

February 12, 2020

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
--	--

Sub.: Investor presentation on the Unaudited Consolidated and Standalone Financial Results of Sterling and Wilson Solar Limited (“the Company”) for the quarter and nine months ended on December 31, 2019

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 Unaudited Consolidated and Standalone Financial Results of the Company for the quarter and nine months ended on December 31, 2019.

The above is for your information and record.

Thanking you.

Yours faithfully,
For Sterling and Wilson Solar Limited



Jagannadha Rao Ch. V.
Company Secretary and Compliance Officer



Encl.: As above

STERLING AND WILSON SOLAR LIMITED

Noor Abu Dhabi - World's Largest Single Location Solar Project

Analyst Presentation
– Q3 & 9M FY20
12th February 2020

This presentation and the accompanying slides (the “Presentation”), which have been prepared by **Sterling and Wilson Solar 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.

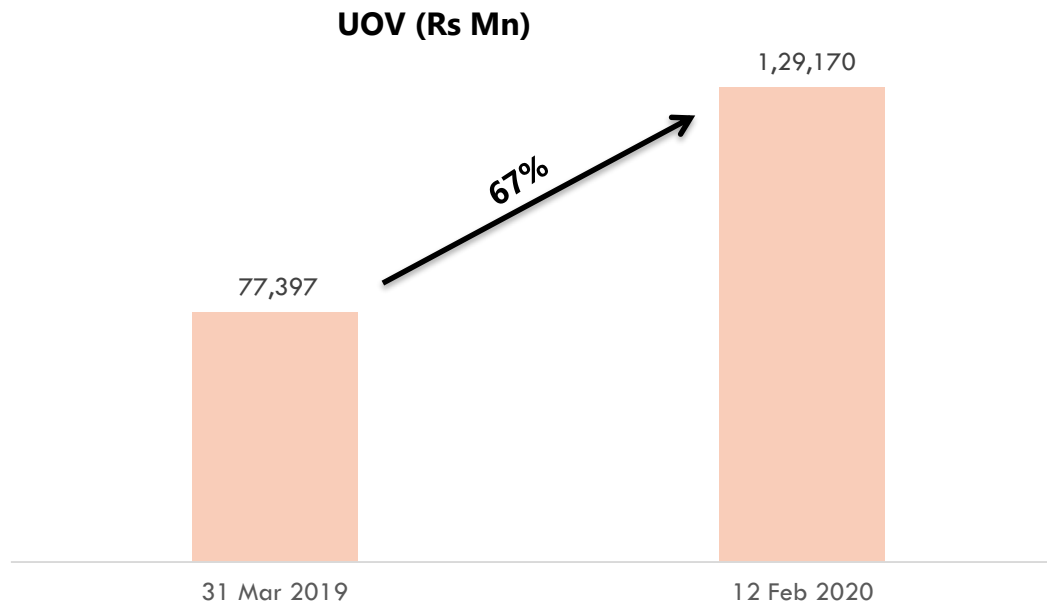
This Presentation has been prepared by the Company based on information and data which the Company considers reliable, but the Company makes no representation or warranty, express or implied, whatsoever, and no reliance shall be placed on, the truth, accuracy, completeness, fairness and reasonableness 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.

1	Key Highlights	3
2	Order Book	6
3	Financials	8
4	Impact of Coronavirus on projects execution	15
5	Way Forward	16

Healthy order inflow and robust order book

- ✓ Order inflow of 2.2 GW (Rs 85,507mn) until 12 Feb 2020
- ✓ 7.4 GW contracted O&M as at 12 Feb 2020
- ✓ Gross Unexecuted Order Value (UOV) as on 12 Feb 2020 is above Rs 129,000 mn compared to over Rs 77,000 mn as at 31 Mar 2019



- ✓ Revenue impacted due to delay in commencement of few projects
- ✓ O&M contribution to overall revenue increased to 3.7% in 9mFY20 vs 1% in 9mFY19
- ✓ Gross margins at 13.1% compared to 9.3% in 9mFY19
- ✓ Higher EBITDA margins at 6.7% in 9mFY20 compared to 5.9% in 9mFY19
- ✓ Positive cash flow from operations of Rs 1,192 mn vs negative Rs 7,671 mn in previous period
- ✓ Net Working capital stood at Rs 2,513 mn as at Dec 2019 i.e. at similar level compared to Mar 2019
- ✓ Repaid external debt (principal) of Rs 13,400 mn since listing
- ✓ Intercompany deposit reduced by Rs 10,006 mn and stands reduced to Rs 16,508 mn as at Dec 2019

