STERLING & WILSON

April 09, 2022

BSE Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai – 400 001 **Scrip Code: 542760**	**National Stock Exchange of India Limited** Exchange Plaza Bandra Kurla Complex Bandra (East), Mumbai – 400 051 **Symbol: SWSOLAR**

Dear Sir/ Ma'am,

Sub.: **Investor presentation on the Audited Consolidated and Standalone Financial results of Sterling and Wilson Renewable Energy Limited ("the Company") for the quarter and financial year ended March 31, 2022**

Ref.: **Regulation 30 read with Part A of Schedule III of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015** ("Listing Regulations")

Dear Sir/ Madam,

Pursuant to the Listing Regulations, please find enclosed herewith a copy of the Investor presentation on the Audited Consolidated and Standalone Financial results of the Company for the quarter and financial year ended March 31, 2022.

Request you to take the same on record.

Yours faithfully,
For Sterling and Wilson Renewable Energy Limited

Jagannadha Rao Ch. V.
Company Secretary and Compliance Officer

Encl: As above

STERLING & WILSON

STERLING AND WILSON RENEWABLE ENERGY LIMITED
(Formerly Sterling and Wilson Solar Limited)

Analyst Presentation
Q4 and FY22

Safe Harbor

STERLING & WILSON

This presentation and the accompanying slides (the "Presentation"), which have been prepared by **Sterling and Wilson Renewable Energy Limited** (the "Company"), have been prepared solely for information purposes and do not constitute any offer, recommendation or invitation to purchase or subscribe for any securities, and shall not form the basis or be relied on in connection with any contract or binding commitment whatsoever. No offering of securities of the Company will be made except by means of a statutory offering document containing detailed information about the Company.

This Presentation has been prepared by the Company based on information and data which the Company considers reliable, but the Company makes no representation or warranty, express or implied, whatsoever, and no reliance shall be placed on, the truth, accuracy, completeness, fairness and reasonableness of the contents of this Presentation. This Presentation may not be all inclusive and may not contain all of the information that you may consider material. Any liability in respect of the contents of, or any omission from, this Presentation is expressly excluded.

This presentation contains certain forward looking statements concerning the Company's future business prospects and business profitability, which are subject to a number of risks and uncertainties and the actual results could materially differ from those in such forward looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, competition (both domestic and international), economic growth in India and abroad, ability to attract and retain highly skilled professionals, time and cost over runs on contracts, our ability to manage our international operations, government policies and actions, regulations, interest and other fiscal costs generally prevailing in the economy. The Company does not undertake to make any announcement in case any of these forward looking statements become materially incorrect in future or update any forward looking statements made from time to time by or on behalf of the Company.

RNEL completes acquisition of 40% stake in SWREL

STERLING & WILSON

- Reliance New Energy Limited (RNEL), a wholly-owned subsidiary of Reliance Industries Ltd (Reliance) has completed acquisition of **40% stake in SWREL via combination of Primary Investment, Secondary Purchase and Open Offer** through a series of transactions, as follows:

Dec '21

Preferential Allotment

~2.93 cr shares at Rs. 375 per share aggregating to Rs 1100 crore through a preferential allotment - representing 15.46% of post preferential issue equity share capital

Jan '22

Acquisition – Tranche 1

~1.84 cr shares from Shapoorji Pallonji and Co Pvt Ltd at Rs. 375 per share - representing 9.70% of equity share capital

Jan '22

Open Offer

Acquired ~0.85 cr shares at Rs. 375 per share - representing 4.47% of equity share capital

Feb '22

Acquisition – Tranche 2

~1.97 cr shares from Shapoorji Pallonji and Co Pvt Ltd & Mr. Khurshed Daruvala, at Rs. 375 per share - representing 10.37% of equity share capital

- Post Tranche 2 completion, RNEL now holds 40.00% of the total paid-up equity share capital of SWREL, while SP group and KYD group hold 25.71% and 12.85% respectively

