

RATING

Business	★ ★ ★ ★ ★
Management	★ ★ ★ ★ ★
Valuation	★ ★ ★ ★ ★
Financial	★ ★ ★ ★ ★

Ranking 1 to 5, denoting lowest and 5 highest



Sterling and Wilson Solar Ltd

STERLING & WILSON

DATE: 02-08-2024

BUY RANGE: @ 680- 665

TARGET : @ 910

RATING : BUY

Research Report

Stock Info	Amount
Mkt Cap(cr)	15,445.00
52-weeks high	828.00
52-weeks low	253.45
No. of eq shares(cr)	23.33
Face Value	1.00
Bse Code	SWSOLAR 542760
Nse Code	SWSOLAR
Free Float Mcap(cr)	7272.45

Source : BSE,NSE

Particulars	ShareHolding
Promoter Holding	52.92%
DII's Holding	10.07%
FII's Holding	9.08%
Public	27.95%
Total	100.00%

Source : BSE,NSE

(In cr)

Particulars	FY2023	FY2024
Debt to Equity	-8.45	0.54
EPS	-61.7	-10.4
P/SALES	2.7	4.0
Capital Turnover Ratio	6.06x	8.49x
Current Ratio	1.10	1.35
Quick Ratio	0.33	0.38
Cash Ratio	0.04	0.11

Source : Company Research

Our Presence

ACROSS THE GLOBE



Source : Company Report

About:

The Company is a global provider of end-to-end solar engineering, procurement, and construction (EPC) solutions, primarily for utility-scale projects. It handles everything from project design to commissioning and offers operations and maintenance (O&M) services, even for projects built by third parties. Supported by a skilled design and engineering team, the Company focuses on creating innovative, cost-effective solutions to enhance solar power project performance. Utilizing its global subsidiaries and branch offices, the Company targets markets with favorable solar policies and resources, implementing a tailored expansion strategy to optimize bidding and project execution.

Key Highlights:**Reliance New Energy Acquisition**

Reliance Industries Limited (RIL) Group, through its subsidiary Reliance New Energy, has acquired a majority stake of 40% in the Company. This strategic partnership with RIL is expected to provide the Company with strong revenue visibility and a competitive edge in the market. The alliance with such a prominent and financially robust entity positions the Company favorably to capture significant share of the renewables EPC market, leveraging RIL's extensive resources and market reach.

Addressing COVID-19 Challenges

To mitigate the challenges experienced during the COVID-19 pandemic, the Company has taken several proactive measures. It has strengthened its liquidity position and implemented comprehensive turnaround strategies. Notably, the Company undertook a substantial fundraising initiative, securing INR 15,000 million to repay outstanding debts. This financial restructuring has bolstered the Company's balance sheet, enhancing its financial stability and preparedness for future uncertainties.

Focus on Domestic Market

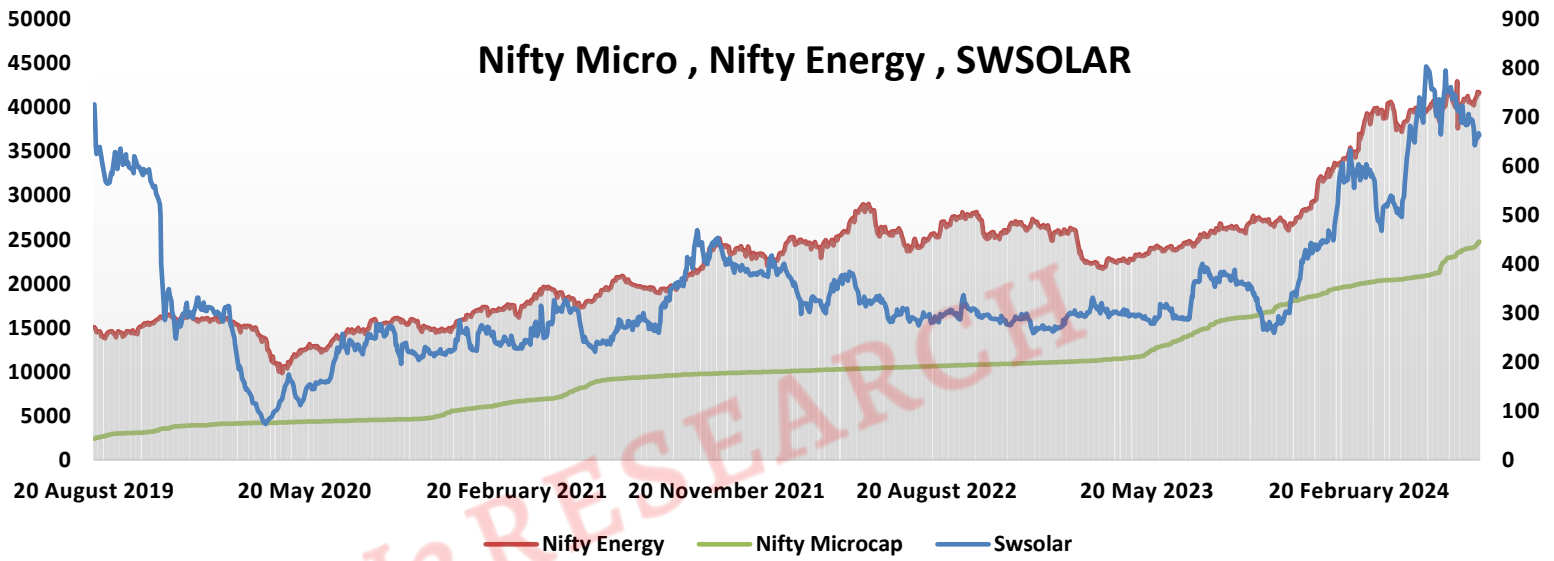
The Company has strategically increased its focus on the domestic market, which is projected to have a total addressable market (TAM) of over 40GW by FY26. This shift in strategy reflects a more cautious approach towards international projects, with over 85% of new orders now being domestic. By concentrating on the burgeoning opportunities within India's renewable energy sector, the Company aims to capitalize on the growing demand while reducing exposure to risks associated with international ventures.

Commitment to Low-Carbon Energy Transition

The Company is dedicated to leading the global transition to low-carbon energy. It is expanding its green energy portfolio into new and innovative areas, including battery energy storage systems and green hydrogen. These initiatives align with global trends towards sustainable energy solutions and position the Company at the forefront of the renewable energy industry. By diversifying its offerings and investing in cutting-edge technologies, the Company is reinforcing its commitment to environmental sustainability and future-proofing its business operations. The Company has executed over 17GW of projects and provides O&M services for 6GW+ as of YTD FY24. With higher profitability in O&M, the Company's complex projects boost its market credibility and eligibility for utility-scale bids. It pioneered India's first floating solar project (455kWp) and is expanding its RE portfolio with unique projects in India and a major overseas order. It has also developed over 40MWh of energy storage systems and built a 1,177MWp PV plant in Abu Dhabi.

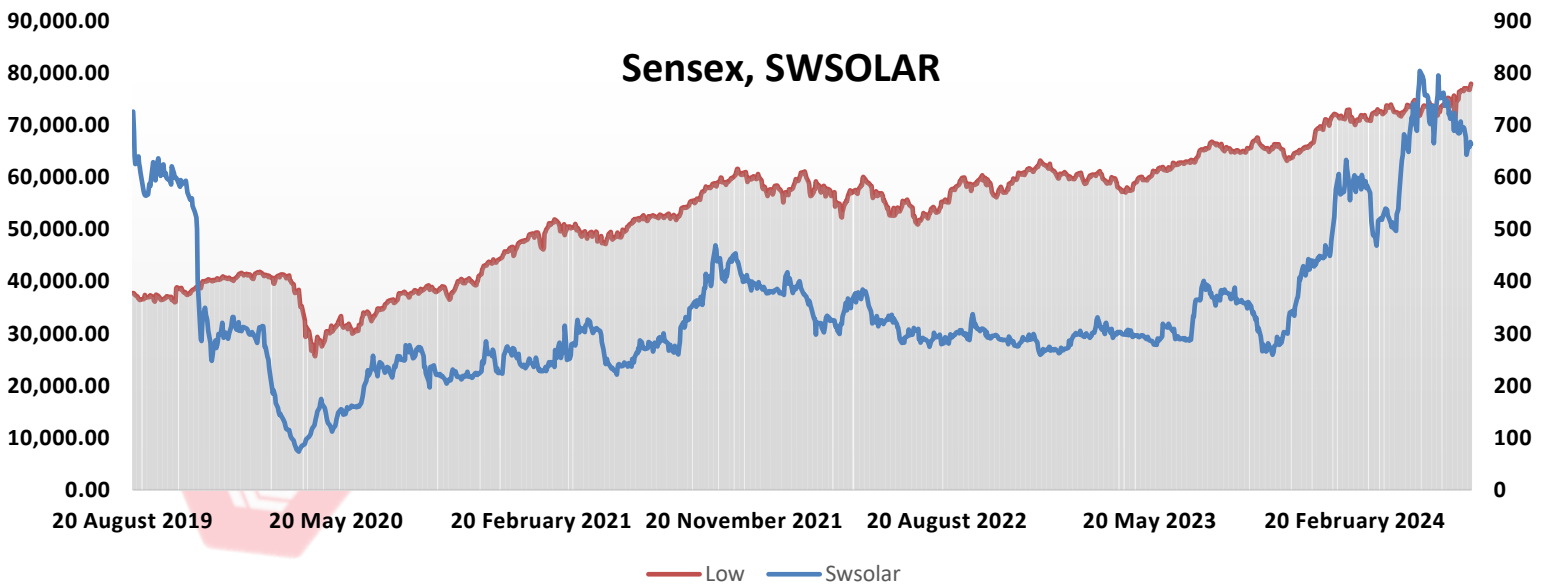
Key Risks:

