



“Sterlite Technologies Limited Q2 FY16 Earnings  
Conference Call”

**October 26, 2015**



**MANAGEMENT:**    **DR. ANAND AGARWAL – CEO, STERLITE TECHNOLOGIES LIMITED**  
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**MODERATOR:**    **MR. BHAVIN VITHLANI – AXIS CAPITAL LTD**



**Moderator:** Ladies and gentlemen, good day and welcome to the Sterlite Technologies Q2 FY16 Earnings Conference Call. As a reminder all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '\*' then '0' on your touchtone phone. Please note that this conference is being recorded. Along with this call we are also running a live webcast of the presentation covering the Q2 FY16 Results. Investors can also download a copy of these slides from the website after the presentation. I now hand the conference over to Mr. Bhavin Vithlani from Axis Capital, thank you and over to you sir.

**Bhavin Vithlani:** Thank you. At the outset I would like to thank all of you for dialing into Sterlite Technologies Q2 FY16 Earnings Conference Call. The management team will be represented by Dr. Anand Agarwal – CEO and Mr. Anupam Jindal – CFO. I now request Dr. Agarwal to take us through the results for the quarter, post which we will open the floor for Q&A. Once we are done with the presentation, over to you Dr. Agarwal.

**Dr. Anand Agarwal:** Thanks Bhavin. Good afternoon, I welcome you to the Sterlite Technologies Q2 FY 16 earnings call. We shared our second-quarter results earlier today and I hope that all of you have had an opportunity to go through them.

I will start with the telecom business, I am pretty excited with the progress we continue to make as a company. In our telecom business the momentum in Q2 and really throughout 2015 exhibits the success of our strategy and validates our position as the leading broadband solutions provider. A clear roadmap has been developed in and that is what we want to talk about today. The optical fiber cable demand is shaping up progressively in the country as well as in our key international market. In line with this we are expanding capacities, we are building up our services portfolio, and targeting long-term stickier and predictable cash flow as well as we are expanding our adjustable market and strengthening our entire predictability.

Our telecom business continues to develop into a comprehensive entity with all the three segments i.e. product, the network and system integration as well as software and services shaping up well. Although most of you are well aware however, for the benefit of everyone at large I will briefly reintroduce our telecom offering. The products vertical manufacture is preforms, optical fibers and cables and structure data tables, this is an area where we enjoy our leading market position, and we have a track record that we are really proud of. Network and system integration includes end to end network designs, engineering, installation, management, as well as our fiber to the home foray. The business is in that actively garnering more customers for our product portfolio while also expanding our wallet share. Software and services is the latest addition to our portfolio which we believe holds tremendous potential to expand services in the telecom arena. Cross sell products, expand addressable market, as well as strengthen our financial and operational profile. This vertical currently houses the Elitecore business which we recently acquired towards the end of last quarter.

Here I would like to emphasize on our operational capabilities, we have been steadily laying the foundation for strong operation set up with an eye on building capacities as well as capabilities. We have global manufacturing operations in three countries serving customers across five continents. We are the only company in India with an integrated glass preform manufacturing setup starting from basic raw material. There is an ongoing effort to capture greater value at all stages of the process and this has helped to enhance realizations and elevate the margin profile of the business. A key element of our growth agenda is enhancing capabilities across products and services our one of its kind lab in the world our center of excellence in Aurangabad is working on developing products of higher specialty as well as enhancing application of our suite of fiber-based products. The shipment of these specialty fiber as a percentage of overall shipment has been steadily growing in recent quarters, the focus on R&D is evidenced with our strong pattern portfolio of over 50 pattern No matter while I talk briefly about the data opportunity, no matter whichever way you look at it increasing data consumption globally and particularly in India is very apparent. India's digital infrastructure needs a significant boost as indicated by any comparable metric, be it fiber deployment, internet speed, penetration so on and so forth. By 2019 there will be nearly 3.9 billion global internet users almost more than half the world's population and they will all need reliable high-speed broadband. There is exponential data growth expected in all geographies while developing countries will see an increase in users the developed countries are expected to witness an increase in devices connected to the internet. It is this network of high-speed access that will support the future needs of mobile banking, e-commerce, and e-governance.

