

June 24, 2020

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

Sub.: Investor presentation on the Audited Consolidated and Standalone Financial results of Sterling and Wilson Solar Limited (“the Company”) for the quarter and financial year ended March 31, 2020

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

Dear Sir/ Madam,

Pursuant to the Listing Regulations, please find enclosed herewith a copy of the Investor presentation on the Audited Consolidated and Standalone Financial results of the Company for the quarter and financial year ended March 31, 2020.

The above is for your information and record.

Thanking you.

Yours faithfully,
For Sterling and Wilson Solar Limited

Jagannadha Rao Ch. V.
Company Secretary and Compliance Officer

Encl.: As above

Sterling and Wilson Solar Limited
An Associate of Shapoorji Pallonji Group

Registered Office: Universal Majestic, 9th Floor, P. L. Lokhande Marg, Chembur (W), Mumbai – 400 043
Phone: (91-22) 25485300 | Fax: (91-22) 25485331 | CIN: U74999MH2017PLC292281
Email: info@sterlingwilson.com | Website: www.sterlingandwilsonsolar.com

STERLING AND WILSON SOLAR LIMITED

Analyst Presentation

– Q4 & FY20

24th June 2020

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

This presentation and the accompanying slides (the “Presentation”), which have been prepared by **Sterling and Wilson Solar Limited** (the “Company”), have been prepared solely for information purposes and do not constitute any offer, recommendation or invitation to purchase or subscribe for any securities, and shall not form the basis or be relied on in connection with any contract or binding commitment whatsoever. No offering of securities of the Company will be made except by means of a statutory offering document containing detailed information about the Company.

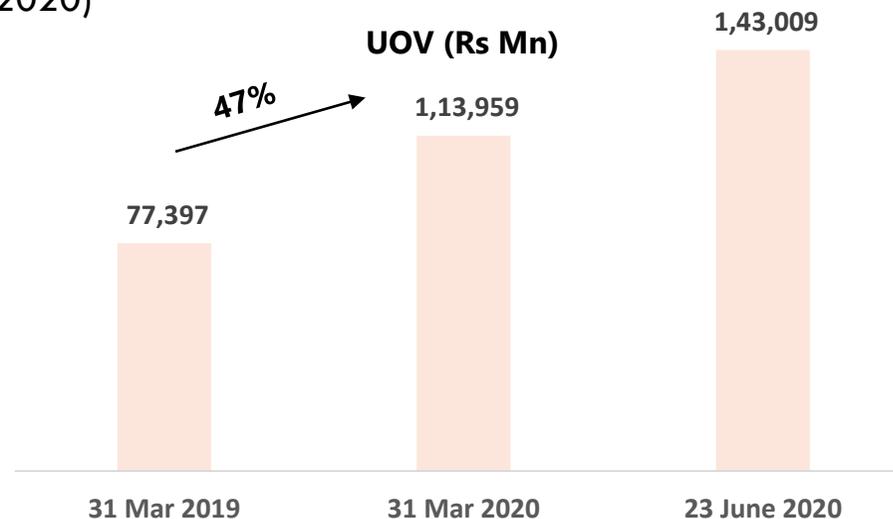
This Presentation has been prepared by the Company based on information and data which the Company considers reliable, but the Company makes no representation or warranty, express or implied, whatsoever, and no reliance shall be placed on, the truth, accuracy, completeness, fairness and reasonableness of the contents of this Presentation. This Presentation may not be all inclusive and may not contain all of the information that you may consider material. Any liability in respect of the contents of, or any omission from, this Presentation is expressly excluded.

This presentation contains certain forward looking statements concerning the Company’s future business prospects and business profitability, which are subject to a number of risks and uncertainties and the actual results could materially differ from those in such forward looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, competition (both domestic and international), economic growth in India and abroad, ability to attract and retain highly skilled professionals, time and cost over runs on contracts, our ability to manage our international operations, government policies and actions regulations, interest and other fiscal costs generally prevailing in the economy. The Company does not undertake to make any announcement in case any of these forward looking statements become materially incorrect in future or update any forward looking statements made from time to time by or on behalf of the Company.

