Rating Rationale

April 15, 2025 | Mumbai

Sterlite Power Transmission Limited

Ratings upgraded to 'Crisil AA-/Stable/Crisil A1+'; Removed from 'Watch Developing'

Rating Action

Total Bank Loan Facilities Rated	**Rs.5000 Crore**
Long Term Rating	**Crisil AA-/Stable (Upgraded from 'Crisil A'; Removed from 'Rating Watch with Developing Implications')**
Short Term Rating	**Crisil A1+ (Upgraded from 'Crisil A1'; Removed from 'Rating Watch with Developing Implications')**

Note: None of the Directors on Crisil Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.

1 crore = 10 million

Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

Crisil Ratings has removed its ratings on the bank facilities of Sterlite Power Transmission Limited (SPTL) from 'Rating Watch with Developing Implications' and has upgraded the ratings to **'Crisil AA-/Crisil A1+**' from 'Crisil A/Crisil A1' while assigning a '**Stable**' outlook to the long-term rating.

The ratings were placed on 'Watch with developing implications', after SPTL filed for a demerger on October 10, 2023. Under this scheme, SPTL has transferred its infrastructure business, including engineering, procurement and construction (EPC) contracts for power transmission lines, and investments in various transmission special-purpose vehicles (SPVs) in India and Brazil into Sterlite Grid 5 Ltd (SG5L). SPTL has retained the products and master system integration (MSI) businesses (collectively called the solutions business). The watch is being resolved as the demerger came into effect in October 2024, and lenders having finalised the bifurcation of entities rated by Crisil Ratings, between SPTL and Resonia Ltd[1] (rated 'Crisil A+/Stable/Crisil A1') by March 2025.

The rating upgrade reflects a substantial improvement in the credit risk profile of SPTL, following a structural change post the demerger, resulting in an entity with predictable cash flow and limited incremental capital requirement. Additionally, equity infusion in December 2024 and measures to enhance working capital efficiency lend strength to the credit profile.

The solutions business, which remains under SPTL, comprises conductors, cables, and reconductoring, has recorded more stable revenue and cash flow historically. This business has consistently accounted for nearly 70% of revenue and 50% of operating profit of the erstwhile SPTL, over the last five fiscals. Further, the demerger has enabled SPTL to focus its cash flow on its solutions business, which is less capital-intensive compared to the infrastructure business.

Moreover, SPTL has sustained its healthy market position in the conductor and cable segments and reported steady growth in scale of operations over the last three fiscals, with stable profitability and an increasing book position. Strong market position and focus on the power transmission sector have enabled the company to maintain an operating margin of around 10% since fiscal 2021. The solutions business has also demonstrated a strong return on capital employed (ROCE) of over 20%, underscoring its ability to generate strong profitability. Revenue has grown consistently, with a notable increase in scale, as evident from the expansion of order book from ~Rs 5,000 crore as of March 31, 2023, to Rs 6,675 crore as of March 31, 2025. Based on provisional figures, SPTL is estimated to have generated revenue of Rs 4,763 crore in fiscal 2025, compared to Rs 4,831 crore in fiscal 2024 (Rs 3,193 crore in fiscal 2023). Earnings before interest, tax, depreciation and amortisation (Ebidta) sustained at Rs 466 crore in fiscal 2025, compared to Rs 491 crore in fiscal 2024 (Rs 391 crore in fiscal 2023).

Along with continued healthy profitability, the recent equity infusion of Rs 725 crore from GEF Capital Partners and ENAM Holdings in December 2024 has improved the financial risk profile and liquidity, with significant reduction in working capital intensity. With the separation of the EPC business, the requirement for fund-based facilities has declined. Moreover, with comfortable liquidity, SPTL can also reduce its reliance on interest-bearing letter of credit (LC) for raw material procurement, which is expected to significantly decrease from ~Rs 1,000 crore as on March 31, 2025. With minimal long-term debt (~Rs 135 crore as on March 31, 2025), debt obligation will be lower in fiscal 2026.

Liquidity of Rs 1,433 crore (including unutilised bank limits) as on March 31, 2025, strengthens financial flexibility. With an expected steady-state liquidity of over Rs 700 crore (including unutilised fund-based lines) and moderate long-term debt, SPTL's debt profile is expected to remain conservative. The total outside liabilities to tangible networth (TOL/TNW) ratio is likely to improve to less than one time over the medium term (from around 1.3 times as on March 31, 2025). Maintaining strong liquidity, irrespective of strategic growth/expansion plans, remains a key monitorable.

