



“Sterlite Technologies Limited Q2 FY '26 Earnings Conference Call”

November 06, 2025



**MANAGEMENT: MR. ANKIT AGARWAL – MANAGING DIRECTOR,
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Moderator: Ladies and gentlemen, good day, and welcome to Sterlite Technologies Limited Earnings Conference Call.

As a reminder, all participants' lines will be in listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*', then '0' on your touchtone telephone. Please note that this conference is being recorded.

Before we start the call, let me remind you that the discussion may contain forward-looking statements that may involve known or unknown risks, certainties, or other factors. It must be viewed in conjunction with our business risk that could cause future result performance or achievement to differ significantly from what it is expressed or implied in such forward-looking statements. Please note that we have uploaded the results and earnings call presentation on STL's website and the same is available on the exchange.

To take us through the results and answer your question today, we have Senior Management of Sterlite Technologies Limited presented by Mr. Ankit Agarwal - Managing Director and Mr. Ajay Jhanjhari - Chief Financial Officer.

We will start the call with a brief overview of quarter gone past and then conduct the Q&A session.

With that said, I will now hand the call over to Mr. Ankit. Over to you, sir.

Ankit Agarwal: Thank you. Good day, everyone. Thank you for joining us for STL's Quarter 2 FY '26 Earnings Conference Call.

STL is a global leader in digital connectivity infrastructure, enabling advanced networks for telecom operators, data centers, citizen networks, and large enterprises. We operate through two core business segments, optical networking which includes our fiber, copper, and connectivity solutions; digital and technology solutions encompass cloud, cybersecurity, and AI-driven digital services.

With a legacy of over 3 decades of industry leadership, we are proud to be India's first and only end-to-end optical fiber and cable manufacturer, holding approximately 7% share of the global optical fiber cable market. Our commitment to innovation and sustainability is reflected in our portfolio of 750 patents and our 10 plus sustainable manufacturing facilities, all operating with zero waste to landfill. Through innovation, scale, and sustainability, STL continues to power the world's digital future.

At STL, we are one of the very few companies in the world to have mastered the journey from Glass to Gigabit. It starts with the purest grade silicon which we transform through advanced processes like silicon tetrachloride, chemical vapor deposition, high-precision sintering to create



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ultra-pure glass preforms, which is the backbone of the optical fiber. From there, we draw the highest-grade fiber, design high-density cables, and develop reliable connectivity solutions that power data centers and telecom networks worldwide. The full-stack integration right from raw material to network deployment gives STL a unique edge in quality, cost, efficiency, and innovation across the connectivity value chain. This deep integration enables us to engineer next-gen fiber cable and connectivity solutions that are redefining global connectivity.

To highlight a few examples, Stellar is the world's first G657A2 compatible with legacy networks. With ultra-low splice loss, superior band performance, and future-ready resilience, Stellar extends network life for operators while cutting total cost of ownership. Celesta Ribbon Cables are purpose-engineered for hyperscale networks. Celesta Compact Intermittent Bonded Ribbons deliver high-density packing, faster installation, and superior duct utilization.

Multiverse Multicore Fibers are truly industry game-changers. Multiverse multiplies the fiber capacity by four times within the same footprint, unlocking exponential bandwidth for AI, cloud, and 5G60 workloads. There is also quantum secure enabling future-proof network integrity. And OptoBlaze, which is a compact pre-connectorized system that revolutionizes FTTH deployments with tool-free, rapid installation, bringing scalability and simplicity to last-mile fiber rollout. With over three decades of expertise, STL continues to lead the global shift from Glass to Gigabit. Our end-to-end innovation from advanced material science to intelligent optical systems empowers the world's largest network creators to build denser, faster, and more reliable digital highways for our AI-driven future.

As we complete our first half of FY '26, directly our strategic priorities remain the same in the optical networking business. Our focus remains on driving growth by increasing market share in optical fiber cables and improving our connectivity attach rates. We are also rapidly expanding our product portfolio for data centers, recognizing the rising demand for high-speed, scalable connectivity driven by the rise of AI-enabled data centers. Additionally, we will sustain our efforts to drive technology and cost leadership in the optical domain.

On the other hand, our ambition is not just to grow, but also to build for the future through STL Digital. We are consciously investing in building our technology and domain capabilities, laying a strong foundation for long-term differentiation. And most importantly, we are ensuring that all of this translates into profitable, sustained growth. Together, these priorities will guide our journey through FY '26, helping us not just respond to today's market needs, but actively shape tomorrow's digital future.

Moving on, we will now speak about our performance in the optical networking business and our focused journey towards gaining market share:

What is truly exciting is that these three mega-investment cycles – FTTH rollout, Data Center expansion, and 5G densification – are coinciding for the very first time. Together, they are



creating a multi-year super-cycle for optical communication demand and positioning STL right at the heart of the digital infrastructure build-up. Starting with FTTH, over 100 million US homes still await fiber-to-the-home, with North America expected to see a 10% CAGR in fiber deployments between now and 2030. Globally, FTTH deployments are projected to go from 150 million fiber kilometers to 170 million fiber kilometers, underscoring a sustained fiber expansion opportunity.

