



Networks that make us human



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Sterlite Technologies Limited
Annual Report 2020-21



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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beyond tomorrow

FY21- Remarkable progress in a remarkable year

Enabling the upcoming decade of network creation driven by 5G, FTTx and Rural connectivity

Building a new architecture for new-age networks on four technology confluences - **Convergence** of wired and wireless, combination of connectivity and **Compute**, **Disaggregation** of hardware and software, and closer to the **Edge**

Partnering with global network creators like Openreach, Airtel, Vocus and many more, to build networks of the future

Focusing on 3 growth levers of Growing optical business, Globalising System Integration and Building disruptive, open-source access solutions

Delivering solid financial performance

₹ 4,825Cr

Annual Revenue for FY21

105%

Growth in patent portfolio

\$40 B

Total addressable market (TAM)

₹ 10,700Cr+

Order book with diversified global wins

CHAIRMAN'S MESSAGE

Connecting humanity with Networks of Progress

In a challenging year, STL took giant strides towards connecting humanity with networks of progress. We invested in technology and prepared for these confluences which are shaping digital networks; and we made solid efforts to take the power of the internet to billions in rural and underserved communities



Anil Agarwal
Non-Executive Chairman

Dear Stakeholders,

It is with great pleasure that I bring to you, the annual report of STL - Sterlite Technologies Limited, for the financial year 2020-21 (FY21). 2020 established the power of digital beyond doubt. To the extent that it significantly accelerated digital transformation that was underway. However, it also accentuated the gaps that remain in our society. Whether it is the migrant crisis or the digital divide that hindered equitable education, 2020 told us that there is still a lot to be done. As the world responds and prepares to be stronger, we are fervently working towards delivering future-ready digital networks that are resilient enough to bridge the digital divide.

The world is now fundamentally different than last year

Today, human lives are intertwined with technology in previously unimaginable ways. During the time of uncertainty, what has increased the most is our willingness to adopt technology for responsiveness and greater good. We have seen how digital technologies like data analytics, AI/ML, robotics, digital commerce, and IoT have been used for enhancing resilience and business continuity. Had it not been for 2020 and this crisis, it would have possibly taken years to make the power of digital so accessible and palpable for billions.

Come 2021, the real potential of 'digital' is waiting to be unlocked

2000s and 2010s were all about uninterrupted connectivity and speed and the rise of data. In these years, we witnessed the transition from 2G to 3G to 4G connectivity. Come 2021, we will transition from possibility to reality. This is the time to think beyond connectivity. Digital technologies would now become the means to solve the toughest world problems. Digital networks will now act as an enabler, an equaliser and as a springboard for future leaps. Technologies like precision medicine, autonomous driving, or conversational AI, demonstrate the need for digital networks that are fundamentally more evolved than the ones that brought us

till here. In fact, technologists, academicians, industry and governments are all working closely to get the next half of the world online, by 2030.

STL will have a pivotal role to play, and we are ready to deliver

At STL, we have been preparing for this moment for a long time. New-age digital networks will be highly scalable, very agile and bring the best of optical, wireless and satellite technologies together. They will be more virtualised and also operate very close to the customers. These confluences are now a reality and require sophisticated design and integration. Over the years, we have been at the centre of technological evolution and have built the ability to integrate these networks. We have been pioneers in optical connectivity for over 25 years, delivered some of the toughest system integration projects for over the past 10 years and are making disruptive efforts on the wireless and programmability front. With a purpose that is closely aligned to our business and a heart that beats for people, we are ready for this upcoming decade of network creation.

We will transform billions of lives through digital networks

While continuing to connect, collaborate and innovate across the globe, STL is leading this front by taking the power of digital networks to billions. On one hand, we are building a new-age technology ecosystem and on the other hand, we are enabling access and adoption for the underserved, bottom of the pyramid communities. We are a part of the world's largest digital inclusion drive and play a vital role in the nation-building process, not only in India, but all across the globe. This is reflected in some of our global partnerships for optical, FTTH, radio units and fibre rollout with reputed global players.

I am extremely excited that STL will play a role in building this future! I would like to thank you for your ongoing support and look forward to our continued partnership in this journey – to become the world's leading integrator of digital networks.

Taking wonders of technology to billions



Pravin Agarwal
Vice Chairman and
Whole-time Director



Dr. Anand Agarwal
Group CEO and
Whole-time Director

Dear Stakeholders,

We hope that you and your dear ones are safe in these challenging times. The past 12 months have been extremely dynamic and eventful for a variety of reasons. With our agility to respond and sincerity to develop new solutions, we came out stronger and better prepared for the upcoming decade of network creation. While we faced challenges due to the pandemic in the first half of the financial year, STL recorded strong, sustained growth in the second half and strengthened its global position with long-term orders. We have an order book of over ₹ 10,700 crores with diversified global wins. All of this was enabled by an unprecedented year that solidified humanity's belief in the technology of digital networks.