Crisil Ratings also notes the increase in tariff by the US on aluminium imports from all countries, effective March 2025, which could pose challenges. However, the impact on SPTL will be limited, as US does not have a significant share in SPTL's exports. There could be some moderation in profitability, as the premium portfolio caters towards exports to the US and the company is also likely to face higher competitive intensity in its regular overseas markets. However, strong demand in the domestic market, where indigenous manufacturers are being preferred, should mitigate potential export-related risk.

These strengths are partially offset by exposure to intense competition and fluctuation in raw material prices, and the working capital-intensive operations.

---

[1]*Resonia Ltd is the power transmission platform created by SG5L (holding 51%) and Singapore-based sovereign fund GIC (holding 49%) in March 2025. It houses the domestic transmission business of the erstwhile SPTL.*

Analytical Approach

Crisil Ratings has combined the business and financial risk profiles of SPTL and its wholly owned subsidiary, Sterlite Convergence Ltd, as both the entities are in the same business under a common management.

Please refer Annexure - List of Entities Consolidated, which captures the list of entities considered and their analytical treatment of consolidation..

Key Rating Drivers & Detailed Description

Strengths:

Established market position across conductors and cable segments

SPTL has a strong presence in the power conductor and cable manufacturing segment. Within the MSI division, the company upgrades the existing transmission network. An established market position across diversified segments should support growth in revenue and profitability over the medium term.

SPTL is the second largest aluminium conductor and cable manufacturer in India. The company holds 24-27% of the domestic B2B (business-to-business) market for aluminium conductors. In specific high-voltage and extra high-voltage cable segments, SPTL holds 40-60% market share. The company had a total installed capacity of 1,38,000 MT of conductors and optical ground wires, and 2,500 km of cables as on March 31, 2025. Utilisation levels were healthy, at over 90% and 75% for the conductors and cable businesses, respectively, as on the same date. Moreover, the company carried out several debottlenecking initiatives in fiscal 2025, which have improved the capacity and efficiency of the plants and machinery, thereby increasing throughput with minimal capital expenditure (capex).

To address the growing demand in the transmission sector, a capex of Rs 450 crore is likely to be incurred over the next few fiscals, to increase conductor capacity and foray into solar and extra high-voltage cables segments. The planned capex will be funded through a mix of debt and internal accrual.

SPTL generates 35-40% of its revenue via exports. In the domestic market, the company caters to prominent customers and state government transmission entities.

Healthy operating efficiency

Profitability of the solutions business is driven by the quality of the order book in terms of size, product mix and execution timelines. Returns have been strong, as reflected in return on capital employed of 20-25% recorded over fiscals 2021 to 2025. The operating margin too has been consistent at around 10%. The portfolio has also been largely immune to volatility in aluminium and copper prices as the company fully hedges its positions on a mark-to-market basis. Going forward, the margin is expected to improve, aided by a strong order book offering revenue visibility for 12-15 months, and greater focus on value-added products. The ability to sustain and improve the operating margin remains monitorable.

Comfortable financial risk profile

Existing borrowings comprise short-term, LC-backed acceptances, and non-fund-based working capital debt. As on March 31, 2025, the external short-term debt has reduced sharply, following an equity infusion. LC-backed acceptances of around Rs 1,000 crore were outstanding as on March 31, 2025 (as against Rs 965 crore as on March 31, 2024). However, these should come down substantially as the company plans to employ cash and bill discounting facilities to optimise utilisation of the working capital limit. SPTL had no term loan as on March 31, 2024. It has availed a term loan of Rs 274 crore in June 2024 to expand its capacity in conductors and cables, of which around Rs 135 crore is outstanding as on date.

Interest coverage is estimated at 2.9 times for fiscal 2025, while TOL/TNW ratio stood at ~1.3 times as on March 31, 2025.

Any significant increase in long-term debt or investment in subsidiaries remains a key monitorable.

Weaknesses:

Vulnerable to raw material price volatility

Prices of aluminium and copper, the major raw material for conductors and cables, have been volatile over the past few years. Though SPTL follows a robust hedging policy to shield its profitability, price fluctuations in the global market could have some bearing on the margin. For instance, in fiscal 2025, the main Japanese port (MJP) premium on aluminium rose sharply and the cost was neither hedged nor could be passed on and hence had some impact on profitability. However, the company has now renegotiated contracts to pass on MJP premium and in the new contracts, MJP is a pass through.

Significant working capital requirement

Operations are working capital intensive due to the inherent nature of the industry. Issues such as delay in order execution, competitive pressure, and delay in obtaining requisite approvals could lead to higher reliance on the working capital limit.