Next, Data Centers are fueling strong fiber demand with global optical demand for AI data centers projected to grow at 28% CAGR between 2025 and 2030. In India, Data Center capacity is expected to grow almost 5x by 2030, supported by almost Rs. 30 billion in planned investments, while in North America, capacity is expected to expand from 21 GW in Q2 2025 to almost 80 GW by 2029, with the market surpassing \$4 trillion by 2030.

On the 5G front, the momentum remains robust, with 6.3 billion global 5G subscriptions expected by 2030, representing 67% of all mobile users. With 80% of global mobile traffic will be carried over 5G networks, driving the fiberization of the mobile sites itself from 38% in 2024 to 63% by 2029. This surge is being supported by record Big Tech CAPEX, projected to exceed \$600 billion by 2027, along with two major government programs such as India's Rs. 1.3 trillion BharatNet Phase-III and US\$97 billion broadband funding initiative, including the \$42 billion program of BEAD which we have spoken before. All of these point to a multi-year network build cycle, and STL is strongly positioned to lead and enable this global digital transformation.

Next, we have highlighted how global telecom and tech leaders are unanimously betting on optical fiber as a foundation layer for digital future, be it 5G, Broadband, Data Center, or AI infrastructure, the message is clear. As you can see on the quote from Uniti, for example, they expect an entire new build-out of a national fiber infrastructure, both metro as well as long-haul. The world is in the midst of an AI-driven surge in data center capacity, projected to go by 3.5x by 2030, with AI workloads accounting for more than 70% of this demand. These GPU-intensive data centers require up to 36 times more fiber, creating a transformational opportunity for STL. Beyond hyperscalers and cloud companies, we are now seeing strong traction from Telco and alternate players, investing heavily in backbone and data center interconnect opportunities. This new wave of DCI is expanding the addressable market for STL as these players look for high-capacity, low-latency optical solutions.

The hyperscale data center opportunity is scaling rapidly. The global hyperscale CAPEX is expected to cross \$600 billion by 2027, fueled by AI cloud-edge deployments. Overall, data center IT CAPEX is set to reach USD 2.8 trillion by 2029, underscoring the massive digital infrastructure build-out underway. This surge represents a multi-year growth runway for STL across our product portfolio of fiber cables and integrated network solutions that enable this world's data backbone. We are at the forefront of this global shift with AI-optimized scalable optical solutions designed and manufactured entirely in India. Our enterprise and data center



business continues to gain strong momentum, now contributing 21% of revenue in H1 FY '26. And we expect this growth trajectory to accelerate further in the coming quarters.

According to CRU, the global optical fiber demand is witnessing a turnaround in 2025, with a 1.7% year-on-year growth after 2 years of declining, making it the start of a positive long-term cycle for the industry. Demand fundamentals remain strong, driven by FTTH rollouts, AI-led data center expansion, and rising connectivity needs worldwide. North America and Europe are expected to lead this resurgence, with North America growing at 12% CAGR to 2030. We are also seeing encouraging trends in India, Southeast Asia, and parts of Europe, all closely aligned with STL's strategic priorities. As we enter multi-year upcycle in global fiber demand, STL is making the most from this momentum. Our order intake has grown over 2x year-on-year, reaching Rs. 1,340 crores in quarter 2 FY '26. The momentum is broad-based. We have secured multi-year supply agreements with leading European operators, and regained strong order inflows from top Tier US telecom players after the year's pause.

With several large data center segment opportunities in the pipeline, we are entering the second half with strong momentum. Being at the forefront of technology leadership, STL delivered key innovations last quarter with the launch of our next-gen data center portfolio, and India's first multi-core fiber Multiverse for high-capacity, AI-ready networks. Extending this innovation wave into the current quarter, first, we expanded our US connectivity portfolio with CONCAT, a plug-and-play solution that simplifies broadband rollouts. Secondly, we made our FTTH solutions more efficient for Netomnia, enabling faster and more cost-effective deployments. And the third and most critical, we launched the world's slimmest 864-fiber IBR cable, specially designed for hyperscalers. Together, these innovations reinforce STL's position at the forefront of next-generation optical infrastructure.

