July 28, 2026

National Stock Exchange of India Limited
Exchange Plaza, 5th Floor,
Plot No. C-1, G Block,
Bandra Kurla Complex, Bandra (East)
Mumbai - 400 051

Scrip ID - STLTECH

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400 001.

Scrip Code - 532374

Sub.: TRANSCRIPT OF EARNINGS CALL - FINANCIAL RESULTS Q1FY27

Dear Sir/Madam,

In furtherance of our letter dated July 16, 2026, please find enclosed transcript of earnings call held on July 24, 2026 in respect of Company's Q1 FY27 financial results.

The same is also being hosted on the website of the Company and is available under the tab 'FINANCIAL RESULTS- INVESTOR EARNINGS TRANSCRIPT' at: https://stl.tech/wp-content/uploads/2026/07/Transcript-July-24-2026.pdf

Kindly take this on record.

Thanking you.

Yours faithfully,
For **Sterlite Technologies Limited**

MRUNAL ASAWADEKAR
Digitally signed by MRUNAL ASAWADEKAR
Date: 2026.07.28 13:19:03 +05'30'

Mrunal Asawadekar
Company Secretary & Compliance Officer
Membership No.: A 24346

Encl.: As above.

"Sterlite Technologies Limited Q1 FY27 Earnings Conference Call"

July 24, 2026

MANAGEMENT: **MR. ANKIT AGARWAL – MANAGING DIRECTOR – STERLITE TECHNOLOGIES LIMITED**
MR. AJAY JHANJHARI – GROUP CHIEF FINANCIAL OFFICER – STERLITE TECHNOLOGIES LIMITED
MR. RAHUL DARAK – HEAD, INVESTOR RELATIONS – STERLITE TECHNOLOGIES LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to Sterlite Technologies Limited Q1 FY27 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the management's presentation concludes. Please note that this conference call is being recorded.

I now hand the conference over to Mr. Rahul Darak, Head of Investor Relations. Over to you, sir.

Rahul Darak: Thank you. Good day, everyone, and welcome to STL's Q1 FY27 Earnings Call. To take us through the results and answer your questions today, we have with us STL's senior management represented by Mr. Ankit Agarwal, Managing Director; and Mr. Ajay Jhanjhari, Group CFO.

Before we proceed with the call, let me remind you that the discussion today may contain forward-looking statements that may involve known or unknown risks, uncertainties and other factors. It must be viewed in conjunction with our business risks that could cause future results, performance or achievements to differ significantly from what 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 stock exchanges. We'll start the call with a brief overview of the quarter gone past and then conduct the Q&A session.

With that said, I will now hand over the call to our Managing Director, Mr. Ankit Agarwal.

Ankit Agarwal: Thank you, Rahul. Good day, everyone. Thank you for joining STL's Q1 FY27 Earnings Call. I'll begin by highlighting the key takeaways from our investor presentation, and then Ajay will walk through the financials. STL is a global leader in digital connectivity infrastructure, serving data centers, telcos, citizen networks and large enterprises.

Our optical connectivity solutions spans fiber to fiber cable, specialty cables and connectivity solutions. We are India's number 1 end-to-end optical manufacturer with 9% optical cable market share outside of China. With over 30 years of leadership, more than 785 patents and 10-plus zero waste to manufacturing facilities worldwide, STL is leading the next wave of global digital infrastructure.

At STL, we are amongst the very few companies in the world to have mastered the journey from glass to gigabit. It starts with the purest grade of silicon, which we transform through advanced processes like silicon tetrachloride formation, chemical vapor deposition and high precision sintering to create ultrapure glass preforms, which is the backbone of optical fiber.

From there, we draw the highest grade fiber, design high-density cables and develop reliable connectivity products that power data centers and telecom networks worldwide. This 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-generation fiber, cable and connectivity solutions that are redefining global connectivity. Our end-to-end innovation from material science to smart optical systems help global network builders create faster, denser and more reliable networks for the AI era.

As we step into FY27, our core strategic priorities have evolved and are delivering tangible results. Beyond driving market share and attach rates in our core optical business, we are actively pivoting towards increasing our revenue share from integrated connectivity solutions in partnership with key customers.

With data centers emerging as a critical growth engine for the entire industry, we're sharply focused on scaling this segment underpinned with our continued technology leadership. This commercial momentum, paired with our disciplined focus on operational and cost efficiencies will drive margin expansion as we head into the rest of the fiscal year.

Moving on, we'll now speak about the industry tailwinds and the growing market opportunity. As you all know, we are at the intersection of 3 powerful multiyear investment cycles, FTTx, Data Centers and 5G/6G networks, creating a strong structural tailwind for optical infrastructure.

FTTx is accelerating globally with deployment rising from 151 million fiber kilometers in 2025 to about 171 million fiber kilometers by 2030. In the U.S. alone, more than 140 million homes will be served by fiber by 2030, supported by large government programs like BEAD in the U.S. and BharatNet in India.

