

**//// Sterlite Power**

# Shareholder Update Q4-FY24



# STERLITE POWER TRANSMISSION LTD. (SPTL)

## Shareholder Update: Q4-FY24

### Highlights:

- Demerger approved by NCLT and will be made effective in the last week of September 2024.
- All SPTL Shareholders to receive one share of resultant entity (Infra business Co) – SGL5, for every SPTL share held by them as on the Record date.
- GPS business Order book at end of FY24 closed at an all-time high of Rs 6,705 Crs; Highest ever annual EBIDTA for GPS business.

This update is for the esteemed shareholders of SPTL, covering the key business and financial highlights for Q4-FY24 and the future business outlook. Kindly refer to **Annexure – 1** for a brief overview of the different business lines of the company.

### 1. Business Highlights for Q4-FY24:

- **Update on 'Infra' Business:**
  - **In India:**
    - ✓ Bid wins:
      - Selected as the successful bidder for a big ticket TCB project; Subsequently, Letter of Award (LoA) received in Q2-FY25
    - ✓ Project completion/milestones:
      - **Significant progress achieved in completion of below key projects;** on track for commissioning by Q3-FY25:
        - ❖ MUMML – Part B & Part C (on completion, this project will generate an annual tariff of Rs 452 Crs)
        - ❖ GTTPL – 400 kV DC Xeldum to Mapusa Line, 220 kV DC Xeldum to Xeldum Line & 220/400 kV Xeldum Substation (on completion, the project will generate an annual tariff of Rs 156 Crs)
        - ❖ NBTL – 132kV DC Hastingmari – Ampati Line along with associated Bays (on completion, the project will generate an annual tariff of Rs 57 Crs)
- **Order Deal wins for Global Products & Services (GPS):**
  - **New Order wins of Rs 2,498 Cr was achieved in the quarter**
  - Amongst the projects secured by the company for conductor supply are the green energy power transmission projects in Rajasthan includes the Fatehgarh-Bhadla Transmission line project. The company also bagged export orders for OPGW (Optical Ground Wire) in Africa and CIS

(Commonwealth of Independent States) markets.

- Secured multiple orders to supply Extra High Voltage (EHV) & High Voltage (HV) cables for large-scale infrastructure projects that are underway in Madhya Pradesh, West Bengal, Karnataka, Odisha, and Gujarat.
- The MSI - specialized EPC services unit, signed a turnkey project contract with Odisha state transmission utility to uprate its existing 132 kV Pratapsasan-Kesura-Ransinghpur transmission line using high performance conductors (HPC).

## 2. Financial Highlights for FY24:

- The snapshot of Profit & Loss statement for the year ending Mar. 31 '24 for 3 key businesses are as follows:

| Parameter            | Demerged SPTL –<br>GPS Co (consol.) |              |                   | Infra Business - India |             |                   |
|----------------------|-------------------------------------|--------------|-------------------|------------------------|-------------|-------------------|
|                      | FY24                                | FY23         | Growth<br>(Y-o-Y) | FY24                   | FY23        | Growth<br>(Y-o-Y) |
| <b>Total Income</b>  | <b>4,842</b>                        | <b>3,292</b> | <b>47.1%</b>      | <b>1,630</b>           | <b>850</b>  | <b>94.1%</b>      |
| <b>EBIDTA</b>        | <b>522</b>                          | <b>411</b>   | <b>27.0%</b>      | <b>112</b>             | <b>324</b>  | <b>(65.4%)</b>    |
| <b>EBIDTA Margin</b> | 10.7%                               | 12.4%        |                   | 7%                     | 38%         |                   |
| <b>PAT</b>           | <b>241</b>                          | <b>184</b>   | <b>30.9%</b>      | <b>(259)</b>           | <b>(76)</b> | <b>(240.7%)</b>   |
| <b>Net Margin</b>    | 4.9%                                | 5.5%         |                   | (15.8%)                | (8.9%)      |                   |

- **Demerged SPTL (GPS Co consol.)** comprises of GPS business and Convergence business. **Riding on strong operational performance based on the highest ever sales volumes, the business achieved a high ROCE of 43% and ROE of 66%.** It closed FY24 with no long-term debt and optimal working capital debt.
- **Infra business – India** comprises of Transmission Infra SPVs and captive EPC business. The **FY24 Revenue was higher than FY23**; EBIDTA was lower than FY23 due to higher COGS (owing to slower project progress wherein EPC costs have got booked while corresponding EPC revenue booking has got deferred into FY25) and deferment of Change in Law (CIL) claims of Rs 516 Crs. The impact of the same has got cascaded to PAT as well
- **Infra business - Brazil:** Revenue – Rs 1,545 Crs, EBIDTA – Rs 66 Crs, PAT – (370) Crs; Revenue and EBIDTA was lower as compared to FY23 primarily due to slower network execution; PAT loss resulted from higher Finance cost (~50% higher than FY23). The company is undertaking a strategic review of this business to decide on the future course.
- The key consolidated SPTL Balance sheet metrics for year ending Mar. 31 '24 are as follows:
  - The Networth is Rs 1,333 Crs as compared to Rs 1,509 Crs at end of FY23; Net worth is lower by Rs 176 Cr. on account negative consolidated FY24 PAT of Rs 217 Cr & reduction in Hedge reserves which was partially offset by increase in non-controlling interest, Foreign Currency Transfer Reserve (FCTR) and ESOP Reserve
  - The long-term & short-term borrowings was Rs 6,739 Crs, which was Rs 5,168 Crs at end of FY23; Borrowings increased by INR 1,571 Cr. primarily due to increase in debt of Brazil Infra business
  - The Fixed assets of the company was Rs 6,151 Crs as compared to Rs 4,388 Crs at end of FY23, on account of asset addition in Brazil by Rs 1,885 Cr and in GPS by Rs 103 Cr offset by reduction in India Transmission assets amount on account of reclassification due to accounting standards applicable

to JV accounting.

