November 01, 2023

BSE Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai – 400 001 **Scrip Code: 542760 (Equity)** **Scrip Code: 725032 (CP)**	**National Stock Exchange of India Limited** Exchange Plaza Bandra Kurla Complex Bandra (East), Mumbai – 400 051 **Symbol: SWSOLAR**

Sub.: Investors Call Q2 FY 24- Transcript

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

Dear Sir/ Madam,

In continuation to our letters dated October 20, 2023 and October 26, 2023, please find enclosed the Transcript of the Investors Call held on Thursday, October 26, 2023 at **09:30 a.m.** (IST) for the Unaudited Standalone and Consolidated Financial results of the Company for the quarter and half year ended September 30, 2023.

The same is available on the Company's website at www.sterlingandwilsonre.com.

Request you to take the same on records.

Thanking you,

Yours faithfully,
For Sterling and Wilson Renewable Energy Limited

Venkata Jagannadha Rao Chunduru
Digitally signed by Venkata Jagannadha Rao Chunduru
Date: 2023.11.01 17:14:53 +05'30'

Jagannadha Rao Ch. V.
Company Secretary and Compliance Officer
Encl.: As above

"Sterling & Wilson Renewable Energy Limited Q2 FY2024 Earnings Conference Call"

October 26, 2023

Disclaimer: E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 26th October 2023 will prevail.

MANAGEMENT: **MR. AMIT JAIN – GLOBAL CHIEF EXECUTIVE OFFICER**
MR. BAHADUR DASTOOR – CHIEF FINANCIAL OFFICER
MR. SANDEEP THOMAS MATHEW – HEAD - INVESTOR RELATIONS

Moderator: Ladies and gentlemen, good day and welcome to Sterling & Wilson Renewable Energy Limited's Q2 FY2024 Earnings Conference Call. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Sandeep Thomas Mathew, Head - Investor Relations for his opening remarks. Thank you and over to you Sir!

Sandeep Mathew: Good morning everyone and welcome to our Q2 FY2024 Earnings Call. Along with me I have Mr. Amit Jain, our Global CEO; Mr. Bahadur Dastoor, our CFO and SGA, our Investor Relations Advisor. We will start the call with the key operational highlights for the quarter and outlook by Mr. Amit and then followed by the financial highlights by Mr. Bahadur post which we will open up for Q&A. Thank you and over to you Amit!

Amit Jain: Thanks Sandeep and a warm welcome to all the participants on this call. I would like to give a quick update on our business operations and outlook on the solar industry. Beginning with our order book the company announced new orders totaling approximately Rs.2640 Crores in Q2 FY2024 aided by strong ordering momentum seen in India. Coupled with our order inflow of Rs.466 Crores announced in Q1 our total order inflow in H1 FY2024 is Rs.3106 Crores. All the orders announced in the first half are from domestic market. We received an order for an approximately 375 megawatt project in Khavda, Gujarat from NTPC in Q2 FY2024. This is the third order from NTPC and it is strategically located between the first two projects we had earlier announced in FY2023. This project is on turnkey EPC basis including supply of the modules. The total contract price including operation and maintenance for three years is Rs.1535 Crores and this amount is inclusive of taxes. We also won our first order from Gujarat Industrial Power Company Limited, GIPCL in Q2 FY2024 for a 750 megawatt DC project again located in Khavda region of Gujarat. Scope of work in this project is BOS only. Total bid value including operation and maintenance for three years is Rs.1130 Crores. Coupled with NTPC projects, SWREL has won and will be executing nearly 4.2 gigawatt of projects in Khavda region of Gujarat including NTPC and GIPCL. We are targeting to maintain our historical domestic margins in these projects as well. In addition to Khavda projects the company has also received a new order of approximately 490 megawatt DC for another BOS project from Indian subsidiary of French Power Major Engie. As stated earlier total EPC contract value of the projects won in Q2 FY2024 is approximately Rs.2640 Crores. With these new orders our unexecuted order book as on September 30, 2023 has increased to approximately 6835 Crores with nearly 98% of the order book comprising of domestic EPC projects which are executable over the next 12 to 18 months.