The global telecom industry continues to invest heavily in building next generation networks to keep pace with growth in data traffic similarly unprecedented capital investments are planned over the next five years by Indian telco and government in creating the digital India infrastructure. The signs for exponential growth and demands for OF and OFC grow as to increase our capacities a few quarter ago. We expanded optical fiber capacity from 12 million to 20 million fiber kilometer last year and a capacity expansion in optical fiber cable from 8 million to 15 million fiber kilometer is underway and due to be commissioned shortly. Going forward we will judiciously augment capacities through a mix of de-bottlenecking and fresh capacity addition. Our CAPEX regime will be linked to our revenue visibilities and entail shorter payback. The focus is more on capability building rather than pure machine capacity, integrated operations allow us to practice the highest quality benchmark and also leave us in position to cater to large as well as customized orders. The enhanced flexibility to tweak offering based on customer requirements is a competitive lever which serves us as well.

As we shared earlier we are progressively developing the services portfolio as a sustainable growth engine, the services business presents a multibillion dollar opportunity as India's broadband infrastructure is built out more rapidly in the coming years. The focus is to develop a competitive range of design and engineering capabilities for network and gain meaningful entry into the telecom software space. We have already put in place a team of over 50 members on the services side which will be geared to execution of existing order book as well

as target the whole range of new opportunities that are emerging in creating such data networks.

Now, to talk briefly about the Elitecore acquisition which we just concluded this acquisition which is part of our plan to strengthen our services suite of offering has been effected on the back of a strong economic and strategic rationale. Sterlite shall be able to offer complete suite of products and solutions for telecom service providers and become a partner of choice which includes fiber and cable portfolio, network design installation and management and now OSS and BSS starters. Both Sterlite and Elitecore offerings cater to some of the largest telecom service providers globally and this acquisition will enable both companies to cross sell their suite of offerings. The acquisition is also a move towards transforming Sterlite from a capital driven to knowledge and services driven growth company. Going forward we plan to create new inflection in the telecom arena that in line with our long-term goals of being integrated telecom solutions provider.

We are clearly excited by the opportunity that Elitecore acquisition opens for us. There are number of new clients in newer geographies that this acquisition brings to us it allows us to take the relationship with Telco from purely a transactional approach for fiber and cable to more long term relationship with CTOs and CIOs and build and drive scalability for the telco. While at the same time Elitecore today operates in certain niche products segment and with the support of Sterlite and the market access in customer relationship we see that the business continuing to grow strongly and become the base for us to build out our telecom software business.

We are pleased to report that Elitecore continues to move up in terms of its positioning amongst its peers and as per the recently released Gartner reports for integrated revenue and customer management, the company is classified as a niche player and has been shown improved execution capability and an inch towards the visionary category indicating innovation in the product lineup. We see this transaction to be value accretive in the next financial year itself and serve as a long-term value creator for Sterlite.

So to conclude on the telecom business, a strong focus on bettering our value proposition for the customer growth, consistent topline performance and led to healthy growth in profitability and cash flows. The prospects of the telecom segment are evidenced by the financial performance in the last few years, we remain confident in our capability to take advantage of the available growth opportunities. We will continue to focus on high-value products segments, invest in creating platforms for future growth and innovation and at the same time will continue to drive operating efficiencies throughout the entire business to drive profitable growth and strong return on capital metrics. This brings us to the end of telecom business and I will now touch upon the power business.

I will now spend a few minutes talking about our power business as part of the demerger previously announced we plan to carve out businesses and the new resulting entity Sterlite

Power Transmission Ltd will remain as an unlisted business. Within the business we operate across the power transmission chain right from the manufacturing of power transmission products such as bare overhead aluminum conductors, high-voltage optic power cables and OPGW cables. To providing turnkey services such as reconductoring with newer high-performance conductor and finally into the asset ownership of power transmission infrastructure. The environment for the power business has gradually improved in recent quarters as we see increasing incremental investment focused on the transmission and distribution space. The emphasis on power for all and objective to evolve towards the stronger grid has led to an increased government focus on new T&D capacity leading to the announcement of number of major projects. The conductor business has been seeing a return to normalcy as PGCIL which is our largest customer in India has recommenced ordering and this coupled with our export orders has resulted in more normalized operating levels for the product business. The power products and solutions business is demonstrating the benefit of the shift towards higher performance conductors and offering complete turnkey solutions will continue to steadily improve the business next in the ensuing quarters.