The Company relies heavily on large orders from two major clients, Nigeria and RIL. Execution challenges could result in delays in fulfilling orders. There are potential delays in receiving new orders.



Price Performance

Time	1M	3M	6M	YEAR	YTD
Swsolar	-7.97%	3.10%	14.90%	82.25%	48.88%
Nifty Energy	6.13%	6.89%	21.35%	63.81%	27.36%



Price Performance

Time	1M	3M	6M	YEAR	YTD
Swsolar	-7.97%	3.10%	14.90%	82.25%	48.88%
Sensex	2.44%	8.43%	13.09%	20.50%	10.64%



What is Solar ,Thier Types & Uses

Solar energy can be converted into usable energy, and there are many ways of doing it to get heat, electricity, hot water, and even cooling buildings and industrial complexes. Solar panels are equipment that can absorb the Sun's rays and generate heat or electricity with it. The most common types of solar panels fit into three broad categories; monocrystalline, thin-film, and polycrystalline. These solar panels are different from each other in the way they are made, the cost involved in making them, their performances, appearance, and the kind of installation they are best suited for. Each of these panels has unique features and capabilities. Solar cells have semiconducting material that converts light into electricity. Silicon is used widely as the semiconducting material in solar panels.

Types of Solar Energy

1. Monocrystalline and Polycrystalline Solar Panels

The Monocrystalline and Polycrystalline Solar panels have solar panels made from silicon wafers. The wafers are assembled into rows and columns in both of these panels to form a rectangle. They are then covered with a glass sheet and framed together. The difference between these two panels lies in the composition of silicon used in each of them. To make a monocrystalline panel, a single pure silicon crystal is used. For a polycrystalline panel, fragments of silicon crystals are used that are melted together to form a mould and then cut into wafers.

2. Thin Film Solar Panels

The thin-film panels are made up of different materials and not just silicon. CdTe or Cadmium telluride is the most common material used in making thin-film solar panels. Layers of CdTe are placed between transparent conducting panels. These layers help capture sunlight. A top layer of glass protects the panels. Thin-film panels could also be made from amorphous Si (a-Si) which are non-crystalline wafers sitting on top of glass, metal, or plastic. Another popular material used in thin-film solar panels is CIGS (Copper Indium Gallium Selenide).

Uses of Solar Energy

Residential Applications

In residential settings, solar energy offers a practical and sustainable solution for various household needs. Solar water heaters are a popular choice for heating water, utilizing solar collectors installed on rooftops to capture sunlight. This thermal energy is then used to heat water, reducing the need for electricity or gas-powered heating systems.

Additionally, photovoltaic (PV) systems allow homeowners to generate electricity by converting sunlight into electrical energy. This electricity can power household appliances, lighting, and other electrical devices. With the option to store excess energy in batteries, homeowners can ensure a continuous power supply even during nighttime or cloudy days, significantly cutting down on utility bills.

Industrial Applications

Industries are increasingly adopting solar energy to power their operations. Large-scale solar installations can meet a substantial portion of the energy requirements for warehouses, factories, and offices, helping to lower electricity costs and carbon emissions. Solar energy also supports the communication infrastructure, powering equipment for radio and TV stations, communication towers, and emergency systems, especially in remote locations. In specialized applications, such as aviation and maritime navigation, solar energy powers warning lights on aircraft and lighthouse beacons, offering reliable, maintenance-free solutions.

Remote Applications

Solar energy is a crucial resource for remote and off-grid areas, providing essential services that would otherwise be challenging to access. In rural electrification projects, solar systems power schools, hospitals, and clinics, enabling them to run medical equipment, refrigeration, and lighting. This access improves healthcare and education in underserved regions. Solar-powered desalination plants offer a sustainable solution for producing clean drinking water in arid regions by using solar energy to remove salt and impurities from seawater. Additionally, telecommunications in remote areas benefit from solar-powered systems, ensuring consistent connectivity and communication.

Transportation

The transportation sector is embracing solar energy as a means to reduce dependence on fossil fuels and lower emissions. Solar-powered public transit systems, including light-rails, buses, and trolleys, utilize solar panels either on vehicles or infrastructure to generate a portion of the needed energy. Electric vehicles (EVs) also benefit from solar charging stations, which harness solar energy to charge EV batteries, promoting cleaner transportation options. These innovations contribute to a greener and more sustainable urban environment.

Pool Heating

Solar energy provides an efficient and eco-friendly solution for heating swimming pools. Solar pool heating systems use solar collectors to capture sunlight and transfer the heat to the pool water. This method is particularly beneficial during cooler seasons, offering a cost-effective way to maintain comfortable water temperatures without relying on conventional heating systems. Solar pool heaters not only reduce energy consumption but also contribute to lower utility costs, making them an attractive option for pool owners.





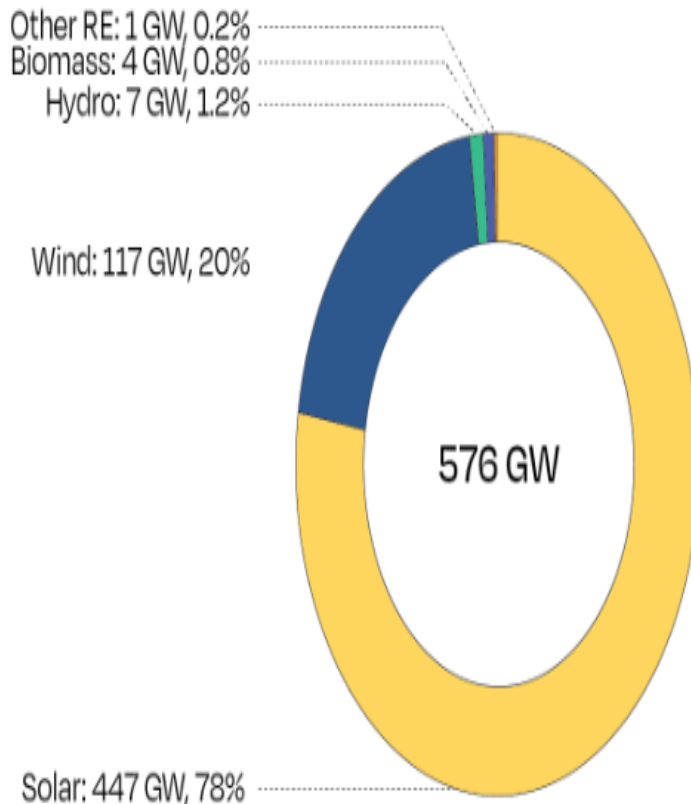
Research Report

Global Outlook

The rapid expansion of solar power capacity highlights the growing global need for sustainable and renewable energy sources. The record-setting 447 GW of new solar capacity added in 2023 underscores the increasing recognition of solar power as a vital component in the global effort to combat climate change. As nations strive to meet their carbon reduction targets and transition away from fossil fuels, solar energy's role has become more critical than ever. Its ability to provide clean, abundant, and renewable electricity makes it an essential tool in reducing greenhouse gas emissions and mitigating the effects of global warming. Moreover, the widespread adoption of solar technology is crucial for energy security and economic stability. Solar power, being decentralized and available in virtually every part of the world, reduces reliance on imported fuels and enhances energy independence. It also creates jobs and stimulates economic growth, particularly in the manufacturing, installation, and maintenance sectors. As technological advancements continue to drive down costs and improve efficiency, solar energy becomes increasingly accessible, making it a viable option for both developed and developing countries to diversify their energy mix and promote sustainable development.

