

November 26, 2019

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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Sub.: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) - Revision in Outlook of Credit Rating – Sterling and Wilson Solar Limited (“SWSL”)

Dear Sir/ Ma’am,

Pursuant to Regulation 30 read with Schedule III of the Listing Regulations, we would like to inform you that the India Ratings & Research has revised its Outlook on SWSL’s Issuer Rating of ‘IND AA-’ from ‘Stable’ to ‘Rating Watch Negative’.

Please find enclosed the press release issued by India Ratings & Research in this context.

Request you to take the same on records.

Thanking you.

Yours faithfully,
For Sterling and Wilson Solar Limited

Bahadur Dastoor
Chief Financial Officer

Encl.: As above

Sterling and Wilson Solar Limited
(Formerly known as Rashmika Energy Private Limited)
An Associate of Shapoorji Pallonji Group

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India Ratings Places Sterling and Wilson Solar on RWN

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By **Sudeep Arekar**

NOV 2019

India Ratings and Research (Ind-Ra) has placed Sterling and Wilson Solar Limited's (SWSL) Long-Term Issuer Rating of 'IND AA-' on Rating Watch Negative (RWN). The Outlook on the earlier rating was Stable. The instrument-wise rating actions are as follows:

Instrument Type	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (million)	Rating/Rating Watch	Rating Action
Non-convertible debentures (NCDs)	INE00M207010	31 July 2019	10.5	7 August 2020	INR1,000	IND AA-/RWN	Placed on RWN
Fund-based limits		-	-	-	INR1,920	IND AA-/RWN/IND A1+/RWN	Placed on RWN
Proposed fund-based limits**		-	-	-	INR1,080	Provisional IND AA-/RWN/Provisional IND A1+/RWN	Placed on RWN
Non-fund based limits		-	-	-	INR72,440	IND AA-/RWN/IND A1+/RWN	Placed on RWN
Proposed non-fund based limits**		-	-	-	INR24,560	Provisional IND AA-/RWN/Provisional IND A1+/RWN	Placed on RWN
Commercial paper (CP)#		-	-	Up to 365 days	INR3,000	IND A1+/RWN	Placed on RWN

** The ratings are provisional and shall be confirmed upon the sanction and execution of the loan documents for the above facilities by SWSL to the satisfaction of Ind-Ra.

#The CP will be carved out of the existing working capital limits

Analytical Approach: Ind-Ra continues to analyse SWSL on a standalone basis without parent support. However, given that Shapoorji Pallonji & Company Private Limited (SPCPL) continues to be the majority shareholder of SWSL, the rating of SWSL would remain linked to the credit profile of SPCPL and any further material deterioration in the credit profile of SPCPL will be negative for SWSL's ratings.

KEY RATING DRIVERS

The RWN reflects the uncertainty regarding the refinancing/rollover of SWSL's short-term loans worth around INR11.8 billion maturing over the remainder of November 2019 until January 2020. This follows the event on 14 November 2019, where Sterling and Wilson Private Limited's (SWPL; 'IND A'/RWN) promoters have sought an extension for the repayment of intercompany deposits to the tune of INR23.41 billion as of September 2019 to Sterling and Wilson Solar Limited. Both SWPL (unlisted entity) and SWSL (listed entity) have common promoters – SPCPL and Kurshed Daruwala. SWSL has significant debt repayment of INR7.9 billion in December 2019, beginning 13 December. Ind-Ra expects SWSL to provide clarity on its refinancing plans by the first week of December 2019. Any delay in the refinancing arrangement beyond that will be credit negative.

Ind-Ra had earlier estimated SWSL's business and financial profile to improve in FY20, post the collection of the entire inter-corporate deposits given to the group entities. It was envisaged that such repayments would be made within a period of 90 days of the date of listing (i.e. by 18 November 2019) and SWSL would thus have a net cash position from FYE20. Furthermore, the funds from the repayment of intercompany deposits would have been utilised to repay the short-term loans maturing in FY20. Given the delays in the settlement of these inter-corporate deposits SWSL's net leverage is likely to remain above the earlier Ind-Ra expected level. Any delays in deleveraging by SWSL beyond FY20 will also be a credit negative. Ind-Ra's assessment of the promoter's credit strength will

continue to be a key monitorable.

