

STERLING AND WILSON SOLAR AUSTRALIA PTY LTD
ABN 35 632 960 680

FINANCIAL REPORT

FOR THE YEAR ENDED 31 MARCH 2022

STERLING AND WILSON SOLAR AUSTRALIA PTY LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2022

The Directors present their report together with the financial report of Sterling and Wilson Solar Australia Pty Ltd (the "Company") at the end of the year ended 31 March 2022.

DIRECTORS

The following persons were directors of the Company during the whole of the financial year and up to the date of this report:

BAHADUR SAM DASTOOR

AMIT JAIN (Appointed on 09/03/2022)

BIKESH OGRA (Resigned on 09/03/2022)

PHILIP JAMES SHERIDAN

KEKI ELAVIA (Appointed on 12/07/2021)

CORPORATE STRUCTURE

Sterling and Wilson Solar Australia Pty Ltd is a company limited by shares that is incorporated and domiciled in Australia. The Company's immediate and ultimate holding company is Sterling and Wilson International Solar FZCO, incorporated in Dubai, UAE and Sterling and Renewable Energy Ltd, incorporated in India (from 30th December 2022). Shapoorji Pallonji and Company Private Limited, incorporated in India was the ultimate holding company till 29 December 2021.

PRINCIPAL ACTIVITY

The principal activities of the Company include design, engineering, procurement, fabrication, construction, installation, commissioning, testing and handing over of solar generating facilities and other related activities.

REVIEW OF OPERATIONS

The (loss) after tax for the year of the Company was (\$33,709,636) [2021 (\$28,130,696)].

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the Company's state of affairs during the year.

STERLING AND WILSON SOLAR AUSTRALIA PTY LTD

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2022**

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

ENVIRONMENTAL REGULATIONS

There have been no breaches of environmental regulations by the Company during or since the financial year.

STATEMENT OF OPERATIONS BY SEGMENTS

The Company operates its business mainly in Australia.

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

During the year, the Company has not indemnified or made a relevant agreement for indemnifying against a liability, any person who is or has been an officer or auditor of the Company.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 3.

AUDITORS

Moore Australia Audit (WA) continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of the Directors.


Bahadur Dastoor
Director

Dated this 20th day of July 2022

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF STERLING AND WILSON SOLAR AUSTRALIA PTY LTD**

I declare that, to the best of my knowledge and belief, during the year ended 31 March 2022 there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.



SHAUN WILLIAMS
PARTNER



MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth on the 20th day of July 2022

STERLING AND WILSON SOLAR AUSTRALIA PTY LTD

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2022

	Note	2022 \$	2021 \$
Revenue from continuing operations	4	171,216,313	311,927,927
Other income	5	1,671,655	3,362,181
Raw materials and consumables used		(88,873,344)	(203,100,880)
Direct project costs		(107,407,438)	(138,162,134)
Employee benefits expense		(2,954,553)	(2,862,237)
Depreciation and amortisation expense		(412,070)	(53,888)
Other expenses		(2,450,501)	(2,816,201)
Profit/(Loss) before income tax		(29,209,938)	(31,705,232)
Income tax benefit/(expense)	6	(4,499,698)	3,574,536
Profit/(Loss) for the year		(33,709,636)	(28,130,696)
Other comprehensive income		(33,709,636)	(28,130,696)
Total comprehensive profit/(loss) for the year	17	(33,709,636)	(28,130,696)
Profit/(Loss) attributable to members	17	(33,709,636)	(28,130,696)

The accompanying notes form part of these financial statements.