Data centers are the fastest-growing driver of fiber demand. CRU projects a massive 63% global growth in optical cable demand from this segment in the year 2026 alone, driven by hyperscale expansion and AI workloads. North America installed DC capacity is expected to double from 63 gigawatts in 2025 to 126 gigawatts by 2030.

Morgan Stanley Investment Bank has again upgraded their forecast on hyperscaler capex from $765 billion to $805 billion, increasing the TAM of our optical connectivity. Concurrently, the scaling of 5G and 6G networks demand deep network densification with global 5G subscriptions expected to hit 6.4 billion by 2030.

India's 5G subscriptions expected to hit 1.1 billion by 2031 and then the global 6G subscriptions forecasted to cross 180 million by the end of 2031, which is about 4 to 5 years away. Together, these 3 cycles are creating a structural multiyear tailwind for fiber and connectivity solutions, positioning STL at the center of the next global digital infrastructure build-out.

Next, on Slide 10, you will see how some of the big global telecom and technology giants are aligned in backing optical fiber as the base of digital future across 6G broadband data centers and the AI infrastructure. The takeaway is simple. Fiber remains as the core backbone of all the digital infrastructure coming up.

Moving on to Slide 11. It shows how the AI revolution and rapid data center expansion are creating a once-in-a-generation opportunity for optical connectivity. As for McKinsey, a consulting firm, by 2030, 70% of data center demand will be AI-led, driving a sharp increase in capex and infrastructure intensity.

GPU architectures are rapidly shifting from 400 gig to 800 gig and going all the way to 1.6 terabyte speeds where copper reaches a bandwidth threshold and fiber becomes even more essential, increasing our TAM by 10 billion for optical connectivity.

Simultaneously, AI workloads are creating dense fiber interconnections, significantly increasing fiber per rack and every new data center added exponentially multiplies this demand. This is not just a matter of scale. It's a step change in fiber intensity. With STL's Neuralis end-to-end AI DC portfolio, STL is uniquely positioned to capture this multiyear structural growth opportunity.

Coming to India data center environment. Data center expansion here in India is emerging as one of the most compelling structural tailwinds for optical fiber. Installed capacity is set to grow almost sevenfold, expanding from 1.6 gigawatts currently to almost 10 gigawatts by 2031, as per Morgan Stanley.

What makes this investment cycle particularly powerful is the breadth of commitment going from hyperscalers like Google, Meta, Microsoft, which are deploying tens of billions of dollars on their side. We also have the Indian conglomerates like TCS, Adani and Reliance laying out long-term capacity plans.

Over the last quarter itself, we have seen new announcements coming from the likes of Meta and Reliance with their massive 3 gigawatt deployment plans in India. We've also seen Australia's AirTrunk coming in with almost, again, a multibillion-dollar commitment in Maharashtra and Andhra Pradesh to build close to 5 gigawatts of data center capacity.

A supportive policy environment state incentives, tax incentives, power availability and the holiday -- tax holidays that extended up to 2047 are further derisking and accelerating the build-out in India. Every dollar of data center capex has a direct multiplier on fiber intensity across DCI, metro and long-haul networks.

With optical cable demand projected to grow at 11% CAGR through 2030, this is not a cyclical uptick, but a durable high visibility growth opportunity playing out in our home market in India. As for CRU, the global cable demand market for this year has strengthened significantly and is projected to accelerate to 8.2% year-on-year, led mainly by North America data center build-out and improving execution in India.

Importantly, demand now consistently outpacing domestic supply in North America and on the lead times that are continuously getting tight. Looking ahead, North America is set to be the main growth engine powered by AI-led data centers, data center interconnect builds and continued FTTH expansion.

CRU expect to deliver the strongest regional CAGR of 18.6% between now and 2030, a major upgrade against earlier forecast of 15% CAGR. Overall, this points to sustained multiyear up cycle in fiber demand with North America and APAC, ex-China, which are all core focus areas for STL, which are driving growth.

We are also seeing positive momentum in India, Southeast Asia and parts of Europe, which are closely aligned with our strategy. We are successfully seizing new market opportunities, a trend that is clearly demonstrated by record-breaking order intake this quarter.

In quarter 1 alone, we secured orders worth INR13,100 crores, which is 1.7x the total order wins of INR7,687 crores recorded in the entire financial year last year. The momentum is anchored by a landmark multiyear $1.1 billion deal with a global hyperscaler to supply optical connectivity products for next-gen AI data centers through FY29.

Furthermore, we secured multiple $100 million hyperscaler orders for our high fiber count IBR cable solutions. Alongside these hyperscaler wins, we also expanded our footprint in long-haul applications by securing a strategic order with a major connectivity infrastructure provider. Importantly, our order book today is well diversified, reflecting a healthy mix of order intakes from all customer segments and product categories across regions.

Innovation continues to be a key differentiator for STL. And this quarter, we made significant technology strides to power the AI and hyperscale data center era, more of which you will see in the coming slides. Building on the momentum of Neuralis, our flagship AI era data center portfolio, we achieved US Conec certification for delivering MMC pre-terminate solutions to hyperscale customers.

