STERLING & WILSON

July 24, 2026

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

Dear Sir/ Ma'am,

Sub.: Investors Call Q1 FY 27 - Transcript

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

Dear Sir/ Madam,

In continuation to our letters dated July 13, 2026 and July 17, 2026, please find enclosed the Transcript of the Investors Call held on Friday, July 17, 2026 at 10:00 a.m. (IST) on the Unaudited Standalone and Consolidated Financial results of the Company for the quarter ended June 30, 2026.

The same is available on the Company's website at www.sterlingandwilsonre.com.

Request you to take the same on records

Thanking you,

Yours faithfully,
For Sterling and Wilson Renewable Energy Limited

VENKATA JAGANNADHA RAO CHUNDURU

Digitally signed by VENKATA JAGANNADHA RAO CHUNDURU
Date: 2026.07.24 12:30:05 +05'30'

Jagannadha Rao Ch. V.
Company Secretary and Compliance Officer

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"Sterling and Wilson Renewable Energy Limited

Q1 FY27 Earnings Conference Call"

July 17, 2026

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 17th July 2026 will prevail

MANAGEMENT: **MR. C.K. THAKUR – GLOBAL CHIEF EXECUTIVE OFFICER**
MR. AJIT PRATAP SINGH – CHIEF FINANCIAL OFFICER

Moderator: Ladies and gentlemen, good day, and welcome to the Sterling and Wilson Renewable Energy Limited Q1 FY27 Earnings Conference Call. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on the date of this call. These statements do not guarantee the future performance of the company, and it may involve risks and uncertainties that are difficult to predict.

As a reminder, all participant lines will be in the listen-only mode. And there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star, then zero on your touch-tone phone. Please note that this conference is being recorded.

Today on the call, we have Mr. C.K. Thakur, Global CEO; and Mr. Ajit Pratap Singh, CFO, from Sterling and Wilson Renewable Energy Limited and SGA, who are their IR partner.

I now hand the conference over to Mr. C.K. Thakur for his opening remarks. Thank you, and over to you, sir.

C.K. Thakur: Thank you, and good morning, everyone. Let me begin with an update on our business operations and outlook. The most significant milestone of the quarter has been on the international front. In June, this financial year, we received a letter of award for our 50-50 joint venture with Hassan Allam Construction, one of the leading construction company in Egypt and the wider MENA regions for the West Minya Solar Power Project in the Minya Governorate of Egypt. This is a landmark mandate, a 1,000 megawatt AC solar PV plant integrated with 600-megawatt hour battery energy storage system, valued at approximately USD560 million. Once completed, it will rank among Egypt's largest utility scale renewables development. For us, it marked the third gigawatt scale order win in the space of 9 months, a clear signal, both of the rising ticket size of the projects and of the confidence that marquee developers place in our ability to execute complex storage integrated solar at scale. The joint venture will undertake the full engineering, procurement and construction scope spanning the photovoltaic generation facilities. The battery store infrastructure, grid connection, transmission works and all associated balance of the plant. With this order win, we concluded Q1 FY27 with highest ever UOV of INR13,000 crores, driving a strong visibility for revenue growth for forthcoming quarters.

At this point, I would like to draw your attention to the fact that current UOV comprises 6 turnkey projects, 3 each in India and international markets, which are yet to commence execution. The total value of these 6 projects is approximately INR9,000 crores. These orders were won during the second half of financial year '26 and Q1 FY27. We expect these orders to start contributing more meaningfully during the second half of the fiscal year. Since these are the large projects, we also expect the working capital cycle of the company to significantly improve as the customers' advances for these large projects start flowing through.

Moving to the market outlook, The domestic solar EPC market remained a bit slow for a second consecutive quarter due to geographical tensions, volatile commodity prices and high domestic module prices, which deferred new projects awards. Activity on battery storage market has been increasing exponentially with both stand-alone BESS projects getting awarded and hybrid solar projects with battery storage. We believe there is significantly large market. We remain patient to get profitable orders out of this.

We continue to remain patient and are only pursuing margin-accretive projects. The bid pipeline continues to remain extremely robust at 27.7 gigawatt, of which almost 90% is India focused. The current bid pipeline is purely focused on the solar PV market and also the BESS projects which is another large opportunity in itself. In value terms, we expect the BESS market ordering activities to be almost equal to the size of the PV market.

We anticipate ordering activity to pick up from this quarter in the domestic market, and we are confident of maintaining our market share, which, in our view, should enable us to deliver 10% to 15% growth in revenue, this fiscal despite the high base of financial year '26.

On the international market outlook, we continue to remain very optimistic on the Africa and Middle East markets and certain geographies in Europe. We currently have 3 ongoing projects in Africa and Middle East, which should commence execution during this quarter.

In all our international projects, we continue to judiciously evaluate the risk and rewards and are mindful of not being exposed to the commodity prices and equipment price increase risk. As I have indicated in previous calls, all international solar projects undertaken thus far have been completed successfully within the projected margins.

Moving to the operations and maintenance (O&M) segments, We have now achieved a record 18.3 gigawatt peak capacities under operations. We anticipate this full portfolio to start contributing fully from third quarter of this fiscal year. The O&M business provides us a steady annuity stream and good Gross and EBITDA margin due to a very low overheads.

