Sterling & Wilson Renewable Energy Ltd — Jul 2026 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Miss (Revenue) | Beat (PAT YoY) | Inline (Margins) **One-line:** SWREL has hit a temporary "execution air pocket" due to administrative delays in domestic order awards, necessitating a guidance walk-back for FY27 revenue growth, even as its order book reaches a historic peak of □13,000 Cr.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	**Weak Miss**	Revenue (□1,590 Cr) missed the □2,000 Cr+ run-rate; Guidance cut from "15%+" to "10-15%".	□
Earnings Quality	**Moderate**	PAT includes forex gains; operational EBITDA (□78 Cr) is the core metric to watch.	□
Guidance Confidence	**Neutral**	10-15% growth requires a massive H2 ramp-up (□2,500 Cr+ per qtr) as Q2 is flagged to be slow.	□
Management Credibility	**Mixed**	Successfully bagged landmark Egypt order but failed to anticipate LOA delays that stalled Q1 growth.	□
Business Quality Signal	**Improving**	O&M portfolio (18.3 GW) provides high-margin annuity; Egypt win proves global competitiveness in BESS.	□
Key Q&A Exchange	**Q#1 & Q#5 - Rev Miss**	Management admitted revenue dipped because new orders didn't hit "Notice to Proceed" (NTP) in time.	□
The Street's Primary Anxiety	**H2 Execution Load**	Can the company execute □5,500 Cr+ in H2 (double H1 levels)? Management claims "no other option."	□
Capital Cycle Stage	**Growth Scaling**	Aggressive bidding (27.7 GW pipeline) supported by restored credit lines (□3,200 Cr).	□
Margin Trajectory	**Normalizing**	Gross margins (9.9%) are returning to the steady-state 8-10% range after Q4's one-off spike (12%).	□
Pricing Power	**Stable**	Winning mega-projects (Egypt, Coal India) via scale; disciplined on "margin-accretive" bids only.	□
FCF Conversion & Quality	**Strong**	Negative NWC model (□260 Cr) remains the core operational moat for funding growth.	□
Competitive Moat Signals	**Widening**	Transitioned from pure Solar EPC to a complex "Solar + BESS" integrator at Giga-scale.	□
Balance Sheet Strength	**Adequate**	Net debt stable; term loan repayments on track; fresh □3,200 Cr limits secured.	□
Working Capital Efficiency	**Stable**	NWC at -□260 Cr; expected to improve as advances from □9,000 Cr of new orders flow in.	□
Mgmt Guidance Track Record	**Mixed**	Revised FY27 revenue growth downwards within one quarter due to timing issues.	□
Key Vulnerability / Red Flag	**H2 Overload**	Extreme backend-loading of revenue creates high execution and liquidated damage (LD) risk.	□
Management Tone	**Confident yet Defensive**	Bullish on UOV and Egypt win, but defensive regarding the Q1 revenue miss and Reliance timing.	□

Sentiment: □Neutral

Key Takeaways: * **Positives:** The business has achieved its **highest-ever Order Book (₹13,000 Cr)**, including a landmark USD 560 million project in Egypt (1GW Solar + 600MWh BESS). The O&M portfolio has surged to **18.3 GW**, creating a high-margin (20%+) annuity stream that will contribute fully from Q3. Liquidity has significantly eased with **₹3,200 Cr in fresh credit lines**, and the balance sheet is deleveraging via scheduled repayments. * **Negatives:** Q1 was an execution disappointment, with **revenue falling 18% QoQ** to ₹1,590 Cr as management failed to convert L1 positions to LOAs/NTPs in time. This has led to a **downward revision of FY27 growth guidance** (now 10-15% vs. 15%+ previously). The execution load is now dangerously backend-heavy; SWREL must deliver nearly ₹6,000 Cr of revenue in H2 to meet even the lower end of its guidance. * **Street Concern:** Analysts are focused on the **Reliance "Gigafactory" timing**. While management is "deeply engaged" on technical configurations, the lack of firm orders after a year of parentage remains a valuation ceiling. * **Forward Watchpoint:** LOA/NTP conversion for the ₹9,000 Cr of "yet-to-commence" projects in Q2. Any further delay would make the FY27 guidance mathematically impossible.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS *PPT not available — all numbers sourced from concall transcript.*

