

July 19, 2022

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
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Dear Sir/ Ma'am,

Sub.: Investors Call Q1 FY 23- Transcript

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

Dear Sir/ Madam,

In continuation to our letter dated July 11, 2022 and July 14, 2022, please find enclosed the Transcript of the Investors Call held on Thursday, July 14, 2022 at 02:00 P.M. for the Unaudited Standalone and Consolidated Financial results of the Company for the quarter ended June 30, 2022.

The same is available on the Company's website at <https://www.sterlingandwilsonre.com/>

Request you to take the same on records.

Thanking you,

Yours faithfully,

For Sterling and Wilson Renewable Energy Limited



Jagannadha Rao Ch. V.
Company Secretary and Compliance Officer



Encl.: As above



“Sterling & Wilson Renewable Energy Limited Q1 FY2023 Earnings Conference Call”

July 14, 2022

Disclaimer: E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 14th July 2022 will prevail.



**MANAGEMENT: MR. AMIT JAIN - GLOBAL CHIEF EXECUTIVE OFFICER -
STERLING & WILSON RENEWABLE ENERGY LIMITED
MR. BAHADUR DASTOOR – CHIEF FINANCIAL OFFICER
- STERLING & WILSON RENEWABLE ENERGY LIMITED
MR. SANDEEP THOMAS MATHEW – HEAD INVESTOR
RELATIONS - STERLING & WILSON RENEWABLE
ENERGY LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Sterling & Wilson Renewable Energy Limited's Q1 FY2023 earnings conference call. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict. As a reminder, all participant lines will be in the listen only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Sandeep Thomas Mathew – Head Investor Relations for his opening remarks. Thank you and over to you Sir!

Sandeep Mathew: Very good afternoon everyone. I welcome you all to the Q1 FY2023 earnings call. Along with me I have Mr. Amit Jain, Global CEO, Mr. Bahadur Dastoor, our CFO, and Strategic Growth Advisors, our Investor Relations Advisors. We will start the call with an update on the solar power industry and operational highlights for the quarter by Mr. Amit followed by financial highlights by Mr. Bahadur, post which we will open the floor for Q&A. Thank you and over to you Amit!

Amit Jain: Thanks Sandeep and a warm welcome to all the participants on this call. I would like to give a quick update on the solar power industry, other allied renewable businesses and status of our business operations. So to start with the industry updates, there are strong levers which will drive robust growth globally over the coming years. Stronger policy support from the government in terms of tax incentives, favorable policies for renewable sectors coupled with ambitious climate targets announced for COP26 are going to drive demand for solar energy to new records worldwide.

Solar industry is well poised to grow in long-term as IPPs have huge plans for global capacity additions. The global tariffs have already corrected upwards with the revision in prices and a lot of projects are expected to get finalized in FY2023 including in H1 FY2023. Despite the record increase in modules, commodity and freight over the last 18 months, the levelized cost of electricity for solar plants is still cheaper than the traditional source of energy as well as the renewable source of energy. With the Indian government accelerating its plan for clean energy transition with Prime Minister Narendra Modi planning to build 500 gigawatts of renewable energy and ensure that half of our energy requirements will come from renewable resources by 2030, we expect outstanding growth in Indian solar power industry in the years ahead.

India has also announced a roadmap to become a hub for production and export of green hydrogen made from water and renewable electricity. India has set a 5 million ton green hydrogen production target by 2030 to help bolster its geopolitical heft and be a game changer for the country's energy security. With the government promoting the new age emission free fuel, Reliance Industries has also shown significant interest in the space. With this development we expect huge increase in the scale of average project size in Indian solar industry.

The US utility-scale solar market saw the sharpest decline in the Q1 of calendar year 2022 and experienced its lowest quarter of installation since 2019 and the lowest number of new projects added to the pipeline since 2017. On June 6, 2022 Biden administration announced a two year duty exemption for solar products from Cambodia, Malaysia, Thailand and Vietnam to accelerate execution of projects delayed by Department of Commerce Anti-Circumvention Investigation. This executive action brings massive relief to the US solar industry and we expect significant ramp up in the project execution activities going ahead.

In Australia, the recent election has been a game changer in terms of policy support for renewable energy. The new Labor government has plans to unlock renewables investment, upgrade the grid and bring federal policy more in line with the states and territories many of which have more ambitious climate goals.