In addition to environmental and economic benefits, the scalability and flexibility of solar energy systems make them particularly well-suited for addressing global energy needs. From large-scale solar farms supplying power to the grid to small, off-grid systems providing electricity to remote areas, solar energy can be tailored to meet a wide range of energy demands. This adaptability not only supports the growth of renewable energy infrastructure but also fosters resilience in the face of natural disasters and other disruptions, ensuring a reliable and continuous supply of electricity.

The impressive growth in solar capacity reflects a broader societal shift towards sustainability and environmental stewardship. As public awareness of climate change and environmental degradation increases, there is a growing demand for cleaner, greener energy solutions. Solar power, with its minimal environmental footprint and long-term sustainability, aligns with these values and represents a tangible step towards a more sustainable future. The continued rise of solar energy is a testament to the collective efforts of governments, businesses, and individuals to create a cleaner, healthier planet for future generations.

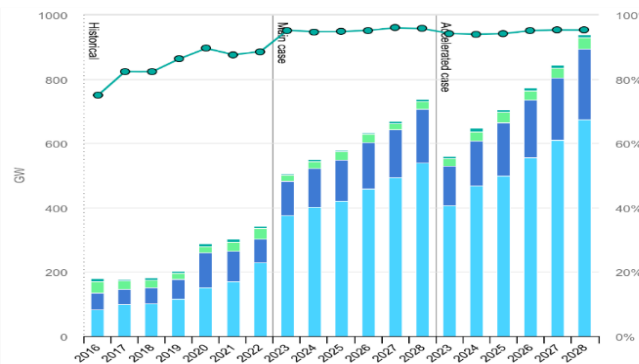


GMI (2024), IRENA (2024), SolarPower Europe

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Renewable electricity capacity additions by technology and segment, 2016-2028

Global renewable energy capacity surged to 4,140 gigawatts (GW), marking a 14% expansion from the previous year, with solar leading at 1,552 GW, followed by hydro at 1,411 GW, wind at 1,007 GW, and bioenergy at 170 GW. Investment in the energy transition hit a record \$1.8 trillion, up 17% from 2022, reflecting strong global commitment to clean energy solutions. China remained a major player, accounting for 38% of this investment, while other regions such as the European Union, United States, and United Kingdom collectively invested \$737 billion, surpassing China's contribution. Renewable energy investments reached \$623 billion, driven by wind, solar, geothermal, and biofuels projects, while electrified transport led with \$634 billion in investment. Despite these positive trends, current investment levels are insufficient to meet net-zero emissions targets by mid-century. Bloomberg NEF's Net Zero Scenario suggests annual energy transition investment needs to average \$4.8 trillion from 2024 to 2030 to align with Paris Agreement goals. Governments are actively supporting this transition through various policy interventions, such as the U.S. Inflation Reduction Act, which promotes carbon emission reductions and domestic manufacturing, and the European Union's Green Deal, targeting a 55% reduction in greenhouse gas emissions by 2030. These initiatives, along with carbon pricing mechanisms and renewable energy targets, underscore a global commitment to combating climate change and advancing towards a sustainable energy future.



Investments in Energy Transition by Country (USD Billion) 2023

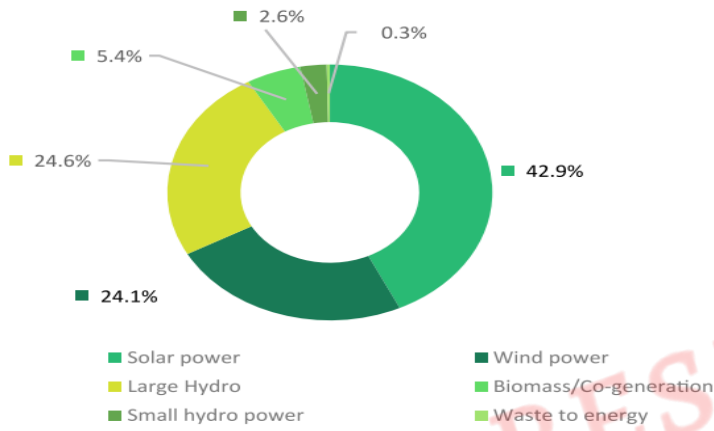
Country	Investment (USD Bn)	Country	Investment (USD Bn)
China	676	Brazil	35
United States	303	Spain	32
Germany	95	Japan	32
United Kingdom	74	India	31
France	55	Italy	30

Source: Bloomberg NEF



Overview of Indian Renewable Energy Market & Development

Installed capacity - % share by technology (as of March 2024)



Source : Annual Report (IREDA)

Installed Capacity Growth

Overall Renewable Energy: As of March 2024, India's installed renewable energy capacity, including large hydro, has grown significantly, marking an 11% increase from the previous fiscal year (FY 23). Renewable energy now constitutes approximately 78% of the total installed thermal capacity, excluding nuclear power. This growth underscores India's commitment to expanding its renewable energy portfolio to meet rising energy demands and environmental objectives.

Solar Power: Solar power has been a major driver of growth in the renewable energy sector. The installed solar capacity has surged approximately 22 times over the last nine years, reaching 81.8 GW as of March 2024. This remarkable growth reflects India's strategic focus on scaling up solar energy to meet its energy demands and environmental goals.

Future Projections

The Central Electricity Authority (CEA) has outlined ambitious targets for the renewable energy sector in its National Electricity Plan (NEP). The NEP forecasts a substantial increase in non-fossil-based capacity, aiming for 57.4% by 2026-27 and 68.4% by 2031-32. These targets reflect India's strategic focus on transitioning to a cleaner and more sustainable energy mix, ensuring a robust and environmentally friendly energy infrastructure.

Strategic Initiatives and Impacts

Policy Support and Incentives

The Indian government has implemented various policies and incentives to promote renewable energy growth. These include the National Solar Mission, Wind Energy Mission, and the Production Linked Incentive (PLI) scheme. These initiatives provide financial support and regulatory frameworks to boost renewable energy deployment, facilitating the sector's rapid expansion.

Technological Advancements

Technological advancements in solar and wind technologies have played a crucial role in reducing costs and increasing efficiency. Innovations such as improved solar panel designs and enhanced wind turbine technologies have significantly contributed to the rapid expansion of these energy sources. These advancements are critical in making renewable energy more accessible and cost-effective.

Environmental and Economic Benefits

The shift towards renewable energy offers substantial environmental benefits, including the reduction of greenhouse gas emissions and decreased reliance on fossil fuels. Additionally, the expansion of the renewable energy sector supports job creation and stimulates economic growth, particularly in rural and semi-urban areas where renewable energy projects are often located. This growth not only addresses energy needs but also contributes to socio-economic development.

Grid Integration and Challenges

Integrating a large share of renewable energy into the grid poses challenges such as ensuring grid stability and managing intermittency. To address these challenges, India is investing in smart grid technologies, energy storage solutions, and grid infrastructure enhancements. These investments are essential for supporting a reliable and resilient energy system capable of accommodating the growing share of renewable energy.

SECTOR WISE OUTLOOK ON RENEWABLE AND NEW ENERGY LANDSCAPE IN INDIA

Traditional and stabilized segments in clean energy	Emerging segments in green financing gaining momentum	New and evolving segment in clean energy landscape
<ul style="list-style-type: none"> Ground mounted Solar and Infra Rooftop Solar Floating solar Onshore wind Hybrid RE 	<ul style="list-style-type: none"> RE manufacturing (solar PV manufacturing, WTG manufacturing, electrolyzer) 	<ul style="list-style-type: none"> Battery Storage projects Pumped-hydro storage
<ul style="list-style-type: none"> Small hydro Large hydro 	<ul style="list-style-type: none"> EV fleets (4-wheeler, e-rickshaws, 2-wheelers etc.) 	<ul style="list-style-type: none"> EV and battery storage value-chain (including charging infra) Battery and EV recycling
<ul style="list-style-type: none"> Biofuels (biogas, bioethanol) Biomass and Cogeneration Waste to Energy 	<ul style="list-style-type: none"> Green transmission corridors Microgrids 	<ul style="list-style-type: none"> Green Hydrogen and derivatives such as ammonia
<ul style="list-style-type: none"> Energy efficiency 	<ul style="list-style-type: none"> Smart Metering 	<ul style="list-style-type: none"> Offshore wind

Domestic Outlook

The future of solar energy is Bright

India's aggressive strides in hydropower development are paralleled by its equally ambitious outlook for solar energy, which is poised to play a crucial role in the nation's renewable energy landscape. With its vast and diverse geography, India is ideally positioned to harness solar power on a massive scale, leveraging its abundant sunlight to meet the growing energy demands of its burgeoning population.