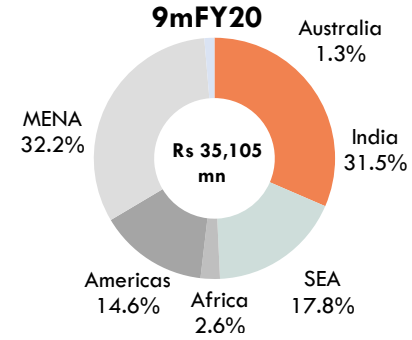
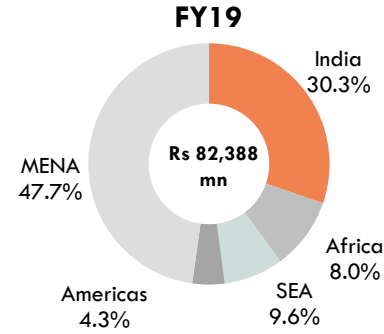
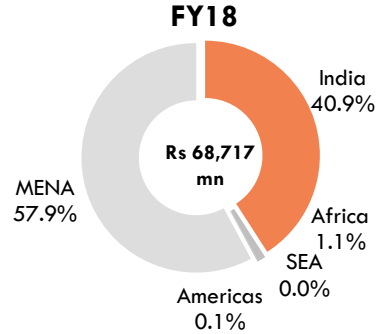
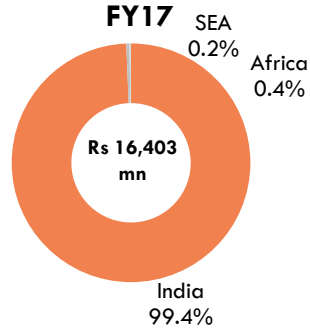
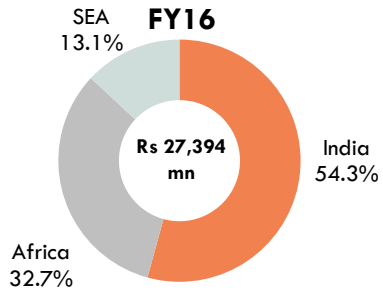
Significant geographic diversification over the years

3 Projects
2 Countries

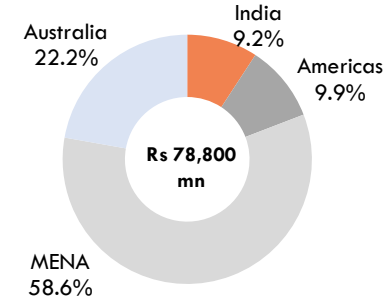
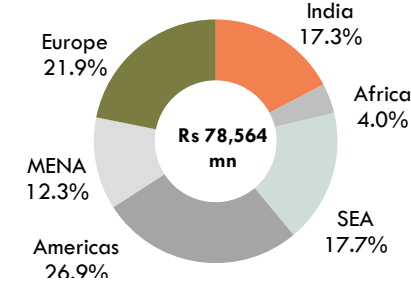
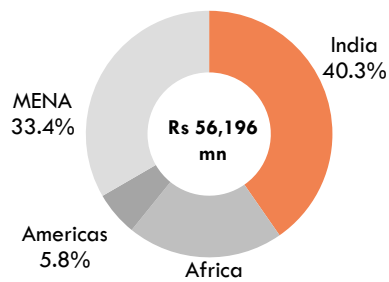
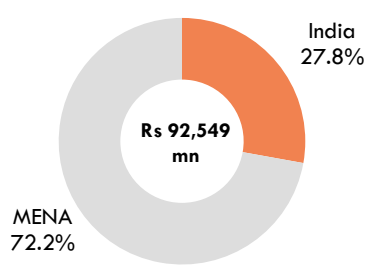
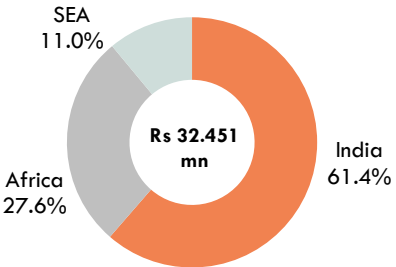
5 Projects
3 Countries