STERLING AND WILSON SOLAR AUSTRALIA PTY LTD

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2022

	Note	2022 \$	2021 \$
ASSETS			
Current assets			
Cash and cash equivalents	7	2,576,710	368,809
Trade and other receivables	8	1,687,719	3,522,067
Other current assets	9	71,820,666	48,862,910
Total current assets		76,085,095	52,753,786
Non-current assets			
Plant and equipment	10	1,036,749	238,086
Right of use assets	11	227,654	-
Deferred tax assets	12	-	4,499,698
Total non-current assets		1,264,403	4,737,784
Total assets		77,349,498	57,491,570
LIABILITIES			
Current liabilities			
Trade and other payables	13	137,635,479	80,504,462
Provisions	15	3,476,439	7,271,522
Lease Liabilities	14	164,088	-
Total current liabilities		141,276,006	87,775,984
Non-current liabilities			
Lease liabilities	14	67,542	-
Total non-current liabilities		67,542	-
Total liabilities		141,343,548	87,775,984
Net assets		(63,994,050)	(30,284,414)
EQUITY			
Contributed equity	16	5,000	5,000
Accumulated profits/(losses)	17	(63,999,050)	(30,289,414)
Total equity		(63,994,050)	(30,284,414)

The accompanying notes form part of these financial statements.

STERLING AND WILSON SOLAR AUSTRALIA PTY LTD

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2022

	Contributed equity \$	Accumulated profits/(losses) \$	Total \$
Balance as at 1 April 2021	5,000	(30,289,414)	(30,284,414)
Issue of shares	-	-	-
Total comprehensive profit/(loss)	-	(33,709,636)	(33,709,636)
Dividend paid to Shareholders	-	-	-
Balance as at 31 March 2022	<u>5,000</u>	<u>(63,999,050)</u>	<u>(63,994,050)</u>
Balance as at 1 April 2020	5,000	(2,158,711)	(2,153,711)
Balancing adjustment	-	(7)	(7)
Issue of shares	-	-	-
Total comprehensive profit/(loss)	-	(28,130,696)	(28,130,696)
Dividend paid to Shareholders	-	-	-
Balance as at 31 March 2021	<u>5,000</u>	<u>(30,289,414)</u>	<u>(30,284,414)</u>

The accompanying notes form part of these financial statements.

STERLING AND WILSON SOLAR AUSTRALIA PTY LTD

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2022

	Note	2022 \$	2021 \$
Cash flows from operating activities			
Receipts from customers		130,672,239	320,073,878
Payments to suppliers and employees		(165,207,590)	(320,014,803)
Interest received		-	4,671
Interest paid		-	-
Net cash inflows from operating activities	23	<u>(34,535,351)</u>	<u>63,746</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(1,100,354)	(221,269)
Net cash outflow from investing activities		<u>(1,100,354)</u>	<u>(221,269)</u>
Cash flows from financing activities			
Proceeds from borrowings		37,843,606	-
Net cash inflow/(outflow) from financing activities		<u>37,843,606</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents		2,207,901	(157,523)
Cash and cash equivalents at the beginning of the financial year		368,809	526,332
Cash and cash equivalents at end of year	7	<u><u>2,576,710</u></u>	<u><u>368,809</u></u>

The accompanying notes form part of these financial statements.

STERLING AND WILSON SOLAR AUSTRALIA PTY LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied from 1 April 2021 to 31 March 2022, unless otherwise stated. The financial statements were authorised for issue on 20th July 2022 by the Directors of the Company.

(a) Basis of preparation

This general-purpose financial report has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial report of Sterling and Wilson Solar Australia Pty Ltd also complies with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

These financial statements, except for cashflow information have been prepared on an accrual basis and are based on historical cost, where applicable, the measurement of fair value of selected non-current assets, financial assets and financial liabilities.

STERLING AND WILSON SOLAR AUSTRALIA PTY LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

(c) Revenue recognition

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer.

Revenue is recognised when the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

Contract Revenue

The Company provides designs, engineers, procures, fabricates, constructs, installs, commissions and tests solar generating facilities. Contract revenue is recognised when the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

For these contracts, revenue is recognised over time by reference to the Company's progress towards completion of the contract. The measure of progress is determined based on the proportion of contract costs incurred to date to the estimated total contract costs ('input method'). Costs incurred that are not related to the contract or that do not contribute towards satisfying a performance obligation ('PO') are excluded from the measurement of progress and instead are expensed as incurred.

