



Sterlite Power Transmission Limited

"Empowering Humanity"

WWW.STERLITEPOWER.COM

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ISIN: INE110V01015
CIN:
U74120PN2015PLC156643
Status: Unlisted EQ
Face Value: ₹10 per share
Market Capitalisation:
₹26,920.04 Millions

Sterlite Power Transmission Limited (Sterlite Power) is a leading global developer of power transmission infrastructure with projects of approximately 13,700 circuit km and 26,100 mega-volt ampere (MVA) in India and Brazil. With an industry-leading portfolio of power conductors, extra-high voltage Extra-High Voltage (EHV) cables and optical ground wire Optical Ground Wire (OPGW), Sterlite Power offers solutions for upgrading, uprating and strengthening existing networks, and are the leading manufacturer of bare overhead conductors, exporting to over 60 countries. The Company has set new benchmarks in the industry by use of cutting-edge technologies and innovative financing.

Genesis:

Sterlite Technologies limited entered the power transmission business in 2009. In 2010, Sterlite Power (as a division of STL) was awarded India's first Independent Power Transmission Project under Tariff Based Competitive Bidding (TBCB) regime. Within four years, the Company had outperformed and had attracted private equity investment of ₹ 5 billion from Standard Chartered Private Equity. It had also commissioned its first inter-state project located in the North Eastern Region. Sterlite Power was awarded the project in the challenging terrain of Jammu and Kashmir with a route length of 887 ckms. In 2018, Sterlite Power received the largest global order of US\$47 billion from GS S Korea for the supply of High-Performance Conductor (ACCC).

Sterlite Power is headquartered in New Delhi, India. The Company is focused on addressing complex challenges in the sector by tackling the key constraints of time, space and capital. It is uniquely positioned to solve the toughest challenges of energy delivery. The Company is the sponsor of IndiGrid, India's first power sector Infrastructure Investment Trust (InvIT), listed on the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). Sterlite Power has been recognised with prestigious global awards from S&P Global Platts and International Project Management Association (IPMA).

"The Government of India has an aggressive target of achieving 450GW of green energy capacity by 2030. This is an unprecedented opportunity for us to make a significant contribution to the sector with our expertise and our experience"

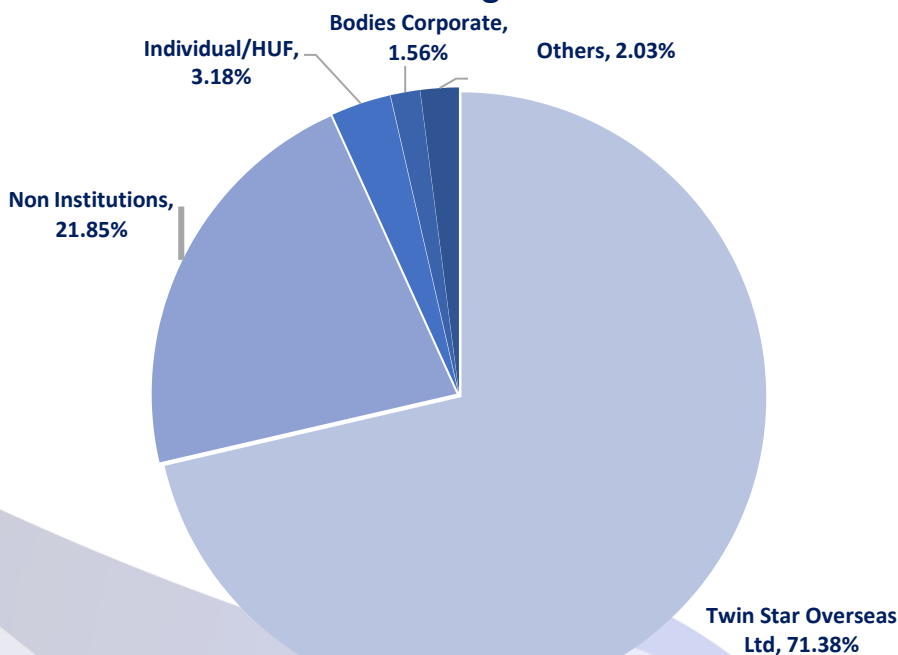
Mr Pravin Agarwal
Chairman STPL

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STERLITE POWER TRANSMISSION LIMITED



Shareholding Pattern



Leadership Team



Mr Pravin Agarwal(Chairman)-With rich industry experience of more than 30 years,Mr Pravin Agarwal has been closely involved with Sterlite Group's operations in India since 1979.He has been instrumental in the growth of the Company's telecom and power businesses and has been the driving force behind the Company's expansion into multiple markets and its continued growth momentum.



