

November 17, 2025

Department of Corporate Services

BSE Limited
Phiroze Jeejeebhoy Towers Dalal Street,
Mumbai - 400001

Listing Department

National Stock Exchange of India Limited
C-1, Block G, Bandra -Kurla Complex
Bandra (East), Mumbai- 400051

Scrip Code: 544395

Scrip Symbol: STLNETWORK

Sub: Credit Rating

Dear Sir/ Madam,

Pursuant to Regulation 30 and 51 of the SEBI Listing Regulations, we wish to inform you that India Ratings and Research Pvt Ltd, vide its release dated November 17, 2025 has assigned following rating on proposed non-convertible debentures:

Name of Company	Ratings
STL Networks Limited	IND A-/Stable

Copy of credit rating issued, is attached herewith for your reference.

We request you to kindly take this on your record.

Thanking You,

For STL Networks Limited

Meenal Bansal
Company Secretary and Compliance Officer
Membership No.- ACS 35091

Encl:a/a

India Ratings Assigns STL Networks's Proposed NCDs 'IND A-/Stable; Affirms Bank Loan Facilities

Nov 17, 2025 | Telecom - Infrastructure

India Ratings and Research (Ind-Ra) has taken the following rating actions on STL Networks Limited's (STLN) debt instruments:

Details of Instruments

Instrument Type	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating assigned along with Outlook/Watch	Rating Action
Proposed non-convertible debentures	-	-	-	INR3,000	IND A-/Stable	Assigned
Bank loan facilities	-	-	-	INR25,000	IND A-/Stable/IND A2+	Affirmed

Analytical Approach

Ind-Ra continues to take a fully consolidated view of STLN and its wholly owned subsidiaries - Sterlite Technologies UK Ventures Limited, STL UK Holdco Limited, and Clearcomm Group Limited, to arrive at the rating. This is in view of the strong operational and strategic linkages among them.

Detailed Rationale of the Rating Action

The rating reflects STLN's robust business profile, supported by an established track record of operations in the telecom industry and end-to-end capabilities, coupled with an ability to execute complex and mission critical projects. The rating also reflects Ind-Ra's expectation of healthy revenue growth over 2HFY26-FY27, supported by a) a strong outstanding order book of over INR65.0 billion at end-June 2025, leading to a book-to-bill ratio (based on FY25 revenue) of over 5.5x; b) favourable industry tailwinds; and c) the company's focus on increasing the revenue share from technology and annuity-led revenue lines such as data centre network set up, maintenance, and system integration, operations & maintenance (O&M).

The rating is partially constrained by STLN's modest credit metrics, elongated working capital cycle (on a normalised basis), and a lock up of a significant chunk of working capital in a few projects. Nevertheless, Ind-Ra expects the net leverage and interest coverage to improve over the near to medium term, driven by an improvement in the EBITDA, led by revenue growth, a gradual release of locked-up funds, and a moderation in the net working capital cycle due to changes in business mix, which remain key monitorables for Ind-Ra.

List of Key Rating Drivers

Strengths

- Healthy business profile
- Favourable industry tailwinds
- Adequate revenue visibility over 2HFY26-FY27
- Improvement in profitability likely over 2HFY26-FY27

Weaknesses

- Working capital lockup in slow-moving and disputed projects
- Elongated working capital cycle
- Modest credit metrics; gradual improvement likely over near to medium term
- Order book concentration

Detailed Description of Key Rating Drivers

Healthy Business Profile: STLN's healthy business profile is underpinned by a) its more than a decade of experience of designing, deploying, and managing secure networks for defence, enterprises, and telecom companies; b) a track record of laying of over 1,00,000 fibre route km; completion of 2,50,000 home passes, and establishing and/or managing a network of about 50 data centres; c) comprehensive end-to-end services capabilities from design and implementation to ongoing maintenance; d) robust service standards substantiated by the mission-critical projects completed in past; and e) a reputed clientele which includes Bharti Airtel Limited (CP rated at ['IND A1+'](#)), Bharat Sanchar Nigam Limited (debt rated at ['IND BBB'/ Stable](#)), National Highways Authority of India (debt rated at ['IND AAA'/ Stable](#)), and RailTel Corporation of India Limited.

Favourable Industry Tailwinds: STLN is well positioned to capitalise on India's accelerating digital transformation, which is creating robust opportunities for data centre expansion. Key government initiatives such as BharatNet Phase III, Smart Cities Mission, and Digital India are driving large-scale connectivity and infrastructure development across urban and rural regions. The nationwide rollout of 5G technology and the increasing adoption of Fiber to the Home are further amplifying the demand for high-speed and reliable networks.

Adequate Revenue Visibility over FY26-FY27: In FY25, the consolidated revenue declined about 20% yoy to INR11.8 billion, due to STLN's focused approach on profitability and return on investment by being selective in order acquisition.