Our innovation engine remains strong, with 26 new patents filed in Q2 FY '26, taking us to 750-plus patents in total. And the current pipeline includes building future-ready capabilities like hollow-core fiber and AI-powered fiber sensing, which are also leading in sustainability with our green hydrogen pilot. STL's new data center portfolio is engineered to meet the performance, speed, and scalability demands of the AI era. The comprehensive suite includes fiber and copper cabling solutions, pre-terminated multi-fiber systems, and our high-density Celesta IBR technology, enabling low-latency, high-capacity deployments across data centers, campuses, and smart infrastructure. This quarter, we further strengthened our data center portfolio with the launch of one of our most critical innovations, the world's slimmest intermittent bonded ribbon cable. The newly launched Celesta IBR cable packs 864 fibers in a very compact 11.7mm diameter, optimized for jetting in a 14mm inner duct, and demonstrated the fastest time on record for installation performance, achieving a whopping 4,700 feet of jetting in just under 20 minutes. This breakthrough marks STL's entry into the elite league of companies capable of delivering ultra-high-density optical fiber solutions for hyperscalers. Through our go-to-market partnership with Tech Data, we now reach 70 cities across India, ensuring strong market access through a robust distribution and financing network.



Building on our progress in next-generation optical technologies, last quarter we introduced one of our most exciting innovations in optical networks, Multiverse, a multi-core fiber. Multiverse delivers 4-7 times more capacity with the same fiber footprint, enabling operators to scale bandwidth rapidly while keeping deployment costs low. The performance has already been proven through successful joint trials with CDOT and IIT Madras, validating secure high-speed transmissions across both aerial and underground networks, a milestone that marks STL as the first globally to deploy across both terrains.

With this, STL is now playing the leading role in shaping global standards for multi-core fiber design and testing, placing us at the forefront of next-generation fiber innovation for AI data centers and 5G-ready networks. This quarter, we showcased our Multiverse portfolio at Connected Britain, one of the most influential digital infrastructure events globally. The solution received a strong and strategic response from multiple partners, including our POC pilot with a major alternate operator. This marks the beginning of commercial adoption discussions in key hyperscaler-driven markets.

As per CRU data, our market share has moved year-on-year in the global OFC market outside China from 8% to 7% in H1 FY '25. While the first half of FY '26 reflects normal seasonality, we continue to focus on expanding market share to deeper customer engagement, product differentiation, and stronger presence in international markets. In the optical connectivity attach rate, we maintain a healthy level of 20% in H1 FY '26 compared to 22% in FY '25, sustaining traction in our high-value connectivity portfolio. This reinforces our strategic emphasis on moving up the value chain from just fiber to integrated connectivity solutions, positioning STL as a trusted end-to-end optical solution partner.

Now, turning to the financial performance of our optical networking business:

In line with our expectations, Q2 FY '26 revenues stood at Rs. 980 crores. On a half-year basis, revenues grew by 6% to Rs. 1,941 crores, supported by improved volume and stable pricing. EBITDA for Q2 FY '26 was Rs. 136 crores with a margin of 14.1% for H1 FY '26, up from 12% last year, a clear outcome of our ongoing focus on product exchange, cost efficiency, and operational excellence. With a strong foundation, healthy margins, and improving market dynamics, STL remains well-positioned to drive profitable growth and strengthen its leadership in the optical networking segment in the quarters ahead.

Now, let me take you through the continued growth momentum in STL Digital:

STL Digital continues to build a strong growth momentum driven by its expanding global presence, domain depth, and focus on customer-centric innovation. In Q2, we added three new logos, taking our customer base to 33, and secured multi-million, multi-year cloud-based connectivity contracts with a leading global information solutions company. Strong project deliveries across engineering enterprise applications and support services reflect glowing



customer trust. With a robust open order book of Rs. 286 crores, a team of more than 1,100 people and deep capabilities in AI cloud, cybersecurity, and SaaS, STL Digital is well poised to scale further and drive innovative-led growth across key industries. STL Digital delivered a strong performance in Q2 FY '26. We posted a Rs. 65 crore revenue, a sharp focus on profitable growth and yielding results, with EBITDA of Rs. 1 crore in Q2 FY '26. We remain committed to sustaining this positive trajectory and confident in maintaining momentum in the coming quarters.

Now, I will hand the call over to Ajay Jhanjhari – the CFO of STL, to take you through the financials.

Ajay Jhanjhari:

Thank you, Ankit, and thanks to everyone for joining us today. I will take you through the key financial highlights for Q2 and H1 FY '26. This quarter, we delivered a steady performance with Q2 FY '26 revenue of Rs. 1,034 crores, driven by consistent execution across all business segments. EBITDA stood at Rs. 141 crores with a margin of 13.6%, reflecting a strong year-on-year improvement, driven by our continued focus on cost optimization and operational efficiency, despite the prevailing tariff headwinds. On H1 basis, our revenue has grown by 6% and absolute EBITDA has increased by 46% year-over-year. Our PAT has improved from losses of Rs. 62 crores last year to profit of Rs. 14 crores this year, reflecting strong profitability and improving fundamentals.

