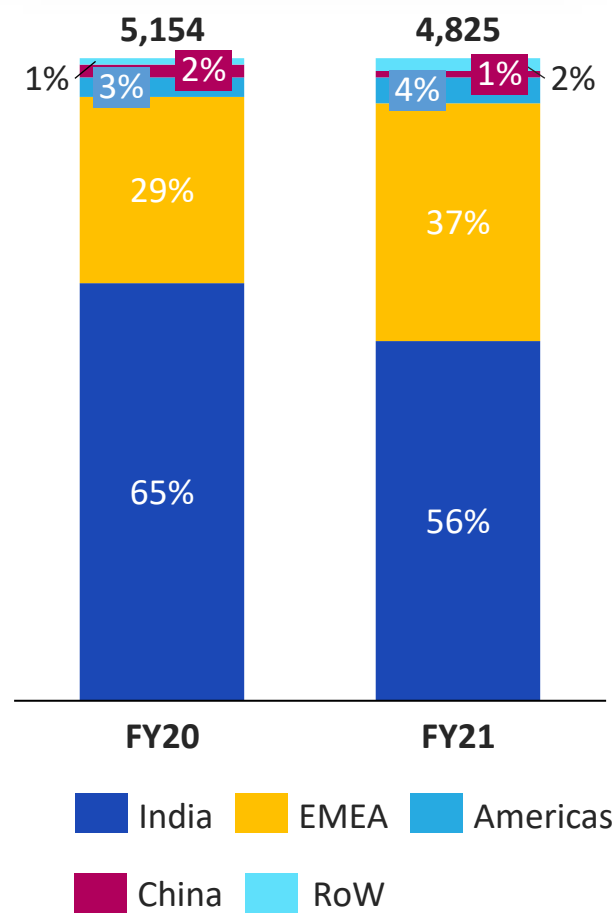
# Revenue mix is well diversified



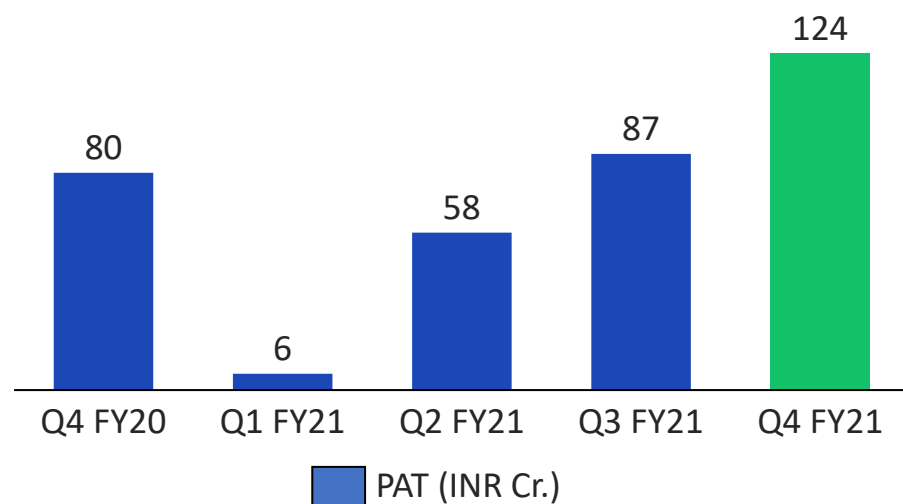
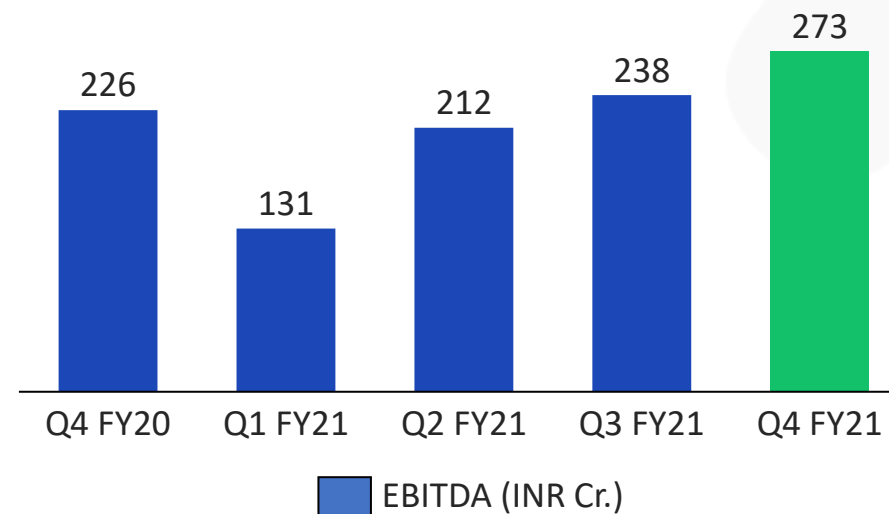
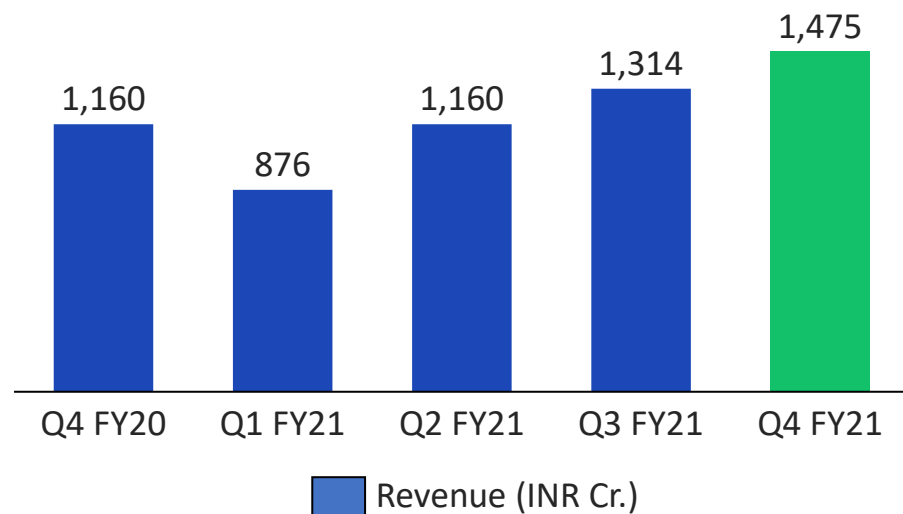
Customer Segments  
Revenues (Rs. Cr.)