17 Projects
10 Countries

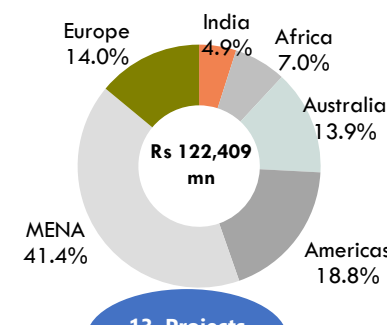
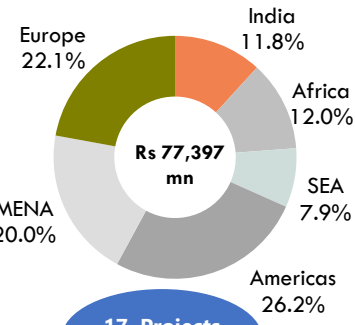
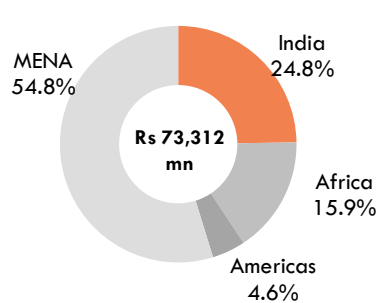
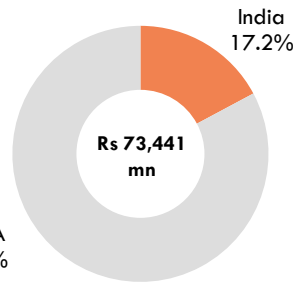
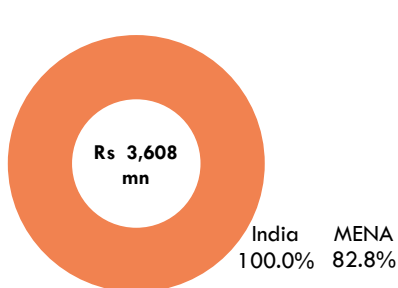
EPC + O&M Revenue break-up by geography over the years



Orders booked by geography over the years



Unexecuted Order Value (UOV) break-up by geography over the years



17 Projects
9 Countries

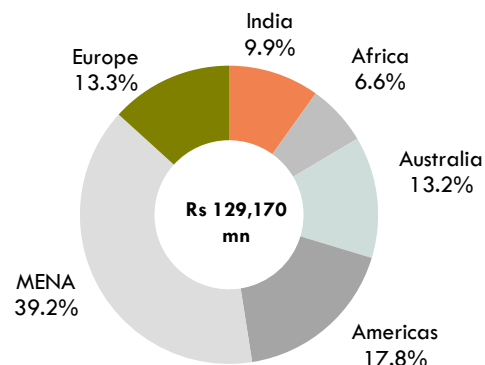
13 Projects
9 Countries

Order Inflow – Apr to 12 Feb 2020

Country	MW	Rs mn
UPTO SEPT 2019 (a)	105	8,280
<u>Oct 2019 to Dec 2019</u>		
India	50	1,850
Kingdom of Saudi Arabia	1090	44,450
Chile	122	6,720
Australia	344	17,500
Oct 2019 to Dec 2019 (b)	1,606	70,520
<u>Jan 2020 onwards</u>		
India (c)	478	6,707
TOTAL (a+b+c)	2,189	85,507