In summary, these results demonstrate stable growth, expanding margins, and disciplined execution, setting up well for the rest of Financial Year '26. Our operational performance continues to strengthen, demonstrating sustained margin expansion driven by a higher-margin product mix and improved business contribution from the US market. Operational EBITDA improved sequentially from 11.2% in Q2 FY '25 to 14.4% in Q1 FY '26 and further to 16.7% in Q2 FY '26, underscoring the resilience of our core operations and the effectiveness of our strategic initiative. However, during Q2 FY '26, a mid-quarter reset of US tariff temporarily impacted reported margins by around 300 basis points, reflecting as a headwind of 3.1% on EBITDA. Excluding this impact, our underlying operational profitability trajectory remains robust.

We continue to engage closely with relevant authorities on the ongoing USA-India bilateral trade agreement discussions, which once finalized are expected to provide clarity and potentially elevate some of these tariff-related pressures going forward. Overall, we remain confident in our ability to deliver sustainable margin improvement supported by operational efficiencies, favorable mix, and disciplined execution across key markets. In first half of the financial year 2026, we continue to strengthen our global presence with notable order wins across key markets.

If we look at our geographical mix, we continue to maintain a well-balanced global portfolio. Europe remains our largest market contributing about 42% of revenue in H1 FY '26 and continues to be a strong base for us. What is encouraging is the steady progress we are making



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in the US; North America has increased to 33% this year compared to 25% last year. This is exactly in line with our strategic priority of deepening our presence in the US market. The rest of the world contributes the remaining 25%, which gives us a balanced global footprint and reduces concentration risks. Overall, the distribution reflects a healthy geographical spread, with Europe leading and the US scaling up nicely as we execute our growth strategy.

Moving to the order book:

We have seen continued momentum this quarter. Our open order book stood at Rs. 5,188 crores in Q2 FY '26, up from Rs. 4,888 crores in Q1 of this year, reflecting healthy order inflows and strong market confidence. Of this, Rs. 820 crores is selected for execution in Q3 FY '26, while the remaining Rs. 4,368 crores is scheduled for execution over FY '26 and beyond. This robust order pipeline provides strong revenue visibility and reinforces our growth outlook for the year. Here, we have shared an abridged snapshot of our reported numbers for your reference. Net debt stands at Rs. 1,313 crores with debt to equity ratio of 0.64 and net debt to EBITDA at 2.33x. We are focused on bringing this below 2x going forward.

With this, now I hand it over back to Ankit for updates on our social responsibility initiatives and closing remarks.

Ankit Agarwal:

Thank you, Ajay.

At STL, we lead with purpose. We are committed to building a more connected, inclusive, and sustainable world. Since FY '19, our efforts in education, women empowerment, healthcare, and sustainability have touched millions of lives across India. Through our RoboEdge program, for example, we have touched over 10,000 students across 12 schools. Our Jeewan Jyoti program has empowered more than 6,000 women artisans with vocational skills. Many of them showcased their work under the Akai brand, building livelihood and confidence.

On the sustainability front, we have installed 4,500 kilowatts of solar capacity, reducing emissions and promoting clean energy across our facilities. We are also partnering with 53 villages to support afforestation and water conservation, planting thousands of trees and rejuvenating local ecosystems. And through the Swashthya Suraksha, we have provided healthcare access to over 2.6 million underserved individuals in rural Maharashtra. At STL, sustainability is central to our purpose. We are proud to hold MSCI ESG, A rating and are committed to achieving Net Zero Commission by 2030.

Our strategy is built on three pillars:

- **Environmental Sustainability** – Since FY '19, we have diverted 274,000 metric tons of waste, recycled 10 million metric cubes of water, and reduced over 41,000 tons of carbon through energy efficiency. Over 36% of our procurement is local and we have partnered with Hygenco to advance green hydrogen.



- **Social Responsibility** – Aligned with the 16 UN SDGs, we are positively impacting 900,000 plus lives through education, women empowerment, and healthcare, alongside installing 4,500 plus kilowatts of solar capacity.
- **Strong Governance** – With two big four auditors and robust governance committees, we have earned 100 plus ESG awards since FY '19. Notably, STL is the world's first optic fiber manufacturing certified for zero liquid discharge and zero waste to landfill, setting a truly true industry benchmark.

As we move forward, our focus remains on strengthening both pillars of our business. In the optical segment, we are driving technology and cost leadership to position ourselves amongst the global top three while expanding in focus markets and enhancing our optical connectivity and data center offerings. At the same time, our digital business continues to build scale with a clear emphasis on profitable growth. Together, these strategic priorities position STL as a key enabler of the world's digital infrastructure with a disciplined approach to value creation and sustainable profitability.

Thank you.

