

May 22, 2023

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**Sub.: TRANSCRIPT OF EARNINGS CALL - FINANCIAL RESULTS Q4 FY23**

**Ref.: Scrip ID - STLTECH/ Scrip Code - 532374**

Dear Sir/Madam,

In furtherance of our letters dated May 04, 2023 and May 18, 2023 respectively, please find enclosed transcript of earnings call held on May 17, 2023 in respect of Company's Q4 FY23 financial results.

The same is also being hosted on the website of the Company and is available under the tab 'FINANCIAL RESULTS-INVESTOR EARNINGS TRANSCRIPT' drop down available at <https://www.stl.tech/downloads.html#qiect>

Kindly take this on record and acknowledge the same.

Thanking you.

Yours faithfully,

For **Sterlite Technologies Limited**

**Amit Deshpande**

General Counsel & Company Secretary (ACS 17551)

Encl.: As above.



# **Sterlite Technologies Limited Q4 FY23**

## **Earnings Conference Call Transcript**

**May 17, 2023**



**MANAGEMENT:**

**MR. ANKIT AGARWAL – MD, STL**

**MR. TUSHAR SHROFF – CFO, STL**

**MR. RAMAN VENKATRAMAN – CEO, STL DIGITAL**

**MR. PANKAJ DHAWAN – HEAD IR, STL**

**Pankaj Dhawan:**

Good day and welcome to the STL Quarter 4 and Full year FY'23 Earnings Conference Call. I am Pankaj Dhawan - Head Investor Relations at STL. To take us through the Quarter 4 and Full year FY'23 Results and to answer your queries, we have Ankit Agarwal – Managing Director, STL; Tushar Shroff – Group CFO, STL, and Raman Venkatraman – CEO, STL Digital.

Please note that all participant lines are in the listen-only mode as of now. There will be an opportunity for you to ask questions after the presentation concludes. Please note that this call is being recorded. You can also download a copy of the presentation from our website at [www.stl.tech](http://www.stl.tech).

Before we proceed with the call I would like to add that some elements of today's presentation may be forward-looking in nature and must be viewed in relation to the risk pertaining to the business. The Safe Harbor clause indicated in the presentation also applies to this conference call.

For opening remarks, I now hand over the call to Ankit Agarwal. Over to you Ankit.

**Ankit Agarwal:**

Good day everyone, hope you and your family are safe. Thank you for joining us for our Q4 and Full year FY'23 Earnings Conference Call.

So, if you look at the year gone by, we have made significant progress on all of our outlined strategic priorities, starting from the optical business, the revenue grew by 46% on year-on-year basis to Rs. 5,439 crores in FY'23. In terms of EBITDA margin, we delivered 20% plus margins from Q2 onwards which is what we had shared and committed to the market.

We have reached 12% market share in Global ex-China market, creating almost 3% market share in one year. This is something we are all very proud of as an Indian company to get this kind of market share in a global technology product. These gains have come particularly on the back of winning multiple long-term contracts from Tier-I customers in North America. We have become much more entrenched in the U.S. market and have commissioned a Greenfield manufacturing facility for optical fiber cable which will start commercial production in Q1.

We have launched new products such as a Multiverse as well as the 180-micron fiber cable. I am very proud of these developments because the 180 micron, in particular, we will be one of the first companies to make it, and it will be the smallest fiber optic in the world going from 240 microns all the way now down to 180 microns. All of these steps have propelled us to move forward in our journey to become Top-3 optical networking players globally.

In the global services business, we have moved our revenue share towards private customers in India. And we have also achieved operational breakeven in the month of March for UK business. We are also very happy to share that we have entered the IT services industry with

our STL digital business unit. And we have Raman as well, who will share some details with us later.

We have seeded the business this year and now we have almost 900 consultants on board. We shall give more details in the upcoming slides.

Last but not the least, we have exited three subscale of loss-making businesses in line with our stated strategy to focus on few businesses and become world-class in them. We have sold the IDS business Hexatronic Group for approximately GBP 14 million. We have sold our telecom software business to Skyvera, an American company which is part of TelcoDR for \$15 million. And we have also exited from the loss-making wireless business in Quarter 4 which was impacting us almost Rs. 40 crores to Rs. 50 crores per quarter.

In FY'23, in order to increase transparency, we started segmental financial reporting in three business segments namely optical networking business unit, global services business unit and digital and technology business unit. We have also met our revised guidance, our revenue growth for the full year has been 27%. We have reached normalized EBITDA margins by Quarter 4 FY'23 delivering 15% EBITDA margin for the quarter. Our net debt now stands at Rs. 3,121 crores at the end of Quarter 4, FY'23.

As we enter FY'24 our strategic direction remains the same. Firstly, we shall continue to grow the optical business by increasing optical fiber cable market share and the connectivity attaché that we have been speaking about. They have also started projects to optimize our raw material and fixed cost in the business to become even more competitive.

Secondly, we shall continue to consolidate our global services in the segments of our choice. We have reduced our government's exposure in certain places and focus more on the private segment where we are working with players like Airtel and Jio to continue to provide solutions for them. We are building new capabilities for value-added services. And of course we are also working on improving our UK operations from a profitability perspective. Last but not the least, we shall continue to build digital India business through focused investments in building new technology and capabilities, to grow the business going forward.

In the next few slides let's talk about our first top strategic priority to become Top-3 player in the optical fiber and cable connectivity business.

As per the latest industry reports, the global telco spend in the telecom equipment is set to grow by 1% in 2023 despite the overall decline in telco CAPEX. Also interestingly in the data center space overall CAPEX continues to grow although it is by single digit compared to 15% growth in 2022. So, what we are seeing that in 2023 the growth in the private segment is slightly moderated as compared to 2022.

Having said this on the public investment side, the commitment in execution of various government programs remains strong. Some of the examples that we can share are clearly, the U.S. about \$97 billion in broadband funding through various programs including RDOF, BEAD which is a \$42 billion program, the Middle-Mile Program etc. Similarly, in Europe, places like the UK, Germany, France and Austria are investing anywhere between \$24 billion to \$15 billion irrespectively around various digital programs. And of course close to home in India, we are extremely proud and committed towards the BharatNet project where there is a program to connect over 300,000 villages, an investment north of \$10 billion.

The 5G deployments also continue to remain strong globally. As you see from the chart on the left, by end of 2022 there are already one billion 5G subscribers globally which is expected to triple by the end of FY'25. As per Ericsson there are now 235 service providers that have launched commercial 5G services globally with almost 35 stand-alone 5G networks. Leading the 5G deployments is China which plans to increase its 5G base stations from 2.3 million to almost 2.9 or 3 million by the end of this year.