With the inclusion of Nigeria MOU that was announced in September 2022 our order pipeline is anticipated to enhance significantly. We are working with various stakeholders to finalize the D&EPC agreement for the project. In terms of outlook, our domestic order pipeline has grown very strongly and is alone approximately 16 Gigawatt, the PSUs contributing more than 55% and private sector IPP 45%. Our business development teams are working very hard and remain focused to deliver the strong growth trajectory we are targeting this year. In the international market while we have been adopting a more cautious approach with new orders we are beginning to make headway with our clients for projects aligned with our risk metrics. As stated in earlier calls we reiterate that lumpiness in order flow is to be expected with EPC companies like ours and timelines for achieving project closure could be vary depending on a host of factors including finalization of contractual terms, financial closure, etc.

Now moving to industry outlook, we continue to witness an unprecedented decline in price of silicon, wafer cells, and modules in the last 12 months and as per the industry reports with module price now falling to nearly 15 cents per watt peak and is even below the historic lows we have seen during the pre-pandemic times. With significant supply pressure due to emergence of new production capacities in China, industry analysts continue to anticipate module prices to remain depressed for some time. The time remains ripe for some projects to come on stream aided by lower LCOEs, which should translate into more work for EPC players like us. The Indian solar EPC market continues to remain in a very attractive position and we are hopeful of capitalizing on the strong order pipeline. Solar operation and maintenance sector has emerged as a distinct and highly profitable market boasting its own unique landscape and dynamics. With the steady rise of operational solar plants the re-tendering of O&M contracts is becoming a burgeoning prospect for providers such as ourselves. We remain focused on expanding our O&M portfolio, placing an enhanced emphasis on third-party O&M within global markets, utilizing both organic and inorganic strategies. With this I will ask Bahadur to take you through the consolidated financial highlights. Thank you very much.

Bahadur Dastoor: Thank you Amit. I will start with an update on the key quarterly results. Revenue from operations for the quarter ended September was 759 Crores. Revenue has improved significantly both year-on-year and sequential basis aided by higher contributions from the domestic EPC segment. Revenues were up 88% Y-o-Y and 47% quarter-on-quarter. Company has reported a consolidated gross margin of 8.6% in the second quarter FY2024 and gross margins in the first half FY2024 are approximately 10%. Domestic EPC margins in the second quarter FY2024 were also approximately 10%. Our unexecuted order book continues to comprise over 98% of domestic EPC business. International EPC margins were negative 2% in 2Q FY2024. O&M segment margins rebounded this quarter and touched more than 23% and are now more in line in what we are hoping to be steady state margins in this segment. Company reported a positive consolidated EBITDA in the second quarter FY2024. PAT loss during the quarter was 54 Crores. On a standalone basis the company achieved EBITDA breakeven and was also PAT positive.

Now coming to the balance sheet and our debt situation. As on September 30, 2023 our net debt stood at 2123 Crores and our net worth stood at negative 415 Crores. The company and its subsidiaries had loan payments of 329 Crores to various banks in the month of September 2023. Out of the above, the company made payments of 194 Crores. Company had availed 250 Crores short-term loan for working capital for one year, which was due on September 30, 2023. The company was able to repay 115 Crores from internal accruals and an amount of 135 Crores remains overdue as at date. Rating downgrades post our BG invocation in July 2023 made sourcing loans more expensive and difficult.

With respect to our results, the auditors have made certain observations in the consolidated and standalone financial statements as Emphasis of Matter. The company incurred losses during the previous year and has continued to incur losses during the six months ended September 30, 2023. Further, as on September 30, 2023 the company had a repayment due of a short-term loan for working capital purposes from a bank amounting to 250 Crores of which 135 Crores is yet to be repaid as at date. The aforesaid events results in cross default in respect of certain other loans bearing a fixed maturity period. Consequently noncurrent loans aggregating to 516 Crores have also been classified as current borrowings in the statement even though the company has not received notice of recall of loans.