Our engagement with the Reliance Group continues to be deeper. As you have seen, the Reliance Group articulated at its recent annual general body meeting an ambition to build one of the world's largest integrated renewable energy hubs in the Kutch region of Gujarat, a development spread across 5.5 lakh acres designed to deliver round-the-clock power at gigawatt scale by integrating solar generation with battery storage and targeted to generate in excess of 40 billion units annually, equivalent to close to 3% of India's current power demand.

The Reliance Group has already commissioned its integrated new energy manufacturing ecosystem and the first phase of its 40 gigawatt-hour battery Gigafactory is on track for commissioning this year with a stated pathway to 120 gigawatt hours. We are working very closely with Reliance Group on technical configuration and execution readiness. While the timing and quantum of specific orders will necessarily follow their rollout schedule, we remain confident of getting large share of Reliance initiative.

I want to close my remarks with a point of philosophy because in this business, the discipline that matters is not merely winning orders, but exiting projects without negative surprises. We continue to protect ourselves through back-to-back pricing arrangements with our supply chain. We remain deliberately selective, staying away from the mandates that carry land, major right-of-way or resource risk outside our control and we run the business as we always have on the negative working capital model. That conservatism is, in our considered view precisely what will separate the durable players from the rest as the cycle matures.

With that, I'll hand over to Ajit to take you through the financials of the company.

Ajit Pratap Singh: Thank you, CKT sir, and very good morning, everyone. I'm pleased to report a significant milestone in our unexecuted order value (UOV) exceeding INR13,000 crores, which is a first in the company's operating history post-COVID era, on the back of strong order inflows.

While our first quarter performance may not be very exciting from a top line perspective, the unexecuted order value and expected execution timelines give us confidence to close this fiscal year with around 10% to 15% growth in overall top line. This implies a strong pickup in top line growth in the forthcoming quarters.

For Q1 FY27, our revenue came in at INR1,590 crores, and it was lower both sequentially and year-on-year due to lower rate of execution, primarily in the international EPC segment. Due to fag end of completion of 4 of our international projects in South Africa, Spain and Italy, we were mindful in new international business due to earlier challenges faced in international market.

Now with the success story of 4 successful international projects, we have bagged 3 new projects, 2 in South Africa and 1 in Egypt, where the execution and revenue flow is likely to start soon. So as CKT alluded during his opening remarks, a significant proportion of our UOV is yet to commence execution, post which our top line growth is also expected to pick up.

A bright spot in our Q1 results was the performance of O&M segment, where the top line grew around 40% year-on-year due to the significant increase in O&M portfolio size. We expect continued improvement in O&M top line, as the complete portfolio is yet to contribute fully. We anticipate full contribution of 18.3 gigawatt to commence from Q3 FY27 onwards.

On the gross margin front, our Q1 FY27 gross margins were around 9.9% compared to 10.5% in FY26. We expect the EPC gross margin to range between 8% to 10%, depending on the project mix of turnkey and BoS. On the O&M side, we expect gross margins to stabilize at around 20% level.

Our operational EBITDA, which is operating revenues less recurring overheads amounted to INR78 crores this quarter, and the operational EBITDA margin was around 4.9%. Our reported quarterly EBITDA was also positively impacted by forex gains and amounted to INR96 crores. Our Q1 PAT grew 36% year-on-year to INR53 crores, aided by lower effective taxation rates.

Now coming to the balance sheet. Our net debt levels have remained largely stable this quarter. Our gross borrowings declined by approximately INR130 crores this quarter due to scheduled repayments of term loans. Our net working capital was at negative INR260 crores compared to negative INR329 crores in previous quarter.

As CKT mentioned earlier, with the improved collections from the new large projects, we anticipate the working capital cycle to continue to improve. We continue to make good progress on fresh limits on non-fund and fund-based requirement. We have cumulatively been able to obtain fresh credit lines to the tune of more than INR3,200 crores to let the growth momentum in the business.

With this, we can now open the floor to questions and answers.

Moderator: Thank you. We will now begin the question-and-answer session. The first question comes from the line of Kunal Shah with DAM Capital Advisors.

Kunal Shah: Yes. Now despite the order inflow momentum being strong, so the revenue has declined 10% Y-o-Y, and we've not been able to achieve the targeted INR20 billion to INR25 billion run rate for revenues on a quarterly basis. Could you just explain what happened during the quarter? And versus the last quarter guidance of 15% growth for F '27, now you're mentioning about 10% to 15%. So is there some bit of miss that we are seeing in terms of execution?

C.K. Thakur: We have given the guidance of growth of, say, around roughly INR2 billion quarter-on-quarter basis or INR2.5 billion quarter-on-quarter basis. The assumption was that revenue would be coming from the projects in hand and the new orders where we were announced L1 in Q3 and Q4.

The NTP dates or LOA for these projects were delayed for the specific reasons and the contributions from those new orders could not add to this quarter's revenue streams. Also, the UOV from the existing orders that we had, all those projects were during the advanced stage of the execution. And most of the supplies were taken into the previous quarters.