In some circumstances, such as in the early stages of a contract where the Company may not be able to reasonably measure its progress but expects to recover the contract costs incurred, contract revenue is recognised only to the extent of the contract costs incurred until such time when the Company can reasonably measure its progress.

Contract modifications that do not add distinct goods or services are accounted for as a continuation of the original contract and the change is recognised as a cumulative adjustment to revenue at the date of modification.

STERLING AND WILSON SOLAR AUSTRALIA PTY LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Revenue recognition (continued)

The amount of revenue recognised is based on the estimated transaction price, which comprises the contractual price, adjusted for expected returns. Based on the Company's experience with similar types of contracts, variable consideration is typically constrained and included in the transaction only to the extent that is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Estimates of revenues, costs or the extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

At the end of each reporting date, the Company updates its assessment of the estimated transaction price, including its assessment of whether an estimate of variable consideration is constrained. The corresponding amounts are adjusted against revenue in the period in which the transaction price changes.

The customer is invoiced on a milestone payment schedule. If the value of the goods transferred by the Company exceed the payments, a contract asset is recognised. If the payments exceed the value of the goods transferred, a contract liability is recognised.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

(d) Income tax

The income tax expense or benefit for the year is the tax payable on the current year's taxable income based on the notional income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

STERLING AND WILSON SOLAR AUSTRALIA PTY LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Leases

(i) When the Company is the lessee:

At the inception of the contract, the Company assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

Right-of-use assets

The Company recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Lease liabilities

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease if the rate can be readily determined. If that rate cannot be readily determined, the Company shall use its incremental borrowing rate.

Lease payments include the following:

- Fixed payment (including in-substance fixed payments), less any lease incentives receivables; or
- Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date

Lease liability is measured at amortised cost using effective interest method. Lease liability shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Company's assessment of whether it will exercise an extension option; or
- There are modifications in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(f) Impairment of assets

At each reporting date, the Company reviews its assets to determine whether there is any indication of impairment. If such an indication exists, the carrying amount of the asset is compared to its estimated recoverable amount. If the carrying amount of the asset exceeds its recoverable amount, the asset is written down to the recoverable amount, with the amount of the write down expensed to the Statement of Profit or Loss and Other Comprehensive Income.

STERLING AND WILSON SOLAR AUSTRALIA PTY LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(h) Trade receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for expected credit loss (ECL).

(i) Plant and equipment

Plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Profit or Loss and Other Comprehensive Income during the reporting period in which they are incurred.

Depreciation on plant and equipment is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

Plant and equipment	3 years
Office equipment	3 – 5 years
Motor vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(f)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Profit or Loss and Other Comprehensive Income.

(j) Trade and other payables

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost, using the effective interest method. These amounts represent liabilities for goods and services provided to the Company to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. The carrying amount of accounts payable approximates net fair value.

STERLING AND WILSON SOLAR AUSTRALIA PTY LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Employee benefits

(i) *Wages and salaries and annual leave*

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) *Retirement benefit obligations*

Contributions are made by the Company to superannuation funds and are charged as expenses when incurred.

(l) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(m) Financial Assets

Classification and measurement

The Company classifies its financial assets in the measurement category as amortised cost. The classification depends on the Company's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

The Company reclassifies debt instruments when and only when its business model for managing those assets changes.

At initial recognition

At initial recognition, the Company measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

At subsequent measurement

Debt instruments of the Company mainly comprise of cash and cash equivalents and trade and other receivables. These group of financial assets are measured at amortised cost subsequent to initial recognition.

STERLING AND WILSON SOLAR AUSTRALIA PTY LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets are recognised using the effective interest rate method.

The Company assesses on forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost.

For trade receivables, the Company applied the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For cash and cash equivalents and other receivables, the general 3 stage approach is applied. Credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of the assets. If there is a significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognised.

(n) New, revised or amending Accounting Standards and Interpretations adopted

The Company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period as disclosed in note 1(a).