- Moderator:** Thank you. We will now begin the question-and-answer session. The first question is from the line of Debashish Mazumdar from Svan Investments. Please go ahead.
- Debashish Mazumdar:** Hi, good evening to the management team and thank you so much for the opportunity. Sir, 2-3 questions. One is how much of the demand has got postponed because of this uncertainty related to tariffs? Because if I see the numbers correctly, our US growth is still strong in this quarter and majority of the impact has come from the EMEA region. So, just wanted to get some sense that where exactly the impact is coming and how the Q3 and Q4 will be looking like?
- Ankit Agarwal:** Yes, thank you, Debashish. Yes, I think broadly we have called out that how the tariffs have impacted us in quarter 2 and would continue to impact us as long as these tariffs are there. But principally, we continue to be excited across geographies. We particularly do see increasing demand cycle in North America, both from the telecom segment as well as the data center segment. On top of this, we do expect the BEAD-related projects to start kicking off at some point next year. So, that will be additional demand in the market. So, overall, we do see disproportionate demand, positive signals coming from North America. But at the same time, Europe continues to stay positive, both for our cable as well as connectivity.
- Debashish Mazumdar:** So, sir, just to clarify, despite your impact uncertainty around tariffs, our US business has still grown by 50% in this quarter. Is my understanding correct?
- Ankit Agarwal:** Not exactly 50%, but yes, it has increased substantially. And Debashish, to answer your question, the very fact that even after this tariff, the orders are coming in from US is a positive sign, which



is also reflected in the kind of growth which is expected by others. We have already mentioned that CAGR 12% growth is going to be there.

Debashish Mazumdar: So, based on the current order book, what is the kind of growth you are seeing in the US market over the next 6-12 months?

Ankit Agarwal: We won't be able to comment specifically on, we won't be able to give a forecast specifically by market. As I said, overall, we do expect this momentum to continue. And certainly, if the tariffs were to be reduced anywhere that will definitely help us both in terms of the market as well as our profitability.

Debashish Mazumdar: Understood. And because of this, currently we are coming with a 50% tariff target. Is my understanding correct?

Ankit Agarwal: Yes.

Debashish Mazumdar: And what is the price differential that we have compared to, let us say, cables that are getting supplied from Mexico? With this 50% tariff, what is the kind of price differential that we have with the Mexico supply?

Ankit Agarwal: Again, we won't be able to give a specific number, but basically it varies a lot because there are different and unique designs that we provide. There are certainly high density cables that we manufacture for certain customers. So, the pricing varies quite a bit by the design. Again, there is certainly a lot of credibility we have built in the US market by nature of our product portfolio and also the fact that we also have a facility locally. So, I think that is certainly to our advantage right now.

Debashish Mazumdar: So, is it fair to assume that despite this 50% tariff, our price differential is not that high and even if it is high, clients are ready to bear that amount? Because you were saying that order book is still coming in?

Ankit Agarwal: Yes, I would say that obviously everyone is watching it closely, including the customers. And we are all hopeful of some solution coming to this. So, I would just leave it there to say that genuinely it will help in terms of giving some clarity and remove some of the concerns of our customers, both current and potential new customers.

Debashish Mazumdar: And one last question on US market again?

Moderator: Sorry to interrupt, sir.

Debashish Mazumdar: Yes. Ma'am, this is my last question. Just a related question. So, I want to complete it, please.

Moderator: Yes.



- Debashish Mazumdar:** So, at the beginning of the quarter, what was the kind of growth you were anticipating? And at the end, what has actually come up? So, just trying to get some sense, what is the surprise factor that has come because of this tariff relative uncertainty?
- Ankit Agarwal:** So, I would not say that there is any surprise as such, but few things have changed. So, I would say, yes, there is still a decline in what we were expecting in the beginning of the quarter, but not basically because the demand is not there. Basically, there were challenges in terms of supplying that material on time to US. So, that is hardly any impact. What we are trying to see is that we grow consistently and which is clearly demonstrated if you see the kind of growth we have shown in revenue in US market. And that trajectory is going to continue for upcoming quarters as well.
- Debashish Mazumdar:** Sure. Thank you so much for answering my question.
- Moderator:** Thank you. The next question is from the line of Saket Kapoor from Kapoor & Co. Please go ahead.
- Saket Kapoor:** Namaskar sir and thank you for this opportunity. Sir, hello.
- Ankit Agarwal:** Yes.
- Saket Kapoor:** Thank you. Sir, when we look at your presentation, you have mentioned about a 300 basis point reduction in our margin for the US business. So, that means that the tariff part has been shared proportionately by us or in some proportion by us also? That is what signifies to this margin erosion?
- Ankit Agarwal:** So, Saket, see how the business operate is that most of our key accounts operate with a 6-month lead time for order execution. And the contracts which were in mid-execution where the prices were already agreed and fixed, that entire burden has to be borne by us because more than the current situation, there are customers on which we are seeing a long-term partnership. So, I would say majority of the impact for Q2 was taken by STL on all these sales which we have made.
- Saket Kapoor:** Can you quantify the impact, sir, in terms of the hit we have taken on the bottom-line?
- Ankit Agarwal:** We have already quantified it. If you see, we have clearly mentioned that there is an impact of 3% on our EBITDA.
- Saket Kapoor:** Can you give the sales number then?
- Moderator:** Sorry to interrupt, sir. But if you have any follow-up questions, please.