And we were expecting that the revenue contribution from the new orders will come initially through the supply from here. And therefore, our assumptions was absolutely on the right track and we could have got it. Unfortunately, all new orders launched were delayed. And therefore, I mean, this is the seasonal phenomena that the revenue has dipped. So I mean, in the subsequent quarters, we don't anticipate - maybe the second quarter also would see slight slow, but then third and second half of the year could be definitely bright.

Kunal Shah: Understood. Also secondly, with this mega order from Egypt, could you just explain the life cycle of this particular project? And when will the execution start?

C.K. Thakur: Yes. So that's the landmark project for us. And the project is for 13 to 15 months' time after the NTP, 2 months LNTP period. And the NTP of this project, we are expecting in September. With this September NTP, we are expecting that the revenue contribution from this project will add to the last quarter of this financial year.

Kunal Shah: Okay. Understood. And just last bit on the orders from Adani or potential parent orders or the Egypt one, none of the company-specific banking limits would be used for these 3 projects, right?

Ajit Pratap Singh: For this Egypt order, there could be part amount which we use from existing credit lines and partly, we can get the new credit lines for project-specific requirement. For Adani, there is no specific requirement for using credit lines, because supplies are primarily from their side.

And from parent company, we've still not closed the terms. So it would be speculative if you say anything in terms of requirement of credit lines. But broadly, we anticipate that there may not be requirement of using any credit lines.

Moderator: The next question comes from the line of Yash Jhurani with Qode Advisors.

Yash Jhurani: Hi, sir. So how much of our INR13,000 crores UOV is exposed to, say, the ALMM list to sale? And with domestic sales being like at around 130%, 160% premium and a 6-month certification backlog, what is the risk of that our execution ramp slips off into say these next few quarters?

C.K. Thakur: Yes. So basically, the Coal India orders that we announced last time where we are L1, the NTP or LOA still we are expecting. This is a turnkey project. And here -- and you know that as per the policy guidelines, any project which were bidded after 1st September 2026, they are all under DCR category. So, the Coal India orders we won is under DCR category. Interestingly, we have already locked the price, the price at which we have -- I mean we submitted our bids. So despite the fact that the market is not stabilized, the DCR market, there are a lot of speculations all around. But the Coal India would be the first order where the DCR model's demonstration will come. And fortunately, we have locked the price, and we don't anticipate any impact on to the module price increase because of the market upsurge.

Yash Jhurani: Understood, sir. Just a follow-up for that. So for future orders and tenders that we will bid, the DCR cost tariff shock, will it break any project IRRs for you guys?

C.K. Thakur: Not really. Not really. I mean, as we have given the guidelines that it depends on the mix of the orders that we are getting - a full turnkey or BoS. Some seasonal impact in one quarter could happen. But overall, at the end of the year, if you see, then our margin will remain in basically 8% to 10%.

Yash Jhurani: And for BESS it has its own, say, localization pressure. So how exposed is your BESS margin to the duty charges on the imported sales?

C.K. Thakur: No, I could not really get your question. Can you come back again, please?

Yash Jhurani: The BESS projects have their own localization pressure in terms of the sales that are currently being imported. So just wanted to understand how exposed is our BESS project IRR or the order, say, on the duty charges which are put on the imported sales? What kind of margin do we expect from that segment if any, say, regulations come into place?

C.K. Thakur: Absolutely. I got it. Yes. So this is basically you are talking about the BESS projects. So basically, we are currently executing 1 BESS project, which is the BESS supply is not in our scope, which is being supplied by the client free of cost. So there is no impact of such regulatory changes and all.

We are doing only BESS project. In future if the BESS project comes with the turnkey orders, including the BESS supply in our scope. So whatever price we will consider kilowatt hour price, will consider then the current market scenario and all. As of now in the existing order, we are not exposed to any such risk.

Moderator: The next question comes from the line of Faizal Hawa with HG Hawa & Company.

Faizal Hawa: Sir, are you going to work on any kind of projects over the sea in this financial year or any orders coming up for that? And secondly, sir, did you say that the second quarter will be also slow because of revenue not being recognized and execution being slow?

C.K. Thakur: So the first question is your over the sea -- are you talking about the floating solar plants?

Faizal Hawa: Correct. It is mentioned in the presentation also.

C.K. Thakur: Yes. Great. You may be aware that, I mean, we are doing one of the India's largest floating plants with NTPC and DVC joint venture as a client in their one of the biggest dam in Tilaiya, Jharkhand, and after that, I mean, there was one more tender in the market that we lost to somebody, maybe KPI in Gujarat through SECI.

These quarters, there are a few tenders which are coming.And they are large size, including, again, the NTPC-DVC ventures and plus some of the state governments. And having executed on large project, we are well-positioned to participate in these tenders, and we are expecting, yes, some of the -- I mean, some portions of the orders definitely will come to us.

Second question that the revenue in the second quarter. So yes, so what I said that in second quarter, there were 2 factors; one that the new orders that I have mentioned, even if I'm expecting the LOA to come in this quarter, but then the revenue realizations will happen in subsequent quarters only.