- The cash and bank balance is Rs 1,224 Crs as compared to Rs 1,502 Crs at end of FY23
- Financing updates & Corporate Actions:
  - Equity:
    - ✓ **Infra – India platform:** The process for formation of a new Transmission Infra JV platform (SGL-32) to develop and operate power transmission projects in India has been concluded. Currently, SPTL owns majority stake of 51% and GIC owns the remaining 49% stake in this JV platform (Post demerger being effective, SGL-5 will hold 51% in SGL-32). This JV will be a developer of Transmission assets operating on a 'Build & Hold-till-maturity' model with a portfolio of 1 operating asset, 2 partially operating assets and 7 W-I-P assets as on date
    - ✓ **Demerger process on track for closure;** NCLT's final order on demerger will be made effective in Sept. '24. The Infra business will get demerged into the entity SGL-5 which shall have mirror shareholding as that of demerged SPTL.
    - ✓ The company is exploring to raise upto USD 100Mn from private equity investors for the 'GPS + Convergence' businesses (demerged SPTL).
  - Debt/Treasury:
    - ✓ Financial closure of Rs. 1,373 crore loan achieved for Neemrana Kotputli Transmission project
    - ✓ Availed debt disbursements of ~Rs. 1,700 Crs across various Infra projects
- **Awards & Recognition:**
  - Sterlite Power was **awarded the Great Place to Work® (GPTW) Certification for three consecutive years** as a top 'Employer-of-Choice' in the industry

### 3. Future Outlook:

- The **Order book** of the company as on Q4 end (Mar. 31st '24) is as follows:

| Business Units    | In Rs Cr.     |
|-------------------|---------------|
| Conductors + OPGW | 4,748         |
| Power Cables      | 1,130         |
| MSI               | 827           |
| Infra             | 5,456         |
| <b>Total</b>      | <b>12,151</b> |

- **GPS Co – Demerged SPTL:**
  - **India conductor market demand in FY26 is expected to be double of FY23;** Select segments of Power cable market such as EHV and Solar are growing at a CAGR of 15 – 25%
  - To address growing demand, capex of Rs 450Crs is underway towards increasing Conductor capacity by 45% to 1,55,000 MT and foray into Solar and EHV cables segments with sizeable capacity, which will enable
    - ✓ 30% Revenue growth upto FY26, with PAT growth of 62%

- ✓ Est. avg. ROCE of 33% and avg. ROE of 26% upto FY26, in line with 3yrs historical avg of top peers Apar Industries (ROCE – 34%, ROE – 21%) and KEI (ROCE – 23%, ROE – 18%)
- **Convergence business:** Has a track record of annual Free cash generation runrate of Rs 100 – 125 Crs which is likely to sustain over next 3 years
- **SGL5 - Infra Co:**
  - Income/Revenue streams for resultant Infra Co i.e. SGL-5 will be (1) EPC revenue from present set of 5 W-I-P SPVs and SPV related Change-in-law claims (2) Interest from SGL-32 on provided capital (3) Dividends from SGL-32
  - SGL-5 is long term debt free however, its step-down operational Holdco SGL-32 will be levered optimally on consolidated basis to maximise equity returns at Project SPV level
  - In FY26, EBIDTA and PAT is estimated to be Rs 943 Crs and Rs 737 Crs respectively owing to EPC margins and CIL claims conversion, leading to a ROCE of 37% and ROE of 29%
  - **\$12Bn worth TBCB Transmission Project bids expected by CY2025 of which SGL-32 targets to acquire upto ~18%** of the upcoming TBCB Projects at higher than avg. market Equity Returns

**For any further information, please contact:**

|                |                         |  |
|----------------|-------------------------|--|
| Ashok Ganesan  | Group Company Secretary | <a href="mailto:investor.relations@sterlitepower.com">investor.relations@sterlitepower.com</a> |
| Benoy Varghese | Investor Relations      |  |

**Annexure - 1:**

**Business lines of the Company are as follows:**

- **Infra:** Develops intra and interstate greenfield power transmission infrastructure on 'Build-Own-Operate- Transfer (BOOT)' model under long term 35 years concession agreements with very high payment security; enjoys highest market share amongst private players in the Tariff based competitive bidding (TBCB) segment. The company operates in India and Brazil markets.
- **Global Products & Services (GPS):**
  - Manufacturing of high-performance power conductors, Extra High Voltage (EHV) cables & Optical Ground Wire (OPGW); enjoys market leadership in India and exports to over 70 countries
  - Engineering, Procurement & Construction (EPC) and System Integration services for Power sector covering upgrade, uprate, and fiberization (OPGW) of existing power transmission infrastructure of State Transcos & PGCIL.
- **Convergence:** Development and Aggregation of OPGW based Optical Fibre Telecom Infra and monetization of the same; only private, neutral, and independent OPGW Fiberco in the country.