

STERLING & WILSON

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.

Unaudited Standalone Statement of Cash Flows for the Six Months ended 30 September 2022

(₹ in crore)

Particulars	For the six months ended	
	30-Sep-22 (Unaudited)	30-Sep-21 (Unaudited)
Cash flows from operating activities		
(Loss) before tax	(157.04)	(102.67)
<i>Adjustments for:</i>		
Depreciation and amortisation expense	3.11	3.25
Expected credit loss on financial assets	-	11.63
Provision for foreseeable losses	-	0.62
Finance costs	45.24	28.80
Interest income	(28.08)	(48.17)
Provision for mark-to-market (gain) / loss on derivative instruments (net)	(4.46)	6.32
Unrealised foreign exchange loss (net)	29.60	115.07
Provisions written back	(59.25)	-
Write back of provision for expected credit loss on financial assets	(41.39)	-
Share of loss in partnership firm	21.21	0.92
Operating (loss) / profit before working capital changes	(191.06)	15.77
<i>Working capital adjustments:</i>		
(Increase) in inventories	(0.11)	(1.90)
Decrease / (increase) in trade receivables	42.43	(323.81)
(Increase) in loans and advances	(1.02)	(0.76)
(Increase) in restricted cash	(0.69)	(2.42)
Decrease / (increase) in other financial assets	401.85	(141.88)
Decrease in other current and non-current assets	392.26	153.44
(Decrease) in trade payable, derivatives, other financial liabilities, other liabilities and provisions	(1,330.57)	(254.53)
Net change in working capital	(495.85)	(571.86)
Cash flows (used in) operating activities	(686.91)	(556.09)
Income-tax (paid) (net)	(6.69)	(13.43)
Effects of exchange differences on translation of assets and liabilities	(7.15)	14.01
Net cash flows (used in) operating activities	(700.75)	(555.51)
Cash flows from investing activities		
Purchase of property, plant and equipment, capital work in progress and intangible assets	(4.17)	(1.20)
Investment / (redemption) in short term fixed deposits with banks (net)	(2.78)	13.27
Inter-corporate deposits / Loan given to subsidiaries and fellow subsidiaries	(0.30)	(31.61)
Inter-corporate deposits / Loan repaid by subsidiaries and fellow subsidiaries	-	413.40
Interest received	15.29	25.54
Net cash flows generated from investing activities	8.04	419.40
(Repayment) of / Proceeds from cash credit borrowings (net)	(13.34)	130.45
Proceeds from secured term borrowings	700.00	-
Proceeds from secured and unsecured short-term borrowings (net)	77.48	159.49
Repayment of lease liabilities (including interest on lease payment)	(0.58)	(0.54)
Finance costs paid	(44.07)	(26.84)
Net cash flows generated from financing activities	719.49	262.56
Net movement in currency translation	0.12	0.23
Net increase in cash and cash equivalents (A+B+C+D)	26.90	126.68
Cash and cash equivalents - Opening balance	344.85	122.69
Cash and cash equivalents - Closing balance	371.75	249.37
Reconciliation of cash and cash equivalents as per the Standalone Statement of Cash Flows		
Cash and cash equivalents as per the above comprise of the following:		
Cash and cash equivalents as per the Standalone Statement of Assets and Liabilities	371.75	249.37
Less: Bank overdrafts repayable on demand	-	-
Cash and cash equivalents as per the Standalone Statement of Cash Flows	371.75	249.37



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

(₹ in crore)