So on the existing UOV in the hands, to that extent, it will be impacted and plus the rainy season, the monsoons, right? So that also will slightly affect. But nevertheless, the number that we have achieved in this quarter, I'm confident of achieving I mean, in the similar range for the next quarter as well.

Quarter 3 and quarter 4 would be definitely be very, very high because by that time, all the new orders will come into the execution stage and I am expecting that significant contributions from those orders will come to revenue.

Faizal Hawa: Just to add what are the efforts that we are making to reduce the central office expenses and the overall fixed costs that we are having. And second is, sir, is there any way that we can mitigate the risks of this international order that we have also got?

C.K. Thakur: What was the first -- so the first part of the question again, I just missed, the fixed cost?

Faizal Hawa: Fixed cost, particularly our center office expense because that is what?

C.K. Thakur: Yes. So with all these order increase, see whatever manpower strength and the other things are augmented to take up this kind of the new orders they are all costed into the project. And miniscule augmentations happens at the head office. And if you see our manpower strength and other things. So and the number also. So, this quarter overhead is also -- I mean lesser than the last quarter, in fact. So we are pretty well on to managing the overhead at the company levels.

On the international side, the risk I don't foresee because all the -- market surge and everything and a few of the items which we believe that, that could be getting impacted were all tied up back to back. So, there's no risk of -- and having executed the 4 projects in international markets as we have been telling in the previous calls also. So the team has been well-positioned to understand the market before times and position themselves to take care of all those. So both the projects in Africa, Europe. I mean, successful we have completed within the prescribed ones or you can say above the targeted margins. We're pretty confident that there should not be any miss on the new projects that has come to us now.

Faizal Hawa: Okay. And sir, what is the hit rate in this quarter for us out of total amount of projects that have been bidded out in India? How much have we won? And what is the kind of bid pipeline we see for the coming year in India, in terms of INR crores?

C.K. Thakur: Yes. So unfortunately, this quarter, we were expecting that the order in the tune of over INR20,000 crores could have been finalized, right? Those were the spill over of the orders from Q4. Unfortunately, the total orders that were concluded was only INR6,400 crores, including both the PSU and the IPP.

Some of the new entrants have gone aggressive and we remain patient to see the profitable orders. And since we had already a very great visibility of the revenue streams out of the new orders that we got and the UOV that we had from the existing one. So, we definitely have not gone that aggressive. And that's basically we decided not to go that aggressive. But since these 2 quarters have been sluggish, the projects that will be announced in the quarter 3 and the projects that are anticipated to be announced in quarter 4, overall value, if you say that is still -- I can clearly see that the order worth of around INR45,000 crores to INR50,000 crores, right? So, let's say, around 25 gigawatt on the utility scale and around 35 gigawatt hour on the BESS side - so those kind of order pipeline is clearly seen. So I'm expecting that this quarter and the next quarter, our shortfall will be definitely catching up. So it is a huge pipeline, significant orders we see, and we are anticipating our share to remain intact.

Moderator: The next question comes from the line of Jayesh Shroff with Cask Capital.

Jayesh Shroff: My question is now that you have already reduced the top line guidance from more than 15% to 10% to 15%. And you were also alluding to the fact that second quarter, of course, because of monsoon and other factors is also going to be as low as the first one.

That means that your execution in H2 will need to be greater than maybe INR2,600 crores, INR2,700 crores or maybe around INR2,600 crores. And on top of it, you will have Reliance starting their projects, which will also demand faster execution. So, are we geared up for such kind of execution scale? I mean, wouldn't that be a bottleneck going ahead?

C.K. Thakur: No, absolutely not. So in fact, as per our guidance, we were geared up to achieve over INR2,000 crores of revenue in this quarter as well. Unfortunately, the market scenario, I mean came into the play, and we could not get the support from the orders that we had, right? But then the team was absolutely in place. And we are completely geared up. For even Reliance initiatives, also, we are in the process of augmenting the team. We have more than the core team strength that we have in place. So we are absolutely fine-tuned to take up this kind of, and we have no other options also. We have to achieve, I mean the kind of the revenues in the second half of the year, as we have explained. So we have no other option. We have to.

Jayesh Shroff: Okay. Just 1 more clarification. This order -- I mean, top line guidance of 10% to 15% is ex Reliance, right?

Ajit Pratap Singh: Yes, that's right.

C.K. Thakur: Yes.

Jayesh Shroff: Okay. So that means that we have to do maybe around INR3,000 crores around quarter 4 types. So that's what I'm saying, see, you've guided for execution of more than INR2,000 crores. But here, we are talking of close to INR3,000 crores. So that is why I asked that question, that will that not become a bottleneck in execution?

C.K. Thakur: Point well noted, and we are mindful of this point that our target for quarter 3 and quarter 4 is going to be heavy. We're mindful of this thing. So we are well prepared for that.

Jayesh Shroff: Okay. So that -- I mean, management is confident and reassuring on that, that will not come as an excuse or whatever, I mean, a bottleneck to downgrade the top line growth any further?

C.K. Thakur: Boss, we have no option. I mean we have to perform at that level.

Ajit Pratap Singh: Q4 of FY25, I think we did more than INR2,500 crores.