During 1QFY26, STLN secured a contract worth about INR22 billion under Bharat Net Phase III, enhancing its outstanding order book to over INR65 billion as of June 2025. This robust order book, having a balanced mix between O&M and capex, provides strong revenue visibility with a book-to-bill ratio of over 5.5x based on FY25 revenue.

In FY25, about 50% of STLN's revenue came from the less working capital-intensive and higher-margin O&M and technology business. The management aims to increase this contribution to 70% in the near-to-medium term.

While STLN reported a muted revenue of INR4.2 billion in 1HFY26, Ind-Ra expects revenue growth to pick up in 2HFY26 to about 25% on average over FY26-FY27, driven by: a) the execution of the Bharat Net Phase III project, which commenced in 2QFY26; b) an increase in O&M revenue from the existing order book; and c) a strong potential and focus on expanding technology-led revenue in both India and the UK.

Improvement in Profitability Likely over 2HFY26-FY27: In FY25, the consolidated EBITDA margin moderated slightly to 6.3% (FY24: 6.7%), primarily due to a decline in the revenue. While the profit margin for the India business remained comfortable in the range of 9%-10% during FY24-FY25, the consolidated margin has been impacted by losses in the UK business. During 1HFY26, STLN reported a modest EBITDA margin of 2.5% (1HFY25: 6.4%). However, Ind-Ra expects that the projected increase in revenue, coupled with the benefits of operating leverage, to support an improvement in the profitability and EBITDA margins in the near-to-medium term.

Working Capital Lockup in Slow-moving and Disputed Projects: STLN has been experiencing a working capital lockup due to delays and disputes in some projects. A major project (contributing meaningfully to the orderbook) has been delayed due to right-of-way clearance issues, resulting in a delay in milestone achievements and locking up of sizeable amount of working capital. Additionally, disputes in few other projects have led to receivables of INR2.5 billion-3 billion being stuck.

While STLN's management expects a significant portion of the locked-up amount to be cleared by 1HFY27, Ind-Ra has assumed a gradual release of these funds in its base case scenario. Any receipt that is significantly greater-than-Ind-Ra-expected, leading to a substantial improvement in the credit metrics, will be positive for the rating.

Elongated Working Capital Cycle: STLN's working capital cycle elongated further during FY25, with gross current assets (GCA) and net current assets, both excluding cash and equivalents, accounting for 193% and 113% of the revenue, respectively, compared to 165% and 72% in FY24. On a normalised basis, excluding the exceptions, the GCA cycle was 90%-100% during FY24 and FY25.

However, STLN has initiated back-to-back arrangements and contracts with large suppliers and vendors, which partially aids in managing working capital. Additionally, an increasing share of revenue from quick turnaround projects and favourable terms in Bharat Net Phase III projects, characterised by shorter milestones, is likely to moderate the working capital cycle, which remains a key monitorable for Ind-Ra.

Modest Credit Metrics; Gradual Improvement Likely over Near to Medium Term: At end-March 2025, STLN's total consolidated debt (including lease liabilities and acceptances) increased to INR9.3 billion (FY24: INR5.2 billion) and its net debt increased to INR7.2 billion (INR4.6 billion). The increase was mainly due to unfavourable changes in the working capital, leading to a rise in the outstanding fund-based working capital debt to INR7.0 billion in FY25 (FY24: INR2.4 billion).

The elevated debt levels, combined with a moderation in the EBITDA, resulted in a sharp increase in the net leverage to 9.7x in FY25 (FY24: 4.7x), and deterioration in the interest coverage to 1.0x (1.4x). However, Ind-Ra expects an gradual improvement in the net leverage and interest coverage over the near-to-medium term, driven by an enhanced profitability, a moderated working capital cycle, and the release of locked-up funds, which remains a key monitorable.

Order Book Concentration: STLN's top three orders accounted for over 70% of the total outstanding order book at end-June 2025. Geographically as well, there is a sizeable concentration with three states/union territories constituting over 60% of the order book. Despite this concentration, Ind-Ra draws comfort from several mitigating factors. Notably, there is a balanced mix in the order book between capex and O&M, where O&M carries limited execution risk. Furthermore, orders from private players and for the technology business are typically received for shorter tenors on a running basis.

Liquidity

Adequate: STLN's liquidity position is supported by its adequate free cash and equivalent, undrawn working capital limits, likely positive cash flow from operations over 2HFY26-FY27 and a moderate capex requirement. The company had a consolidated free cash & equivalent of INR792 million at end-September 2025. In FY25, the company's cash flow from operation (gross of finance cost) turned negative at INR1.8 billion (FY24: positive INR3.9 billion) due to unfavourable working capital changes. However, Ind-Ra expects the same to be in the range of INR0.9 billion-1.2 billion over FY26-FY27, driven by an improvement in the profitability, a moderation in the working cycle and a gradual release of locked up funds. The company has a term debt principal repayment obligation of INR360 million- INR370 million each in FY26 and FY27, which Ind-Ra expects will be serviced through internal accruals and the existing liquidity.

