

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

///Sterlite Power

Shareholder Update H1 FY24



STERLITE POWER TRANSMISSION LTD. (SPTL)

Shareholder Update: H1-FY24

- ❖ **Equity Partnership formed with Singapore's Sovereign Fund - GIC, to set up India Infra platform**
- ❖ **Under a 2-way Demerger, SPTL to hive off Transmission Infra business**

This update is for the esteemed shareholders of SPTL, covering the recent corporate actions which will lead to value creation, key business highlights for H1-FY24, audited Q1-FY24 financials and future business outlook. Kindly refer to **Annexure – 1** for a brief overview of the different business lines of the company.

1. Equity partnership with GIC:

- In October '23, the company signed agreements to bring in GIC Affiliates as an equity partner for the India transmission business unit, which will be subject to the company meeting customary closing conditions.
- GIC is a leading global investment firm established in 1981 to manage Singapore's foreign reserves and has invested in more than 40 countries worldwide.

2. Demerger:

- After considering various options, in Sept. '23 the Board of Directors approved a two-way demerger to enable giving focused attention to individual business units to capitalize on the market growth opportunities and attract right capital, broad construct of the same is as follows:
 - ✓ The Infrastructure business unit (comprising of India & Brazil businesses) will be hived out of SPTL into a separate company – Sterlite Grid 5 Limited (SGL5)
 - ✓ Demerged SPTL will continue to hold the Products, MSI and Convergence business units.
- Subsequently, the company filed for Demerger with NCLT, wherein the Demerger approval process is expected to take 8 – 9 months from the date of filing of the Demerger scheme.
- Once the Demerger is approved, every shareholder holding 1 share in SPTL will receive an additional 1 share in SGL5.

3. Business Highlights for H1-FY24:

- **Update on 'Infra' Projects:**
 - In India:
 - ✓ Won the competitive bid for 'Rajasthan Phase-III 20GW Package F' Transmission project in Aug.'23 wherein the project comprises of 350 km 765kV transmission corridor, 3000 MVA

765/400kV Substation and LILO lines of 120 kms; SPV acquisition completed in Sept. '23

- ✓ Financial closure achieved for 350kms 765kV Fatehgarh III Beawar Transmission - Rajasthan Package 'G' project in Sept. '23
- ✓ Package 'G' and Package 'F' together will form one of the largest green energy corridors in the country
- ✓ Successful commissioning of Package 'D' of the inter-state 'MUML' transmission project, wherein package comprised of 90kms transmission corridor connecting Pare Hydro Electric Power Station in Arunachal Pradesh to substation in North Lakhimpur, Assam
- In Brazil:
 - ✓ Two projects (SS Pirineus & LILO and Borborema II) were completed in May '23, 11 months ahead of schedule
 - ✓ Successful commissioning of Marituba project in July '23, a 344 km long 500kV transmission corridor which can deliver up to 1,000 MW of green energy
- **Order Deal wins:**
 - The overall value of new Order wins in Products, MSI and Convergence business units during H1 FY'23 was Rs. 3,454 Crs
 - The new orders have been secured in domestic market and international regions like Africa, Middle East, Europe, and Americas
 - In Sept.'23, Convergence Business was selected through competitive bidding for a unique PPP with Rajasthan State Transmission company for operations & monetization of their ~17,000 kms OPGW fiber network

4. Financial Highlights for Q1-FY24:

- The snapshot of unaudited standalone and consolidated P&L for the quarter ending June 30 '23 is as follows:

Parameter	Standalone financials (Rs Crs)			Consolidated Financials (Rs Crs)		
	Q1-FY24	Q1-FY23	Growth (Y-o-Y)	Q1-FY24	Q1-FY23	Growth (Y-o-Y)
Total Income	1,417	758	87%	1,877	1,577	19%
Gross Profit	437	259	69%	502	434	16%
Gross Margin	31%	34%		26%	28%	
EBIDTA	234	113	107%	196	128	53%
EBIDTA Margin	17%	15%		11%	8%	
PAT	152	67	127%	10	(103)	110%
Net Margin	11%	9%		0.5%	-7%	

Note: 1. Standalone financials comprise of Infra EPC, Products and MSI business lines

2. The drop in Consolidated PAT vis-à-vis Standalone PAT for the quarter is majorly owing to negative Brazil business PAT of Rs. (67) Crs and elimination of company's share in 'Infra' JVs of Rs. (77) Crs due to consolidation accounting of EPC margins of the said JVs.