C.K. Thakur: Yes, we have demonstrated already.

Ajit Pratap Singh: We had demonstrated in FY25, Q4.

C.K. Thakur: And then the significant contribution will come in Q3 and Q4 from international orders also. So with domestic and international mix. So achieving the target of over INR2,500 crores, I don't foresee any challenge in that.

Jayesh Shroff: Okay. We at least have stabilized on the operational front and our gross margins also closer to 9.5%, 10%. Now we are talking of the guidance between 8% to 10%. So is there some downgrade there? Or why we are talking of 8% to 10%?

C.K. Thakur: So why we are talking is basically, I mean, in the beginning, I have told you, the margin basically comes from the mix of orders that we get. So the turnkey orders in terms of absolute numbers for turnkey orders, while the percentage margin will remain low, but in absolute numbers, it will be high, right?

Whereas on the BoS project side, we have margin of let's say around 10%, correct? So it all depends on -- in the next few quarters, the kind of orders, the opportunity is huge for even both the turnkey and the BoS. But at this moment, I can't tell you that, I mean, all are through the RA process and all. So it will all depend on the kind of order mix that we will have and that would be between 8% and 10%. That's what we have guided.

Jayesh Shroff: I mean I'm sorry for asking this maybe a very dumb question, but will it have any bearing on our EBITDA margins also, I mean, because of maybe a lower gross margin?

Ajit Pratap Singh: So our overheads in terms of absolute number will not increase. In terms of percentage, it should come down a little bit from the current number, because we are growing in terms of revenue. And of course, if the gross margin is getting impacted negatively, there will be some impact on EBITDA margin as well.

C.K. Thakur: Marginal impact, yeah.

Jayesh Shroff: Okay. Otherwise, in case of a stable margin, your operating leverage scenario should play out?

C.K. Thakur: Absolutely. That's right.

Moderator: The next question comes from the line of Adwait Javkar with EquiPoise Capital Management.

Adwait Javkar: So now you explained that revenue was impacted due to delays in the projects. So do these delays increase the risk of bank guarantee invocation or contract termination? If yes, what is the maximum financial impact in the worst-case scenario?

C.K. Thakur: No, not really. So since the new orders that we said that had been delayed, so those orders contract date itself has not started because we are anticipating the LOA to come. Now the project time lines will start from the date of LOA. So there's no question of the bank guarantee invocations or any further risk on such orders.

Adwait Javkar: Okay. And the second question is, there are total claims are around INR1,800 crores. So realistically, when do you expect a meaningful portion of these claims to be resolved or recovered?

C.K. Thakur: Indemnity?

Adwait Javkar: Not indemnity. Basically you have done some claims. So basically, like there are some claims related to arbitration, then some INR508 crores of wrongfully invoked bank guarantee claims and there are 2 international customer claims. So at what time you are expecting that this will be recovered?

C.K. Thakur: So basically, if you see, out of these claims, so large claims are from the U.S. 2 projects, right, 2 orders. And they are in the court. The settlement of this case in the court will take, let's say, 2 to 3 years' time. I mean, conservatively, I can say a minimum 2 years, it's going to go up to 3 years' time. So rest as others are basically -- I mean could be settled much earlier, either through settlement or through the arbitration process being concluded. But the two claims will go longer.

Moderator: The next question comes from the line of Sucrit Patil with Eyesight Fintrade.

Sucrit Patil: I have 2 forward-looking questions. Maybe these questions would have been answered back also. I just want to have a clarity on this. The first question to Mr. Thakur is beyond the headline order book growth, how are you planning to structurally reposition the company's EPC and O&M portfolio over '25, '28 financial year to defend margins in a rising input cost kind of scenario, while ensuring the performance against execution delays and battling the competition also in the space? That's the first question. I'll ask the second question after this. Thank you.

C.K. Thakur: So basically, as you have been telling you that from the project side, we are anticipating the margin in the range of 8% to 10%. And on the O&M business, so these times on the top line in the O&M has seen the massive addition. That is largely from the gigawatt levels of the project that we completed in the last couple of the quarters. So those have come in to the operation stage. And their revenue streams will start from the subsequent quarter. So on an average, 20% margin on the O&M side will continue to be there. So that would be the kind of scenario. Because of any uncertainty at this stage, either in the O&M or in the project, I'm not anticipating the margin to dip down from the level that we have now explained to you earlier and now explaining you in this call.

Sucrit Patil: My second question to Mr. Ajit Singh is, again, along the same lines. Just want to understand with working capital intensity rising and financing costs also being volatile, what frameworks are you putting into place to sustain the profits and fund global expansion and maintain your regular dividend commitment? Just in case, if any project delays or regulation increase comes in this quarter? I want to understand your view on this.

Ajit Pratap Singh: Yes. Thank you. In terms of credit lines, we have diversified base of lenders. We have added a few new lenders recently in a couple of few quarters in India as well as globally. So for example, in South African project, we got over there, we have taken credit lines locally from the banks in South Africa. So now we are a very diversified pool of lenders supporting our growth initiatives. In fact, the lead bank also has increased the limit. From existing lenders also we are seeing good response and they are raising the limit. So that's on the credit line side. In terms of term loans, we have significant term loan, which will get repaid during the current year and next year. And post that, we'll be almost deleveraged in terms of fund based requirement.

