

Sterling and Wilson Renewable Energy Limited (formerly known as Sterling and Wilson Solar Limited)

CIN:L74999MH2017PLC292281

Registered Office: 9th Floor, Universal Majestic, P. L. Lokhande Marg, Chembur West, Mumbai 400 043.

Statement of Unaudited Standalone Financial Results for the Quarter Ended 30 June 2022

(₹ in crore)

Sr No.	Particulars	For the quarter ended			Year ended
		30-Jun-22 (Unaudited)	31-Mar-22 (Audited) (Refer note 4)	30-Jun-21 (Unaudited)	31-Mar-22 (Audited)
1	Income				
	Revenue from operations	793.32	618.72	846.39	3,459.58
	Other income	26.48	21.21	33.26	102.31
	Total Income	819.80	639.93	879.65	3,561.89
2	Expenses				
	Cost of construction materials, stores and spare parts	647.71	216.64	367.38	1,681.70
	Changes in inventories of stock-in-trade	-	-	-	-
	Direct project costs	164.37	442.39	395.65	1,670.48
	Employee benefits expense	34.84	30.01	30.29	124.83
	Finance costs	14.25	18.93	11.98	75.34
	Depreciation and amortisation expense	1.69	1.46	1.62	7.90
	Other expenses	58.90	(1.63)	117.83	207.06
	Total Expenses	921.76	707.80	924.75	3,767.31
3	(Loss) before tax (1 - 2)	(101.96)	(67.87)	(45.10)	(205.42)
4	Tax Expense				
	- Current tax	-	-	-	-
	- Current tax relating to earlier period / year	2.06	4.81	-	4.81
	- Deferred tax (credit)	-	(14.63)	(9.94)	(42.71)
5	(Loss) for the period / year (3 - 4)	(104.02)	(58.05)	(35.16)	(167.52)
6	Other comprehensive income for the period / year				
	Items that will not be reclassified to profit or loss				
	- Remeasurements of defined benefit liability	0.15	0.40	0.07	0.60
	- Income tax relating to items that will not to reclassified to profit or loss	-	(0.10)	(0.02)	(0.15)
	Items that will be reclassified to profit or loss				
	- Effective portion of (losses) / gain on hedging instruments in cash flow hedges	23.71	(17.78)	8.16	14.99
	- Effective portion of (losses) / gain on hedging instruments in cash flow hedges reclassified to profit or loss	(1.41)	(13.05)	80.44	55.13
	- Income tax relating to items that will be reclassified to profit or loss	(5.13)	7.76	(22.30)	(17.65)
	- Exchange differences in translating financial statements of foreign operations	(9.35)	(3.18)	4.57	10.08
	Other comprehensive income for the period / year (net of income tax)	7.97	(25.95)	70.92	63.00
7	Total comprehensive (loss) / profit for the period / year (5 + 6)	(96.05)	(84.00)	35.76	(104.52)
8	Paid-up equity share capital (face value ₹ 1/-)	18.97	18.97	16.04	18.97
9	Other equity				1,482.26
10	Earnings per equity share (EPS) (of ₹ 1 each) (not annualised)				
	(a) Basic	(5.48)	(3.17)	(2.19)	(9.99)
	(b) Diluted (Refer note 9)	(5.48)	(3.17)	(2.19)	(9.99)
	See accompanying notes to the unaudited standalone financial results				



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Unaudited Standalone Segment-Wise Revenue, Assets, Liabilities and Capital Employed for the Quarter Ended 30 June 2022

(₹ in crore)