On the power transmission infrastructure business, we commissioned the Jabalpur transmission line in September, this project has a number of achievements as the Dharamjaigarh Jabalpur line of 379 km is the longest 765 KV line in the country. Further by commissioning both elements of these lines Sterlite Grid has established itself as the first private developer to complete a 765 KV double circuit transmission system. With commissioning of the Jabalpur transmission lines Sterlite Grid now operates over 2800 circuit kilometers of EHV transmission lines and 6000 MV of transformation capacity across seven states integrated with the national grid. This marks the conclusion of the first set of projects which we had one in 2009 and 2010 all of which are now commissioned and operate as part of the national grid. We have four other projects in our portfolio which are at advanced levels of implementation and remain committed to build robust power transmission assets across the country. We also recently announced the signing of an agreement with Burns & McDonnell International the global leader in transmission and distribution engineering to apply their cutting edge engineering and construction methodologies on some of our transmission projects in India will initially implement these practices on the NRSS 29 project which will carry 2000 MW power from power-surplus Punjab to energy starved region in the Kashmir Valley. This is a highly challenging project due to the topography in the Kashmir Valley and the extreme climatic conditions which offers only a limited window for construction. And we intend to leverage our partner's strength to apply innovative designs and mechanize construction to accelerate commissioning of this project.

We all may be aware under the demerger process we propose to carve out the grid business and manufacturing of power conductors and cables with in the new entity named Sterlite Power Transmission Ltd which will be an unlisted company. Shareholders have an option to either remain invested in the unlisted business and partner with us in the long-term value creation or to opt for redeemable preference shares offering to liquidity window, an immediate liquidity option within 30 days of the effective date or to redeem them after 18 months. The

demerger process remains on track and we expect the demerger process to conclude in the fourth quarter. As always we are thankful and appreciative of our shareholders for their support as we embark on the next stage of value creation. I will now hand over to Anupam to talk about the financials for the quarter and the half year.

**Anupam Jindal:**

Thank you Anand. We are pleased to report continued strong growth in both revenues and profitability of the company. The slide represents stand-alone performance of the company which includes both the telecom business and the power business which are housed within the stand-alone entity. We have traditionally reported our performance along these lines and hence continue to share this information for the benefit of our investors. For better understanding of the proposed the demerge telecom and power entities financial performance shareholders and analysts please pay close attention to subsequent slides which are based on the performance of the consolidated numbers of these entities. On a stand-alone basis the growth has come about show the robust demand scenario both in India and internationally for our products as well as the impetus on ramping up revenues from services. Revenue for the standalone entity for the quarter was at Rs. 1056 crores. The improvement in EBITDA on QOQ basis is attributable to higher utilization in product and improved revenue recognition and services.

We now cover the performance of the telecom business on a consolidated basis which includes the performance of our JVs in China as well as Brazil operations and also some other subsidiaries. We have not included the performance of Elitecore into this as the transaction was completed very close to the end of the quarter and will be consolidated these numbers in the coming quarter onwards. We would eventually be merging Elitecore Technologies into Sterlite Technologies. Demand for fiber continues to be strong internationally which is reflected in sustained volumes the increased volumes of fiber as well as lower fiber count on cable have resulted in somewhat steady cabling mix at 41% overall for the first two quarters of the year however, we continue to work towards our stated goal of higher cable sales ratio.

This slide represents the performance of the listed entity post demerger and we are pleased to share the continued robust growth in revenue and profitability. As you can see in the first half we have already surpassed 60% of the revenue EBITDA and Profit After Tax has been delivered in in FY 15 for telecom business full year numbers. This is on an organic basis not including the numbers from the Elitecore acquisition.