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Saket Kapoor: No, ma'am. It is only what sir is answering. I am only asking, sir, for further details. No new questions.

Ankit Agarwal: Saket that is the extent of the information we can provide for competitive reasons.

Saket Kapoor: And sir, lastly, on the utilization level, if you could give some color and join the queue, sir? How are our US operations and US plants which we have commissioned 1 year ago? How are the utilization levels being ramped up?

Ankit Agarwal: Again, I won't specify by each factory, but I would say overall, we are seeing our utilization improve. And we do expect that to continue to improve between now and end of the year.

Saket Kapoor: Any percentage, sir, you can give?

Ankit Agarwal: No. We won't be able to give any.

Saket Kapoor: I will join the queue, sir. And all the best, sir.

Ankit Agarwal: Thank you.

Moderator: Thank you. The next question is from the line of Sunny Gosar from MK Ventures. Please go ahead.

Sunny Gosar: Yes. Thanks for taking my question and congratulations on a stable set of numbers in a challenging environment. My first question is relating to the US market. It would be helpful if you can give us some understanding of the nature of the US market in terms of demand, like the telecom players, the data center demand, and also some color on how much of the overall fiber or cable in the US market is imported versus kind of sourced locally. That will be really helpful?

Ankit Agarwal: Sure. Yes. Thanks, Sunny. Thanks for the wishes. As we said, I think we covered some of it through our slides. But look, in essence, clearly the US market continues to be strong and quite robust. The demand is coming certainly from the telecom operators. There is also private equity money coming in to build out fiber networks. And fiber is really starting to become viewed as an essential utility, just like power and roads. And on top of this, data center companies are building both within inside data centers, connecting data centers, as well as utilizing and leasing the fiber from telcos and others. As example, just yesterday or day before, Verizon also signed a deal with Amazon to build out fiber networks, which will be utilized by Amazon. So, these are the kinds of things that are happening at a pretty aggressive pace in the US. And all of this is still before the BEAD rollout for rural America, where still I think between 70%-80% of the rollout will be fiber based. So, this is why we think it is a multi-year build cycle in the US. I think the demand has probably been stronger or faster than what the suppliers expected. And we are seeing lead times now by suppliers across the market increase and hence, this is an interesting opportunity for us to service the market, both from our facility in India as well as our local



facility. In terms of how much is made locally versus imported, I won't be able to comment on that specifically. But a large majority of what is supplied in the US market is manufactured locally.

Sunny Gosar: Got it. Thanks.

Moderator: Thank you. The next question is from the line of Balasubramanian from Arihant Capital. Please go ahead.

Balasubramanian: Good evening, sir. Thank you so much for the opportunity. Sir, the US court verdict of nearly 96.5 million seems a big number. And we have filed for an appeal. And what is the current status? Is there any impact on our financials as a parent company? And whether the US subsidiary can be able to take care of itself? What is the network of that US subsidiary? And how are they going to tackle in this date?

Ankit Agarwal: Yes. Thank you, Bala. So, look, I would leave it with you to say at a macro level, this is something we have already shared the details that this we believe very strongly in the merits of our case. We have a very clear case which we are fighting. And currently, this has now gone to the appeal court and it will follow its due process. So, certainly, as there is any update in the appeals court, we will update you. But we certainly continue to believe and we have got legal advice that we have a strong case for ourselves. And we will make sure that we are fighting it accordingly.

Moderator: Thank you. The next question is from the line of Nikhil Choudhary from Nuvama. Please go ahead.

Nikhil Choudhary: Yes. Thanks for the opportunity. And decent performance in a quarter impacted by tariff uncertainty. Ankit, tariff has few implications. But the most important part is last quarter was impacted just for 1 month. While overall order book remained very strong, how should we think about this implementation in near term? Is it fair to say that some of it will get delayed because of tariff? Or do you think the demand is so strong that you will be able to pass on? And second, the impact of 300 basis point which you highlighted on margin, which you have called out is because of some product which was getting shipped and that is why you took the hit. How should we think about it in coming quarters? Thank you.

Ankit Agarwal: Yes. Thank you, Nikhil. I would start with the macro strategy continues for us that given the demand that we see and expecting to see going forward. We will have this strategic balance between some customers and some designs manufactured locally and some customers and design manufactured from India or other locations and supplied into the US. So, you are right that we had probably a month or so of tariff that we had in this quarter. And to that extent, we will have a larger time exposure in the quarter 3 onwards. Our base assumption continues to be that at some point this quarter, hopefully the BTA which is expected to be signed concludes and hopefully some amount of tariff relief is expected by STL for our products. I would separate that



out a little bit from how much does STL bear versus how much do our customers bear of the tariff? The reason being that it really just varies from customer to customer. As you can appreciate, we are very focused on high quality clients. And we want to make sure that we are able to service them for a long term. And hence, it is really an individual to individual conversation. As I said, what we are seeing is the lead time starting to go up in North America. And so if we are able to cater to the customers well, both from India and US, that should enable us to continue to grow. And you can appreciate that also, you can see that in our order booking we have done in Q1, Q2 that principally customers are happy with our product portfolio, our quality, and our lead times. And as their demand continues to grow both directly and to serve the hyperscalers, I think that will be a good opportunity for us.