In June 2022, the EU energy ministers agree to increase the share of European energy consumption coming from renewables such as solar or wind power to 40% by 2030. According to BNEF, Europe is expected to add 27 to 33 gigawatts per year for the period of 2022 to 2025 and 36 to 56 gigawatts per year for the period of 2026 to 2030.

As per the International Energy Agency, by 2026, global renewable electricity capacity is estimated to rise more than 60% from 2020 levels to over 4,800 gigawatts equivalent to the current total global power capacity of fossil fuels and nuclear combined. Renewables are set to account for more than 95% of the increase in global power capacity through 2026 with solar PV alone providing more than half. Our focus is to grab large share of EPC capacity additions in FY2023. For example US is going to 23 gigawatts of capacity addition, 16 gigawatts of capacity addition in Europe, 3 gigawatts in Australia and 16 gigawatts of capacity additions in India. It is estimated that solar PV utility-scale market excluding China is expected to grow at 15% CAGR over the next few years with growth led by developed markets like US, Europe, Australia as well as Indian market.

I would like to state that with our global reach strong relationship with customers and the lenders as well as the induction of Reliance group as an additional promoters of the company, we are well positioned to capitalize on these growth opportunities. Reliance

Group's investment in company has led to strengthening of company's balance sheet and increased confidence in customers, suppliers, bankers and other stakeholders.

Now coming to our operation and maintenance business, solar O&M portfolio as on date is 5.8 gigawatts. O&M constituted 3.7% of the revenue in Q1 FY2023 and stood at 44 Crores. Reduction in O&M portfolio is primarily on account of sale of plants by clients to customers having their own O&M team. We are focusing on increasing international O&M portfolio through organic and inorganic route. Our enhanced value to customers through O&M differentiators like drone thermography, strong analytics and predictions, IV curve tracer, underground cable fault finders, etc., will help us to expand our O&M portfolio.

Now as we take you around our battery energy and storage system businesses. So battery energy storage system and energy storage system is expected to grow 2x in the next four years to \$12 billion annually. UK and Europe will be the next big consolidated markets with UK, Germany, France, Italy and Spain being top five countries. With this I will ask Mr. Bahadur, our CFO to take you through the order book and consolidated financial highlights. Thank you very much. Over to you Bahadur!

Bahadur Dastoor:

Thank you Amit and good afternoon. Coming to the order book, solar modules constitute about 55% to 60% to the cost of the solar project and prices of the same had increased by about 40% from January 2021 to March 2022 driven by higher commodity prices primarily on account of silicon and supply chain issues such as shortage of shipping containers. Steel contributes 5% to 10% to the total cost of solar projects while its rates have risen by 25% during the said period. This has adversely impacted the ROE of solar power projects resulting in developers postponing the awarding of solar power projects consequently resulting in order finalization getting pushed to Q2 and H2 of FY2023.

The module prices, commodity prices, and logistics costs which had hardened due to the Russia-Ukraine war has started to soften slightly. Thus, we expect the tendering activity to gather momentum which would result in robust order finalizations. We expect to bag major solar PV EPC projects in our addressable markets in the coming quarters. We expect to bid for projects constituting 23.1 gigawatts with India having the highest share at 32.5% followed by MENA and Africa at 19.5% and US and LATAM at 19.1%. We are targeting around \$1 billion of new EPC orders in the international and Indian market in FY2023. We expect a lumpiness in order inflow with significant consolidation being observed in the industry with stronger players expected to take larger share of the market in the future and low level players moving out. Our unexecuted order book as on June 30, 2022 stands at 2,098 Crores which is executable over the next 12 months. Our order bid pipeline remains robust.

Now I will take you through the consolidated financials for the quarter ended June 30, 2022. Revenue for Q1 FY2023 has been 1,206 Crores as compared to 1,071 Crores in Q1 FY2022. O&M constituted 3.7% of the total revenue in Q1 FY2023. The region wise revenue breakup is as follows: Australia contributed 59.79%; America has contributed 21.28% followed by India which contributed 15.02% and the balance 3.9% by MENA and the Africa region. At a company level, the gross margins remain suppressed primarily on account of international EPC projects. In the US, labor cost increased due to shortage of labor supply and in Australia labor cost, site overheads increased due to the loss of productivity on account of extreme weather conditions. Further there was a significant translation loss due to adverse movement in the exchange rate of USD/INR and AUD/INR compared to March 2022. O&M margins were suppressed in the quarter due to one-off final punch points as well as demobilization costs, incurred in the current quarter relating to large projects handed over to developers in the previous year. We anticipate O&M margins to normalize from the next quarter. Recurring overheads for Q1 FY2023 increased 17% to 94 Crores.