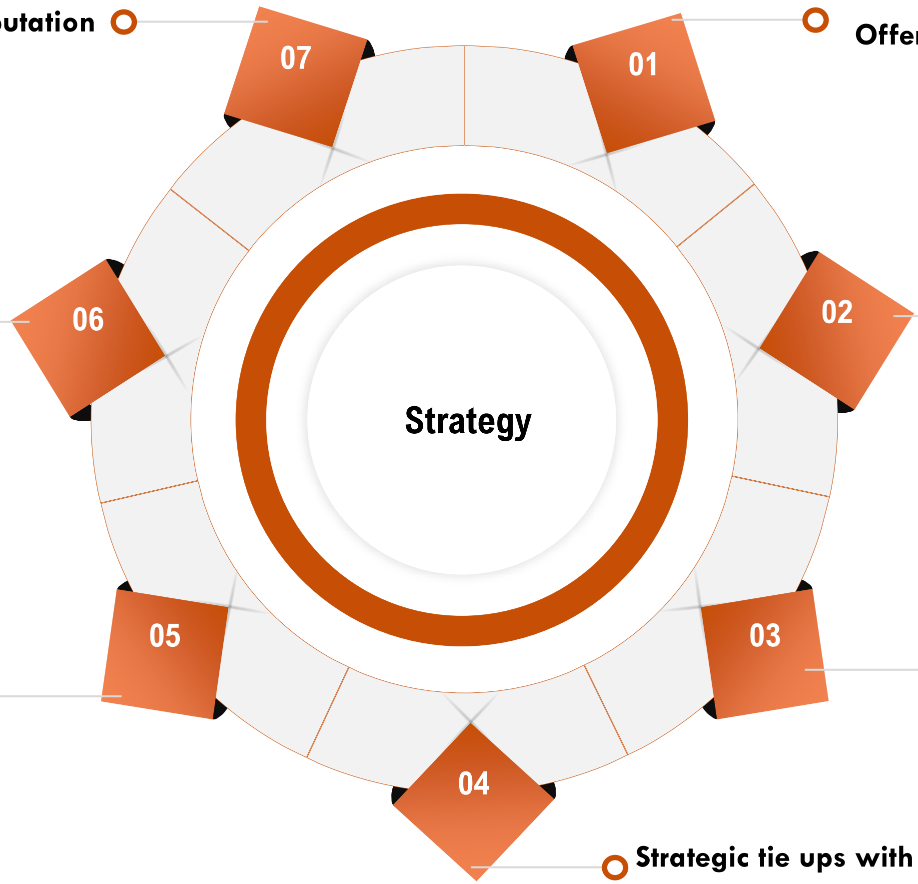
- Mr. Khurshed Daruvala will continue to be Chairman of the Board and lead the next phase of growth for SWREL

Solar Industry – Significant factors driving growth

STERLING & WILSON

- Tax incentives and favorable government policies globally for renewable sector will drive the sector growth. More concrete policy frameworks are opening the door for mega projects, hydrogen and storage investments
- COP26 – Commitment to phase out coal power and investments announced in Renewables
- Non-hydro renewables will account for 90% of new power generation capacity globally
- The Levelized Cost of Energy (LCOE) for solar PV is lowest compared to traditional source of energy and other renewable sources
- Oil &Gas companies have announced a significant strategic shift in their business plans towards renewables including Solar
- Power demand is expected to grow 1.8 times over the next three decades (27 TWh to 48 TWh)
- Solar will benefit in a big way due to the requirement of renewable power for production of green hydrogen

SWREL is well positioned to address global market opportunity through its well crafted Strategy



01 Offering Value add to Customers through early engagement

02 Diversify into project development in large markets like US, Europe and Australia to address large opportunities in these markets

03 Aggressively pursue Energy storage and Operations and Maintenance business by leverage existing relationships with Customers

04 Strategic tie ups with suppliers for mega projects

05 Move from Cheapest to Nearest sourcing

06 Digitalization and Automation in Execution and Operations & Maintenance

07 Strengthen brand and reputation

Advantages

- ✓ Reputed EPC players (competitive, bankable, experienced) are limited
- ✓ Our global reach and presence is unparalleled and we are well positioned to capitalize on same

Our Global presence (11.1 GW EPC Portfolio)

STERLING & WILSON

Offices in 25 Countries
Projects in 17 Countries

● Projects and Offices ● Offices

Maps not to scale. All data, information, and maps are provided "as is" without warranty or any representation of accuracy, timeliness or completeness