Mr Pratik Agarwal(Managing Director)-A Wharton graduate and Masters in Business Administration from London Business School.He has over 10 years of experience in building core infrastructure assets in India.He has helped build up the Group's Infrastructure business,where it now has significant investments in ports,power transmission and broadband networks.



Mr A R Narayanaswamy(Non-Executive and Independent Director)-Brings extensive financial,strategic and Boardroom experience.He is also a management consultant with over four decades of consulting experience across accounting,financial management and information technology.



Haixia Zhao(Non-Executive and Independent Director)-Brings on board extensive experience in global energy and infrastructure and banking sectors.She has a strong business development track record in Asia,with a strong insight into the contingent's regulatory challenges. Her experience gives her a long-term strategic approach, as well as M&A and geographical expansion capabilities in a hyper-growth environment.



Key Business and Finance Matrices:

Infrastructure-

- ◆ a leading global developer of power transmission infrastructure with 25 projects* spanning ~13,700 circuit kms in India and Brazil
- ◆ strong liquidity discipline, and innovative project financing (via IndiGrid InvIT)

Solutions-

- ◆ providing solutions that upgrade and uprate corridor intensity
- ◆ Ensuring improved performance in the short and long-term through system design, application engineering, complete engineering procurement and construction as well as project management, commissioning and lifecycle services.

Convergence-

- ◆ one of the leading best-in-class dark fibre solution providers in the country
- ◆ utilizing a highly reliable OPGW network.
- ◆ providing the best uptime in the industry using high-quality fibre with less attenuation

Investment management (IndiGrid Trust)-

- ◆ AAA-rated ownership
- ◆ ₹53 billion AUM

Portfolio

25 power transmission projects

won under Public-Private Partnerships (PPP); 15 in India under TBCB and 10 in Brazil

~26,100 MVA of transformation capacity

~13,700 ckm of power transmission lines commissioned or under construction

9 operational assets

won under PPP

21 substations

31.5% market share by tariff of inter-state projects awarded under competitive bidding in India

₹36,022 Crore of capex

(US\$ 4.88 Billion planned and incurred)

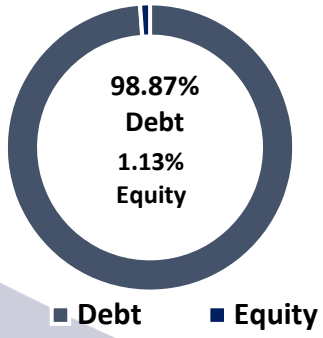
68 EHV transmission lines

99.84% availability achieved across our commissioned assets in FY 2019-20

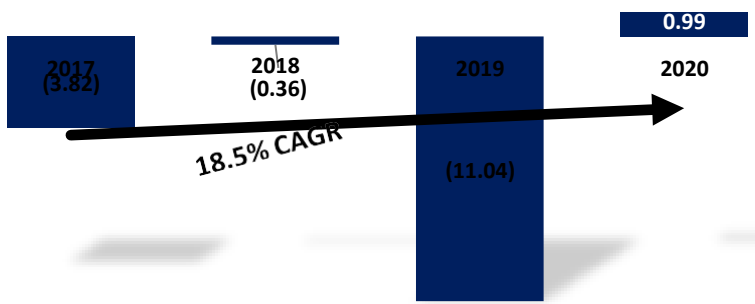
Source: Sterlite Power Transmission Annual Report 2019-2020

