



“Sterlite Technologies Limited

Investor & Analyst Meeting”

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**Rahul Darak:** Good evening, everyone, and a very warm welcome to STL's Investor Event. It is pleasure to have all of you with us today.

Before we begin, I would like to draw your attention to the Safe Harbor Statement. Today's remark may contain forward-looking statements that are subject to certain risks, uncertainties, and other factors, which could cause actual results to differ materially from those expressed or implied.

Today, we have an exciting agenda lined up for you. Our Managing Director, Mr. Ankit Agarwal, will first share an update on the evolving industry landscape and share companies' strategic priorities. This will be followed by the financial perspective from our group CFO, Mr. Ajay Jhanjhari. With that, let me now invite Ankit to take us through STL's growth roadmap. Over to you, Ankit.

**Ankit Agarwal:** Yeah, good day, everyone. We're very excited to have all of you here. Thank you for taking the time.

We're bringing everyone together today because STL's at a pivotal moment in its journey. The industry around us is changing, the nature of optical demand is changing, and we believe these changes are opening up a significantly larger opportunity for STL than the one we've historically addressed. More importantly, they are reshaping the quality and nature of our revenue opportunities.

As demand for optical connectivity is increasingly being driven by multiple structural and secular growth drivers, our business is becoming less dependent on traditional telecom investment cycles. So today, we would like to take a step back and talk about the nature and scale of this opportunity, why we believe STL is well-positioned to capture it, and most importantly, how we see our business and revenue profile going forward into a more structural, diversified, and less cyclical growth story.

Let's start with the change that is creating this next opportunity for STL.

Up until a few years ago, the growth of the optical fiber was driven primarily by one thing, connecting people. Demand accelerated through broadband, FTTH, 4G, 5G, and large-scale fiber deployment programs such as Bharat Net in India and BED project in the US.

STL's been part of this journey for decades, building the fiber and cable infrastructure that has enabled this connectivity. Our traditional telecom markets remain an important part of STL's business, and continue to benefit from the ongoing expansion of connectivity. But along this, a new, rapidly scaling opportunity is emerging, connecting intelligence.

As AI adoption accelerates, connectivity is moving deeper inside the data center and closer to the compute. AI data centers can bring together tens of thousands of compute devices, creating significantly higher requirements for bandwidth, fiber latency, and high performance connectivity.

So, for STL, we see two important growth engines coming together. The continued expansion of connectivity between people through telecom, alongside a rapidly growing need to connect intelligence and compute inside AI data centers.

Together, we are creating multiple growth drivers for optical connectivity. There are now more places where optical connectivity is required, and significantly more optical content required within each of these places. This is a fundamental shift that's expanding the opportunity for STL.

The shift we just described becomes much more pronounced when you look at the visual on this slide. A traditional cloud data center on the left side was primarily to connect servers to users. The network was important, but computing was largely happening between the individual servers.

An AI factory is completely different. AI workloads are distributed across thousands of GPUs, which need to be communicated with each other continuously in real time. As a result, the network is no longer simply connecting computers to users, it's becoming an integral part of the compute system itself.

And this visual brings that change to life. The image to the right, as presented by Jensen Wang at GTC, shows an AI factory. If you look closely, you can see what happens to an ocean of blue running across the racks. This is a fundamental shift. As AI clusters scale the bandwidth requirements increase, connections become significantly denser. And the optical connector becomes closer and closer to compute. In other words, we are moving from a world where fiber is primarily about connecting people, to one where fiber is increasingly connecting intelligence. And that is a fundamental new growth opportunity for optical connectivity.

As we move closer to the AI data centers, we see two distinct layers of opportunity. The first is inside the data center, where increasing compute density is driving dramatic increase in optical content. The second is between data centers, where the scale-aware infrastructure is creating a growth demand for High-Bandwidth Data Center Interconnect, or DCI. Let's first take a look at what's happening inside the data center.

At the rack level, the progression is striking. You can see the change very clearly at the rack level. If you look at the legacy front-end rack, you would typically require around 1000 fibers per rack. As an AI infrastructure evolves, that number increases very dramatically. With Hopper, we're talking about roughly 4,000 fibers per AC. With Blackwell, that increases to around 16,000 fibers per AC. And now, with the latest VERA Rubin, we're looking at roughly 64,000 fibers per rack. That is a 64x increase in fiber content per rack in just a few generations of VR infrastructure.

And you cannot simply be adding more conventional cables. You need high-density connectivity, you need better ways to manage these thousands of fiber connections, and you need to deploy... you need to be able to deploy them as quickly as possible and reliably through a range of pre-terminated solutions.

The second layer of opportunity is what happens between these AI data centers on a campus. As AI clusters scale beyond a single facility with multiple data centers needed to operate as one connected infrastructure. And as the connectivity requirements increase faster than the number of data centers themselves. Two data centers require 1 interconnection, 4 require 6, 6 require 15, and 10 require 45.