The company is working towards a resolution plan with its lenders by way of funds to be raised from equity or debt issue and amounts recoverable from the promoter selling shareholders in accordance with the indemnity agreement. The management is confident of successfully consummating the above plans. In the standalone financial statement the Emphasis of Matter reads the company's investment in a subsidiary and loans given with the accrued interest thereon and other receivables aggregates to 2395 Crores as of September 30, 2023. We are confident that these amounts are good for recoveries based on the projected cash flows expected from revenue contracts where letters of intent or memorandum of understanding have been signed, refund of encash bank guarantees, recovery of remediation costs incurred on projects and amounts recoverable under the indemnity agreement with the promoter selling shareholders. The Board of Directors of the company had at its meeting held on September 27, 2023 considered and approved raising of funds by way of issuance of equity shares, global depository receipts, depository receipts, foreign currency convertible bonds, fully partly convertible debentures, nonconvertible debentures and/or any other financial instrument convertible into equity shares including warrants or a combination of any of the securities mentioned above in one or more tranches through one or more public and/or private offerings including by way of a qualified institutional placement or any combination thereof or any other method and may be permitted under applicable laws to eligible investors for an aggregate amount not exceeding 1500 Crores in one or more tranches subject to regulatory statutory approvals as may be required including the approval of the shareholders of the company through a postal ballot, which is presently in process. With this we can now open the floor to questions and answers.

Moderator: Thank you very much Sir. We will now begin the question and answer session. We will take the first question from the line of Bajrang Bafna from Sunidhi Securities. Please go ahead.

Bajrang Bafna: Congratulations for good set of numbers during the last quarter and the good guidance in the coming quarters as well. Sir my first question pertains to the kind of visibility that you are getting from the domestic market because to our understanding the order pipeline for the PSUs itself stands closer to 20000 sort of megawatt on a yearly basis and we have secured close to 3000 Crores of orders in the first half, so sort of pipeline that is visible for the second half and considering the rating downgrades what implications it would have on the new order intake as far as domestic orders are concerned and some visibility on the overseas orders would be really appreciated, so that is the first question and my second question purely pertains to sort of margins that is visualized because I believe that the Khavda you have got a lot of capabilities now in terms of resource mobilization because the Reliance orders are also anticipated to come maybe in the near to medium-term, so in terms of margin trajectory how are you seeing the margin trajectory for these domestic orders, would it be equally interesting and my third question pertains to purely on the buildup of your O&M revenues because I think the progression of orders is going very robust in the near to medium-term so what sort of trajectory that you are seeing for the buildup of this annuity O&M revenue and what sort of margins are predictable on the O&M side maybe from next two to three years perspective that will be really appreciated? Thank you Sir.

Amit Jain: Good morning. To start with the order for pipeline in India I would say the pipeline is very robust and at this point of time the pipeline is 16 Gigawatt and as you rightly said the major portion of the pipeline is coming out of PSUs, so as you would have seen from our performance in last three quarters that we have been consistently performing well and very competitive in PSU bids. So looking at past performance we are hopeful that we will be able to maintain our competitive approach in the bidding and we will be equally successful as we would have been past. So we are very hopeful and expect that our performance is going to be as robust as it has been with respect to public sector and IPP segment, so order pipeline is going to remain very, very robust. Now coming back to international pipeline, so we are working in multiple geographies with various clients including Australia, Africa and Middle East, so we are working on those projects and South Africa and Africa is also emerging as a very, very strong market, so we are favorably placed in some of the projects and we have received LNTP that is called limited notice to proceed for a rework on some of the projects, so we are progressing well on international markets as well. Now coming to your question on profitability and concentration in Khavda you are absolutely right, so we have achieved a significant scale in Khavda and with like concentration of the project in one location there would be optimization of overheads and we expect to increase our margins on the projects, which we get in Khavda. It is in public domain that Reliance Industries are also going to be allocated land in Khavda, so whenever the projects are announced and whenever we get the order, so we hope if we work on those projects of course using the economies of scale we will be improving our margins on those projects as well. Now coming to O&M with the significant EPC portfolio and retendering of the project which has completed earlier and some of the projects a huge portfolio being implemented by EPC we expect the strong robust growth in our O&M business portfolio, so I think it would be growing at a much faster rate than it has grown in the past, so that is what we would like to say. So all the business trajectory both EPC as well as O&M look for a very, very strong and robust growth and we will be able to maintain our historical margins which we have maintained in domestic markets.

Bahadur Dastoor: Just to add to what Mr. Amit has said in terms of O&M we expect the portfolio to actually give us revenue, which will be about 2.5 to 3 times in about two years.

Bajrang Bafna: Thank you Sir.

Moderator: Thank you. We will take the next question from the line of Puneet from HSBC. Please go ahead.

Puneet: Thank you so much for the opportunity. My first question is with respect to the debt shortfall that you are experiencing is there any thought from the promoters perspective to infuse funds and secondly related to that is since there has been a default do the other debt covenants also come into force which might drive other defaults?