As part of the transaction with Reliance Group, the company has signed an indemnity agreement with SP Group, KYD Group and the Reliance Group on December 29, 2021. According to the agreement SP and KYD Group would indemnify and reimburse the company and its subsidiaries for a net amount if it exceeds 300 Crores on settlement of liquidated damages pertaining to certain past and existing projects, old receivables, direct and indirect tax, litigations as well as certain legal and statutory matters. These amounts would be settled on 30th September of each succeeding year on the basis of the final settlement amounts with customers, suppliers and other authorities. SP Group and KYD Group are consequently entitled to net off the amounts payable with specific counter claims levied and recovered by the company and its subsidiaries on its customers and vendors relating to these matters. As of June 30, 2022 the company and its subsidiaries have made provisions equivalent to 300 Crores thus there will be no further impact on the results of the company on settlement of liquidated damages pertaining to past and existing projects as on the date of signing the transaction documents with RNEL, old receivables, direct and indirect tax litigations as well as legal and regulatory matters in accordance with the indemnity agreement.

Coming to the balance sheet, as on June 30, 2022 net worth stood at 596 Crores and cash and cash equivalent stood at approximately 272 Crores. Our debt grew by 131 Crores with net-debt to equity ratio at 0.22x. Advance and performance guarantees encashed by four customers amounted to 588 Crores. With one customer, we have signed the final settlement agreement and the encashment amount of 319 Crores relating to two projects have been refunded by the customer. With respect to the balance two customers whose projects are

completed, the company is in advanced stage of discussion with them and confident of recovering the amount in the coming quarters.

As on June 30, 2022 we had a negative working capital of 277 Crores as compared to negative working capital of 302 Crores as at March 2022. Receivables due for more than one year as at June 30, 2022 stood at 261 Crores compared to 251 Crores due for more than one year as at March 31, 2022. They comprise related party receivables of 10 Crores, which is net of 196 Crores that the company needs to pay back to the related party against advance received for the waste to energy project. With this we can now open the floor to questions and answers.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Mohit Kumar from DAM Capital. Please go ahead.

Mohit Kumar: Good afternoon Sir. My first question is on the gross margin, the gross margin for the quarter is again negative we were expecting a positive gross margin from this particular quarter so what went wrong and when you expect it to correct going forward, this is the first question?

Bahadur Dastoor: So let me take it question-by-question in case you have a second one. As we have explained the gross margins were suppressed in this quarter primarily due to increase in labor cost in Australia and US as well as extreme weather conditions in Australia. Due to the same we continue to see slight erosion in the gross margin. Coming to your question on when the gross margins are expected to go back to normalized levels we are looking at bidding and winning almost \$1 billion of projects which will help us to take the margins back to its normalized levels in the near future.

Mohit Kumar: Secondly on the O&M side, on the O&M side of course last year we did 200-220 Crores is our run rate for the year if I am not wrong and the margins have been suppressed I think you mentioned about something about the one off which happened in this quarter, but what is the normalized run rate for the O&M based on your portfolio which we expect in a year or what kind of EBITDA margin you are expecting in this particular segment?

Amit Jain: In the case of O&M again as we had mentioned there was a movement of almost 2 gigawatts worth of projects which were transferred from our existing customer to a new party who has his own O&M division that led to a loss of revenue and a reduction of almost 2 gigawatts from our O&M portfolio. We had to do certain punches and closure for those projects in the current quarter which led to a suppression of the margin as a one off event. We expect the margins to go back from this quarter and onwards, Q2 and onwards back to its 25%, 30% benchmark for the remaining part of the jobs and hence there is a reduction in

the overhead run rate. Today in the first quarter we had about 44 Crores which is slightly lower than the annualized turnover of the previous year but there are other bids which the O&M team is working on which would help us take it back to where it was. We will keep you posted in the quarters to come.

