

Sterlite Technologies Limited

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PRESS RELEASE

FOR IMMEDIATE PUBLICATION

Demerged Sterlite Tech delivers 28% PAT growth in FY16

- *Post demerger, FY16 financials only for pure-play Telecom business*
- *Robust performance - Revenues up 33%, EBITDA up 35%, PAT up 28% (as compared to FY15 proforma demerged Telecom business)*
- *Board declares dividend of Rs 1 per share versus Rs 0.60 per share last year. Dividend payout ratio at 31% of PAT*
- *Return on Capital Employed (Pre-tax) at 18% and Return on Equity (Post Tax) at 22%*

Pune - India, May 26, 2016: Sterlite Technologies Ltd [BSE: 532374, NSE:STRTECH], India's only Optical Communication Products, Services & Software company, today announced its financial results for the year and quarter ending March 31, 2016.

On May 24, 2016, Sterlite Tech had announced demerger effective from the appointed date of April 1, 2015. Post demerger, the FY16 performance is representative of only Telecom business. The FY15 reported numbers would not be to that effect comparable to FY16 reported financial numbers.

Business Performance (Telecom Consolidated) - FY16 Audited Vs FY 15 Proforma

	FY16 (Audited)	FY15 (Proforma)	Growth (%)
Revenue	2161	1619	33%
EBIDTA	465	345	35%
EBITDA %	22%	21%	
PAT	151	119	27%

All figures in Rs crore, except growth

Financial Highlights (Telecom Business Performance) - FY16 Audited Vs FY15 Proforma)

- FY16 revenue posted strong growth of 33% compared to FY15. CAGR revenue growth of 28% for last 5 years
- EBITDA grows by 35% on y-o-y basis. Last 5 years, EBITDA CAGR of 36%
- PAT for FY16 was Rs 151 crore, reflecting a 27% increase as compared to FY15 PAT.
- On Quarterly basis, standalone Q4FY16 marked the strongest quarter in the year with revenues and EBITDA increasing by 7% and 10% versus Q3FY16.
- The ROCE (pre-tax) of the business stands at 18%, and return on equity (post-tax) at 22%

Positive quarterly and full year financial results are a testimony of the structurally solid telecom business with unique offerings across the value chain. With its end-to-end telecom offerings, Sterlite Tech is well positioned to address the large growth opportunities surfacing in India and globally for creation of next generation digital infrastructure.

Citing the growth Sterlite Tech saw during the year, **Pravin Agarwal, Vice Chairman, Sterlite Technologies**, said, “India is at the cusp of a data revolution. We have over 20 years of expertise in enabling digital ecosystem and are fully geared to contribute towards establishing smart networks that support India’s growth.”

Commenting on the results, **Dr. Anand Agarwal, CEO, Sterlite Technologies**, said, “We are happy to close the financial year with a strong operational and financial performance. Going forward, we will strengthen our focus on end-to-end telecom opportunities, while investing in building capabilities on core technologies and smart networks. We are fully committed to transforming the digital infrastructure of the country on which the next generation services and applications will be offered. We are excited by the opportunity landscape surfacing in India on network creation and global demand for optical fiber.”

Business and Operational Highlights

- In Q4FY16, Sterlite Tech achieved an annual production run rate of 22 Mn fkm, successfully **increasing optical fiber manufacturing capacity by 10%** through de-bottlenecking initiatives.
- Doubled optical fiber cable manufacturing capacity to 15 Mn fkm.
- Sterlite Tech completed the **acquisition of Elitecore Technologies**, adding unique software and integration capabilities to its current offerings. Elitecore has been successfully merged and integrated.

- Sterlite Tech was awarded its first **Smart City project under Digital India for Gandhinagar** to provide Smart transport solutions, IP Surveillance, Wi-Fi connectivity. Sterlite Tech has added to the momentum by winning the **Jaipur Smart City project** in May 2016.

Industry Recognitions

- In 2015, Sterlite Tech was recognised **amongst India's Top 25 Innovative Industrial Companies** by CII.
- Sterlite Tech won the **Frost & Sullivan India Manufacturing Excellence Award 2015**.
- Elitecore Technologies was the winner of **Deloitte Technology Fast 50 Award for 2015**.

