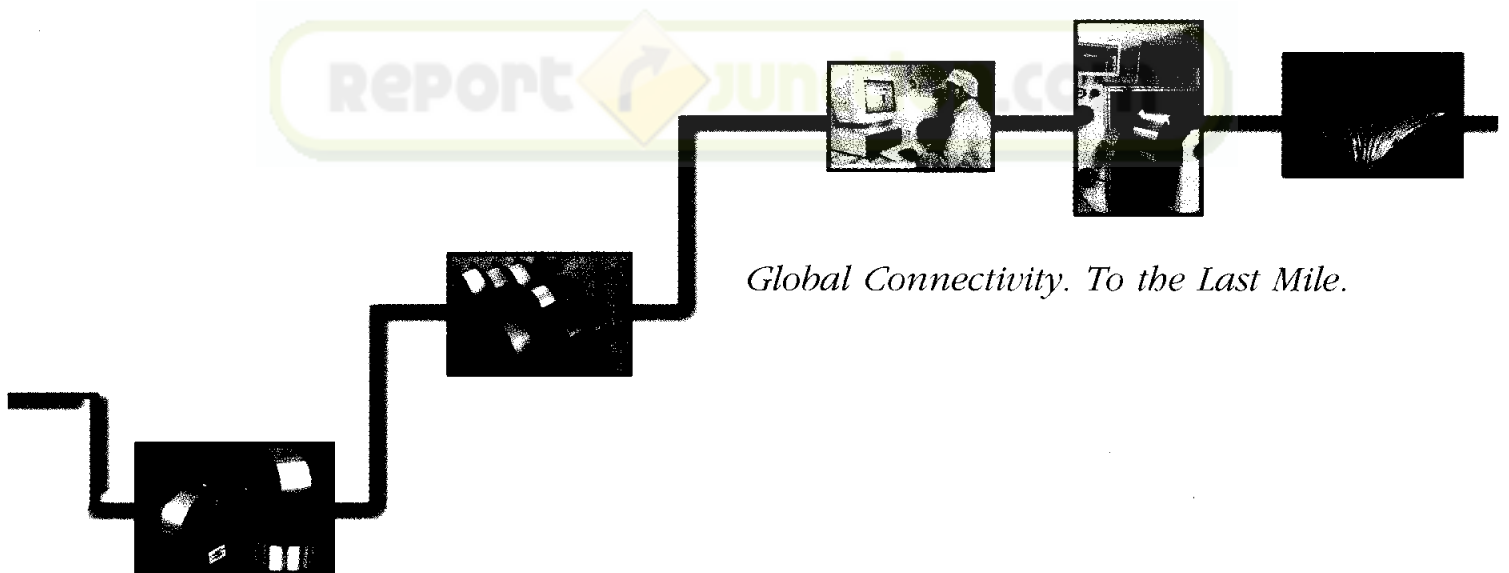




STERLITE

OPTICAL TECHNOLOGIES LIMITED

annual report
2000-2001



Global Connectivity. To the Last Mile.

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this is the

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beginning

The trigger of action. The convergence of enthusiasm and movement. The integration of forces. When an independent entity is drawn from powerful aegis, the result is dramatic. The courage of conviction unshakeable. The future dynamic. We have demerged to create our own identity. To synergise our solid background with our newly founded youth. To integrate a treasure of experience with new-world savviness. And sharpen our core competence: the manufacture and marketing of low-cost, high quality, technologically-advanced optical fibre, optical fibre cables and jelly-filled telephone cables. In India and throughout the world. More than merely facilitating continuous network connectivity. Ensuring it. Globally, to the last mile.

