



Presents

Sterlite Power Limited

Company's Overview

1. Sterlite Power is India's leading integrated power transmission developer and solutions provider, focused on addressing complex challenges in the sector by tackling the key constraints of time, space and capital.

Time = It means commissioning of projects on time. The use of technology and know how of working in difficult terrain has made Sterlite power to deliver projects well ahead of time.

Space = This is the big issue as far as metro cities are concerned. For example, in Mumbai we have a grid setup that is providing electricity. Now every year the demand for electricity is going up by 10-15% that means in every 6 years we need to double our capacity to keep away load shedding. The same grid needs to be expanded as new grids can't be added due to space constraint in metro as most of the areas are covered by real estate. Here Sterlite Power with its innovation and technology solve this issue.

Recently they have successfully upgraded existing transmission line in Panjim, Goa to solve the load shedding problem.

Capital = The infrastructure projects requires lot of upfront money to invest. In North America and Singapore they have the system of Infrastructure Funds wherein Pension Funds, Sovereign Funds invest money for long terms and in turns gets fixed source of income. Firstly, the companies get sufficient funds without raising debt. Secondly, they are not dependent on promoter's money which too have the limits.

To inculcate the same philosophy, the Sterlite Power launch India's first IndiGrid InvIT fund in 2017 by forming a **India Grid Investment Trust** thereby raising 2250 Cr from it. The fund is listed on exchanges and regulated by SEBI.

As per Management:

This fund would help Sterlite Power in reducing Debt and would help bottomline, but also some of the operational income of Sterlite Power would be going away into the Trust but the main goal behind this was to create a pipeline of capital for future projects.

The key raw material for the business is equity and debt. India needs Rs 30,000 crore of annual investment in power transmission sector and a vast majority of it would be under the tariff-based competitive bidding (TBCB), which means players like Sterlite Power would need to be ready with equity capital.

They have always desired to have a volume play in the transmission business, where they have 30% of market share of projects awarded under TBCB, now they want to enjoy the same share in the larger market which has grown from Rs 8,000-10,000 crore to 30,000 crore. Sterlite Power want to maintain their market share and returns and the InvIT provides a platform to raise funds for it.

2. In the Global Infrastructure Business, they **develop, own** and **operate power transmission assets** across multiple geographies. Under the BOOM (Build Own Operate Maintain) model, they successfully entered the Brazil market and are evaluating other growth markets like Argentina, Mexico etc.

3. Business model

a) **Bid**= They've had a track record of winning profitable projects and creating a robust pipeline. So far, they won 12 projects in India, giving them a 30% market share by tariff of inter-state projects awarded under the competitive bidding regime in India.

b) **Develop** = Sterlite Power has built a track record of leveraging technology and deploying its project execution expertise to deliver

projects on time and within permitted costs, often commissioning projects ahead of schedule.

c) Manage and refinance = They have built a strong operations and maintenance team to manage the assets post commissioning. Indigrid, India's first power sector Infrastructure Investment Trust (InvIT) provides a potential avenue for Sterlite Power to raise capital by transferring mature, fully operational assets to the trust and redeploying the capital for new assets.

4. The company has an excellent record of delivering/commissioning transmission projects well ahead of time by using world's best technology.

Understanding of Business from Mr. Pratik Agarwal, MD & CEO, Sterlite Power from this Youtube Video.

<https://www.youtube.com/watch?v=HNGTuMQmMuE>

Opportunities in the Power Sector

Indian power transmission sector will see investments of Rs 3 lakh crore over five years. Of this, 70-100% projects would be on TBCB (tariff-based competitive bidding), which offers huge opportunity to private players. The sector has limited competition as there are only three or four players which are project developers, which places Sterlite Power well. Growth in renewable energy will also create demand for transmission.

Fact-sheet of Sterlite Power

(i) Sterlite Power commissioned ₹3,000 cr project in Jammu and Kashmir:

The more detail can be accessed at

<https://www.youtube.com/watch?v=4bNKHcxSWBI>

(ii) In 2018, they won a 1500 crore Goa power transmission system strengthening project.

(iii) In 2017, they won the largest project in Brazil Transmission Auction, taking total Latam transmission portfolio to 7000 Cr which was enhanced to 14000 Cr in FY18 after getting 6 new transmission projects.

(iv) In 2018, received largest global order of US\$ 47 Billion from GS S Korea for supply of High Performance Conductor (ACCC).

(v) As per Annual Report of FY17-18:

> they have total 21 Infrastructure projects (12 in India and 9 in Brazil).

> Projects worth 26,800 Cr across India and Brazil.

> Largest manufacturer of conductors in India – 1,60,000 MT

Management of the Company:

a) Mr. Pravin Agarwal, Chairman, anchors Sterlite Power Transmission Limited as Chairman and Sterlite Technologies Limited as Vice-Chairman with rich industry experience of more than 30 years.

He has been closely involved with Sterlite Group's operations in India since its inception in 1979. Sterlite Power and Sterlite Technologies are pioneers in power and data transmission products and solutions with a global presence in over 100 countries.

b) Mr. Pratik Agarwal is the **Managing Director and Chief Executive Officer** of Sterlite Power.

He has held this position since June 2016. prior to which, he was the Vice-Chairman of Sterlite Grid, and also Director of the infrastructure business for the Vedanta Group.

He is a Wharton graduate and an MBA from London Business School with over 10 years of experience in building core infrastructure assets in India. He founded the Group's infrastructure business in 2009 and built it to the levels where it now has significant investments in ports, power transmission and broadband networks.

He is also the Chairman of the Electric Power Transmission Association and Transmission Task Force of FICCI.

The Company is promoted by **Twin Star Overseas Limited (Mauritius)** and **Vedanta Limited** which together hold ~73% as on 31.03.2018

Financial Performance(Figures in Cr)

Year	Revenue	PAT	Finance Cost	EBITDA Margins	PAT Margins	EPS
2016	2,697	-599	866	21%	-22%	-83
2017	2,673	-361	788	31%	-14%	-59.0
2018	2,972	272.00	434	28%	9%	44.5

UZ Financial Review

1. The Finance cost is decreasing continuously in the last 3 years because of which the company comes in profit in the year 2018.
2. The Company has excellent EBITDA Margins and PAT Margins.
3. The Company has consolidated EPS of 44 in FY17-18.

Valuation of the Company

At CMP of 350 , the company is available at P/E of 7.95 based on FY18 performance.

Note:

For buying or selling shares for Sterlite Power please drop an email to

**sales@unlistedzone.com or watsapp at 08010009625 to Mr. Dinesh Gupta,
Co-Founder of UnlistedZone [www.unlistedzone.com]**