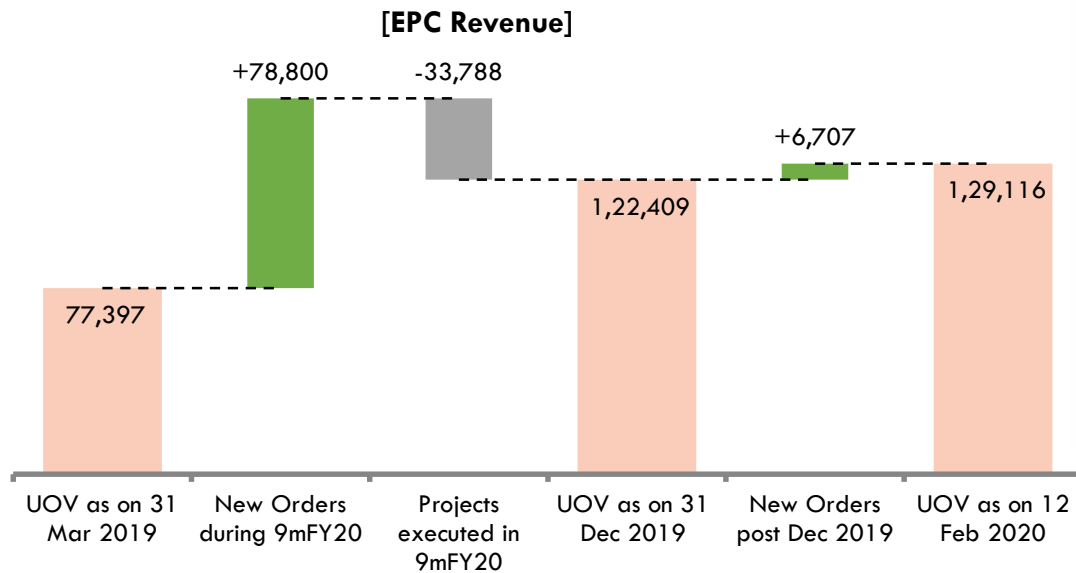
Gross UOV as at 12 Feb 2020 Rs 129,170 mn

(before adjusting revenue post 31 Dec 2019)



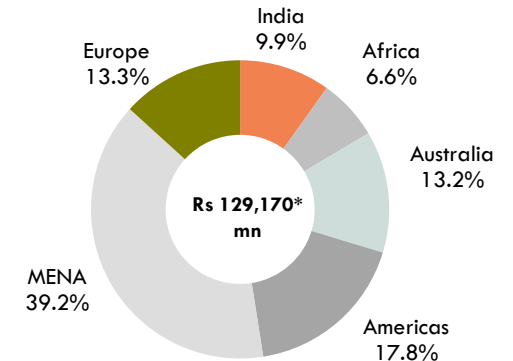
Unexecuted Order Value (UOV) Movement

Rs mn



Gross UOV as at 12 Feb 2020

(before adjusting revenue post 31 Dec 2019)



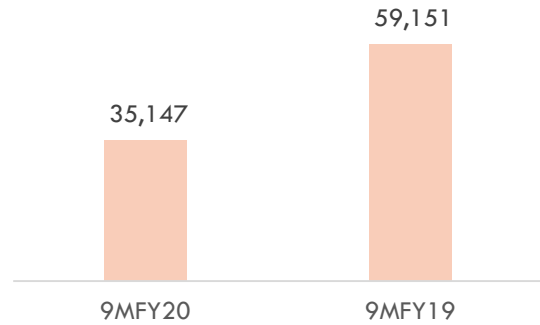
UOV of contracts in progress	Rs 51,585 mn
UOV of contracts to commence	Rs 77,585 mn

* Includes forex adjustment of Rs 54 mn

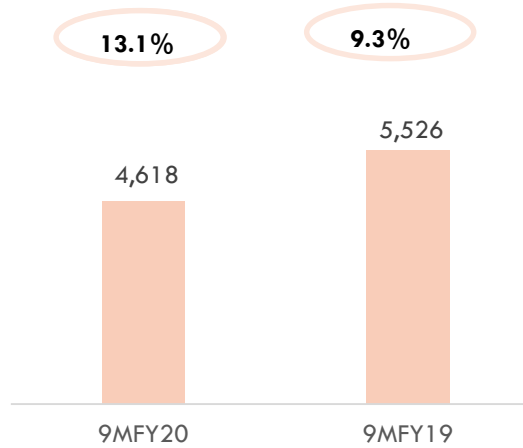
Consolidated Financial Highlights – 9mFY20