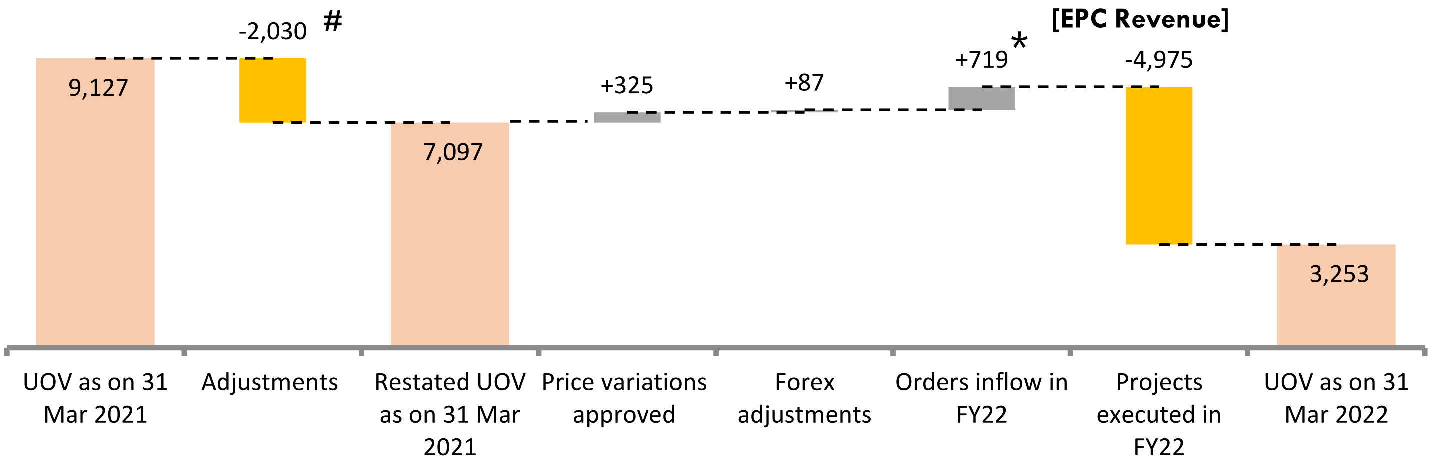
Key Highlights for FY22

STERLING & WILSON

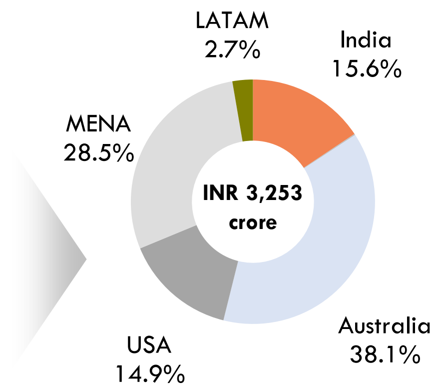
- ✓ Revenue for FY22 increased by 2.3% to Rs 5,199 crore
- ✓ Gross margins for FY22 continue to remain impacted significantly primarily on account of increase in modules prices, liquidated damages and increase in overhead and subcontracting costs due to extension in project timelines because of COVID and module delivery delays
- ✓ Net debt free as at 31 Mar 2022 with net bank balances of Rs 73 crore
- ✓ Advance and performance bank guarantees encashed by four customers amounting to Rs 588 crore of which
  - Final settlement agreement signed with customer for two projects. Encashed amount of Rs 176 crore has been refunded by the Customer in Jan 2022 and Rs 144 crore towards another project expected by end of April 2022
  - The Company is in discussion with the other two customers (projects virtually completed) and is confident of a mutually acceptable settlement in the coming quarters
- ✓ No further impact on the results of the Company beyond 31 December 2021 on account of LDs and other matters in accordance with the Indemnity agreement (Refer note 11 of FY22 results)

Unexecuted Order Value (UOV) Movement

INR Crore



Gross UOV as on 31st Mar 2022



The Company believes that there are orders amounting to Rs 2,030 crore which will now be unviable for developers considering increased module and commodity costs and are subject to ongoing discussions with the Developers. The same have now been adjusted in the UOV given above.