Geographical Distribution  
Revenues (Rs. Cr.)



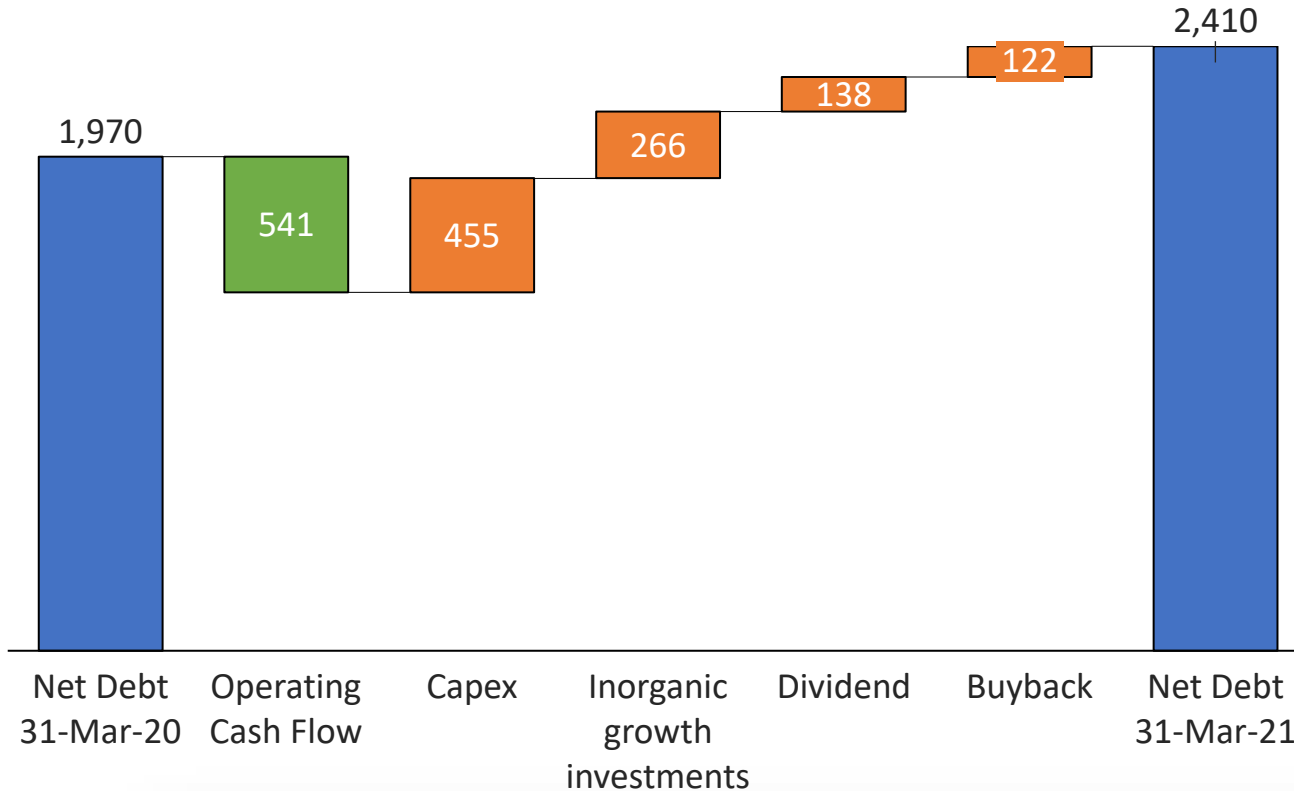
# Revenues grew by 12% QoQ and 27% YoY in Q4 FY21