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company.

(o) New Accounting Standards for Application in Future Periods

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2022 reporting periods and have not been early adopted by the Company. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

STERLING AND WILSON SOLAR AUSTRALIA PTY LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

2. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program seeks to minimise potential adverse effects on the financial performance of the Company.

The Company holds the following financial instruments:

	2022	2021
	\$	\$
Financial assets		
Cash and cash equivalents	2,576,710	368,809
Other deposits	314,174	281,633
Contract assets	53,734,628	29,485,088
Trade and other receivables (excl. advance payments to suppliers)	1,687,719	3,522,067
	<u>58,313,231</u>	<u>33,657,597</u>
Financial liabilities		
Trade and other payables	89,860,891	51,828,186
Borrowings	39,260,500	1,416,894
	<u>129,121,391</u>	<u>53,245,080</u>

(a) Market risk

(i) Foreign exchange risk

The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Company's functional currency.

The Company's exposure to foreign currency risk at the reporting date was as follows (Amounts in AUD):

	2022	2021
	\$	\$
	USD	USD
Cash	-	2,814
Other Current Assets	-	-
Borrowings	23,947,511	1,077,978
Trade payables and other payables	19,094,113	22,616,572
Other Financial Liabilities	1,545,990	728,727
	EUR	EUR
Borrowings	875,021	-

STERLING AND WILSON SOLAR AUSTRALIA PTY LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

2. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(ii) *Interest rate risk*

The Company's income and operating cash flows are substantially independent of changes in market interest rates. The Company's main interest rate risk arises from cash held in financial institutions which are in Australian dollars, given the cash balance and low interest rates at 31 March 2022 this is a low risk.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The major classes of financial assets of the Company are bank deposits and trade receivables. For trade receivables, the Company adopts a policy of dealing only with customers of appropriate credit history and credit standing. For other financial assets, the Company adopts the policy of dealing only with high credit quality counterparties. The credit exposure and payment profiles of the individual counterparty are continuously monitored at the entity levels by the respective management.

(c) Liquidity risk

The Company adopts prudent liquidity management by maintaining sufficient cash and available funding to enable them to meet their normal operating commitments. The company manages this risk through preparing forward-looking cash flow analysis, obtaining funding from various sources if required and maintaining a reputable credit profile.

(d) Fair value estimation

The fair value of financial assets and financial liabilities of the Company approximates their carrying values.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Depreciation of property, plant and equipment

Depreciation of property, plant and equipment is computed at rates calculated to reduce the cost of assets to their estimated residual values over their expected useful lives. The residual value and useful lives are reviewed by the Company on an annual basis.

STERLING AND WILSON SOLAR AUSTRALIA PTY LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Judgement and method used in estimating contract revenue

Contract revenue is recognised over time by reference to the company's progress towards completion of the contract. The measure of progress is determined based on the proportion of contract costs incurred to date to the estimated total contract costs or based on direct measurement of the value of the services completed to date. Costs incurred that are not related to the contract or that do not contribute towards satisfying a performance obligation are excluded from the measure of progress and instead are expensed as incurred.

Management has to estimate the total contract costs to complete, which are used in the input method to determine the Company's recognition of contract revenue. When it is probable that the total costs will exceed the total construction revenue, a provision for onerous contracts is recognised immediately.

Significant assumptions are used to estimate the total contract sum and the total contract costs and earned value of the project which affects the accuracy of revenue recognition based on the percentage of completion. In making these estimates, management has relied on its past experience in the industry.

4. REVENUE

	2022	2021
	\$	\$
<i>Sales revenue</i>		
Work contracts	<u>171,216,313</u>	<u>311,927,927</u>

Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by timing of revenue recognition.