As 5G continues to proliferate we also see that various countries and bodies are already starting to look at 6G, the next generation of technology and what that will mean for the networks.

Fiber to the Home deployments also remain strong as you can see on the chart on the right. In the U.S. alone roughly 8.2 million homes who are passed in 2022 which is expected to go up to 12.2 million homes in 2025. This is a very positive development in the market. In Europe and particularly in the UK and Germany, home pass in 2023 is expected to go up compared to 2022. In China, very interestingly, as the next frontier from Fiber to the Home, telecom operators are now talking about FTTR which means Fiber to the Room that's really interesting when you look at next generation of capability, low latency, high capacity that is actually being used and asked for by users. This will also mean that the speeds that ultimately go to the homes will actually move from about 1 gigabit to almost 10 gigabits. And you are seeing this not only in China but parts of Europe, parts of Japan and also in the U.S. where people are starting to offer 10 gigabit services for Fiber to the Home.

The vision for 6G is an era where digital physical and human world will seamlessly fuse. Intelligent knowledge systems will be combined with robust computation capabilities to make humans endlessly more efficient and redefine how we live, work and take care of the planet.

6G technology will increase data transmission range to more than 100Gbps and reduce latency to sub millisecond levels, it's used cases will be in the areas of Precision Healthcare, Smart Agriculture, Digital Twins and Robot Navigation. For 6G mobile operators will need to use higher frequencies and deploy more wireless nodes. All of these nodes will be connected on fiber. In terms of timelines, 6G is planning to introduce 6G Application by early, as early as 2025. But first commercial 6G networks would be available globally in our view by 2030.

So, that's something important for everyone to understand that currently we believe that we have five to six years of network deployment linked to both 5G, Fiber to the Home, Fiber to Enterprise and then within 2028, 2029 we should start seeing network investments continue to accelerate for 6G and other technologies linked to it.

Now coming to the demand outlook, as per CRU the medium term demand in the optical fiber cable volumes is expected to go up to 607 million fiber kilometers by 2025 up from 534 million in 2022.

In the short term however, demand situation shall be crystallized in the next one to two quarters. What we are seeing, particularly in North America, is that the lead times have come down significantly. And therefore, there is a correction in inventory that is also taking place and carriers are drawing down from the inventory first before they start placing significant orders again. Of course, the labor constrained is also not helping a situation and hence a need for some of the connectorized solutions have become more pronounced.

Europe and Indian markets remain robust. And coming to China there has been a delay in the China Mobile tender. We expect some temporary softness in demand but we do expect the growth to come back strongly as the inventory corrects and the new tender comes out probably in the next few months.

Structurally, however, we would like to reiterate that the actual field deployments seem strong and certainly within a quarter or two, we do expect the demand to start picking up again.

As you can see from the chart here that we are consistently gaining market share in the optical fiber cable business. I am proud to share that in FY'23 we have reached an estimated 12% market share globally, excluding China up from 9% in FY'22.

Our connectivity business has also grown in-line with the cable business. We are following a framework for growth in the optical business. In short term we would continue to sweat our capacities particularly across the markets but also in the U.S. In the medium term we would like to grow our connectivity business and enhance our business in data center segments; over the long-term we would build new capacities backed by specific customer commitments.

I am very happy to share that as you can see on the left side, celebrations of our China factory, very happy to share that almost 80% of the team rejoined us when we restarted the factory that speaks a lot about our culture and our management. This is a factory that continues to operate really well and we continue to support from this facility our global cable requirements.

Also in the U.S. this is the photo of our first cable that was manufactured. We have a strong team that has been build there. We have our equipment now in the facility and first commercial production and supply will start from this quarter, Q1 onwards.

At STL we continue to invest in R&D to develop and launch industry leading new products. In FY'23 we launched Multicore fiber which has four times the transmission capacity than normal fiber with the same diameter. Recently, we are also very proud to launch the 180-micron optical fiber, our slimmest fiber yet and the slimmest fiber in the world. This fiber enables the smallest diameter in cables with the highest fiber densities. This becomes extremely critical as we both were looking to increase the capacities for 5G eventually for 6G as well as for Fiber to the Home applications.

As the service providers densify the networks with more fiber the duct space would become a precious asset. This is where Sterlite's high density micro cables will enable operators to pack more capacity in a limited duct space and thereby reduce the cost and also speed of deployment times.

We also continue to work as per our framework to grow the connectivity business as last year we had taken concrete steps to increase our wallet share and key accounts in Europe. As the next step we plan to enter multiple new markets at the back of this year our strong product pipeline. As we speak, we are going through product approval cycle for multiple products across geography. We are very mindful that typically these approval cycles can take anywhere between nine months to 12 months so we are working very closely with our customers and installers, both from product development stage all the way into testing and approval process. As these products commercialize we expect our attach rate to witness an improvement and a jump.

Now let's discuss our progress in Indian market and how we are pivoting in the global services business. The 5G deployments have clearly picked up pace in India and the 5G subscribers have reached in excess of 50 million. Bharti Airtel has offered 5G service in more than 3000 cities, while Jio has also launched 5G services in more than 2300 cities. Both the operators are aggressively driving their deployment and plan to cover the whole of India by 2024. As the deployments take place, we expect operators to roll out between \$1.5 billion to \$2.5 billion for fiber rollout in the next two to three years. And in cable kilometers we expect the Indian telecom operators to deploy more than 2000 cable kilometers in next two years.

One thing we clearly see is that the operators need to get to 70% to 80% of their towers to be backhauled by fiber. So, there is a very strong push of tower fiberization. We see a clear focus from the operators to increase Fiber to the Home penetration. And when you look at the enterprises business, that's certainly an area where they are seeing growth and again that will come on the back of very strong fiber connectivity.

In this 5G deployment we are partnering with both the leading telecom operators Airtel and Jio. We are very proud to share that we are one of the preferred partners for Airtel in India in particular. This position has helped us to improve our revenue share from India private

customers from 31% in FY'22 to 43% in FY'23. We continue to build our capability toward value-added services to improve our margin profile and also reduce our fund involvement.

We are very happy to share that we are one of few companies in India and in the world to have received the CMMI Level 5 Certification. This is a very important certification and is a testimony to our quality and our processes that is testament of the high-quality team that we have in our services business.