*Order inflow

1. Excludes an order amounting to Rs 1,500 crore relating to the Waste To Energy project in UK. Post the primary infusion in the company, our focus has shifted to scaling up the solar business to meet the huge demand which will be generated due to this strategic investment. The Board of Directors have taken a decision not to pursue this Contract at this point of time and focus our energies on our core business.
2. The entire order book of Rs. 719 crore in FY22 is from the domestic market. Due to the unprecedent increase in inputs prices and sharp reduction in finalization of orders globally (explained on next slide), the Company has been cautious in picking orders in the International market. The opportunity pipeline for finalization during FY23 looks robust in the domestic and international market. We would expect our order booking to return to pre COVID levels in FY23

Key factors impacting order finalisation and execution timelines

STERLING & WILSON

Delayed Decision Making

- ✓ Pandemic leading to postponement of planned auction and extended financial closure and PPA deadlines

Price Volatility

- ✓ Significant price volatility cross components and commodities impacting order finalization though they have softened in Jan 2022

Shipping and Logistics Bottlenecks

- ✓ Container shortages, backlogs, lack of labor at the ports, price spikes impacting delivery timelines and project execution

Increasing competition

- ✓ Aggressive bidding by EPC players in certain geographies;
- ✓ Cautious approach by SWREL in taking risks

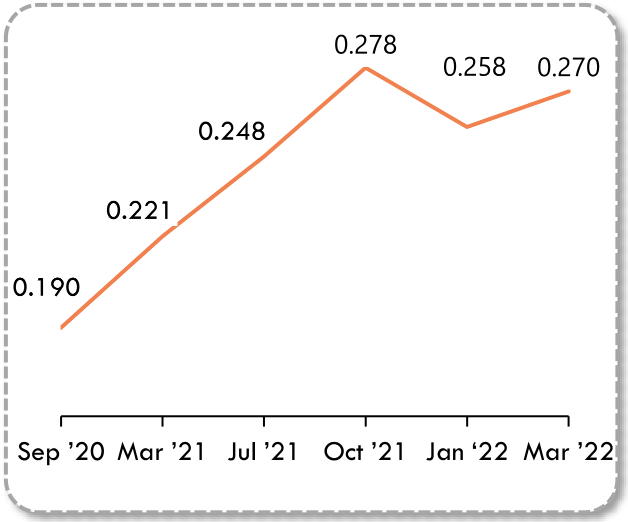
Vendor and Subcontractor Pricing

- ✓ Price commitments and lead times are not being adhered

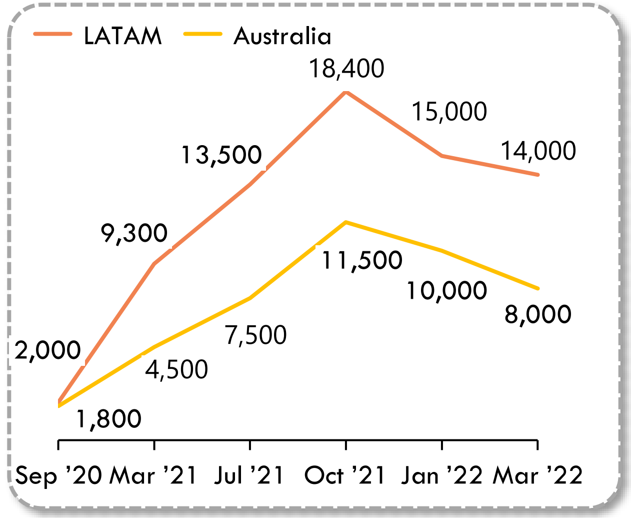
Key input prices continue to remain at elevated levels

STERLING & WILSON

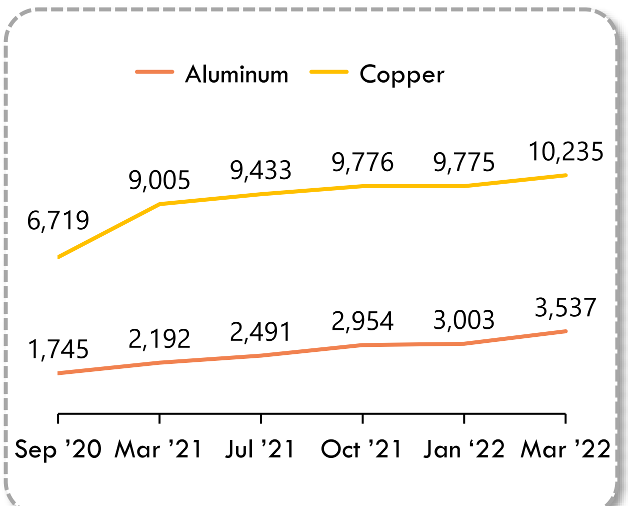
Module price trends (price in USD per Wp)