Timing of revenue recognition	2022	2021
	\$	\$
<i>Over time</i>		
Work Contract:	<u>171,216,313</u>	<u>311,927,927</u>
Contract Asset and Liabilities		
Contract assets	<u>53,734,628</u>	<u>29,485,088</u>

5. OTHER INCOME

	2022	2021
	\$	\$
Foreign exchange gain	530,759	3,357,510
Interest income	-	4,671
Excess provision written back	<u>1,140,896</u>	<u>-</u>
	<u>1,671,655</u>	<u>3,362,181</u>

STERLING AND WILSON SOLAR AUSTRALIA PTY LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

6. Income tax benefit

(a) Income tax benefit

	2022	2021
	\$	\$
Current tax	-	-
Deferred tax	4,499,698	(3,574,536)
	<u>4,499,698</u>	<u>(3,574,536)</u>
Income tax benefit is attributable to:		
Profit/Loss from continuing operations	<u>4,499,698</u>	<u>(3,574,536)</u>
Deferred income tax expense included in income tax expense comprises:		
Increase/(decrease) in deferred tax assets (note 12)	<u>(4,499,698)</u>	<u>3,574,536</u>
	<u>(4,499,698)</u>	<u>3,574,536</u>

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	2022	2021
	\$	\$
Profit/(Loss) before income tax expense	<u>(29,309,938)</u>	<u>(31,705,232)</u>
Tax at the Australian tax rate of 30% (2021: 30%)	(8,762,981)	(3,574,536)
Tax effect of amounts which are not deductible in calculating taxable income:		
Entertainment / other	-	-
Other temporary differences	-	-
Revenue/Losses not recognised/utilised	8,762,981	-
Reversal of tax asset	<u>4,499,698</u>	<u>-</u>
Income tax benefit/(expense)	<u>(4,499,698)</u>	<u>3,574,536</u>

(c) Reduction in corporate tax rate

The corporate tax rate for eligible companies will reduce from 30% to 25% by 30 June 2022 providing certain turnover thresholds and other criteria are met. Deferred tax assets and liabilities are required to be measured at the tax rate that is expected to apply in the future income year when the asset is realised, or the liability is settled. The Directors have determined that the deferred tax balances be measured at the tax rates stated.

STERLING AND WILSON SOLAR AUSTRALIA PTY LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

7. CASH AND CASH EQUIVALENTS

	2022	2021
	\$	\$
Cash and Cash Equivalents	<u>2,576,710</u>	<u>368,809</u>

8. TRADE AND OTHER RECEIVABLES

	2022	2021
	\$	\$
Trade receivables	413,745	3,522,067
Other receivables	<u>1,273,974</u>	<u>-</u>
	<u>1,687,719</u>	<u>3,522,067</u>

(a) Past due but not impaired

As at 31 March 2022, trade receivables of \$nil (2021: \$3,522,067) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	2022	2021
	\$	\$
Up to 3 months	<u>-</u>	<u>3,522,067</u>

(b) Foreign exchange and interest rate risk

Information about the Company's exposure to foreign currency risk and interest rate risk in relation to trade and other receivables is provided in note 2.

(c) Fair value and credit risk

Due to the short-term nature of trade receivables, their carrying amount is assumed to approximate their fair value.

Refer to note 2 for more information on the risk management policy of the Company.

STERLING AND WILSON SOLAR AUSTRALIA PTY LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

9. OTHER CURRENT ASSETS

	2022 \$	2021 \$
Contract assets	53,734,628	29,485,088
Advances for supply of goods	14,721,999	15,944,668
Prepayments	2,445,072	2,353,667
Other deposits	314,174	281,633
GST and FBT	577,635	749,046
Advances to employees	27,158	48,808
	<u>71,820,666</u>	<u>48,862,910</u>

