

November 12, 2025

Sterlite Technologies Limited: Ratings reaffirmed

Summary of rating action

| Instrument* | Previous rated amount (Rs. crore) | Current rated amount (Rs. crore) | Rating action |
|--|--|--|--|
| Short term – Commercial paper | 500.00 | 500.00 | [ICRA]A1+; reaffirmed |
| Long term – Fund based – Working capital | 931.00 | 931.00 | [ICRA]AA- (Stable); reaffirmed |
| Long term – Fund based – Term Loan | 95.00 | 95.00 | [ICRA]AA- (Stable); reaffirmed |
| Long term – Fund based – Term Loan | 25.15 (million Euros) | 25.15 (million Euros) | [ICRA]AA- (Stable); reaffirmed |
| Short term – Non-fund based | 3433.00 | 3433.00 | [ICRA]A1+; reaffirmed |
| Long term/Short term – Unallocated | 16.00 | 16.00 | [ICRA]AA- (Stable)/ [ICRA]A1+; reaffirmed |
| Total | 4975.00 + 25.15 million euros | 4975.00 + 25.15 million euros | |

*Instrument details are provided in Annexure I

Rationale

The reaffirmation of the rating factors in an improvement in Sterlite Technologies Limited’s (STL) profitability, stemming from a strong US optical fibre (OF) and optical fibre cable (OFC) market. The company’s average realisation in the US market has increased following the easing up of inventory in the US and hyperscale demand for AI-driven data centres in the region. The demand in the US is expected to remain healthy in the medium term with growth coming in from data centres and the upcoming roll-out of the Broadband Equity, Access and Deployment (BEAD) programme.

STL reported an OPBITDA of Rs. 261 crore in H1 FY2026 (up 43.41% YoY), which coupled with a net debt of around Rs. 1,313 crore (excluding lease liabilities), has helped improve the coverage metrics. ICRA also notes that the company has raised Rs. 1,000-crore equity through a qualified institutional placement (QIP) issue in the previous fiscal which has brought down the debt from the March 2024 levels and correspondingly improved the debt metrics.

The long-term demand prospects remain favourable, reflected in a strong order book of more than Rs. 5,188 crore as of September-end. This demand would further be aided by two major projects in this sector are the BEAD programme in the US and BharatNet Phase III in India. STL’s profitability is thus further expected to improve once the delivery of these projects starts, which is likely from Q2 FY2027. STL’s net debt/OPBDITA stood at 3.28x (excluding lease liabilities) in FY2025 and the same is likely to improve to 2.5x by the end of this fiscal on account of improvement in profitability and reduction in debt.

ICRA has also taken into account the demerger of the services business, which has improved the credit profile of STL, given the lower profitability and higher working capital intensity of the sbusiness. The demerger has brought down STL’s NWC/OI to 8.7% in FY2025 from 26.7% in FY2024.

The ratings continue to factor in STL’s position among the leading players in the telecom cable industry with sizeable manufacturing capacities, the integrated nature of operations and presence across the industry value chain (from preform manufacturing to software solution/network integration). These factors have enabled the company to sustain its scale of operations and a strong market position. The company’s healthy order book position provides revenue visibility over the medium term. Moreover, the long-term demand outlook for STL’s products is likely to remain favourable, driven by the capex by major telcos globally for 5G rollout and by domestic telcos/corporates to strengthen their network, along with Government programmes to fiberise rural areas in the US (BEAD), India (Bharatnet Phase III), Germany and the UK, among others.

Further, the expanding portfolio of the company's optical interconnect products would support revenue growth and margin expansion over the medium term, besides the increased penetration and order bookings for supplies to the US. Additionally, the ratings continue to factor in STL's geographically diversified revenue mix with sizeable revenue contribution from exports and its diverse customer base.

The ratings, however, remain constrained by the moderation in profitability in FY2024 and FY2025, which has started showing signs of improvement in H1 FY2026. The revenue and margins moderated because of the demand slump in the North American market due to the elevated inventory levels with cablers and higher interest rates, which resulted in a deferment of some projects and thus orders for STL. This led to overall lower capacity utilisation and under-absorption of fixed costs, resulting in lower profitability.

The company also faces intense competition in the telecom cable industry due to the presence of big global players with a diversified manufacturing base. In the domestic market, the revenue generation and order book remain dependent on the capex cycles of telecom service providers.

