

Notes to Unaudited Consolidated Financial Results For The Quarter And Nine Months Ended December 31, 2021 (Continued)

Notes : (Continued)

- 9 Pursuant to the Share Subscription Agreement (“SSA”) dated October 10, 2021 entered into between the Holding Company, Shapoorji Pallonji and Company Private Limited (“SPCPL”), Mr. Khurshed Yazdi Daruvala and Reliance New Energy Limited (formerly known as Reliance New Energy Solar Limited) (“RNEL”), 2,93,33,333 equity shares were allotted by the Holding Company on December 30, 2021 to RNEL on a preferential basis. Pursuant to the Share Purchase Agreement (“SPA”) dated October 10, 2021 entered into between SPCPL, Mr. Khurshed Yazdi Daruvala and RNEL, SPCPL has sold 1,84,00,000 equity shares of the Holding Company to RNEL on January 06, 2022. Also, pursuant to the open offer made by RNEL, 84,76,251 equity shares were acquired by RNEL on January 28, 2022. Further, SPCPL and Mr. Khurshed Yazdi Daruvala have sold 1,53,80,904 and 42,86,846 equity shares respectively to RNEL on February 09, 2022. On completion of all the above, RNEL holds 7,58,77,334 equity shares representing 40.00% of the total share capital of the Holding Company as on date.
- 10 During the quarter ended 31 December 2021, the Holding Company has signed an Indemnity Agreement with Shapoorji Pallonji and Company Pvt. Ltd., Khurshed Yazdi Daruvala (jointly the “Promoter Selling Shareholders”) and Reliance New Energy Limited (formerly Reliance New Energy Solar Limited) pursuant to which, the Promoter Selling Shareholders would indemnify and re-imburse the Holding Company and its subsidiaries/branches for a net amount, if it exceeds Rs 300.00 crore, on settlement of liquidated damages pertaining to certain identified past and existing projects (as on the date of signing the aforementioned agreements), old receivables, direct and indirect tax litigations as well as certain legal and regulatory matters. These amounts would be settled by 30 September 2022 and thereafter on 30 September of each succeeding year, on the basis of the final settlement amounts with customers/suppliers/other authorities. Consequently, trade receivables from the customer undergoing a resolution process under the supervision of the National Company Law Tribunal (“NCLT”) and bank guarantees encashed by certain customers would also be recoverable from the Promoter Selling Shareholders once crystallized, if not recovered from the customers. The Promoter Selling Shareholders are consequently entitled to net off the amounts payable, with specific counter-claims levied and recovered by the Holding Company and its subsidiaries/branches on its customers/vendors relating to these matters. As at 31 December 2021, the Holding Company and its subsidiaries/branches have made provisions equivalent to Rs 300.00 crore, including Rs 158.24 crore during the quarter ended 31 December 2021. As explained above, since all future crystallized claims beyond the provided for Rs 300.00 crore will be fully charged back and recovered from the Promoter Selling Shareholders, there will be no further impact on the results of the Holding Company and its subsidiaries/branches beyond 31 December 2021 due to the same.
- 11 The Holding Company, entered into a contract for a 100 MW AC Photovoltaic plant in the state of Karnataka with an infrastructure company (“customer”) to cater to inhouse power demands of the large office space facilities at Bangalore of a real estate developer (“developer”). The works were majorly completed by end February 2018 and the balance work was pending due to non-availability of land, which was in the scope of the customer. In October 2018, National Company Law Tribunal (“NCLT”) actions were initiated against the customer group and the Company issued a work suspension notice to the customer, for balance of payments, with a copy to the developer. The developer issued directions to the Company, vide a letter, to go ahead with the works/maintenance of the plant wherein they also assured the Company that they would make the payment if the customer failed to pay. As on date the customer owes SWSL Rs 92.45 crore. In addition, an amount of Rs 64.10 crore under confirmed, irrevocable Letters of