Bahadur Dastoor: I already mentioned that because of the covenants the lenders do have a right to recall the loans; however, none of the lenders have recalled the loans, so to meet the requirements of the accounting standard these loans have been classified as current. As far as the promoter inflows are concerned the company has raised a claim on the promoters under the indemnity agreement for 418 Crores, the correct due date for receipt of this is November 30, 2023, we are of course in discussions with them requesting an early repayment.

Puneet: Any flows from the 40% Reliance promoter, are they infusing anything to support the company?

Bahadur Dastoor: The company is anyway looking at a long-term solution which is what we mentioned the Board has approved and right now is with the shareholders under a postal ballot, so we are looking at more long-term solution rather than something which is just a short gap.

Puneet: My second question is with respect to the business. In your new contracts you have once again taken projects which have module price risk and what is the thought process behind it, and if you can also talk about what is the price of module that you talked about 15 cents and for what delivery period does it pertain?

Amit Jain: As far as the domestic market is concerned so we have the complete backup of pricing for these projects, which we have taken with module, so there is absolutely no risk at all, the modules are being sourced from Indian suppliers and we have backup for supplies from Chinese suppliers as well. So as far as this particular project is concerned we are fully protected, and as far as the downtrend is concerned we are seeing the continuous correction because there is a glut in the market and significant additional capacity addition in the Chinese market and they have huge stockpile of modules in European market, so that is why module prices are coming down and we expect at least in the short-term this trend to continue.

Puneet: For the NTPC project would you have to take Indian modules or do you have the option to take Chinese modules as well?

Amit Jain: For the projects to be completed till March we have an option of taking Chinese modules wherever it is there, but after that if there is no change in the policy we have to go with the Indian suppliers and India also now we have significant capacity and for this project we are backed up by Indian suppliers also.

Puneet: Just a bit on the technical side issue, do you import modules before March 31, 2024, but the COD gets delayed beyond March, who bears the project risk because the government will not in that case allow the COD right?

Amit Jain: No, if the scheduled completion is before March then we are allowed to import, but in this particular case as per the policy guidelines we have to source modules from India if there is no further extension or waiver of ALMM by the Government of India.

Puneet: Just lastly and what is the price from Indian module manufacturers?

Amit Jain: Indian module manufacturer prices are varying from 21 cents per watt peak to 23 cents per watt peak.

Puneet: Understood. That is very helpful. Thank you so much.

Moderator: Thank you. We will take the next question from the line of Rabindra Nath Nayak from Sunidhi Securities. Please go ahead.

Rabindra Nath Nayak: Thank you and congratulations for better number as compared to the first quarter. My question regarding this gross margin there is a contraction in gross margin from 11.4% in Q1 to 8.7% in the second quarter, so how you see the gross margin going ahead in the coming quarters that is the first question and if there is a positive EBITDA margin in this quarter so the other expenditure is compound substantially, so whether this is related to some provision write-back or foreign exchange gain, which is reflecting in the cash flow statement, is it correct to give the things in that way, so that is my second question and the third question is about in the indemnity do you see other financial assets have gone up from 1260 Crores in the year Q1 to around 17 and 18 Crores so what is the indemnity proceed in this item so can you please clarify the balancing line item for the indemnity process and fourthly about the rise of unbillable revenue, so you have actually this other current assets there is a unbillable revenue, which was actually 818 Crores in end of FY2023 it has gone up to 1303 Crores so what is the unbilled revenue in this item if you can clarify that would be helpful and about the NTPC projects that you have now depleting whether the projects are the receivables are back in there or it is after the completion the majority of the project would be given or it is based upon the project completion you will get the orders receipts particularly can you please clarify all these things? Thank you very much.

Bahadur Dastoor: Rabindra you will have to repeat because there were far too many questions and I would need you to just repeat them one-by-one. The first question regarding gross margins why the gross margins are around 8%? If you see our investor presentation, which was uploaded yesterday, in the domestic segment we have got 567 Crores of revenue with 57 Crores of gross margin, which means the domestic gross margins are maintaining the 10% trajectory which we have been talking about. There is however 141 Crores of international EPC revenue for which there is no gross margin except for a small loss of 3 Crores and that is what is suppressing on an arithmetical basis your overall gross margin So that is the answer to your first question. If you do not mind if you could quickly repeat your second and so I will answer each question as and how it comes.