The Stable outlook on STL's long-term rating reflects ICRA's opinion that the continued expected improvement in profitability is likely to keep the credit profile steady, going forward. This, along with a demerger of the services segment, has moderated the working capital intensity of the business.

Key rating drivers and their description

Credit strengths

Leading player in telecom cable industry - STL is a leading player in the Indian optical fibre (OF) and optical fibre cable (OFC) market with a sizeable market share, significant manufacturing capacities and integrated nature of operations. Over the years, the company has enhanced its manufacturing capacities and widened its service offerings/geographic presence through in-house development and acquisitions globally. As a result, it has been able to develop a presence across the industry spectrum, providing products as well as end-to-end services for network integration/software solutions. STL has developed a strong global footprint in recent years and its revenue mix is fairly diversified across geographies such as Europe (47% in FY2025), America (25% in FY2025) and the balance to other countries. The company is also focused on increasing its presence in the US in the medium term.

Integrated nature of operations - STL is a fully integrated player with presence across the industry value chain. It manufactures glass preforms from silica, which are used to manufacture OF. Moreover, the OF is consumed internally to manufacture OFC.

Favourable long-term demand outlook; strong order book provides revenue visibility - STL had a healthy order book of Rs. 5,188 crore as of September 2025 (~1.3x OI), which provides revenue visibility over the medium term. Moreover, there is healthy demand for STL's products/services, driven by capex by major telcos globally towards 5G rollout and by domestic telcos/corporates to strengthen their network in the light of the increasing digitisation. This apart, large Government projects like BEAD in the US and BharatNet Phase III in India are likely to keep the demand for STL's products buoyant. Further, the expanding portfolio of optical interconnect products will drive the revenue and margin over the medium term. The healthy order book and increased demand are expected to drive the company's revenue growth over the next few years.

Diversified customer base in domestic and international markets - STL has been able to develop a wide customer base, given its established track record of operations, diverse product/service offerings and a global footprint. This includes reputed companies, ranging from telcos and Government agencies to private organisations and cloud networking companies.

Improvement in working capital cycle after demerger of service business - The services business of the company got demerged w.e.f. March 31, 2025. This business was low margin and had high working capital intensity. Thus, the demerger improved the company's working capital cycle with the NWC/OI declining to 8.7% in FY2025 from 26.7% in FY2024.

Credit challenges

Moderation in operating revenue and margins - STL's operating profit margin (OPM) stood at 10.4% in FY2025, which remained materially lower from the average margin of ~20.5% between FY2017 and FY2020. This was on account of higher channel inventory in the North American market, increased interest rates (which created pressure on demand), spike in raw material prices and logistic costs, higher operating cost incurred for new ventures as well as team expansion in the US and the UK for scaling up international operations. However, the margins have improved in H1FY2026 with OPBITDA margin of ~12.7%.

Intense competition in industry – In FY2025, the company derived ~72% of its revenues from the export markets, where big global players have an established presence. Though STL enjoys cost-competitive manufacturing, the stiff competition limits its pricing flexibility. The company is focusing on the organic route to gain traction in new geographies and value-added services as well as mitigating pricing pressure in the relatively commoditised OF/OFC segment.

Environmental and social risks

The company is committed to achieve net zero emissions by 2030 and has implemented measures such as rooftop solar installations, zero liquid discharge systems, and ISO 14001 and 45001 certifications for environmental and occupational safety management. Energy and water intensity have improved year-on-year, and all its Indian plants are certified as zero waste to landfill. On the social front, STL ensures comprehensive employee welfare through health and accident insurance coverage, mental well-being programmes and POSH compliance, with diversity initiatives resulting in 25% female representation on the Board. The community engagement remains strong, with CSR spending focused on education, healthcare and women empowerment, benefiting over 4.6 million lives. Governance practices are reinforced by a dedicated Sustainability and CSR Committee, SA8000 certification for social accountability, and ISO 27001 for data security.

Liquidity position: Strong

STL's liquidity is strong, supported by steady internal generation, free cash/liquid investments of ~Rs. 496 crore and cushion from undrawn bank lines to the extent of ~Rs. 1,500 crore as on September 30, 2025.

Rating sensitivities

Positive factors – A favourable rating action can be taken if there is a substantial improvement in the profitability that would significantly improve the debt coverage metrics.