10. NON-CURRENT ASSETS

PLANT AND EQUIPMENT

	Plant and equipment \$	Motor vehicles \$	Office equipment, furniture and fittings \$	Total \$
Year ended				
31 March 2022				
Opening net book value	20,475	-	217,611	238,086
Additions	914,361	-	185,993	1,100,354
Disposals	-	-	-	-
Depreciation charge	<u>(178,800)</u>	<u>-</u>	<u>(122,891)</u>	<u>(301,691)</u>
Closing net book amount	<u>756,036</u>	<u>-</u>	<u>280,713</u>	<u>1,036,749</u>
As at 31 March 2022				
Cost	935,006	-	461,048	1,396,054
Accumulated depreciation	<u>(178,970)</u>	<u>-</u>	<u>(180,335)</u>	<u>(359,305)</u>
Net book amount	<u>756,036</u>	<u>-</u>	<u>280,713</u>	<u>1,036,749</u>
Year ended				
31 March 2021				
Opening net book value	-	-	70,705	70,705
Additions	20,645	-	200,624	221,269
Disposals	-	-	-	-
Depreciation charge	<u>(170)</u>	<u>-</u>	<u>(53,718)</u>	<u>(53,888)</u>
Closing net book amount	<u>20,475</u>	<u>-</u>	<u>217,611</u>	<u>238,086</u>
As at 31 March 2021				
Cost	20,645	-	275,055	295,700
Accumulated depreciation	<u>(170)</u>	<u>-</u>	<u>(57,444)</u>	<u>(57,614)</u>
	<u>20,475</u>	<u>-</u>	<u>217,611</u>	<u>238,086</u>

STERLING AND WILSON SOLAR AUSTRALIA PTY LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

11. RIGHT OF USE ASSETS

	2022 \$	2021 \$
At cost	338,033	-
Accumulated depreciation	(110,379)	-
Net carrying amount	<u>227,654</u>	<u>-</u>
Reconciliation		
Balance at the beginning of the period	-	-
Application during the period	338,033	-
Depreciation charge for the period	(110,379)	-
Balance at the end of the period	<u>227,654</u>	<u>-</u>

12. DEFERRED TAX ASSETS

The balance comprises temporary differences attributable to:

	2022 \$	2021 \$
Employee benefits	-	-
Plant and equipment	<u>-</u>	<u>-</u>
	-	-
Others		
Provision for expected credit loss	-	-
Carried forward tax losses	<u>(4,499,698)</u>	<u>4,499,698</u>
	-	-
Total deferred tax assets	<u>-</u>	<u>4,499,698</u>
Deferred tax assets to be recovered within 12 months	-	4,499,698
Deferred tax assets to be recovered after more than 12 months	<u>-</u>	<u>-</u>
	<u>-</u>	<u>4,499,698</u>

STERLING AND WILSON SOLAR AUSTRALIA PTY LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

13. TRADE AND OTHER PAYABLES

	2022	2021
	\$	\$
Trade payables	55,993,499	50,687,963
Borrowings	39,260,500	1,416,894
Other payables	42,381,480	28,399,605
	<u>137,635,479</u>	<u>80,504,462</u>

The entire obligation above is presented as current since the Company does not have an unconditional right to defer settlement.

14. LEASE LIABILITIES

	2022	2021
	\$	\$
Balance at the beginning of the period	-	-
Liability arisen during the period	231,630	-
Liability at the end of the period	<u>231,630</u>	<u>-</u>
Reconciliation of lease liability		
Current portion of liability	67,542	-
Non-current portion of liability	164,088	-
Total liability at end of the period	<u>231,630</u>	<u>-</u>

15. PROVISIONS

	2022	2021
	\$	\$
Employee benefits - Annual leave	629,015	569,570
Provision for foreseeable losses	2,847,424	6,701,952
	<u>3,476,439</u>	<u>7,271,522</u>

The entire obligation is presented as current since the Company does not have an unconditional right to defer settlement.