The ongoing process to carve out working capital limits in the name of STLN is underway, with the management expecting fund-based working capital limits of around INR8.3 billion and non-fund-based working capital limits of around INR15.5 billion. As of September 2025, the unutilised amount in the fund-based working capital limit stood at about INR1.3 billion.

Additionally, STLN's liquidity is supported by adequate financial flexibility, demonstrated through competitive pricing and no margin requirement for non-fund-based limits for the already sanctioned working capital facilities.

Rating Sensitivities

Positive: Developments which could, individually or collectively, lead to a positive rating action include:

- an improvement in working capital situation with (a) GCA (excluding disputed and stuck portion) reducing below 85% of revenue along with reasonable payment receipt track-record, (b) reasonable revenue receipt and timely release of working capital (fund-based and non-fund based) from delayed/ stuck projects
- timely execution of the orders along with an improvement in the profitability, leading to a higher scale of operations, and an improvement in interest coverage on a sustained basis
- a continued order inflow, leading to healthy diversification of order book

Negative: Developments which could, individually or collectively, lead to a negative rating action include:

- any further elongation in the working capital cycle of moving orders and/or a lower-than-expected recovery in working capital from delayed/ stuck projects leading to the consolidated working capital cycle remaining stretched
- slower-than-Ind-Ra-expected execution of the order book or a lower-than-expected profitability, leading to a reduction in the overall cash flow generation and the interest coverage remaining below 1.5x on a sustained basis

Any Other Information

Standalone Summary: STLN reported revenue of INR10.6 billion in FY25 (FY24: INR13.0 billion) and an EBITDA of INR1.0 billion (INR1.2 billion), translating into an EBITDA margin of 9.4% (9.1%). During FY25, the company had a net leverage ratio of 6.6x (FY24: 3.2x) and an interest coverage ratio of 1.4x (1.9x).

ESG Issues

ESG Factors Minimally Relevant to Rating: Unless otherwise disclosed in this section, the ESG issues are credit neutral or have only a minimal credit impact on STLN, due to either their nature or the way in which they are being managed by the entity. For more information on Ind-Ra's ESG Relevance Disclosures, please click [here](#). For answers to frequently asked questions regarding ESG Relevance Disclosures and their impact on ratings, please click [here](#).

About the Company

STLN represents the Global Services Business of Sterlite Technologies Limited, demerged from latter effective 31 March 2025. STLN provides comprehensive solutions across fibre network services, system integration, IT infrastructure management, data centre network setup, network operations centres and security operations centres. It undertakes end-to-end network services ranging from designing to fibre deployment to O&M.

Key Financial Indicators

Financial Summary (Consolidated)	FY25	FY24(Restated)
Revenue (INR billion)	11.8	14.7
EBITDA (INR billion)	0.7	1.0
EBITDA margin (%)	6.3	6.7
Interest coverage (x)	1.0	1.4
Net leverage (x)	9.7	4.7
Source: STLN; Ind-Ra		

Status of Non-Cooperation with previous rating agency

Not applicable

Rating History

Current Rating/ Outlook	Historical Rating/Outlook
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Instrument Type	Rating Type	Rated Limits (million)	Current Rating/ Outlook	13 August 2025
Bank Loan Facilities	Long-term/ Short-term	INR 25,000	IND A-/ Stable/ IND A2+	IND A-/ Stable/ IND A2+
Proposed non-convertible debentures	Long-term	INR 3,000	IND A-/ Stable	-

Bank wise Facilities Details

Complexity Level of the Instruments

Instrument Type	Complexity Indicator
Bank loan facilities	Low
Non-convertible debentures	Low

For details on the complexity level of the instruments, please visit <https://www.indiaratings.co.in/complexity- indicators>.

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About India Ratings

India Ratings and Research (Ind-Ra) is India's SEBI registered credit rating agency committed to providing India's credit markets accurate, timely and prospective credit opinions. Built on a foundation of independent thinking, rigorous analytics, and an open and balanced approach towards credit research, Ind-Ra has grown rapidly during the past decade, gaining significant market presence in India's fixed income market.

Ind-Ra currently maintains coverage of corporate issuers, financial institutions (including banks and insurance companies), finance companies, urban local bodies, and structured finance and project finance companies.

Headquartered in Mumbai, Ind-Ra has seven branch offices located in Ahmedabad, Bengaluru, Chennai, Gurugram, Hyderabad, Kolkata and Pune. Ind-Ra is recognised by the Securities and Exchange Board of India and the Reserve Bank of India.

Ind-Ra is a 100% owned subsidiary of the Fitch Group.

Solicitation Disclosures

Additional information is available at www.indiaratings.co.in. The ratings above were solicited by the issuer, and therefore, India Ratings has been compensated for the provision of the ratings.

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APPLICABLE CRITERIA AND POLICIES

Evaluating Corporate Governance

Corporate Rating Methodology

Short-Term Ratings Criteria for Non-Financial Corporates

The Rating Process

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