Coming to UK services business in line with our expectations, I am very happy to share that our STL UK has achieved operational breakeven in the month of March '23. Building on the same we expect the UK business to be profitable in FY'24. Our sales engine is focused on increasing wallet share from current customers and our delivery engine is focused on being very efficient in scaling out and deploying the fiber networks.

Our project execution on services is on track. Among the India public project, our BharatNet projects in the State of Telangana is about 63% complete including all packages. And the network modernization project for Indian PSU is also 63% complete. Additionally, we have started a new fiber rollout a managed services project. In the Indian private side fiber rollout for large Indian telecom operator is 100% complete for Phase - and Phase -I, for Phase -II it is currently 17% complete. Fiber rollout for another large telecom operator is in Phase -I is about 10% complete. Fiber rollout for a large modern optical network for another private customer is 42% complete. And coming to the UK for the Fiber to the Home rollout for all projects combined is currently about 23% complete.

Now we shall talk about STL digital, which is our entry into the exciting IT services industry. At this juncture, I am delighted to introduce Raman, who is a leading STL digital. Just to give you a brief about Raman, he is an absolute veteran in the IT service industry with more than 30 years of experience. Prior to STL he was associated with TCS, a Senior VP and Global Head of Hi-Tech and Professional Services Vertical and Global Head of Alliances and Partnerships. As a leader, Raman focused on cultivating trust and empowerment in teams. He lives by his mantra "Failure is success in progress". In his leisure time he loves to play cricket, I can vouch that he is a very good bowler, traveling and spending time with nature.

Raman, I now hand it over to you to discuss how we are building the STL digital business.

**Raman Venkatraman:**

Thank you, Ankit and that is a very generous introduction, thank you.

So, the IT services industry as we all know is in the continuous growth cycle for a very long time. And the global IT spending is in trillions, is in multiple trillions and we expect it to go at least for the next two to three decades with lots of changes that are happening with Cloud adoption and data and everything. So, the growth is just going to continue.



And from an STL perspective, there are lot of innate capabilities that we have whether it is in manufacturing, whether it is in telecom and also core technology expertise that is there. And our vision is to combine those capabilities of what is already there in STL. And along with focusing on the areas of growth in the IT industry specifically the new areas of digital, which is Cloud, Data Analytics, Cyber Security those areas, and then drive it through a differentiated experience to our customers and bring more agility into it and that's why we feel we have a great path ahead building a very strong business in this area.

See what we have done is I joined towards the end of 2021 and I took about six months or so to build a very strong leadership team, team of strong domain consultants, delivery leads and your industry vertical leads. And as we build this team together, and then we started executing. And the response has been a tremendous from the market, we reached out to our relationships, we spoke to various customers across markets and in a very short period of time we built a very strong team of 900 consultants, delivery consultants and a very strong leadership team of more than 50 people. And I am happy to say that the significant part of the team is women as well. And we said rather than focusing on the entire IT area, we will just focus on a few areas as I said with respect to digital just focusing on Cloud or Data Analytics, Cyber Security, Enterprise SaaS and Core Product Engineering. And we create a delivery centers in India and also sales offices in U.S. and in UK, and we started discussing various customers.

I am very happy to say that in a very short timeframe of about eight to nine months, we have been able to acquire 18 global customers and these are customers in the Fortune 1000, Fortune 2000 kind of areas. They are absolute leaders in each of those different spaces in different industries like Technology, Life Sciences, Comms, Media, Energy Resources and all of those. And with whom we are engaged as a strategic partner and we are executing long-term engagements and that is reflected in a very healthy order book that we have built of more than Rs. 650 crores.

The order book continues to grow in this quarter. And revenues have been accelerating and the revenues for last year has been over to Rs. 70 crores of revenue which is pretty much in the last six to seven months. And we expect that we will continue to accelerate this year. So, overall it has been pretty strong journey so far in terms of what we have created as a very strong team. And the future looks extremely promising for us as we continue to march forward.

From a differentiation perspective as I mentioned there are a lots of innate capabilities with the STL from a technology perspective. We have been able to see at a very strong domain capability and industry capability as well that we have been able to bring together. These are people with multi, again just similar to me who have spent lots of years in the industry, who have built multi hundred-million-dollar businesses earlier in their various roles in other companies.

And what we want to focus is just build a company which is going to focus on specifically on agile, agile is our mantra and differentiated customer experience is a key thing that we are going to focus on. And as we build capabilities in Cloud, data, Cyber Security, Enterprise SaaS and as we bring them together and specifically focusing on customer needs for those specific domain, we do see significant part in terms of how we can deliver a differentiated experience to our customers. And this is already reflecting in the kind of wins that we are seeing in the marketplace where we are able to take head-on against the established large players today and able to win key engagements in SAP or in Data or in Cloud, Design and all those kind of things.

And there is a very strong focus in terms of how we are going to build our partnerships because to be able to lead in this world, we need to build a very strong ecosystem of partners predominantly in the technology side. So, we are doing that as well which is helping us to build the capability, and again thereby delivering that kind of experience that we are looking at.

So, all in all, we have made a fantastic beginning so far. And we hope to accelerate in this journey in FY'24/'25 and in our path forward. So, with this, I would like to hand over to Tushar from overall financial perspective.

**Tushar Shroff:**

Good day ladies and gentlemen. We shall now discuss our financials in detail.

Before discussing the financials, I would like to state that in accordance with Ind AS 105 non-current asset held for sale and disclosure of a discontinued operation for our IDS wireless business and telecom software business are reported as discontinued operations in the financials. Accordingly, for like to like comparison prior period financials are restated.

#### **Quarterly Performance**

Q4 FY'23, revenue grew by 25% on a year-on-year basis to Rs. 1,872 crores. EBITDA grew by 71% on year-on-year basis to Rs. 280 crores. EBITDA margin increased sequentially and correspondingly to 15%. Net margin increased to Rs. 82 crores. Revenue growth was driven by a strong growth in optical business. Margin improvement is mostly on a back of improvement in the margins in optical business.

#### **Full Year Performance**

For the full year FY'23, the revenue grew by 27% to Rs. 6,925 crores. EBITDA grew by 29% to Rs. 931 crores. Net profit increased by 51% to Rs. 245 crores. For the full year also revenue growth and margin improvement was driven by the growth and margin improvement in optical business.