Working capital, webe likely foresee that we continue to operate a negative working capital cycle, considering the advances that we receive from the customers and overall, payment portfolio from customers and supplies under LCs, which is basically from 90, 120, 180 days -- up to 180 days also in certain cases. So we will continue to leverage that position in terms of managing working capital going forward.

Moderator: The next question comes from the line of Anirudh Singhi with Dalal & Broacha PMS.

Anirudh Singhi: So this recent arbitration that we entered in Australia, is that covered under indemnity?

Ajit Pratap Singh: So there are 2 portions. One is liquid damage under this contract. It's a contract with a part initial and that is covered under indemnity. We are expecting the amount to get realized in the current fiscal from the promoters. And the balance amount, we have a very strong case because for the same LD, the customer encashed bank guarantees. They levied LD also and then encashed bank guarantee as well. So there can't be 2 claims and they withheld our receivables and payments. So, we have strong position in that case as per the legal advice we opted, and that's why we are going ahead with the litigation.

Anirudh Singhi: Okay. So the total arbitration amount is about INR200 crores. Of that, how much is covered by the indemnity?

Ajit Pratap Singh: Around INR110 crores is covered under LD.

Anirudh Singhi: Okay. And in our annual report, we mentioned certain cases, which we think are not tenable, but they amount about INR3,800 crores. How much of that will be covered?

Ajit Pratap Singh: Yes, we will get back to you on this. So basically, these are frivolous kind of claims, loss from our customers. And there is no cash out as of now. So it is difficult to quantify the amount at this stage.

Anirudh Singhi: Okay. But I just want to understand if any of it is covered by the indemnity or not?

Ajit Pratap Singh: So 1 large claim is covered, that is from a customer where we have not taken the project. We bid the project, but later on that was cancelled. So that's covered. To quantify the exact amount because this kind of frivolous claims and without any basis as of now. So to quantify the amount is difficult, but we don't foresee any likely impact on the company because of these claims.

Moderator: The next question comes from the line of Balasubramanian with Arihant Capital.

Balasubramanian: Sir, on the battery side, the opportunity size earlier mentioned about 50 to 60 gigawatt hours, but our order backlog is around INR300 crores, INR400 crores range. I'm trying to understand what are the big pipeline in the BESS segment? And what are the government target or tendered pipeline over the next 2 to 3 years? And when we can expect sizable revenue contribution in the BESS segment?

C.K. Thakur: So I mean the Government of India target of achieving this 500-megawatt by 2030 is well on track. And contribution from solar is close to 200-megawatt as of now. So I'm expecting that in the next 2 to 3 years, the opportunities to be made available in the market will be in the tune of, let's say, 35 to 40 gigawatt, right? And enough opportunities are there.

So when I say that -- so how our business philosophy operates is that whatever UOV we have from the projects that we have in hand, that we commit to the market that from there, we will be getting the revenue. And any orders -- new orders coming before the quarter 1, let's say, 20% to 30% would be coming as a part of revenue in the subsequent quarters. Any orders which will come into quarter 3, particularly quarter 4 and all, that will spill over to the next quarter. So that's how basically we, I mean, forecast the revenue streams and accordingly, the other financials on that.

Balasubramanian: Net margin, it seems feel like Solar EPC margin 8% to 10% kind of gross margin. I'm trying to understand in that EPC on that side, what are the battery constraints we are currently pursuing like whether it's the LFC and NMC, Sodium ion. And what is the current trend and what is the sourcing strategy? Because in Indian market, it's not that much mature, right now it is evolving stage. So if you could explain your sourcing strategy and what kind of battery constraints we are looking on? Is that any changes in technology, whether it will improve our margin size?

C.K. Thakur: Firstly on the BESS side, if you see the margin in the BoS is same as the PV plant, around 10% and on the battery side, in fact, market could be turbulent and that also can go sometimes even lower than the PV modules margin that in the turnkey project we consider. But more or less, you can consider a similar amount.

On the technology side, yes, so we are also geared up. We know that having executed around 28 gigawatts around the globe, so we are well-positioned to take care of any kind of technological development that is happening in the industries. So we can see much ahead of the times.

And the market pressure is also -- I mean, basically leading us towards the more innovations and innovations and innovations and optimizations in this area. So you are right, the pressure will come from the other uncertainties in terms of technical development and in terms of other things, but we are well positioned to handle all those kind of things.

Balasubramanian: On the sourcing strategy side, sir, for battery.

C.K. Thakur: Sourcing strategy. So sourcing strategy, see currently, I mean, we don't have Indian market matured enough to get the battery in India. And now the government is -- I mean the criteria for the tender is that it should be Make in India program. So most of the people, there could be small groups in the time to come, but currently, all those players, they are getting the sale, the containers, the racks, all other components from outside, and they are just assembling in India, and they say it's a Make in India product.So we are very, very carefully evaluating that who all could be our partners in the future, particularly looking at their performance and all - because as a EPC company, the performance criteria comes on our head.