1	Key Highlights	3
2	Order Book	6
3	Financials	8
4	Impact of COVID-19 on business operations	15
5	Way Forward	16

Healthy order inflow and robust order book

- ✓ Order inflow of 2.9 GW (Rs 90,475 mn) for FY20 i.e. increase of 15% y-y
- ✓ Order inflow of 0.8 GW (Rs 29,050 mn) from 1st April 2020 until 23rd June 2020
- ✓ 7.8 GW contracted O&M as at 23rd June 2020
- ✓ Unexecuted Order Value (UOV) as at 31st March 2020 is Rs 113,959 mn compared to Rs 77,397 mn as at 31st March 2019
- ✓ Gross Unexecuted Order Value (UOV) as at 23rd June 2020 is Rs 143,009 mn (before adjusting for revenue post 31st March 2020)



- ✓ Revenue impacted due to delay in commencement of few projects and COVID-19
- ✓ O&M contribution to overall revenue increased to 3.3% in FY20 vs 1.1% in FY19
- ✓ Gross margins were higher at 12.8% in FY20 compared to 11.9% in FY19
- ✓ EBITDA for FY20 stood at Rs 3,836 mn and EBITDA margins (excluding interest income) is 6.9% in FY20
- ✓ Net Working capital improved by Rs 110 mn to Rs 1,766 mn as at March 31, 2020
- ✓ Positive cash flow from operations of Rs 3,377 mn in FY20 vs negative Rs 7,233 mn in FY19
- ✓ Repaid term debt (principal) of Rs 17,060 mn since listing till March 31, 2020
- ✓ Intercompany deposit (ICDs) of Rs 15,122 mn repaid from the date of listing till March 31, 2020

Significant geographic diversification over the years

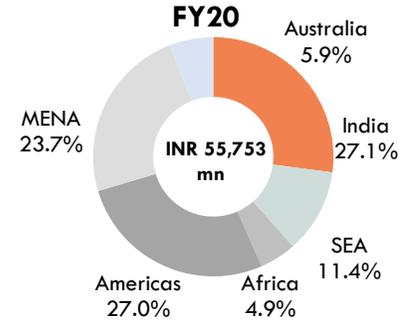
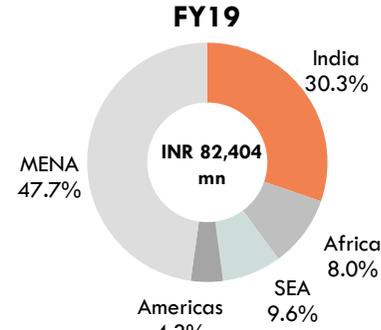
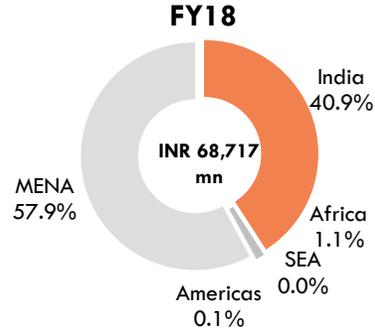
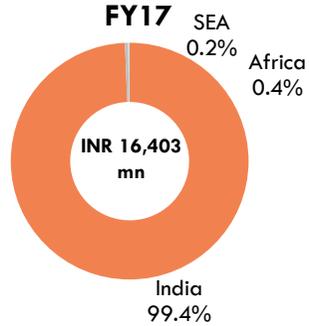
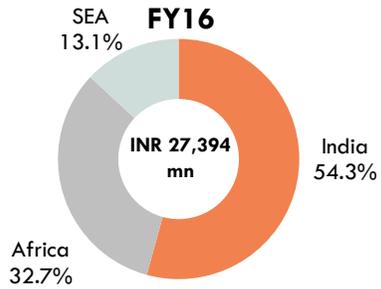
3 Projects
2 Countries

5 Projects
3 Countries

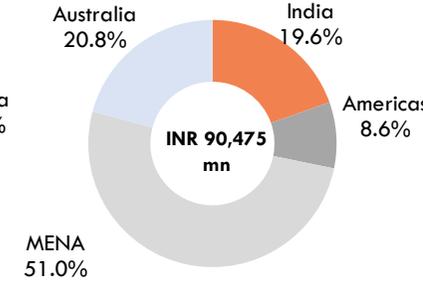
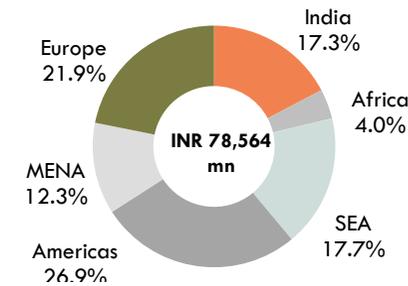
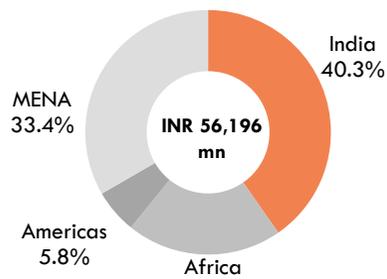
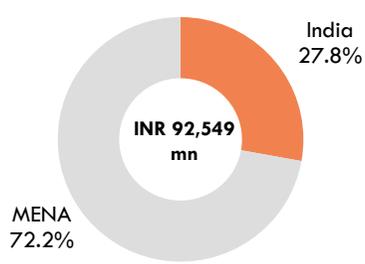
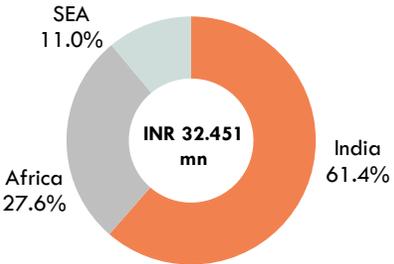
19 Projects
10 Countries