Moderator: Thank you. The next question is from the line of Aditya Jhawar from AK Investment. Please go ahead.

Aditya Jhawar: Thanks for the opportunity. Good set of numbers. Ankit, I have a question that I see a good strong order book that on quarter-on-quarter, we are increasing. Where do you see, based on the demand, right, because everyone is putting a data center and their requirement there. IVR cables are the requirement. And where do you see the order book shaping up in this year, by end of this year or next year? How do you see the order book shaping up for us? Are we waiting for any trade negotiations to happen to confirm the order because one of our competitors have said that they are not filling the orders because they want to wait for a better pricing. So, how are we going with this?

Ankit Agarwal: Yes, I won't comment on competitors. I think each one has their own strategy. I think principally we are focused on really developing some next generation products. We have talked about those both on the cable side as well as connectivity. And we are seeing more and more interest from customers to look at the solution overall of the cable and connectivity. So, that is really a focus. I have talked in the past of increasing our solutions on the connectivity part of it, connectivity product portfolio. So, again, packaging that along with our cable is something that we are focused on. In terms of order book, I cannot give a specific forecast, but clearly with the intent of continuing to scale up in the coming quarters and years ahead, our ambitions are to be world top 3. So, in that line, we do expect our order books to continue. Clearly, it can vary quarter by quarter, but principally we are looking to continue to sign long-term contracts with good quality clients and you will see that in the coming quarters.

Moderator: Thank you. The next question is from Akshat Mehta from Seven Rivers Holding. Please go ahead.

Akshat Mehta: Hello. Thank you for the opportunity, sir. I just have two questions. One is just some clarity on the interest cost, which has gone up by around 10% quarter-on-quarter. That is number one. And number two is with such huge demand in US and the tariff situation being there, you have not



been able to import from India, Make In India and then import. Is there any plan to improve the capacity in US, especially for IBR, which is the hottest selling product?

Ankit Agarwal: Yes, I will take the second part and then Ajay can comment on the interest. As I said, I don't want to comment on specific capacities. And again, the whole tariff situation is very fluid. Things are in the media on daily basis. So, again, everything from media that we do expect that there should be some resolution of the tariff, at least partially by within this current quarter. So, we are looking forward to seeing how that pans out. But overall, we are, I would say, quite well placed with our capacities in US and in India to serve the market. We don't currently intend to add any significant capacity. Of course, if we see even further demand or growing demand depending on the market scenario, then we will evaluate that. But our intent always first is to fill our current capacities.

Ajay Jhanjhari: Sure. On the finance cost, yes, this quarter, the finance cost has increased by around Rs. 5 crores compared to the previous quarter. But at the same time, if you see, we have been in a trajectory wherein this has been reducing continuously. So, we are going to be in a range of, I would say, Rs. 47-Rs. 52 crores for the coming quarters of this financial year. With the commitment of reducing our debt further to bring down to a debt EBITDA of 2, you will start seeing improvements after Q4.

Moderator: Thank you. The next follow up question is from the line of Debashish Mazumdar. Please go ahead.

Debashish Mazumdar: Hi, sir. Thank you so much for the opportunity again. So, just first question is around, you have talked about the data center cable and copper cable, your expansion into the connectivity devices. So, just wanted to get some sense beyond the optic fiber, can we get a breakup of these products in your overall order book? And if that is not possible, what is the kind of traction that you are getting on those new products?

Ankit Agarwal: Yes. Debashish, as we said, the way the data center demand is panning out is both their own direct demand for supply within the data center, connecting the data centers. There is also an emerging trend of some of the copper that is required within data centers is moving to fiber. So, I think that is going to be a future trend going forward. As we speak, we are continuing to build our product portfolio as well. So, I think over the next few quarters, we will be able to share the developments. But certainly, on the cable side that we have, the high capacity cables, that continues to be of interest both to the telecom operators as well as to the data center players. So, I think that is positive. On the copper side and broadly the enterprise market, again, there we have built some new products, including for the Europe and US market. So, that is something that we do continue to see demand for the enterprise solutions. And as I said, more and more, the intent is to sell cable and connectivity together, particularly on the fiber side. So, that we do expect to keep on improving, certainly as we build out our data center portfolio. We have also built a strong leadership team now, as we shared in our release. We have got Jimmy who has



come on board to head our data center. And also we have got Amir who has come to head our enterprise and copper business.