Credit arranged by the customer from their bank mainly for the supplies which had been discounted by Holding Company, after confirmation, both from the customer and their bank, became due. Due to the NCLT actions against the customer group, the customer’s bank refused to make the payment to the Holding Company’s bank citing prevention against doing the same due to the NCLT order, and the Holding Company had to return the amount back to its bank. During the year ended 31 March 2020, the Holding Company has initiated legal proceedings in both these matters: the matter in respect of the customer / developer which is currently pending with the NCLT and the matter in respect of the customers bank is currently pending with the National Company Law Appellate Tribunal. The Holding Company had sought legal opinion regarding the amount due from the developer as per their assurance letter and from the customer’s bank due to failure to pay confirmed Letters of Credit and has been advised that the said amounts are recoverable. The amount of Rs 92.45 crore and Rs 64.10 crore is shown under the head Trade Receivables and Other Financial Assets, respectively. Basis the aforementioned legal opinions and the management assessment, inspite of being confident of full recovery, considering the expected credit loss requirement of Ind AS 109 “Financial Instruments”, the management has recognised the provision to the extent of Rs 31.33 crore as at 31 December 2021, based on management’s best estimate of collection of the aforementioned receivables as at 31 December 2021.
- 12 Other expenses during the nine months ended 31 December 2021 include forward contract cancellation charges aggregating to Rs 68.18 crores. A few of these contracts, with a corresponding cost of Rs 46.58 crores, have been re-booked during the nine months ended 31 December 2021, as the corresponding revenue against such forward contracts is to be accrued in subsequent periods.
- 13 On 27 March 2019, The Board of Directors of the Holding Company has proposed to Institute the Scheme for Employee Stock Option Plan (‘ESOP’ or ‘Scheme’) subject to approval of Shareholders’. The said Scheme has been approved by the Shareholders on 30 May 2021 and grant of the stock options was approved by Nomination and Remuneration Committee effective 15 July 2021. Pursuant to Scheme the Company has granted 1,301,213 new stock grants to eligible employees, the exercise price of these ESOP is Rs 238 per share and the same would get vested in 4 annual tranches of 25% each, commencing one year from date of grant, i.e. 15 July 2021.
- 14 During the nine-month ended 31 December 2021, four customers of Holding Company have encashed advance and performance bank guarantees amounting to Rs 588.51 crore. The same has been shown as recoverable from customers as at 31 December 2021. Three of the projects are virtually completed and the last one is about 84% completed as of 31 December 2021. The Senior Management of the Holding Company have had several rounds of the discussion with the customers and are actively being engaged to resolve the matter. The Holding Company finalized a settlement agreement with one customer, on the basis of which the entire amount against the corresponding bank guarantees encashed, amounting to Rs 175.87 crore, was refunded by the customer post the 31 December 2021. A similar settlement agreement is at an advance stage of discussion for other projects. Based on the current ongoing discussion, the Management is hopeful that the issue will be resolved amicably, and accordingly there is no need to make provision for the same during the quarter and nine months ended 31 December 2021.
- 15 Previous period figures have been re-grouped / re-classified wherever necessary, to conform to current period’s classification in order to comply with the requirements of the amended Schedule III to the Companies Act, 2013.
- 16 The Group has incurred a loss for the quarter and nine months ended 31 December 2021 and accordingly, the effect of potential equity shares to be issued would be anti-dilutive.
- 17 The results of the Group are available for investors at www.sterlingandwilsonre.com, www.nseindia.com and www.bseindia.com.