2020 – A year of technological leaps for the world

The world is in a technology warp. Things that we previously thought impossible are happening now. GPT 3, world's largest AI language with 175 billion neurons, is set to revolutionise human-like content and machine learning. Satellite mega constellations are ready to beam the internet to the world and with recently demonstrated quantum supremacy, the possibilities of computing are set to expand to unexplored levels. Aren't these all the wonders of technology? In years to come, there are sure to be more revolutionary products that will continue to change our lives. But before they become a reality, we would have to be ready with robust digital networks that would carry these wonders of technology to billions.

FY21 – A year of turning adversity into a springboard for us

Although 2020 was tough, it brought about one major transformation – an inflection point for digital networks. And the rest, they say, is history. We all know that these networks proved to be the backbone of society during the pandemic

as an unprecedented number of users joined the internet on a daily basis. This internet gold rush was accompanied with strategic investments in digital networks across the world. Some of the notable investments included FCC's allocation of \$20 billion in the Rural Digital Opportunity Fund (RDOF) in the US, Telefónica and Allianz Private Equity investment of ~\$5 billion for FTTH build-outs in Germany and ~\$4.5 billion for National Broadband Network (NBN) in Australia.

The technology warp was true for the digital networks too. In 2021, technologies like 5G, FTTH and Open RAN went mainstream. These led to sustained growth in optical fibre demand. Already ahead in the technology curve, with capabilities around converged networks, disaggregation, compute and edge, STL, opened up the path for non linear growth for this upcoming decade of network creation. Here are some notable developments:

- **Big strides towards transforming billions of lives through digital networks:**

This is not just a statement, this is the purpose that we live by. FY21 was a big step forward in this direction. We engaged with industry leaders, customers, governments and the R&D community to push the envelope for digital inclusion. We worked very closely with operators across the world to make large-scale rural broadband programmes a reality through deep fiberisation and access densification. We also took the baton for 5G readiness and built a technology ecosystem and an alternative supply chain for secure and open 5G networks.

- **Deep and long-term engagements with customers:**

Our larger vision backed by technology and R&D led to some multi-million dollar engagements with top customers across the globe. We deepened our 14-year-old relationship with the British telecom leader, Openreach to help build a connected UK, partnered with one of the leading telcos in the US for open source radios, and tested programmable FTTx with a large Asian telco. These

partnerships will shape the network build outs for the next decade and open up new growth possibilities for us.

- **Robust 5G solutions:**

This year marked our entry into the wireless and 5G space with three significant product launches. We developed commercially viable open source indoor small cells offering, called Garuda, 5G multi-band radios, and vRAN solutions to kickstart our 5G journey. This was marked by the formation of our Access Solutions business unit, which will be dedicated to developing programmable, software defined and open source solutions for the 5G world.

- **Relentless, IP-backed innovation:**

This exciting journey was shaped by our fundamental R&D efforts to solve industry problems. During FY21, we exhibited 105% growth in patent portfolio, with our patent count touching 569.

In this tough year, a big part of our focus was on people's safety and our commitment to customers. Despite the pandemic, we built mega-scale digital networks and demonstrated project delivery excellence. Project Varun (Navy Communication Network) reached 92% and Mahanet (Rural broadband) reached 98% completion. Not only this, we fast tracked our capacity enhancement to 33 mn fkm (by June 2021) and also strengthened our leadership team by hiring industry stalwarts globally. And this is just the beginning, we have greater plans for the future.

STL has its eyes on the future

We expect the growth momentum to continue in FY22. With commercially launched new products for optical and wireless networks, we have set up the stage for disruptive growth in the 5G era. In the preceding years, we prepared for technology confluences that are shaping the future of digital networks. Now, we are making foundational efforts in all the areas that matter to us as a business and as a part of humanity. Connectivity for us implies connecting every human at the bottom of the pyramid and that's why we have a major focus on digital inclusion and are pioneering rural connectivity at large. Sustainable manufacturing is at the core of our operations as we believe in a 'greener' future. We are committed to the UN Sustainable Development Goals and our business decisions are guided by what is good for the planet. Some of the STL's sustainable manufacturing initiatives include Life Cycle Assessments (LCA) of products, opting for a zero waste to landfill strategy, leveraging water resources wisely and reducing carbon emissions.



~\$20 billion

Invested in the Rural Digital Opportunity Fund (RDOF) in the US



569

Patents in FY21

In this tough year, a big part of our focus was on people's safety and our commitment to customers. Despite the pandemic, we built mega-scale digital networks and demonstrated project delivery excellence.

The future hinges on solving core networking problems

The future of digital networks will be defined by 5G readiness, deep fiberisation and a shift to open and disaggregated networks. At STL, we have a deep understanding of the nuances of networks and with our end-to-end solutions spanning optical, system integration and wireless access, we are ready to solve networking challenges for telcos, enterprises, citizen networks and cloud companies. In future, our three strategic levers will drive growth for us:

- Grow optical business
- Globalise system integration, while scaling in India
- Build disruptive, open source Access Solutions

As we enter this exciting decade of network creation, we take with us our successes and aspirations, and look forward to delivering the wonders of technology to billions. We would like to thank our employees, all STLers, for their commitment to our purpose. It is their alignment behind our strategy and dedication that enabled us to deliver on our promises. We also want to thank you, our shareholders, for your trust in us. We look forward to your continued support in this journey. We assure you we will continue to strive to transform billions of lives by delivering digital networks.