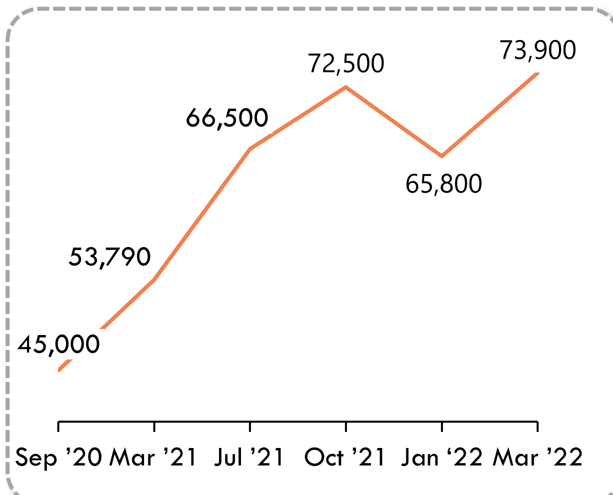
Freight rates Ex China (per 40 feet container)



LME Index
(USD /MT)



Indian Steel Price
(Rs/ MT)



Key Highlights

- There has been an unprecedented increase in costs of modules, commodities and freight since H2 of FY21
- The prices which had slightly softened in Jan 22 have again started hardening
- We expect prices to remain elevated but industry players are geared up to award projects in FY23 after factoring the price increase

Consolidated Profit & Loss – FY22

STERLING & WILSON

INR Crore	Q4FY22	Q4FY21	FY2022	FY2021
Revenue from Operations	**1,071**	**1,365**	**5,199**	**5,081**
Gross Margin (post project MTM)	**(59)**	**(273)**	**(503)**	**328**
Gross Margin %	*(5.5%)*	*(20.0%)*	*(9.7%)*	*6.5%*
Other Income	5	20	35	27
Recurring Overheads	84	84	345	324
Recurring Overheads %	*7.8%*	*6.2%*	*6.6%*	*6.4%*
Non-recurring Overheads	4	49	21	49
MTM (gain)/ loss on cancellation of forward cover	(13)		8	37
Forex	(27)	20	20	43
EBITDA	**(102)**	**(406)**	**(862)**	**(363)**
EBITDA Margin %	*(9.4%)*	*(29.7%)*	*(16.6%)*	*(7.1%)*
EBIT	**(119)**	**(411)**	**(896)**	**(379)**
EBIT Margin %	*(8.5%)*	*(30.1%)*	*(17.2%)*	*(7.4%)*
PBT	**(123)**	**(400)**	**(910)**	**(340)**
PBT Margin %	*(11.1%)*	*(29.3%)*	*(17.5%)*	*(6.7%)*
PAT	**(127)**	**(344)**	**(916)**	**(290)**
PAT Margin	*(12.0%)*	*(28.6%)*	*(17.7%)*	*(5.7%)*

Key Highlights

- Revenue increased by 2.3% in FY22 to Rs 5,199 crore
- O&M constitutes 4.3% of revenue in FY22 and stood at Rs 222 crore
- Gross margins for FY22 continue to remain impacted significantly primarily on account of increase in modules prices, liquidated damages and increase in overhead and subcontracting costs due to extension in project timelines because of COVID and module delivery delays
- Recurring Overheads increased by 6% in FY22 primarily due to office set up in Spain and its associated cost to cater to European market. The company has decided to continue to invest in its manpower to take advantage of the tremendous growth opportunities in the domestic and international market
- There will be no further impact on the results of the Company beyond 31 December 2021 on settlement of liquidated damages pertaining to certain past and existing projects (as on the date of signing the transaction documents with RNEL), old receivables, direct and indirect tax litigations as well as certain legal and regulatory matters in accordance with the Indemnity agreement (Refer note 11 of FY22 results)

Note: All margin % are based on Revenue from Operations

Consolidated Balance Sheet

STERLING & WILSON

INR Crore	Mar-22	Mar-21
Sources of Funds		
Shareholders Funds	905	658
Borrowings from Banks	435	468
Total	**1,340**	**1,126**
Application of Funds		
Fixed assets (including right to use assets)	43	47
Core Working Capital	(302)	(530)
Inter Company Deposits	-	885
Bank balance (including fixed deposit)	508	296
Other assets/ (liabilities)	620	(26)
Deferred tax and income tax balance	143	155
GST and VAT balances (net)	330	299
Total	**1,340**	**1,126**