BY ORDER OF THE BOARD OF DIRECTORS
For Sterling and Wilson Renewable Energy Limited
(formerly know as Sterling and Wilson Solar Limited)

Khurshed
Yazdi Daruvala

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Khurshed Daruvala
Chairman

DIN: 00216905

Date : February 14, 2022

Place : Mumbai

**REVIEW REPORT
TO THE BOARD OF DIRECTORS
STERLING AND WILSON RENEWABLE ENERGY LIMITED
(FORMERLY KNOWN AS STERLING AND WILSON SOLAR LIMITED)**

1. We have reviewed the accompanying Statement of Unaudited Standalone Financial Results of *Sterling and Wilson Renewable Energy Limited* (formerly known as *Sterling and Wilson Solar Limited*) (“the Company”) for the quarter and nine months ended December 31, 2021, together with the notes thereon (“the Statement”) attached herewith, in which are incorporated returns from branches in Australia, Argentina, Chile, Dubai, Egypt, Indonesia, Jordan, Kenya, Mexico, Morocco, Namibia, Philippines, United Kingdom, Vietnam, and Zambia. This Statement is being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, (“Listing Regulations”), (digitally signed by us for identification). This Statement which is the responsibility of the Company’s Management has been reviewed by the Audit Committee and approved by the Board of Directors at their meetings held on February 14, 2022. The Statement has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 ‘Interim Financial Reporting (‘Ind AS 34’), prescribed under Section 133 of the Companies Act, 2013, (“the Act”) read with the relevant Rules issued thereunder, as applicable and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
2. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”, issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. Based on our review conducted and procedures performed as stated in paragraph 2 above and based on the consideration of the review reports of the branch auditors referred to in paragraph 5(i) below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

4. **Emphasis of Matters**

We draw attention to:

- i) Note 7 to the Statement which describes the Indemnity Agreement dated December 29, 2021, entered into by the Company with Shapoorji Pallonji and Company Private Limited, Khurshed Yazdi Daruvala (jointly the “Promoter Selling Shareholders”) and Reliance New Energy Limited (formerly known as Reliance New Energy Solar Limited) pursuant to which, the Promoter Selling Shareholders would indemnify and re-imburse the Company and its subsidiaries / branches for a net amount, on settlement of liquidated damages pertaining to certain identified past and existing projects (as on the date of signing the aforementioned agreement), old receivables, direct and indirect tax litigations as well as certain legal and regulatory matters, if such claims (net of receivables) exceeds Rs. 300 crore. Consequently, trade receivables from the customer undergoing a resolution process under the supervision of the National Company Law Tribunal (‘NCLT’) and bank guarantees encashed by certain customers would also be recoverable from the Promoter Selling Shareholders once crystallized, if not recovered from the customers. Since all future crystallized claims beyond Rs. 300 crore will be fully charged back and recovered from the Promoter Selling Shareholders, there will be no further impact on the results of the Company.
- ii) Note 9 to the Statement which describes the accounting for the Scheme of Amalgamation (Scheme) between the Company and Sterling & Wilson – Waaree Private Limited, a wholly owned subsidiary. The Scheme has been approved by the NCLT vide its order dated January 29, 2021. Though the appointed date as per the NCLT Scheme is April 1, 2020, the business combination has been accounted for as if it had occurred from the beginning of the preceding year in the standalone financial results. Accordingly, the corresponding amounts for the quarter and nine months ended December 31, 2020, have been restated by the Company after recognizing the effect of the amalgamation as above. This financial information has been certified by the Company’s Management and has neither been audited nor reviewed by us.

Our conclusion on the Statement is not modified in respect of the above matters.

5. **Other Matters**

- i) We did not review the interim financial information of 15 branches included in the unaudited standalone interim financial results of the Company, whose interim financial information reflect total revenues (before consolidation adjustments) of Rs. 840.91 crore and Rs. 2,104.74 crore, total net loss after tax (before consolidation adjustments) of Rs. 20.22 crore and Rs. 55.56 crore and total comprehensive loss (before consolidation adjustments) of Rs. 20.22 crore and Rs. 55.56 crore, for the quarter ended December 31, 2021, and for the nine month period from April 1, 2021, to December 31, 2021, respectively, as considered in the unaudited standalone interim financial results of the Company. The interim financial information of these branches have been reviewed by the branch auditors whose reports have been furnished to us, and our conclusion in so far as it relates to the amounts and disclosures included in respect of these branches, is based solely on the report of such branch auditors and the procedures performed by us as stated in paragraph 2 above.