Report



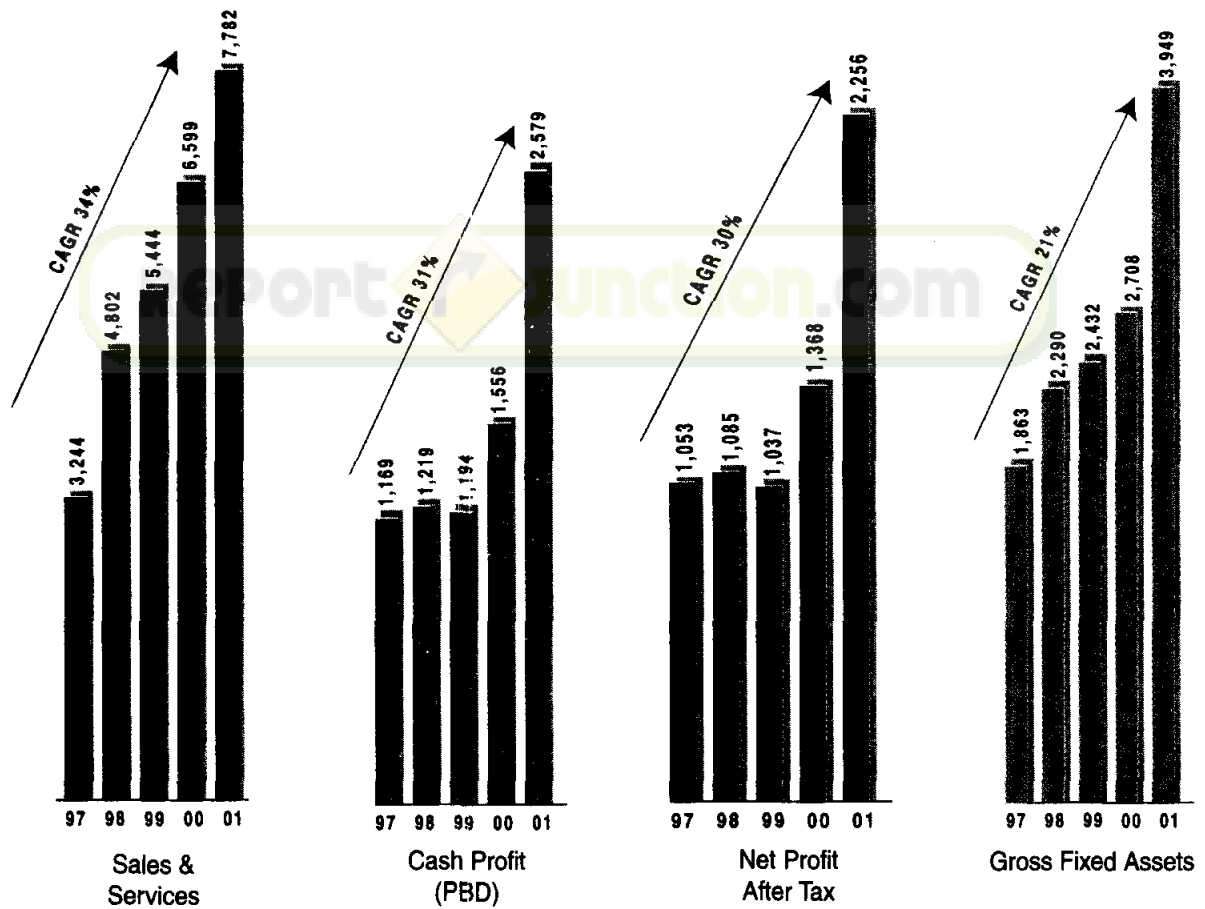
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FIVE YEARS AT A GLANCE

(Rs. Million)

	1997	1998	1999	2000	2001
Sales & Services	3,244	4,802	5,444	6,599	7,782
Gross Profit (PBDIT)	909	898	1,258	1,766	2,822
Cash Profit (PBD)	1,169	1,219	1,194	1,556	2,579
Net Profit (PBT)	1,053	1,085	1,037	1,368	2,436
Net Profit (PAT)	1,053	1,085	1,037	1,368	2,256
Gross Fixed Assets	1,863	2,290	2,432	2,708	3,949
Net Current Assets	5,978	3,256	2,165	3,602	2,937
Capital Employed	7,422	4,994	4,042	5,567	6,005

Note: The figures for the years ended June 1997 to June 2000 pertain to the erstwhile telecom division of Sterlite Industries (India) Limited which was demerged into Sterlite Optical Technologies Limited effective 1st July, 2000.





Sales Rs.7,781 Million (US \$166 Million)



Exports Rs.2,760 Million (US \$ 59 Million)



PBIDT Rs.2,822 Million (US \$ 60 Million)



PAT Rs.2,256 Million (US \$ 48 Million)