Rs mn

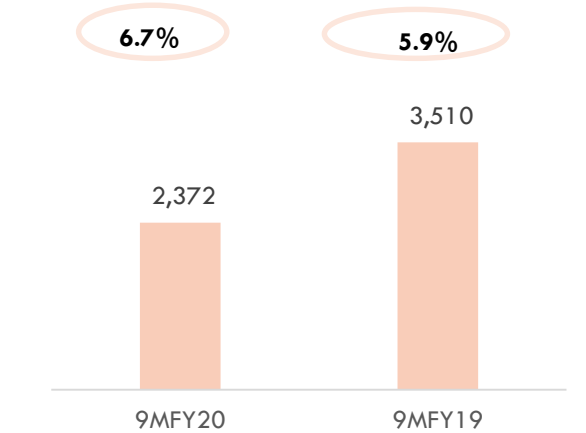
Revenue from Operations



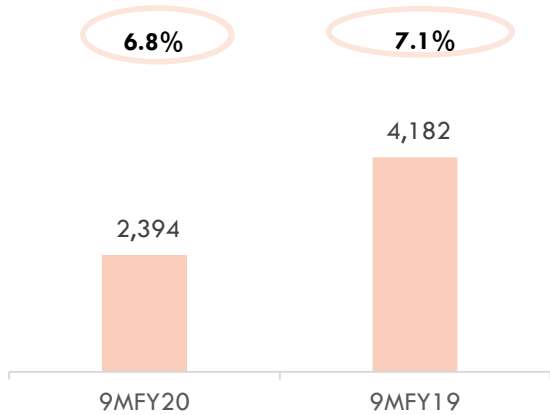
Gross margins & Gross Margin %



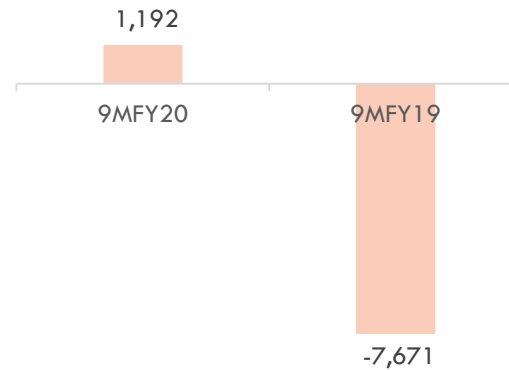
Operating EBITDA & EBITDA Margin %



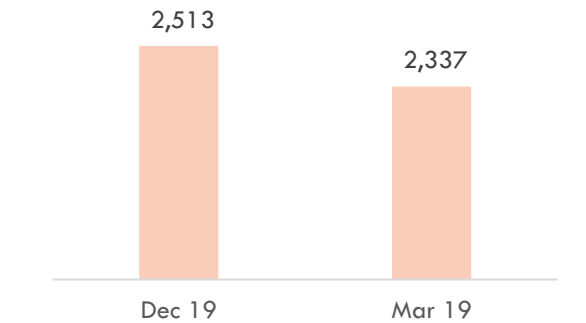
PBT & PBT Margin



Cash flow from Operations



Net Working Capital



O&M Business – Key Highlights

7.4

GW of solar power projects with active service contracts

160 +

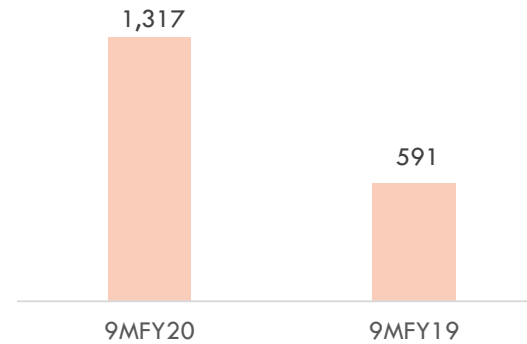
Sites including third party

40%

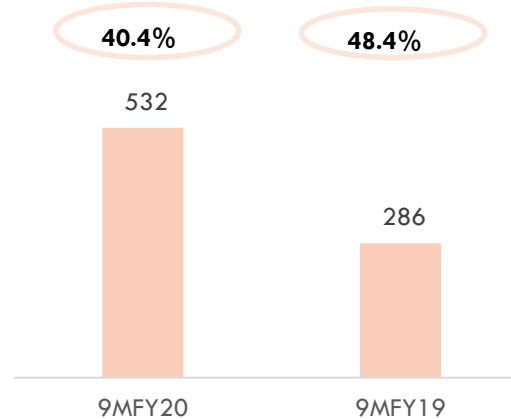
Third party contracts O&M

Rs mn

Revenue from O&M Operations



Operating EBIT & EBIT Margin %



Key Highlights

- ▶ O&M revenue more than doubled in 9mFY20 compared to corresponding period in previous year
- ▶ O&M constitutes 3.7% of revenue in 9mFY20 compared to 1% in 9mFY19
- ▶ O&M margins more than doubled to Rs 605 mn in 9mFY20
- ▶ O&M margins were 40% in 9mFY20 compared to 48% in 9mFY19

