

*Hem Securities Limited  
Hem Finlease Private Limited*

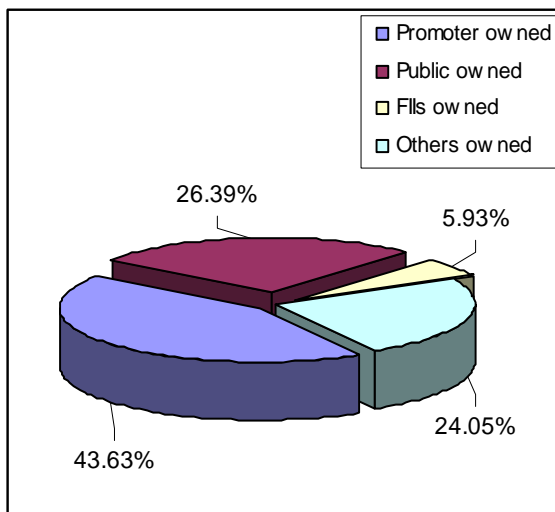
## Sterlite Technologies Ltd.

3rd May 2008

Revised target- 310

Market Cap (Rs Cr.)	: 14969.47
52-Week high/low (Rs)	: 143/381.40
Face value	: 5.00
BSE Code	: 532374
NSE Code	: STRTECH
Industry	: CABLES
Shares outstanding	: 64,468,247
Avg. daily vol. (30 days)	: 21.50

### Shareholding Pattern (as on 31 March 2008)



### Key Statistics (as on 3<sup>rd</sup> May 2008)

CMP	: 232.20
BV (FY'08)	: 82.80
PE	: 14.85
PB	: 2.80
Beta	: 1.48
Turnover (Rs Mn)	: 43.84
Net worth (Rs Mn)	: 5337.80

### Business Background

Being the leading global provider of optical fibers, power transmission conductors, and telecommunication cables, the company is India's only integrated optical fiber manufacturer and is among the select few globally. Sterlite is the market leader in India with a share of over 60% in optical fiber and telecom cable products and about 25% of high voltage power transmission conductors. Products include optical fibers for telecommunication; terrestrial fiber optic cables and copper telecom for long-haul, metropolitan, access and premise networks; and cables support gigabit Ethernet (1000 baseT) standard. Its subsidiaries are Sterlite Telecom, Sterlite Telecables and Sterlite Teelink. The company has a cumulative manufacturing capacity of 115,000 MT, which makes it the largest manufacturer in India and amongst the top five global manufacturers of power conductors. It has acquired the power transmission conductors business from Sterlite Industries.

### Financial highlights

	Rs. Mn			
	2005	2006	2007	2008
SALES	3268.76	5473.70	11981.50	16857.90
EBITDA	473.40	832.90	1161.90	2084.50
PAT	102.20	407.70	508.60	1007.20
EPS	1.83	6.93	8.26	15.63
CEPS	6.59	11.86	13.38	21.39
OPM (%)	12.90	11.66	9.27	12.12
NPM (%)	3.13	7.45	4.24	5.97
EBITDA (%)	14.48	15.22	9.70	12.37
EQUITY CAPITAL	280.00	294.00	308.00	322.30
RESERVES	2329.38	3003.00	3811.50	5015.50

The company has posted outstanding results for the year ended March 2008. The net sales have risen to Rs 16857 million showing a sharp growth of 41% over last year on account of 100% capacity utilization in the new power transmission conductors facility in Haridwar and commissioning of the optical fiber expansion of 4 Million-km to 6 Million-km. Export sales have grown by 75% to Rs. 5180 million as compared to international sales of Rs. 2960 million in FY07. International Sales now account for 31% of net revenues as compared to 25% in FY07. Similarly, the EBITDA stands doubled from the last year's level. The bottom-line of the company has grown by 100% from Rs 508.60 million in FY07 to Rs 1007.20 million. The margins have also expanded considerably over the 12 months period. EPS stands doubled at Rs 15.63 against Rs 8.26 clocked in 2007. The cash earning per share stood at Rs 21.39 against Rs 13.38 for 2007.

### Outlook

The company has a strong order book of about Rs 1020 crores for its telecom products out of which the export order book is for Rs 320 crores. Recently, the company also bagged three contracts worth Rs 296 crores from PGCIL for supply for power conductors which would start from Aug 08. The expansion of the optical fibers to 12 Million-km is also running on schedule to finish by June 2009. The company has delivered notable successes across broad range of markets and technologies for the telecom & power sectors. Presently, the stock is trading at Rs 232 which is 14.85 times to its earnings and 2.80 times to its book value. Keeping in view the robust financial performance of the company, we have revised our price target to Rs 310 in medium to long term investment horizon.

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