- **Our OF & OFC capacity utilization continued to grow QoQ in FY21** and it shall further grow in FY22.
- Inline with earlier expectation, **Our H2 FY21 revenue grew by 18% over H2 FY20.**
- **We expect to maintain QoQ growth momentum going forward.**



# We continue to invest in capabilities



Free Cash Flow @ consolidated level – FY21	Rs. Cr.
Cash Profit after Tax	539
(Increase) / Decrease in working Capital	2
Operating Cash Flow	541
CAPEX	(455)
Free Cash Flow	86

The business continues to generate **positive free cash flow**.

We **invested in increasing plant capacities** and **acquiring new capabilities**.

The **debt is expected to peak in FY22** and post that **Debt/Equity shall start to go down**

# Financials: Abridged Version



P&L (INR Cr.)	Q4 FY20	Q4 FY21	FY20	FY21
Revenue	1,160	1,475	5,154	4,825
EBIDTA	226	273	1,104	854
<i>EBITDA %</i>	19%	19%	21%	18%
Depreciation	77	61	290	285
EBIT	150	212	813	568
Interest	59	53	221	203
Exceptional Item			51	
PBT	90	158	542	365
Tax	13	50	109	111
<b>Net Income</b> (Adjusted for exceptional item net of tax)	<b>80</b>	<b>124</b>	<b>472</b>	<b>275</b>

Balance Sheet (INR Cr.)	FY20	FY21
Net Worth	2,023	2,085
Net Debt	1,970	2,410
Total	3,993	4,495
Fixed Assets	2,536	2,664
Goodwill	122	292
Net Working Capital	1,335	1,540
Total	3,993	4,495



- **2021 has kickstarted the decade of network creation**

New technologies such as 5G, FTTH and O-RAN are driving the network creation cycle. These technology deployments shall ensure sustained OFC demand.

- **STL has created a unique position in the Industry**

It has 25 years of experience in optical connectivity, an ecosystem in virtualized access technologies and an expertise in integrating large scale complex projects. Put together, STL has end to end capability to integrate future digital networks.

- **STL has three validated growth levers**

First, to grow OFC volume and the Optical interconnect business.

Second, to take System Integration business to global markets along with scaling it in India.

Third, to build a strong Access Solutions business, based on disruptive open-source products.

- **In FY21, STL enhanced its capabilities**

The company increased the addressable market to \$40 bn, won marquee deals, advanced the product portfolio and increased its patents count to 569. The company is on track to increase its OFC plant capacity to 33 mn. fkm. by June'21.