16. CONTRIBUTED EQUITY

Issued and paid up capital

	2022	2021
	\$	\$
Ordinary shares, fully paid	<u>5,000</u>	<u>5,000</u>

STERLING AND WILSON SOLAR AUSTRALIA PTY LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

17. ACCUMULATED PROFITS/(LOSSES)

Movements in accumulated profits were as follows:

	2022	2021
	\$	\$
Balance at beginning of the period	(30,289,414)	(2,158,711)
Balancing adjustment	-	(7)
Net profit/(loss) for the year	(33,709,636)	(28,130,696)
Dividends paid to shareholders	-	-
	<hr/>	<hr/>
Balance at the end of the period	(63,999,050)	(30,289,414)

18. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Directors

The following persons were directors of Sterling and Wilson Solar Australia Pty Ltd during the financial year:

BAHADUR SAM DASTOOR

AMIT JAIN (Appointed on 09/03/2022)

BIKESH OGRA (Resigned on 09/03/2022)

PHILIP JAMES SHERIDAN

KEKI ELAVIA (Appointed on 12/07/2021)

(b) Key management personnel compensation

	2022	2021
	\$	\$
Short-term employee benefits	733,666	674,942
Director fees	-	22,000
	<hr/>	<hr/>
	733,666	696,942

19. REMUNERATION OF AUDITORS

During the year, the following fees were paid or payable for services provided by the auditor of the Company:

	2022	2021
	\$	\$
Audit services		
Moore Australia (WA)	<hr/>	<hr/>
	69,857	39,000

STERLING AND WILSON SOLAR AUSTRALIA PTY LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

20. CONTINGENT LIABILITIES

In the year 2020-21, a significant subcontractor had filed for bankruptcy. There have been claims by the subcontractor 's receiver which have been refuted by the company. The Company has filed counter claim on the sub-contractor for noncompliance with its contractual obligation. In the opinion of the management, the sub-contractors' claim is not tenable and accordingly, based on management's best estimate, no provision is required to be made for the same.

During the year, Sterling and Wilson Renewable Energy Ltd (the Ultimate Parent Company) has signed an agreement ("master agreement") with Shapoorji Pallonji & Company Pvt. Ltd., Khurshed Y. Daruvala (jointly the "Promoter Selling Shareholder") and Reliance New Energy Limited pursuant to which the Promoter Selling Shareholders will indemnify and re-imburse the Ultimate Parent Company and its subsidiaries/branches for a net amount, if it exceeds AUD 52.63 million ("the threshold"), on settlement of liquidated damages on certain past and existing projects, old receivables, direct and indirect tax litigations as well as certain legal and regulatory matters ("matters"). These amounts would be settled on 30 September of each year on the basis of the final settlement amounts with customers/other authorities for the above matters. As at 31 March 2022, the Ultimate Parent Company and its subsidiaries/ branches have made a provision of AUD 52.63 million. As explained above the Ultimate Parent Company and its subsidiaries/branches will make no provisions beyond the threshold amount on the above matters.

Further, to give effect to the master agreement, the Ultimate Parent Company has signed back - to-back agreement with the Parent Company and the Parent Company has signed agreement with the Company pursuant to which any and all losses on account of the above matters incurred by the Company will be reimbursed by the Parent Company, subject to the threshold and terms and conditions as set out in the Indemnity Agreement.

The Directors are not aware of any other contingent liabilities as at 31 March 2022.

21. CAPITAL AND LEASING COMMITMENTS

Non-cancellable operating leases

The Company will recognise right-of-use assets for leases, except for short-term and low-value leases.

There are no capital expenditure commitments as at 31 March 2022.

22. RELATED PARTY TRANSACTIONS

(a) Holding Corporations

The Company's respective immediate and ultimate holding companies are Sterling and Wilson International Solar FZCO, incorporated in Dubai, UAE and Shapoorji Pallonji and Company Private Limited, incorporated in India.

(b) Key management personnel

Disclosures relating to key management personnel are set out in note 18.