- ii) Certain branches referred to above are located outside India whose interim financial information has been prepared in accordance with the accounting principles generally accepted in their respective countries and which have been reviewed by the branch auditors under generally accepted auditing standards applicable in their respective countries. The Company's Management has converted the interim financial information of such branches located outside India from the accounting principles generally accepted in their respective countries to the accounting principles generally accepted in India. We have reviewed these conversion adjustments made by the Company's Management. Our conclusion in so far as it relates to the amounts and disclosures included in respect of these branches located outside India is based on the report of such branch auditors and the conversion adjustments prepared by the Management of the Company and reviewed by us.
- iii) Attention is drawn to the fact that the figures in the Statement up to and for the quarter ended June 30, 2021, as well as for the financial year ended March 31, 2021, included in the Statement were audited / reviewed by a firm of Chartered Accountants other than Kalyaniwalla & Mistry LLP, Chartered Accountants. The previous auditors have expressed a modified opinion / conclusion for the above periods vide their respective audit / limited review reports which have been furnished to us and which have been relied upon by us for the purpose of our review of the Statement.

Our conclusion on the Statement is not modified in respect of the above matters.

***For KALYANIWALLA & MISTRY LLP
CHARTERED ACCOUNTANTS***

Firm Regn. No.: 104607W / W100166

**Darius
Zarir Fraser**

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Darius Z. Fraser

PARTNER

M. No.: 42454

UDIN: 22042454ACEBSR1676

Mumbai: February 14, 2022.

Statement of Unaudited Standalone Financial Results for the Quarter and Nine Months Ended December 31, 2021

(₹ in crore)

Sr No.	Particulars	For the quarter ended			For the nine months ended		Year ended
		31-Dec-21 (Unaudited)	30-Sep-21 (Unaudited)	31-Dec-20 (Unaudited) (Restated) (Refer note 9)	31-Dec-21 (Unaudited)	31-Dec-20 (Unaudited) (Restated) (Refer note 9)	31-Mar-21 (Audited)
1	Income						
	Revenue from operations	1,035.49	958.98	791.04	2,840.86	1,875.36	3,176.17
	Other income	18.31	29.53	34.94	81.10	106.60	153.95
	Total Income	1,053.80	988.51	825.98	2,921.96	1,981.96	3,330.12
2	Expenses						
	Cost of construction materials, stores and spare parts	639.33	458.35	440.66	1,465.06	1,016.63	2,029.83
	Purchase of stock-in-trade	-	-	0.01	-	0.78	0.79
	Direct project costs	362.09	470.35	273.25	1,228.09	686.74	1,049.47
	Employee benefits expense	31.69	32.84	26.51	94.82	83.78	122.34
	Finance costs	27.61	16.82	15.93	56.41	50.59	67.59
	Depreciation and amortisation expense	3.19	1.63	2.18	6.44	5.85	8.20
	Other expenses (Refer note 10)	24.77	66.09	30.00	208.69	145.49	194.57
	Total Expenses	1,088.68	1,046.08	788.54	3,059.51	1,989.86	3,472.79
3	(Loss) / Profit before tax (1 - 2)	(34.88)	(57.57)	37.44	(137.55)	(7.90)	(142.67)
4	Tax Expense						
	- Current tax *	0.00	(0.00)	5.76	-	6.12	-
	- Deferred tax (credit) / charge	(2.61)	(15.53)	6.27	(28.08)	(1.18)	(31.23)
5	(Loss) / Profit for the period / year (3 - 4)	(32.27)	(42.04)	25.41	(109.47)	(12.84)	(111.44)
6	Other comprehensive income for the period / year						
	Items that will not be reclassified to profit or loss						
	- Remeasurements of defined benefit liability	0.06	0.07	(0.46)	0.20	(1.37)	0.27
	- Income tax relating to items that will not to reclassified to profit or loss	(0.02)	(0.01)	0.11	(0.05)	0.34	(0.07)
	Items that will be reclassified to profit or loss						
	- Effective portion of (losses) / gain on hedging instruments in cash flow hedges	(12.65)	37.26	(61.84)	32.77	(135.27)	(153.59)
	- Effective portion of (losses) / gain on hedging instruments in cash flow hedges reclassified to profit or loss	(30.55)	18.29	-	68.18	-	63.10
	- Income tax relating to items that will be reclassified to profit or loss	10.87	(13.98)	15.56	(25.41)	34.04	22.77
	- Exchange differences in translating financial statements of foreign operations	(0.75)	9.44	(10.28)	13.26	(8.32)	(11.46)
	Other comprehensive income for the period / year (net of income tax)	(33.04)	51.07	(56.91)	88.95	(110.58)	(78.98)
7	Total comprehensive (loss) / income for the period / year (5 + 6)	(65.31)	9.03	(31.50)	(20.52)	(123.42)	(190.42)
8	Paid-up equity share capital (face value ₹ 1/-)	18.97	16.04	16.04	18.97	16.04	16.04
9	Other equity						495.94
10	Earnings per equity share (EPS) (of ₹ 1 each) (not annualised)						
	(a) Basic	(2.01)	(2.62)	1.58	(6.82)	(0.80)	(6.95)
	(b) Diluted (Refer note 14)	(2.01)	(2.62)	1.58	(6.82)	(0.80)	(6.95)
	See accompanying notes to the unaudited standalone financial results						
	* denotes amount less than ₹ 0.01 crore						