- The key Balance sheet metrics for the quarter ending June 30 '23 is as follows:
 - ✓ The cash & bank balance of the company was Rs 1,158 Crs
 - ✓ The total Borrowings (Long term + Short term) of the company was Rs 4,959 Crs as compared to Rs 2,423 Crs at end of Q1-FY23. The long-term borrowing is utilized for implementing the TBCB (Tarriff

Based Competitive Bidding) transmission projects under the Infrastructure vertical.

- The snapshot of audited financials for Q2-FY24 will be released in due course, once the same are approved by the Board of Directors

5. Future Outlook:

- In FY24, 7 'BOOT' bids worth Rs 9,815 Crs have been completed in India till date and RFPs have been released for additional 23 TBCB bids worth ~Rs 52,089 Crs
- The Order book of the company as on H1 end (Sept 30th '23) is as follows:

Business Units	In Rs Cr.
Products	3,931
MSI	1,726
Infra	5,097
Convergence	397
Total	11,151

- The recently released International Energy Agency (IEA) report on 'Electricity Grids and Secure Energy Transition', lays out the key drivers for the anticipated multi-year bull run in Power transmission sector:
 - Transmission Grid investment needs to nearly double by 2030 to over USD 600 Bn/year from current level of USD 300 Bn/year to enable the targeted energy transition and meet energy demand.
 - World transmission line route length is expected to reach 12.7 million kms by 2050 from 5.3 million in 2021. In India, Transmission line route length is expected to reach nearly 1.7 million kms by 2050 from 0.5 million kms in 2021.
 - There is a growing need to modernize the aging infrastructure to enhance efficiency and to accommodate new energy resources. In developed economies, more than 50% of the existing grid infrastructure is more than 20 years old, providing a strong growth opportunity for new age products and solutions.

6. Awards & Recognition:

- The company has been awarded the 'Most Admired Company in the Power Sector' at the Economic Times (ET) Edge's Infra Focus Summit and Awards 2023

For any further information, please contact:

Ashok Ganesan	Group Company Secretary	investor.relations@sterlitepower.com
Benoy Varghese	Investor Relations	

Annexure - 1:

a. About Sterlite Power:

Sterlite Power is a leading private sector power transmission infrastructure developer and solutions provider in India and Brazil. The Company has developed/developing a robust portfolio of 31 projects (18 in India, 13 Brazil) covering approximately 15,000 circuit Kms of transmission lines (Overall capital commitment of Rs. 37,738 Crores). In the past, the company followed a policy of monetizing the completed Infra projects through an 'Asset flip' strategy. Once the selected investor onboarded onto the India Infra transmission business platform, the company intends to follow the policy of holding the transmission assets in its books for a longer term.

In Brazil since 2018, Sterlite Power undertakes development of Transmission Infra on 'Build-Own-Operate-Maintain (BOOM)' model under typical long term Concession agreements. The Company has a portfolio of 13 transmission projects (9 completed projects & 4 under development projects) in this fast-growing South American nation, spanning 5,034 ckms.

b. 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
- **Products:** Manufacturing of high-performance power conductors, Extra High Voltage (EHV) cables & Optical Ground Wire (OPGW); enjoys market leadership in India and exports to over 60 countries
- **Services (MSI):** 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. The company's portfolio is of 5,300 km+ c-km covering 117 corridors in 22 states along with 44,000 km+ of OPGW network, comprising of completed and under execution projects
- **Convergence:** Development and Aggregation of OPGW based Optical Fibre Telecom Infra and monetization; only private, neutral and independent OPGW Fiberco in the country. The company has aggregated ~5,500 route kms of OPGW network for monetization.