

July 06, 2026

Sterlite Technologies Limited: Long-term rating upgraded to [ICRA]AA (Stable); short-term rating 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); upgraded from [ICRA]AA- (Stable)
Long-term – Fund based – Term Loan	95.00	95.00	[ICRA]AA (Stable); upgraded from [ICRA]AA- (Stable)
Long-term – Fund based – Term loan	25.15 (million Euros)	25.15 (million Euros)	[ICRA]AA (Stable); upgraded from [ICRA]AA- (Stable)
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+; long-term rating upgraded from [ICRA]AA- (Stable); short-Term rating reaffirmed
Total	4975.00 + 25.15 million euros	4975.00 + 25.15 million euros	

*Instrument details are provided in Annexure II

Rationale

The long-term rating upgrade 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 recovered, following the easing up of inventory in the US and has grown further driven by 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 from data centres and roll-out of the Broadband Equity, Access and Deployment (BEAD) programme.

STL reported an OPBITDA of Rs. 569 crore in FY2026, which coupled with a net debt of around Rs. 1,827 crore (excluding lease liabilities), improved the coverage metrics. ICRA also notes that the company has raised Rs. 1,500-crore equity through a qualified institutional placement (QIP) issue in July 2026, which will be used to bring down the debt levels substantially and improve the debt metrics.

The long-term demand prospects remain favourable, reflected in a strong order book of more than Rs. 7,309 crore as on March 31, 2026. ICRA also takes note of the company winning an order of ~\$1.1 billion from a hyperscale partner, which will strengthen the order book providing healthy revenue visibility in the near term. STL's profitability is expected to improve further once the delivery of this project starts, which is likely from Q3 FY2027. STL's net debt/OPBDITA stood at ~2 times (excluding lease liabilities) in FY2026 and the same is likely to improve to 0.7 times by the end of this fiscal on account of increased profitability and deleveraging.

ICRA has also considers 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 business.

The ratings continue to factor in STL's position as one of 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. Moreover, the long-term demand outlook for STL's products is likely to remain

favourable, driven by hyperscale demand, 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 improved in FY2026. The revenue and margins decreased because of the demand slump in the North American market due to the elevated inventory levels with cabling 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. Further, the ratings are constrained by limited availability of key raw materials however, given the low concentration of these raw materials in the overall optical fibre manufacturing process for a backward integrated company like STL helps reduce the price volatility risk to an extent.

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 remains 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 is diversified across geographies such as Europe (39% in FY2026), America (39% in FY2026) 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. It is among the few globally with full backward integration, catering to customers across telecom, hyperscalers, and data centres.

Favourable long-term demand outlook; strong order book provides revenue visibility - STL had a healthy order book of Rs. 7,309 crore as on March 31, 2026 (~1.54 times OI), which provides revenue visibility over the medium term. The company has a winning order of ~\$1.1 billion from a hyperscale partner, which will increase the order book and revenue growth in the near term. Moreover, there is healthy demand for STL's products/services, driven by capex of major telcos globally towards 5G rollout and by domestic telcos/corporates to strengthen their network with 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 scale, profitability and working capital cycle – STL's operating profit margin (OPM) stood at 12.0% in FY2026, 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. The revenue and margins in FY2026 increased to ~Rs. 4,745 crore (from ~Rs. 3,996 crore in FY2025) and 12.0% (from 10.4% in FY2025), respectively, led by strong demand in the US from hyperscale data centre, which improved the realisations in the US. 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 8.5% in FY2026.

Credit challenges

Exposure to critical raw material availability - The company's operations remain exposed to supply-side constraints and price volatility in certain raw materials. Prices of some raw materials have increased sharply over the last two years, exposing the company to procurement and supply-chain risks. While the impact on profitability has been managed through higher product realisations and process optimisation initiatives, any prolonged disruption in the availability of these critical inputs or inability to pass on cost increases could exert pressure on the operating performance and growth plans.

Intense competition in industry – In FY2026, the company derived ~78% of its revenues from the major international 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

Environmental considerations - 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. The energy and water intensity have improved on a yearly basis, and all its Indian plants are certified as zero waste to landfill.

Social considerations - STL ensures comprehensive employee welfare through health and accident insurance coverage, mental well-being programmes and POSH compliance, with diversity initiatives leading to 25% female representation on the company's board. The community engagement remains strong, with CSR spending focused on education, healthcare and women empowerment, benefiting over 4.6 million lives. The 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. 319 crore and cushion from undrawn bank lines.