Consolidated Profit & Loss – Q3 and 9m

<i>Rs mn</i>	Q3FY20	Q3FY19	9MFY20	9MFY19	FY19
Revenue from Operations	10,764	16,440	35,147	59,151	82,404
Gross Margin	836	2,864	4,618	5,526	9,850
Gross Margin %	7.8%	17.4%	13.1%	9.3%	11.9%
Other Income	499	199	666	408	461
Overheads	738	983	2,912	2,424	3,429
Overheads %	6.9%	6.0%	8.3%	4.1%	4.1%
EBITDA	598	2,079	2,372	3,510	6,882
EBITDA Margin %	5.6%	12.6%	6.7%	5.9%	8.3%
Depreciation	38	29	108	56	78
EBIT	561	2,050	2,264	3,454	6,804
EBIT Margin %	5.2%	12.5%	6.4%	5.8%	8.3%
Interest Income	570	655	1,770	1,258	1,634
Less : Interest Expenses	509	411	1,640	530	847
PBT	621	2,294	2,394	4,182	7,592
PBT Margin %	5.8%	14.0%	6.8%	7.1%	9.2%
Current Tax expense	127	412	576	890	1,421
Effective current tax rate	20.5%	18.0%	24.1%	21.3%	18.7%
Deferred Tax expense/ (credit)	(9)	(3)	61	(142)	(211)
PAT	503	1,885	1,757	3,434	6,382
PAT Margin	4.7%	11.5%	5.0%	5.8%	7.8%

Key Highlights

- ▶ Overall revenue lower due to delay in commencement of a large project coupled with higher revenue in previous year from a large project in MENA region which was in the peak of execution
- ▶ O&M revenue more than doubled in 9mFY20 compared to corresponding period in previous year. O&M constitutes 3.7% of revenue in 9mFY20 compared to 1% in 9mFY19
- ▶ Overheads increase due to full period cost in 9mFY20 in certain countries against partial period in FY19.
- ▶ Deferred tax charge due to reversal of asset pursuant to adoption of new tax rate

Consolidated Balance Sheet

Rs mn	Dec 19	Mar 19	Dec 18
Assets			
Non current assets	789	672	581
Tangible assets (incl. CWIP)	334	265	261
Intangible assets	54	49	50
Deferred tax assets (net)	263	321	252
Other non current assets	138	36	17
Current assets	50,598	53,247	47,292
Inventories	107	131	142
Trade receivables	22,203	19,002	14,068
Cash & cash eq. & bank balances	2,087	4,545	2,567
Loans	16,256	19,534	17,434
Other current & financial assets	9,945	10,034	13,081
Total assets	51,387	53,919	47,873
Equity and Liabilities			
Shareholders' funds	10,257	8,375	5,381
Non current liabilities	106	86	108
Provisions	106	86	108
Current liabilities	41,024	45,458	42,383
Borrowings	14,771	22,278	18,380
Trade payables	19,420	19,125	16,685
Provisions	1,053	769	745
Other current & financial liabilities	5,780	3,286	6,573
Total equity and liabilities	51,387	53,919	47,873

Key Highlights

- ▶ Business continues to remain asset light
- ▶ Borrowings decreased by Rs 7,507 mn due to repayment of loan
- ▶ ICDs reduced by Rs 10,006 mn since the date of listing to 31st December 2019
- ▶ Net Debt to Equity falls to 1.23x