Unaudited Standalone Segment-Wise Revenue, Assets, Liabilities and Capital Employed for the Quarter and Nine Months Ended December 31, 2021

(₹ in crore)

Particulars	For the quarter ended			For the nine months ended		Year ended
	31-Dec-21 (Unaudited)	30-Sep-21 (Unaudited)	31-Dec-20 (Unaudited) (Restated) (Refer Note 9)	31-Dec-21 (Unaudited)	31-Dec-20 (Unaudited) (Restated) (Refer note 9)	31-Mar-21 (Audited)
Segment Revenue						
EPC business	993.01	904.84	735.56	2,688.00	1,708.21	2,941.41
Operation and maintenance service	42.43	54.14	53.60	152.81	165.27	231.80
Total	1,035.44	958.98	789.16	2,840.81	1,873.48	3,173.21
Other operating income	0.05	-	1.88	0.05	1.88	2.96
Revenue from operations	1,035.49	958.98	791.04	2,840.86	1,875.36	3,176.17
Segment Results						
EPC business	69.53	(17.42)	58.20	39.17	101.24	(33.10)
Operation and maintenance service	2.35	16.33	13.09	32.90	46.98	69.03
Total	71.88	(1.09)	71.29	72.07	148.22	35.93
Add: Unallocable income	17.13	29.51	34.22	76.67	101.70	137.16
Less: Unallocable expenditure	(123.89)	(85.99)	(68.07)	(286.29)	(257.82)	(315.76)
Total (loss) / profit before tax	(34.88)	(57.57)	37.44	(137.55)	(7.90)	(142.67)
Segment Assets						
EPC business	2,036.99	1,662.01	1,410.60	2,036.99	1,410.60	1,372.55
Operation and maintenance service	120.33	187.62	128.33	120.33	128.33	143.35
Unallocated	1,988.41	2,023.68	2,040.31	1,988.41	2,040.31	2,260.39
Total	4,145.73	3,873.31	3,579.24	4,145.73	3,579.24	3,776.29
Segment Liabilities						
EPC business	2,065.48	2,405.16	2,407.91	2,065.48	2,407.91	2,681.01
Operation and maintenance service	40.28	103.56	77.22	40.28	77.22	77.31
Unallocated	456.07	806.75	515.13	456.07	515.13	505.99
Total	2,561.83	3,315.47	3,000.26	2,561.83	3,000.26	3,264.31
Capital Employed (Segment Assets - Segment Liabilities)						
EPC business	(28.49)	(743.15)	(997.31)	(28.49)	(997.31)	(1,308.46)
Operation and maintenance service	80.05	84.06	51.11	80.05	51.11	66.04
Unallocated	1,532.34	1,216.93	1,525.18	1,532.34	1,525.18	1,754.40
Total	1,583.90	557.84	578.98	1,583.90	578.98	511.98

Notes to Unaudited Standalone Financial Results for the Quarter and Nine Months Ended December 31, 2021