STERLING AND WILSON SOLAR AUSTRALIA PTY LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

22. RELATED PARTY TRANSACTIONS (continued)

(c) Transactions with related parties

The following transactions occurred with related parties:

	2022 \$	2021 \$
<u>Receipts</u>		
Income received from Ultimate Holding Company	53,336,759	-
Advance received from Ultimate Holding Company	672,091	-
<u>Purchases</u>		
Purchases of Goods from Immediate Holding Company	833,175	171,486,299
Purchases of Goods from Ultimate Holding Company	-	11,049
Job Work Charges to Related Group Entity	-	24,686,985
Purchase of Services from Related Group Entity	12,705,169	-
<u>Reimbursement of Expenses</u>		
Reimbursement of Expenses from Immediate Holding Company	765,868	8,480,433
Reimbursement of Expenses from Ultimate Holding Company	109,217	111,231
Reimbursement of Expenses from Related Group Entities	559,300	1,858,199
<u>Recovery of Expenses</u>		
Recovery of Expenses from Related Group Entity	-	2,534,096
Issue of Share Capital to Holding Company	-	-
Recovery of Expenses from Ultimate Holding Company	4,593,555	-

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	2022 \$	2021 \$
<u>Trade and Other Receivables</u>		
Related Group Entity	-	1,699,024
Ultimate Holding Company	1,217,426	-
<u>Advance for Subcontractor works</u>		
Related Group Entity	11,348,677	9,441,475
<u>Advance from Customer</u>		
Related Group Entity	-	12,200,000
<u>Current payables (purchases of goods)</u>		
Immediate Holding Company	28,698,948	34,118,670
Ultimate Holding Company	-	11,049
Related Group Entity	-	-
<u>Current payables (Other Payables)</u>		
Immediate Holding Company	-	-
Ultimate Holding Company	32,321,402	111,231
Related Group Entity	1,545,990	1,037,991
<u>Borrowings</u>		
Immediate Holding Company	39,260,500	1,416,894

No provisions for expected credit loss have been raised in relation to any outstanding balances, and no expense has been recognised in respect of bad or doubtful debts due from related parties.

STERLING AND WILSON SOLAR AUSTRALIA PTY LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

22. RELATED PARTY TRANSACTIONS (continued)

(d) Outstanding balance arising from dividend declared

The following balances are outstanding at the reporting date in relation to dividends declared to related parties:

	2022	2021
	\$	\$
Dividend payable to holding company	-	-

(e) Terms and conditions

All other transactions were made on normal commercial terms and conditions. Outstanding balances are unsecured and are repayable in cash.

STERLING AND WILSON SOLAR AUSTRALIA PTY LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

23. RECONCILIATION OF PROFIT/(LOSS) AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2022	2021
	\$	\$
Profit/(Loss) for the year	(33,709,636)	(28,130,696)
Depreciation and amortisation	412,070	53,888
Change in operating assets and liabilities		
Decrease/(Increase) in trade and other receivables	1,973,218	4,788,433
Decrease/(Increase) in advance for supply of goods	18,267,752	(885,352)
Decrease/(Increase) in unbilled revenue	(24,249,540)	(7,131,196)
Decrease/(Increase) in prepayments	1,152,914	(1,896,317)
Decrease/(Increase) in deferred tax assets	4,499,698	(3,574,536)
Impact on application of AASB 16 - Leases	(106,403)	-
Increase/(Decrease) in trade and other payables	1,019,659	29,667,314
Increase/(Decrease) in other provisions	(3,795,083)	7,172,208
	<u>(34,535,351)</u>	<u>63,746</u>

24. SUBSEQUENT EVENTS

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company.


STERLING AND WILSON SOLAR AUSTRALIA PTY LTD

DIRECTORS' DECLARATION

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 4 to 27 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Company's financial position as at 31 March 2022 and of their performance for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.


Bahadur Dastoor
Director

Dated this 20th day of July 2022.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STERLING AND WILSON SOLAR AUSTRALIA PTY LTD

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Sterling and Wilson Solar Australia Pty Ltd (the "Company"), which comprises the statement of financial position as at 31 March 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the Company's financial position as at 31 March 2022 and of its financial performance for the year then ended; and
- ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF STERLING AND WILSON SOLAR AUSTRALIA PTY LTD
(CONTINUED)**

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standard Board website at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our audit report.



SHAUN WILLIAMS
PARTNER



MOORE AUSTRALIA
CHARTERED ACCOUNTANTS

Signed at Perth this 20th day of July 2022.