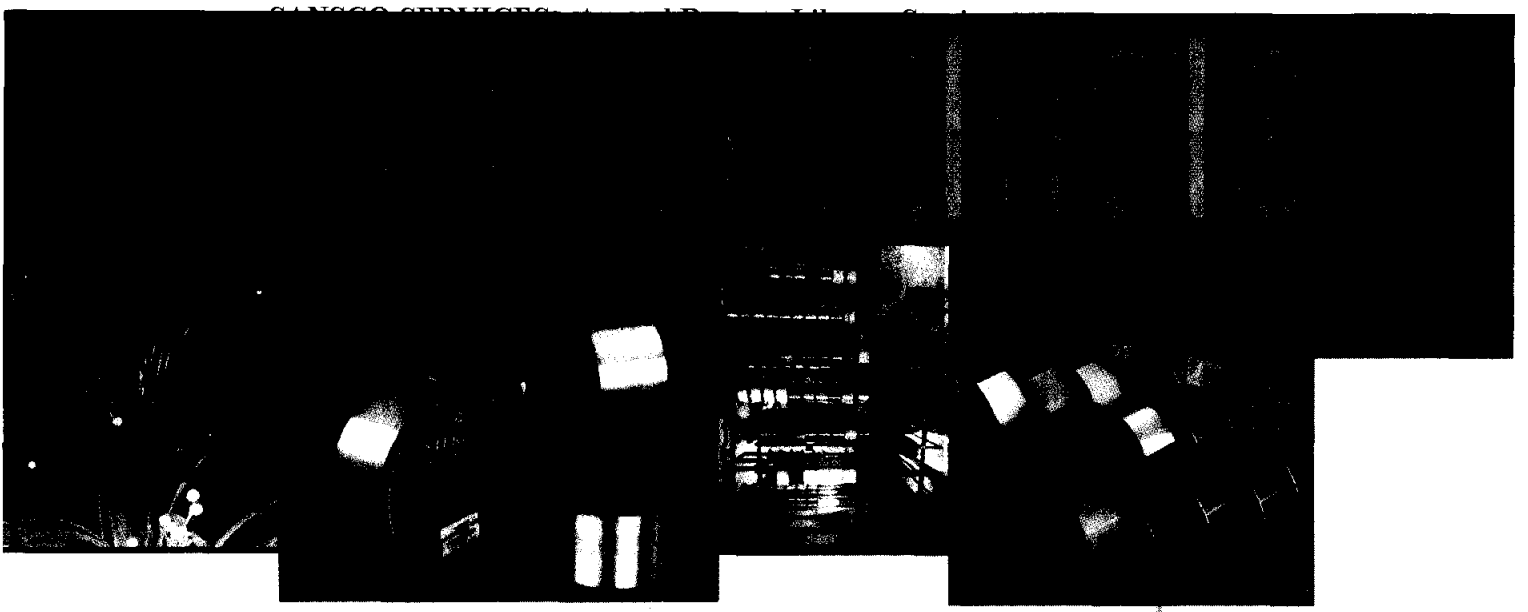
Earning Per Share Rs.40.30 (US\$ 0.86)



Dividend Rate 120%

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- Demerged from Sterlite Industries (India) Limited as Sterlite Optical Technologies Limited
- Quantum jump in Exports - 35% of total turnover
 - Stock Options granted to all employees
- Telcordia Certification (BELLCORE) for highest quality standards adhering to the most stringent specifications.

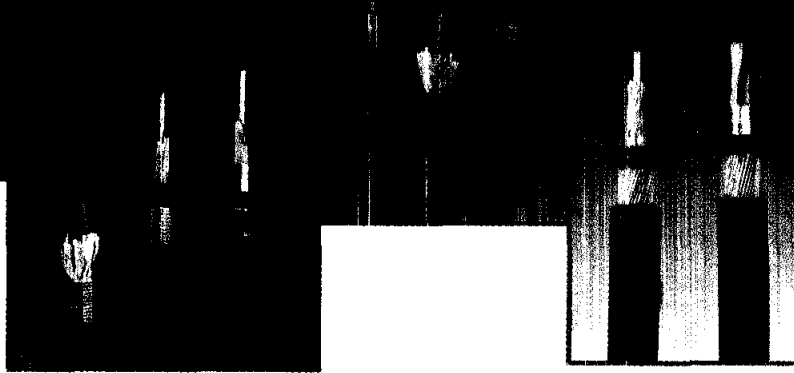


We are one of the few integrated manufacturers of optical fibre and optical fibre cables in the world, commanding a dominant share of the Indian market and with significant global presence. We manufacture preforms in-house and draw fibre. Advantage of greater control on quality and lower cost provides us with a significant competitive edge.

Optical fibre

We enjoy a strong globally-competitive position in optical fibre that stems from our technological advancement in the optical fibre production process, a closely guarded preserve of select few global majors. This requires years of development, and integration of uncabled optical fibre production right from the basic preform stage. We manufacture cabled optical fibre at competitive costs, while maintaining a stable source of uncabled fibre. We remain the only domestic manufacturer of quartz preforms, the core ingredient of optical fibre. We manufacture the preform in-house and then draw the fibre ourselves. Our fibre is tested for various quality parameters (attenuation, dispersion, geometry and wavelength cut-off). Currently around 70% of our production of optical fibre is used for manufacture of optical fibre cable in our plants.

Over the years, we have invested in stabilising our manufacturing processes and have also made various in-house process/yield improvements. Through our in-house R&D efforts, we have kept pace with worldwide process improvements, resulting in efficiency and cost improvements. These include an increase in draw speed, increase in preform size (given the same inputs) and an increase in the length of fibre that can be drawn from a given preform. Innovation has increased our effective production capacities.



Our competitive strengths arise from:

Access to technology: initial technology acquired from Nokia.

Fully integrated operations: which ensure that we are not dependent upon other manufacturers for preforms.