Mohit Kumar: What is the impact of the prices going up solar module, steel and etc., etc., on the project cost if I have to make a comparison y-o-y?

Amit Jain: As far as the module prices are concerned they had started correcting and there was softening in the prices but due to certain recent events in the China market the prices have again gone up so there is fluctuation in the module prices but hope with the kind of capacity additions which are coming in China market and globally we expect in coming quarters the prices will soften and stabilize.

Mohit Kumar: What will be the module price right now from China and what is the freight cost from China to Saudi Arabia?

Amit Jain: As far as the module prices are concerned they are hovering between 26 to 27 cents per watt peak and freight depends upon the geography where you are working in. If it comes to India it can be 1.5 to 2 cents and if you are going to other geographies like Australia or USA they can be somewhere between close to 4 cents per watt peak.

Mohit Kumar: At current freight cost, am I right?

Amit Jain: Yes that is correct.

Mohit Kumar: Otherwise this is just about much, much lower roughly around 1 cent.

Amit Jain: Yes, the logistic market also corrects itself, so even there would be impact on logistic cost as well and they will also normalize in the coming quarters.

Mohit Kumar: Understood Sir thank you and all the best Sir.

Moderator: Thank you. The next question is from the line of Mr. Faisal Hawa from H.G. Hawa and Company. Please go ahead.

Faisal Hawa: There is a Public Limited Company which is on record saying that they have contracts from you to hire like 3,000 engineers in the coming year. So is this true and what is the utilization that we would be having for these engineers?

Amit Jain: I do not think that is correct information and we are not aware of any such contracts - so I think that information is not correct.

Faisal Hawa: Going forward when do we see that we can actually have any kind of orders from Reliance's own module factory or kind of where we could be more assured of supply of modules from them?

Amit Jain: Reliance is I think they are working on establishing their plans for module manufacturing so it will take some time and next few quarters when they will be ready with their plant and manufacturing starts then we will get to know the plan how much support we can get from Reliance as far as the module supply is concerned. But we expect in next few quarters not only Reliance but multiple new players will be on the block. So we do not see few quarters down the line there will be any issue with respect to module supply.

Faisal Hawa: Thank you so much.

Moderator: Thank you. The next question is from the line of Rahul Modi from ICICI Securities. Please go ahead.

Rahul Modi: Thank you for the opportunity. Sir just I had one question historically we have seen that our margins have been impacted due to volatility as you also mentioned of the module prices. So how are we changing or evolving our contracts when we are actually doing and taking orders to mitigate this risk, because obviously the volatility probably five years back we had a one way movement which was downwards in module prices so we were beneficiary with that. So today when it is more of a zigzag pattern so how we mitigating that risk in terms of the contract? Thank you.

Amit Jain: As we have elaborated on this particular strategic aspect in our last few calls also. So there is a two pronged strategy to address this particular issue and we are addressing it with vendors as well as with our customers. So, vendors we are negotiating much tighter contracts and asking for a much higher amount of bank guarantee to be backed up which can assure us that they will stick to their contracts and we can procure the modules at which we have estimated in our bids. Secondly along with the customer also we are building a pattern, like if there is a willful default by the suppliers, so there are built in mechanisms in the contracts which we are negotiating with our clients to provide a safeguard against that particular movement. So this is a strategy which is being worked both suppliers as well as the clients to safeguard against any unprecedented price rise in the modules.

Rahul Modi: Sir in the recent past you have seen any such thing which had to be invoked and any recent memory of this where the resolution could be found?

Amit Jain: Yes, so we are in touch with all of our customers and there is a perceptible change in like the way the customers also approached. So one of the contracts which we are negotiating with our key customer in Europe - so the customer is ready to take the risk at which we agree at the time of getting a notice to proceed on the contract till the last shipment of the modules. So the market trend is moving towards that direction and some of the customers which we recently discussed, which are the global big players, that they are derisking EPCs with respect to the module supply risks. So we see a change in the market with respect to that. So the customers thinking on those lines are also changing and they appreciate that EPC risk profile also has to change. So in coming quarters we will see a lot of movement on that front and which will derisk our business significantly as far as the module price risk is concerned.