Crucially, we are pleased to share that we have secured definitive victory in a European patent dispute with Fujikura, and this matter has now been conclusively resolved in STL's favor. This effectively brings the U.K. litigation related to our Celesta cable family to a close.

This removes all legal uncertainty around these products and fully covers the path for our data center and telecom business. Our product development engine was also highly active this quarter. In optical connectivity, we launched CONCAT, a spliceless plug-and-play solution designed for dramatically lowering the FTTH installation costs.

Our innovative engine is backed by a deep IP portfolio of more than 785 patents with 9 new filings this quarter, and we have been recognized through multiple global awards. Overall, these advancements reinforce our position as a technology leader, building future-ready capabilities and align closely with our AI cloud and high-performance network demands.

Turning to our product portfolio. We're making tremendous progress with Neuralis, our purpose-built portfolio for the AI era of data centers, which addresses 2 mission-critical needs, AI white space connectivity and high-speed DCI, where fiber density speed and simplicity matter the most.

A major milestone this quarter is that we have achieved the elite US Conec certification for MMC Pre-Terminated solutions, delivering a massive 3x increase in cable density over traditional layouts to support high-density AI workloads.

With this certification, STL becomes the few global players offering certified MMC pre-terminated fiber trunks, array cords and assemblies, significantly strengthening our portfolio and directly addressing cable congestion for hyperscalers scaling to 800 gig and beyond.

By leveraging STL's fully integrated integration, Neuralis enables faster deployment and massive GPU clustering. It reduces deployment complexity and accelerates the time to service. Supported by our local manufacturing facility in South Carolina, this launch strengthens our position in the U.S. with both the hyperscalers as well as the upcoming Neoclouds providers.

Slide 18 highlights STL's leadership in the next-generation optical fiber portfolio. It directly addresses the optical physics demands of the AIDC era through 3 flagship technologies. Firstly, our G.654.E fiber now fully commercialized and deliver 30% lower signal loss.

Second, Hollow-Core Fiber, which cut latency by up to 47% to accelerate AI data center interconnect. And finally, our award-winning multi-core fiber, which expands our data capacity between 4 to 7x with the same footprint.

With the successful real-world deployments of multi-core fiber already underway in India and the U.K. alongside partners like C-DOT, IIT Madras and Colt in the U.K., this firmly positions STL to power the high-density ultra-low latency infrastructure required for tomorrow's AI workloads.

Moving to market-led innovation, CONCAT is redefining U.S. FTTH deployment economics for new builds, expansions and overbuilds. By shifting fiber preparation to controlled factory environments, its true plug-and-play modular MPO to LC architecture enables completely spliceless installation.

This slashes labor cost by up to 71% and by eliminating the field splicing and reducing reliance on skilled labor. Already field validated with top-tier U.S. telecom operator and recognized by the Lightwave Innovation Awards, CONCAT delivers faster time to revenue with significantly fewer truck rolls and lower operational risk.

Strategically scaling CONCAT allows us to drive higher attach rates for optical connectivity with our fiber cables expanding our revenue and deepening our margin profile with key U.S. customers. On market position and attach rate trends, our Global ex-China OFC market share increased to 9%, demonstrating our resilient execution and steady market expansion despite broader environmental challenges.

On optical connectivity, we are pleased to share that our attach rates have increased to 16% on a much larger OFC revenue base compared to 15% last year. The long-term opportunity in connected remains robust as the portfolio expands, and we continue to successfully pivot towards selling higher-value integrated solutions rather than stand-alone products.

Looking ahead, we are focused on further increasing our attach rate to above 20% from next quarter onwards and to 25% by the end of this financial year. Taken together, this shows that our core OFC business remains solid and our attach-led growth strategy getting clear traction in coming quarters.

Now I will hand over to our CFO, Ajay, to take you through the financials.

Ajay Jhanjhari: Thank you, Ankit, and thanks to everyone for joining us today. I'm happy to take you through our financial highlights for Q1 FY27, a truly historic quarter where STL delivered its highest ever performance across revenue, EBITDA and PAT. Revenue reached INR1,910 crores, representing an extraordinary 87% year-on-year growth.

On profitability, having previously guided for a 20% EBITDA margin by the end of FY27, I'm proud to share that we delivered on this right here in Q1 with INR397 crores in EBITDA, which is up 184% year-on-year. We are now revising our EBITDA margin guidance upward to 23%.

Finally, PAT came in at a record INR197 crores, reaching 10% of revenue, our highest PAT margin ever, which represents a massive 3.5x expansion over full year of FY26 PAT. Overall, this performance reflects our unwavering focus on disciplined growth, margin expansion and stronger bottom line outcomes as we enter the new financial year.

On the segment side, while Telecom & Citizen Networks continue to be a core pillar, our Data Center segment saw a strong growth, contributing 21% this quarter, up from 1% in FY26. Looking ahead, we expect the combined data center and Enterprise segment to scale up to 50% of the revenues in the current fiscal, well above the 30% guidance provided in our previous earnings call.

From a geographic standpoint, our revenue mix continues to reflect strong global momentum. North America share expanded significantly to 54% in the current quarter, up from 39% in FY26, driven by robust demand. Europe contributed 25%, while the rest of the world held steady at 22%.