Consolidated Cashflow

Rs mn	9MFY20	9MFY19	FY19
Profit before tax	2,394	4,182	7,592
Adjustments for noncash / other items	707	(469)	(434)
Operating profit before working capital changes	3,101	3,713	7,158
Working Capital Adjustments	(927)	(10,759)	(13,382)
Cash flows generated from Operating Activities	2,174	(7,046)	(6,225)
Income tax (paid) / Forex translation	(982)	(626)	(1,009)
Net Cash flows generated from Operating Activities	1,192	(7,671)	(7,234)
Inter Company Loan given	(4,526)	(6,851)	(9,056)
Inter Company Loan repaid	8,100	-	-
Interest received	1,906	-	-
Fixed Assets/Investments etc	(148)	(225)	(232)
Net Cash flows generated from Investing Activities	5,332	(7,075)	(9,288)
Proceeds from External Borrowings (Net)	(7,507)	16,539	20,434
Interest paid	(1,629)	(493)	(712)
Received from Shareholders towards IPO expenses	17	-	-
Net Cash flows generated from Financing Activities	(9,119)	16,046	19,722
Net Cash increase	(2,595)	1,299	3,200
Net movement in currency translation	32	41	46
Cash and cash equivalents of subsidiary acquired	-	6	6
Cash and cash equivalent at the beginning of the period	4,208	955	955
Cash and cash equivalent at the end of the period	1,645	2,301	4,208

Key Highlights

- ▶ Cash flow from Operations has been positive for 9mFY20 as compared to 9mFY19 and FY19
- ▶ No further intercompany deposits post listing
- ▶ Promoters facilitate repayment of ICDs of Rs 10,006 mn since the date of listing

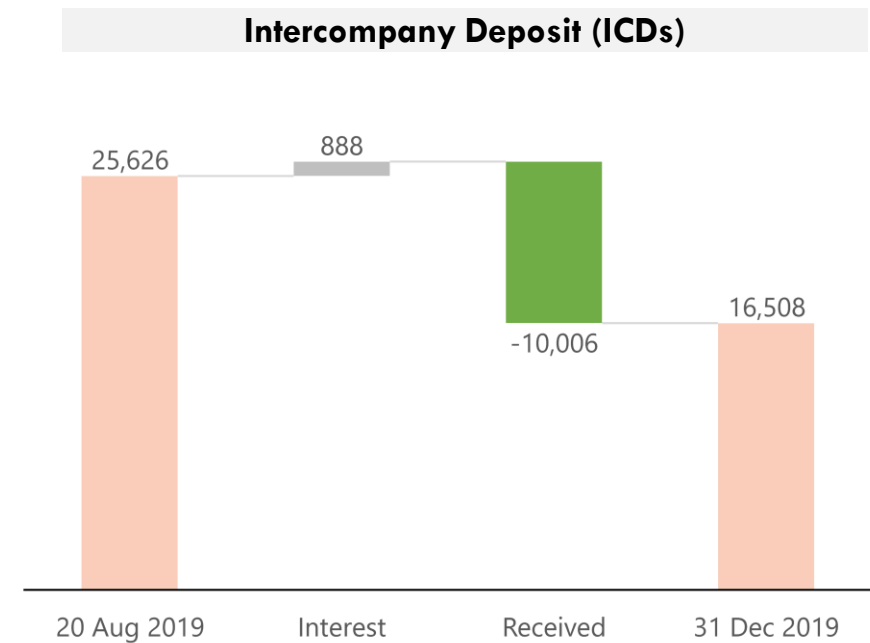
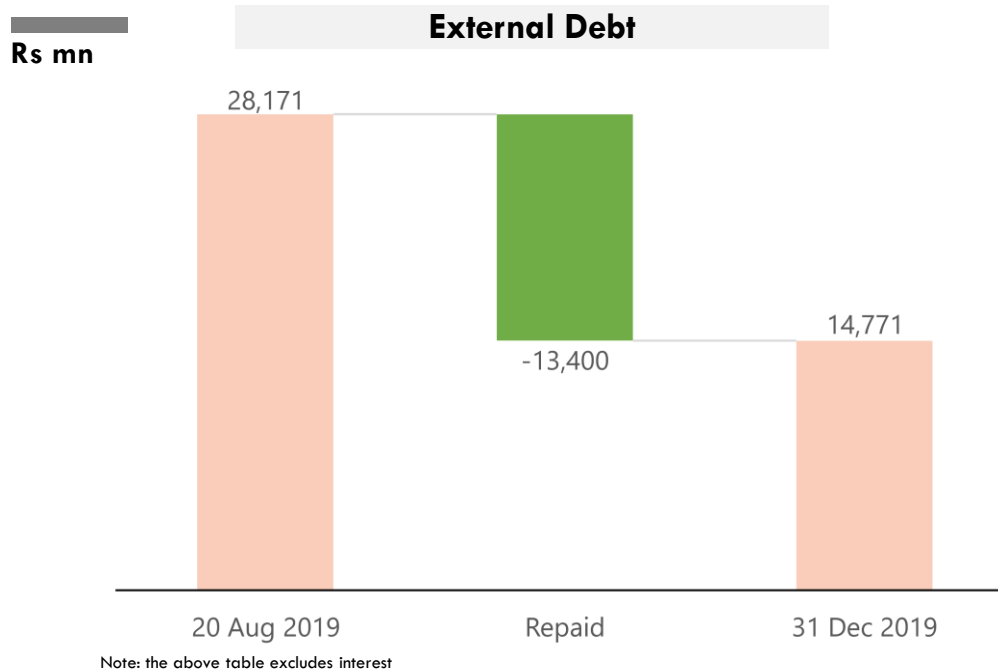
Core Working Capital