Financial Dashboard

Capital Structure



Book Value Per share



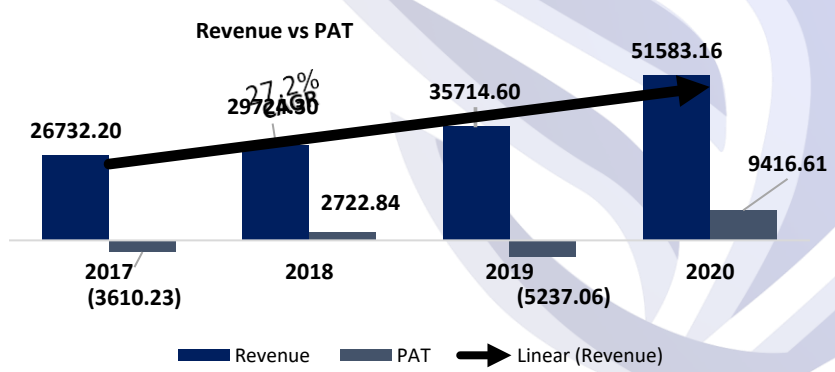
Bond Rating:

Raised India's first AAA (SO) rated infrastructure bonds without Government guarantee for transmission projects.

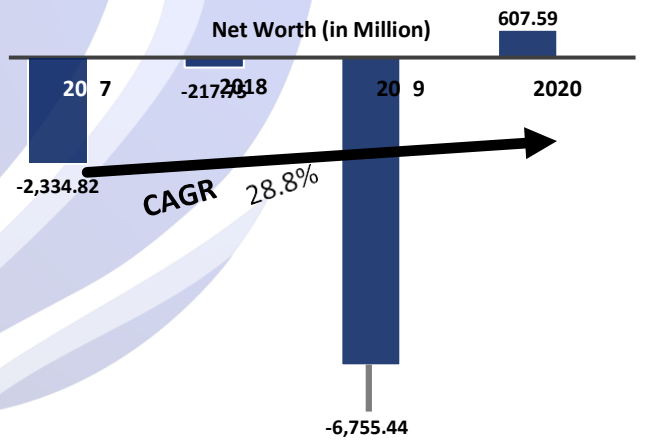
CRISIL Rating:

Long Term: AA (Stable) Short Term: A1+

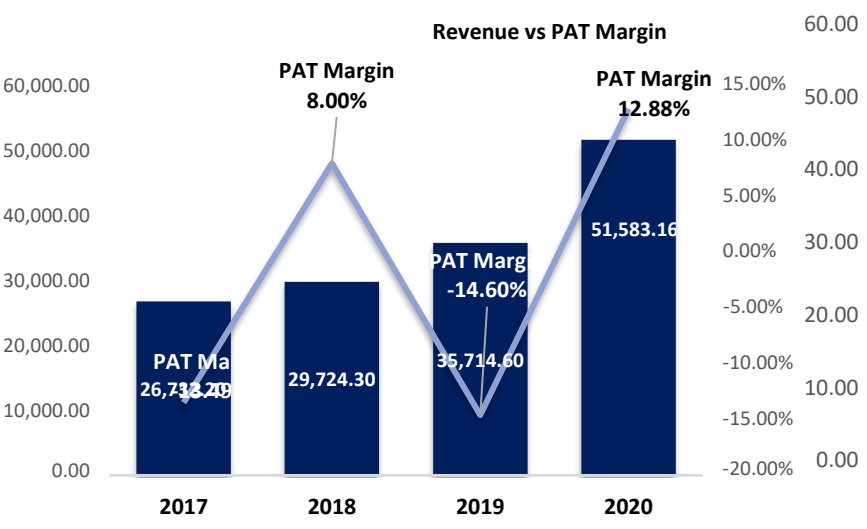
Revenue vs PAT



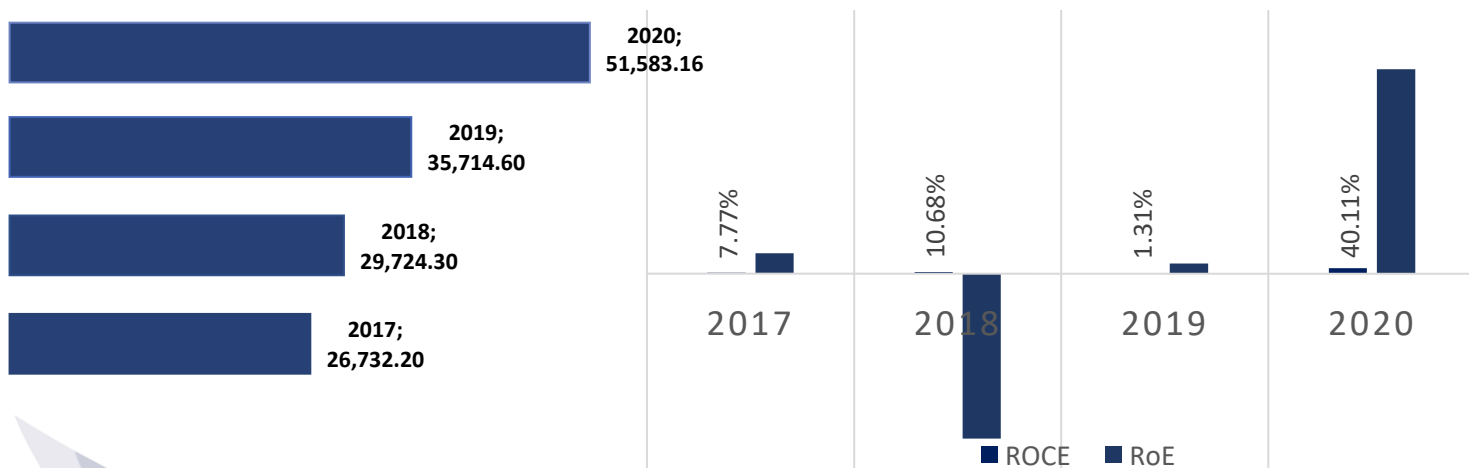
Net Worth (in Million)



Revenue vs PAT Margin



Revenue(in Millions)



Key Numbers (Consolidated)

(in Millions)

METRICS	FY2020	FY2019	FY2018	Y-O-Y Growth
Market Capitalisation	26,920.04	-	-	-
Enterprise Value	75,949.57	-	-	-
Enterprise value/EBITDA(X)	3.16	-	-	-
Net worth	607.59	-6755.44	-217.75	379%
Revenue (in ₹)	51,583.16	35,714.60	29,724.30	102.88%
EBITDA	24,056.28	4,500.97	8,496.37	183.14%
Net profit margin (in %)	13%	-15%	8%	5.00%
PAT (in ₹)	9,416.61	-5,237.06	2,722.84	245.84%
EPS	153.91	-85.60	44.50	245.87%
RoA (in %)	10.30%	-4.28%	3.34%	6.96%
ROCE	40.11%	1.31%	10.68%	29.43%
Face Value per Share (in ₹)	10/2	10/2	10/2	

Peer Comparison

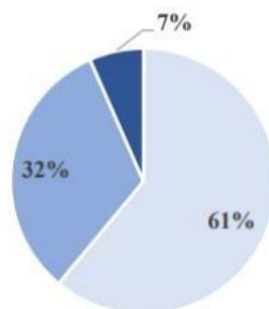
(in Millions)

COMPANIES	CMP	Market Capitalisation	Revenue	Net Profit Margin	ROCE	EV/EBITDA
Sterlite Power	440	26,920.04	51,583.16	13%	40.11%	3.16
Power Grid Corporation	225.55	11,79,950	3,86,700	28.89%	10.32%	6.38
Adani Transmission	1,444.90	15,89,110	1,16,810	6.18%	10.57%	9.06
Tata Power	105.35	3,36,620	2,96,980	1.24%	9.44%	6.31



Key Investment Considerations

- ◆ The Company's consolidated income for FY 2019-20 is at ₹51,583 Million (US\$ 699 Million), a 44% increase from ₹35,715 Million (US\$ 484 Million) in FY 2018-19. The rise is due to the gain on sale of ₹16,450 million recorded as a result of selling its commissioned projects namely NRSS-29, OGPTL & ENICL to India Grid Trust. The capital generated through these monetisation activities is used for reinvesting in under-construction projects in India.