Breakdown of Core Working Capital	Mar-22	Mar-21
Current Assets	**1,524**	**1,652**
Inventories	4	3
Receivables (net of LD provision)	1,413	1,431
Receivable days	*99*	*103*
Advances to suppliers	107	218
Current Liabilities	**1,826**	**2,182**
Trade payables	1,402	1,857
Payable days	*91*	*136*
Advances from Customers	424	325
Net Working Capital	**(302)**	**(530)**

Key Highlights

- Increase in shareholders' fund is mainly on account of the preferential issue to RNEL amounting to Rs 1,100 crore. The same is partially offset against loss of the period.
- Borrowings from Banks as on March 22 reduced on account of the repayment from the proceed against collection of ICD and preferential issue made to RNEL
- Inter Company Deposits has been completely repaid
- Net debt position is as follows

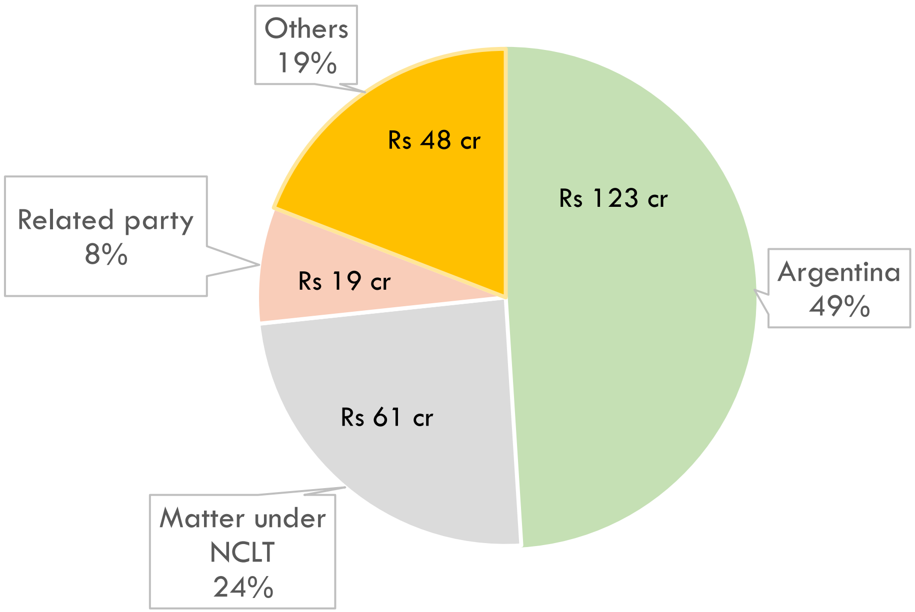
Breakdown of Net Debt	Mar-22	Mar-21
Term debt	-	138
Working capital related debt	435	330
Total Debt	**435**	**468**
Less: Cash and Bank balance	(508)	(296)
Net Debt	**(73)**	**172**

- **Core working capital**
  - Negative working capital of Rs 302 crore as at Mar 22 compared to negative working capital of Rs 530 crore as at Mar 21
  - Trade receivables as at Mar 22 includes Rs 251 crore due for more than a year. Further details on receivables provided in the subsequent slide
- Other assets includes a) recoverable from customer towards bank guarantee encashment of Rs 413 crore, b) Recoverable from customer towards payment of LD's Rs 116 crore and c) derivative liabilities of Rs 21 crore (as against derivative liability of Rs 97 crore as on Mar 21) relating to forward contracts

Analysis of receivables > 1 year as at Mar 2022

STERLING & WILSON

Mix of receivables > 1 year as at Sep 2021 – Rs 251 crore



Comments

- Key receivables outstanding for more than 1 year of Rs 251 crore as at Mar 2022 comprise
  - Net Receivables is Rs 61 crore (after ECL provision of Rs 31 crore) - The appeal is now filed with NCLAT, Chennai
  - Argentina receivables of Rs 123 crore – During the Q1FY22, the customer has initiated arbitration proceeding for recovery of LDs and unsubstantiated cost amounting to Rs 227 crore (including LD). The Company has also made a claim of Rs 94 crore towards prolongation cost, Interest on overdue payment etc. based on the contractual rights. Whilst the Company is confident of recovery, this item is also covered under the Promoter Indemnity Agreement
  - Related party receivables of Rs 19 crore is net of Rs 196 crore that the Company needs to pay back to the related party against advance received for Waste to Energy project
- Receivables are net of LD provision of Rs 55 crore based on the management estimate