Coming to the operating highlights for the quarter I just want to reiterate that demand for fiber and cable remains very strong both domestically and internationally and we continue to maintain a strong export number. Also happy to partner with the new customer for supply in Ireland which is another first for us. We are pleased with the ramp up in services and looking to accelerate this in the coming quarters going forward, this will complement the ramp up in capacity on the product side which are progressing well both for fiber and cable business. Moving to the power business we can see the business stabilizing over the last two quarters and based on the environment we are confident that the current volume trend may continue. I am pleased to inform that the shareholders again that we have commissioned all the first three

projects in the last quarter and all the three projects are now generating their 100% revenue. Revenue for Q2 were Rs. 627 crores and EBITDA of Rs. 118 crores which includes revenue EBITDA of Rs. 108 crores and Rs. 100 crores respectively from the grid business. We are witnessing a good demand for a few of our niche products such as OPGW and power cables and this demand should contribute to stabilizing margins for the overall power product business.

The power conductor volumes have sustained over 30,000 tons for the second quarter in a row reflecting the normalized demand environment and the grid business the overall capital employed reached to about Rs. 5574 crores and as at the end of the quarter versus Rs. 4900 crores at the end of March 2015.

The performance of financials on slides provide an insight of the balance sheet of the listed entity as a pure play telecom business as well as the P&L for the first half compared with the last full year. We have seen cash outgo this quarter due to Elitecore acquisition but given the strong cash generating profile of the business we will see the balance sheet getting strengthened in the ensuing quarters. The ROC for the telecom business is at about 21% and we expect to improve this through better utilization of capacities as well as contributions from the services business.

Finally before we move to the Q&A session I would like to update you on a recent development on our end from investor relationship perspective, all investors are increasingly using mobile apps to stay up to date on the latest company news and market events, by launching the Investor Relation App we are offering our investors a direct part to the most pertinent and important information surrounding our IR activities including our latest news releases, filings and presentation. This IR app would allow our users to navigate the company's investor relationship material as well as receive stock quote and other important stock information seamlessly. Sharing functionality via e-mail, Twitter and Facebook is available as well as the ability for investors to be notified when new information is posted to the company's IR app. This brings us to the end of this update and we now look forward to answering any questions you may have.

**Moderator:** Thank you. Ladies and gentleman, we will now begin with the question and answer session. The first question is from the line of Anubhav Gupta from May Bank. Please go ahead.

**Anubhav Gupta:** The first question is on the execution of NFS order, if you could update as to how the execution has been going on for the last few quarters and how do you see it panning through the second half of 2016 and first half of 2017?

**Dr. Anand Agarwal:** The order is in essentially in six different phases, for the first three phases most of the supplies have happened and for the first and second phase the deployment is continuing to go on. We will continue to see now a lot of momentum being built up in the next 3 to 4 quarters other than the weather-related challenges which we may have for a few months especially in the Leh

area the work and the entire installation would be picking up a lot of steam in the next few quarters.

**Anubhav Gupta:** Like you mentioned the first half revenue from NFS was 163 crores so this was pertaining to the execution part or also the product part?

**Anupam Jindal:** The revenue from the NFS services business in the first half was about 123 crores.

**Anubhav Gupta:** Last question is on biddings for similar system integration projects which you had done a few months ago so any result you are expecting to be announced in the coming months?

**Dr. Anand Agarwal:** Some of these we believe that within the current fiscal we should have some of the results. A lot of these projects were to be built upon the NFS infrastructure it helps, now that NFS infrastructure will start getting ready by the latter half of next year we think the order should come before March of the current fiscal.

**Anubhav Gupta:** The scope of work would be similar to the NFS contract?

**Dr. Anand Agarwal:** These are more related to system integration more actives, more application-oriented so this would be a layer built upon the physical layer that we're building up on the current quarter.