#### **Optical Networking Business**

Q4 FY'23 revenue has gone up by 40% on a year-on-year basis to Rs. 1,505 crores. And EBITDA has gone up by 161% on a year-on-year basis to Rs. 321 crores. For the Full year FY'23, revenue grew by 46% to Rs. 5,439 crores and EBITDA grew by 93% to Rs. 1,045 crores. Full year revenue has grown on the back of the improvement in OFC volumes and better realization in some of the market along with an increase in the connectivity revenue. Key drivers for the margin improvements for a product mix shift to a higher margin products and reduction in logistic cost.

#### **Global Services**

Q4 FY'23 revenue stands at Rs. 352 crores. EBITDA has gone up sequentially to Rs. 14 crores. EBITDA margin for the quarter stands at 4%. Full year FY'23 stands at Rs. 1,511 crores. EBITDA for the full year FY'23 stands at Rs. 47 crores. As we have said, we are prioritizing cash flow over the growth and at present we are being selective in order intake. We expect the profitability for FY'24 to improve as UK business has turned profitable in March 2023.

Our revenue mix is shifting to the customer segment and geographies of our choice. We are increasing our shares in the telco segment. In terms of geography, we have increased our revenue share in American market from 13% to 38%. This amazing growth in U.S. market is a reward of our investment in research and development over the years.

#### **Order Book**

In terms of new orders this quarter we continue to partner with leading Indian telcos in long distance intracity fiber rollout in India. We continue to win multimillion dollar orders for optical fiber cable in Europe and America. In addition to optical fiber cable, we have also won optical connectivity orders in APEC region.

Our open order book at the end of Q4 FY'23 is Rs. 11,052 crores. Our order book is well diversified across the customer segment and also across our businesses. We also have significant O&M orders which are already yielding revenue for this year. We have placed the abridged financials for your appraisal.

In FY'24 we expect revenue growth to be around 10% to 12%. We shall revisit this estimation periodically as the industry situation crystallizes in upcoming quarters. As we have also communicated earlier in terms of net debt to EBITDA, we want to reach lower than two and half times over the next 12 months.

#### **ESG Goals**

STL's endeavor is to be a responsible leader in ensuring the connected and inclusive world. This focus reflects in a way we have designed and implemented our ESG agenda. We have diverted 225,000 metric tons of waste away from landfills from FY'19 to FY'23. We have reduced the

emission of 23,000 tons of carbon dioxide equivalent to various initiatives in plant from FY'21 to FY'23. We have recycled 675,000 metric cube of water from FY'19 to FY'23. We are zero waste to landfill and zero liquid discharge certified. We have announced our commitment to become a carbon neutral company by 2030.

Through our various initiatives in education and women empowerment, over 815,000 lives have been positively impacted from FY'19 to FY'23. We have also positively impacted 2.2 million lives through our various initiatives in healthcare from FY'19 to FY'23. For our work we have won 90 Plus ESG Award from FY'20 to FY'23.

### **Corporate Action**

We have proposed to merge the Global Service Business to STL Network Limited, a wholly owned subsidiary of STL on a going concern basis. For the purpose of a demerger, the company will be filling the scheme of arrangement with NCLT. Pursuant to the demerger STL Network Limited will be a separately listed entity with a mirror shareholding of STL's.

A demerger is intended to meet the requisite conditions under the Income Tax Act to be a tax neutral. This demerger will be very positive for both the optical and the service business. Both the business can now pursue growth opportunities independently without any capital constraints. This move shall also help both the businesses to further entrench with clear value proposition to the customers and other stakeholders. It shall also provide new opportunities of growth for our employees. Last but not least the demerger shall help us to widen our investor base for both the entities thereby unlocking the shareholders' value.

### **Summary**

In summary I would like to say that our profitable growth journey in optical business continues. We continue to gain market share across the focus markets, increase the optical connectivity attach rate and simultaneously work to optimize the cost base. In the global services we continue to focus on India, private and move towards the value-added services with improved margin profile and better fund involvement. In digital business we shall consciously invest to grow on a quarter-on-quarter basis. We are also working to improve the utilization to move towards profitability. Last but not least, we have targeted to generate free cash and reduce net debt to EBITDA to less than two and half times by the end of the financial year.

With this, we come to the end of our opening commentary and we shall now move to Q&A.

**Pankaj Dhawan:**

Ladies and gentlemen, please note if you want to ask a question you can click on the Raise Hand and also you can send us over Chat and we shall take your question one by one. So, we will take the first question from the line of Mr. Pritesh Chaddha. Pritesh you can ask your question now.

**Pritesh Chaddha:** Considering your outlook which you have mentioned on slide #12 and your backlog which is flat for the year ahead is it fair to assume that you will not grow in the first half and all your 10% to 12% led growth which you have given as a guidance will mostly floor in second half of the year?

**Ankit Agarwal:** So, what we have tried to share is what is our current visibility; of course, it's a dynamic situation on two parts, there has been inventory buildup that we have seen from our customers but also our peers and our competitors in the U.S. have also witnessed. How quickly that inventory gets drawn down, how fast can the operators execute on their fiber deployment that's something that we continue to watch on a monthly basis.

So, I think our current visibility certainly is that by H2 of our financial year there should be an improvement in pickup. And we are watching very closely our current customers. We are also seeing how we can increase our customer base across Europe, U.S. as well as India and Australia to further improve our sales of the cables and the connectivity. So, I would say definitely better visibility of H2 compared to H1. But even in H1 certainly continue to look what more we can do, given some short-term weakness in the North America market.

**Pritesh Chaddha:** Any reason why our optical connect rate has not improved this year?

**Ankit Agarwal:** Yes, so I think as we had shared in the past that there are two to three specific areas that we are focused, one is the product development itself on the back of our acquisition of Optotec, we have invested and looked to scale up our product portfolio itself. As I shared earlier also the portfolio requirements are very different even within Europe, again quite different for U.S. and the rest of the world. So, there is a lot of work going in on building the product portfolio, creating our own IP to make sure that we can sell them successfully.

At the same time, one thing that we have seen has taken longer than expected is the customer approval cycle, both at the supply chain level as well as at the installer level. So, these are areas that we have built based on our learning. I am confident over the next six to nine months as some of these core products can develop as well as customer approvals will come, that certainly going into H2 there should be an improvement in the sales of our optical interconnect solutions.

**Pritesh Chaddha:** On the fund raise, I think you guys have taken a resolution of Rs. 1,000 crores instead of Rs. 500 crores earlier? if you have to raise, will it be a rights issue or you will go and seek funds from investors?

