Sterling & Wilson Renewable Energy Ltd — Apr 2026 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Beat (Profitability/Margins) | Miss (Revenue QoQ) **One-line:** SWREL has transitioned from a balance-sheet repair story to a "Volume x Execution" machine, delivering its highest-ever quarterly PAT and annual revenue, proving that its de-risked domestic focus can offset the tail-end of legacy international litigation.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Prior Quarter	Mixed	Revenue down 7% QoQ due to commodity prudence; PAT beat record levels (□142 Cr).	□
Earnings Quality	Moderate	PAT includes □35 Cr FX gain and one-off international project savings; core op-leverage is high.	□
Guidance Confidence	Strong	FY27 Revenue growth guided at 15% on a record base; supported by □11,813 Cr UOV.	□
Management Credibility	Improving	Delivered on debt reduction (□149 Cr QoQ) and handled commodity volatility without margin damage.	□
Business Quality Signal	Improving	O&M portfolio (13.5 GW) is reaching an inflection point for recurring annuity income.	□
Key Q&A Exchange	Q#2 - Reliance Timing	Deeply engaged on tech; momentum expected in FY27; timing remains a "no comment" shadow.	□
The Street's Primary Anxiety	Legacy Litigation	US court cases persist (2-year timeline); Management confirmed promoter indemnity for □200 Cr cash-out.	□
Capital Cycle Stage	Growth Scaling	Aggressively bidding 31 GW pipeline while expanding credit lines (□2,800 Cr secured).	□
Margin Trajectory	Improving	Q4 Gross Margins hit 12% (vs 9.5% in Q3) due to international project closure savings.	□
Pricing Power	Stable	Dominant 25% market share in India; winning via scale and technical BESS integration.	□
FCF Conversion & Quality	Strong	FCF helped by negative NWC (□329 Cr); cash used for scheduled debt repayments.	□
Competitive Moat Signals	Widening	Largest third-party O&M player globally; 15% share of total FY26 India solar installations.	□
Balance Sheet Strength	Adequate	Net Debt at □1,116 Cr; rating upgraded to BBB+ during the year.	□
Working Capital Efficiency	Stable	NWC remains negative (□329 Cr); reflects strong customer advance culture.	□
Mgmt Guidance Track Record	Reliable	Exceeded conservative 15% inflow guidance (delivered 43% growth in FY26).	□
Key Vulnerability	US Court Outcome	Potential for additional penalties in US cases beyond the □200 Cr already "cash-out".	□
Management Tone	Confident	Focused on "Giga-scale" preparedness and technical tie-ups for BESS/Hybrid.	□

Sentiment: □Positive

Key Takeaways: * **Positives:** SWREL is now a pure-play execution story. FY26 marked record annual turnover (□7,548 Cr) and the highest unexecuted order value in history (□11,813 Cr), providing ~1.5x book-to-bill visibility. The O&M segment (13.5 GW) is no longer a footnote; it is a high-margin (20%+) annuity engine. Margin quality is improving as the company pivots to international projects with >13% GMs and domestic BoS orders that eliminate module price risk. * **Negatives:** Q4 revenue saw a 7% QoQ dip as management deferred supplies to navigate commodity price volatility (Copper/Aluminium/Silver)—a prudent but growth-stalling move. Legacy US litigation remains a multi-year overhang; while □200 Cr is indemnified, any "worst-case" excess remains a contingent liability. * **Street Concern:** The timing of the Reliance "megadeal" remains the primary valuation ceiling. Management is "deeply engaged" but refuses to commit to a specific quarter for order booking, citing tech evaluation delays by the client. * **Forward Watchpoint:** Execution of the 1.2 GW Coal India project and the first meaningful revenue contribution from the 790 MWh BESS order in FY27.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS

Metric	Current Qtr	YoY Change	QoQ Change	Trend	Mgmt Commentary
Order Book (□ Cr)	11,813	↑ 29.9%	↑ 13.4%	□	Highest in history; Domestic comprises 78.3% (□9,251 Cr).
Order Inflows (□ Cr)	3,039*	↑ High	→ Stable	□	FY26 total □10,062 Cr (+43% YoY). *Derived: FY Total - 9M.
Execution Rate (%)	18.7%	↓ 180 bps	↓ 180 bps	□	Impacted by supply deferrals due to commodity volatility in Q4.
Revenue (□Cr)	1,946	↓ 22.7%	↓ 7.0%	□	Volume-driven; 4.5 GW AC commissioned in FY26.
Gross Margin (%)	12.0%	↑ 160 bps	↑ 250 bps	□	Boosted by international project closure savings (cost-budget beats).
EBITDA (□Cr)	187	↑ 61.2%	↑ 78.1%	□	Includes □35 Cr FX gain; Operational EBITDA also trended up.
EBITDA Margin %	9.6%	↑ 500 bps	↑ 720 bps	□	Operating leverage kicking in as overheads remain flat YoY.
PAT (□Cr)	142	↑ 158.2%	↑ NM	□	Record quarterly profit; full-year loss remains due to Q2/Q3 litigation.
O&M Portfolio (GW)	13.5	↑ 55.2%	↑ 33.7%	□	Inflection point reached; 15% of India solar installations serviced.
Net Debt (□Cr)	1,116	↑ 51.2%*	→ Stable	→	Receded by □149 Cr vs Dec-25; *Prior Q4 Net Debt was 738 Cr.
NWC (□Cr)	(329)	↓ 45.3%	↓ 19.2%	□	Remained negative; pickup in vendor payments reduced the credit slightly.