Lower operating and capital costs: lower manpower (R&D and manufacturing) and other operating costs; and lower capacity expansion costs.

Experience: over the years we have been successful in stabilising our manufacturing processes and achieving process improvements.

Investments in R&D: through investments in R&D we have not only achieved process efficiencies but also introduced newer products such as PMD-LITE, a premium single mode fibre, and developed specialised multimode fibre for the premium LAN networking segment.

Quality: we are the only Indian Company, and one of a select few world-wide, to be awarded the prestigious Telcordia Certification (BELLCORE) for our optical fibre products.

Optical Fibre Cables

Optical Fibre Cable comprises strands of optical fibre in loose tubes wrapped around a rod of reinforced plastic. This core is filled with a water-resistant compound, wrapped with polyester tape and given a polyethylene sheath. We package upto 288 strands of fibre per cable. We have pioneered the development of highly specialised optical fibre cables for diverse requirements like ribbon fibre cables, duct cables, armoured cables etc.

Telecom Copper Cables

We are the largest manufacturer of jelly filled telephone cables in India. While the basic product is insulated twisted-pair copper wires enclosed in polyethylene sheath filled with petroleum jelly, our range includes Foam-skin insulated cables, Pulse code modulation system cables, Composite cables, fire-retardant, low-smoke cables, aerial cables, motorway communication cables.

our people

We are a knowledge-based manufacturing company with state-of-the-art technology-intensive products. In our quest for excellence we continuously strive to benchmark our cost and quality parameters with global players. Not surprisingly, engineers and technical post-graduates make up nearly 40% of our all-graduate workforce.

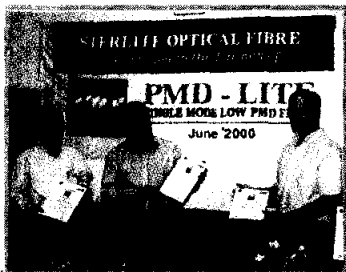
We recognise that our people are our key asset driving our growth. Our organisation fosters a learning environment which stimulates the entrepreneurial spirit. This environment is supported by attractive compensation, incentives and training on the one hand and recognition and reward on the other.

Our forward looking HR policies promote establishment of direct linkages between the performance of our business and compensation to our employees. Such performance-linked compensation packages enhance our ability to attract and retain qualified personnel of the highest calibre.

We believe that, given our growth objectives, learning is a continuous process regardless of one's present position on the knowledge curve. Therefore we encourage our people along the path of growth through meaningful training programmes.

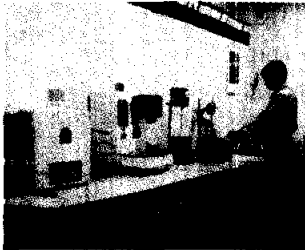
We realise that individual recognition of employees' achievements through awards and certificates of merit is an important component to boost up morale. Accordingly, we have instituted schemes like stock options and productivity link incentives to reward high achievements.

We are the only manufacturing company in India to have awarded Stock Options to all employees.





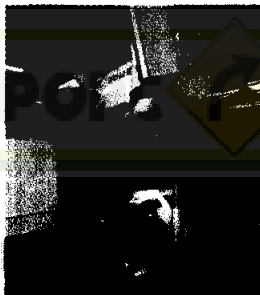
**Domestic market leader with
world wide sales**



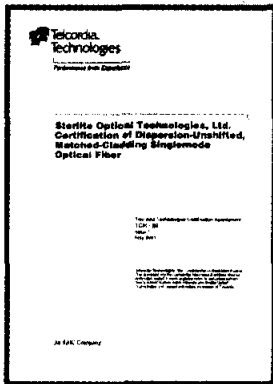
**Strong R&D and
cost effective
technologies**



**Knowledge intensive
superior quality products**



**Experienced and highly
qualified professionals**



**Telcordia (BELLCORE) certification-
another feather in our cap**

Research and Development, a core strength of the company, is the fountainhead of innovation, product development and process improvement.

Since inception our research and development team has consistently developed technologically advanced, high-performance and cost competitive products such as PMD-LITE, a premium single mode fibre, and specialised multimode fibre for the premium LAN networking segment. Our skilled technical experts have enabled us to increase optical fibre preform sizes by approximately 600% and enhance optical fibre draw speeds approximately 500% over the last four years.

Seeking and achieving manufacturing process improvements on a continuous basis have contributed significantly to achieving higher efficiency levels and lower costs while maintaining exacting quality standards.

In line with our emphasis on investing in research and development, we have assembled a team of highly skilled optical communications experts, engineers, technicians and operators with telecommunications and networking experience.

Your Company continues to make substantial investment in R&D for its optical fibre business and has spent Rs.136.1 million during the nine month period ended 31st March, 2001.

