

STERLITE TECHNOLOGIES LIMITED
Q2 & H1 2014-15 INVESTOR UPDATE



- Revenues for Q2 FY15 were at Rs 592 Crores, an increase of 5% QoQ. Overall revenues for the half year FY15 were at Rs 1,156 Crores, down 17% as compared to same period in FY14 primarily on account of a weaker performance in the Power products and solutions business during the first half of this year.
- EBITDA for the quarter was at Rs 81 Crore reflecting a growth of 14%QoQ and for the the half year FY15 at Rs 153 Crore, an improvement of 6% over last year driven by better performance in theTelecom business. Overall EBITDA margin for H1 FY15 was at 13% vs 10% for H1 FY14

COMPANY PERFORMANCE (STANDALONE FINANCIALS)

Profit & Loss Statement

INR Cr

	Q2 FY 15	Q1 FY 15	Q2 FY 14	6M FY 15	6M FY 14	FY 14
Sales	592	564	642	1,156	1,401	2,726
EBITDA	81	71	58	153	144	271
EBITDA %	14%	13%	9%	13%	10%	10%
Depreciation	27	27	25	54	49	103
EBIT	54	45	33	99	95	168
EBIT %	9%	8%	5%	9%	7%	6%
Interest	42	30	16	72	44	95
PBT	12	15	16	27	50	73
Tax	(1)	5	4	5	16	23
Effective tax rate	(na)	37%	27%	17%	31%	32%
PAT	13	9	12	22	35	50
PAT %	2%	2%	2%	2%	2%	2%

Volumes

	Q2 FY 15	Q1 FY 15	Q2 FY 14	6M FY 15	6M FY 14	FY 14
OF including China JV (Million fkm)	4.3	3.9	3.0	8.2	6.9	13.8
OF Standalone (Million fkm)	3.0	3.0	2.3	6.0	6.1	11.4
OFC (Million fkm)	1.4	1.8	0.9	3.2	1.9	5.2
Conductors (MT)	14,952	8,794	27,000	23,746	54,000	94,587

- Overall OF volumes including sales from China JV were highest ever at 4.3 million fiber km vs 3.9 million fiber km in Q1. OFC volumes witnessed a drop on a quartely basis but on a half yearly basis, have increased by 68% from 1.9 million fkm in H1FY14 to 3.2 million fkm in H1FY15. This is reflective of our growing mix of OFC in our total telecom product sales.

- Power conductor volumes improved marginally this quarter to 14,952 MT but still remain well below our historic average volumes.
- Order book improved from previous quarter and stands at an all time high with Rs 4,900 Crores, split nearly equally between our Power and Telecom business.
- Net Debt at standalone level was at Rs 1,490 crores vs Rs 1,200 crores as at 30th June 2014.

Balance Sheet

INR Cr

	6M FY 15	FY 14
Source of funds	2,979	2,623
Networth	1,207	1,218
Gross Debt	1,696	1,313
Other liabilities/provisions	14	5
Deferred tax liability (Net)	62	87
Application of funds	2,979	2,623
Net fixed assets	945	1,023
Current assets	1,345	1,399
- Cash & Short Term Investments	206	249
Current liabilities	734	924
Other non current assets	1,423	1,125

SEGMENTAL PERFORMANCE (STANDALONE FINANCIALS)

Telecom Products and Solutions Segment

INR Cr

	Q2 FY 15	Q1 FY 15	Q2 FY 14	6M FY 15	6M FY 14	FY 14
Sales	287	322	209	608	500	1,077
EBITDA	76	70	33	145	94	187
EBITDA %	26%	22%	16%	24%	19%	17%
Depreciation	18	19	18	38	35	74
EBIT	57	50	15	108	59	113
EBIT %	20%	16%	7%	18%	12%	10%
Capital employed	1,063	1,097	1,159	1,063	1,159	1,088
ROCE %	22%	18%	5%	20%	10%	10%

- Telecom revenues were at Rs 287 Crores in Q2 FY15, down 11% on QoQ basis, primarily driven by lower sales in optical fiber cables however on a half yearly basis we recorded a growth of 22%. EBITDA for the quarter remained flat but EBITDA margins improved due to operational leverage in this business.
- The order book for the telecom business stands at Rs 2,400 Crores as on 30th September 2014.

Power Products and Solutions Segment

INR Cr

	Q2 FY 15	Q1 FY 15	Q2 FY 14	6M FY 15	6M FY 14	FY 14
Sales	287	229	420	516	874	1,587
EBITDA	6	2	26	7	50	85
EBITDA %	2%	1%	6%	1%	6%	5%
Depreciation	9	7	7	16	15	29
EBIT	(3)	(6)	18	(9)	35	55
EBIT %	-1%	-3%	4%	-2%	4%	3%
Capital employed	497	435	393	497	393	375
ROCE %	-3%	-5%	18%	-4%	18%	15%

- Power segment has started showing signs of recovery with sales of Rs 287 Crores, translating into a 25% growth QoQ, however EBITDA for the quarter at Rs 6 Crores, continues to remain subdued because of under utilization of our existing capacities.
- While domestic demand is showing signs of recovery, we continue to focus on our exports which were up 30% on a QoQ basis.
- Our order book at the end of the quarter remains healthy at Rs 2,500 Crores reflecting an increase of 14% QoQ