Negative factors – A continued weakening of the operating profit margins to below 10% on a sustained basis and/or any large debt-funded capex that may deteriorate the capital structure and coverage indicators could result in a downgrade.

Analytical approach

| Analytical approach | Comments |
|---------------------------------|--|
| Applicable rating methodologies | Corporate Credit Rating Methodology |
| Parent/Group support | Not applicable |
| Consolidation/Standalone | The ratings are based on the consolidated financial profile of the company |

About the company

STL, formerly Sterlite Optical Technologies Limited (SOTL), was established in July 2001 after the demerger of the telecom division of Sterlite Industries Ltd (SIL). In July 2006, STL acquired the transmission line business of SIL to foray into the power

transmission cables business. The company has grown over the years to become the largest OF and OFC manufacturer in the country. It also has an established presence in the global OFC market. ICRA has consolidated the operational and financial profiles of STL, its subsidiaries and joint ventures for the analysis. The services business of STL was demerged w.e.f. March 31, 2025.

Key financial indicators (audited)

| STL (consolidated) | FY2024 | FY2025 | H1FY2026 |
|--|--------|--------|----------|
| Operating income | 4083.0 | 3996.0 | 2054.0 |
| PAT | (75.0) | (72.0) | 14.0 |
| OPBDIT/OI | 11.7% | 10.4% | 12.7% |
| PAT/OI | -1.8% | -1.8% | 0.7% |
| Total outside liabilities/Tangible net worth (times) | 3.0 | 1.7 | 1.8 |
| Total debt/OPBDIT (times) | 7.1 | 4.6 | 3.7 |
| Interest coverage (times) | 1.6 | 1.7 | 2.5 |

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

| Instrument | Type | Current rating (FY2026) | | Chronology of rating history for the past 3 years | | | | | | |
|-------------------------------------|------------|--------------------------|--------------|---|-------------|---------------------|-------------|---------------------|-------------|--------------------------------|
| | | Amount rated (Rs. crore) | FY2026 | | FY2025 | | FY2024 | | FY2023 | |
| | | | Date | Rating | Date | Rating | Date | Rating | Date | Rating |
| Commercial paper | Short Term | 500.00 | Nov 12, 2025 | [ICRA]A1+ | 12-Nov-2024 | [ICRA]A1+ | 25-Apr-2023 | [ICRA]A1+ | 28-Apr-2022 | [ICRA]A1+ |
| | | | - | - | 30-Apr-2024 | [ICRA]A1+ | - | - | - | - |
| Non-convertible debenture programme | Long term | - | - | - | - | - | - | - | 28-Apr-2022 | [ICRA]AA (Negative); Withdrawn |
| Working capital facilities | Long term | 931.00 | Nov 12, 2025 | [ICRA]AA- (Stable) | 12-Nov-2024 | [ICRA]AA- (Stable) | 25-Apr-2023 | [ICRA]AA (Negative) | 28-Apr-2022 | [ICRA]AA (Negative) |
| | | | - | - | 30-Apr-2024 | [ICRA]AA (Negative) | - | - | - | - |
| Term loan | Long term | 95.00 | Nov 12, 2025 | [ICRA]AA- (Stable) | 12-Nov-2024 | [ICRA]AA- (Stable) | 25-Apr-2023 | [ICRA]AA (Negative) | 28-Apr-2022 | [ICRA]AA (Negative) |
| | | | - | - | 30-Apr-2024 | [ICRA]AA (Negative) | - | - | - | - |
| Term loan | Long term | 25.15* | Nov 12, 2025 | [ICRA]AA- (Stable) | 12-Nov-2024 | [ICRA]AA- (Stable) | 25-Apr-2023 | [ICRA]AA (Negative) | 28-Apr-2022 | [ICRA]AA (Negative) |
| | | | - | - | 30-Apr-2024 | [ICRA]AA (Negative) | - | - | - | - |
| Non-fund based | Short term | 3433.00 | Nov 12, 2025 | [ICRA]A1+ | 12-Nov-2024 | [ICRA]A1+ | 25-Apr-2023 | [ICRA]A1+ | 28-Apr-2022 | [ICRA]A1+ |

