



# Sterlite Technologies Limited

## COMPANY BACKGROUND.....

- STL is an industry-leading integrator of digital networks which was started by Dr. Anil Agarwal who established a copper cable manufacturing unit in Aurangabad, India in 1988 - the early beginnings of what would become STL.
- STL offers a wide range of high density fiber optic connectivity solutions to lower network cost, improve performance, and maximize flexibility. STL offers a diverse portfolio of fiber optic connectivity solutions to support fiber cables, specialty cables, and optical interconnect kits.
- STL is creating networks which set new benchmarks. The company's deep end user understanding and keen focus on network monetization, leads it to create highly responsive and agile networks.
- STL's Accellus is built on the industry leading converged optical-radio architecture. Further, this solution leads the industry's transition from tightly integrated, proprietary products to vendor-neutral and programmable converged wireless & fiber network solutions.

## BUSINESS MIX (as of FY23).....

- Telcos (91%): Providing fully integrated communication network solutions to telecom service providers.
- Citizen Networks (5%): Fiber cable deployment under BharatNet in states of Maharashtra & Telangana.
- Enterprises (4%): Data Center projects for top hyperscalers like Microsoft.
- Cloud (0.1%): Providing Cloud networking solutions.
- STL Digital (0%): This was achieved through the formation of STL Digital, which is focused on engineering digital experiences for customers across verticals including telecom, technology, manufacturing and healthcare.

## KEY STRENGTHS.....

- Established leader in providing fully integrated solutions in building Communication Networks for Telecom, enterprises & cloud companies.
- Agile portfolio of products and solutions backed by excellent manufacturing facilities
- Strong earning visibility with ~INR 11,052 Cr Order Book spread across various verticals comprising 22% of the book with high margin O&M Contracts.
- Capitalizing on Telecom Infrastructure wave where Government and Private players shall continue to make significant investment
- Full vertical Integration into Optical fiber Manufacturing shall strengthen supply chain and enhance operating margins.
- Foraying into manufacturing of new products for Telecoms, 5G solutions, inter connect solutions for optical networks.
- Developing new products for Telecom and promising opportunities in optical interconnect, Access solutions & cloud services.
- Owns IPRs & Copyrights for various products
- Diverse Customer Base across all verticals of operations
- Long standing association with marquee customers

## FINANCIAL HIGHLIGHTS.....

(INR Mn)	Op. Income	EBITDA	EBITDA%	PAT	PAT%	EPS
<b>FY20</b>	51,544	10,947	21.24%	4,244	8.23%	10.77
<b>FY21</b>	48,251	8,437	17.49%	2,653	5.50%	6.9
<b>FY22</b>	54,320	7,210	13.27%	1,450	2.67%	1.51
<b>FY23</b>	69,250	9,310	13.44%	2,310	3.32%	3.53

### Key Data

<b>BSE Code</b>	532374
<b>NSE Code</b>	STLTECH
<b>Reuters</b>	STTE.NS
<b>Bloomberg</b>	SOTL:IN

### Market Data (INR) as on 31<sup>st</sup> March, 2023

<b>Face Value</b>	2.00
<b>CMP</b>	147.15
<b>52 Week H/L</b>	242.9/128.6
<b>MCAP (Mn)</b>	58,651.11
<b>Shares O/S (Mn)</b>	398.58
<b>1 Yr Avg. Vol. ('000)</b>	628.936

### Performance as on 31<sup>st</sup> March, 2023

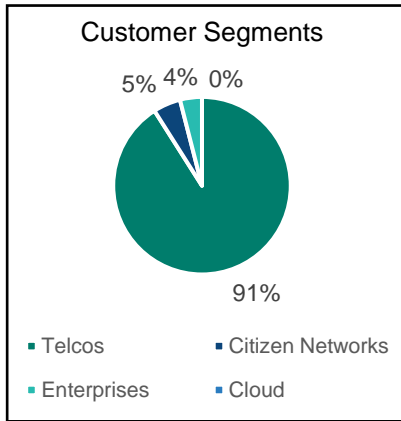
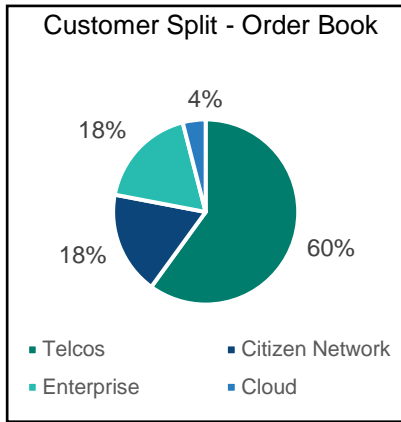
	3M	6M	12M
<b>STL</b>	(16.23)%	(12.90)%	(34.31)%
<b>SENSEX</b>	(3.09)%	2.77%	0.79%
<b>BSE MIDCAP</b>	(7.0)%	(5.2)%	(4.8)%