So with all these kind of uncertainties if you have -- I mean we are just trying to understand. That's right, it's there. But then we've been a leader in the industry, we are trying to evaluate all those kind of things and then accordingly, we'll go for the tie-ups. We are evaluating. We're still in the process of evaluating. I mean, from the markets, all those we are trying to integrate the battery supply from India.

Balasubramanian: Okay. And my last...

C.K. Thakur: And for our international projects, whatever the best will come, they are all from different supplies. I mean their project is proven, there is no such condition of making specific country programs and all. So there, we don't foresee any problem. But for India, till such time, the market will be getting matured, we have to move carefully and we have to evaluate all these things, and then we have to take a call.

Balasubramanian: Okay, sir. Sir, when we can expect improvement in Nigeria side. I think currently, it's going through slow phase. And what is our current exposure? Is there any big pipeline in Nigeria market?

C.K. Thakur: So Nigeria market, I'll say we -- I mean, it's a slow procedural delay I mean delayed onto the procedure side. Then, again, elections becoming due and all, it may get further delayed. But frankly speaking in all our business plans, we are not considering as of now in this particular year for any revenue coming from the Nigeria and all. Other than that, there could be some opportunities in Nigeria, smaller ones, but we are not following that.

Moderator: The next question comes from the line of Kenil Mehta with Omkara Capital.

Kenil Mehta: Sir, any reason for increasing in our O&M capacity drastically from 13.5 gigawatts to 18.3 gigawatts within 1 quarter? And where do you see O&M capacity going to 25 gigawatts by FY28? And as we have scaled up our O&M capacity, our revenue should shoot up in the next few quarters of O&M from INR90 crores quarterly to INR120 crores, INR130 crores.

C.K. Thakur: So thanks. Basically, it's very simple. So basically, our O&M business model is that order additions comes from the EPC orders. So that's the integrated O&M contract basically. When the project is completed, it comes to the O&M phase and equivalent to the O&M orders, this goes to the O&M. So that is from our own EPC addition.

So last year we completed around 5.8 gigawatt DC commissioning. And all those projects which we commissioned, I mean, straight they have come to the O&M stage because those orders were for 2 to 3 years of O&M in our scope.

And the third one is basically the orders from the third-party. So there has been significant improvement in the orders from third-party as well in the last quarter, around 1.2 gigawatts was the one single order that we concluded and then there were many few in the range of 200 to 300.

But I say if you have seen the market how it is surging, the financial year '24-'25, let's say it was 17 gigawatt of additions. I mean I'm talking about only utility scale, not the rooftop and the other. The '25-'26 was around 25 gigawatts. This year, it could be around, let's say, 30-35 gigawatt. So all those projects when it is commissioned, it comes to the O&M stage.

And subsequently, we are also raising our limit for the project execution. So those will come to the O&M stage and the remaining from the third party, I mean our efforts will be to grab some more orders from there. So basically, putting together, this kind of growth is seen, which is, I mean, quite logical and justified.

Ajit Pratap Singh: We expect a revenue of more than INR400 crores, in the range of INR400 crores to INR450 crores in the current year from O&M business, vis-a-vis around INR268 crores in the last year. So there will be significant supply.

Kenil Mehta: Could we see increase in margin from 18% to 25%, which we have seen in FY22?

Ajit Pratap Singh: O&M margin, we expect to be stabilized at around 20%.

Kenil Mehta: Understood. And sir, what was the reason for increasing our total employee base over 1 year because technically it's double, based on annual report?

C.K. Thakur: So basically, as the project -- I mean, you see the execution capacity we have to augment.So earlier, let's say, we have to be doing 3 gigawatt kind of thing. This year we have around 10.5 gigawatt under execution. So on the project-specific manpower, we have to increase.

And then last portions of the projects have come to the O&M. So the O&M manpower also getting added. Also to see the market, since the manpower attrition and the -- I mean, the market is volatile. There are a lot of infrastructure projects coming in. So we also create the pipeline of our, I mean, GETs and all. So, this year, we have had around 100 GETs to be trained in the next couple of years to take their positions and all. So they are all futuristic plan. And because of that, I mean, we have to take some calls, right? So then that's how it has increased, but they are all on to the project specific. They are not adding to the overhead.

Kenil Mehta: Okay. So based on your comment that H2FY'27, EPC revenue will be way more higher than by H1, and it will cover the 15% growth we are expecting?

C.K. Thakur: That's what I have told. Yes, you are right.

Kenil Mehta: Understood. And sir on the Reliance order, there will be -- as we bid for the order and there is a delay in LOA. On Reliance side due to the parentage, there could be a quicker LOA acceptance given to you. Does that correct the time to bid and win the orders and the time to execute will be way lower than the other orders?

C.K. Thakur: Yes. So project, the execution plan would be very, very intensive. So the time would be definitely lower than the markets. But then accordingly, Reliance is also preparing with that kind of readiness. And we, as a EPC company also we are gearing up to cope up with this kind of....

Kenil Mehta: And in that, all the raw material will be provided by Reliance New Energy only? We have to only execute on the EPC side?