Rabindra Nath Nayak: Positive EBITDA whether there is some write-back or foreign exchange gain that you have booked in this quarter?

Bahadur Dastoor: Foreign exchange gain is booked quarter-on-quarter as and how it arises, again if you look at our financials our operational EBITDA on a consolidated basis is shown before the forex gain, there was a forex gain of 22 Crores in this quarter for September 2023.

Rabindra Nath Nayak: Is there any write-back on provisions or there is no write-back in the provisions because it is reflecting in your cash flow statement that you are asking?

Bahadur Dastoor: There is a write-back of excess provisions in projects to the extent they are not required so that has been done in case of our Australia and US projects. Similarly there are always some small additional provisions which are made, for example in our Africa project. These are things which go on happening and they sort of balance themselves out. There is a provision write-back but that is in the project and in the gross margin. So as you can see the gross margins in the domestic business as I mentioned are maintaining themselves and there is just a negative 3 Crores margin in terms of the international. There is no write-back of provisions in case of overheads as such.

Rabindra Nath Nayak: About the indemnity due so because the line item has gone up from 1260 Crores to 718 Crores so what is the line item for the indemnity process for the end of this second quarter?

Amit Jain: So indemnity items are put out at various line items and there is no single line item as such because there is no heading called indemnity items as per the schedule three to financial statements, they are there in receivables, they are there in taxes, direct and indirect, they are there in other financials and other current assets as well. The total indemnity receivables which are lying as assets as on September 30, 2023 are roughly 1400 Crores out of which 400 Crores has been claimed from the promoters post September 30, 2023. So after that in terms of what is lying in the balance sheet would be a number of about 1000 to maybe 1050 Crores.

Rabindra Nath Nayak: So that means this 1718 Crores, 1400 Crores, potentially indemnity proceeds right?

Bahadur Dastoor: No. I said it is there in various places and it is not in a single place. Other current and financial assets also include unbilled receivables which are put over there.

Rabindra Nath Nayak: This line item unbilled revenue particularly the current assets carrying unbilled revenues that has gone up from 818 Crores to 1303 Crores so how should we see this thing panning out in the coming quarters and the year ahead?

Bahadur Dastoor: Unbilled revenue gets converted almost on a monthly basis from unbilled to billed, so these items will keep panning out. You are looking at it as an absolute number, but month-on-month if it gets put in unbilled in the next month generally it moves to billing and therefore receivables.

Rabindra Nath Nayak: So whether it will be linked to the same, you do not say there is some linkage in the sales for this item?

Bahadur Dastoor: Unbilled revenue is worked out on the basis of percentage of completion. What moves to sales is on the basis of agreed milestones with customers.

Rabindra Nath Nayak: So that means the 1303 Crores is going to decline in the coming quarters or it is going to remain higher because we are going to increase the sales so whether this will increase or it will remain consolidated in total?

Bahadur Dastoor: It will depend on the milestone which is achieved on every quarter end. There could be a decline if the milestones are significantly reached or in case there is material supply which has been sent out for which the billing happens in the next month then there could be an unbilled revenue also which comes, so there is no positive or negative trend that can be attributed it all depends on the circumstances.

Rabindra Nath Nayak: About NTPC projects whether the project receivables are back ended or it is in a milestone basis it is there?

Bahadur Dastoor: They will always be milestone basis. All projects, the receivables are always milestone basis, which is agreed with the customer at the time of signing the contract.

Rabindra Nath Nayak: Thank you very much.

Moderator: Thank you. The next question is from the line of Mahesh Bendre from LIC Mutual Fund. Please go ahead.

Mahesh Bendre: Hi, Sir. Thank you so much for the opportunity. So you just mentioned about the O&M business so what is the current contribution to our sales and if you could elaborate on how much this opportunity can become maybe three or five year down the line and what will be our role in that?

Bahadur Dastoor: O&M is made out of two major parts one is where we do the O&M during the defect liability period and is a part of our contract and the second is what we call it as third party O&M where we actually go and bid for EPC plants which have been built by someone else or when our DLP is over and it is out for an open bid. So as of right now the O&M

trajectory is expected to be in the range of about 200 to 250 Crores in the current financial year with the new inflows that we have got, both which are part of our contracts and which are projects which are expected to be completed we expect that number should go to about 2.5 times in a couple of years.

Mahesh Bendre: The margin in this case will be higher, right?

