

Integrating. Enabling. Leading.

Sterlite Technologies Limited
Annual Report 2019-20



Forward-looking and Cautionary Statement

Certain words and statements in this report concerning Sterlite Technologies Limited (STL) and its prospects, and other statements relating to STL's expected financial position, business strategy, the future development of STL's 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 STL, 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 STL's present and future business strategies and the environment in which STL 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 STL's 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 STL's control, include, but are not limited to, those risk factors discussed in STL's various filings with the BSE Limited and The National Stock Exchange of India Limited. The Company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the Company unless it is required by law.

These filings are available at:

www.nseindia.com and www.bseindia.com

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Behold the future

STL is an Integrator of Digital Networks

With 25 years of experience in optical fibre, STL is enabling telcos, cloud companies, and enterprises harness the full potential of networking technologies by connecting everyone everywhere.

Chairman's Message

The future of Digital Networks has arrived

Anil
Agarwal

Non-Executive Chairman



Dear Shareholders,

It is with great pleasure that I bring to you the Annual Report of STL - Sterlite Technologies Limited. During FY20, STL launched end-to-end solutions and delivered value to customer segments globally to firmly solidify its position as a leading integrator of digital networks.

The digital connectivity reached greater heights last year, accelerated even further by the global lockdowns, and led to technological breakthroughs that have the potential to transform humankind. These breakthroughs are a result of high-capacity networks backed by deep fibreisation and network value chain. STL is leading this front by integrating digital networks for customers – global telcos, cloud companies, large enterprises, and citizen networks.

Enabling digital inclusion for millions

STL's continuous pursuit of transforming lives with digital networks only grew further in the last financial year. Through strategic collaborations and initiatives, the Company has enabled the digital inclusion of millions of people worldwide.

In India, STL connected holy caves of Amarnath from Pahalgam as well as Baltal to provide 4G services to everyone during the pilgrimage. STL delivered a comprehensive network design for Mahanet, an initiative to bring digital connectivity in the state of Maharashtra. Garv, the rural-connectivity platform of STL, is using the power of technology to provide a multitude of community-centred services in many Indian villages. STL was also recently awarded the mandate to create a high-speed rural broadband network from Telangana Fibre Grid Corporation Ltd. (T-Fiber) to provide affordable and high-speed broadband connectivity to 6 million rural citizens in Telangana, India.

In South Africa, STL partnered with Frogfoot to provide Fibre To The Home (FTTH) infrastructure, enabling affordable, reliable broadband connectivity to up to 20,000 homes and lower income groups in the Protea Glen East and West areas of the South African township of Soweto.

Strengthening the power of Digital

STL is working with large enterprises to build and modernise their digital networks, enabling them to leverage the technologies of future. The Company is tirelessly working on Varun, a project to develop the Indian Navy's communications network.

This next-gen network would link multiple Indian naval sites and India-administered islands, along with setting up of a highly secure data centre ecosystem. In another large scale project, STL also connected 16 Indian Army sites in Kashmir, India for national security purposes.

STL also recently transformed Kakinada, a city in Andhra Pradesh, India, into a smart city with technologies for mobility, situational awareness, traffic control, smart lighting, public safety and security.

Navigating a pandemic

Towards the end of FY20, we came across a global pandemic that transformed the way we live, work, and interact. COVID-19 created a cloud of uncertainty surrounding several socio-economic aspects across the globe. While we continue to navigate the pandemic, I am extremely pleased to see the way STL has been responding to the crisis.

The Company undertook all necessary steps to ensure the safety and wellbeing of its people. STL continued to interact with its customers and partners and ensured its promises were delivered on time.

While employee wellbeing and customer engagement were STL's priorities during the crisis, I am glad to share with you that the Company went above and beyond their call of duty to help the community. From creating disinfectants in-house to organising online awareness sessions for thousands of people through Project Savdhaan, STL made sure it became a valiant soldier in the fight against COVID-19.