### Shareholding Pattern as on 31<sup>st</sup> March, 2023

<b>Promoters</b>	54.06%
<b>DII</b>	2.09%
<b>FII</b>	7.99%
<b>Public</b>	35.86%

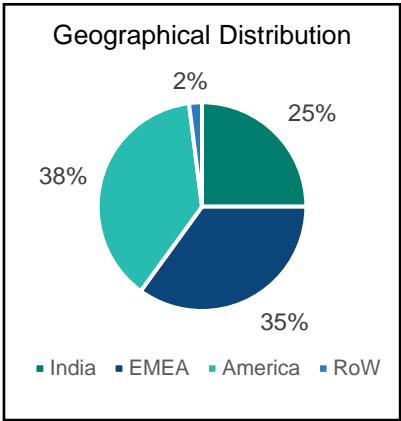
**BUSINESS SEGMENT.....**

- **Optical Connectivity:**
- STL offers a wide range of high density fiber optic connectivity solutions to lower network cost, improve performance, and maximize flexibility. STL offers a diverse portfolio of fiber optic connectivity solutions to support fiber cables, specialty cables, and optical interconnect kits.
- Telecom Network: Solutions like OFC Network, FTTx, Mobile Network, Broadband Access & WiFi Network, Radio Backhaul Network.
- Passive Interconnect solutions like Cable Assemblies,, splitter modules, joint closure, FTTH & Aerial cable assemblies.
- In the optical networking business, our global OFC market share has reached ~13% globally (ex-China)
- **System Integration:**
- STL provides integrated 5G ready end-to-end solutions ranging from wired to wireless, design to deployment, connectivity to compute through core capabilities in Optical Interconnect, Virtualized Access Solutions, Network Software and System Integration.
- In system integration business, STL has integrated clients like Clearcomm, secured new orders in UK and are now ramping up project execution. Continued growth in attractive customer segments by globalizing the System Integration business.
- **Access Solutions:**
- STL's Accellus is built on the industry leading converged optical-radio architecture. Further, this solution leads the industry's transition from tightly integrated, proprietary products to vendor-neutral and programmable converged wireless & fiber network solutions.



**KEY GROWTH DRIVERS.....**

- Three network creation cycles of 5G, FTTx and ORAN are coinciding which creates a massive market opportunity for connectivity solutions.
- Telco capex revival in India - Telecom reforms & 5G boosting confidence and spending in the sector. Policy reforms and 5G are spurring capex spending in Indian telcos.
- Strong tailwinds of massive Investment cycle where network creators and Government / Federal funds are investing heavily in digital infrastructure.
- 5G, M2M, IoT shall require extensive fiberisation. Networks shall become denser and deeper. About 70%-80% towers need to be fiberised. FTTH shall become dominant for broadband dream
- Govt. Initiatives like Digital India, BharatNet, Defence Communication, Wi-Fi, Railways, Smart Cities etc. will propel demand for communication infra. New Digital Communication Policy sets aggressive targets



**PEER COMPARISON (TRAILING 12 MONTHS) INR MN .....**

Company	Operational Income	EBITDA	EBITDA%	PAT	PAT%	Market Cap
Sterlite Technologies	70,970	8,530	12.01%	1,790	2.522%	58,651.11
Tejas Networks	9,196	140	(14.61)%	(279)	(3.033)%	97,815.04
Vodafone Idea	4,20,998	1,66,817	39.62%	(2,92,651)	(69.51)%	2,83,315.79
Bharti Airtel	13,91,448	7,19,252	51.69%	1,22,874	8.83%	44,69,599.31
HFCL	47,433	6,178	13.02%	3,177	6.69%	84,057.035