The Indian government has set ambitious targets for solar energy, aiming to achieve 100 GW of installed solar capacity by 2022, a goal that underscores the nation's commitment to transitioning towards a cleaner and more sustainable energy future.

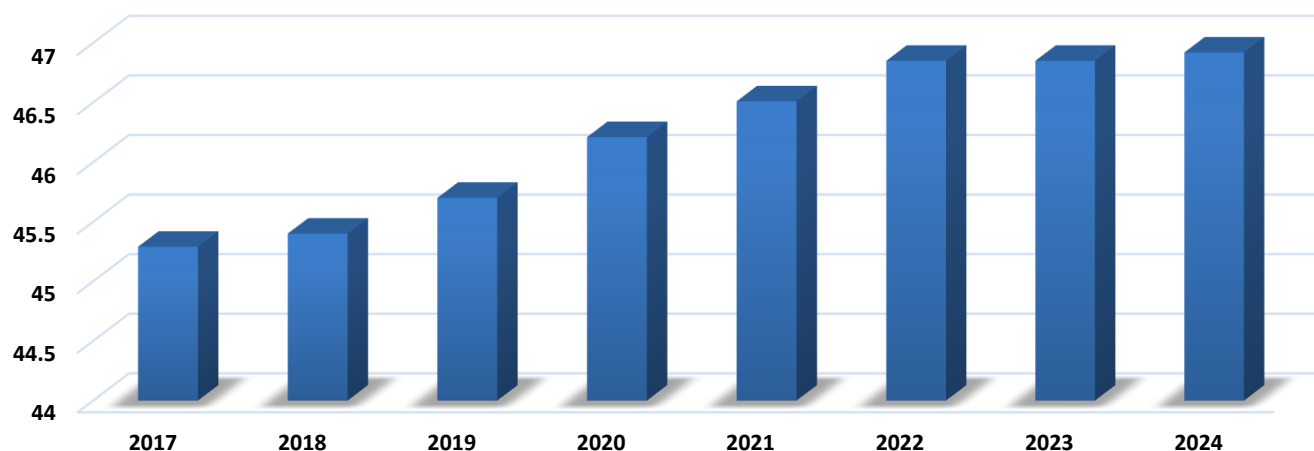
The significance of solar energy in India's energy mix cannot be overstated. As of FY23, renewable energy sources accounted for 30% of India's total installed power generation capacity, with solar power contributing a significant portion of this capacity. The government's initiatives, such as the National Solar Mission and various state-level policies, have catalyzed the growth of solar infrastructure across the country. This includes large-scale solar parks, rooftop solar installations, and innovative solar projects like floating solar farms, which together are driving the rapid expansion of solar capacity.

India's focus on solar energy is not only driven by environmental concerns but also by economic and social imperatives. Solar power offers a cost-effective and scalable solution to the country's energy challenges, providing reliable electricity to urban and rural areas alike. The declining cost of solar technology, coupled with favorable government policies and financial incentives, has made solar energy increasingly competitive with traditional energy sources. This shift towards solar power is creating numerous job opportunities in manufacturing, installation, and maintenance, thus contributing to economic growth and development.

Moreover, India's solar energy ambitions are aligned with its international climate commitments. As a signatory to the Paris Agreement, India has pledged to reduce its carbon emissions and increase the share of non-fossil fuel energy in its total energy mix. The expansion of solar capacity is central to achieving these targets, helping to reduce the nation's carbon footprint and promote environmental sustainability. By investing in solar energy, India is not only addressing its domestic energy needs but also contributing to the global effort to combat climate change.

India's solar energy sector is poised for continued growth and innovation. The government's proactive stance, coupled with advancements in solar technology and increasing private sector participation, is expected to drive further expansion of solar capacity. Initiatives like the International Solar Alliance, which India co-founded, reflect the country's leadership in promoting solar energy globally. As India continues to scale up its solar installations, it is setting an example for other nations, demonstrating that a robust commitment to renewable energy can yield significant environmental, economic, and social benefits.

Till Now Installed Hydro Capacity (GW)



Source : Ibef

A Bright Future in Renewable Energy

1. What makes SW Solar a standout EPC player in the renewable energy market?

SW Solar stands as a beacon in India's renewable energy sector, commanding a robust market share of approximately 20%. The company's unmatched ability to independently develop over 17GW of renewable projects worldwide showcases its global reach and expertise. SW Solar's hallmark is its rapid project execution, consistently outpacing industry peers. The company boasts a highly skilled team of over 135 professionals with diverse expertise, ranging from modules and civil engineering to PV simulation, SCADA, substations, and electrical systems. This multidisciplinary team, coupled with well-established internal processes, has enabled SW Solar to consistently deliver world-class engineering solutions. The company's proven track record in handling large, complex projects has resulted in high customer satisfaction, leading to significant repeat business.

2. What past challenges did SW Solar encounter, and how did the company overcome them?

IPO and Financial Management: In August 2019, SW Solar launched an IPO that included an offer for sale from the promoter group. At the time, the company had inter-corporate deposits (ICDs) totaling around INR 260 billion, which were to be settled with IPO proceeds. However, delays in repayment raised concerns among investors and the public. SW Solar has since navigated these challenges with a clear focus on transparency and accountability.

COVID-19 Impact: The pandemic posed several challenges, such as rising costs for solar modules and commodities, increased freight costs, and supply chain disruptions. These factors, along with provisions for liquidated damages due to project delays, led to an increased debt burden and significant losses from FY21 to FY23. However, SW Solar has turned these challenges into opportunities for improvement and growth.

3. What are the key elements of SW Solar's turnaround strategy that make it an attractive investment opportunity?

Strategic Partnership with Reliance Industries Limited (RIL): In February 2022, RIL Group, through Reliance New Energy, acquired a 40% majority stake in SW Solar. This partnership not only provides SW Solar with strong revenue visibility but also places the company in a favorable market position, poised to capture a substantial share of the booming renewables EPC market.

Financial Restructuring and Liquidity Enhancement: SW Solar has been proactive in shoring up liquidity and implementing robust turnaround strategies. A significant fund-raising initiative of INR 15,000 million was undertaken to repay outstanding debts, strengthening the company's financial foundation.

Focused Expansion in the Domestic Market: With a total addressable market (TAM) of over 40GW by FY26, SW Solar has strategically shifted its focus to the domestic market. More than 85% of new orders are now domestic, positioning the company to capitalize on India's rapidly growing renewable energy sector. This deliberate focus reduces the risks associated with international projects and leverages the booming local market.

Diversification into Emerging Green Energy Sectors: SW Solar is at the forefront of the global low-carbon energy transition. The company is expanding into innovative areas such as battery energy storage systems and green hydrogen, showcasing its commitment to sustainability and future-proofing its business model.

Why Reliance Industries is continuously increasing its stake ?

Reliance Industries (RIL) is working on a huge green energy project called the Dhirubhai Ambani Green Energy Giga Complex. This project aims to build a complete renewable energy system in Jamnagar, covering 5,000 acres. They want to invest \$10 billion by 2030 and set up massive solar energy capacity—20GW by 2025 and 100GW by 2030. They're also planning to produce green hydrogen and store energy.

Reliance has made a deal with the Gujarat government to create 100GW of renewable power and has secured land for green hydrogen production. As part of this, Reliance will start giving out contracts to build solar projects.

Expansion into Middle Eastern Markets

Sterling & Wilson Solar Ltd. has a strong foothold in the Middle East, a region that is pivotal for the global renewable energy market. By acquiring a significant stake in SWSL, Reliance Industries aims to leverage this existing market presence to strengthen its position and tap into new opportunities in these high-growth regions.





Growth Outlook

The company's growth outlook is robust and promising, driven by its strategic engagements and operational performance. Here's a detailed exploration of the growth outlook based on current engagements and future projections:

Engagements and Project Timelines

Reliance Industries Partnership: The company is engaged with Reliance Industries for both a pilot project and future mega projects. These engagements signify a strong collaborative effort aimed at scaling operations and expanding market presence.

Execution Timeline: The typical execution timeline for these projects ranges between 12 to 15 months, with international projects taking slightly longer. This timeline reflects the company's ability to efficiently manage and execute large-scale projects within a reasonable period.

Market and Regulatory Environment

U.S. Regulatory Changes: The company does not anticipate any impact from U.S. regulatory changes as it does not operate in the U.S. market. This strategic positioning allows the company to focus on its core markets and projects without the added complexity of navigating U.S. regulations.