This balanced regional footprint reduces concentration risk and positions us well to capture growth across key global markets. Moving to the open order book. We have seen strong momentum this fiscal. Our open order book stands at a record high of INR18,618 crores, up 2.4x from the last quarter, reflecting healthy order inflows and a strong market confidence.

Of this, INR2,228 crores are slated for execution in Q2 of FY27, while the remaining INR16,390 crores is scheduled for execution over Q3 FY27 and beyond. This robust order pipeline provides strong revenue visibility and reinforces our growth outlook for the year.

On Slide 26, we have shared an bridge snapshot of our reported numbers for your reference. On balance sheet, the net cash balance stands at INR483 crores, achieving the status of net debt-free company. Additionally, I'm glad to share that strengthened balance sheet position is now reflected through CRISIL's revised rating outlook to stable and ICRA upgraded the rating to AA Stable.

Moving on to our capital structure. STL successfully completed a landmark QIP of INR1,500 crores to fund our next phase of growth. The issue received strong market reception with the book being subscribed more than 2.5x, strengthening our institutional holdings to a fresh historic high of 33%. We witnessed robust participation from leading domestic and global institutional investors, including marquee names such as Nomura, HSBC, Motilal Oswal and Bank of India, among others.

We are allocating 75% of proceeds towards reduction of debt, while the rest of it going towards general corporate purposes. This successful capital raise significantly strengthens our financial foundation as we execute our long-term road map.

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

Ankit Agarwal: Thanks, Ajay. STL CSR initiatives continue to create deep, lasting and measurable impact across health care, education, women empowerment and environmental sustainability. In education, the Indian CSR Award winner RoboEdge program has scaled to over 12 schools and 10,000 students, equipping them with NextGen Robotic skills.

In women empowerment, our Jeewan Jyoti initiative has trained over 6,500 women in vocational skills. We remain firmly committed to driving sustainable growth and building future-ready communities. Our flagship health care program, Swasthya Suraksha, has now impacted 27 lives across -- 27 lakh lives across Maharashtra and expanded its footprint into Silvassa.

At STL, sustainability is central to our purpose, and we are proud to hold a synergy A rating and are committed to achieving net zero emissions by 2030. Our strategy is built on 3 pillars: environmental sustainability. Since FY19, we have diverted 286 lakh metric tons of waste, recycled almost 11.6 million cubic meters of water and reduced over 45,600 metric tons of carbon dioxide equivalent through energy efficiency.

Over 32% of our procurement is local and our partnership with Hygenco for advanced green hydrogen and oxygen plant has been commissioned and successfully start supply. We're also actively looking at enabling all our operating footprints to be sourcing green energy.

In terms of social responsibility, we're aligned with the 16 United Nations SDGs, and we've positively impacted more than 920,000 lives through education, women empowerment and health care alongside installing 4,500 kilowatt power of solar capacity.

Strong governance. With the two big four auditors and robust governance committees, we earned 100-plus ESG awards since FY19. Notably, STL is the world's first optical fiber manufacturer certified for zero liquid discharge and zero waste to landfill, setting a true industry benchmark globally.

Let me close with our focus areas. Our goal is to keep driving technology and cost leadership, drive sales of integrated connectivity solutions in partnership with key customers and scale our data center business to strengthen our role as a key enabler of global digital infrastructure.

With this, I will close my opening remarks and hand over to the operator to open the floor for questions. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Mr. Achal from Nuvama.

Achal: Congratulations for excellent earnings. My first question is if you could talk about what was the capacity utilization in first quarter? And in terms of the order inflow, if you could talk about the ordering, whether it is U.S. or Europe, are we like at the back end of the ordering or it's still work in progress? How do you see that given the big numbers, what we hear about the Air India, the data center capex? Are those ordering behind us or it's still yet to happen in a meaningful fashion?

Ankit Agarwal: Yes. Thank you, Achal. So I think both parts, when we look at the capacity utilizations, we don't share -- we don't disclose actual numbers. But as we've been sharing over the past few quarters, we continue to see that our capacity utilization is improving quarter-on-quarter. So that's a positive development, and we continue to see that going forward as well.

And in terms of our order inflow, yes, we're proud and happy with the orders that we've received, the connections with our customers. And we continue to feel positive about future orders as well, both on the telecom sector as well as on the data center and enterprise segment.

Achal: Ankit, the question was in terms of the ordering, while you have given a very qualitative answer, but I'm just curious to know, typically, the cables are required during the execution of that data center. So is the ordering been through or it's probably not even midway through at the industry level, I mean?

Ankit Agarwal: So from a data center capex, if you just look at the hyperscalers as well as the neoclouds, I mean, many of them are basically talking about multiyear investment in the data center capacity build-out. Just if you take U.S. itself, probably 8 to 10 gigawatts will happen this year and further -- there's, in fact, a backlog of data center capacities that need to get built out. So we do continue to see that this capex will continue from the hyperscalers. And on the back of that, the demand for our portfolio will continue to increase.