Liquidity: Strong

As on March 31, 2025, liquidity stood at over Rs 1,433 crore (including unutilised limit of ~Rs 372 crore). There are minimal repayments in fiscal 2026. The management intends to scale up operations but remain debt-light going forward. Utilisation of the fund-based limit has reduced sharply post the equity infusion.

Outlook: Stable

The credit risk profile of SPTL will continue to benefit from its strong order pipeline and healthy financial risk profile.

Rating Sensitivity Factors

Upward factors:

- Strong revenue growth and steady operating margin of above 10%, leading to healthy growth in cash accrual
- Reduction in working capital intensity along with adequate liquidity
- Sustained improvement in financial risk profile with gearing below one time

Downward factors:

- Significant and sustained weakening of operating performance, for instance, operating margin below 7%
- Stretch in the working capital cycle or large debt-funded capex, constraining the capital structure

About the Company

SPTL is a part of the Vedanta group, which has diversified interests across metals, mining and oil and gas. The company is one of the largest manufacturers of power conductors and cables, and has a diversified presence across power transmission solution segments.

Key Financial Indicators

Particulars	Unit	2024 Audited	2023 Audited
Revenue	Rs crore	4943	3937
Profit after tax (PAT)	Rs crore	293	322
PAT margin	%	5.9	8.2
Debt/networth	Times	0.81	0.3
Interest coverage	Times	2.74	3.6

Any other information: Not Applicable

Note on complexity levels of the rated instrument:
Crisil Ratings` complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure

- Details of Instrument' in this Rating Rationale.

Crisil Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

For more details on the Crisil Ratings` complexity levels please visit www.crisilratings.com. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

ISIN	Name Of Instrument	Date Of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs.Crore)	Complexity Levels	Rating Outstanding with Outlook
NA	Fund-Based Facilities	NA	NA	NA	510.00	NA	Crisil AA-/Stable
NA	Non-Fund Based Limit	NA	NA	NA	3845.00	NA	Crisil A1+
NA	Proposed Fund-Based Bank Limits	NA	NA	NA	375.00	NA	Crisil AA-/Stable
NA	Term Loan	NA	NA	31-Mar-29	270.00	NA	Crisil AA-/Stable

Annexure - List of Entities Consolidated

Name of entities	Extent of consolidation	Rationale for consolidation
Sterlite Convergence Ltd	Full	Strong managerial, operational, and financial linkages

Annexure - Rating History for last 3 Years

	Current			2025 (History)		2024		2023		2022		Start of 2022
Instrument	**Type**	**Outstanding Amount**	**Rating**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**	**Rating**
Fund Based Facilities	LT	1155.0	Crisil AA-/Stable	30-01-25	Crisil A/Watch Developing	21-10-24	Crisil A/Watch Developing	30-10-23	Crisil A/Watch Developing	18-08-22	Crisil A/Negative	Crisil A/Stable
			--	17-01-25	Crisil A/Watch Developing	23-07-24	Crisil A/Watch Developing	08-09-23	Crisil A/Stable	06-05-22	Crisil A/Negative	Crisil A/Stable
			--		--	24-04-24	Crisil A/Watch Developing	16-05-23	Crisil A/Stable	26-04-22	Crisil A/Negative	--
			--		--	02-02-24	Crisil A/Watch Developing	21-04-23	Crisil A/Negative		--	--

			--		--	25-01-24	Crisil A/Watch Developing	09-01-23	Crisil A/Negative		--	--
			--		--		--	06-01-23	Crisil A/Negative		--	--
Non-Fund Based Facilities	ST	3845.0	Crisil A1+	30-01-25	Crisil A1/Watch Developing	21-10-24	Crisil A1/Watch Developing	30-10-23	Crisil A1/Watch Developing	18-08-22	Crisil A1	Crisil A1
			--	17-01-25	Crisil A1/Watch Developing	23-07-24	Crisil A1/Watch Developing	08-09-23	Crisil A1	06-05-22	Crisil A1	--
			--		--	24-04-24	Crisil A1/Watch Developing	16-05-23	Crisil A1	26-04-22	Crisil A1	--
			--		--	02-02-24	Crisil A1/Watch Developing	21-04-23	Crisil A1		--	--
			--		--	25-01-24	Crisil A1/Watch Developing	09-01-23	Crisil A1		--	--
			--		--		--	06-01-23	Crisil A1		--	--

All amounts are in Rs.Cr.

Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Fund-Based Facilities	50	Indian Bank	Crisil AA-/Stable
Fund-Based Facilities	5	ICICI Bank Limited	Crisil AA-/Stable
Fund-Based Facilities	50	Bank of Baroda	Crisil AA-/Stable
Fund-Based Facilities	5	State Bank of India	Crisil AA-/Stable
Fund-Based Facilities	20	IndusInd Bank Limited	Crisil AA-/Stable
Fund-Based Facilities	45	Union Bank of India	Crisil AA-/Stable
Fund-Based Facilities	20	IDBI Bank Limited	Crisil AA-/Stable
Fund-Based Facilities	20	Axis Bank Limited	Crisil AA-/Stable
Fund-Based Facilities	120	HDFC Bank Limited	Crisil AA-/Stable
Fund-Based Facilities	50	Bandhan Bank Limited	Crisil AA-/Stable
Fund-Based Facilities	25	Societe Generale	Crisil AA-/Stable
Fund-Based Facilities	100	Indian Bank	Crisil AA-/Stable
Non-Fund Based Limit	400	Bank of Baroda	Crisil A1+
Non-Fund Based Limit	330	HDFC Bank Limited	Crisil A1+
Non-Fund Based Limit	650	State Bank of India	Crisil A1+

Non-Fund Based Limit	100	YES Bank Limited	Crisil A1+
Non-Fund Based Limit	335	Axis Bank Limited	Crisil A1+
Non-Fund Based Limit	150	Union Bank of India	Crisil A1+
Non-Fund Based Limit	190	IndusInd Bank Limited	Crisil A1+
Non-Fund Based Limit	220	IDBI Bank Limited	Crisil A1+
Non-Fund Based Limit	150	Bandhan Bank Limited	Crisil A1+
Non-Fund Based Limit	225	Societe Generale	Crisil A1+
Non-Fund Based Limit	150	IDFC FIRST Bank Limited	Crisil A1+
Non-Fund Based Limit	100	The Federal Bank Limited	Crisil A1+
Non-Fund Based Limit	445	ICICI Bank Limited	Crisil A1+
Non-Fund Based Limit	100	RBL Bank Limited	Crisil A1+
Non-Fund Based Limit	150	Export Import Bank of India	Crisil A1+
Non-Fund Based Limit	150	Indian Bank	Crisil A1+
Proposed Fund-Based Bank Limits	375	Not Applicable	Crisil AA-/Stable
Term Loan	270	Bank of Maharashtra	Crisil AA-/Stable

Criteria Details

Links to related criteria
Basics of Ratings (including default recognition, assessing information adequacy)
Criteria for manufacturing, trading and corporate services sector (including approach for financial ratios)
Criteria for consolidation

Media Relations	Analytical Contacts	Customer Service Helpdesk
Ramkumar Uppara Media Relations **Crisil Limited** M: +91 98201 77907 B: +91 22 6137 3000 ramkumar.uppara@crisil.com **Kartik Behl** Media Relations **Crisil Limited** M: +91 90043 33899 B: +91 22 6137 3000 **kartik.behl@crisil.com** **Divya Pillai** Media Relations **Crisil Limited** M: +91 86573 53090	Mohit Makhija Senior Director **Crisil Ratings Limited** B:+91 124 672 2000 mohit.makhija@crisil.com Anand Kulkarni Director **Crisil Ratings Limited** B:+91 22 6137 3000 anand.kulkarni@crisil.com Mohini Chatterjee Team Leader **Crisil Ratings Limited** B:+91 22 6137 3000 mohini.chatterjee@crisil.com	Timings: 10.00 am to 7.00 pm Toll free Number:1800 267 3850 For a copy of Rationales / Rating Reports: CRISILratingdesk@crisil.com For Analytical queries: ratingsinvestordesk@crisil.com

B: +91 22 6137 3000 **divya.pillai1@ext-crisil.com**		

Note for Media:
This rating rationale is transmitted to you for the sole purpose of dissemination through your newspaper/magazine/agency. The rating rationale may be used by you in full or in part without changing the meaning or context thereof but with due credit to Crisil Ratings. However, Crisil Ratings alone has the sole right of distribution (whether directly or indirectly) of its rationales for consideration or otherwise through any media including websites and portals.