Building networks of the future

With the spread of COVID-19, the Internet connectivity has become the lifeline for billions of people around the world. Also, emerging technologies such as artificial intelligence, machine learning, and 5G are now being adopted everywhere. This presents us with a perfect opportunity to truly transform everyday living by delivering smarter networks.

I am extremely excited for STL to play a role in building this future! I look forward to your continued support and encouragement in this journey – to become world's leading integrator of digital networks.

Letter to the Shareholders

STL is ready for a decade long network creation cycle

Dear Shareholders,

We are delighted to share that FY20 was a milestone year for STL. The Company was able to record its highest ever revenue of ₹ 5,154 crores and maintain a solid order book of over ₹ 10,000 crores with diversified global wins.

FY20: A Transformative Year for STL

This year saw STL taking giant strides towards becoming a leading integrator of digital networks for its customers. This was due to the Company's sharp focus on innovation, strategic investments and collaborations, and key account management. At the same time, STL continued to maintain its intensity towards environmental sustainability for a better world beyond tomorrow.

New global wins built a robust order book for STL across all customer segments—global telcos, cloud companies, citizen networks and large enterprises—and key deals included T-Fiber for rural broadband in Telangana, Telekom Albania digital transformation and multi-million dollar contracts in India, Europe and the Middle East

Strategic transformation to solutions-driven account-based organisation with end-to-end solutions that integrate optical interconnect products, virtualised access products, network software products and system integration services. This has expanded the total addressable market, including large-scale transformational projects

Leading a Strong Ecosystem for Next-Gen Solutions

The technology landscape is changing fairly quickly and networks will have to be ready to adapt to the rapid evolution. STL has made key investments and collaborations to enhance its expertise to provide future-ready network solutions.

STL invested in Cloud and Data Centre technologies with acquisition of Impact Data Solutions (IDS), a UK-based company that provides infrastructure for hyperscale data centres. The acquisition solidified STL's position in the cloud and data centre markets, as well as giving it access to two of the top global cloud providers.

The Company strengthened its capabilities in 5G network rollouts by investing in ASOCS Ltd., a pioneer in virtual Radio Access Networks (vRAN) and a provider of fully virtualised base station solutions for enterprises and telco networks.

Over the last year, STL assembled a strong ecosystem of partners in hardware manufacturing, cloud computing and academia. STL partnered with VVDN Technologies Pvt. Ltd. for design and manufacturing 'Make in India 5G' solutions, and technology advancements with IIT Chennai. STL also partnered with VMware, a leading innovator in enterprise software, to deliver 5G Access Solutions for telcos and large-enterprise customers. This ecosystem is a true testament to Atmanirbhar Bharat.

Innovation is in STL's DNA

STL aims to create world-class solutions that can provide next-generation connected experiences. Last year, STL launched 4 End-to-end solutions, including Opticonn for integrated Optical Connectivity and Netmode, for overall network upgrade and modernisation. It also added 93 global patents to its credit, taking the total tally to a very impressive 358* as of FY20.

STL Academy is also playing a key role in nurturing knowledge and innovation. The Academy is working tirelessly to create a certified talent pool of smarter network professionals. STL also undertakes several initiatives where it collaborates with startups and innovators to brainstorm and come up with breakthrough technologies to handle digital network needs of the future.

Zero Waste to Landfill

STL's commitment to sustainable manufacturing recently won us a 'Zero Waste to Landfill' Certification by Intertek (US), a leading Total Quality Assurance provider to industries worldwide. The Company's manufacturing plants in India—Rakholi and Dadra, Silvassa and Shendra, Aurangabad—became the world's first integrated Optical Fibre Cables, Speciality Cables, and Optical Fibre manufacturing facilities to win the international certification.

*376 global patents till this annual report publishing date

Pravin Agarwal

Vice Chairman and
Whole-time Director



Dr. Anand Agarwal

Group CEO and
Whole-time Director



Extensive recycling programmes were implemented in all STL facilities where the by-products generated are recycled for industries that can further use them as inputs for their manufacturing processes. These sustainability initiatives have also ensured proactive action towards global issues like water management and climate change.