Notes :

- 1 The above unaudited standalone financial results which are published in accordance with Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations') have been reviewed by the Audit Committee and approved by the Board of Directors at their meetings held on February 14, 2022. These unaudited standalone financial results have been prepared in accordance with recognition and measurement principles of Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Companies Act, 2013, read with the relevant rules issued thereunder and the other accounting principles generally accepted in India.
- 2 The above unaudited standalone financial results have been subjected to a limited review by the statutory auditors of the Company. The auditors have expressed an unmodified conclusion in the review report for the quarter and nine months ended December 31, 2021.
- 3 The Company is primarily engaged in the business of complete Turnkey solution for Engineering, Procurement, Construction, Operation and maintenance of Renewable Energy Power projects. The Company's Chief Operating Decision Maker (CODM) reviews the internal management reports prepared based on financial information for Engineering, Procurement and Construction (EPC) and Operation and Maintenance Service based on analysis of certain performance indicators viz. Profit after tax. Accordingly, the Company has determined its reportable segments under Ind AS 108 "Operating Segments" as follows:
 - Engineering, Procurement and Construction business; and
 - Operation and Maintenance Service.The financial information of these segments has been provided in the unaudited standalone financials results as per Ind AS 108.
- 4 The Red Herring Prospectus dated 29 July 2019 stated that Shapoorji Pallonji and Company Private Limited and Khurshed Yazdi Daruvala ("Selling Shareholders") shall use a portion of the net offer proceeds towards funding full repayment of the outstanding inter-corporate deposits payable by a fellow subsidiary to the Company. The entire amount has now been repaid along with all interest accrued thereagainst.

The Company has responded to queries on this matter raised by the concerned authorities. The Company, based on independent opinions from legal experts, has determined that there is no non-compliance with any provisions of the Companies Act, 2013 and/or SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, by the Company, in respect of this matter.
- 5 The outbreak of the Coronavirus (COVID-19) pandemic globally continues to cause significant disturbance and slowdown of economic activity. During the quarter and nine months ended 31 December 2021, the construction activities at various sites witnessed a slowdown as per the directives issued by various regulatory authorities which has led to an increased cost of construction (including rise in module and commodity costs) as well as overheads due to extended time. Owing to these factors, the Company has faced liquidity challenges during the quarter and nine months ended 31 December 2021.

The Company continues to have a strong order book, a positive net-worth and favorable net current asset position. The Company's Management and the Board of Directors of the Company have also made an assessment on going concern, after considering the Company's projected cash flows for the next 12 months, as well as financing arrangements to fulfil its working capital requirements and necessary capital expenditure.