2B. SEGMENT BREAKDOWN

Segment	Revenue (□ Cr)	YoY Growth	Margin (GP)	Trend	vs Co. Avg	Key Development
Domestic EPC	1,641*	↑ 20% (FY)	8-10%	□	In-line	Key engine; 1.2 GW Coal India L1 status secured.
Intl. EPC	200*	↑ High	13.2%	□	Above	South Africa projects nearing completion with cost savings.
O&M	105*	↑ 55% (FY)	20%	□	Above	Reached 13.5 GW; Serentica 900MW order added in Q4.
*Segment revenue derived from FY totals vs 9M data.						

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Revenue	15% growth for FY27.	Needs □8,680 Cr in FY27; UOV of □11,813 Cr makes this easily achievable (~73% conversion).	**Beat**	Low
Guidance	Margins	EPC: 8-10%; O&M: 20%.	Q4 exceeded this (12%); steady-state expectations remain conservative.	**Met**	Low
Guidance	Order Inflow	FY26: □10,000 Cr+	Achieved □10,062 Cr vs initial projection of □7,000 Cr.	**Beat**	Low
Strategy	Reliance	Deep engagement; momentum in FY27.	Binary outcome; not in current 15% growth guidance.	**Delayed**	Medium
Strategy	BESS	20% mix of new orders.	Serentica 790 MWh is the benchmark; 60 GWh India opportunity.	**On Track**	Low
Macro	Commodity	Protecting margins via back-to-back pricing.	Deferral of Q4 supplies shows active risk management.	**Met**	Medium
Balance	Debt	Scheduled repayments to continue.	□149 Cr reduction in Q4; leverage receding.	**Met**	Low
Governance	US Litigation	Indemnified by promoters.	Cash-out of □200 Cr recovered; future hits still a risk.	**On Track**	High

4. ANALYST Q&A

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
1	4.5	Saurabh S. / Arista	O&M Trajectory	Business Overview	"What sort of traction can we expect in the Operation and Maintenance going forward?"	Management noted the Serentica 900MW win and guided that third-party O&M (20-25% GM) will accelerate alongside EPC completions. This solidifies the shift toward high-margin recurring revenue, providing a valuation floor.	None	5.0	Specific & Bullish
2	5.0	Saurabh S. / Arista	Reliance Timing	Strategy	"By what time can we expect Reliance New Energy to be on board?"	Management confirmed deep technical engagement on the Khavda rollout but stated timing is client-dependent for this financial year. Reliance remains a massive "shadow" catalyst that could double order inflows but remains outside current guidance.	Specific timing	2.5	Vague/ Evasive
3	3.0	Saurabh S. / Arista	Nigeria	Business Overview	"Any update on Nigeria project, sir?"	Management admitted the project is on a slow pace due to elections and unlikely to see traction in FY27. Reduces international revenue risk	None	4.0	Prudent

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
						from a volatile geography.			
4	4.0	Sameer Dalal / Natverlal	Execution Slowdown	Financials	"Why was there a Q4 degrowth in the top line despite the backlog?"	Management attributed the slowdown to commodity price volatility (Silver/LME) and project deferrals to protect margins. This signals a "margin-over-growth" priority which protects earnings quality during price spikes.	None	4.5	Clear/ Logical
5	4.0	Sameer Dalal / Natverlal	Guidance FY27	Management Commentary	"Guidance on what kind of revenue we can expect in the next financial year?"	Management guided for 15% revenue growth in FY27, excluding any potential Reliance orders. This sets a conservative baseline that Reliance awards could massively de-risk or upgrade.	None	4.0	Conservative
6	3.5	Sameer Dalal / Natverlal	BESS Integration	Strategy	"How would the revenue/ margin profile change for solar plus battery projects?"	Management guided that BESS margins will mirror solar EPC (8-10%) but revenue intensity per project will increase. Positions SWREL as a system integrator	None	4.0	Quantified