| Instrument | Type | Current rating (FY2026) | | Chronology of rating history for the past 3 years | | | | | | |
|---------------------------|-----------------------|--------------------------|--------------|---|-------------|--------------------------------|-------------|--------------------------------|-------------|--------------------------------|
| | | Amount rated (Rs. crore) | FY2026 | | FY2025 | | FY2024 | | FY2023 | |
| | | | Date | Rating | Date | Rating | Date | Rating | Date | Rating |
| facilities | | - | - | 30-Apr-2024 | [ICRA]A1+ | - | - | - | - | |
| Unallocated limits | Long term/ Short term | 16.00 | Nov 12, 2025 | [ICRA]AA-(Stable)/ [ICRA]A1+ | 12-Nov-2024 | [ICRA]AA-(Stable)/ [ICRA]A1+ | 25-Apr-2023 | [ICRA]AA (Negative)/ [ICRA]A1+ | 28-Apr-2022 | [ICRA]AA (Negative)/ [ICRA]A1+ |
| | | | - | - | 30-Apr-2024 | [ICRA]AA (Negative)/ [ICRA]A1+ | - | - | - | - |

*million euros

Complexity level of the rated instruments

| Instrument | Complexity indicator |
|-----------------------------------|----------------------|
| Commercial paper | Very Simple |
| Working capital facilities | Simple |
| Term loan | Simple |
| Term loan | Simple |
| Non-fund based facilities | Very Simple |
| Unallocated limits | NA |

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

| ISIN | Instrument name | Date of issuance | Coupon rate | Maturity | Amount rated (Rs. crore) | Current rating and outlook |
|------------|----------------------------|------------------|-------------|------------|--------------------------|---------------------------------|
| Not placed | Commercial paper | NA | NA | NA | 500.00 | [ICRA]A1+ |
| NA | Working capital facilities | NA | NA | NA | 931.00 | [ICRA]AA-(Stable) |
| NA | Term loan | Jan-2014 | NA | Mar-2031 | 95.00 | [ICRA]AA-(Stable) |
| NA | Term loan | December 2020 | NA | March 2027 | 25.15 million euros | [ICRA]AA-(Stable) |
| NA | Non-fund based facilities | NA | NA | NA | 3433.00 | [ICRA]A1+ |
| NA | Unallocated limits | NA | NA | NA | 16.00 | [ICRA]AA-(Stable)/ [ICRA]A1+ |

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

| Company name | Ownership | Consolidation approach |
|--|-----------|------------------------|
| Speedon Network Ltd | 100.00% | Full consolidation |
| STL Digital Ltd (Erstwhile "Sterlite Tech Connectivity Solutions Ltd") | 100.00% | Full consolidation |
| Sterlite Tech Cables Solutions Ltd | 100.00% | Full consolidation |
| Sterlite Global Ventures (Mauritius) Ltd | 100.00% | Full consolidation |
| Jiangsu Sterlite and Tongguang Fibre Co Ltd | 100.00% | Full consolidation |
| Sterlite (Shanghai) Trading Co Ltd | 100.00% | Full consolidation |
| Metallurgica Bresciana S.p.A. | 100.00% | Full consolidation |
| Elite core Technologies (Mauritius) Ltd | 100.00% | Full consolidation |
| Elitecore Technologies SDN. BHD | 100.00% | Full consolidation |
| Elitecore Technologies (Mauritius) Ltd | 100.00% | Full consolidation |
| Sterlite Tech Holding Inc | 100.00% | Full consolidation |
| Sterlite Technologies Inc | 100.00% | Full consolidation |
| PT Sterlite Technologies Indonesia | 100.00% | Full consolidation |
| Sterlite Technologies DMCC | 100.00% | Full consolidation |
| Sterlite Technologies Pty. Ltd. | 100.00% | Full consolidation |
| STL Optical Interconnect S.p.A. | 100.00% | Full consolidation |
| Optotec S.p.A. | 100.00% | Full consolidation |
| Optotec International S.A. | 100.00% | Full consolidation |
| STL Tech Solutions Limited, UK | 100.00% | Full consolidation |
| STL Digital Inc. (USA) | 100.00% | Full consolidation |
| STL Digital UK Limited | 100.00% | Full consolidation |
| STL Optical Tech Limited | 100.00% | Full consolidation |
| STL Solutions Germany GmbH | 100.00% | Full consolidation |

| Company name | Ownership | Consolidation approach |
|--|-----------|------------------------|
| STL Optical Connectivity NA, LLC (Incorporated on February 20, 2025) | 100.00% | Full consolidation |

Source: Company data

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