18 Projects
9 Countries

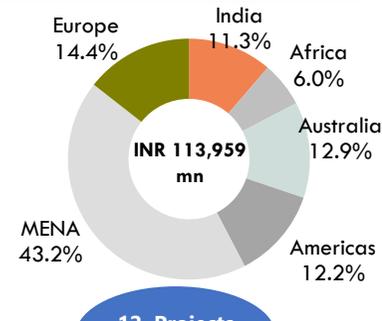
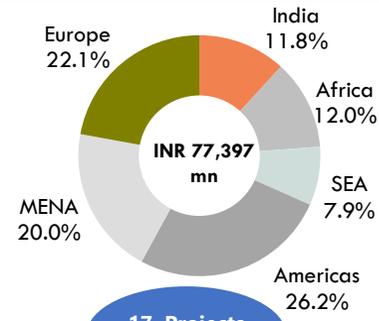
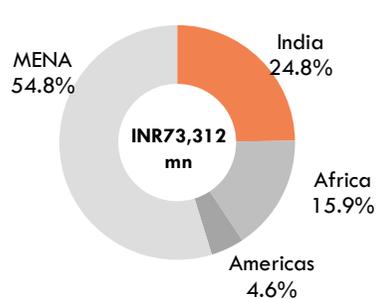
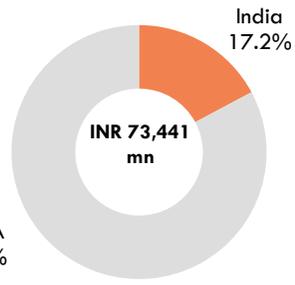
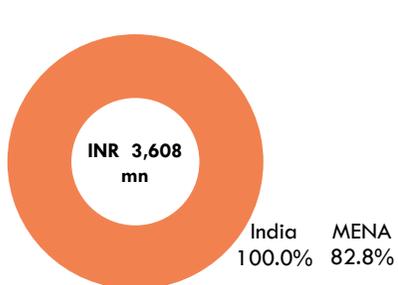
EPC + O&M Revenue break-up by geography over the years



Orders booked by geography over the years



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



17 Projects
9 Countries

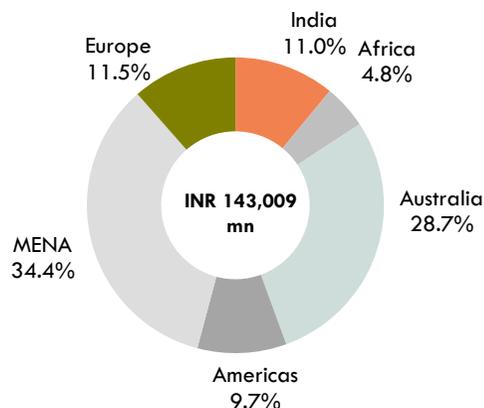
12 Projects
9 Countries

Order Inflow – Apr to March 2020 and till date

Country	MW	INR. Mn
India	1,290	18,935
Kingdom of Saudi Arabia	1,090	44,450
Oman	33	1,750
Chile	122	6,720
United States of America	27	1,120
Australia	344	17,500
Apr to Mar 2020 (a)	2,906	90,475
<u>Apr 2020 onwards</u>		
India	380	2,800
Australia	460	26,250
Apr 2020 onwards (b)	840	29,050
TOTAL (a+b)	3,746	119,525