International Projects: The business remains risk-free concerning modules used in international projects, indicating a stable and secure approach to its global ventures.

Upcoming Projects and Revenue Projections

Nigerian Project: The company expects to commence a significant project in Nigeria within the current financial year, with revenue realization projected for the following financial year. This expansion into new geographies reflects the company's strategic growth approach.

Revenue Growth: The company projects significant revenue growth within the next 4 to 5 years, with an expectation to double revenues during this period. This ambitious projection is supported by ongoing and future project engagements, particularly in high-growth areas like solar energy.

Mega Rollouts and Future Prospects

Mega Rollouts: Discussions with Reliance Industries involve mega rollouts across multiple geographies, with a majority focused on solar projects. This underscores the company's commitment to expanding its footprint in the renewable energy sector, particularly in solar power, which is a key area of growth.

Turnover Projections: The company remains confident in achieving its turnover projections, with guidance set for an order book and revenues exceeding INR 8,000 crores for the financial year. This optimism is supported by the strategic projects and partnerships in place.

Overall Growth Outlook

The company's growth outlook is marked by a strong positive trajectory, driven by several key factors:

Strategic Partnerships: Collaborations with major players like Reliance Industries enhance the company's market presence and project pipeline.

International Expansion: The focus on new markets, such as Nigeria, and global project engagements support long-term revenue growth.

Sector Focus: The emphasis on solar projects aligns with global trends towards renewable energy, positioning the company well for future growth.

Financial Confidence: Reaffirmed guidance for substantial revenue and order book figures reflects a solid operational foundation and effective strategic planning.


Key Management Personnel


Amit joined Sterling and Wilson Renewable Energy Group in 2019 as the Country Head for the USA and Australia. His tenure has been marked by significant achievements, particularly in Australia, where he successfully positioned the company as one of the largest solar EPC players in the region. This accomplishment underscores his ability to develop new markets and drive business growth. In his new role as the Global CEO of Sterling and Wilson Renewable Energy Group, he will oversee the company's worldwide operations. With over 29 years of experience in the EPC sector, Amit brings a wealth of knowledge and expertise across various industries, including Renewable Energy, Oil & Gas, Chemical/Process Plants, Power Transmission, and Telecom Infrastructure. His career is distinguished by his adeptness in managing and executing mega projects in challenging environments. His prior experience includes significant leadership roles at Punj Lloyd, where he managed the P&L responsibilities for Qatar and Oman. Additionally, Amit has worked with renowned companies such as ABB and RPG Transmission Limited, further solidifying his reputation as a veteran in the industry.



Bahadur Dastoor has been with Sterling and Wilson Renewable Energy Limited since July 1, 2018 and has been associated with the Sterling and Wilson Group since December 1, 2010. In addition to a Bachelor's degree in Science from the University of Mumbai, he is a fellow member of the ICAI and a Certified Information Systems Auditor (certified by the Information Systems Audit and Control Association). He has over 23 years of experience in finance and audit related matters and has previously worked with Godrej and Boyce Manufacturing Company Limited as General Manager – Finance; Lovelock and Lewes as Manager in Assurance and Business Advisory Services Department, and Kalyaniwalla and Mistry.



Jagannadha Rao joined Sterling and Wilson Renewable Energy Limited on May 8, 2018. He holds a Bachelor's degree in Commerce and Law from Nagarjuna University and Bangalore University, respectively. He is also a fellow member of the Institute of Company Secretaries of India. With about 33 years of experience in Secretarial and Legal matters, he has previously worked with Sri Vishnu Cement Limited as Company Secretary and Deputy General Manager (Legal), Lazard India Limited as Vice President and KEC International Limited as Vice President – Legal and Company Secretary.



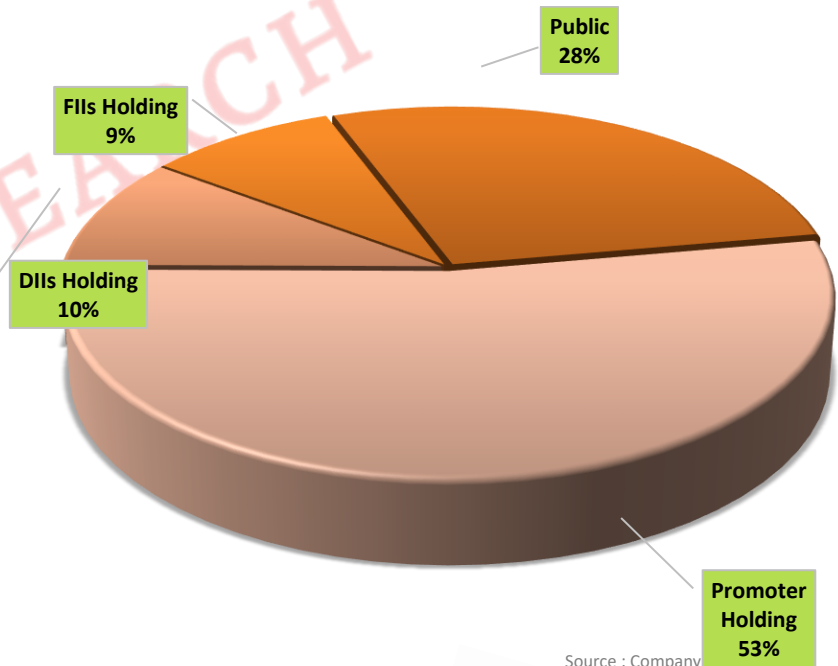
Chandra Kishore Thakur (CK) joined SWRE in 2018 as the COO - International Business, overseeing project operations across MENA, Africa and Latin America. During this period, he established high quality execution capabilities that significantly contributed to the company becoming one of the world's leading solar EPC solutions providers. Before joining SWRE, CK was President and CEO - Power and Infrastructure business at Punj Lloyd Limited. Prior to that, he served as the COO - EPC Vertical at Lanco Infratech Limited. He started and built his career with NTPC Limited, India's largest energy conglomerate, where he spent around 22 years. CK is Mechanical Engineer from NIT, Jamshedpur and holds an MBA degree from Indira Gandhi National Open University. He is a certified first level-A portfolio director from PMA/IPMA (International Project Management Association). He is also the Vice President of the national management council of PMA India and works exhaustively towards spreading project management knowledge and best practices across industries. He has worked for the Confederation of India Industry's National Committee of Renewable Energy, representing and supporting the industry on policy advocacy.



Khurshed Yazdi Daruvala (Chairman and Non-Executive Director) holds a bachelor's degree in commerce from the University of Mumbai. He is an associate member of the ICAI. He has been part of the Sterling and Wilson group for about 25 years and has held the position of managing director of SWPL. He has been on the Board since April 25, 2018