## INCOME STATEMENT (CONSOLIDATED) .....

PARTICULARS (INR Mn)	FY20	FY21	FY22	FY23
Revenue from Operations	51,544	48,252	54,370	69,250
Other Income	254	330	580	410
<b>Total Income</b>	<b>51,798</b>	<b>48,583</b>	<b>54,950</b>	<b>69,660</b>
Total Expenses	40,951	40,146	47,720	60,350
<b>EBITDA</b>	<b>10,947</b>	<b>8,437</b>	<b>7,230</b>	<b>9,310</b>
<b>EBITDA Margin (%)</b>	<b>21.24%</b>	<b>17.49%</b>	<b>13.29%</b>	<b>13.44%</b>
Depreciation	2,903	2,853	3,080	3,090
Finance Cost	2,120	1,930	2,380	3,110
Share of net profits of JV's accounted using equity method	148	149	1,470	2,310
Exceptional Items	-	(41)	160	-
<b>PBT</b>	<b>5,416</b>	<b>3,654</b>	<b>1,980</b>	<b>3,150</b>
<b>PBT Margin (%)</b>	<b>10.51%</b>	<b>5.50%</b>	<b>3.60</b>	<b>4.521</b>
Tax	1,089	1,113	510	840
<b>Profit after Tax</b>	<b>4,244</b>	<b>2,653</b>	<b>1,470</b>	<b>2,310</b>
<b>PAT Margin (%)</b>	<b>8.23%</b>	<b>5.57%</b>	<b>2.68</b>	<b>3.33%</b>
Other Comprehensive Income	(366)	391	100	(140)
<b>Total Comprehensive Income</b>	<b>3,878</b>	<b>3,069</b>	<b>560</b>	<b>1,130</b>
EPS (Diluted INR)	10.77	6.90	1.5	3.5

## BALANCE SHEET (CONSOLIDATED) .....

Particulars (INR Mn)	FY21	FY22	FY23	Particulars (INR Mn)	FY21	FY22	FY23
<b>EQUITIES &amp; LIABILITIES (INR Mn)</b>				<b>ASSETS</b>			
(A) Share Capital	793	800	800	<b>Non-Current Assets</b>			
(B) Other Equity	19,081	18,750	20,110	(A) Property plant & Equipment	27,828	28,550	28,540
(C) Non Controlling Interest	981	920	40	(B) Capital Work in Progress	2,272	1,430	1,290
<b>Total - Shareholder Funds</b>	<b>20,855</b>	<b>20,470</b>	<b>20,950</b>	(C) Right-of-use-Assets			
<b>Non Current Liabilities</b>				(D) Goodwill	2,921	2,700	2,250
(A) Financial Liabilities				(E) Other Intangible Assets	991	2,260	1,670
(i) Borrowings	12,557	15,360	10,020	(F) Financial Assets			
(ii) Lease Liabilities	787	1,290	1,260	(i) Investments	1,223	920	960
(iii) Other Liabilities	251	160	150	(ii) Loans	172	40	30
(B) Employee Benefit Obligations	534	500	440	(iii) Other Financial Assets	71	180	110
(C) Provisions	7	10	-	(G) Deferred Tax (Net)	178	480	770
(D) Deferred Tax Liabilities	1,033	900	540	(H) Other Non Current Assets	391	1,220	970
<b>Total - Non – Current Liabilities</b>	<b>15,170</b>	<b>18,220</b>	<b>12,420</b>	<b>Total - Non – Current Assets</b>	<b>36,046</b>	<b>37,780</b>	<b>36,590</b>
<b>Current Liabilities</b>				<b>Current Assets</b>			
(A) Financial Liabilities				(A) Inventories	6,264	9,200	8,320
(i) Borrowings	12,340	17,750	26,650	(B) Financial Assets			
(ii) Lease Liabilities	259	350	410	(i) Investment	1,809	-	400
(iii) Trade Payables				(ii) Trade Receivables	14,514	17,060	18,220
a) To MSMEs	747	1,780	3,260	(iii) Loans	96	-	-
b) To Non – MSMEs	18,690	22,420	18,260	(iv) Cash & Cash Equivalents	1,928	4,110	4,500
(iv) Other Financial Liabilities	908	2,950	2,540	(v) Other Bank Balances	556	1,190	570
(B) Contract Liabilities	713	1,860	1,560	(vi) Other Financial Assets	273	1,100	1,180
(C) Other Current Liabilities	738	1,160	1,310	(C) Contract Assets	13,215	12,550	14,160
(D) Employee Benefit Obligations	134	170	290	(D) Other Current Assets	4,309	4,600	4,610
(E) Provisions	102	240	660	(E) Assets held for sale	1,717	-	100
(F) Current Tax Liabilities Net	298	220	330	<b>Total – Current Assets</b>	<b>44,680</b>	<b>49,810</b>	<b>52,050</b>
(G) Liabilities with Assets HFS	1,596			<b>GRAND TOTAL – ASSETS</b>	<b>80,726</b>	<b>87,590</b>	<b>88,650</b>
<b>Total – Current Liabilities</b>	<b>44,701</b>	<b>48,900</b>	<b>55,290</b>				
<b>Total - Liabilities</b>	<b>59,871</b>	<b>67,120</b>	<b>67,700</b>				
<b>GRAND TOTAL - EQUITIES &amp; LIABILITIES</b>	<b>80,726</b>	<b>87,590</b>	<b>88,650</b>				

## INVESTOR RELATIONS TEAM AT VALOREM ADVISORS .....

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