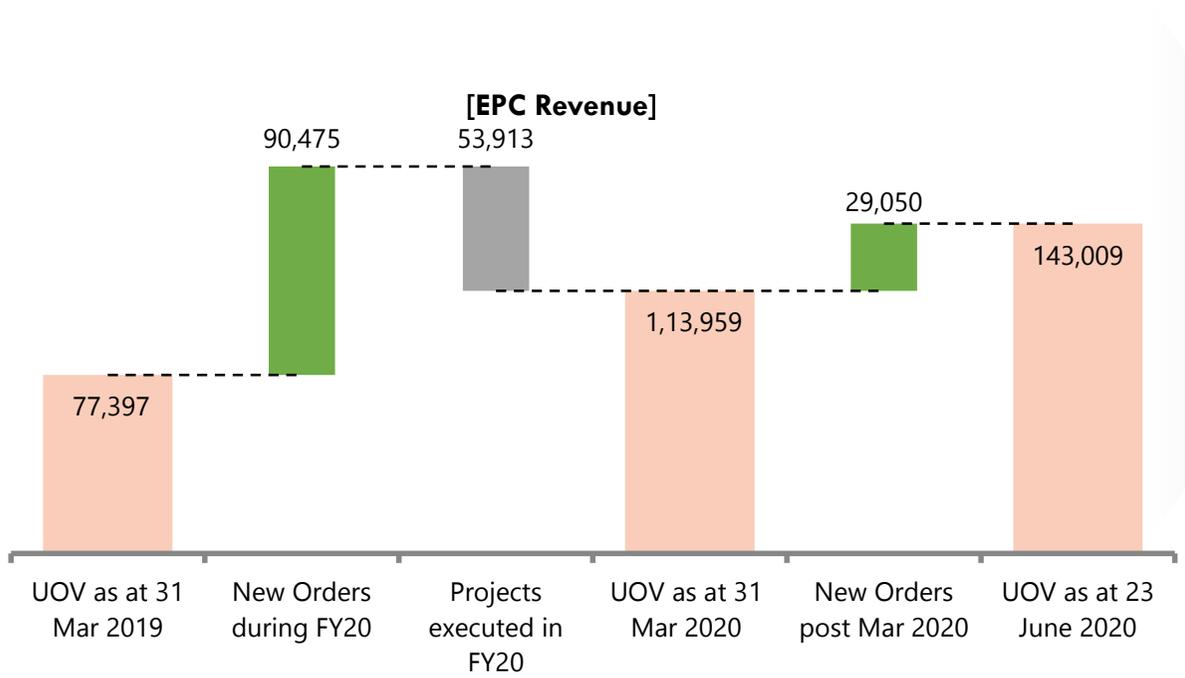
UOV as at 23 June 2020
~ INR 14 billion

(before adjusting revenue post March)



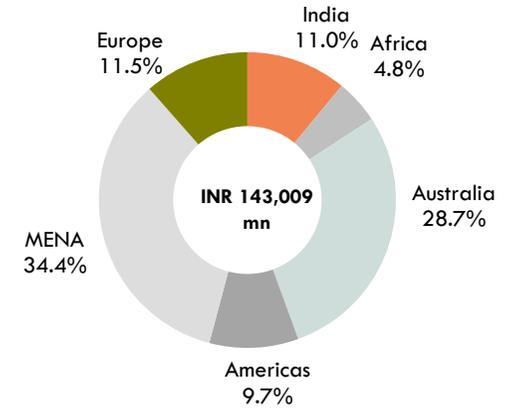
Unexecuted Order Value (UOV) Movement

Rs mn



Gross UOV as on 23rd June 2020

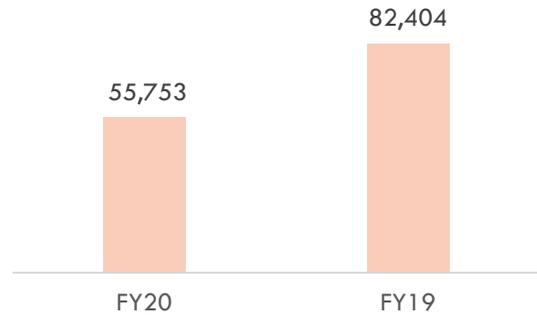
(before adjusting revenue post 31st March 2020)