CUSTOMER AND SOLUTION STORIES

At the forefront of the 'Techscape'



opticonn

Driving global optical connectivity

We all know how 2020 marked the beginning of an upcoming decade of digital network creation. These high-speed, low-latency networks will only be possible due to deep fiberisation that enables higher data capacities than ever before.

We need optical solutions that can carry the ever-increasing data traffic load, can be deployed easily and reach every possible end point. With 25 years of leadership in optical engineering, precision manufacturing and material science, STL has cracked the code for fiberisation. The Company calls it Opticonn - the end-to-end solution portfolio for optical products. STL's Opticonn solution portfolio comprises Optical Fibre, OF Cables, and Optical interconnect kits. It includes cutting-edge products like Celesta - a super-engineered, high-capacity cable with up to 6,912 fibres, Stellar - an industry-best optical fibre known for its bend insensitivity, TruRibbon - an intelligently bonded cable for data centres and 5G.

During FY21, STL further strengthened Opticonn with the acquisition of Optotec, an Europe-based leader in Optical Interconnect Products. The recent collaboration with Openreach is enabling gigabit broadband in the UK. With the Company's Italy manufacturing unit, it is supporting the build-outs for the FiberCop programme and in India, STL is supporting the BharatNet initiative, to take broadband connectivity to 600,000 villages.

Celesta

A super-engineered, high-capacity cable with up to 6,912 fibres

Stellar

An industry-best optical fibre known for its bend insensitivity

TruRibbon

An intelligently bonded cable for data centres and 5G

Empowering digital transformation in the MEA region

The world is stepping into an era, which marks a revolution in intelligent connectivity underpinned by ubiquitous and robust networks. This will have a significant and profound impact on individuals, industries, society and the economy, transforming how we live and work. This has also driven digital adoption in the vibrant region of Middle East and Africa (MEA). Investments are underway to pave the way for a thriving digital economy. STL, as a leading integrator of digital networks, has always been at the forefront of nations' digital-led socio-economic transformation. In MEA too, STL is building oases of transformation. It is engaging with leading telcos in the region to build robust future-ready digital networks.

Recently, the Company has partnered with a leading telecom service provider in the UAE for providing Opticonn, optical communication solutions and software services with deep customer engagement. STL will be offering customised and innovative optical fibre solutions with high fibre count cables and 5G-ready software solutions. These solutions will ensure that the telco significantly improves its fixed-line penetration in the UAE and advances its 4G, 5G and FTTx infrastructure. In addition, STL's path-breaking industry-leading solutions will have applications in Smart Dubai City project and Smart Infrastructure for greenfield projects, ensuring a complete transition from existing copper to fibre infrastructure.

STL will be offering customised and innovative optical fibre solutions with high fibre count cables and 5G-ready software solutions.



Digital, with a difference – the new story of rural India

The ongoing pandemic brought forth the power of digital networks, but it also made us realise that digital access is not a given for millions. This realisation has become the central thought for connecting rural communities, world over. At STL, we have been closely working with the government to get high-speed broadband and meaningful rural use cases, to bridge the digital divide. With Mahanet, a rural broadband project under BharatNet, we have connected 17 million citizens across 4,000 gram panchayats in Maharashtra, but we are not stopping at just connectivity. STL believes that digital programmes must be able to increase opportunities and income avenues, improve the standard of living, and eventually bring villages at par with cities.

We are doing this through STL Garv, a digital platform for rural India, which will enhance the usability and impact of these broadband highways. Garv is taking meaningful services like telemedicine, e-tutoring, assisted e-commerce and e-governance to rural citizens and is creating a change, one life at a time. STL Garv has touched 53,000 rural lives and we are still counting!

17 million

Citizens connected through Mahanet across 4,000 gram panchayats

53,000

Rural lives benefitted through STL Garv



Building data centres that are timeless!

In 2020, humans and machines created 64 ZB of data, which is 3,100% greater than data created in the last decade. To put it into perspective, in 2020, there was 40 times more data in the datasphere than observable stars in the universe, and this is not the endgame. This figure will nearly double by 2024. So it is not surprising that end user data centre spends are pegged at \$200 billion in 2021. Super-engineered data centres need to be built really fast and they need to get smarter, greener and more secure.

While the world is busy creating data, STL is busy designing, building future-ready solutions, across the data centre ecosystem. With its fast and cost-optimised build outs and well-structured in and out networking, integrated ICT and containment solutions, STL has enabled some of the biggest hyperscalers across the UK, the Nordics and Europe, the Middle East and Africa (EMEA) regions. It recently completed the construction of its first two data centres in South Africa and three more are planned in 2021.

STL's top-notch services and engineering teams have paved the way for customers' cloud deployment services to be future-ready.