FY21: The Future Beholds a Permanent Shift towards Digital

We are witnessing a paradigm shift towards digital in every walk of life. Technology adoption has found a new momentum during the COVID-19 crisis where new normal now includes virtual ways to work, interact and entertain. As the world adapts to these changes, we are seeing substantial shifts in usage patterns and traffic in five key ways:

- a) from predominantly entertainment to enterprises and cloud use cases
- b) from download only to symmetric uploads and downloads – boosted by video conferencing
- c) from asynchronous to real-time use cases, requiring instantaneous response time
- d) from office networks to ever increasing home networks usage
- e) an increase in traffic by 60-70% in the past few months

The businesses are also identifying the right mix of virtual collaboration tools to be able to work with employees and partners. The digital strategies have been revamped and new investments are being made to adapt to the changing needs to employees, customers and partners.



358

Patents as part of portfolio,
creating world-class solutions
that can provide next-generation
connected experiences



Zero Waste to Landfill

Certification by Intertek (US), a leading
Total Quality Assurance provider to
industries worldwide.

An Exceptional Opportunity: Emergence of Next-Gen Digital Network

The impact of exponential data consumption rise and advent of 5G and other emerging technologies on STL's customer segment is significant.

Global telcos are looking at hyper-scale networks that are denser, deeply fiberised and software-defined with computing at the edge. It is estimated that telcos will invest \$1.1 trillion in their networks globally in the next five years and ~80% (~\$800 billion) will be in 5G.

Enterprises are also looking to strengthen or modernise their digital networks to ride new-age applications for real-time situational awareness and faster decision-making.

Cloud companies are looking to advance their data centre hyperscale connectivity to come up with comprehensive solutions for communication, collaboration and business process, while ensuring security and privacy.

Citizen networks are making heavy investments in expanding the broadband footprints to drive Internet penetration to nearly 50% global population that is still digitally disconnected.

The next generation of networks are shifting towards network densification, edge compute, open source and virtualisation. We are at the center of this massive digital transformation, and we have a great opportunity to deliver the Next-Gen Digital Network - by being the world's leading integrator of digital networks.

Thank you, shareholders, for your ongoing support and we assure you we will continue to strive to transform everyday lives by delivering smarter networks.

Innovating for Next-Gen Technologies

STL, a leading global integrator of digital networks, has innovation, technology and transformation at its core. The Company's capabilities and solutions span all network layers from Optical Interconnect, Virtualised Access Solutions to Network Software and System Integration. STL is constantly innovating in the field of digital networks, thereby creating unique value for its customers, shareholders, communities and the nation at large.



DIGITAL NETWORKS AS A FOUNDATION

Designing and integrating digital networks is at the very core of STL's business. The Company is partnering with governments, defence and telecom companies to create transformational impact in areas such as digital inclusion, homeland security and next-gen telecom networks.

Defence-grade smart networks

With STL's success in delivering an intrusion-proof network (Project NFS - Network for Spectrum) for the Indian Army, it is now building a highly resilient, secure, converged and modern MPLS network for the Indian Navy. This network will strengthen India's naval defence capabilities, as well as homeland security and lay the foundation for a digitally supreme Indian Navy.

Nation-wide rural connectivity

BharatNet, one of the most critical step towards Digital India, aims to provide on-demand, affordable broadband connectivity to 250,000 Gram Panchayats across the country. With STL's technology-led network rollouts using innovative applications such as drone-based surveys, augur drilling, robotic ducting and blowing, the Company is creating transformational impact through projects such as MahaNet and T-Fiber. These digital inclusion initiatives reach 50+ million rural Indians over 80,000 kms of optical fibre network and will pave the way to rural growth and prosperity.