Rahul Modi: Secondly in terms of the origin of modules that we are taking, are you seeing any change in terms of the buyers because there are many customers in the US who are actually directly importing modules as well. So are you seeing any kind of change in the buyers they are thinking in terms of buying either from China or Sterling & Wilson procuring modules from the Indian manufacturer because the export order for Indian manufacturers have also picked up?

Amit Jain: You are absolutely right. IPP and our clients across the globe they are looking for de-risking their supply chains. So all the potential players in the market anywhere in the world right now want to develop and they are working on developing alternate supply chains and the various players not only in India, Europe and US lot of additional module manufacturing plants are coming online which will be commissioned in I would say couple of years down the line and some would be operational as early as last quarter of next year, so we will see its movement and shift in the supply chain with respect to modules. So all the suppliers are looking for alternate supply chain so that the whole entire solar capacity addition across the global can be derisked.

Rahul Modi: Lastly the Indian market is also short of EPC players that is what we understand now and the recent bids that we saw they were actually going at a much higher margin at per megawatt basis. So, any rethinking of your strategy that you would want to look inwards also, because typically you had a 20% of order book historically towards India - so any change you are looking there?

Amit Jain: Yes, definitely you are absolutely correct I would say in that front because Indian market we expect the Indian market is an inflection point and with the kind of capacity addition which government has announced and the targets we have plus the new hydrogen roadmap which has come in would lead to not only the capacity going up and there will be much bigger plants which are coming online. All the private players in the country they have

announced their ambition around green hydrogen and they will also be coming out with mega projects. So considering that we will see that there will be definitely business volumes will be much more and there are like limited number of EPC - so we see that the margin profile should improve going forward because the capacity addition and the strong balance sheet particularly the past track record which is there will come into play. Particularly for Sterling & Wilson will say the strong parentage which we had earlier from SP Group and now both SP Group and Reliance put together as our promoters provides lot of confidence to the banks, investors and IPPs. So it will help us not only domestically and globally as well. So we will be able to take bigger orders and will be considered by all international players which are coming to India and all the mega projects corporates which will be setting up in India will be considered favorably for that and margin profile should also change.

Rahul Modi: Just I am slipping in last one more question. Incrementally we have seen a lot of bids coming in on hybrid tenders - so how are we as experts in solar - how do we co-work or how will the EPC work in such tenders be structured? Thank you very much.

Amit Jain: Actually we have announced earlier in that as a part of Sterling & Wilson Group, but now a couple of quarters back that business was moved to solar and we already have skill set and IT in that particular area so we have strong teams and we are further building on teams to handle the best part of the projects in India. We are already working on multiple bids not only in India globally in Australia, UK and Europe with respect to that projects and we will be handling as we are handling the solar, the EPC part of that we will be taking on both with or without the supply of battery as per the business model of a particular geography demand.

Rahul Modi: Perfect Sir, thank you and all the best.

Moderator: Thank you. The next question is from the line of Abhinav Bhandari from Soham AMC. Please go ahead.

Abhinav Bhandari: Thanks for the opportunity. Just couple of questions. One is do the current results contain any component which would get reimbursed back because of the indemnity agreement and secondly as of June 30, 2022 how much amount could be there on the balance sheet which would get liquidated on September 30, 2022 once the settlement is done under the agreement? Thank you.

Bahadur Dastoor: Results do not include any amounts which are reimbursable under the indemnity at a cost. The company had already made all provisions two quarters ago to reach 300 Crores. So it has not taken anything into account as such because it will be a pass through. The money will come against the offset of liquidated damages, etc., which have already been paid for

by the company. The crystallized amounts are still in process. September 30, 2022 is the final date wherein the crystallized amounts will be worked out and sent out to the erstwhile promoters and on that basis they have about one month to make payment against that. It is right now a moving and accumulating target - not be in a position to give a singular number at this point in time.

Abhinav Bhandari: That amount sitting on the balance sheet would be more than 300 Crores at this point broad idea on that understanding?

Bahadur Dastoor: Yes, it is more than the 300 Crores which the company has to bear

Abhinav Bhandari: Got it, thanks that is all from my side, thank you and wish you the best.

Moderator: Thank you. The next question is from the line of Abhishek from Emkay Global. Please go ahead.

Abhishek: Thanks for taking my question. I have two questions, can you elaborate on the region wise pipeline of the projects and my second question is what are you expecting in terms of the overall inflow for the year?