Achal: Got it. Another question I had with respect to the sourcing of raw material, particularly the rare earth materials. If you could talk a little bit where are we in that journey? Have we got the visibility for next few years, few quarters, if you could clarify on that as well?

Ankit Agarwal: Yes. So I think there are 3 or 4 elements out here. One is germanium, which is used in our glass process. We have helium, which is required as part of some of our fiber manufacturing. And then we have other elements like polyethylene and others, which are linked to oil prices, etc.

From the areas we've been speaking about, I would say, germanium, we continue to put consistent efforts both on looking at the areas of sourcing, and we continue to believe that, that will improve quarter-on-quarter. At the same time, we're also looking at new technologies where our consumption of germanium itself could reduce over time. So that's something that's work in progress over the next few quarters. We'll update on that.

And when it comes to helium as well, we are watching that very closely with the developments in Middle East. But we have worked on some technologies. We were able to recycle some of our requirements and from that perspective, we are well positioned.

And from a polyethylene perspective, yes, the prices have been fluctuating. Largely, that ultimately is a cost for us at the cable level, and we feel fairly confident that up to a certain level that we are able to pass that on to our customers. So overall, I would say, work in progress, and we do feel confident quarter-on-quarter, it will improve.

Achal: Got it. And just the last question on the capex...

Moderator: Sorry to interrupt Mr. Achal, we request you to join the question queue again for a follow-up question as there are other several participants.

The next question is from the line of Devavrat from Seven Rivers Holding.

Devavrat: Ankit. Congratulations on a great set of numbers. You haven't shared the capacity utilization numbers, but I'm just curious to know that given the quantum of capex in AI data centers, do you think we will have the capacity to take on a couple of more large orders if given the opportunity? And if not, then are we looking at any capacity additions over the next couple of quarters? That would be all from my side?

Ankit Agarwal: Dave, as I said, I think we're in several conversations in terms of conversations with telecom operators in India, in Europe as well as globally. At the same time, we are looking very closely at both upgrades of our equipment and machines, and we're also looking at debottlenecking from our current operations.

So all of that is progressing as we would like. And both things are happening in parallel, Dave. So we are in the conversation as well as well as we feel confident that with some of the upgrades as well as debottlenecking, we can look at further orders from here.

Moderator: The next question is from the line of Sunil Jain from Nirmal Bang Securities.

Sunil Jain: Congratulations on good number. My question relate to the executions which you had said will be done in the Q2. If we see last quarter, you said you will be doing something around INR1,500 crores but the execution has happened much larger. So similar trend can happen in the coming period also. And the execution for the whole year, if you can indicate anything on that, like you had given guidance for the margin, if anything you can indicate on the revenue?

Ankit Agarwal: So broadly, we don't give any guidance on the revenue. The numbers which you are talking about is the order book, which was supposed to be executed in Q1 when we talked previously. Since then, there has been drastic improvement in the order intake, which is clearly visible on the revenue growth, which you have seen. On the Q2 number, similarly, we are reporting that the executable order book is INR2,228 crores, but that does not give any guidance on the revenue number.

Sunil Jain: Okay. And sir, second thing, if you can talk about the order pipeline, if you can indicate anything in negotiations and all?

Ankit Agarwal: So, as I said, that we are in -- look, historically, we've always been focused on having key accounts globally, both on telecom side and data center. That's our strategy. We're not focused on the spot market, whether it is fiber or cable. We have very strong partnerships with customers in India. We have BharatNet projects and others, which are very important to us.

So we continue to have very good discussions with our customers. We continue to work on our product development for their future requirements as well as particularly with telecom customers and data center customers, we are looking and in discussions for their orders and their requirements for the coming years. So that's all happening in parallel.

Moderator: The next question is from the line of Tej Patel from Niveshaay.

Tej Patel: Congratulations on a very great set of numbers. So a couple of questions, sir. First question on -- just wanted to understand your view on -- if I look at the gross margins, they have somewhat stayed same, right, despite our mix from DC going, let's say, up compared to the last quarter.

Just wanted to get your view on this. I mean, considering, let's say, DC would be having a higher margin at the gross level, are we facing -- I mean, is it because of cost pressure at the raw material that got probably led to, let's say, same margin?

Otherwise, probably would the margins have been higher? And given, let's say, we are targeting a higher proportion of share in DC to up to 30% on a yearly basis, I just wanted to get your view on gross margins moving forward as the mix towards DC shifts?

Ajay Jhanjhari: So, Tej, on the gross margin, yes, there is some sort of pressure which is coming from the input cost broadly with all the war situation, the prices of the key raw material getting increased to significant multiples. We do see the improvement going forward, which will obviously be accounted in the EBITDA margins, which we are talking about.

Tej Patel: Got it. Got it. Perfect. Sir, second question is, I mean, of course, there's been a record inflow of orders this quarter. But let's say, if I remove our long-term order of $1 billion, I mean, we have a decent order intake. Just wanted to understand, I mean, if I remove that order, the inflow will be about, let's say, INR3,000 crores, which was, let's say, last quarter around INR7,000 crores to INR8,000 crores the regular business.

