

The logo for Sterlite Power, featuring three slanted parallel lines to the left of the company name.

//// Sterlite Power

Shareholder Update

Q3-FY24



STERLITE POWER TRANSMISSION LTD. (SPTL)

Shareholder Update: Q3-FY24

Q3 Highlights:

- Demerger on course – will lead to creation of a pure play manufacturing company comparable with leading listed players.
- Key Infra Bid win in Rajasthan – overall Green Energy portfolio increases to 8 transmission projects.
- One-off drop in 9M-FY24 EBIDTA and PAT vis-à-vis 9M-FY23 nos., owing to timing mismatch in contracted revenues and related costs.
- GPS business Order book at an all-time high

This update is for the esteemed shareholders of SPTL, covering the key business and financial highlights for Q3-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 Q3-FY24:

- **Update on 'Infra' Business:**
 - In India:
 - ✓ Bid wins:
 - Secured the order for **Rajasthan REZ Ph-IV (Part-1-Bikaner Complex): Part-B Transmission project** on 'BOOT' model. With this order win, Sterlite Power has secured its third Green Energy Corridor (GEC) project in the state of Rajasthan and the overall **green energy portfolio** of the company pertaining to the tally of projects under execution has increased to eight.
 - ✓ Project completion/milestones:
 - Across Q4-FY24 and Q1-FY25, the company is targeting to complete the below projects:
 - Mumbai Urja Marg project: Packages B & C
 - Goa Tanmar project: 400 kV DC Xeldum to Mapusa Line, 220 kV DC Xeldum to Xeldum Line & 220/400 kV Xeldum Substation
 - Nangalbibra Bongaigaon project: 132kV DC Hastinghmari – Ampati Line along with associated Bays

- In Brazil:
 - ✓ Received the 'Final Release' document for the Marituba Transmission project.
 - ✓ Closed financing of BRL 149.4 million (~USD 30Mn) in debentures and an additional BRL 345 million (~USD 69Mn) in long-term financing to fund project development and construction.
- **Order Deal wins:**
 - New orders worth ~INR 1,400 crores have been won by the **Global Products & Services (GPS)** business verticals. Thus, the cumulative order wins for two businesses in the first 9 months of FY24 has increased to ~INR 4,700 crores.
 - These new orders have been secured in domestic market and international markets of Africa, Middle East, Europe and Americas

2. Financial Highlights for Q3 & 9M-FY24:

- The snapshot of unaudited standalone Profit & Loss statement for quarter & nine months ending Dec. 31 '23 is as follows:

Parameter	Q3-FY24	Q3-FY23	Growth (Y-o-Y)	9M-FY24	9M-FY23	Growth (Y-o-Y)
Total Income	1,467	1,111	32%	3,995	2,744	46%
EBIDTA	144	161	(10%)	231	428	(46%)
EBIDTA Margin	9.8%	14.5%		5.8%	15.6%	
PAT	78	90	(13%)	100	249	(60%)
Net Margin	5.3%	8.1%		2.5%	9.1%	

- Standalone financials comprise of Products & MSI business lines and part of Infra business (captive Transmission projects EPC); Consolidated financials includes standalone financials + India Infra SPVs + Brazil Infra business + Convergence business.
- The drop in 9M-FY24 EBIDTA as compared to 9M-FY23 EBIDTA, is mainly due to following reason:
 - ✓ EBIDTA of Infra Business dropped by Rs 202 Crs from Rs 139 Crs for 9M-FY23 v/s Rs (63) Crs for 9M-FY24. This drop is primarily due to an increase in EPC contract cost of a project by Rs 160 Crs. As the project cost increase needs to be recognised once the cost is incurred, the impact of the same is observed in the 9 months financials owing to timing mismatch between Revenue and costs:
 - The above-mentioned increase in project cost is on account of the increase in 'Interest during Construction (IDC) of the project and Force majeure conditions.
 - At Project COD, the company will endeavour to recoup the loss due to cost overrun, through the Infra SPV seeking 'Claims' from Regulatory authorities. The company has a very good track record in conversion of Claims into actual payouts over the last few years.
- The drop in 9M-FY24 PAT is owing to drop in above mentioned drop in EBIDTA.
- Unaudited consolidated SPTL P&L for 9M-FY24: Revenue – Rs 5,365 Crs; EBIDTA – Rs 357 Crs

- The key standalone Balance sheet metrics for the quarter and nine months ending Dec. 31 '23 are as follows:
 - The Networth is Rs 2,014 Crs, as compared to Rs 1,838 Crs as of Dec. 31, '22
 - The external long-term borrowing is nil, which was nil as of Dec. 31, '22 as well.
- Financing updates:
 - Equity:
 - ✓ The equity partnership deal with GIC for Infra business is on track for closure
 - ✓ The Demerger process is on track; NCLT order expected by July '24 (Once the demerger scheme becomes effective, the demerged SPTL entity will comprise of Products + MSI + Convergence businesses only while Infra business – India + Brazil will be hived off into a separate entity)
 - Debt/Treasury:
 - ✓ Achieved Financial closure of Beawar Transmission project from REC Ltd
 - ✓ Achieved Financial closure of Fatehgarh Beawar Transmission project from PFC Ltd
 - ✓ Undertook refinancing of an existing loan of Rs 1,400 Crs with a new facility of Rs 1,840Crs for Lakadia Vadodara Transmission project by a lender consortium led by HDFC Bank with IIFCL and Bank of Baroda as members of the consortium.

3. Future Outlook:

- The **Order book** of the company as on Q3 end (Dec. 31st '23) is as follows:

Business Units	In Rs Cr.
Products	4,671
MSI	1,310
Infra	5,169
Convergence	223
Total	11,373

- **Market outlook:**
 - In FY24 year till date, 22 Tariff based Competitive Bidding (TBCB) bids worth Rs 43,314 Crs have been completed and Request for Proposals (RfP) have been released for additional 23 TBCB bids worth ~Rs 88,153 Crs. Further, 6 bids worth Rs 18,914 Crs are approved, and RFP issuance is awaited.
 - The addressable global market of power conductors for the company in FY24 is 1.35Mn MT and the same is slated to grow at 5-6% over the next 4 years. India power conductor market volumes is expected to grow from current volume size of 1.5 Lacs MT to ~2.6 Lacs MT in next 4 years.
 - The addressable global Power Cable market size is USD 6.7Bn is expected to grow at a blended CAGR of 8% over next 4 years; whereas the India addressable power cable market of USD 1.4Bn is estimated to grow at CAGR of 12% over the next 4 years

For any further information, please contact:

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Annexure - 1:

a. 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 30/35 years concession agreements with very high payment security; enjoys highest market share amongst private players in this segment. The company operates in India and Brazil markets.
- **Global Products & Services:**
 - 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.
- **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.