Financial Reported Numbers (Standalone)

	Q4FY16 (Post demerger)	Q3FY16 (Post demerger)	Q4FY15 (Pre-demerger)
Revenue	576	540	979
EBITDA	123	111	131
EBITDA%	21%	21%	13%
PAT	52	41	39

Q4FY16 and Q4FY15 are not comparable. All figures in Rs crore

Update on Demerger Scheme

- The demerger of power business from Sterlite Technologies is effective from the appointed date of April 1, 2015.
- Demerger of Sterlite Technologies Ltd (STL) will result in two independent companies i.e. Telecom Company rechristened as “Sterlite Tech” and Power Company “Sterlite Power Transmission Ltd (SPTL)”.
- As part of approved Demerger Scheme, STL's shareholders will retain one 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 with either get one equity share of Rs. 2 each of SPTL or 1 Redeemable Preference Share (RPS) of Rs. 2 each issued at a premium of Rs 110.30 each. The RPS will be redeemable within 30 days of issue if opted for.
- The value of STPL has been decided by the Board, based on the recommendation of two reputed Independent Valuers (Price Waterhouse & Co LLP and Haribhakti & Co LLP). The implied value per share of STPL has been arrived at Rs 22.46 per share.

- Price Waterhouse & Co LLP has prepared the share entitlement ratio report with a fairness opinion by Axis Capital, who is acting as the financial adviser to STL.
- Subject to receipt of certain customary regulatory approvals, the **“Record Date” for the determination of the list of shareholders, who shall be entitled to receive Securities of SPTL pursuant to demerger, is expected to be scheduled in mid-June. The Company will inform the Stock Exchanges at least 7 working days in advance of the “Record date”**. The eligible shareholders will then be sent an Election Notice to select any one of the options available to them under the Scheme.
- Demerger scheme and related documents are available on www.sterlitetech.com/demerger

ABOUT STERLITE TECHNOLOGIES:

Sterlite Technologies Limited (STL) “Sterlite Tech” [BSE: 532374, NSE:STRTECH] is world’s leading & India’s only vertically integrated Optical Communication Products, Services & Software Company. It aims to transform everyday living by delivering smarter networks. Sterlite Tech is India’s only fully integrated provider of optical fiber preforms, optical fibers and cables. With expertise in designing, engineering, building & managing broadband data networks, the company has global footprint in 75 countries, including manufacturing units in India, China and Brazil. With a strong portfolio of over 100 patents, Sterlite Tech is home to India’s only Centre of Excellence for broadband research. Projects undertaken by the company include intrusion-proof secure network for the Armed Forces, rural broadband for BharatNet, developing Smart Cities, and establishing high-speed Fiber-to-the-Home (FTTH) networks.

For more details, visit www.sterlitetech.com.

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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, 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.

Telecom Business Financial Performance

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.

Consolidated Profit & Loss Statement:

P&L (In Rs Cr)	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

Consolidated Balance Sheet (In Rs Cr):

Particulars	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

Last 5 years financial Performance for Telecom (Adj. Proforma Consolidated):

P&L (In Rs Cr)	FY12	FY13	FY14	FY15	FY16
Revenue	799	1,096	1,148	1,619	2,161
EBIDTA	137	151	181	345	465
EBITDA %	17%	14%	16%	21%	22%
EBIT	88	90	94	249	334
EBIT %	11%	8%	8%	15%	15%
Capital Employed	1,067	1,299	1,217	1,355	1,819
ROCE %	8%	7%	8%	18%	18%

Volumes (Mn fkm)	FY12	FY13	FY14	FY15	FY16
OF	11.7	12.5	13.8	17.7	20.1
OFC	3.7	4.6	5.2	7.7	6.5

Last 5 Quarter Financial Performance for Telecom (Adj. Proforma Consolidated):

P&L (In Rs Cr)	Q4 FY15	Q1 FY16	Q2 FY16	Q3 FY16	Q4 FY16
Revenue	510	462	518	572	608
EBIDTA	117	102	114	115	134
EBITDA %	23%	22%	22%	20%	22%
EBIT	93	76	86	77	95
EBIT %	18%	16%	17%	13%	16%

Volumes (Mn fkm)	Q4 FY15	Q1 FY16	Q2 FY16	Q3 FY16	Q4 FY16
OF	4.8	4.5	4.7	5.4	5.5
OFC	2.3	1.9	1.9	1.2	1.5