Bahadur Dastoor: It is an average 25% to 30% gross margin business. There is a slightly higher margin in the international side as compared to the domestic side, so it all depends on the mix, but that is the range that we are in. This is a gross margin; there are very little overheads in terms of the O&M business.

Mahesh Bendre: So EBITDA margins will be like 20%?

Bahadur Dastoor: Yes, approximately.

Mahesh Bendre: If I look at three maybe five year down the line, so many solar plants are coming up all over India so the installed base is going to go up significantly from here on, so maybe five year down the line how much this business can become for us, I am not looking for a number as such purely from directional purpose how things will pan out maybe five year down the line?

Amit Jain: As Bahadur alluded in the next couple of years we are expecting this business to become 2-2.5 times, so even in next two years based on the orders which we are booking and we are expecting more and more completed plants which had initial O&M contracts will go for retendering. We expect this order book to go significantly, but as you said over five years or 10 years down the line more and more contracts which are constructed by other EPC players or which have been in operation by other operators will come for retendering. So with the installed base this market of O&M wherein even if we are not doing EPC growth significantly and we expect this number to grow exponentially. So as you rightly said we are not putting any number but in this particular segment we see a very, very strong and robust growth, so 2.5 times you can imagine yourself what kind of numbers it can be, numbers can be pretty, pretty good, we can average, we are taking 10% to 12% CAGR in other segments, so it can be 20% to 25% CAGR in even beyond two years in this particular segment of O&M.

Mahesh Bendre: On O&M side in terms of size are we the largest in India and who are the main competitors in the segment?

Amit Jain: We are like other players in organized sector I would say we are the largest one and the competition is from the smaller players and the others like other in the beginning I would say the developers who are managing their own portfolio, otherwise for third party and self EPC segment we are among the largest not even in India globally we are among the largest players.

Mahesh Bendre: So maybe five year down the line or maybe business structure the revenue structure will change in favor of more O&M business that is high margins?

Amit Jain: The O&M business will contribute significantly to the bottomline, but EPC portfolio will also grow significantly in India. So as far as the revenue contribution is there O&M will rise significantly but so as EPC, so I would say EPC will remain to be a major contributor, but on the bottom line O&M will add significantly to the bottomline having the high topline and the high bottomline.

Mahesh Bendre: Because this business will have predictable cash flows, high margins and…

Amit Jain: Absolutely right, so that is what I am saying this business will grow significantly so it will have a sizable pie, right now we are at 200, 250 Crores, so this may grow significantly, but EPC business will also grow significantly, so both the business put together the topline will be great, but to the bottomline in proportionate to the topline O&M will be contributing much more to the bottomline as a percentage of revenue.

Mahesh Bendre: Last question from my end. This O&M opportunity we are only looking into India or is it that globally also we are looking at this market?

Amit Jain: So we are like as we said in our opening remarks that we are looking at both organic and inorganic route and we are addressing this internationally. So in the geographies where we are working, when we are doing EPC, we are doing O&M for those projects, we are doing O&M in the South America, we are doing O&M in Africa, we have done O&M in Middle East and Australia. So we are active in all the geographies and now we are working to get and that is one of the things which we are working actively to increase our third party portfolio for O&M in international markets. So we will be operating globally wherever there was footprints are for O&M business as well.

Bahadur Dastoor: Just to give you further statement the O&M for both domestic and international is roughly half and half, so it is not that we are not operating O&M in the international space.

Mahesh Bendre: Sure Sir. Thank you so much.

Moderator: Thank you. The next question is from the line of Harshad Gandhi from Harshad H Gandhi Securities Private Limited. Please go ahead.

Harshad Gandhi: Just a clarification. Does this default hamper our eligibility to participate in future tenders in India or abroad?

Amit Jain: Yes. We are engaging with our customers and I think we are working on the funding options, so we will eligible to quote for all the domestic and international projects.

Harshad Gandhi: But has this default hampered our eligibility currently?

Amit Jain: No, as of now nothing has been impacted and all the bidding process, negotiation with the customer wherever we were in that process is continuing as usual, we are engaging with all our customers and keeping them abreast of all the developments and what all the actions we are taking, so customers are in loop and so far nothing has been impacted.

Harshad Gandhi: No, I was just asking whether in future if we want to participate in any tender we will be able to participate?