Amit Jain: As far as the region wise bid pipeline is concerned approximately both USA and Australia the pipeline is 3 gigawatts each, MENA region right now without considering mega projects in question is 2.5 gigawatts, Africa is 1.5 gigawatts, Latin America is 2 gigawatts and South East Asia is 1 gigawatt, so total we are talking about international pipeline of 16 gigawatts and a domestic pipeline of 7.5 gigawatts taking to approximately 23 gigawatt of the total bid pipeline through which we are working on at this point of time.

Abhishek: Australia and US both you told 6, India is 7.5 gigawatts correct?

Amit Jain: Yes, India as we are expecting because of the multiple projects by PSU and private players announcing so we expect a pipeline which is our addressable market is close to 7.5 gigawatts.

Abhishek: Your addressable market but the pipeline is for India 7.5 correct am I right?

Amit Jain: Yes, so my pipeline is my addressable market so that is what 7.5 gigawatts which will be bidding for.

Abhishek: Africa you told 1.5, Latin America I was not able to capture the figure.

Amit Jain: Latin America was 2 gigawatts and South East Asia is 1 gigawatt.

- Abhishek:** Expectation in terms of overall inflow do we have?
- Amit Jain:** We are expecting the order inflow of in excess of both the markets put together close to \$1 billion both international and domestic put together. But it is going to be lumpiness in the other booking so we cannot forecast like as we have said the major order booking is going to happen in H2 this year and there will be lumpiness. So there can be few big orders in the third quarter or fourth quarter but the total expectation is around \$1 billion in this fiscal year.
- Abhishek:** FY2023 you are expecting \$1 billion correct?
- Amit Jain:** Yes that is correct.
- Abhishek:** So FY2024 we can expect the same run rate of \$1 billion?
- Amit Jain:** It will depend like, at this point of time I will not like to forecast but the way market is growing we are expecting the market is growing at the rate of 15% CAGR annually and we see that even Indian market will be growing at much more robust rate. So we can expect we will follow the market trend, the way market is growing we will also grow at least in the similar proportion.
- Abhishek:** Okay thanks for your answer.
- Moderator:** Thank you. The next question is from the line of Mohit Kumar from DAM Capital. Please go ahead.
- Mohit Kumar:** Two questions Sir. Firstly on the green hydrogen side one of the slide talks about a lot of multiple projects on the gigawatt scale. Is it something which you believe which can get fructify for us in terms of opportunity in the next 12 to 18 months, I think a large number of projects which are coming from Australia which are maybe large?
- Amit Jain:** So, give you a perspective that all the big players which will be like all the global customers and the biggest IPPs across the globe they are very bullish on green hydrogen and working on green hydrogen projects across the world, though the projects only in Australia is getting more visibility at this point of time. The projects are getting announced big projects in UAE, Oman, Saudi Arabia and one of the biggest projects in the globe with respect to green hydrogen has already started is under execution in Saudi Arabia. So, as we see the projects are already materializing and taking off from the ground but considering Australia the size of the projects which have been announced in Australia - next 18 to 24 months we will see forward movement on those projects but it can be definitely in the middle east also there can be movement on the green hydrogen projects like I can say in 24 months period.

Mohit Kumar: Is there any strategy to talk to the large players and get some sense of, is there any chance that we will have some kind of lumpy order inflow from this green hydrogen in the next 18 to 24 months do you think that is your target?

Amit Jain: Yes, there is always likelihood because some of our clients, already existing clients are in this business and they are going to set up the plant. As far as the Australia where the most of the projects are getting announced we are the number one EPC in that market and despite all the difficulties and headwinds which are faced by EPC market we are perhaps one of the players which have delivered even in the COVID period despite the commodity super cycle. We are on the course of delivering all our projects which have created a very, very strong brand for us in the market and with Reliance coming in as one of the promoters so we have the financial strength and the financial I would say credentials to associate with developers on the project of that state. So that places us favorably to work on those projects but as you know the projects are in initial stages. We are identifying, we have started discussion but exact how the things develop can be predicted in next 18 to 24 months period.

Mohit Kumar: Lastly on the cash flow side given the next nine months, I think do you see any stress or any need to raise capital or debt over the next nine months to tide out the lack of revenues?