**Tushar Shroff:** So, at this point in time the current proposal is the enabling resolutions that we are taking it. It is a part of renewing the existing resolution that we have. So, this is basically enabling resolution that we have. When we come to a very specific, at that point in time will again inform everyone with respect to our plan in terms of raising of the funds. However, we already have,

we are in the process in terms of looking for a right opportunity, right window to raise the funds by way of the right issue which is already there on the card.

**Pritesh Chaddha:** We had a Rs. 1,000 to Rs. 1,100 crores kind of EBITDA, Rs. 1,000 crores kind of an EBITDA, and we also had some asset sale totaling about let's say \$50 million to \$60 million we had three asset. But when I look at the debt it's not come off a lot. So, if you could give the cash flow bridge where did we deploy our annual cash flows which came in?

**Tushar Shroff:** So, I would say that Rs. 400 crores have been deployed in terms of a CAPEX. And the working capital have been involved, working capital blockage is about I would say including the operating margin is more or less flat. So, I would say that major part has gone for a CAPEX which is almost like Rs. 400 crores.

**Pritesh Chaddha:** So, we will see a material reduction next year or we won't?

**Tushar Shroff:** So, yes, with improvement in the EBITDA the kind of you know we have, if you look at our guidance and the profitability in terms of the numbers, definitely we will see that kind of cash generation that we have been targeting. We will see a definite reduction in terms of debt.

**Ankit Agarwal:** And that's why we talked about dented EBITDA 2.5x.

**Pritesh Chaddha:** But that number when you are saying 2.6 into the EBITDA it doesn't show any debt reduction so that's why I was confused, because that statement is an open-ended statement, lower than 2.6, if I just assign 2.6 then there is no major reduction so that's why I was confused.

**Tushar Shroff:** Yes, so it will be a reduction of about Rs. 200 crores to Rs. 300 crores kind of a things that we have been looking at, over next year.

**Pritesh Chaddha:** One-year period.

**Tushar Shroff:** Yes, one year, yes.

**Pritesh Chaddha:** Which means your CAPEX will be higher than your depreciation number.

**Tushar Shroff:** Yes, at this point in time we have considered our CAPEX which is I think which is about Rs. 350 crores to Rs. 400 crores kind of a CAPEX that we have considered yes.

**Pritesh Chaddha:** Is this growth or maintenance?

**Tushar Shroff:** It has some part in terms of growth, in terms of investment that we have in connectivity business that is wire business as well as some parts in terms of maintenance CAPEX.

**Ankit Agarwal:** But it's largely in line with what we had already shared, so we talked about getting the U.S. facility up to speed, so some linked to that the optical connectivity, scaling that up, and then some maintenance CAPEX. And I think it's fair to say at least with current visibility, we had talked about overall cable capacity going from 33 million to 42 million so that all will come in full stream by H1 of current year.

**Pankaj Dhawan:** Thanks Pritesh. We will take the next question from the line of Mr. Balasubramanian. You can ask your question.

**Balasubramanian:** My first question, what is the current scenario for OF and OFC realization side? DGTR recommends anti-dumping duty on optical fiber imported from China, Korea and Indonesia and other countries. And what would be the impact after this on the realization side?

**Ankit Agarwal:** Yes, I will take the second one first. So, far just to be clear there is a recommendation by DGTR DGFT for the anti-dumping versus some countries like China, Indonesia etc. this is still to go to Ministry of Finance for their approval. So, this is something that is still work in progress. Of course, we are very confident of the merits and we do believe that there is a clear case of dumping. We also believe that Indian capacity is far more than sufficient to meet the country's requirements amongst all of us in terms of the leading players. So, in the next few months we will see the results of the Ministry of Finance. And I think the amount of percentage that could be charged in terms of duty will also vary I think anywhere in the range of 5%, 10%, 15% depending on the country and within that the respective player. So, I think let's wait and watch in terms of how the actions progress. But we are hopeful that this will be positive outcome for the Indian industry both I think from supporting the Indian industry but also I think from a quality perspective ensuring right kind of fiber and quality of fiber is coming into the country.

I think in terms of the overall market, as we said that there has been some delay in the China Mobile tender and so to that extent we have seen some softness in the fiber pricing in China. I think as we shared that we don't really see that immediately impacting the cable prices at least in our focus markets of Europe and U.S. because a lot of these markets are quite protected against say Chinese cable in particular. But yes, we do see some softness in fiber prices. Locally the current imports of fiber into India or into markets like Indonesia and other places, we do see some reduction in prices. We are positive that China Mobile given its focus on 5G and Fiber to the Home, we are hopeful that in the next few months, there should be a good volume tender and pricing tender for the China market. And prices should also normalize after that.

So, that's our current visibility, we are watching it closely, but we are also confident given that we have long-term contracts with Tier-I customers that we will continue to have a positive growth. As we have shared there is also inventory in the U.S. that we see and also our peers see. So, as the operators continue their deployment and scale up their deployment, as the inventory gets reduced then we shall continuously fresh demand growth from North America in particular.

**Balasubramanian:** My second question, could you please share the volume growth for OF and OFC s for the quarter and full year? And also could you please share the optical interconnect attach rate in value terms?

**Ankit Agarwal:** We are not sharing actual capacity and volumes for the last couple of quarters for competitive reasons. What we can share is that the volumes have increased in Quarter 4 versus Quarter 3. And certainly, going forward we have positive as I shared the shift from 33 million to 42 million will be completed by H1. So, I think that's a good capacity that will be coming on stream.

On the fiber side, we continue to look at options to scale up our fiber, both in India as well as our Fiber to Operations in China. So, I think that's also something that will be positive. So, I think we will have a good amount of capacity available and as we continue to secure our contracts in our focus markets, we should start seeing volume increase particularly in second half of this year.

**Balasubramanian:** My last question is, could you please share the capacity utilization across plants in India, China and U.S.?

**Ankit Agarwal:** Sorry, I won't be able to share that as I just shared --. We are not sharing our capacities and utilizations at a unit level, suffice to say that we had good utilization in Q4. We are watching the market closely in Quarter 1 and Quarter 2, but certainly confident of our capacities coming on stream and we are working hard to fulfill those capacities.

**Pankaj Dhawan:** Thanks Bala. We will take the next question from the line of Mr. Hiten Boricha. Hiten, you can ask your question now.

**Hiten Boricha:** My first question is on the inventory buildup which happened in U.S. so can you shed some light what exactly happened and why we saw inventory build in U.S.?