Bahadur Dastoor: This is a short-term default which the company is working expeditiously to overcome along with as I said discussions with the promoters so this is not something that is going to extend for a long period of time, besides also approved by the Board we are looking at a long-term solution for a fundraise of a significant value not exceeding 1500 Crores to solve all of these problems. The balance sheet will then get fixed, the cash flow issues will no longer exist impeding our ability to attract more business, so what you are seeing right now is a short-term or near-term issue which we are working to resolve.

Harshad Gandhi: One question is about the outstanding indemnity amount from Mr. Khurshed since 2021 ever since Reliance became the largest shareholder have we received any amount? I mean, what is the amount that I have actually been billed to him and what is the amount that we have actually received until today?

Bahadur Dastoor: Are you asking for both sets of promoters because you only mentioned Mr. Daruvala?

Harshad Gandhi: I am asking for both sets of promoters.

Bahadur Dastoor: In terms of the indemnity agreement the claim has to be raised on 30th September of each year. The first 300 Crores as has also been mentioned in our notes to the financial statements had to be borne by the company. The company had provided for the total amounting to 300 Crores in the quarter ended December 2021. In September 2022 we raised the claim of 90 Crores on the promoters because the total amount claimable at that point of time was 390 Crores of which 300 had to be borne by the company. The company received the 90 Crores. In this September the company has raised a claim of 418 Crores out of that the company has already received about 43 Crores from the promoters, the balance is to be received and as I said the last date for receipt is 30th of November. Have I answered your question?

Harshad Gandhi: Is the company confident to receive?

Bahadur Dastoor: Yes, the company is confident of receiving the money because they have paid in the past on time.

Harshad Gandhi: That is all from my side. Thank you and best of luck.

Moderator: Thank you. The next question is from the line of Deepak Purswani from Svan Investments. Please go ahead.

Deepak Purswani: Good morning Sir. Just wanted to seek the clarity in terms of the funds requirement over the next three to six months in terms of the debt repayment and is this amount of erstwhile promoter indemnity clause would be sufficient enough to meet these obligations?

Bahadur Dastoor: The total amount which will be required from now till say end of March is roughly 1300 Crores, the amount receivable from promoters is roughly 400 Crores and that is why the company is working on the fundraising plan which has been mentioned in the financial statements.

Deepak Purswani: In that context downgrade from the debt rating would have any implication in terms of the fundraising?

Bahadur Dastoor: The company is right now in discussions doing whatever it can to its best abilities to make sure that the fundraising happens in the manner it is planned.

Deepak Purswani: Thanks a lot for clarification.

Moderator: Thank you. The next question is from the line of Balasubramanian from Arihant Capital. Please go ahead.

Balasubramanian: Good morning Sir. Thank you so much for the opportunity. Sir I just want to understand about the Nigerian order like when the order will start for execution and when it will complete and what kind of potential we have, what are the challenges we have in that order?

Amit Jain: So Nigeria order as you know MoU was signed in last September and we are still discussing with the newly formed cabinet for the finalization of the EPC agreement and we expect it to get concluded soon. So we are still working on it to get it signed and once it is signed we expect revenues either in Q1 FY2025 or Q2 FY2025 the revenues will start flowing in for the project.

Balasubramanian: Thank you.

Moderator: Thank you. The next question is from the line of Rahul Kothari from Grit Equities. Please go ahead.

Rahul Kothari: Sir, can you give me some guidance on the hybrid opportunity and also pure wind sector are we exploring opportunities in both the domains?

Amit Jain: No. As far as the hybrid is concerned as and when now we have started looking at them but the hybrid pipeline is not like is developing at this point of time, projects are getting announced and as you would have noted we already have executed project for battery energy storage systems, so we are working on multiple bids in some of the select geographies like Australia on battery energy storage system projects coupled with solar or standalone projects. So as and when these projects we announced our pipeline we develop we will start working on those projects, but at this point of time I will not be able to give a concrete number for that pipeline, but we shortly expect to finalize in one of the projects of BESS systems in one of the international geographies

Rahul Kothari: Can you give me any further development or guidance with regards to Reliance project or anything on that front?

Amit Jain: Reliance projects like as we know the land has been allocated we are in discussions and we will announce whenever the orders are received from Reliance.

Rahul Kothari: Thank you. That is all.

Moderator: Thank you. The next question is from the line of Namit Arora from Indgrowth Capital. Please go ahead.