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						rather than just a panel installer.			
7	4.5	Bhavik Shah / Invexa	Gross Margin Spikes	Financials	"Was there any one-off in terms of completion... margins improved while revenue dropped?"	Management clarified that three international projects achieved commissioning ahead of budgeted costs, leading to savings. This suggests Q4's 12% GM is not the new sustainable floor (which remains 8-10%).	None	5.0	Highly Honest
8	3.5	Jayesh Shroff / Cask Cap	Wind Strategy	Business Overview	"What is the status of wind energy projects?"	Management confirmed one wind project is on track and they expect more hybrid inflow in FY27. Diversifies the EPC mix away from pure solar.	None	3.5	Directional
9	5.0	Jayesh Shroff / Cask Cap	US Litigation	Financials	"Is every kind of problem behind us or is there something more to provide for?"	Management admitted US court cases could take 2 more years; the □200 Cr cash-out is indemnified but additional penalties remain a risk. This is the single largest tail-risk for the business balance sheet.	Total possible hit	2.0	Evasive
10	4.0	Nirmal / Birla AMC	BESS Bidding	Strategy	"How is the BESS capacity	Management noted 60 GWh India	None	4.0	Strategic

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					determined... and capex timelines?"	opportunity with a mandate for 2-hour storage on new plants. Validates BESS as a core growth pillar rather than a niche experiment.			
11	4.0	Fazal Hawa / HG Hawa	Bank Ratings	Financials	"Where do you stand on bank rating... is it difficult to get BGs?"	CFO confirmed upgrade to BBB+ and □2,800 Cr in new credit lines, reducing LC/BG costs. Signals the end of the liquidity crunch that plagued the company post-COVID.	None	5.0	Fact-based
12	4.5	Amish Kanani / Knowise	Win Rates	Business Overview	"Likely win ratio would really help us to understand order growth?"	Management cited a historical hit ratio of 25-28% and expects to maintain this market share. Implies that if the India bid pipeline is □55k Cr, SWREL should bag ~□14k Cr.	None	4.5	Quantified
13	4.0	Amish Kanani / Knowise	Rajasthan GIB	Macro	"What are the key reasons which is holding up overall order pace?"	Management identified GIB (Great Indian Bustard) issues and substation connectivity in Rajasthan as external delays now	None	4.5	Contextual

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
						resolving. Provides a macro roadmap for project acceleration in FY27.			

PATTERN FLAGS & SENTIMENT * **The "Reliance Wait":** Analysts are fixated on the Reliance order award. Management's defensive "no comment" on specific quarters suggests that while the relationship is strategic, the client's internal timeline is the bottleneck, not SWREL's capacity. * **Litigation Ghost:** The US litigation continues to haunt the valuation. Despite promoter indemnity, the uncertainty regarding "worst-case" penalties prevents the stock from being a pure execution play. * **Commodity Vigilance:** Multiple questions on Q4 revenue drop revealed a management team that is willing to sacrifice quarterly top-line optics to avoid locking in high raw material costs. Analysts appeared to respect this prudence.

Analyst Sentiment Verdict: Analysts are **Turning Bullish on Execution** but **Skeptical on Litigation Finality.** Management's credibility has significantly improved due to the PAT beat and debt reduction, though the evasiveness regarding the US court case "total hit" remains a friction point. The clear 15% growth guidance on a record base was well-received.

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5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (Q3)	This Quarter (Q4)	Direction
Order Book	₹10,413 Cr	₹11,813 Cr	↑ Improving
Quarterly PAT	₹4 Cr (PBT)	₹142 Cr	↑ Significant Beat
Gross Margins	9.5%	12.0%	↑ Expansion
O&M Portfolio	10.1 GW	13.5 GW	↑ Scaling
Credit Access	Restoring limits	₹2,800 Cr fresh lines secured	↑ Improving
Net Debt	₹1,116 Cr (Dec-25)	₹1,116 Cr (Mar-26)	→ Stable
Intl EPC Margins	~9.5%	13.2% (FY)	↑ Improving
BESS Strategy	Serentica win	Targeting 20% of new inflow	↑ Structural Shift
Revenue Growth	48% YTD actual	15% FY27 Guide (on high base)	↓ Normalizing

Investor Notes: * **Thesis Confirmation:** The transition to a domestic-heavy, BoS-focused EPC model is delivering the promised margin stability (8-10%) and removing the inventory/module volatility risk. * **O&M is the Hidden Gem:** The 13.5 GW portfolio is now a significant enough base to provide downside protection for interest costs through high-margin annuity fees. * **CFO Quality:** CFO Divergence check: FY26 PAT was a Loss (₹296 Cr) while CFO was likely positive due to negative NWC (₹329 Cr). This divergence is driven by non-cash litigation provisions (₹611 Cr). * **Actionable Signal:** Watch for L1 to LOA conversion of the 1.2 GW Coal India project. Any delay beyond Q1 FY27 would signal further connectivity/GIB headwinds in Rajasthan.

STOP HERE.