Particulars	For the quarter ended			Year ended
	30-Jun-22	31-Mar-22	30-Jun-21	31-Mar-22
	(Unaudited)	(Audited) (Refer note 4)	(Unaudited)	(Audited)
Segment Revenue				
EPC business	753.79	573.38	790.15	3,261.38
Operation and maintenance service	38.77	43.84	56.24	196.65
Total	792.56	617.22	846.39	3,458.03
Other operating income	0.76	1.50	-	1.55
Revenue from operations	793.32	618.72	846.39	3,459.58
Segment Results				
EPC business	(15.57)	(27.34)	(12.94)	11.83
Operation and maintenance service	(1.18)	(1.38)	14.22	31.52
Total	(16.75)	(28.72)	1.28	43.35
Add: Unallocable income	24.47	21.61	30.03	98.28
Less: Unallocable expenditure	(109.68)	(60.76)	(76.41)	(347.05)
Total (loss) before tax	(101.96)	(67.87)	(45.10)	(205.42)
Segment Assets				
EPC business	1,694.32	1,740.57	1,359.07	1,740.57
Operation and maintenance service	101.97	110.85	160.32	110.85
Unallocated	2,066.96	2,121.33	2,050.60	2,121.33
Total	3,863.25	3,972.75	3,569.99	3,972.75
Segment Liabilities				
EPC business	1,882.32	1,939.59	2,405.09	1,939.59
Operation and maintenance service	13.09	37.00	98.06	37.00
Unallocated	561.36	494.93	519.11	494.93
Total	2,456.77	2,471.52	3,022.26	2,471.52
Capital Employed (Segment Assets - Segment Liabilities)				
EPC business	(188.00)	(199.02)	(1,046.02)	(199.02)
Operation and maintenance service	88.88	73.85	62.26	73.85
Unallocated	1,505.60	1,626.40	1,531.49	1,626.40
Total	1,406.48	1,501.23	547.73	1,501.23

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Notes to Unaudited Standalone Financial Results for the Quarter Ended 30 June 2022

Notes :

- 1 The 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 respective meetings held on 12 July 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 subject 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 ended 30 June 2022.
- 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. Gross margin, Profit after tax. Accordingly, the Company has determined its reportable segments under Ind AS 108 "Operating Segments" as follows:
 - Engineering, Procurement and Construction business (EPC 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 figures for the quarter ended 31 March 2022 are the balancing figures between audited figures in respect of the full financial year and the published year to date figures upto the third quarter of the previous financial year.
- 5 During the year ended 31 March 2022, 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 30 June 2022, the Company has made provisions equivalent to Rs 300 crore (including Rs 142.14 crore by the Company's subsidiaries). As explained above, since all future crystallized claims beyond the amount 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.
- 6 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.

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Notes to Unaudited Standalone Financial Results for the Quarter Ended 30 June 2022**Notes : (Continued)**

During the year ended 31 March 2020, the Company had initiated legal proceedings in both these matters, which are now 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. Both the above are covered under the Indemnity Agreement as given in Note 5 above.

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 30 June 2022 (31 March 2022 Rs 31.33 crore), based on Management's best estimate of collection of the aforementioned receivables as at 30 June 2022. This matter is also covered by the Indemnity Agreement (Refer Note 5).

- 7 During the year ended 31 March 2022, four customers of the Company encashed advance and performance bank guarantees amounting to Rs 588.51 crore. Three of the projects are completed and the last one is about 90% complete as of 30 June 2022. The Senior Management of the Company had several rounds of discussions with the customers and are actively engaged to resolve the matter. The Company has finalised Settlement Agreements with two customers, on the basis of which an amount of Rs 319.39 crore was refunded. Similar Settlement agreements are under discussion for the other two projects. Based on the current ongoing discussions, 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 ended 30 June 2022.
- 8 Previous period figures have been re-grouped / re-classified wherever necessary, to conform to current period's classification.
- 9 The Company has incurred a loss for the quarter ended 30 June 2022 and accordingly, the effect of potential equity shares to be issued would be anti-dilutive.
- 10 The results of the Company are available for investors at <https://www.sterlingandwilsonre.com>, www.nseindia.com and www.bseindia.com.

BY ORDER OF THE BOARD OF DIRECTORS
Sterling and Wilson Renewable Energy Limited
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KHURSHED YAZDI
DARUVALA

Digitally signed by KHURSHED
YAZDI DARUVALA
Date: 2022.07.12 11:24:12
+01'00'

Khurshed Daruvala
Chairman
DIN: 00216905

Date : 12 July 2022
Place : London