The Company has used the principles of prudence in applying judgements, estimates and assumption and based on the current estimates Management has assessed the impact of existing and anticipated impact of COVID-19 on future projected cash-flows. Based on all the above, the Management believes that the Company will continue its business as a going concern in the foreseeable future, so as to be able to realise its assets and discharge its liabilities in the normal course.
- 6 Pursuant to the Share Subscription Agreement ("SSA") dated October 10, 2021 entered into between the Company, Shapoorji Pallonji and Company Private Limited ("SPCPL"), Mr. Khurshed Yazdi Daruvala and Reliance New Energy Limited (formerly known as Reliance New Energy Solar Limited) ("RNEL"), 2,93,33,333 equity shares were allotted by the Company on December 30, 2021 to RNEL on a preferential basis. Pursuant to the Share Purchase Agreement ("SPA") dated October 10, 2021 entered into between SPCPL, Mr. Khurshed Yazdi Daruvala and RNEL, SPCPL has sold 1,84,00,000 equity shares of the Company to RNEL on January 06, 2022. Also, pursuant to the open offer made by RNEL, 84,76,251 equity shares were acquired by RNEL on January 28, 2022. Further, SPCPL and Mr. Khurshed Yazdi Daruvala have sold 1,53,80,904 and 42,86,846 equity shares respectively to RNEL on February 09, 2022. On completion of all the above, RNEL holds 7,58,77,334 equity shares representing 40.00% of the total share capital of the Company as on date.
- 7 During the quarter ended 31 December 2021, the Company has signed an Indemnity Agreement with Shapoorji Pallonji and Company Private Limited, Khurshed Yazdi Daruvala (jointly the "Promoter Selling Shareholders") and Reliance New Energy Limited (formerly known as Reliance New Energy Solar Limited) pursuant to which, the Promoter Selling Shareholders would indemnify and re-imburse the Company and its subsidiaries/branches for a net amount, if it exceeds Rs 300.00 crore, on settlement of liquidated damages pertaining to certain identified past and existing projects (as on the date of signing the aforementioned agreements), old receivables, direct and indirect tax litigations as well as certain legal and regulatory matters. These amounts would be settled by 30 September 2022 and thereafter on 30 September of each succeeding year, on the basis of the final settlement amounts with customers/suppliers/other authorities. Consequently, trade receivables from the customer undergoing a resolution process under the supervision of the National Company Law Tribunal ("NCLT") and bank guarantees encashed by certain customers would also be recoverable from the Promoter Selling Shareholders once crystallized, if not recovered from the customers. The Promoter Selling Shareholders are consequently entitled to net off the amounts payable, with specific counter-claims levied and recovered by the Company and its subsidiaries/branches on its customers/vendors relating to these matters. As at 31 December 2021, the Company has made provisions equivalent to Rs 157.86 crore, including Rs 37.54 crore during the quarter ended 31 December 2021. Additionally the Company's subsidiaries have made provisions equivalent to Rs 142.14 crore as at 31 December 2021. As explained above, since all future crystallized claims beyond the provided for Rs 300.00 crore will be fully charged back and recovered from the Promoter Selling Shareholders, there will be no further impact on the results of the Company beyond 31 December 2021 due to the same.
- 8 The Company, entered into a contract for a 100 MW AC Photovoltaic plant in the state of Karnataka with an infrastructure company ("customer") to cater to inhouse power demands of the large office space facilities at Bangalore of a real estate developer ("developer"). The works were majorly completed by end February 2018 and the balance work was pending due to non-availability of land, which was in the scope of the customer. In October 2018, National Company Law Tribunal ("NCLT") actions were initiated against the customer group and the Company issued a work suspension notice to the customer, for balance of payments, with a copy to the developer. The developer issued directions to the Company, vide a letter, to go ahead with the works/maintenance of the plant wherein they also assured the Company that they would make the payment if the customer failed to pay. As on date, the customer owes the Company Rs 92.45 crore. In addition, an amount of Rs 64.10 crore under confirmed, irrevocable Letters of Credit arranged by the customer from their bank mainly for the supplies which had been discounted by the Company, after confirmation, both from the customer and their bank, became due. Due to the NCLT actions against the customer group, the customer's bank refused to make the payment to the Company's bank citing prevention against doing the same due to the NCLT order, and the Company had to return the amount back to its bank.

Notes to Unaudited Standalone Financial Results for the Quarter and Nine Months Ended December 31, 2021 (Continued)

Notes : (Continued)

During the year ended 31 March 2020, the Company has initiated legal proceedings in both these matters:

- a) the matter in respect of the customer / developer which was pending with the NCLT, the final hearing took place subsequent to the quarter end and the Company is awaiting final order;
- b) The matter in respect of the customers bank is currently pending with the National Company Law Appellate Tribunal.

The Company has sought legal opinions regarding the amount due from the developer as per their assurance letter and from the customer's bank due to failure to pay confirmed Letters of Credit and has been advised that the said amounts are recoverable. The amount of Rs 92.45 crore and Rs 64.10 crore is shown under the head Trade Receivables and Other Financial Assets, respectively.

Basis the aforementioned legal opinions and the Management assessment, inspite of being confident of full recovery, considering the expected credit loss requirement of Ind AS 109 "Financial Instruments", the Management has recognised the provision to the extent of Rs 31.33 crore as at 31 December 2021, based on Management's best estimate of collection of the aforementioned receivables as at 31 December 2021.