Ind-Ra will continue to monitor the progress of refinancing/rollover of the short-term debt alongside the progress on repayment of these intercompany deposits from SWPL. SWPL, in turn, is expecting promoter infusion (around INR7.5 billion) by end-December 2019 and debt tie up (INR7 billion long-term and INR5 billion short-term/working capital fund) by end-January 2020 to pay off these intercompany deposits.

RATING SENSITIVITIES

The RWN indicates that the rating may be downgraded or affirmed based on the all of following:

- upcoming refinancing/rollover of the short-term debt
- the timely infusion of promoter support and the consequent deleveraging in FY20
- the agency's assessment of any material deterioration in SPCPL's credit strength

COMPANY PROFILE

SWSL was demerged from SWPL in March 2018. The company is a leading global solar engineering, procurement, construction contractor with diversified presence across geographies. SWSL got listed on the BSE Ltd and NSE Limited in August 2019. SPCPL owns 50.6% stake in the company, Khurshed Daruvala holds 25.7% stake, while the balance is held by public.

FINANCIAL SUMMARY

Particulars	FY19	FY18
Revenue (INR million)	82,404	68,717
EBITDA (INR million)	6,575	5,420
EBITDA margin (%)	8.0	7.9
Total debt (INR million)	22,278	1,841
Interest coverage (x)	6.6	23.7
Net adjusted leverage (x)	2.7	0.2
Source: SWSL, Ind-Ra		

RATING HISTORY

Instrument Type	Current Rating/Rating Watch			Historical Rating/Outlook/Rating Watch	
	Rating Type	Rated Limits (million)	Rating	10 Oct 2019	31 December 2018
Issuer rating	Long term	-	IND AA-/RWN	IND AA-/Stable	IND AA/Stable
NCDs	Long term	INR1,000	IND AA-/RWN	IND AA-/Stable	-
Fund-based limits	Long-term/Short-term	INR3,000	IND AA-/RWN/IND A1+/RWN	IND AA-/Stable/IND A1+	Provisional IND AA/Stable/Provisional IND A1+
Non-fund based limits	Long-term/Short-term	INR97,000	IND AA-/RWN/IND A1+/RWN	IND AA-/Stable/IND A1+	IND AA/Stable/IND A1+
CP	Short-term	INR3,000	IND A1+/RWN	IND A1+	IND A1+

COMPLEXITY LEVEL OF INSTRUMENTS

For details on the complexity level of the instruments, please visit <https://www.indiaratings.co.in/complexity-indicators>.

SOLICITATION DISCLOSURES

Additional information is available at www.indiaratings.co.in. The ratings above were solicited by, or on behalf of, the issuer, and therefore, India Ratings has been compensated for the provision of the ratings.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer.

ABOUT INDIA RATINGS AND RESEARCH

About India Ratings and Research: India Ratings and Research (Ind-Ra) is India's most respected credit rating agency committed to providing India's credit markets accurate, timely and prospective credit opinions. Built on a foundation of independent thinking, rigorous analytics, and an open and balanced approach towards credit research, Ind-Ra has grown rapidly during the past decade, gaining significant market presence in India's fixed income market.

Ind-Ra currently maintains coverage of corporate issuers, financial institutions (including banks and insurance companies), finance and leasing companies, managed funds, urban local bodies and project finance companies.

Headquartered in Mumbai, Ind-Ra has seven branch offices located in Ahmedabad, Bengaluru, Chennai, Delhi, Hyderabad, Kolkata and Pune. Ind-Ra is recognised by the Securities and Exchange Board of India, the Reserve Bank of India and National Housing Bank.

India Ratings is a 100% owned subsidiary of the Fitch Group.

For more information, visit www.indiaratings.co.in.

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Applicable Criteria

[Corporate Rating Methodology](#)

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