**Ankit Agarwal:** Yes, so I think overall what we had seen in the last 12 to 16 months is that the lead times had increased quite significantly going up to almost 40 to 50 weeks in the U.S. for certain cables and connectivity. At the same time various telecom operators, service providers in the U.S. had some very strong and ambitious plans to deploy the fiber, which still continues by the way. So, in this period because of the large lead times and their clear visibility of deployment they had started building a lot of inventory.

What we now see is that they are probably not able to execute on the ground, mainly because of trained labor shortages and some permitting issues. So, because of this imbalance they have a certain amount of inventory built up, and other side they are not able to deploy. Also what we have seen is now the lead times have come down from about 40 to 50 weeks to probably anywhere between six to 10 weeks. So, the operators are also now aware that as and when they need it they can get the cables quickly.



So, that's where we are in this in-between phase. The intent to deploy continues across the operators, most of them are listed and they announced their CAPEX plans. So, we are tracking that very closely. And our own conversations with them, they continue to remain committed but they are sharing this visibility of the inventory. Our current visibility is that it will improve in H2, but of course we are working on how to further improve our sales in H1 as well.

**Hiten Boricha:** This is the main reason for the price surge, so just want to understand how has the pricing volatility for the cable because of this inventory buildup?

**Ankit Agarwal:** Yes, there are two levels one is in certain markets like in China, Southeast Asia, pockets of Africa where we do see some of the Chinese players, there we have seen some reduction in pricing because of say demand reduction in China, which we believe is a temporary phenomenon probably for next few months so that is on one level. I think we have seen limited competition or almost zero competition of Chinese in Europe and North America. So, pricing is still stable, it might have come down a little bit, given these inventory levels.

So, our bigger focus is to continue our commitments with our long term customers. And the way the contracts are setup generally is that there is a good understanding both of volume and pricing. But given the long term nature of these contracts, we continue to negotiate with them ensuring that the volumes also continue.

The other element, Hiten is very important is that our factory in U.S. is also coming up. So, there is a good amount of effort we are putting into ensure that we get good long term contracts to support those facilities to be fully utilized.

**Hiten Boricha:** Can you quantify the pricing, what was it in FY'22 and in FY'23?

**Ankit Agarwal:** No I think it will really vary by market, I think for example we would have seen probably a 10% to 15% reduction in China on the fiber prices. But it would be smaller in other markets. And again, I wouldn't generalize but each operator and depending on which market they are, who the competition is, I think that varies, anywhere between 5% to 10% is possible in other markets as well. And that's again just a general data point, each customer and depends on our contract and our negotiations that would vary.

**Hiten Boricha:** Question is on the dividend; we are giving the dividend of Rs. 1 and the other side we are also looking to raise a fund. So, I know the dividend outflow is very low when we compare it to the fund raised, but just wanted to understand the rationale behind that why we are giving dividend and on the other side, we are looking for fund raise?

**Tushar Shroff:** So, Hiten as I said that dividend is important because it's a source of earning for a lot of investors for us. So, keeping that in mind and as per the policy we are supposed to declare the dividend so that's the reason that we have declared the dividend. Yes, we will be raising the

right issue but the right issue will be continued on the right timing and the right market conditions. So, we will be watchful of that to get into the market with respect to the rights issue.

**Pankaj Dhawan:** Thanks Hiten. We will take the next question from the line of Mr. Pratik Singhania. Pratik you can ask your question now.

**Pratik Singhania:** In terms of the deployment rate, how do you track it like what metrics do you observe whether it is monthly, quarterly, fortnightly to determine whether the ground level demand of fiber optics in U.S. is not slowing down?

**Ankit Agarwal:** So, I think three to four metrics, as I said a lot of these customers of ours are public both in Europe, U.S. Australia, so they regularly publish both their CAPEX spend, their forecast for CAPEX at least for next 12 months. And then on a quarterly basis they share both in terms of subscribers as well as homes passed. And they give a target of home pass generally at least for one year forward and some of them even have three to five targets. So, that's something that is from their own data that that gets published on top of that we see very interesting data point from deployment companies. So, I can give you some examples there are companies in U.S. called Dycom and Mastec which are listed and then they share their data points of how they are deploying the fiber on behalf of these customers. And again, you can see the latest Dycom results they have just signed multi-year contracts with many of our customers, where we supply cable and they would do the deployment.

So, these are kind of two or three data points, of course then we have CRU data which we also share with you from time to time which is probably a third data point. Of course, the most important being our own conversations with the customers how they are seeing the visibility and of course on very regular basis that conversation happens at senior levels. So, I think multiple data points and hence the outlook we are giving you is a summation of these data points.

**Pratik Singhania:** So, for the calendar year 2023, we are witnessing slowdown in deployment rate as well as the inventory level coming down at the customer level or how it is like do you have any growth rate in terms of deployment whether it is down sequentially or up in terms of percentage?

**Ankit Agarwal:** So, happy to share probably some data point with you offline purely based on what some of our customers have shared. But I think what definitely we can tell you is that there is the biggest constraint in North America, in Europe various parts of the world is even if operators want to scale up say 10% to 20% year-on-year they are getting constrained by availability of manpower. This is a global concern where operators are now investing directly in building in the training capability of people. And so, this is something that is now becoming the major constraint to rapidly scale up the deployment.

So, we don't see constraint in capital, we don't see a constraint in intent, in fact most of them have talked about how they want to grow their deployment, but they are clearly seeing a challenge in execution on the ground. And then in some pockets of U.S., some pockets of Europe there is also constraints in terms of permission and permitting which also again is an ongoing effort to ease those out like we see in India as well.

**Pratik Singhania:** And in the digital business you talked about having an order book of almost Rs. 650 crores. So, this amount would be executable over how many years? And in next say two to three years' time how scale this business can reach?

**Raman Venkatraman:** Yes, the orders are both near terms and long term, so we have some orders that stretch to three to four years' duration and then there are many orders that gets to be executed over the next 18 to 24 months. So, from that perspective in most the orders that we have got is in the third and the fourth quarter so we see the future pretty good in terms of how we are going to execute those orders and we continue to gain new orders in this quarter as well so it's pretty good the way we see it.

**Pratik Singhania:** In next three years, what kind of a scales you aspire to reach in this business?

**Raman Venkatraman:** See this particular year, if you look at our guidance that we have given, we will at least grow the business by at least 3 to 4 times, that's what we are expecting from this year. And I would say that for FY25 or FY26 again futuristic too much, that is too much in the future but still looking at the way that we are scaling from quarter-to-quarter perspective it looks pretty good. It will have decent growth in FY25 over FY24, so I already mentioned.