Was it a conscious decision on not, let's say, taking incremental business because of, let's say, capacity constraint and probably we'll start looking to take more orders, the regular orders once there's some debottlenecking, is it a conscious choice or was it a regular order intake?

Ajay Jhanjhari: No. So, Tej, broadly, in fact, even if we exclude this long order, there has been a sufficient order intake. Obviously, now we are in a situation wherein we have to pick and choose the orders basis the capacity availability. So that will play a role. But in this quarter, there are many much orders beyond this significant order. And going forward, we'll keep on evaluating on the basis of our capabilities to execute.

Tej Patel: Got it. Got it. And sir, on germanium, just wanted to understand, are we currently buying, I mean, whole of the inventory on spot or we have some tied up contracts, which are, let's say, at a lower fixed price?

Ankit Agarwal: We can't comment a lot on the germanium for competitive reasons. But we are -- as I've been sharing, we are clearly focused on looking at our sources and diversifying our sources. And we feel confident about improving our availability quarter-on-quarter.

Tej Patel: Got it. Got it. And sir, last question on -- I mean, after this debottlenecking and you are saying that there's continuous capex, which is happening. Just wanted to get your view on -- are we still looking for, let's say, once we have a decent capacity on board, are we still looking for, let's say, in negotiations for a long-term order of, let's say, not of this size, but let's say, a sizable order for -- with some telcos or data centers going forward in this financial year?

Ankit Agarwal: I mean I can't comment on any specific size. But as I said, we are -- this is all happening in parallel. We are doing the debottlenecking and upgrades of our capabilities across glass fiber, cable and connectivity. So all of that's happening in parallel. At the same time, we are in conversations with our current customers as well as some new customers in terms of their requirements.

Tej Patel: Great, sir. And if you could help us with the capex....

Moderator: Sorry to interrupt, Mr. Tej. May we request you to join the question queue for your follow-up question. The next question is from the line of Krish Mehta from Enam Holdings.

Krish Mehta: Ankit, my question was mainly -- it's more of a strategic question on how you view this entire AI versus telecom mix for the business. So given the excitement around AI and there's obvious supply crunch in the industry, right, from a more long-term capacity standpoint, how do you think of the order book kind of from filling it more towards the traditional telecom customers where maybe the margin is low initially, but it gives us more long-term stability on the book versus your AI capacity, right, in terms of your capacity and order book. If you could provide some clarity on how you're thinking about this long term?

Ankit Agarwal: Yes, absolutely. I think that's absolutely spot on. I would almost add one more element to that is effectively rural connectivity projects. So we have 3 or 4 parallel demand centers. One has been the historical telecom requirements, which also are continuing to grow in certain pockets and certainly in the U.S. Then you've got the data center part, which we're all aware of, and that's continuing to grow both from the hyperscalers as well as Neoclouds.

And in fact, there is a middle ground between the 2 where the telecom operators or neutral fiber companies are also deploying long-haul fiber networks to ultimately serve or lease to the data centers. So they're interconnected in some way. And then you've got this third element of rural projects like BEAD, which is starting to kick off now in the U.S., which is 5 to 7-year build-out.

And then you've got BharatNet in India, which is also a large 3- to 4-year build-out at least. So we are very conscious of -- we are in this business to be long term. We stated our ambitions to be top 3 in the world. And with that, we are very clear that we want to have this balance of our customer base and our portfolio base.

So we're very conscious of that. What we broadly see is that our data center and enterprise segment will go towards 50% overall. And probably we will have telecom and the rural connectivity projects like BharatNet and others as a balance.

Krish Mehta: And sorry, just a follow-up on that. So say, over the next 3 to 5 years, do you see this mix of 50% remaining constant or do you think that as the size kind of goes up, it will automatically adjust back down?

Ankit Agarwal: No, I think -- look, it's -- I think strategically, this is where we want to go. Of course, it can vary quarter-to-quarter. But directionally, this is where we think is a good mix. I think we also need to be mindful that we are also looking to scale up our connectivity part in this. So both on the telecom side as well as on the data center side.

We're continuously launching new products like the CONCAT and others that I spoke about, where we can improve our attach rate, and we're talking about by quarter 4 of this year, getting to about 25%. So whether it's on the cable capacity or on the connectivity, we are planning and doing our product development to serve all these markets.

Moderator: The next question is from the line of Balasubramanian from Arihant Capital.

Balasubramanian: Sir, on the data center side, what is our current revenue share in Q1? And secondly, I looked at page number 11 on the PPT. Earlier we had developed a Celesta up to 6,912 fibers per rack, but it's mentioned 12,000 fiber stacks, which are around 72 GPU AI node that is having developed or it's under development, and we are targeting 16,000 fibers also.

And if you could share on the realization point of view or not at the company level, but at the industry level, how that price have been moved out. I think earlier it's between $18 to $30 range. So I'm trying to understand, based on the complexities and based on the applications, how that realization have moved up on the industry level?