**Moderator:** Thank you. Our next question is from the line of Agastya Dave from CAO Capital. Please go ahead.

**Agastya Dave:** You mentioned that there is already an ongoing CAPEX and in future you may probably undertake more CAPEX in the telecom business and some debottlenecking exercises. So what kind of IRR are you building in, do you view expect the current level of profitability to actually sustain going forward for the next 3 to 4 years or do you think the profitability will improve or probably deteriorate a little bit? I asked this because low 20s mid 20s ROCE numbers have been very rare in this industry, so I was just wondering because of that.

**Dr. Anand Agarwal:** That is a very good question, the focus that we are building on both the parts whether we do any capital addition which we do not foresee currently coming through. On the capital expansion side bulk of our capital spending decisions are already taken to go from 8 million to 15 million for cables as well as on the fiber side, on the services side other than the margin profile that we look at we strongly look at what is the return on capital employed is going to be and the clear focus is towards being in terms of high teens closer to 20% range or greater than 20% range.

**Agastya Dave:** On page number 12 you have given two businesses separately, are there any corporate overheads over and above these, any unallocated expenses over and above these costs items?



- Anupam Jindal:** There is no over and above allocated expenses, whatever expenses are there they are given in the segmental performance. The combined performance will reflect the company's total performance.
- Agastya Dave:** You have mentioned many times indicating and justifying your faith in the optical fiber and data story, people keep on talking about 69-70% CAGR of data requirement till 2019, how much of the infrastructure demand that needs to be there on the ground in 2019 to cater to that elevated level of demand is already in place especially in India, what kind of explosion that we're looking at here in terms of your business?
- Dr. Anand Agarwal:** What we said earlier and what we have been maintaining is that the India infrastructure has essentially been built to look at voice part of the network. The data network in India is still yet to be built in a large manner, the only people who have built it over the last couple of years has been the Reliance Jio rollout that we think everybody else especially people who have to now launch their 3G and 4G for data propagation really need to build good backhaul network connecting all their towers. So we think that over the next several years this data infrastructure in the country will need to be built out India is very-very poorly built from the data infrastructure perspective.
- Agastya Dave:** Would you say that out of the 100 units we have not even done 10% of it of whatever is the full requirement?
- Dr. Anand Agarwal:** I will give you a metric that India totally has only about 70 - 80 million kilometers fiber deployed on a consolidated basis any country of any appreciable scale or size has numbers which is in hundreds of millions of kilometers deployed. China has crossed the billion kilometers of fiber deployed so just by that rationale we are at 7-8% of where we need to be.
- Agastya Dave:** Is it a function of geographical spread or is it a function of population, China is 2.5x our size?
- Dr. Anand Agarwal:** It is a mix of both, US has also deployed much more, South Korea has deployed very high, and Japan has varied over 400 million. We are at the tip of where the infrastructure needs to get built up.
- Moderator:** Thank you. Our next question is from the line of Saket Kapoor from Kapoor Co. Please go ahead.
- Saket Kapoor:** Coming to your order book position which you said that it is 50%, 2000 crore for telecom part and 2000 for the power part, as far as telecom what is the executable time for this order book to get translated into revenue?
- Dr. Anand Agarwal:** Most of them should get translated within the next 2 to 3 quarters, 3 quarters maximum.
- Saket Kapoor:** Where are we L1 also in the telecom part other orders which we are in the anvil to becoming a part of, what portion...?