Moderator: Thank you. The next question is from the line of Saket Kapoor from Kapoor & Co. Please go ahead.

Saket Kapoor: Yes, sir. Thank you. Two quick questions. Firstly, with respect to our digital business, what is the current outlook and how should H2 shape up? And for the next year, what have we set out as a benchmark for achieving the same? And similarly, sir, for the optical connectivity business also, if we take our first half, including the entire topline has grown by 5%. So, what should we expect H2 in terms of having a very strong visibility in the order books? My first question?

Ankit Agarwal: Saket sir, I think on the digital business, it really as you can imagine, while the market has remained challenging, we have been focusing on having the right customers and building the right solutions internally. So, to that extent, we are broadly at this run rate of about Rs. 65 crores. And we have got to EBITDA positive break even. The next target for this business is to get to cash profitability. That will require a jump in revenue and managing the current cost structure. But I cannot give you a clear timeframe for that. But that is clearly the next target is to get to cash profitability. We have a good team, and a good set of customers. So, I think we should make that happen. On the optical business as well, as I said, look, we have always maintained that the simple target is that we want to move towards (+80%) capacity utilization, at which point we comfortably go to 20% EBITDA margins. That is really where we want to move towards. I cannot guide how quickly that will happen. But I would say in the coming quarters, we should move towards that.

Moderator: Thank you. The next follow-up question is from the line of Sunny Gosar from MK Ventures. Please go ahead.

Sunny Gosar: Yes. Thanks for the follow-up. I have basically two questions. One is, what is the CAPEX outflow for FY '26 and FY '27? I understand we have spent about Rs. 80 crores on CAPEX in H1. So, what should we estimate for 26 and 27? And second question is, do we have any intercompany outstanding in terms of loans, advances or guarantees with STL networks?

Ankit Agarwal: So, taking on the question to first on STL networks. So, STL networks, the entire thought process of doing demerger is that there should not be any intercompany guarantees because that is a separate company. Having said so, this demerger process itself is a transition process. It takes almost a year down the line to actually transfer everything there. So, that is still in process and everything being done at a standalone level. No relationship between STL and STL networks from that perspective. On the CAPEX side, what we are seeing currently and as you can see in our presentation, we have started investing on R&D. And therefore, for the current year, we are looking for a total CAPEX outlay of around Rs. 115 crores. Next year, I can't give any guidance at this point of time, Sunny.



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- Moderator:** Thank you. The next question is from the line of Jalaj from Svan. Please go ahead.
- Jalaj:** Thanks for the opportunity. Hope I am audible.
- Ankit Agarwal:** Yes.
- Jalaj:** Yes. Just harping upon the US numbers, specifically the geography split. So, my calculation tells me that we have grown on a Y-o-Y basis to the tune of 30%-40%, could you just quantify what was the revenue numbers in the US geography last year, same time?
- Ankit Agarwal:** Sorry, we don't call that out by geography. It is for competitive reasons, we are not calling out specific numbers.
- Jalaj:** But anyway, you have started to give it for the full of the year. So, you are giving it even for this quarter. So, what I am just trying to understand is, because these numbers tell me that the demand is at least, so even on a sequential basis, I don't see the demand pressure, at least in the US geography. Let us not even talk about the Y-o-Y on a sequential basis also, I don't see a drop?
- Ankit Agarwal:** Yes.
- Jalaj:** And that is a number which you have given. So, I am just not able to understand that if the tariff is impacting us so much, it is not showing up so in the US geography as such. So, where am I not adding up? What am I missing in this? Could you just help me understand that?
- Ajay Jhanjhari:** So, just to answer briefly on your question, we have clearly in our investor presentation, if you see, the revenue proportion has grown by 8% if you compare from the previous financial year. So, there is clearly a jump in the revenues which we are doing in US. The math's on tariff, which you are talking about, you can get it through these. But the impact is not like you can't just calculate from US that if our revenue has increased this much, the tariff would be that much. Because fortunately, we are having one local manufacturing facility there. So, that would never be adding up on the entire tariff calculation purposes.
- Moderator:** Thank you. That was the last question for today. Ladies and gentlemen, now I would like to hand the conference over to the management to Mr. Ankit Agarwal.
- Ankit Agarwal:** Thank you, everyone for taking your time to hear us out. We remain very excited and motivated to drive this business forward and to unlock its full potential. Through our efforts, we see a tremendous opportunity to connect the unconnected across the world and especially here in India. We truly believe STL is well positioned to play a pivotal role in building the digital infrastructure of the future. We are happy to take any questions. Both Ajay and I are available. Once again, thank you for your time and continued support. Jai Hind.



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Moderator:

Thank you. On behalf of Sterlite Technologies Limited, I would conclude this call. Thank you for joining us and you may now disconnect your lines.