- 9 The Board of Directors of the Company at their meeting held on 16 March 2020 had approved the "Scheme of Arrangement" ('the Scheme') for merger of Sterling & Wilson - Warree Private Limited ('SWWPL') with the Company subject to obtaining necessary approvals from the applicable statutory authorities. Subsequently, the Company completed e-filing of the application for the said Scheme with National Company Law Tribunal ('NCLT') on 5 August 2020. The final hearing on petition for sanction of the Scheme before the Mumbai bench of NCLT took place on 29 January 2021 and the Scheme was approved by the NCLT. The Company has received the final order on 29 March 2021. In accordance with the requirements of Para 9(iii) of Appendix C of Ind AS 103, the unaudited standalone financial results of the Company in respect of prior periods have been restated from effective date of the Scheme i.e. April 1, 2020. Increase/ (Decrease) in previous period published numbers are as below:

Particulars	For the quarter ended	For the nine months ended
	31-Dec-20 (Unaudited)	31-Dec-20 (Unaudited)
Total income	1.35	4.57
(Loss) / Profit before tax for the period	4.08	(5.43)
(Loss) / Profit after tax for the period	2.71	(4.07)
Net worth	37.10	37.10
Total assets	36.97	36.97

- 10 Other expenses during the nine months ended 31 December 2021 include forward contract cancellation charges aggregating to Rs 68.18 crore. A few of these contracts, with a corresponding cost of Rs 3.72 crore, have been re-booked during the nine months ended 31 December 2021, as the corresponding revenue against such forward contracts is to be accrued in subsequent periods.
- 11 On 27 March 2019, The Board of Directors of the Company has proposed to institute an Scheme Employee Stock Option Plan ('ESOP' or 'Scheme') subject to approval of Shareholders'. The said Scheme has been approved by the Shareholders on 30 May 2021 and the grant of stock option was approved by the Nomination and Remuneration Committee effective 15 July 2021. Pursuant to Scheme, the Company has granted 1,301,213 stock options to eligible employees, the exercise price of these ESOP is Rs 238 per share and the same would get vested in 4 annual tranches of 25% each, commencing one year from date of grant i.e. 15 July 2021.
- 12 During the nine-month ended 31 December 2021, four customers of the Company have encashed advance and performance bank guarantees amounting to Rs 588.51 crore. The same has been shown as recoverable from customers as at 31 December 2021. Three of the projects are virtually completed and the last one is about 84% completed as of 31 December 2021. The Senior Management of the Company have had several rounds of the discussion with the customers and are actively being engaged to resolve the matter. The Company finalized a settlement agreement with one customer, on the basis of which the entire amount against the corresponding bank guarantees encashed, amounting to Rs 175.87 crore, was refunded by the customer post the 31 December 2021. A similar settlement agreement is at an advance stage of discussion for the other projects. Based on the current ongoing discussion, the Management is hopeful that the issue will be resolved amicably, and accordingly there is no need to make provision for the same during the quarter and nine months ended 31 December 2021.
- 13 Previous period figures have been re-grouped / re-classified wherever necessary, to conform to current period's classification in order to comply with the requirements of the amended Schedule III to the Companies Act, 2013.
- 14 The Company has incurred a loss for the quarter and nine months ended 31 December 2021 and accordingly, the effect of potential equity shares to be issued would be anti-dilutive.
- 15 The results of the Company are available for investors at www.sterlingandwilsonre.com, www.nscindia.com and www.bseindia.com.

BY ORDER OF THE BOARD OF DIRECTORS
Sterling and Wilson Renewable Energy Limited
(formerly known as Sterling and Wilson Solar Limited)

Khurshed
Yazdi Daruvala

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Khurshed Yazdi Daruvala
Date: 2022.02.14 19:11:00
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Khurshed Daruvala
Chairman
DIN: 00216905

Date : February 14, 2022
Place : Mumbai

Daraius
Zarir
Fraser

Digitally signed by Daraius Zarir
DN: cn=Daraius Zarir, o=Sterling and Wilson Renewable Energy Limited, email=daraius.zarir@sterlingandwilsonre.com, serial=1, c=IN