Consolidated Financial Highlights – FY20

Rs mn

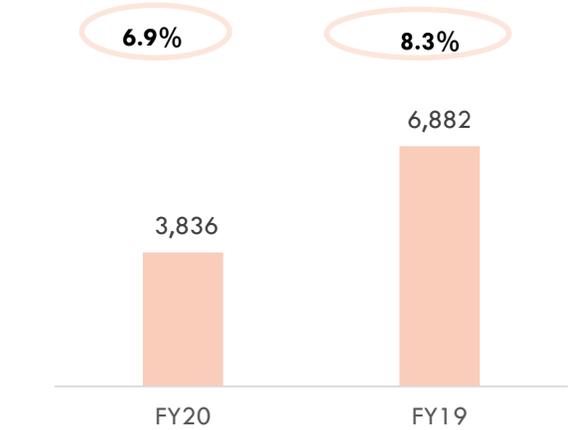
Revenue from Operations



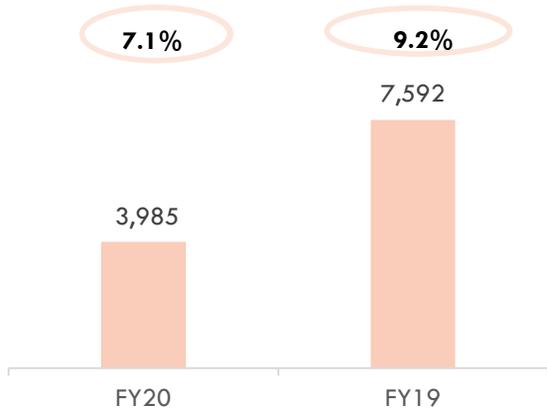
Gross margins & Gross Margin %



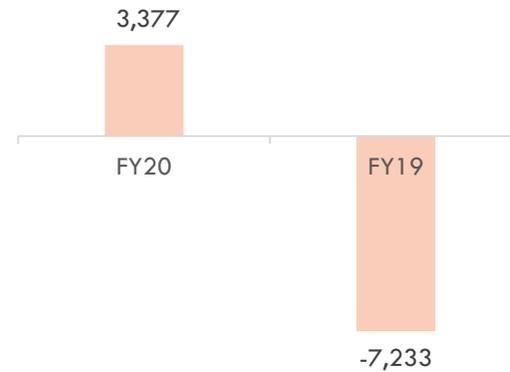
Operating EBITDA & EBITDA Margin %



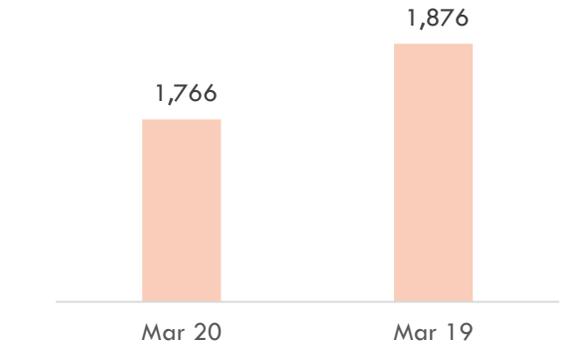
PBT & PBT Margin



Cash flow from Operations



Net Working Capital



O&M Business – Key Highlights

7.8

GW of solar power projects with active service contracts

165 +

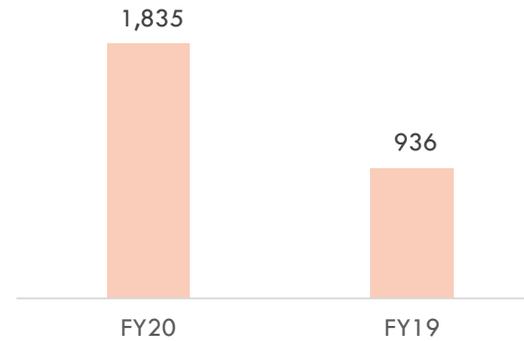
Sites including third party

47%

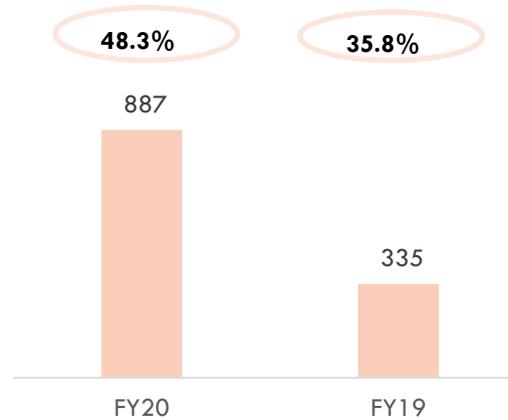
Third party contracts O&M

Rs mn

Revenue from O&M Operations



Operating EBIT & EBIT Margin %



Key Highlights

- ▶ O&M revenue almost doubled in FY20 compared to FY19
- ▶ O&M constitutes 3.3% of revenue in FY20 compared to 1.1% in FY19
- ▶ O&M margins stood at 48% in FY20 compared to 36% in FY19