About Crisil Ratings Limited (A subsidiary of Crisil Limited, an S&P Global Company)

Crisil Ratings pioneered the concept of credit rating in India in 1987. With a tradition of independence, analytical rigour and innovation, we set the standards in the credit rating business. We rate the entire range of debt instruments, such as bank loans, certificates of deposit, commercial paper, non-convertible/convertible/partially convertible bonds and debentures, perpetual bonds, bank hybrid capital instruments, asset-backed and mortgage-backed securities, partial guarantees and other structured debt instruments. We have rated over 33,000 large and mid-scale corporates and financial institutions. We have also instituted several innovations in India in the rating business, including ratings for municipal bonds, partially guaranteed instruments and infrastructure investment trusts (InvITs).

Crisil Ratings Limited ('Crisil Ratings') is a wholly-owned subsidiary of Crisil Limited ('Crisil'). Crisil Ratings Limited is registered in India as a credit rating agency with the Securities and Exchange Board of India ("SEBI").

For more information, visit www.crisilratings.com

About Crisil Limited

Crisil is a leading, agile and innovative global analytics company driven by its mission of making markets function better.

It is India's foremost provider of ratings, data, research, analytics and solutions with a strong track record of growth, culture of innovation, and global footprint.

It has delivered independent opinions, actionable insights, and efficient solutions to over 100,000 customers through businesses that operate from India, the US, the UK, Argentina, Poland, China, Hong Kong and Singapore.

It is majority owned by S&P Global Inc, a leading provider of transparent and independent ratings, benchmarks, analytics and data to the capital and commodity markets worldwide.

For more information, visit www.crisil.com

Connect with us: TWITTER | LINKEDIN | YOUTUBE | FACEBOOK

CRISIL PRIVACY NOTICE

Crisil respects your privacy. We may use your contact information, such as your name, address and email id to fulfil your request and service your account and to provide you with additional information from Crisil. For further information on Crisil's privacy policy please visit www.crisil.com.

DISCLAIMER

This disclaimer is part of and applies to each credit rating report and/or credit rating rationale ('report') provided by Crisil Ratings Limited ('Crisil Ratings'). For the avoidance of doubt, the term 'report' includes the information, ratings and other content forming part of the report. The report is intended for use only within the jurisdiction of India. This report does not constitute an offer of services. Without limiting the generality of the foregoing, nothing in the report is to be construed as Crisil Ratings provision or intention to provide any services in jurisdictions where Crisil Ratings does not have the necessary licenses and/or registration to carry out its business activities. Access or use of this report does not create a client relationship between Crisil Ratings and the user.

The report is a statement of opinion as on the date it is expressed, and it is not intended to and does not constitute investment advice within meaning of any laws or regulations (including US laws and regulations). The report is not an offer to sell or an offer to purchase or subscribe to any investment in any securities, instruments, facilities or solicitation of any kind to enter into any deal or transaction with the entity to which the report pertains. The recipients of the report should rely on their own judgment and take their own professional advice before acting on the report in any way.

Crisil Ratings and its associates do not act as a fiduciary. The report is based on the information believed to be reliable as of the date it is published, Crisil Ratings does not perform an audit or undertake due diligence or independent verification of any information it receives and/or relies on for preparation of the report. THE REPORT IS PROVIDED ON “AS IS” BASIS. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAWS, CRISIL RATINGS DISCLAIMS WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR OTHER WARRANTIES OR CONDITIONS, INCLUDING WARRANTIES OF MERCHANTABILITY, ACCURACY, COMPLETENESS, ERROR-FREE, NON-INFRINGEMENT, NON-INTERRUPTION, SATISFACTORY QUALITY, FITNESS FOR A PARTICULAR PURPOSE OR INTENDED USAGE. In no event shall Crisil Ratings, its associates, third-party providers, as well as their directors, officers, shareholders, employees or agents be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of any part of the report even if advised of the possibility of such damages.

The report is confidential information of Crisil Ratings and Crisil Ratings reserves all rights, titles and interest in the rating report. The report shall not be altered, disseminated, distributed, redistributed, licensed, sub-licensed, sold, assigned or published any content thereof or offer access to any third party without prior written consent of Crisil Ratings.

Crisil Ratings uses the prefix 'PP-MLD' for the ratings of principal-protected market-linked debentures (PPMLD) with effect from November 1, 2011, to comply with the SEBI circular, "Guidelines for Issue and Listing of Structured Products/Market Linked Debentures". The revision in rating symbols for PPMLDs should not be construed as a change in the rating of the subject instrument. For details on Crisil Ratings' use of 'PP-MLD' please refer to the notes to Rating scale for Debt Instruments and Structured Finance Instruments at the following link: **https://www.crisilratings.com/en/home/our-business/ratings/credit-ratings-scale.html**