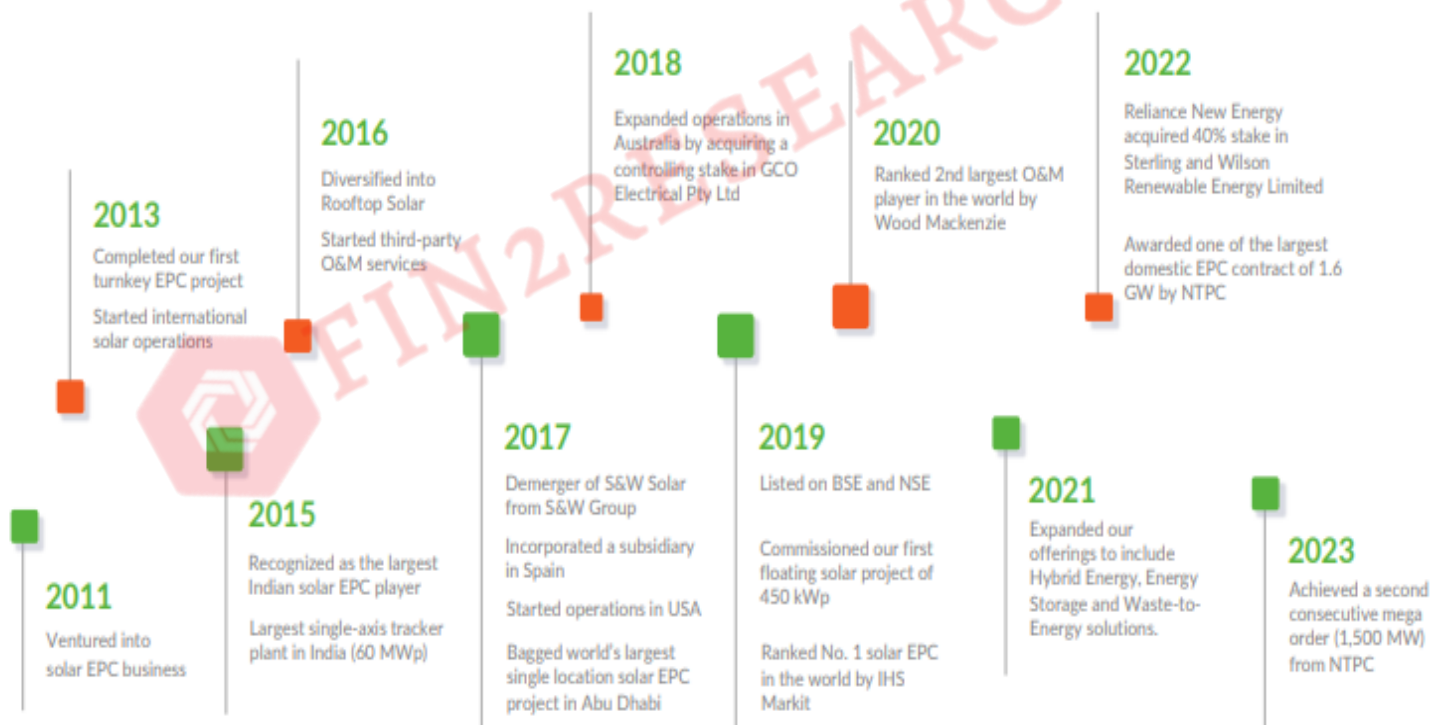
Share Holding Pattern

- ❑ **Promoter Holdings:** The promoters' stake slightly decreased from 52.94% to 52.91%. Additionally, promoters unpledged 2.28% of their shares, bringing the total pledged shares to 34.88% of their holdings.
- ❑ **FII/FPI Holdings:** Foreign Institutional Investors and Foreign Portfolio Investors (FII/FPI) reduced their holdings from 10.50% to 10.07%. Despite this decrease, the number of FII/FPI investors grew from 127 to 145, indicating a broader distribution of shares among more investors.
- ❑ **Mutual Fund Holdings:** Mutual funds decreased their holdings from 5.58% to 5.14%. However, the number of mutual fund schemes investing in the company increased from 14 to 16, suggesting diversified interest within the mutual fund sector.
- ❑ **Institutional Investors:** Overall institutional holdings fell from 21.15% to 19.16%, reflecting a reduction in the institutional investment in the company.



Journey

| A GLOBAL LEADER IN SOLAR EPC IN 8 YEARS





Research Report

Businesses

SW Solar's Business Operations and Strategic Growth

SW Solar operates in a well-diversified business model encompassing both EPC and O&M services, positioning it as a prominent player in the Indian solar market. The EPC segment offers comprehensive solutions for utility-scale solar power projects, managing the entire process from design to commissioning. This expertise has enabled SW Solar to secure significant contracts, thereby expanding its footprint in the solar industry. On the other hand, the O&M services focus on the ongoing management and maintenance of solar projects to ensure optimal performance and longevity. With profit margins between 20% and 25%, the O&M segment is particularly lucrative and a key area for growth.

SW Solar currently manages O&M services for projects totaling over 6 GW and aims to expand this portfolio to 14 GW by FY 2026. This anticipated growth is driven by an increasing EPC portfolio and a rising trend of outsourcing O&M services by private sector developers and Public Sector Undertakings (PSUs). The company's recent achievements, such as winning a substantial INR 21 billion solar project with a three-year O&M contract, underscore its capability and reputation in securing large-scale projects. Serving a diverse clientele, including Independent Power Producers (IPPs), developers, and other stakeholders, SW Solar has a notable presence in over 28 countries, including India and Southeast Asia.



Floating Solar

Engineering, Procurement, and Construction (EPC) Business

The Engineering, Procurement, and Construction (EPC) business segment is a critical component of SW Solar's operations. In the context of solar power projects, EPC encompasses the end-to-end process of designing, acquiring necessary materials, constructing, and commissioning solar power plants. The EPC process is divided into three key phases: Engineering, which involves detailed design and planning, site assessment, and ensuring compliance with technical, safety, and regulatory standards; Procurement, where SW Solar sources and purchases all necessary components and materials, balancing cost, quality, and delivery timelines; and Construction, which covers the physical installation of the solar power plant, including infrastructure setup, panel installation, wiring, and grid connection. This comprehensive approach ensures that each project is completed on time, within budget, and to high-quality standards, thereby laying the foundation for the solar power plant's performance and longevity. SW Solar's expertise in EPC allows it to deliver high-quality projects, enhancing its reputation and helping secure new contracts.



Utility Scale

Operations and Maintenance (O&M) Business

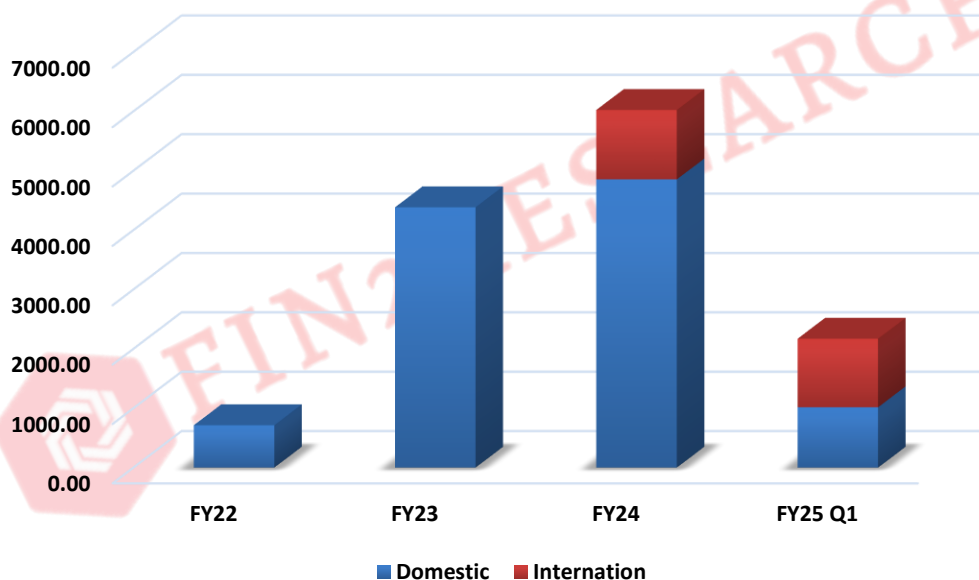
The Operations and Maintenance (O&M) business segment focuses on the post-construction phase of solar power projects. Once a solar plant is operational, O&M services ensure that it continues to function efficiently and reliably. Key components of O&M services include continuous monitoring of the plant's performance to detect and diagnose issues, regular maintenance activities such as cleaning panels and inspecting equipment, troubleshooting and resolving technical issues promptly, and generating reports on system performance for regulatory compliance. By providing these essential services, SW Solar ensures optimal performance and longevity of solar projects. The high-margin nature of the O&M business, with profit margins ranging between 20% and 25%, makes it an attractive area for growth and expansion. SW Solar's O&M services are crucial for maximizing energy production and minimizing downtime, ensuring that solar plants operate at peak efficiency.