**Ankit Agarwal:** So, it's a bit early to give a longer-term forecast, I think from an STL perspective, definitely one focus as far as everything in STL its first focus on profitability. So, we have put in about Rs. 120 crores last year into this business, as an investment. Also, probably similar level will go into this year. A real priority now for Raman while tremendous work on the order booking and right team, now to breakeven and start becoming profitable, towards the end of this year is what he has committed. So, I think that is more where we are really focused, I think clearly lot of success with very high quality clients so we are watching this on say quarterly basis and certainly there is good potential to grow it.

**Pratik Singhania:** And in terms of the demerger, the rights issue or the fundraise that you plan to do, any segregation is there wherein how much you will put in a services plus digital business versus how much you will be using for the product business?

**Tushar Shroff:** No at this point in time this entire demerger is going to take anything between I would say 9 to 12 months depending on the NCLT approval process. So, whatever the proceeds that we may get will be used for both the business in order to bring down the overall debt. So, whatever we

discussed in terms of debt to EBITDA 2.5x is not considering any kind of rights issue proceeds that we may have.

**Pratik Singhania:** And in terms of optical interconnect, I assume that lot of our products are under the trial phase, testing phase with the clients. So, any visible breakthrough that you anticipate in FY24 for your optical interconnect business to growth maybe 2x or something like that, because it's a very good business per se. So, anything with respect to Australia and U.S. market where you anticipate a good growth in optical interconnect income from these geographies?

**Ankit Agarwal:** Yes, I mean look, I think good question, as I said it's a balance of all three, there is still work to be done to build product portfolio both for telecom operator and I think also eventually for data centers, I think those are areas we clearly need to build that out. We continue to build our internal teams also who has specialist's knowledge technically and sales wise in this fields so that's another work in progress. The third part is on the IP part, as I said earlier also this a field with a lot of IP and we want to make sure that we build the right product with the right IP as we are entering these global geographies.

And then obviously the part that is probably taking longer than we expected is the customer approval cycle and I think that's probably something where there have been learnings for us and we will really look to fast track that as much as possible going forward. And that's both at the customer level and at the installer level. So, I think these are some of the, I say learnings, but I continue to be positive there is no question I think as you said that it's a good business to be, it's complementary to our cable, the customers are looking for solutions of cable and connectivity together. And really even if you look at for example our latest product the 180 micron, essentially with a thinner fiber you can get a thinner cable, those thinner cables can be more compact and lead to a more compact interconnect solution. So, it's all interconnected for us and the more of these solutions we can provide to our customers, there is creator value for them and for us.

**Pratik Singhania:** Right so that leads to my another question that can we expect at least a fiber division of STL to be running at 90% capacity utilization for the current year, because see you have such a good product in terms of capability and everything is all top-notch. So, at least whatever we need internally we can consume and the balance is it possible to increase that like external sales of fiber in this current year --?

**Ankit Agarwal:** As I said, strategically we have always said we want to focus our fiber towards our cable and cable and interconnect will be our go-to-market. So, that continues to be our strategic focus going forward and there as I said we want to be tied up with Tier-I customers globally to make sure that they buy our cables and interconnect solutions. So, that remains a priority. And I think then it really is a function of how quickly can we scale up as these capacities are coming on stream that I spoke of in U.S. and other places, how quickly can we utilize those capacities and then obviously then pull in the fiber for making that happen. Very positive about our capacities

coming on stream by end of H1 I think we have to watch the market very closely particularly in U.S. to make sure that we can pull through those volumes and then on the back of that the fiber.

**Pratik Singhania:** Because at present we have 50 million fkm capacity and it will be a 42 million fkm cable capacity, so the balance whatever is 8 million at least 90% of that can be, can't we do like the external sales till the time we setup another cabling capacity maybe in U.S. or domestic?

**Ankit Agarwal:** I think those options will continue to remain and we will be doing some amount of fiber sales very strategically to some long-term customers and also value-added fiber so next generation fiber etc. So, those are things that will continue, but also to be mindful between cable and fiber there is typically a 5% scrape so it won't be that the delta is exactly what we will sell externally. Some portion of that we would utilize, we would use larger portion than 42 in our own internal captive requirement.

**Pratik Singhania:** And my last question would be in respect to the services receivable, can you update anything with respect to that, what's the current status?

**Tushar Shroff:** So, I think receivable for the services with respect to some of the projects as we continue to execute some of the projects, it's starts to liquidate the outstanding that we have on --

**Pratik Singhania:** So, what kind of operating cashflow can we expect through services business this year given the release in the working capital from there?

**Tushar Shroff:** So, we are targeting something like Rs. 100 crores to Rs. 200 crores to be released from the service business this year.

**Pankaj Dhawan:** Thank you. We will take the next question from the line of Mr. Sunny Gosar. Sunny you can ask your question now.

**Sunny Gosar:** My first question is in terms of the growth rate that you have highlighted at 10% to 12%, can you basically help us understand what would be the growth in the service business in that and what could be the mix of growth from the optical business, because that growth rate seems to be very conservative considering your digital business will growth significantly, although the base is very small but there is very high growth there. So, are you assuming a flattish or a degrowth in the service business?

**Ankit Agarwal:** Look I think, so maybe I will break it up, so certainly optical we have capacities coming on stream on one side, other side there are some I would say in near term areas we need to look at in North America in particular. We also need to be mindful and watch closely on the pricing and lead time. So, I think those are a combination of things we are watching out for particularly H1, but certainly quite positive or more positive in H2 on the optical. At the same time, as we

also shared briefly there is a lot of focus now internally to improve our cost structures and reduce our working capital which should support the business as well. So, that's broadly what we are trying to do on the optical part. And of course, then continue to look at options to grow our interconnect business as well. So, that's on the optical.

On the services part, I think three or four large opportunities for us, we are looking at scaling up our deployment with operators like Airtel and Jio so some interesting opportunities there. There are a couple of opportunities we have started to get into on the managed services and so we are looking to scale up on that. And then of course there could be big bang at some point in the current year if BharatNet materializes in some form. And certainly, that's an area again with the right payment terms, right milestones and cash visibility we would look to participate and be a leading provider both on cable connectivity and the services for that business.

And then I think as Raman alluded to us have started with a base about Rs. 70 crores we think is a good base to now scale up from there, but again it's a small number compared to the overall STL number for the current year, current year are at about Rs. 6800 to Rs. 6900 crores and so even if you take 10% growth of that, that's another say Rs. 700 to Rs. 800 crores growth on that.