Namit Arora: Yes, thank you for the opportunity. Sir my question was around internal communication in terms of your engagement with the senior management team and the middle management team given the current sort of issues at the company, if you could give us some color of your level of engagement and your efforts to maintain employee morale and momentum in these current difficult circumstances?

Amit Jain: I would say that all the senior management, middle management and across all the management levels teams are fully engaged and the morale are very high considering the strong order book and kind of success we have seen in the domestic market. This resurgence in domestic order book the morale are very, very high, this will see that whatever the current financial position which has happened with this short-term phenomena and we are working very aggressively to address this, Board has already given its mandate to work on all kind of options for fundraise. So this has been communicated across the organization. All the senior and middle management teams are fully engaged in those discussions and they are being made abreast of all the developments from time-to-time. So we see no issues with the morale of the team and teams are like very bullish on the business going forward.

Namit Arora: Got it. Thank you very much Sir for your detailed answer and all the very best to the entire team.

Moderator: Thank you. The next question is from the line of Megh Shah from Prospero Tree Financial Services. Please go ahead.

Megh Shah: Good morning Sir, and congrats for a good set of numbers. What I want to know are two questions amongst the 329 Crores of loan repayment which we had to pay in September what amount of this was protected under the indemnity clause?

Bahadur Dastoor: Some of the loans are protected under the indemnity clause, indemnity items are more for receivables, liquidated damages, etc. Loans were taken as a bridge to meet the past losses of the company, so loans cannot be indemnified they are a means to cash flow.

Megh Shah: This 1300 Crores, which we have to pay until March what about that?

Bahadur Dastoor: Also that none of the loans are indemnified.

Megh Shah: That is loan, right?

Bahadur Dastoor: Yes, they are all loans, when I said 1300 Crores that is the total loan including this amount includes the present overdues.

Megh Shah: Yes, got it. Thank you.

Moderator: Thank you. The next question is from the line of Faisal Hawa from HG Hawa & Company. Please go ahead.

Faisal Hawa: Sir there has been this drop in solar panel prices and other key raw materials also, so in the order that we have already taken from most of these energy PSUs what is the kind of EBITDA margin improved that we expect in the next year or so?

Amit Jain: Most of the orders are like domestic as you must have noted 98% of the order book is domestic and we maintain historical 10% to 11% margins in those projects.

Bahadur Dastoor: Also the fact that the domestic orders are all BOS, so therefore there is no module in that. The only one order which we have very recently picked up is this NTPC order. So leaving that aside module price does not affect the margin improvements on our existing projects though of course the team has worked towards improved efficiency because in the Khavda region now we have almost 3 plus gigawatt of work happening simultaneously.

Faisal Hawa: Suppose even the Reliance project is in the same neighborhood whenever it does come up?

Bahadur Dastoor: It is expected to be in that neighborhood, of course.

Faisal Hawa: Would it be a right statement to make that even the battery opportunity and its EPC opportunity is almost as big as the solar opportunity?

Amit Jain: Battery opportunities also I would not say as we put it is going to be significantly high because as we move into round the clock or hybrid, so there we expect that, that market will be significant size to be handled both in India and international.

Faisal Hawa: Can you give a very frank answer to this we are almost having like 3 promoters and all three promoters are big industrialists in their own right, so is the professional management not finding it difficult going to report and with this whole turf war of the promoters themselves having to even pay amounts for as indemnities causing a lot of problem in operating?

Bahadur Dastoor: So firstly I do not believe there is any turf war between any of the promoters, they are all working together, they are all participating in Board meetings, I am also a member there and it is done in a complete professional manner. The management also does not face any challenges in talking to all three sets of promoters judiciously as and how required or give them whatever information is sought from them. As far as the indemnities are concerned, there is a very clear agreement the management works towards crystallizing of those items as expeditiously as possible. Once the claim is raised it is sent out to all the promoters including Reliance in copy, and the payments are being made, so I am not seeing any turf war that we as management are finding difficult to handle or anything of that sort.

Amit Jain: As we have alluded in our earlier calls also the Board is providing a strategic guidance and right directions to the company and we see no problems in that regard at all.

Moderator: Mr. Hawa, any further questions?

Faisal Hawa: No further questions. Thank you.

Moderator: Thank you Sir. Ladies and gentlemen as there are no further questions, with that we conclude today's conference call. On behalf of Sterling & Wilson Renewable Energy Limited that concludes this conference. We thank you for joining us. You may now disconnect your lines.