- Dr. Anand Agarwal:** Essentially Saket we are adding currently order book of about 500-600 crores on a quarterly basis and not a lot of our business is government oriented, so it is not L1 basis, a lot of business is private sector and international where the orders essentially would have long term supply agreement and gets converted into definitive orders on a quarterly or half yearly basis.
- Saket Kapoor:** The major portion of our revenue is domestic, what is the mix for domestic and exports?
- Dr. Anand Agarwal:** The major portion of the telecom business which say 2 or 3 years ago used to be on the export side is now increasingly becoming domestic so it could be about close to 70% domestic and 30% exports.
- Saket Kapoor:** For that domestic also private plays a major role?
- Dr. Anand Agarwal:** Sure.
- Saket Kapoor:** Your increased capacity which you have earlier talked also what will be the increase of the fiber capacity for this coming quarter and what does it translate into the revenue front?
- Dr. Anand Agarwal:** We are currently running pretty much at capacities, so we have about 20 million correctly capacity and we have sold at the run rate of almost 19.5 million previous quarter. We will be going in steps both through de-bottlenecking from 20 to 22 and maybe 25 million kilometers. The focus is more on the cable capacity to take it from 8 million to 15 million kilometers and that is something we will see by the end of the current fiscal.
- Saket Kapoor:** On the balance sheet fund this year we see a sharp rise in the short-term borrowing from 563 to around 950 crores and some provisions for liabilities going up from 420 to 587 crores, how do you explain this?
- Anupam Jindal:** In terms of overall borrowing if you talk about the telecom first, the telecom borrowing is reflecting I will refer it to Slide #23 of the presentation we have just shared, Slide #12 of the finance only presentation. So that is showing the telecom data of 924 crores as on the 30th September an increase of about 250 crore from 31<sup>st</sup> March position and out of that most of the increase is pertaining to the investment we have done for the acquisition of Elitecore, we bought it for about 180 crores. So that takes care of the telecom business net-net there is 60-70 crore increase apart from this investment which is basically for the normal operating business. When it comes to the power business most of the borrowing is attributable to the project investment which we're doing in the grid and the rest of the borrowing increase because of the operational increase. The volumes in the power business has gone up hence the working capital requirement has also gone up.
- Saket Kapoor:** Theoretically speaking as the approval has been there for carving out of the power part suppose, hypothetically if an x grid goes next month for the power part excluding Rs. 22.50

paisa from the current price we are getting the whole entity telecom play plus the power part at today's Rs. 93 price. The price for the power part is fixed at Rs. 22.50 paisa.

**Anupam Jindal:** You are right absolutely, in terms of if you look at as a shareholder and if you do not intend to continue the ownership of power business you are absolutely right that you're getting the entire business of telecom along with Rs. 23.50 for power business as an exchange and any change in the borrowing in power business effective from 1<sup>st</sup> April is not affecting the telecom business any more.

**Saket Kapoor:** At that net debt level as a pure telecom play is only Rs. 924 crores, that is the debt.

**Anupam Jindal:** Absolutely.

**Saket Kapoor:** What is the interest servicing on the telecom front?

**Anupam Jindal:** You can see the 50 crore interest we have paid for H1 in the telecom business.

**Saket Kapoor:** And that is the likely way through.....

**Anupam Jindal:** We intent to bring it down very frankly because we are expecting borrowings to reduce over next 3-4 quarters.

**Moderator:** Thank you. Our next question is from the line of Ankit Shah from Vallum Capital. Please go ahead.

**Ankit Shah:** My question is related to capacity expansion, after your capacity expansion how are the other players in the industry expanding, how are they responding and secondly where is the Indian terms of cost curve in terms of producing optical fiber and which country has better cost structure and basically import happening in India?

**Anupam Jindal:** In terms of capacity expansion against our expansion of cable facility from 8 to 15, we're not really sure about the competitors because this kind of doubling of capacity we have not heard from others. Sterlite remains the market leader in the fiber industry in the country we have about 40% of India's market share and we intent to keep this market share intact going forward also so this capacity expansion is in line with that. Coming to the cost advantage vis-a-vis the global market, India per se does not have any cost advantages because in India Sterlite is the only company to have integrated manufacturing facility of fiber, so we make fiber right from sand silica up to the fiber and fiber cables, so there is no other integrated player and therefore there is no competition as far as the cost is concerned. Our profitability in this business is the highest, as far as the global competition is concerned again we believe that with our integrated facility at one location we are among the most competitive in terms of cost advantages.

**Moderator:** Thank you. Our next question is from the line of Satyajit Chakraborty from Nine Rivers Capital. Please go ahead.

**Satyajit Chakraborty:** In the telecom business is it possible to give us an idea how much of the revenues come from services which includes design, engineering, and laying of cables and secondly what would be your outlook you have acquired Elitecore so how do you achieve plan that side of the business and are you looking at offering or increase focus on telecom software products and associated services going forward?