Hybrid & Energy Storage

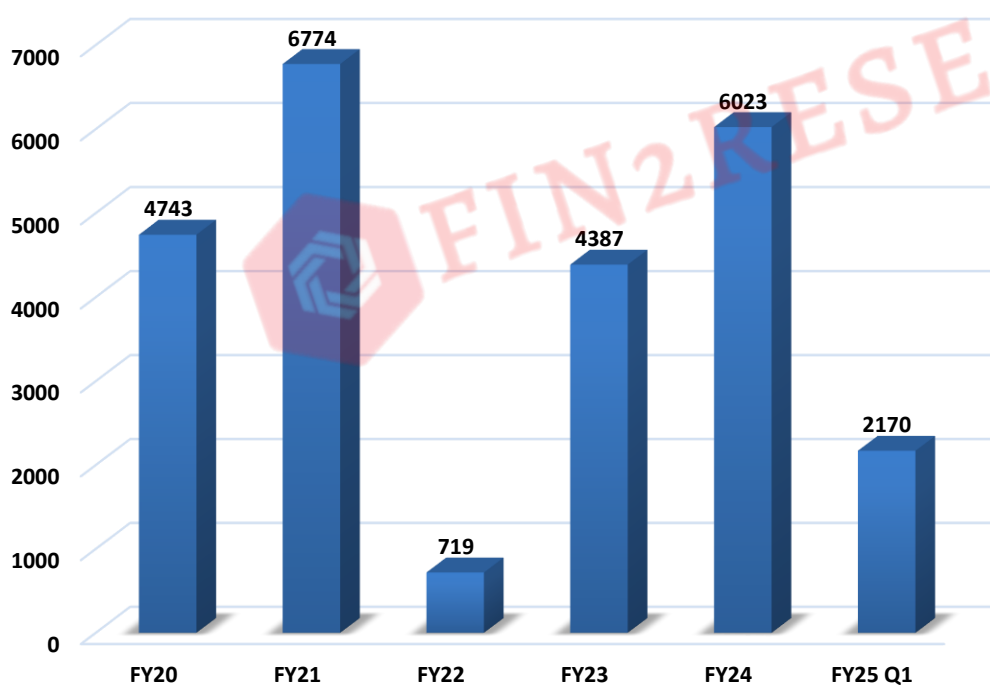
OPERATIONAL EXCELLENCE	<p>EPC Portfolio 19.4 GWp</p> <p>O&M Portfolio 8.2 GWp</p> <p>Global Manpower 2,355</p>	GLOBAL RECOGNITION	<p>EPC and O&M of Abu Dhabi 1,177 MWp One of the world's largest single location PV plant</p> <p>Regional presence across 28 countries Significant cost benefit and timely execution</p>	DOMESTIC POWERHOUSE	<p>EPC and O&M of NTPC 3GW+ in 2 projects Executing one of India's largest PV plants at Khavda, Gujarat</p> <p>Awarded two projects of 1,570 MWp and 1,500 MWp in FY23</p>
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Order Inflow



Received a major order of 900 MW DC in the first quarter of FY25, indicating strong demand and market confidence. Secured a turnkey solar PV order from AMEA Power in South Africa for a 140 MW DC project, marking a significant breakthrough in the South African solar market. Bagged a second international order from South Africa with a turnkey package for an 80 MW AC project from Energy Group, reinforcing the company's presence in the region.

New order inflows are lumpy – Impacted by cyclical and seasonality



The upward trend in order inflows, particularly from FY23 onwards, indicates a strengthening market position and growing customer demand. Consistent increases in orders can lead to higher revenues and provide a stable financial foundation for the company.

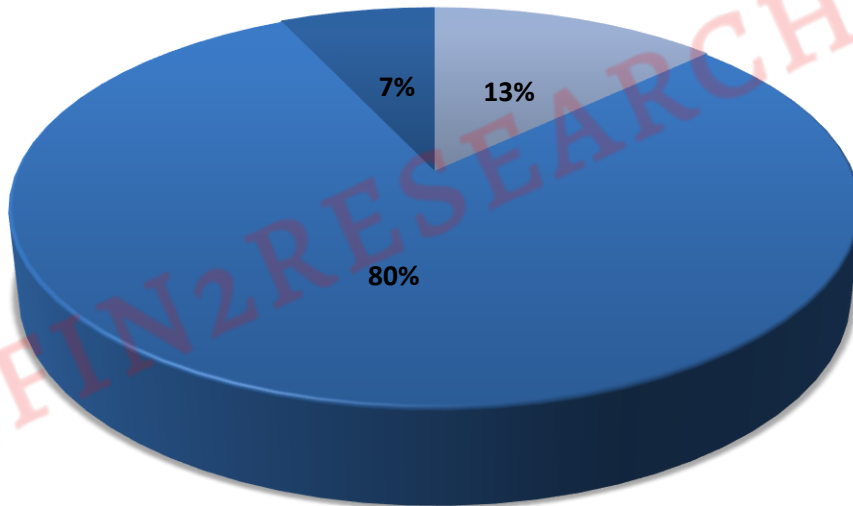
With rising order volumes, companies may need to expand their production capacity. This growth can lead to investments in new facilities, technologies, and workforce, all of which contribute to long-term expansion and market leadership.

A consistent rise in orders reflects positively on the company's market reputation and competitiveness. As the company secures more significant contracts and maintains strong order books, it enhances its position within the industry and attracts new business opportunities.



Revenue Categorization

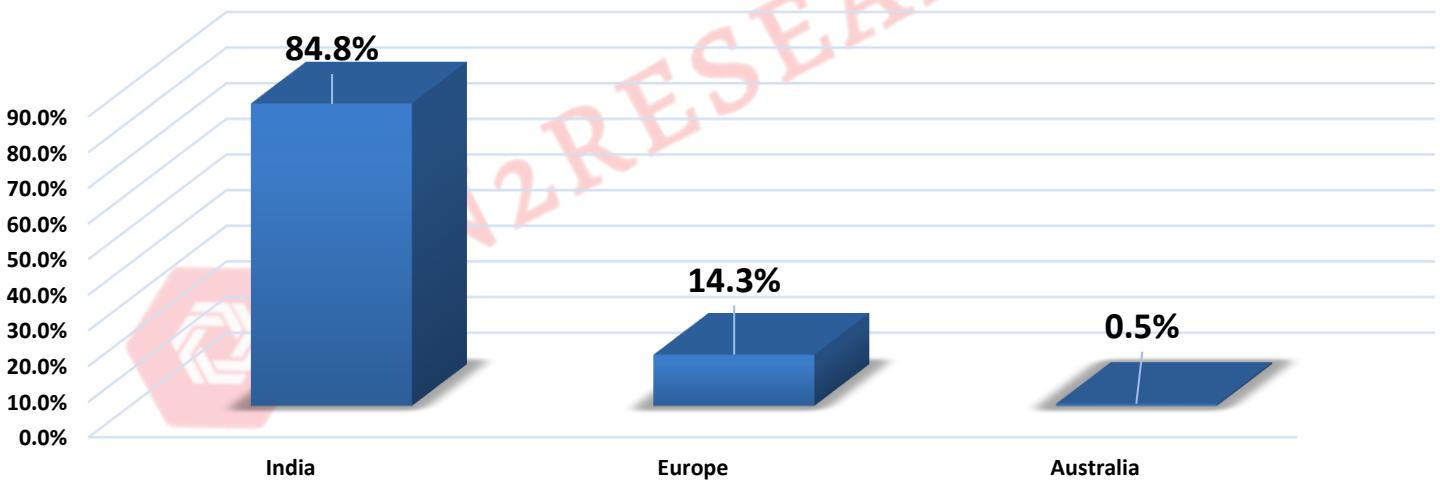
FY24



■ International EPC ■ Domestic EPC ■ Operation and Maintenance

Geographical Split of Order

FY24





The company's stock presents a compelling opportunity for a 35% upward move, driven by several key factors. On the Reliance-driven side, the acquisition of a 40% stake by Reliance New Energy significantly enhances the company's revenue visibility and market positioning, thereby boosting its overall valuation. Additionally, Reliance is anticipated to expand its presence in the Middle East through a potential acquisition of the company, aiming to establish a strong foothold in the region's growing solar market. This strategic move could substantially raise the company's stock price by leveraging Reliance's expertise and resources.

On the other hand, the company's increased focus on the domestic market, which has a Total Addressable Market (TAM) of over 40 GW by FY26, bolsters its growth prospects. With over 85% of new orders coming from domestic projects, the company is well-positioned to capitalize on high-growth, lower-risk opportunities, thereby enhancing its stock value. Furthermore, the company's expansion into green energy, including investments in battery storage systems and green hydrogen, aligns with global low-carbon trends and positively impacts its valuation. Ongoing discussions with Reliance for large-scale solar rollouts across various geographies add another layer of potential, as these mega projects represent significant revenue growth opportunities, supporting the forecasted 35% increase in stock price.

Source : Internal Research

Highlights From the management commentary:

The company expects to see substantial revenue growth over the next 4 to 5 years, with projections indicating that revenues could potentially double within this timeframe.

The company is optimistic about meeting its turnover targets, supported by established limits to ensure projections are achieved.

The company maintains a positive outlook, confidently projecting an order book and revenues exceeding INR 8,000 crores for the current financial year.

Discussions with Reliance are underway for large-scale projects across various regions, with a significant portion dedicated to solar energy initiatives.

There is an anticipated annual rise in power demand of 7% to 8% over the next 3 to 5 years, aligning with the company's growth strategy and market expansion plans.