Consolidated Profit & Loss – Q4 and FY20

Rs mn	Q4FY20	Q4FY19	FY20	FY19
Revenue from Operations	20,606	23,253	55,753	82,404
Gross Margin	2,532	4,324	7,150	9,850
Gross Margin %	12.3%	18.6%	12.8%	11.9%
Other Income	119	53	794	461
Overheads	1,196	1,005	4,108	3,429
Overheads %	5.8%	4.3%	7.4%	4.1%
EBITDA	1,455	3,372	3,836	6,882
EBITDA Margin %	7.1%	14.5%	6.9%	8.3%
Depreciation	34	22	142	78
EBIT	1,421	3,350	3,694	6,804
EBIT Margin %	6.9%	14.4%	6.6%	8.3%
Interest Income	480	376	2241	1634
Less : Interest Expenses	309	316	1949	847
Net Interest Income	171	60	292	787
PBT	1,591	3,409	3,985	7,592
PBT Margin %	7.7%	14.7%	7.1%	9.2%
Current Tax expense	408	531	985	1421
Effective current tax rate	25.7%	15.6%	24.7%	18.7%
Deferred Tax expense/ (credit)	-103	-70	-42	-211
PAT	1,286	2,948	3,043	6,382
PAT Margin	6.2%	12.7%	5.5%	7.8%

Key Highlights

- ▶ Revenue* lower in FY20 on account of
 - delay in commencement of a large project coupled with higher revenue in previous year from a large project in MENA region which was in the peak of execution.
 - COVID -19 Pandemic
- ▶ O&M revenue more than doubled in FY20. O&M constitutes 3.3% of revenue in FY20 compared to 1% in FY19
- ▶ Gross margins* % improved to 12.8% in FY20 due to efficient execution and procurement
- ▶ Other income higher in FY20 primarily on account of liability written back for closed projects of Rs 348 mn
- ▶ Overheads increase due to full period cost in FY20 in certain countries against partial period in FY19
- ▶ Depreciation increase primarily on account of adoption of INDAS 116
- ▶ Net interest income higher in FY19 due to lower interest expense as the external borrowings commenced from Sep 2018 onwards
- ▶ Deferred tax credit in FY20 on account of adoption of new tax rate as per Section 115 BAA of Income Tax Act 1961

** SWSL being an EPC company, the revenue, orders inflows and gross margins could be lumpy due to geographical mix and stage of execution of the project in any particular quarter and hence comparison on corresponding previous period will not be true reflection and performance for a quarter may not be a representative of full year*

Consolidated Balance Sheet

Rs mn	Mar 20	Mar 19
Assets		
Non current assets	908	672
Tangible assets (incl. CWIP)	430	265
Intangible assets	61	49
Deferred tax assets (net)	364	321
Other non current assets	53	36
Current assets	49,436	53,247
Inventories	145	131
Trade receivables	20,303	19,002
Cash & cash eq. & bank balances	4,994	4,545
Loans	11,853	19,534
Other current & financial assets	12,141	10,034
Total assets	50,345	53,919
Equity and Liabilities		
Shareholders' funds	10,726	8,375
Non current liabilities	204	86
Provisions and lease liabilities	204	86
Current liabilities	39,415	45,458
Borrowings	12,240	22,278
Trade payables	22,211	19,125
Provisions	1,137	769
Other current & financial liabilities	3,827	3,286
Total equity and liabilities	50,345	53,919

Key Highlights

Assets

- ▶ Business continues to remain asset light
- ▶ Increase in tangibles assets on account of right-of-use assets Rs 103 mn due to adoption of INDAS 116
- ▶ Trade receivables as at Mar 20 includes Rs 4,545 mn due for more than a year. This includes Rs 715 mn pertaining to a customer against whom the company has approached NCLT. Management is confident of collecting the old receivables
- ▶ Loans reduced as at Mar 20 on account of repayment of ICDs
- ▶ Other current and financial assets as at Mar 20 primarily comprise unbilled revenue of Rs 5,014 mn, indirect tax balances of Rs 2,968 mn and advance to suppliers of Rs 1,580 mn, interest on ICD of Rs 1,096 mn. Increase in other current and financial assets primarily on account of higher unbilled revenue by Rs 1,509 mn and advance to vendors Rs 448 mn

Liabilities

- ▶ Shareholders funds increased on account of profit for FY20 offset partially by dividend paid during the year
- ▶ Increase in provisions on account of right-of-use assets of Rs 103 mn due to adoption of INDAS 116
- ▶ Decline in borrowings by Rs 10,038 mn due to receipt of Inter Company Deposit and interest thereon
- ▶ Other current and financial liabilities as at Mar 20 primarily comprise advance from customers of Rs 2,422 mn
- ▶ Net debt to equity ratio of 0.68x as at Mar 20