C.K. Thakur: This is difficult to reveal all the information because the kind of contract that will be formulated with some supply in our scope, majorly maybe being supplied by them. But then what would be the composition of the contracting in terms of pricing and all is difficult to, I mean, reveal at this stage. But it will happen, I mean with some supply in our scope maybe majorly by them and then, of course, their executions. But then exactly -- revealing, I mean, the fundamentals of the order composition is difficult at this stage.

Ajit Pratap Singh: And both the companies being all being listed companies, all those transactions will be on arm's length basis. That's what we can say at this point in time.

Kenil Mehta: Okay. Understood. But do you see O&M order book shooting up as we execute more orders, O&M orders shooting up to 30, 35 gigawatts order book size\ by FY28, which will lead to more sticky revenue and EBITDA margin for our company?

C.K. Thakur: Yes. So I mean, our business plan is, of course, here, if you see the 5 years business plan, then we have seen -- we have started 1.8 gigawatt of O&M orders in 2018. And from there today, we are at 18 gigawatts. In last 8 or 9 years. So that means we have gone multi-fold, right? So adding even 5 gigawatt, 4 to 5 gigawatts per annum from our own EPC projects and 2 gigawatts from the outside, the ramp-up rate would be pretty high. We add value to the customer. So having seen the kind of the operational maintenance we do for the customer, that also spreads. So some of the customers who are tried with the other agencies, O&M agencies and seeing the performance of the plant that we operate and we add value to them during this stage, they come to us for the operation. So this market is pretty robust, I think, in our opinion. So I can't tell you that, I mean, 35 or 45 gigawatts, but then the CAGR for the O&M growth definitely will be growing at a much higher speed.

Kenil Mehta: Understood. And sir, on the arbitration side, if we lose -- we have 4 arbitrations, 1 in U.S. , 1 in other geography. If we lose, then are there any chances of losing on the INR1,800 crores and INR1,300 crores counterclaim filed by the party?

C.K. Thakur: So as you know in some of the questions, our CFO has already, I mean, addressed these questions. So there are 2 parts of any claim. One is the LD, right? Other is the operational frivolous claims or whatever it is from the client side. And some our genuine claims. So those are under arbitration. So while the U.S. claim, the cases are under the court, which will take pretty longer times, maybe 2 to 3 years. So the LD side is indemnified. The other would depend on the court cases. In our opinion, all our cases are very -- I mean, strong. So we are not anticipating any impact.

Kenil Mehta: Should we see lower...

Moderator: I'm sorry to interrupt, Kenil. I would request you to join back the queue. Thank you. The next question comes from the line of Shrish Vaze with Alembic Pharmaceuticals Limited.

Shrish Vaze: My question is regarding -- you had mentioned that other receivables related to LC and BG invocations were around INR1,054 crores from your annual report. So just wanted to understand how much of these are covered under indemnity?

Ajit Pratap Singh: We are cash out and covered under indemnity for around INR800 crores, which is likely to fructify over next couple of years. Current year, we are expecting in the range of INR120 crores to INR130 crores to get realized under indemnity.

And based on the outcome of the litigations, amount will get realized from indemnity or from the customer based on the final outcome. We believe that based on the legal opinions whatever we have obtained, that all those litigations we have a very strong case to recover the money either from the customer or from the promoters.

Shrish Vaze: Got it. Second question is regarding your trade receivables. So if I look at your undisputed trade receivables more than 3 years, we were at around INR145 crores as of FY26? And if I take more than 1 year of trade receiving, there is around INR392 crores. So are we expecting any credit impairment loss from these trade receivables?

Ajit Pratap Singh: Not exactly. So these trade receivables, you can see in 3 parts. One is normal trade receivables. Second is retention money, which is being logged post completion of the project and get released from the customer as per the contractual terms on completion of defect liability period. And third is under litigation, which outcome of final litigation will give the final cash flow to the company, either from the promoter or from the customer.

Shrish Vaze: So undisputed that you have mentioned in the annual report, so this would largely be pertaining to the retention money related to the project?

Ajit Pratap Singh: It has all components, that's what I mentioned. It has retention money also, it has the litigated receivables as well as -- so yeah.

Shrish Vaze: Okay. Got it. My final question is regarding your -- in the last concall, you had said that the order book as of FY27 end, would also grow at 15%. So considering that you have already achieved INR13,000 crores of order book. So would you still maintain that guidance of 15% of order book growth as of FY27?

C.K. Thakur: Yes. So that's why -- so basically, last year, our progress run-rate on the order achievement was more than the -- I mean, the guided number, the base was really high. So from that base, we are expecting the growth at least 10% to 15%. So yes, I mean, you can anticipate the additions of 10% to 15% over the last year.

Shrish Vaze: Like I'm asking not about revenue, but about order book as of FY27, would you have some number in mind that you can achieve?

C.K. Thakur: We can say that the order book would be definitely more than INR10,000 crores in this financial year. To start with in the first quarter of next financial year at maybe slightly higher numbers than this financial years we had at the UOV.

Moderator: Thank you, sir. Ladies and gentlemen, due to time constraints, that was the last question. With that, we conclude today's teleconference. On behalf of Sterling and Wilson Renewable Energy Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.