Next-gen telecom networks

STL's journey to make India the world's largest data consuming nation brought it to a key client who wanted to roll-out a hyperscale fibre network that would lay the foundation for future technologies such as 5G, Industry 4.0 and smart homes. The Company's solution designed and built for the client the world's first deeply fiberised carrier grade exabyte network spanning 25,000 fkm and took fibre to over 20,000 homes with speed and simplicity.



250,000

Gram Panchayats provided on-demand, affordable broadband connectivity under BharatNet



50MN+

Rural Indians impacted under digital inclusion initiatives

NETWORK SOFTWARE AS A KEY VALUE ENABLER

STL's Network Software products bring greater agility and scalability to help telcos gain definitive edge in challenging markets.

Decongest networks seamlessly

With a huge number of devices connected to cellular networks and most of the world working from home during the COVID-19 pandemic, cellular network bandwidth was severely choked. STL introduced dSmartMobility, its smart WiFi offloading solution, as a trial offer for the Europe region. dSmartMobility seamlessly decongests networks while helping gain meaningful insights from strategic locations with advanced edge analytics.



dSmartMobility

Seamlessly decongesting networks during the COVID-19 pandemic

Build an online marketplace fit for 5G

As the industry undergoes massive transformation and with 5G bringing in unique opportunities that render traditional models obsolete, a digital marketplace model holds the key to unlock potential. Telcos have to rapidly adopt new business models that allow the flexibility to perform real-time content changes, and launch product offerings and promotions quickly. Recently, STL's digital marketplace solution was implemented as a Proof of Concept in one of Japan's largest e-commerce players. The Company's continued focus on creating value for telecom companies is spurring a wave of innovative software offerings for our customers.



DATA CENTRES AS A BUILDING BLOCK

Next-generation data centres to power network use cases of tomorrow.

Data centre space is evolving at a rapid pace and consumption paradigms such as on-demand, multi-cloud and new imperatives such as densification and energy efficiency are changing the way data centres are being designed and built. With STL way of design and execution, the Company is focused on creating next-gen data centres. Its differentiated capabilities include design, end-to-end build-outs and networking, and interconnect services. With STL's capability acquisition of Impact Data Solutions, UK, it has made headway into key areas like containment and inside data centre connectivity.

STL is a trusted technology partner to two of the world's leading cloud companies for their hyper-scale data networks. One of its clients wanted to set up a top tier data centre infrastructure within stringent budget and delivery timelines. The Company's experience in design consulting and installing hyperscale data centres across 2,500+ data centre projects, enabled it to deliver a purpose-engineered solution spanning data centre set-up and hot & cold aisle containment services, including seamless onboarding on client's colocation facilities.



2,500+

Projects as part of the Company's experience, in terms of design consulting and installation of hyperscale data centres



Driving Business Value Optically

The Internet connectivity has become the 4th basic need of humankind. Optical Interconnect solutions form the backbone that connects people, homes and businesses around the world.

With 25+ years of experience in optical fibre innovation, STL's end-to-end connectivity solutions build tomorrow's network infrastructure through reliability, scalability, flexibility and manageability.



OPTICAL INTERCONNECT

Essential technology for high-bandwidth data connections.

Global data usage is growing at unprecedented rates and the global COVID-19 situation has accelerated this further. As cities go into lockdown and working from home becomes the norm data traffic is becoming more distributed and traffic patterns more symmetric leading to new enterprise and consumer use cases. This new connectivity dependent reality needs solutions driven by the convergence of wired and wireless networks - all powered by high capacity optical digital networks.

As a global leader in optical interconnect solutions, we leverage our fully backward integrated value chain to offer customised solutions that deliver comprehensive value to our customers. In FY20, our research teams spread across the 4 innovation centres, developed cutting-edge technology products for our customers across the globe.

This year, we also started our state-of-the-art production facility at Dadra for fibre termination products, ODF shelves and closures.



25+

Years of experience as a leading solutions provider for optical networks



4

Innovation centres to design and develop cutting-edge technology products