Source : Internal Research

Key Risks

- ❖ **Strategic Risk:** This risk pertains to the potential negative impact on business and operational results due to delays in executing growth strategies. When growth strategies are not implemented in a timely manner, it can hinder the company's ability to expand its market share, enter new markets, or capitalize on emerging opportunities. This could result in missed revenue targets, reduced profitability, and decreased competitiveness in the industry.
- ❖ **Financial Risk:** Volatility in raw material prices and currency fluctuations pose financial risks to the company. Fluctuations in the prices of raw materials, such as metals, oil, or agricultural products, can directly impact production costs, affecting profit margins. Moreover, currency fluctuations can impact the company's revenue and expenses, especially if it operates in multiple countries or engages in international trade, leading to potential losses or reduced profitability.
- ❖ **Technology Risk:** This risk arises from the company's inability to adapt to evolving technological advancements to meet current and future market requirements. Rapid advancements in technology can disrupt industries and change consumer preferences, making it essential for companies to innovate and update their products or services accordingly. Failure to do so may result in the loss of market share to competitors who are more technologically adept, ultimately leading to a decline in business performance.
- ❖ **Operational Risk:** Operational risk encompasses the potential loss resulting from inadequate or failed internal processes, people, systems, or external events. This could include errors in production processes, supply chain disruptions, cybersecurity breaches, or regulatory compliance failures. Such operational failures can lead to financial losses, damage to reputation, and legal liabilities, impacting the company's overall performance and ability to achieve its objectives.
- ❖ **Supply Chain Risk:** The company faces supply chain risk, particularly regarding shortages of critical commodities such as semiconductors and electronics. These shortages can result from various factors including disruptions in the supply chain, geopolitical tensions, or unexpected increases in demand. As a consequence, the company may experience delays in product delivery to customers, which can affect customer satisfaction, revenue streams, and overall business operations.
- ❖ **Human Resource Risk:** Human resource risk involves the potential loss of senior management and/or the failure to recruit and retain employees critical to the company's success. The departure of key executives or skilled employees can disrupt operations, impede decision-making processes, and weaken organizational knowledge and expertise. Additionally, challenges in recruiting and retaining talent can hinder the company's ability to execute its strategies effectively, impacting its competitiveness and long-term prospects.



Quarterly Profit and Loss Statement (Standalone)

In(₹cr)

	FY2024-25	FY2023-24	FY2023-24	Y-O-Y	Q-O-Q
Particulars	Q1	Q4	Q1		
Income from Operation	₹ 885.5	₹ 1,139.6	₹ 383.9	130.67%	-22.30%
Gross Profit	₹ 97.2	₹ 110.0	₹ 48.1	102.06%	-11.63%
EBITDA	₹ 52.4	₹ 55.1	₹ -17.4	-401.32%	-4.81%
EBITDA MARGIN%	₹ 0.1	₹ 0.0	₹ -0.0	-230.63%	22.51%
EBIT	₹ 49.9	₹ 52.4	₹ -19.0	-362.96%	-4.79%
Profit Before Tax	₹ 83.0	₹ 121.5	₹ -22.8	-463.90%	-31.71%
Net Profit	₹ 73.6	₹ 88.9	₹ -22.8	-422.76%	-17.21%
Pat Margin	₹ 0.1	₹ 0.1	₹ -0.1	-239.92%	6.55%
EPS	₹ 3.2	₹ 3.8	₹ -1.2	-362.50%	-17.32%

Quarterly Profit and Loss Statement (Consolidated)

In(₹cr)

	FY2024-25	FY2023-24	FY2023-24	Y-O-Y	Q-O-Q
Particulars	Q1	Q4	Q1		
Income from Operation	₹ 915.1	₹ 1,178.0	₹ 515.0	77.70%	-22.32%
Gross Profit	₹ 102.2	₹ 124.1	₹ 58.7	74.12%	-17.64%
EBITDA	₹ 24.7	₹ 29.3	₹ -37.2	-166.33%	-15.91%
EBITDA MARGIN%	₹ 0.0	₹ 0.0	₹ -0.1	-137.33%	8.25%
EBIT	₹ 5.8	₹ 4.8	₹ -99.3	-105.88%	21.41%
Profit Before Tax	₹ 14.7	₹ 33.7	₹ -95.3	-115.38%	-56.55%
Net Profit	₹ 4.8	₹ 1.4	₹ -95.3	-105.07%	245.00%
Pat Margin	₹ 0.0	₹ 0.0	₹ -0.2	-102.85%	344.14%
EPS	₹ 0.2	₹ 0.1	₹ -5.0	-103.58%	200.00%

Revenue Growth: Increased by 78% YoY in Q1 due to strong execution in domestic EPC projects.

Sequential Decline: Revenue fell by 22% QoQ, attributed to tight liquidity conditions expected to ease with improved credit ratings.

Gross Margins: Q1 gross margins improved to 11.1% from FY24's 10.3%. With legacy international projects concluded, gross margins are expected to stabilize around 10%.

O&M Performance:

Enhanced Margins: O&M gross margins benefited from a one-off income of INR 3 crore due to backdated revenue and provision reversals.

Recurring Margins: Recurring O&M margins were 23% in Q1FY24, trending towards more stable margins compared to FY24's 16.7%.

EBITDA and PAT:

EBITDA: Reported at INR 37 crore in Q1 (4% margin) compared to the full-year FY24 EBITDA of INR 54 crore.

PAT: Q1 PAT was INR 5 crore, significantly higher YoY and QoQ but impacted by a non-cash deferred tax asset charge of ~INR 10 crore.

Net Borrowings:

Sequential Decline: Net borrowings decreased by ~INR 19 crore, with total net debt at INR 97 crore as of June 2024.

Net Working Capital:

Negative Position: Net working capital remained negative at INR 732 crore as of June 2024, compared to a negative INR 585 crore in March 2024.



Financial Summary

Income Statement

In(₹cr)

Particulars	FY2022	FY2023	FY2024
Revenue	5,198.94	2,015.01	3,035.37
COGS	5,654.96	2,760.47	2,721.55
Gross Profit	(456.02)	(745.46)	313.82
S,G&Other Exp.	457.46	384.53	336.39
EBITDA	(913.48)	(1,129.99)	(22.57)
Dep&Amortisation Expense	14.67	14.70	16.65
EBIT	(928.15)	(1,144.69)	(39.22)
Interest	76.71	144.91	218.52
EBT	(1,004.86)	(1,289.60)	(257.74)
Other Income	94.70	110.86	85.42
PBT	(910.16)	(1,178.74)	(172.32)
Tax & Exceptional Item	5.60	(3.78)	38.47
PAT	(915.76)	(1,174.96)	(210.79)

Cash Flow Statement

In(₹cr)

Particulars	FY2022	FY2023	FY2024
CFO Before WC	(689.78)	(364.11)	97.93
Chg in WC	(994.31)	(194.16)	938.91
Tax	(15.56)	(22.44)	35.64
Operating cash flow	(999.98)	(215.59)	929.20
Net Capex	901.44	(1,106.72)	(726.92)
Other CFI	47.60	18.75	24.61
Investing Cash flow	949.04	(1,087.97)	(702.31)
Net lease/Debt	1,053.36	1,485.65	104.87
Financing Cash flow	(74.95)	1,346.14	(85.16)
Net Cash flow	237.69	(321.53)	239.66

Balance Sheet

In(₹cr)

Particulars	FY2022	FY2023	FY2024
Assets			
Non Current Assets			
Fixed Assets	35.27	38.45	51.41
Investment Property	0.00	0.00	0.00
Intangible Assets	7.31	5.87	4.80
Other Financial Assets	4.77	11.06	30.03
Deferred Tax (Net)	143.74	159.46	88.65
Other Assets	1.85	1.85	4.72
Non Current Assets	192.94	216.69	179.61
Current assets			
Inventories	3.90	1.57	1.14
Current Investment	1.14	2.17	2.06
Trade Receivables	783.96	790.25	831.69
Cash and Cash Eqv.	504.04	95.18	339.19
Other Financial Ast.	761.10	1264.44	1269.93
Other C.A	1252.91	820.07	1676.88
Total Current Asset	3307.05	2973.68	4120.89
Total Assets	3499.99	3190.37	4300.50
Equity & Liabilities			
Equity	18.97	18.97	23.32
Other Equity	886.86	-259.27	931.69
Total equity	905.83	-240.30	955.01
Non-Current Liabilities			
Financial Liabilities			
Long Term Debt	7.95	711.09	277.56
Deferred Tax(Net)	0.00	0.00	0.00
Total Non-CL	33.41	730.33	299.96
Current Liabilities			
Financial liabilities			
Short Term Debt	438.26	1318.52	238.12
Trade Payables	1402.86	649.96	1507.82
Other Liabilities	497.64	652.47	1248.89
Provisions	211.80	74.37	49.94
Tax Liabilities (Net)	10.19	5.02	0.79
Total C.Liabilities	2560.75	2700.34	3045.56
Total Equity & Liabi.	3499.99	3190.37	4300.53





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