So every new data center adds not just one more endpoint, but multiple new interconnection paths. As AI data centers scale, interconnections multiply, growing far faster than the number of data centers themselves.

Coming to India, as AI infrastructure scales globally, we're seeing a significant opportunity emerging in data centers in our home market in India. India currently has approximately 1.5GW of data center capacity. And this is expected to increase a whopping 10 gigawatts by 2030, implying a 46% CAGR. This growth has been supported by favorable environment policy, including a tax holiday to 2047, and strong power availability across multiple sites in India. India is also sending its connective infrastructure with four submarine cables under commissioning, and another 3 already under planning.

Against this backdrop, leading hyperscalers are making multi-billion dollar investments in India across cloud, AI, and data center infrastructure. For STL, this option is particularly relevant. A local end-to-end manufacturing footprint, engineering capabilities, and established ecosystem serve us very well to manage this growth with proximity and with speed.

Importantly, the largest players driving this build-out are customers that STL already serves globally. We're already supplying to all... almost all the major hyperscalers, giving us a strong understanding of their requirements and deployment needs. As these customers scale in India, we have an option to extend these global relationships into our home market.

What we're seeing today is a significant expansion of the role of optical connectivity, from connecting people and networks to connecting compute, intelligence, and the infrastructure around them. For STL, this is a natural extension of the capabilities we've built over almost 38 years.

We're one of the few companies globally with end-to-end vertical integration across the optical value chain. We make our own glass, we manufacture the fiber, we make the cable, build the connectivity solutions, all in-house and at scale. This integration has been built over decades, plant by plant, technology by technology, with our own IP. This gives STL greater control over quality, innovation, cost, and speed of execution, and allows us to engineer solutions across the optical stack.

Today, the Foundation has translated to a meaningful global scale. STL has approximately 9% of the global optical fiber market outside China, supported by a technology portfolio of over 785 patents, and more than 10 advanced manufacturing facilities across key markets. Our global footprint gives us the manufacturing scale and proximity to serve customers across North America, Europe, and in India, where a technology-based allows us to continuously extend what we can offer today.

Everything we have discussed brings us to a defining moment at STL now. We are operating as structurally expanding optical connectivity market, with demand increasing, being driven by multiple secular growth drivers across telecom and AI data centers. This is creating a larger, more diversified, and increasingly less cyclical opportunity than the market we have historically addressed. We have built the capabilities, technologies, and global scale to

participate in it. And now we see a clear opportunity to translate that foundation into the next phase of STL's growth.

Today, we are very proud to announce Lakshya, STL's growth ambition for FY29.

Under Lakshya, we're targeting 20,000 crore revenue by FY29, while building STL into one of the largest global players for digital connectivity. Lakshya's ambition to transform the scale and position of STL, to build on our strength of our core, stronger economics, deeper customer relationships, and a larger role in the world's rapidly expanding digital infrastructure. Lakshya is our roadmap for the next phase of STL, and today, we begin this journey.

And there are 4 key drivers behind this growth ambition. The first is expanding of the optical TAM itself, total addressable market.

The opportunity for the optical is expanding in two dimensions. Optical is moving into more parts of the infrastructure, where the optical content within each deployment is also increasing. What was once a relatively small optical layer around the network is becoming a dense, mission-critical connectivity layer across the data center, the rack, and the broader campus. At the same time, as bandwidth and compute density increase, connectivity is progressively shifting from copper to optical, further expanding the optical content within the infrastructure.

The second is customer co-development. STL is increasingly working with customers earlier in the design cycle, moving from being a supplier of components to a partner and developing the connectivity architecture. Our teams work closely with customers day in and day out to understand the specific performance, density, deployment, and scalability requirements, and then engineer solutions around those requirements.

This approach is particularly valuable in the AI infrastructure space, where architectures are evolving rapidly, and connective requirements are becoming increasingly complex. For STL, earlier engagement... earlier engagement enables deeper relationships and strong technical integration. More importantly, it positions us to move up the value stream and become embedded in the customer architecture and capture greater share of the optical connectivity opportunity.

The third is our integrated connectivity solutions. As STL moves closer to the customer, at the architecture level, our opportunity expands beyond the individual components. AI, a high-density AI deployment requires integrated connectivity stack, from fiber and cable to assemblies, connectors, and the systems that bring them all together. Our strategy is to increasingly provide this connectivity as an integrated solution, simplifying deployment for customers while allowing STL to capture a greater share of the value across the connectivity stack.

And finally, but very, very important, technology-led differentiation. We know that the requirements of the optical infrastructure will continue to evolve at a rapid pace, and the solutions that work today may not necessarily be sufficient for tomorrow.