Metric	Current Qtr (Q1 FY27)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Revenue (□Cr)	1,590	↓ 3.9%*	↓ 18.3%	□	Volume hit by delayed NTPs for new projects and advanced stage of old ones.
Gross Margin (%)	9.9%	↓ 60 bps**	↓ 210 bps	□	Normalizing to 8-10% range after Q4's one-off closure savings (12%).
EBITDA (□Cr)	96	↑ 71.4%*	↓ 48.7%	□	Reported EBITDA includes forex gains; Operational EBITDA was □78 Cr (4.9% margin).
PAT (□Cr)	53	↑ 35.9%	↓ 62.7%	□	Aided by lower effective tax rates and O&M growth.
Order Book (UOV) (□Cr)	13,000	↑ 165%*	↑ 10.1%	□	Record high; includes □9,000 Cr of orders won in H2FY26/ Q1FY27 yet to start.
O&M Portfolio (GW)	18.3	↑ 79.4%*	↑ 35.6%	□	Sharp jump; full revenue contribution expected from Q3 FY27 onwards.
Net Working Capital (□Cr)	(260)	→ Stable	↓ 21.0%	□	Remained negative; advances from Egypt/domestic mega-projects to improve this further.
Gross Borrowings (□Cr)	↓ 130 (reduction)	-	-	□	Declined due to scheduled term loan repayments.
Fresh Credit Lines (□Cr)	3,200	-	-	□	Secured cumulatively to support □13,000 Cr order book execution.
Bid Pipeline (GW)	27.7	-	↓ 10.6%	□	90% India focused; Solar PV + massive BESS opportunities.

**YoY comparisons estimated based on prior context/transcript growth rates; YoY Gross Margin vs FY26 average (10.5%).*

2B. SEGMENT BREAKDOWN

Segment	Revenue (□Cr)	YoY Growth	Margin (GP)	Trend	vs Company Avg	Key Development
EPC (Domestic)	~1,400*	↓ (Delayed)	8-10%	□	In-line	Sluggish domestic awards in Q1; Coal India L1 still awaiting NTP.
EPC (International)	~100*	↓ (Lumpy)	8-10%	□	In-line	Egypt 1GW project (USD 560M) NTP expected in September.
O&M	90	↑ 40%	~20%	□	**Above**	Portfolio hit 18.3 GW; full portfolio contribution from Q3.
**Segment revenue estimated based on total minus O&M.*						

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Revenue	10% to 15% growth for FY27.	Needs ~□6,700-7,000 Cr in remaining 9M; avg □2,300 Cr/qtr. Q4 FY26 (□1,946 Cr) suggests this is a heavy lift.	**Missed** (Prev: 15%+)	**High**
Guidance	Margins	EPC: 8-10%; O&M: 20%.	Q1 achieved 9.9% GP; highly feasible as O&M share increases.	**Met**	**Low**
Guidance	O&M Rev	□400 Cr to □450 Cr for FY27.	Q1 at □90 Cr; needs □110 Cr/qtr for rest of year. Portfolio jump to 18.3 GW makes this very likely.	**On Track**	**Low**
Strategy	Egypt NTP	September start for West Minya.	Critical for Q4 revenue contribution; 13-15 month cycle.	**New**	**Medium**
Strategy	Reliance	Confident of "large share" of 40-120 GWh build-out.	Binary outcome; timing remains speculative and outside current 15% guidance.	**Delayed**	**Medium**
Macro	Domestic Mkt	25 GW Solar + 35 GWh BESS awards in FY27.	Management expects "catching up" in Q3/Q4 after a slow Q1 (only □6.4k Cr awards).	**Delayed**	**Medium**
Balance	Deleveraging	Almost deleveraged (fund-based) after next 1-2 years.	Scheduled repayments of □130 Cr this quarter confirm the trajectory.	**On Track**	**Low**
Governance	Indemnity	Promoter indemnity covers LDs for Australia/ US cases.	Recovery of □120-130 Cr expected from promoters this year.	**On Track**	**Medium**

4. ANALYST Q&A

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
1	5.0	Kunal Shah / DAM Capital	Rev Miss	Financials	"Could you just explain what happened during the quarter [revenue decline 10% Y-o-Y]?"	Management blamed delays in NTPs/LOAs for new orders and the advanced stage of old projects where supplies were already booked. This confirms a "revenue gap" that increases the execution pressure on H2.	None	4.0	Logical/ Clear
2	4.5	Kunal Shah / DAM Capital	Egypt Project	Business Overview	"Could you just explain the life cycle of [the Egypt] project? And when will the execution start?"	The USD 560M project has a 13-15 month cycle with NTP expected in September, contributing mostly to Q4 FY27 and beyond. This de-risks the FY28 outlook but provides limited relief for FY27 H1.	None	5.0	Specific timeline
3	4.0	Kunal Shah / DAM Capital	Bank Limits	Financials	"None of the company-specific banking limits would be used for [Adani/ Reliance/ Egypt], right?"	Egypt will use a mix of existing and project-specific lines; Adani/ Reliance will likely require minimal company limits as supplies are from their side. This suggests growth is no longer bank-limit constrained.	None	4.0	Directio
4	4.0	Yash Jhurani / Qode	ALMM Risk	Macro	"How much of our	The Coal India order is under	None	4.5	Reassu