- **The growth momentum will continue in FY22**

The company will continue to invest in R&D and capabilities, while generating RoCE in excess of 20% and reducing net debt/equity to 0.5





STL  
Introduction

**1**  
Digital Networks  
Growth Story

**2**  
Addressable  
Market

**3**  
STL  
Right to Win

**4**  
Future Growth  
Levers

**5**  
Q4 FY21  
Updates

**6**  
STL  
Financials

Annexure

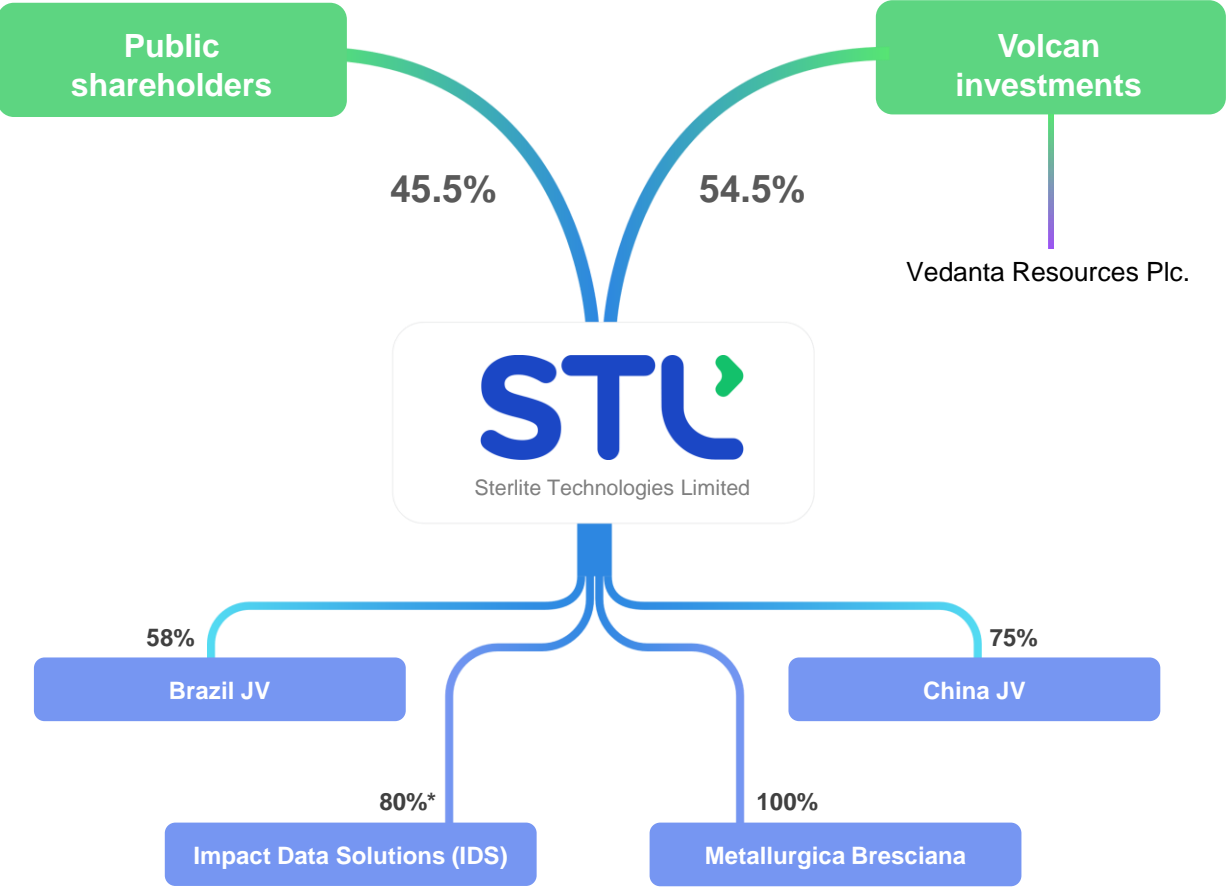
# Corporate structure & shareholding pattern



## Corporate structure

As on Mar 31st, 2021

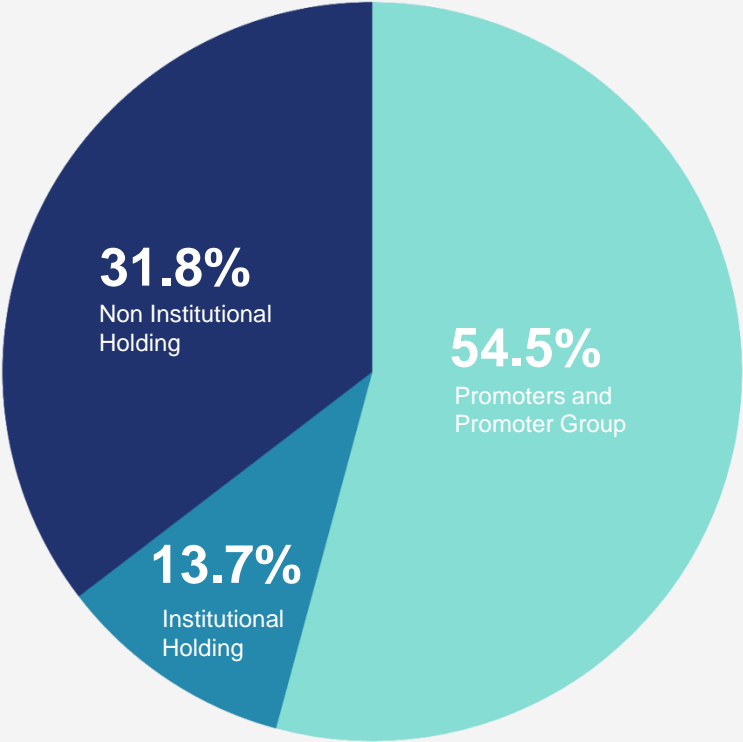
Only Subsidiaries that are material are disclosed