Bahadur Dastoor: The Company is actively engaged in raising debt for a short-term period to meet its cash flow mismatches on account of the losses that have been faced in certain projects. We expect that this will be for a short-term period of about 18 months or less. Right now, that is being looked upon with various bankers and financial institutions which the company is engaged with.

Mohit Kumar: Understood Sir thank you and best of luck.

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

Bala: Sir how do you see competition from Chinese players in Australia and globe how they are dominating, how they are competing in these contracts?

Amit Jain: If I have understood correctly because the audio quality was still not good that you want to understand the impact or how the Chinese competition in various markets which we are present in. So I would say that the maximum intensity of Chinese competition was faced by us in Middle East and Africa market and in Australia, Europe and USA there was no significant competition from Chinese players. As you know the way Chinese contractor and Chinese vendors - they have not kept up to the contract which they signed for, lot of contracts have been reneged and in Middle East mega projects what we are witnessing that

the performance is not up to the mark, the projects are running behind schedule and there is I think the confidence which was there on Chinese is coming down and all the big IPPs are looking for alternate EPCs to work on mega projects even in Middle East and Africa market. So, we see the change in trend coming forward in next few quarters and the competitive intensity even in the Middle East and Africa market will come down and will be better placed and be considered favorably by major developers.

Bala: Thank you Sir.

Moderator: Thank you. The next question is from the line of Faisal Hawa from H.G. Hawa and Company. Please go ahead.

Faisal Hawa: Changing our bankers and getting some more bank guarantee limits and how are we actually now going to hire if you are saying that there is no demand for the 3,000 engineers from your end - what is our hiring plan for the coming year and how many engineers we plan to hire for our EPC ground work?

Bahadur Dastoor: So I will take the first question on the bank guarantee part. Company is actively engaged with its consortium of bankers to increase its limits. It does have spare limits available right now to take care of any short-term requirement, but it is engaged for a much enhanced number taking into account what we will require for FY2023 and FY2024. Bankers are looking at it very positively and we expect to meet our requirements once the assessments are complete. I will let Amit take the second question.

Amit Jain: To address the global and domestic markets, we are taking an initiative of capacity building in the organization and we expect to add close to 1,000 personnel to our project management, engineering, procurement and other execution teams which we will be building gradually. So that is the plan to address the increase in order book and the mega projects if they come on the way, that they can be addressed properly.

Faisal Hawa: Solar modules we are now quoting for any new tenders according to the price which is at presently being charged - so there could be a possibility that in six months, seven months when the solar modules market become flooded with more supply and we actually get them at much lower rate and that could add to the bottomline is that a correct way of thinking?

Amit Jain: There is always a possibility of that happening, it has happened in the past when we encashed on downward trend in module prices but it is cyclical and with all kind of module capacity addition coming online that is always a possibility. That is the part of the business cycle we have suffered on the negative side. Of course, we will be entitled to take the positive side of it as well.

- Faisal Hawa:** We are costing out solar modules at the present rates only?
- Amit Jain:** Absolutely what are the current rates in the market and which is backed up by the bids from Tier-1 contractors. If we commit anyway, it will be as per prevailing market prices only.
- Faisal Hawa:** You think that the competitive intensity could reduce in the present tenders which are being sent out?
- Amit Jain:** I would say with the market size going up, the multiple bids coming down and the limited number of EPC players in the market we can see the competitive intensity going down because order books people will be booking orders and as and when the capacities get booked there will be of course the market will correct itself and there will be reduction in competitive intensity.
- Faisal Hawa:** You feel that you will now be bidding for much larger ticket size contracts as well?
- Amit Jain:** Yes, we were doing that in past as well. As you know we have executed one of the biggest projects in the world at that point of time. That was the largest commissioned project till recently. So we had participated in such bids earlier and based on how strategically well placed we are, we will continue to do that.
- Faisal Hawa:** Is there now more clarity on whom we will report to in Reliance and are we now having some kind of structure of communication?
- Amit Jain:** No, Sterling & Wilson remains to be a professionally run company and we report to the Board. So all the policy decisions are taken in the Board and we report to the Board and run by the Board of the organization.
- Faisal Hawa:** You feel that we can go back to the ROCE and the ROE that we used to have like three to four years back, just before the IPO?
- Amit Jain:** Definitely we are on path of recovery and we will be there and we will update you during our next investor calls how we are progressing on that front.
- Faisal Hawa:** Thank you very much.
- Moderator:** Thank you. The next question is from the line of Abhishek from Emkay Global. Please go ahead.
- Abhishek:** Thanks for taking my question. In terms of the region wise pipeline of projects you had told India 7.5, Australia and US 6. I think somewhere one of the management team had

mentioned 16. So just want to know 16 gigawatt breakups how does it come to arrive because excluding India it is 13 if I am right?