Particulars	For the quarter ended			For the six months ended		Year ended
	30-Sep-22	30-Jun-22	30-Sep-21	30-Sep-22	30-Sep-21	31-Mar-22
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Segment Revenue						
EPC business	179.41	753.79	904.84	933.20	1,694.99	3,261.38
Operation and maintenance service	34.02	38.77	54.14	72.79	110.38	196.65
Total	213.43	792.56	958.98	1,005.99	1,805.37	3,458.03
Other operating income	0.55	0.76	-	1.31	-	1.55
Revenue from operations	213.98	793.32	958.98	1,007.30	1,805.37	3,459.58
Segment Results						
EPC business	10.93	(15.57)	(17.42)	(4.64)	(30.36)	11.83
Operation and maintenance service	(7.14)	(1.18)	16.33	(8.32)	30.55	31.52
Total	3.79	(16.75)	(1.09)	(12.96)	0.19	43.35
Add: Unallocable income	14.97	24.47	29.51	39.44	59.54	98.28
Less: Unallocable expenditure	(73.84)	(109.68)	(85.99)	(183.52)	(162.40)	(347.05)
Total (loss) before tax	(55.08)	(101.96)	(57.57)	(157.04)	(102.67)	(205.42)
Segment Assets						
EPC business	1,282.37	1,694.32	1,662.01	1,282.37	1,662.01	1,740.57
Operation and maintenance service	104.38	101.97	187.62	104.38	187.62	110.85
Unallocated	1,882.12	2,066.96	2,023.68	1,882.12	2,023.68	2,121.33
Total	3,268.87	3,863.25	3,873.31	3,268.87	3,873.31	3,972.75
Segment Liabilities						
EPC business	601.30	1,882.32	2,405.16	601.30	2,405.16	1,939.59
Operation and maintenance service	34.95	13.09	103.56	34.95	103.56	37.00
Unallocated	1,273.77	561.36	806.75	1,273.77	806.75	494.93
Total	1,910.02	2,456.77	3,315.47	1,910.02	3,315.47	2,471.52
Capital Employed (Segment Assets - Segment Liabilities)						
EPC business	681.07	(188.00)	(743.15)	681.07	(743.15)	(199.02)
Operation and maintenance service	69.43	88.88	84.06	69.43	84.06	73.85
Unallocated	608.35	1,505.60	1,216.93	608.35	1,216.93	1,626.40
Total	1,358.85	1,406.48	557.84	1,358.85	557.84	1,501.23





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Notes to Unaudited Standalone Financial Results for the Quarter and Six Months Ended 30 September 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 October 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 joint statutory auditors of Sterling and Wilson Renewable Energy Ltd. (the Company). The joint auditors have expressed an unmodified conclusion in their review report for the quarter and six months ended 30 September 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, etc. 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 On 29 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.

In line with the terms of the Indemnity Agreement, the Company has determined the crystallized claim to be levied on the Promoter Selling Shareholders for the period ending 30 September, 2022, after deduction of Rs 300.00 crore to be borne by the Company and its subsidiaries/branches, for which the provisions (including Rs 142.14 crore by the Company's subsidiaries) were recorded upto the quarter ended 31 December, 2021. The Company has aligned a part of this provision along certain financial heads in keeping with the crystallized claims as on 30 September 2022. Consequently, this has resulted in an increase in Other Income by Rs 90.35 crore which has been offset by a reduction in Revenue from Operations by Rs 90.35 crore. This has no impact on the loss after tax for the quarter and six months ended 30 September, 2022.
- 5 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.

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 4 above.
- 6 During the year ended 31 March 2022, four customers of the Company had encashed advance and performance bank guarantees amounting to Rs 588.51 crore. Three of the concerned projects are completed and the last one is about 91.27% completed as of 30 September 2022. The Company has finalized Settlement Agreements with two customers, on the basis of which an amount of Rs 349.72 crore has been refunded. Discussions are still ongoing for the other two projects where Management is confident of a settlement on a similar line, and accordingly there is no need to make any provision for the same. The same is covered under the Indemnity Agreement as referred to in Note 4 above.
- 7 Previous period figures have been re-grouped / re-classified wherever necessary, to conform to current period's classification.
- 8 The Company has incurred a loss for the quarter and six months ended 30 September 2022 and accordingly, the effect of potential equity shares to be issued would be anti-dilutive
- 9 The results of the Company are available for investors at www.sterlingandwilsonre.com, www.nseindia.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 Daruvala
Chairman
DIN: 00216905

Date : 12 October 2022
Place : Mumbai



Kalyaniwalla & Mistry LLP
Chartered Accountants
2nd Floor, Esplanade House,
29, Hazarimal Somani Marg,
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Deloitte Haskins & Sells LLP
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Independent Auditor's Review Report on Unaudited Quarterly and Year to Date Consolidated Financial Results of the Company Pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

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 Consolidated Financial Results of *Sterling and Wilson Renewable Energy Limited* (formerly known as *Sterling and Wilson Solar Limited*) ("the Parent Company") and its subsidiaries (the Parent Company and its subsidiaries together referred to as "the Group") for the quarter and six months ended September 30, 2022, together with the notes thereon, ("the Statement"), attached herewith, being submitted by the Parent Company pursuant to the requirements of Regulation 33 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, ("SEBI (LODR) Regulations, 2015"), (initialled by us for identification).
2. This Statement, which is the responsibility of the Parent Company's Management has been reviewed by the Audit Committee and approved by the Parent Company's Board of Directors at their respective meetings held on October 12, 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, read with the relevant Rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. 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 of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33(8) of the SEBI (LODR) Regulations, 2015, as amended, to the extent applicable.