So, I think, I would say that balance is there some growth will happen on optical clearly, services we do see the opportunities but we are very mindful of cash being a priority in the services business versus topline growth and hence probably we are conservative there on those scaling up of services. And as I said IT service is a small base today.

**Sunny Gosar:** Just to reconfirm on this, in your guidance of 10% to 12% you are not assuming any big, or basically largely flattish numbers in the service business, right?

**Ankit Agarwal:** Sure, yes.

**Tushar Shroff:** Coming back to your specific point, the purpose of creating two separate entities is that you know the capital should not become constraint for the growth of these two businesses, that is fundamental way that we have been looking at so both the business can grow independently without having any constraint on the capital. So, that's fundamental, that's the reason that we are creating this company, this is one of the clear reasons that we are looking at so that both the companies can grow independently.

**Sunny Gosar:** My second question is on the demand outlook that you highlighted basically you have been highlighting that there is some kind of demand softness in North America. So, considering the situation do you foresee any volume declines on a Q-o-Q basis? Or what you are trying to communicate is on whatever base we have in Q4 there may not be significant growth at least for next one or two quarters and then we can see growth in the second half? Or you see some declines for the next one or two quarters?

**Ankit Agarwal:**

So, we are still, I won't be able to comment in Quarter 2, because as I said Quarter 2 for us would be end of H1 and calendar year for U.S. so we are watching the data still closely. But I would say that Quarter 1 there is a possibility of quarter-on-quarter volume decline. But also have to be mindful that both Europe and U.S. are typically a better margin region. So, I think those are elements that we are watching closely in terms of not just volume impact but also our profitability impact.

As I said we have got these inputs from the customers we are actively looking at how do we look at alternate customers, what more can we do, can we get more wallet share from our current customers and of course we are also looking at other markets outside of North American and Europe including in India and other markets where we can further scale up our cable sets.

**Sunny Gosar:**

My third question is on the margin profile, so you have done a very good job of scaling the optical margins to about 21% more than 21% in Q4. So, basically on the cost, you have given a good direction on the pricing and demand but on the cost side are all the cost savings in the base or are there further potential cost savings possible from say either helium cost or any other raw material or logistic cost, so how should we look at the margin for FY24 as a whole? I understand Q1, Q2 maybe slightly challenging but how should we look at FY24 as a whole?

**Ankit Agarwal:**

Yes, so I think still as I said a little bit early to say, I can tell you what we are focusing on. I do believe there are opportunities for cost reduction purely from the operations, then of course as we had called out helium has been one big x factor for us and that we still continue to see challenges and shortages in the market from a pricing and availability perspective. Our own current view is that probably another 5 to 6 months at least that will continue to be a concern. On the positive side, obviously we have talked about trying to push forward on the connectivity side where we have seen higher margins so I think that is something that certainly into H2, we do believe that should improve and there is a focus there. So, I think there is a balance of these two or three things some possible volume decline, some challenges in margin because of U.S. sales, some cost areas where we are focusing to improve but helium continues to be a concern and then possible upside from the interconnect. So, I think it's a balance of all of these things. I would say currently we are focused that at least we should get to 20% margins but again it can vary little bit at least in H1.

**Sunny Gosar:**

Any my last question is on the margin on the service and the digital business, so there was some margin improvement that we saw in the service business in Q4 and now with UK business say breaking even in March 2023 how should we look at the margin profile in the service business going forward say for the immediate quarters and the full year FY24?

**Tushar Shroff:**

So, Sunny, we have been looking at the EBITDA margin profile to improve presently from 4% on a consolidated service level to the 8% kind of a level, that we will be looking at. So, gradually

growing on quarter-on-quarter basis with improvement in terms of overall operations in UK we see that there will be a gradual growth in terms of an EBITDA.

**Sunny Gosar:** So, will it be fair to assume that 4% is the base now and you should see gradual improvement every quarter going forward?

**Tushar Shroff:** Ideally yes.

**Sunny Gosar:** My last question on the digital business so the EBITDA burn was about Rs. 35 crores in this quarter --

**Ankit Agarwal:** One part mindful of that specially monsoon is typically lower deployment right in India. So, I think that's something we will have to watch for in this kind of June/July/August monsoon period, where actual deployment would be a challenge for our projects across India.

**Sunny Gosar:** And on the digital business, your burn in Q4 was about Rs. 35 crores. So, is this the peak quarterly burn that we should see or there could be, for the next one or two quarters, a higher EBITDA loss and then basically breakeven towards the end of the year. So, how should we look at that?

**Ankit Agarwal:** Yes, we believe this is the peak, it should start coming down as our utilization of our teams and the projects that we have start to improve. And then as we said, get to breakeven by say between Quarter 3 or Quarter 4-time period.

**Sunny Gosar:** In one of the statements, you highlighted that your investment in this business for FY24 also could be Rs. 125 crores but then that won't add up right?

**Ankit Agarwal:** Correct, so between I would say currently visibility is around Rs. 120 crores obviously say for example if entire Quarter 4 breaks even to that extend Rs. 20 to Rs. 30 crores could be lower, but we are in that range of, I mean I would say safely take about Rs. 100 crores for example.

**Pankaj Dhawan:** Thank you. So, ladies and gentlemen with this we come to the end of Q&A session. I now hand it over back to Ankit Agarwal for closing remarks.

**Ankit Agarwal:** Before I do my closing remarks, I just wanted to highlight that I was recently in a forum in Brussels with our ministers representing panel of Indian CEOs and I must say there was a lot of excitement and positivity for increasing partnership between Europe and India. And really I think that presents a lot of opportunities even for STL across our businesses on optical and services and of course on IT service as well. So, I think there is a very strong interest, I think it was a privilege and very grateful to be part of that forum, with the ministers. And I am very bullish that the business between India and Europe will grow significantly from here given the kind of conversations happening.



So, overall, again thank you everyone for attending this call, showing interest in our company, for all your inputs over the several quarters. We hope we are able to address and clarify all your queries. We hope we have given you good visibility of how we see the market in the coming quarters. For any further questions and discussions please feel free to contact investor relations team which includes myself and Tushar. We really look forward to continuing this conversation with you in the future. We welcome you to visit our facilities, which I think you will find very interesting. And do keep in touch. Thank you, stay safe.

**Pankaj Dhawan:**

Thank you all.