■ Power Product and Solutions ■ Power Transmission Grid Business ■ Others

Segmental Revenue Breakup

- ◆ Operating performance was impacted during the first quarter of fiscal 2021 owing to Covid-19 and the resultant disruption in operations. As a result, operating income declined by around 40% in the quarter ended June 2020 as compared to the same period last fiscal. However, operations are improving gradually. Also, a strong order book of over ₹ 10,000 crores provides healthy revenue visibility for the medium term.
- ◆ Operating income in fiscal 2020 was similar to last fiscal as the Company's product segment de-grew due to low capacity additions by various telecom players. However, the services segment was able to support the revenue as it grew by more than 50% in fiscal 2020.
- ◆ Consolidated Earnings Per Share (due to asset monetization) stands at ₹153.91 in FY2020 as against ₹-85.60 in FY2019.
- ◆ Consolidated Net Worth improved to ₹608 Million (US\$ 8 Million) in FY 2019-20, compared to ₹6,755 Million (US\$ 92 Million) in FY 2018-19. The Company is also evaluating a more effective capital structure including refinancing of debt, working capital facilities from banks and financial institutions for funding the requirements. Hence, the management believes that there is no risk in the Company's ability to continue as a going concern and meeting its liabilities as and when they fall due including repayment of existing loans.
- ◆ Asset Monetisation Strategy (A Unique Financial Innovation): So far flipped 9 operational assets to IndiGrid with a total value of ₹12,307 Crore (US\$ 1.67 Billion) in India. In Brazil successfully completed the sale of 3 assets worth US\$ 150 million to marquee developers and investors. Currently, the Company has 45 subsidiaries and the performance has improved due to asset monetization.
- ◆ For the first time, the Company has declared a dividend at ₹5.30 per share. Additionally in August 2020, there was a sale of 14.7% stake held in IndiGrid with the transaction valued at ₹8.4 Billion at a unit price of ₹98 thereby freeing up significant cash for new projects and reducing the debt obligations.

Impact of Covid 19:

- ◆ The COVID pandemic is rapidly spreading throughout the world. The Company's plants and offices were under lockdown since March 25, 2020. As a result of the lockdown, the operations of the Company have been impacted from the last week of March 2020 to mid of April 2020. However, as electricity has been declared as an essential commodity by the government, the operations of the Company relating to manufacturing and supply of components for generation and supply of electricity have resumed in a phased manner since then. In assessing the liquidity position for the next one year and recoverability of the Company's assets such as investments, loans, Property, Plant and Equipment, trade receivables, inventory etc. the Company has considered internal and external information up to the date of approval of these financial statements. The Company has performed sensitivity analysis on the assumptions used for cash flow projections basis the internal and external information/indicators of future economic conditions and expects to recover the carrying amount of these assets.





Future Outlook

- ◆ The Company is dedicated towards building a greener future with sustainability as a second nature. They have been implementing various environmentally sustainable practices throughout their projects such as tree translocation and using aerial technologies. Now embarking on a journey to have the best-in-class Environment Social and Governance practices. This not only garners critical support but also results in unlocking synergies with the local communities and administration. Example: Lakadia Vadodara Project
- ◆ Striding towards a cleaner tomorrow with the increasing focus on integrating renewable energy into the grid. The WRSS XIX & NERSS IX project will bring clean and green energy from solar, nuclear and hydro for people across the western and north-eastern region in India.
- ◆ India opened the transmission sector to private sector investments post the Electricity Act, 2003 with the aim to improve investments in the transmission space and enhance grid reliability. As of March 31, 2020, the private sector owns about 7.4% of transmission lines (based on ckm), while on the other hand generation witnessed the private sector contributing 46% of the installed capacity. Generation capacity grew at a CAGR of 9% between the years 2000-2010. The transmission sector played catch-up during the period 2010-2020 and registered a growth of 19%. The tremendous scope of growth in the per capita electricity consumption in India, which is much lower than the world average.
- ◆ Dual Challenge of 2 Billion and 2 Degrees-Approximately 2 Billion people globally still do not have access to reliable power. Also, the world now has a global goal of 'limiting the increase in the global average temperature to well below 2°C above pre-industrial levels. The Company is determined in resolving this challenge by shifting to Renewable Energy (RE) sources. The Company believes that solving the time, space and capital trilemma in the power sector can help address the twin challenge and ensure access to reliable electricity for 2 Billion lives without impacting the global goal of restricting the increase in temperatures below 2 Degrees.
- ◆ International presence: In a short time, the Company has been able to develop a portfolio of a total of 10 transmission projects in the fast-growing South American nation. Increasing renewable power capacity has also increased the need for countries to interconnect their transmission systems, to balance generation and demand through export and import of electricity. This in turn has pushed the construction of higher capacity interconnection lines.



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