4. The Statement includes results of the following entities:

Name of the Entity	Relationship
i) Sterling and Wilson International Solar FZCO	Wholly owned subsidiary
a) Sterling and Wilson Singapore Pte. Ltd.	Wholly owned subsidiary
- Sterling and Wilson Kazakhstan LLP	Wholly owned subsidiary
b) Sterling and Wilson International LLP	Wholly owned subsidiary
c) Sterling and Wilson Solar Solutions Inc	Wholly owned subsidiary
- Sterling and Wilson Solar Solutions LLC	Wholly owned subsidiary
d) Sterling and Wilson Solar Australia Pty. Ltd.	Wholly owned subsidiary
e) GCO Solar Pty Ltd. (formerly known as GCO Electrical Pty Ltd.)	Wholly owned subsidiary
f) Sterling and Wilson Solar Malaysia Sdn. Bhd.	Subsidiary
g) Sterling and Wilson Middle East Solar Energy LLC	Wholly owned subsidiary
h) Sterling and Wilson Engineering (Pty) Ltd	Subsidiary
i) Sterling and Wilson Solar Spain S.L. (formerly known as Renovable Energia Contracting S.L.)	Wholly owned subsidiary
j) Sterling and Wilson Renewable Energy Spain S.L. (formerly known as Esterlina Solar – Proyecto Diez, S.L.)	Wholly owned subsidiary
- Esterlina Solar - Proyecto Uno, S.L.	Wholly owned subsidiary
- Esterlina Solar – Proyecto Dos, S.L.	Wholly owned subsidiary
- Esterlina Solar – Proyecto Tres, S.L.	Wholly owned subsidiary
- Esterlina Solar – Proyecto Cuatro, S.L.	Wholly owned subsidiary
- Esterlina Solar – Proyecto Cinco, S.L.	Wholly owned subsidiary
- Esterlina Solar – Proyecto Seis, S.L.	Wholly owned subsidiary
- Esterlina Solar – Proyecto Siete, S.L.	Wholly owned subsidiary
- Esterlina Solar – Proyecto Ocho, S.L.	Wholly owned subsidiary
- Esterlina Solar – Proyecto Nueve, S.L.	Wholly owned subsidiary
ii) Esterlina Solar Engineers Private Limited	Wholly owned subsidiary
iii) Sterling and Wilson (Thailand) Limited	Wholly owned subsidiary
iv) Sterling and Wilson Saudi Arabia Limited	Wholly owned subsidiary
v) Sterling Wilson – SPCPL - Chint Moroccan Venture	Subsidiary
vi) Sterling and Wilson Solar LLC	Subsidiary

5. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review reports of the other auditors referred to in paragraph 7(i) and 7(ii) 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 (LODR) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.



6. **Emphasis of Matters**

We draw attention to:

- i) Note 5 to the Statement which describes the Indemnity Agreement dated December 29, 2021, entered into by the Parent 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 Parent 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 Parent Company and its subsidiaries.
- ii) Note 7(a) to the Statement which describes the uncertainty related to the recoverability of remediation costs amounting to Rs. 351.69 crore (USD 43.15 million) estimated to be incurred by one of the subsidiary companies of the Group in a particular geography due to delays and default by a sub-contractor. The subcontractor has filed a counter claim on the subsidiary company of the Group for approximately Rs. 154.86 crore (USD 19 million). In the opinion of the Management and based on the conclusion memorandum of the external legal firm obtained, the Subsidiary company is confident of recovering the above-mentioned remediation cost and believes that the subcontractor's claim of Rs. 154.86 crore (USD 19 million) is not tenable and hence not provided for.
- iii) Note 7(b) to the Statement where the Subsidiary company of the Group has incurred costs amounting to Rs. 18.91 crore (USD 2.32 million) on account of remediation cost in respect of defective parts supplied by a supplier. Management is confident of recovery of the same.

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

7. **Other Matters**

- i) We did not review the interim financial information of 15 branches included in the unaudited standalone interim financial results of the Parent Company, whose interim financial information reflect total assets (before consolidation adjustments) of Rs. 858.94 crore as at September 30, 2022, and total revenues (before consolidation adjustments) of Rs. 14.16 crore and Rs. 662.55 crore, total net loss after tax (before consolidation adjustments) of Rs. 127.85 crore and Rs. 193.08 crore and total comprehensive loss (before consolidation adjustments) of Rs. 127.80 crore and Rs. 193.03 crore for the quarter ended September 30, 2022, and for the six months ended September 30, 2022, respectively and cash inflows (net) of Rs. 0.46 crore for the six months ended September 30, 2022, as