Rs mn	Dec 19	Sep 19	Mar 19
Current Assets	26,466	24,227	23,770
Inventories	107	170	131
Trade receivables (Incl. Unbilled)	24,377	22,798	22,507
Receivable days	187	171	100
Advances to suppliers	1,983	1,259	1,131
Current Liabilities	23,928	21,824	21,433
Trade payables	19,420	18,411	19,125
Payable days	172	164	96
Advances from Customers	4,533	3,413	2,308
Net Working Capital	2,513	2,403	2,337

Key Highlights

- ▶ Working capital remained stable as compared to Mar 19
- ▶ Debtor days higher due to lower 9mFY20 revenue

External Debt and Intercompany Deposit movement post listing



- External debt reduced by Rs 13,400 mn from the date of listing till 31st December 2019
- Repayment schedule of term debt of Rs 13,490 mn (as at date)
 - Rs 4,800 mn payable till 31st March 2020
 - Rs 5,880 mn payable in Q1FY21
 - Rs 2,810 mn payable in Q2FY21

- Repayment schedule for ICDs
 - Rs. 5,000 mn on or before March 31, 2020
 - Rs. 5,000 mn on or before June 30, 2020
 - Balance amount on or before September 2020

- ✓ Several cities of China are on lockdown due to coronavirus
- ✓ Production activities stopped and expected to commence by end of Feb 2020
- ✓ Raw material scarcity estimated in China
- ✓ Inspection by agencies not being possible
- ✓ Port congestions both inbound as well as outbound
- ✓ Quarantine possibility at destination ports will delay materials reaching sites
- ✓ Force majeure notices received from suppliers and passed on to customers
- ✓ As most materials were expected to be dispatched in Feb / Mar 2020, impact on revenue expected to be significant. Management is continuously monitoring and evaluating the impact on revenue and profitability

Inspite of all the challenges, our revenues for Q4 FY20 would be Rs. 15 bn – 20 bn

- ✓ Execute the projects at faster pace once operations are normalised in China
- ✓ Strong order pipeline including bids pending decision
- ✓ Diversification into newer markets like Far East and additional countries in South America and Europe
- ✓ Improved O&M strategy under implementation for third party projects
- ✓ Increased market share target in Australia, US and Europe
- ✓ Strong traction in hybrid energy space
- ✓ Expansion of roof top business internationally

THANK YOU

For further information, please contact:

Company :

Sterling and Wilson Solar Limited

CIN: U74999MH2017PLC292281

Mr Vishal Jain
Head – Investor Relations

Email: ir@sterlingwilson.com

www.sterlingandwilsonsolar.com

Investor Relations Advisors :

Strategic Growth Advisors Private Limited

CIN: U74140MH2010PTC204285

Mr Jigar Kavaiya / Mr. Parin Narichania

+91 9920602034 / +91 9930025733

Email: jigar.kavaiya@sgapl.net / parin.n@sgapl.net

www.sgapl.net