Ankit Agarwal: Thank you. So firstly, I think on the realization, we do not comment on the realization. Broadly, we do have a healthy mix of good realization from data center as well as the telecom side. So that's something that we continue to have a mix of both types of customers.

On the question that you mentioned on the -- so I just want to clarify from a technical perspective, this is not reflective of the fiber, the cable itself, the fiber per switch. So it's just kind of trying to help you understand that as you move towards different GPU architecture, what is the amount of fibers per switch required.

And as you see that scale up, it's more just to help you understand that as the density increases by nature of the work happening with NVIDIA and others, the amount of fiber per data center will continue to increase. So that's more just from an information perspective.

And similarly, on the left side, when you look at fiber explosion in DCI, which is the data center interconnect, as you see more and more buildings or data center buildings per campus increase, you will see an exponential increase in the fiber for the data center interconnect. So that's just the messaging of both of these that we wanted to share.

Moderator: The next question is from the line of Akshat Mehta from Seven Rivers Holding.

Akshat Mehta: Congratulations on a fantastic set of results, and thank you for the opportunity. I have a couple of questions. So this quarter 1 performance that you're seeing that INR1,900 crores almost funded by EBITDA...

Ankit Agarwal: No, you cannot audible properly, Akshat.

Akshat Mehta: Sir, my question was that the Q1 performance that we've seen in terms of revenue and profitability, I mean, can we take -- is it sustainable over the course of the rest of the year?

Ankit Agarwal: Yes. We're not -- we don't guide any numbers for the full year or longer term. What we've been -- I can only reiterate what we've been guiding is that we do expect that our utilization levels will continue to improve. We do -- we are in conversations and active discussions with customers to secure more orders.

And we are continuing to invest in both our capacities through debottlenecking as well as through some of our product development. So from our perspective, I think we are well placed to grow, but we cannot give any specific guidance in terms of how much we'll grow from here.

Akshat Mehta: Okay. Also, I just want to understand what is the kind of capex that we're going to do this year and probably next year?

Ankit Agarwal: Yes. So broadly, what we see is that as a combination of our investments to upgrade all our equipment that I spoke about across glass, fiber, cable and connectivity as well as for our debottlenecking across our sites to improve our yields and output. We expect about INR500 crores of investment per year for the next 3 years. So cumulatively, around INR1,500 crores is what we see over the 3 years.

Akshat Mehta: Can you also share like the breakup of revenue and EBITDA that you used to for the optical connectivity and cable business?

Ankit Agarwal: No, we don't break that out.

Moderator: The next question is from the line of Tushar from Sanghvi Family Office.

Tushar: Congratulations on a great execution. My first question was on the optical connectivity product. I just wanted to understand are we into the manufacturing of the optical transceivers? And if not, whether we plan to enter into that space? And how do you assess the product offerings that we have under optical connectivity versus the optical transceivers? A quick primer or explanation on this would be very helpful.

And my second question was on the margins. I see we have actually upgraded our margins. Is it on the back of the increase in the pricing that we are seeing or because we are seeing the -- we have guided for the increased optical connectivity attach rate, that's why an upgrade to the margins?

Ankit Agarwal: Yes. I think there is some history here. We actually used to be in multiple businesses, including active components and many other things. We've consciously chosen to exit, sell off or shut down many businesses. So -- and we've also demerged our system integration business into a separate entity.

So there's a very conscious choice to be very, very focused on the optical fiber cable connectivity side. And that's where we are making sure that we're building the right product portfolio.

So that's really our focus. We're not looking at the transceiver side or any other technologies. Anything that's linked to our fiber optics, things like hollow-core, multi-core, any of those elements or new types of fiber, those are all within our domain. But new products like transceivers is not something that we're looking at currently.

And in terms of the upgrade or to the margins, I think it's a combination of 2, 3 things. I think it is certainly some amount of improvement in our capacity utilization, a good product mix and customer mix as well as from a product side, a good healthy ratio of cable and connectivity together.

Moderator: The next question is from the line of Anshul Seghal from Seghal Capital Advisors.

Anshul Seghal: Great set of numbers. Congratulations on that. Two questions. One, do we have a play in the semiconductor value chain at all, whether now or in the future? And the second is you've spoken a lot about the American data center opportunity.

Can you speak a little bit about the Chinese opportunity or rather the investment in data centers in China? Why I ask that question is because we hear that the cost of tokens, etc., is being reduced materially by Chinese players. Now does that mean that it deflates this whole capex environment or that really is not the case at the moment?

Ankit Agarwal: Anshul, thank you for the inputs. I think in terms of the investments, yes, clearly, data center growth is the strongest in the U.S. We are also seeing some very large investment announcements by the government and by the private sector in China that I think you touched on as well.

And from our perspective, I think definitely, we see 2 or 3 areas that we are looking at. Our first focus continues to be the data center demand in the U.S. I think India, as we also touched on in our slides, is just at a starting point and will start to grow. So we're excited about how we can really enable this AI infrastructure in India, both on long-haul fiber, metro fiber as well as fiber optics within the data center.