Rs mn	FY20	FY19
Profit before tax	3,985	7,592
Adjustments for noncash / other items	(237)	(434)
Operating profit before working capital changes	3,748	7,158
Working Capital Adjustments	421	(13,382)
Cash flows generated from Operating Activities	4,169	(6,225)
Income tax (paid) / Forex translation	(792)	(1,009)
Net Cash flows generated from Operating Activities	3,377	(7,233)
Inter Company Loan given (Net - prior to date of listing)	(5,037)	(18,025)
Inter Company Loan repaid since listing	12,798	8,969
Interest received	2,644	46
Fixed Assets/Investments etc	(270)	(278)
Net Cash flows generated from Investing Activities	10,135	(9,288)
Proceeds from External Borrowings (Net)	(10,037)	20,434
Interest paid	(1,882)	(712)
Dividend	(1,161)	-
Others	(53)	-
Net Cash flows generated from Financing Activities	(13,133)	19,722
Net Cash increase	379	3,200
Net movement in currency translation	46	46
Cash and cash equivalents of subsidiary acquired	-	6
Cash and cash equivalent at the beginning of the period	4,208	955
Cash and cash equivalent at the end of the period	4,633	4,208

Key Highlights

Cash flow from Operations

- ▶ Cash flow from Operations has been positive for FY20 due to consistent level of working capital requirements
- ▶ Cash flow from operations was negative in FY19 due to changes in working capital on account of reduction in vendor days and lower customer advances caused due to delay in non-fund limit split on demerger

Cash flow from Investing activities

- ▶ No further ICDs post date of listing
- ▶ Promoters facilitate repayment of ICDs of Rs 15,122 mn since the date of listing comprising principal of Rs 12,665 mn and interest of Rs 2,457 mn

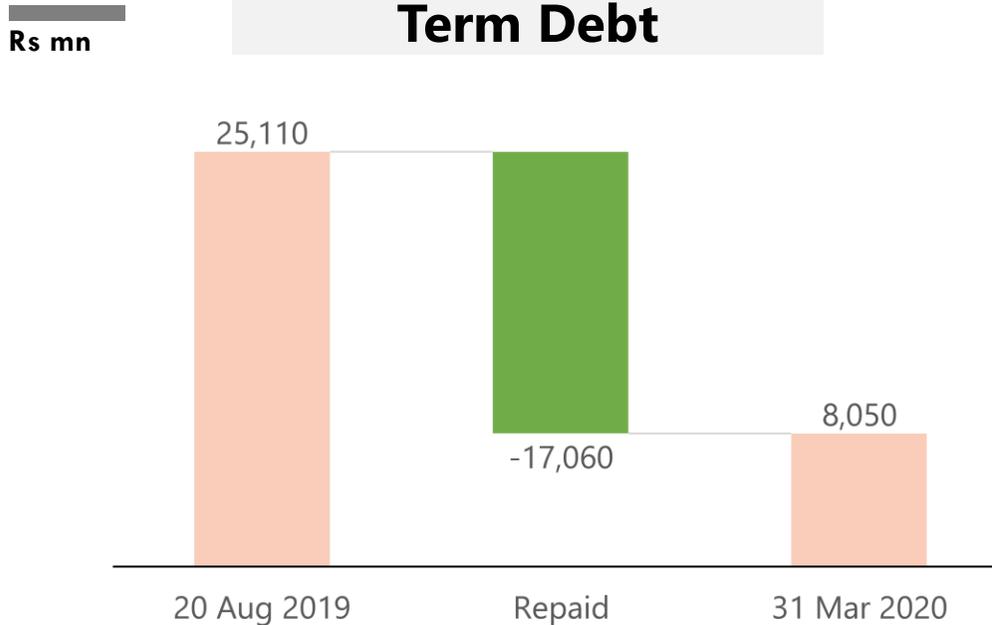
Cash flow from Financing activities

- ▶ Borrowings repaid due to receipt of ICDs and internal accruals
- ▶ Interim Dividend paid of Rs 6 per share. Considering the situation, no further dividend was deemed appropriate for the year

Rs mn	Mar 20	Mar 19
Current Assets	26,399	23,310
Inventories	145	131
Trade receivables (net of LD provision)	19,628	18,542
Receivable days	128	82
Unbilled receivables	5,014	3,505
Advances to suppliers	1,612	1,131
Current Liabilities	24,633	21,433
Trade payables	22,211	19,125
Payable days	167	96
Advances from Customers	2,422	2,308
Net Working Capital	1,776	1,876
Net Working Capital days	12	8