That is why STL is investing ahead of the curve. We are developing hollow-core fiber, multi-core fiber technologies internally, and building capabilities that can address the next generation requirements from lower latency and faster transmission. We're also pushing the boundaries of what can be manufactured today, including our 13,000 fiber count capability, designed to address the rapidly increasing density requirements on next-generation networks and AI infrastructure. At the same time, we have initiated in-house development of co-packaged optics and near-packaged optics as optical connectivity moves progressively from closer to the compute to the chip level.

To enable these multiple growth drivers and capture the expanding opportunity ahead, we're now scaling our manufacturing capabilities across the value chain. Let me now hand over to Ajay, our CFO, who will take you through our capacity expansion plans and financial perspective behind our next phase of growth. Over to you, Ajay.

**Ajay Jhanjhari:**

Thank you, Ankit. As Ankit just outlined, STL is entering the next phase of its growth journey, and today we are translating that opportunity into a clear roadmap, Lakshya.

Lakshya set out our ambition for FY29 across two key financial dimensions. One is scale, another is profitability.

On scale, we are targeting revenue of 20,000 crore by financial year 2029, compared with 4,750 crore of revenue in FY26, representing an ambition to grow our business by more than 4x in just 3 years.

And equally importantly, this growth will be accompanied by a significant transformation in our profitability. From an EBITDA margin of 13.2% in FY26, we are targeting an EBITDA margin of 27% plus by FY29, and improvement of more than 1380 basis points.

Together, these targets represent much more than financial aspirations. They reflect our roadmap to significantly scale STL, strengthen the quality of our earnings, and build a larger, more profitable, and globally competitive company.

What gives us confidence in this trajectory? First, we expect continued growth in our core optical business, supported by an open order book of more than \$2 billion, providing strong visibility into the opportunity ahead.

Second, we are increasing our participation in higher value and integrated connectivity solutions, allowing us to capture more value from every customer relationship. And finally, the scale we are building will drive operating leverage through better utilization, a richer product mix, and a growing contribution from higher-value solutions.

The results are already visible. Q1 FY27 marked an important turning point for STL, with our highest ever quarterly revenue EBITDA impact. More importantly, this reflects a broader improvement in our quality of the business, with a strong operating base, a healthy order book providing revenue visibility, and a strengthening balance sheet providing the capacity to invest.

Let me now turn to how we will support Lakshya with right capital allocation. Our approach is straightforward. We'll invest behind the opportunities where we see the strongest

combination of growth, differentiation, and longer-term returns. Over the next 3 financial years, we plan to invest approximately 1,000 crores annually, expanding our preform fiber and cable capacities by 50%, allowing us to scale with demand visibility.

This investment will strengthen the foundation of our business, while giving STL the capacity to participate in the next wave of optical demand across telecom, AI data centers, and DCI.

We are also making targeted investments in downstream connectivity to serve our customers more effectively. Our new Greenfield Optical Connectivity Facility in India will enable us to address the rapidly growing demand of data centers and AI infrastructure with higher density, integrated connectivity solutions, while we also create massive employment opportunities.

Importantly, our capital allocation plan is not only about adding capacity. We will continue to invest in technology ahead of the market, committing approximately 2% of our average annual revenue to innovation. This is already visible in the capabilities we are developing in hollow-core fiber, multi-core fiber, and co-packaged optics. We expect these investments to translate into higher growth, stronger margins, and better returns on the capital.

This is how we intend to invest behind Lakshya and create sustainable long-term value for our investors and shareholders. We are also at... we have also added a slide on key risk and assumptions. Please feel free to review it at your convenience. With that, let me hand it back to Ankit for closing remarks.

**Ankit Agarwal:**

Thank you, Ajay. Just want to share that, you know, when the company began making optical fiber in India, you know, several decades back, the question we were asked was whether India needed it at all. Why do we need this?

Fiber was something that the world's most advanced economies built. India, it was assumed, would only just buy from them. We disagreed. And for more than 30 years, under the chairman... under the vision of our chairman, Mr. Anil Agarwal, this company helped build the fiber backbone that India's digital economy now runs on. Designed here, engineered here, manufactured here.

I raise it because that... the question in front of us today has the same shape. The world is building the largest infrastructure program of our generation. It runs on fiber optics. And the assumption, once again, is that technology at the frontier will come from somewhere else, some other country, and we disagree again.

And this time, we're not starting from zero. We have the glass, we have the fiber, we have the cable, we have the connectivity, we have the talent, we have the customers, and we have the balance sheet. We have a market expanding faster than the industry can supply it, and we've just delivered the strongest quarter in our company's history. Lakshya is our ambition for what our position can become.

At STL, we're excited about the immense opportunities that lie ahead, and proud to be an Indian multinational company, powering the next generation of AI, and enabling the

generational transformation that it will bring. We're proud to do this from India, and proud to be Indian. Jai hind.