Consolidated Cashflow

STERLING & WILSON

INR Crore	FY22	FY21
(Loss) /Profit before tax	**(910)**	**(340)**
Adjustments for noncash / other items	61	96
Operating profit before working capital changes	(849)	(244)
Working Capital Adjustments	(835)	557
Cash flows generated from Operating Activities	**(1,684)**	**313**
Income tax (paid) / Forex translation	(6)	(112)
Net Cash flows generated from Operating Activities	**(1,690)**	**201**
Inter Company Loan repaid	885	219
Interest received	48	244
Fixed Deposit	26	(38)
Fixed Assets etc	(10)	(16)
Net Cash flows generated from Investing Activities	**949**	**409**
Proceed from issue of equity shares	1,090	-
(Repayment) External Borrowings (Net)	(33)	(756)
Interest paid	(75)	(93)
Others	(4)	(5)
Net Cash flows generated from Financing Activities	**978**	**(853)**
Net Cash increase	**240**	**(243)**
Net movement in currency translation	0	(0)
Cash and cash equivalent at the beginning of the period	**220**	**463**
Cash and cash equivalent at the end of the period	**460**	**220**

Key Highlights

Cash flow from Operations

- Increase in working capital on account of BG encashment of Rs 412 crore, LD's of Rs 306 crore (in discussion with customer for recovery) and payment to overdue vendors

Cash flow from Investing activities

- Intercompany deposit fully recovered

Cash flow from Financing activities

- Increase in cash flow from financing activity is mainly on account of the collection towards preferential issue of equity share amounting to Rs 1,100 crore.
- Reduction in borrowing is on account of repayment of term debt and working capital loan

Cash and cash equivalents

- Cash and cash equivalents represent Bank balances in various accounts across the world
- Company is net debt free

Way Forward - Regain the position of World's largest Solar EPC player

Industry Outlook

- ✓ Unprecedented commodity super cycle over last 2 years coupled with COVID led to Solar Industry suffering huge losses and IPP's deferring projects
- ✓ Significant consolidation observed in the industry with stronger players expected to take a larger share of the market in the future
- ✓ Solar industry well poised to grow in long term as IPPs have huge plans for global capacity additions
- ✓ The global tariffs have already corrected upwards with the revision in prices and a lot of projects are expected to get finalized in FY23 including in H1

Target large EPC markets

- ✓ Reliance group's investment in Company has led to strengthening of Company's balance sheet and increased confidence to customers, suppliers, bankers and other stakeholders
- ✓ Focus to grab large share of EPC capacity additions in FY23 like US (23 GW), Europe (16 GW), Australia (3 GW) and India (16 GW)
- ✓ Pursue development activities In International markets to secure more EPC business

Expand new businesses

- ✓ Round-The-Clock Renewable Energy Projects with Battery Storage are the future
- ✓ Increased focus of countries globally towards Clean Hydrogen mission
- ✓ Natural Hydrogen mission announced by Indian Govt to transform India into a global hub for green hydrogen production
- ✓ Focus on large Solar PV + BESS projects in US, Europe and Australia
- ✓ Leverage client relationships to gain meaningful market share in these new businesses

Grow O&M Portfolio

- ✓ O&M market size to grow as more solar capacity are done
- ✓ Increased focus on third party O&M in International markets through organic and inorganic route
- ✓ Provide enhanced value to customers through O&M differentiators like drone thermography, strong analytics and predictions, underground cable fault finder etc.
- ✓ In-house learning and training to upgrade the technical skills of the team

THANK YOU

For further information, please contact:

Company :	Investor Relations Advisors :
Sterling and Wilson Renewable Energy Limited	**Strategic Growth Advisors Private Limited**
CIN: L74999MH2017PLC292281	CIN: U74140MH2010PTC204285
Mr Vishal Jain **Head – Investor Relations**	**Mr Jigar Kavaiya / Mr. Parin Narichania** +91 9920602034 / +91 9930025733
Email: ir@sterlingwilson.com	Email: jigar.kavaiya@sgapl.net / parin.n@sgapl.net
www.sterlingandwilsonre.com	www.sgapl.net