**Anupam Jindal:** In terms of telecom revenue split, the revenues from the services for the H1 is about 123 crores and this is broadly equally split into Q1 and Q2. Going forward as we spoke that we already have an order book of about 1200 crores to begin with out of that we have about 900 to 1000 crores which will get accrued over the next 3 to 4 quarters and this is the order book which we already have so that is good amount of certainty about it. As far as the other businesses are concerned we continue to work on it and as the order book will flow in that will reflect in the revenue. In terms of Elitecore it is a recent acquisition, it is in the direction of widening our products and services offering to the same set of customers that is telecom and data operators.

In terms of the future plans of this industry yes this company will continue to expand our services more particularly software product services to the telecom customers. Currently they have a limited set of offerings to the telecom customers and they continue to work on expanding their offerings and through this vehicle we will continue to focus on that. So our focus will be threefold – product which is a very strong hold for us we command 40% market share, then we are already in the services business we just talked about that we continue to strengthen that base and through this Elitecore which is the smaller business, last year this business had a 150 crore revenue we expect this business to grow in a more exponential manner this will be a kind of growth vehicle for us and we expect that it can have a multifold growth in next three years.

**Satyajit Chakraborty:** Are you seeing a lot of traction in the NOFN orders from the government?

**Anupam Jindal:** NOFN in terms of the initial order for fiber cable that was already executed half of it and then it was sort of moving very slow, so currently no major traction is happening in terms of execution but yes the government continues to look at the ways how to deploy the fiber network across the rural areas.

**Satyajit Chakraborty:** So the bottleneck is in terms of the ministry taking decisions or are there some other macro factors what do you assess? Because it seems that the plan is like millions miles and probably around 5 to 7% has been done.

**Dr. Anand Agarwal:** Essentially funding for the project everything is there, there was earlier a plan for the PSUs the BSNL, PGCIL and Airtel to execute it and that they realized that is not such a prudent plan. So currently it is in the midst of states themselves executing this so eight or nine states are in the midst of making that plan asking the Centre for the funding and will start the execution. Few states are already executing based on the PSU front and few states will do independently. So we see states like Andhra Pradesh, Tamil Nadu, etc., very advanced stages of issuing tenders,

calling for such requirement and we think over the next two-three quarters things will start actually getting clearer in terms of the requirements getting tendered out and then the deployment will start.

**Moderator:** Thank you. Our next question is from the line of Bhavin Vithlani. Please go ahead.

**Bhavin Vithlani:** We have a question from one of the investors who could not join. The kind of volatility that we are seeing in China where about one quarter of our revenue is from exports, so how does the China slowing impacts our business? Second how has that impacted our realization over the last six months and the last question on this is how has been the raw material volatility over the last six months?

**Dr. Anand Agarwal:** Essentially on the China front impact what we have seen is that China has created a very bold and strong program to continue fiber deployment for the next three years. China in the current year will deploy more than \$80 billion on the telecom related CAPEX. In fact China has taken a call that while the slowdown on the other side is there and it will strengthen and continue to make it broadband infrastructure on that front our plant in China is completely running at capacity levels and on the raw material level other than what we saw from oil and oil related plastics and power we have not seen much volatility for us at least to speak of because aluminium for us is passed through so on the other fronts it is pretty much business as usual.

**Moderator:** Thank you. Ladies and gentlemen that was the last question, I now hand the conference over to Dr. Anand Agarwal for closing comments, over to you sir.

**Dr. Anand Agarwal:** I again would like to thank everyone for attending this call and I hope we were able to address and clarify all your queries and comments. For any further clarifications and discussions, you can feel free to contact IR team including myself and Anupam.

Regarding the growing importance of mobile technology to all investors as Anupam mentioned we have launched an IR App to help ensure that all our shareholders have instant access to our corporate and stock information. We are excited to be one of the early adopters of this technology that helps drive shareholder value and create broader awareness through the community. We definitely hope to continue our association and dialogue in the future. Thank you.

**Moderator:** Thank you very much. On behalf of Sterlite Technologies that concludes this conference call. Thank you for joining us and you may now disconnect your lines.