\*Balance 20% will be acquired based on an earn-out model, over the next few years.

## Shareholding pattern

Source: Company information; Karvy Shareholding Services; Data as of Mar 31st, 2021



# Our Values



hunger to  
learn



keep it  
simple



promises  
delivered



respect &  
empathise





**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



**ANKIT AGARWAL**

CEO, Connectivity Solutions  
Business



**CHRIS RICE**

CEO, Access Solutions  
Business



**KS RAO**

CEO, Network Services and  
Software Business



**MIHIR MODI**

Chief Financial Officer



**DR. BADRI GOMATAM**

Group Chief Technology  
Officer



**GAURAV BASRA**

Chief Strategy Officer



**MANISH SINHA**

Chief Marketing Officer



**ANJALI BYCE**

Chief Human Resources  
Officer



**SANDEEP GIROTRA**

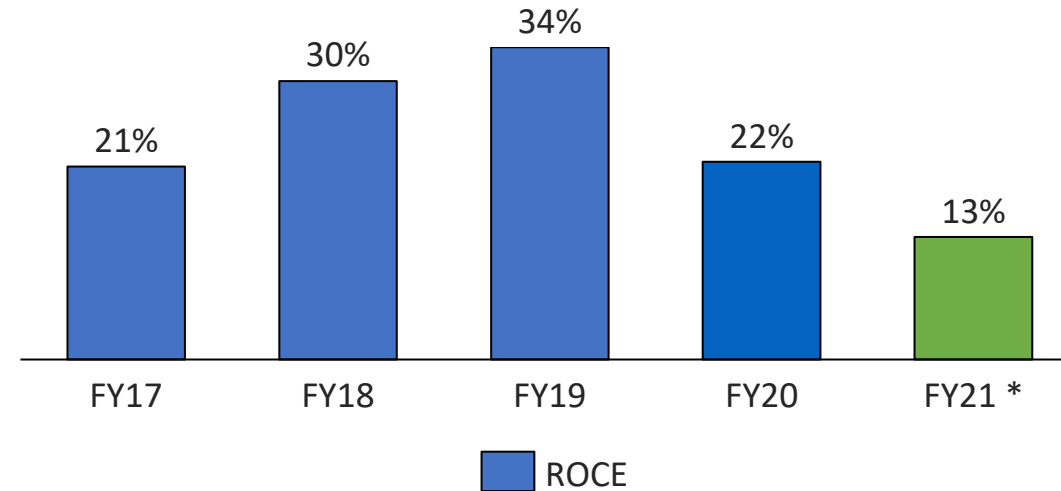
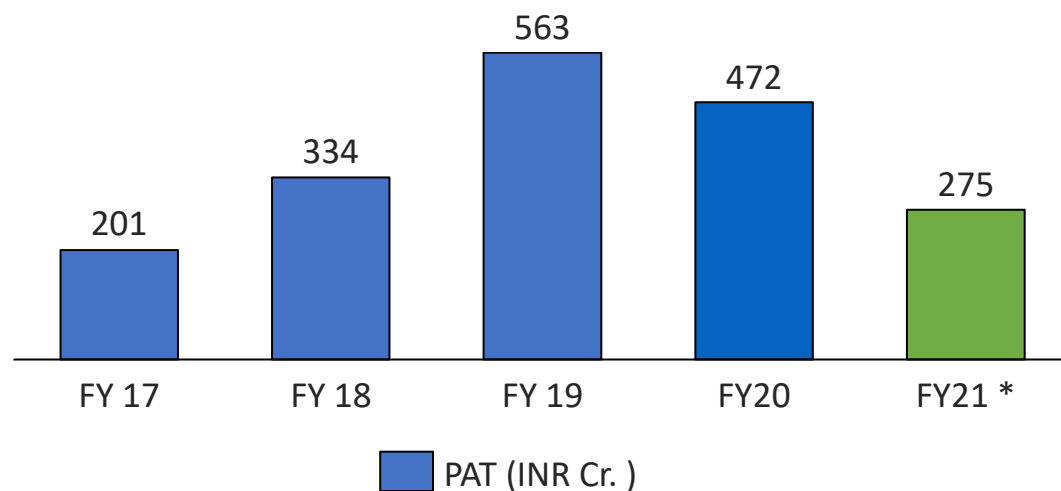
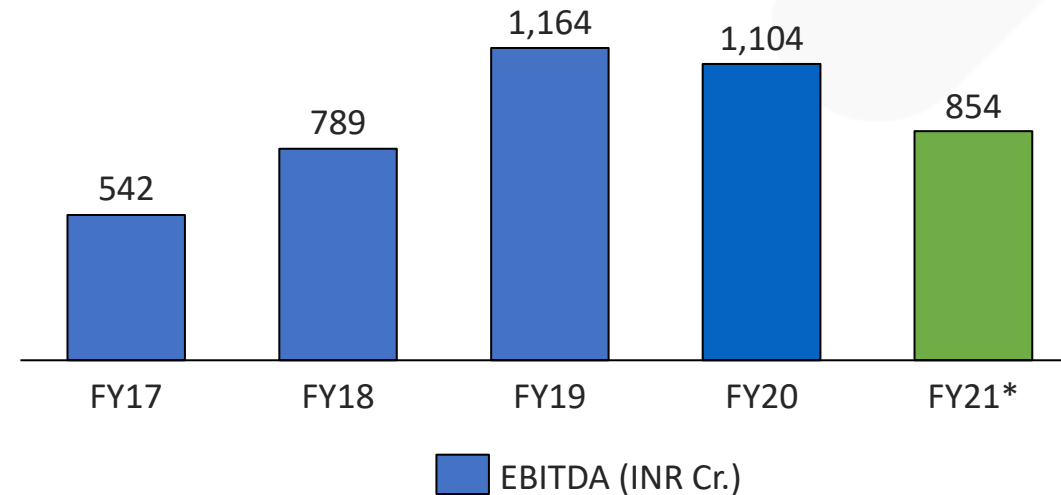
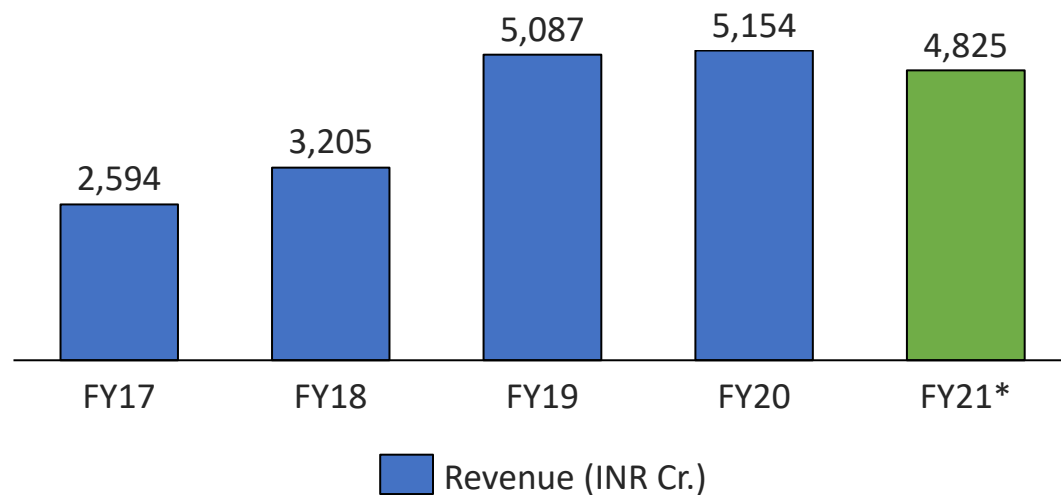
Global Sales Head



**AKANKSHA SHARMA**

Head CSR And Sustainability

# Delivering sustainable value for our shareholders





beyond tomorrow