So I think that's the area we're focusing. I think Europe does need to step up. There are some initial investments that are starting to happen and some announcements. But I think the progress and speed on the ground is still slow. So I think Europe will probably be a dark horse and will start scaling up in a year or 2.

In terms of your point on overall the tokens, I think that is something that's really on everyday basis, that's something worth watching out for. But our macro thesis continues to be that the sheer demand when you look at the cloud revenues of all the hyperscalers, that continues to accelerate quite strongly.

And even some of the new players like Meta and Oracle are talking about increasing and preparing their data centers for third-party sales. So it does seem to be that the demand is outstripping supply currently. But I agree with you that the price points will have to become more efficient and this large delta in cost of tokens between the U.S. cloud providers and China, there has to be something that has to give at some level.

But from a sheer capex spend in the U.S., we continue to be optimistic about that. And we continue to build our product portfolio to help serve them and help them build this out faster than ever before. So that's what we are working on.

On your question on the semiconductor, again, as I said, that's not really our top priority right now. We're very focused on the opportunities that we see within the telecom and data center space. We do have very strong glass capability, and we'll continue to evaluate whether we can utilize some of that glass capability for some of the semiconductor requirements, but that's not immediately a priority right now.

Moderator: The next question is from the line of Pratiti Khara from Param Capital.

Pratiti Khara: Yes. I just wanted to check on the $100 million capex that was announced for the U.S. plant in May. What's the capex phasing like and expected commission time line?

Ankit Agarwal: Yes. Thank you. So what we announced was a $100 million investment over a 5-year period. This was as part of our strategy, both to ensure that we have a good balance of cable and connectivity onshore in the U.S., primarily to help certain customers and be able to serve them with a quicker turnaround.

The second reason we're doing that is to be more closely aligned and customize our products for their requirements and to also be able to serve them for their future requirements. So this is something that we continue to have conversations with our customers, particularly on the data center side. And as we progress and as we get more clarity from our customers in terms of the requirements, we'll probably update you by next quarter in terms of progress on that.

Pratiti Khara: Do we have any capacity number in mind what we plan to do there?

Ankit Agarwal: So this is mainly be for the connectivity side. So it doesn't really translate into a capacity per se. But as I said, this will be a connectivity facility that we are planning, both for the telecom segment and the data center segment. So once we're able to finalize and detail out the investment and the scale out of that investment, then we'll be able to share that.

Moderator: The next question is from the line of Nova from Nova Financial.

Nova: So my question was about -- you mentioned germanium and helium content. So if it continues through FY27, so it will affect your order book or on any margin? Or do you have any other suppliers or technology to overcome this?

Ankit Agarwal: Yes, yes. So I think what I shared earlier as well that we are actively working to diversify our suppliers across our raw materials, whether it's germanium, helium or others. There have been cost increases that Ajay spoke about in terms of our input costs.

But we are very mindful and looking at improving our supply quarter-on-quarter. And as I shared, we feel confident about that. And at the same time, we are taking in orders from our customers, both on telecom and data center side on BharatNet side, keeping in mind the availability of our raw materials.

Moderator: The next question is from the line of Naman Parmar from Niveshaay Investments.

Naman Parmar: So firstly, I wanted to understand what will be your debt level and the working capital for the year end of the FY27 after this QIP?

Ajay Jhanjhari: So we have disclosed that we broadly believe that we'll be net debt free even during the financial year. The raise of QIP will definitely help along with the internal accruals. At the same time, there has been consistent focus on reducing the net working capital by engaging into dialogues with the customers on reducing the payment terms, and that should definitely help us.

Naman Parmar: Okay. Got it. Secondly, if you can help us in the understanding on the margin perspective, like you mentioned that you are working very aggressively on reducing the consumption of the germanium, which will help you in increasing in the gross margin going forward if the germanium cost reduces or remains stable at this price.

So if you can explain how maximum the margin can help you in the gross level? And also on the EBITDA, if you can bifurcate between telecom versus data center, what is the margin difference?

Ankit Agarwal: We don't normally call out the margin difference. But what we have shared in the past is that, yes, the margins broadly for the solutions we sell to data center are higher margins than the telecom segment. And I think from a cost input perspective, I do want to call out that while the costs are higher right now, I think for us, our focus is to ensure that we are able to utilize our facilities and just through utilization of our factories, we'll be able to have better EBITDA margins being realized.

And then on top of that, as we increase our connectivity attach rate, which we shared, going up to 25% by quarter 4, that will further enable our EBITDA margin to increase. So these are the 2, 3 things why we feel confident that the margins will move towards the 23% that Ajay spoke about.

Moderator: Thank you. With this, we conclude our call. I would now like to hand the conference over to Mr. Rahul for his closing comments. Over to you, sir.

Rahul Darak: Thank you, everyone, for taking time to hear us today. We truly believe STL is well positioned to play a pivotal role in building the digital infrastructure of the future. And we remain available to take any of your follow-up questions. You may reach out to us at official email investor@stl.tech. Once again, thank you, and we remain grateful for your continued support. Thank you.

Moderator: Thank you. On behalf of Sterlite Technologies Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.