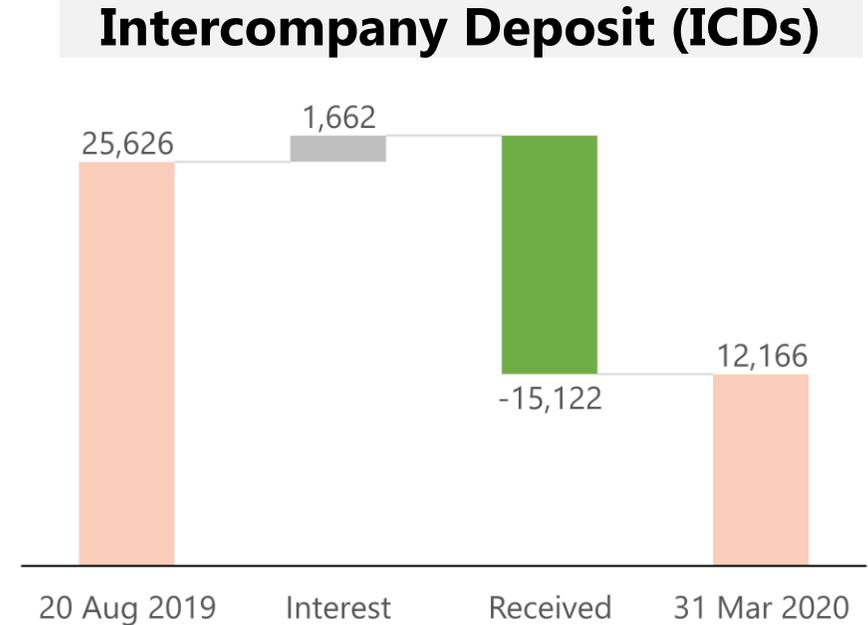
Key Highlights

- ▶ Working capital level as at Mar 20 declined by Rs 110 mn compared to Mar 19
- ▶ Net working capital days increased marginally by 4 days to 12 days as at Mar 20 due to lower turnover
- ▶ Trade receivables as at Mar 20 includes Rs 4,545 mn due for more than a year. This includes Rs 715 mn pertaining to a customer against whom the company has approached NCLT. Management is confident of collecting the old receivables majorly in the current year



Note: the above table excludes interest

- Term debt reduced by Rs 17,060 mn from the date of listing till March 31, 2020
- Repayment schedule of term debt of Rs 8,050 mn
 - Rs. 425 mn repaid till June 23, 2020
 - Rs 5,625 mn payable in Q2 FY21
 - Rs. 2,000 mn payable in Q3 FY21



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

Operations

- ✓ Project sites in US, Australia and Chile were unaffected owing to limited or no lockdown during this period
- ✓ In India, Kenya and Jordan our operations were suspended due to lockdown. The operations in Kenya and Jordan have commenced recently. The force majeure notices have been invoked and will be getting time extension as per the contracts
- ✓ O&M activities were 100% working as normal at all sites, because all the plants need to have their up-time, and these are considered as essential services
- ✓ The commencement of our Saudi project was delayed due to the PPA contract signing and now the COVID situation has further delayed the contract signing.

Demand and Order Inflow

- ✓ Won an EPC contract of ~AUD 525 million and O&M contract of ~AUD 85 million in Australia during May 2020
- ✓ Won two projects in India during the COVID period worth Rs. 620 crore from leading global IPPs
- ✓ Total cost of solar power is much less than variable cost of thermal power. Thus don't envisage any disruption in demand outlook. Our bidding pipeline is robust and also talks are currently underway at advanced stages for few projects

Supply Chain

- ✓ Various module suppliers had started operating at about 90% of their capacity since March 2020
- ✓ Had taken exemptions from customers and got Chinese representatives to do the inspection of modules, post which they were shipped
- ✓ No issues in procurement of trackers and inverters during the lockdown period

Liquidity and Financials

- ✓ No probability of bank guarantee getting encashed as force majeure notices have been issued to customers
- ✓ Have availed moratorium on term loans in India to conserve capital

- ❑ Confident of better performance in FY21 provided COVID-19 situation don't escalate in targeted markets
- ❑ Execute the projects at faster pace once operations are normalised in affected markets
- ❑ Strong order pipeline including bids pending decision
- ❑ Diversification into newer markets like Far East and additional countries in South America and Europe
- ❑ Improved O&M strategy under implementation for third party projects
- ❑ Increased market share target in Australia, US and Europe
- ❑ Strong traction in solar plus storage, floating solar
- ❑ Expansion of roof top business internationally
- ❑ Large IPPs are going global and we are one of the few companies that can service them on a global basis

THANK YOU

For further information, please contact:

Company :

Sterling and Wilson Solar Limited

CIN: U74999MH2017PLC292281

Mr Vishal Jain
Head – Investor Relations

Email: ir@sterlingwilson.com

www.sterlingandwilsonsolar.com

Investor Relations Advisors :

Strategic Growth Advisors Private Limited

CIN: U74140MH2010PTC204285

Mr Jigar Kavaiya / Mr. Parin Narichania

+91 9920602034 / +91 9930025733

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

www.sgapl.net