Rating sensitivities

Positive factors – A long-term rating upgrade could be considered with sustained improvement in the company's operating performance, reflected in higher profitability and return on capital employed (RoCE), along with healthier capacity utilisation levels while maintaining comfortable debt metrics.

Negative factors – The ratings can be downgraded if the operating profitability weakens, with operating profit margins declining below 10% on a sustained basis. Additionally, any sizeable debt-funded capital expenditure programme resulting in a deterioration in the capital structure and debt protection metrics could exert pressure on the ratings. A sustained weakening in total debt/OPBITDA level to above 1.5 times could result in a negative rating action.

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. The services business of STL was demerged w.e.f. March 31, 2025.

Key financial indicators (audited)

STL (consolidated)	FY2025	FY2026
Operating income	3996.0	4745.0
PAT	(123.0)	56.0
OPBDIT/OI	10.4%	12.0%
PAT/OI	-3.1%	1.2%
Total outside liabilities/Tangible net worth (times)	1.7	1.8
Total debt/OPBDIT (times)	4.6	3.4
Interest coverage (times)	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	Current rating (FY2027)			Chronology of rating history for the past 3 years					
	FY2027			FY2026		FY2025		FY2024	
	Type	Amount rated (Rs crore)	Jul 06, 2026	Date	Rating	Date	Rating	Date	Rating
Fund based – Working capital	Long-term	931.00	[ICRA]AA (Stable)	Nov 12, 2025	[ICRA]AA- (Stable)	Apr 30, 2024	[ICRA]AA (Negative)	Apr 25, 2023	[ICRA]AA (Negative)
				-	-	Nov 12, 2024	[ICRA]AA- (Stable)	-	-
Unallocated	Long-term/short-term	16.00	[ICRA]AA (Stable)/[ICRA]A1+	Nov 12, 2025	[ICRA]AA- (Stable)/[ICRA]A1+	Apr 30, 2024	[ICRA]AA (Negative)/[ICRA]A1+	Apr 25, 2023	[ICRA]AA (Negative)/[ICRA]A1+
				-	-	Nov 12, 2024	[ICRA]AA- (Stable)/[ICRA]A1+	-	-
Fund-based-Term loan	Long-term	95.00	[ICRA]AA (Stable)	Nov 12, 2025	[ICRA]AA- (Stable)	Apr 30, 2024	[ICRA]AA (Negative)	Apr 25, 2023	[ICRA]AA (Negative)
				-	-	Nov 12, 2024	[ICRA]AA- (Stable)	-	-
Fund-based-Term loan	Long-term	25.15*	[ICRA]AA (Stable)	Nov 12, 2025	[ICRA]AA- (Stable)	Apr 30, 2024	[ICRA]AA (Negative)	Apr 25, 2023	[ICRA]AA (Negative)
				-	-	Nov 12, 2024	[ICRA]AA- (Stable)	-	-
Non-fund based-Others	Short-term	3,433.00	[ICRA]A1+	Nov 12, 2025	[ICRA]A1+	Apr 30, 2024	[ICRA]A1+	Apr 25, 2023	[ICRA]A1+
				-	-	Nov 12, 2024	[ICRA]A1+	-	-
Commercial Paper	Short-term	500.00	[ICRA]A1+	Nov 12, 2025	[ICRA]A1+	Apr 30, 2024	[ICRA]A1+	Apr 25, 2023	[ICRA]A1+
				-	-	Nov 12, 2024	[ICRA]A1+	-	-

*million euros

Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10,2026

ICRA rated Instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other Activities offered by ICRA fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Disclosure: SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of FSRs other than SEBI.

Complexity level of the rated instruments

Instrument	Complexity indicator
Commercial paper	Simple
Working capital facilities	Simple
Term loan	Simple
Term loan	Simple
Non-fund based facilities	Simple
Unallocated limits	Not Applicable

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 II: 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	7-365 days	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 III: 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

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

Source: Company data

ANALYST CONTACTS

Girishkumar Kadam

+91 22 6114 3441

girishkumar@icraindia.com

Prashant Vasisht

+91 124 4545 322

prashant.vasisht@icraindia.com

Anubha Rustagi

+91 22 6169 3345

anubha.rustagi2@icraindia.com

Saurabh Parikh

+91 22 6169 3300

saurabh.parikh@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar

+91 22 6114 3406

shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited



Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



Branches



© Copyright, 2026 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.