Amit Jain: No excluding India it is 16. So we have stated that total pipeline is around 23 gigawatts, out of which 16 is the international pie around 15.6 and 7.5 we have stated is the India pipeline. If you want the exact number USA and Australia is around 6 gigawatts, Europe is 2.5 gigawatts, MENA is 3 gigawatts, Africa is 1.5 gigawatts, Latin America is 2 gigawatts and Asia is 1 gigawatt.

Abhishek: Okay South East Asia is 1, Latin America is 2, Africa 1.5, Middle East 2.5 and Europe is 2.5 correct?

Amit Jain: Yes, that is correct and US and Australia put together is 6 gigawatts.

Abhishek: So I think the total comes to around 15.5 so I think one more year is there.

Amit Jain: 15.6 and 7.5 so that takes it to 23 gigawatts.

Abhishek: Sorry can you repeat that I did not hear 15.6?

Amit Jain: 15.6 for international and 7.5 for domestic that takes it to 23.1 gigawatts to be precise.

Abhishek: so Europe is 2.5 or 2.6?

Amit Jain: Europe is 2.5, MENA is 2.5, Australia and US put together is 6.1

Abhishek: Fine okay thanks.

Moderator: Thank you. The next question is from the line of Harsh Jhanwar from Centrum PMS. Please go ahead.

Harsh Jhanwar: Thanks for the opportunity. I just wanted one clarification. So, as I understand when we book an order we do back-to-back booking of all the modules and imports which are required. So how do we benefit if the PV module prices are going in downward trend. So it has done back-to-back on the same time, so we have fixed asset rate right. So how do we benefit out of if it goes down?

Amit Jain: Once we are bidding we approach multiple Tier-1 suppliers and upon based on that we bid to our customers. But if between the time we bid and at the time of the award of the contract, if there is downward movement by the time we are placing the orders, if there is a

downward movement, we are able to take benefits of that particular aspect - otherwise we will go on back-to-back business.

Harsh Jhanwar: Generally how much is the time gap between bidding and awarding of contract in general?

Amit Jain: That depends on customers. So it can be like three to six months.

Harsh Jhanwar: My second question was also more of a clarification. The order book which we already have will continue to have negative gross profit margins and the new orders which we win that will have normalized 10%, 12% kind of gross margins and slowly we will see the trend of gross margin percentage going from negative to positive by the end of FY2023. Is that understanding correct?

Bahadur Dastoor: It is not that the order book which is now executable has a negative gross margin, because all the impacts of the negatives have been taken majorly up to March and whatever new items came in, in June. So the order book carries a positive gross margin which is a low single digit margin and future orders will come at our normalized margin. Therefore going forward if one looks at it the margins are expected to be positive.

Harsh Jhanwar: Understood Sir thank you so much for clarification.

Moderator: Thank you. As there are no further questions I would now like to hand the conference over to Mr. Amit Jain for closing comments.

Amit Jain: Thank you. With the robust backing of Reliance Group and Shapoorji Pallonji Group, we endeavor to accelerate our growth trajectory by aggressively pursuing our international markets where we foresee a huge potential of growth. India too has reached an inflection point from where we anticipate the growth of solar power industry to garner further pace and momentum. With our deep-rooted client relationship, global presence, ability to provide customized solution, strong track record of executing complex and large scale projects supported by robust balance sheet and strong parentage of Reliance Group and Shapoorji Pallonji Group, we are confident of regaining our leadership position. I would like to thank everybody for joining the call. I hope we have been able to address all your queries. For any further information kindly get in touch with Sandeep Thomas Mathew and/or Strategic Growth Advisors, our Investor Relation Advisors. Thank you once again and have a great day. Thank you.

Moderator: Thank you. On behalf of Sterling & Wilson Renewable Energy Limited that concludes this conference. Thank you for joining us. You may now disconnect your lines.