Power Transmission business

- We generated revenues of Rs 18 Crores this quarter and have also started receiving revenues on one of the elements on our BDTCL project. We now have 2 projects semi operational.
- We have achieved financial closure of 2 projects (PKTCL and RTCL) that were acquired earlier in the year.
- Total project investment stood at Rs 4,250 crores of which Rs 2,600 crores was funded through external bank debt and remaining Rs 1,650 crores through equity which includes Rs 1,200 crores as Sterlite's contribution as well as Rs 450 crores from Standard Chartered Private Equity

COMPANY PERFORMANCE (CONSOLIDATED FINANCIALS)
Profit & Loss Statement and Segmental breakdown (Rs. in Lacs)

	Standalone	Consolidated		Standalone	Consolidated	Standalone	Consolidated
	Quarter ended			Half year ended		Year ended	
	Sept 14	Sept 14	June 14	Sept 14	Sept 14	Mar 14	Mar 14
	(Unaudited)	(Unaudited / Unreviewed)	(Unaudited / Unreviewed)	(Unaudited)	(Unaudited / Unreviewed)	(Audited)	(Audited)
Income from Operations							
a) Net Revenue	57,402	59,990	56,544	112,470	116,534	266,358	250,098
b) Other Operating Income	1,805	1,805	1,372	3,177	3,177	6,276	6,287
Total Income from operations (Net)	59,207	61,795	57,916	115,647	119,711	272,634	256,385
Total Expenditure	56,081	59,593	53,326	108,334	112,919	257,493	242,178
a) Cost of materials consumed	34,464	33,098	35,552	70,503	68,650	177,686	156,451
b) Purchase of stock-in-trade	1,338	1,341	1,419	2,757	2,760	2,812	2,826
c) (Inc) / Dec in finished goods, stock-in-trade & WIP	117	1,416	(3,585)	(3,019)	(2,169)	(1,805)	(2,277)
d) Staff Cost	3,944	4,688	3,429	6,886	8,117	12,239	14,258
e) Depreciation & Impairment	2,745	3,814	3,690	5,412	7,504	10,288	13,331
f) Other Expenditure	13,473	15,236	12,821	25,795	28,057	56,273	57,589
Operating profit before other income, interest and tax	3,126	2,202	4,590	7,313	6,792	15,141	14,207
Other Income	2,277	2,562	398	2,551	2,960	1,695	2,250
Profit before interest and tax	5,403	4,764	4,988	9,864	9,752	16,836	16,457
Interest Cost	4,242	5,029	5,630	7,208	10,659	9,528	17,978
Profit / (loss) before tax	1,161	(265)	(642)	2,656	(907)	7,308	(1,521)
Tax Expenses	(95)	(114)	546	451	432	2,288	2,431
Net Profit after tax	1,256	(151)	(1,188)	2,205	(1,339)	5,020	(3,952)

	Standalone	Consolidated		Standalone	Consolidated	Standalone	Consolidated
	Quarter ended			Half year ended		Year ended	
	Sept 14	Sept 14	June 14	Sept 14	Sept 14	Mar 14	Mar 14
	(Unaudited)	(Unaudited / Unreviewed)	(Unaudited / Unreviewed)	(Unaudited)	(Unaudited / Unreviewed)	(Audited)	(Audited)
Segment Revenue							
Power Product and Solutions	28,733	28,733	22,908	51,641	51,641	158,687	158,687
Telecom Product and Solutions	28,669	31,385	33,232	60,829	64,617	107,671	110,486
Power Transmission Grid		1,793	1,611		3,404		5,413
Inter-segment elimination		(1,921)	(1,207)		(3,128)		(24,488)
Total	57,402	59,990	56,544	112,470	116,534	266,358	250,098
Profit before interest, depreciation and tax							
Power Product and Solutions	564	206	44	738	250	8,456	8,193
Telecom Product and Solutions	7,584	6,931	6,998	14,538	13,929	18,668	18,123
Power Transmission Grid		1,440	1,635		3,075		3,633
Unallocable		1	1		2		(161)
Total	8,148	8,578	8,678	15,276	17,256	27,124	29,788
Profit before Interest and Tax							
Power Product and Solutions	(337)	(694)	(703)	(910)	(1,397)	5,516	5,253
Telecom Product and Solutions	5,740	4,625	4,641	10,774	9,266	11,320	9,374
Power Transmission Grid		839	1,055		1,894		2,014
Unallocable		(6)	(5)		(11)		(184)
Total	5,403	4,764	4,988	9,864	9,752	16,836	16,457
Net Interest Cost	4,242	5,029	5,630	7,208	10,659	9,528	17,978
Profit / (loss) before tax	1,161	(265)	(642)	2,656	(907)	7,308	(1,521)
Capital Employed (Segment Assets- Segment Liabilities)							
Power Product and Solutions	49,658	48,683	41,789	49,658	48,683	37,546	33,140
Telecom Product and Solutions	106,334	120,343	122,554	106,334	120,343	108,790	121,714
Power Transmission Grid		429,435	395,605		429,435		373,190
Unallocable	134,373	14,352	10,813	134,373	14,352	108,190	20,250
Total	290,365	612,813	570,761	290,365	612,813	254,526	548,294

Consolidated numbers for Q2 2014-15 have not been reviewed or audited by statutory auditors



The Company will be hosting an earnings update call on Friday 31st October 2014 at 17:00 hrs. The conference call login details are below.

Primary Number: +91 22 6746 5814
Secondary Number: +91 22 3938 1080

(Please dial the below number at least 5-10 minutes prior to the conference schedule to ensure that you are connected in time)

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