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					INR13,000 crores UOV is exposed to the ALMM list?"	the DCR (Domestic Content Requirement) category, but prices are locked, mitigating module price surge risks. This protects margins from domestic supply chain volatility.			
5	5.0	Jayesh Shroff / Cask Capital	Execution Load	Management Commentary	"That means that your execution in H2 will need to be greater than... INR2,600 crores... are we geared up for such kind of execution scale?"	Management asserted they have "no other option" and have demonstrated 2,500 Cr+ quarters in the past (Q4 FY25). This confirms a "make-or-break" H2 where any site delay leads to a guidance miss.	None	3.0	High Pressur
6	4.5	Jayesh Shroff / Cask Capital	Guidance Cut	Management Commentary	"You have already reduced the top line guidance from more than 15% to 10% to 15%."	Management acknowledged the revision, citing the Q1 delay in new order starts. This is a clear "walk-back" from the optimism displayed in the Q4 FY26 call.	The reason for the *range* shift	3.0	Walk-ba
7	4.5	Adwait Javkar / EquiPoise	Claim Recovery	Financials	"Realistically, when do you expect a meaningful portion of these claims	US court cases (the largest claims) will take 2-3 years, while others may	None	4.0	Honest timeline

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					to be resolved?"	settle earlier; □120-130 Cr recovery from promoters is expected this year. This keeps the litigation "overhang" alive for the medium term.			
8	4.0	Anirudh Singhi / Dalal & Broacha	Australia Arb	Governance	"This recent arbitration that we entered in Australia, is that covered under indemnity?"	□110 Cr of the □200 Cr Australia claim is covered under LD indemnity; the balance is a strong legal case for recovery. This limits the "downside" cash-out for the company.	None	4.5	Quantifi
9	3.5	Balasubramanian / Arihant	BESS Strategy	Business Overview	"What kind of battery constraints we are looking on... Is that any changes in technology?"	Sourcing remains overseas as Indian BESS manufacturing is just assembling; SWREL is "carefully evaluating" partners for India to avoid performance risks. Highlights a bottleneck in the domestic BESS ecosystem.	None	3.5	Strategi
10	4.0	Kenil Mehta / Omkara	O&M Growth	Business Overview	"Any reason for increasing in our O&M capacity drastically... from 13.5	Growth driven by 5.8 GW of in-house EPC completions moving to O&M phase plus a 1.2 GW	None	5.0	Quantifi

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					gigawatts to 18.3 gigawatts within 1 quarter?"	third-party win. Validates the "Integrated EPC + O&M" model as a growth flywheel.			
11	4.0	Kenil Mehta / Omkara	Reliance Scope	Strategy	"In that [Reliance order], all the raw material will be provided by Reliance New Energy only?"	Management declined to reveal specifics of the contracting model but noted it will be on "arm's length basis" with potential for partial supply scope. Maintains the "confidentiality" of the parent-subsidiary relationship.	Specific scope	2.5	Evasive

PATTERN FLAGS & SENTIMENT * **The H2 Execution "Wall":** Analysts (Shah, Shroff) were clearly skeptical of the backend-loaded guidance. Management's response that they "have no option" but to deliver □2,500 Cr+ quarters is a high-stakes bet that assumes no further administrative or monsoon-related delays. * **Administrative Friction:** The common thread was "LOA/NTP delays." Whether in Egypt or Coal India, the business is currently waiting on clients to press the "start" button. Management's tone was frustrated but optimistic that these are timing issues, not structural cancellations. * **Litigation Endurance:** Questions on US, Australia, and Egypt claims (□3,800 Cr frivolous + □1,800 Cr claims) show that analysts are still doing "forensic" math on the balance sheet. Management's push to move focus to the □13,000 Cr backlog was only partially successful.

Analyst Sentiment Verdict: Analysts are **Cautiously Skeptical**. While they applaud the record order book and Egypt win, the revenue miss and guidance cut have dented the "straight-line recovery" narrative. Credibility remains stable but is now conditional on a massive H2 performance. The Reliance "silence" continues to be a point of friction.

GUIDANCE GAPS REVEALED IN Q&A

Topic	What Mgmt Claimed (Prior Q4)	What Q&A Revealed	Gap / Walk-back	Risk to Thesis
Revenue Growth	"More than 15%" growth for FY27.	Revised to "10% to 15%".	**Downside Revision**	Medium - Shows less buffer for execution delays.
Quarterly Run-rate	Guided for □2,000-2,500 Cr per qtr.	Q1 hit only □1,590 Cr; Q2 also expected to be "slow."	**Timeline Slip**	High - Pushes pressure to Q3/Q4.
Egypt Contribution	Landmark win seen as immediate catalyst.	NTP in Sept; meaningful revenue only from Q4.	**Phase Lag**	Low - Revenue is delayed, not lost.

5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (Q4 FY26)	This Quarter (Q1 FY27)	Direction
Order Book	□11,813 Cr	□13,000 Cr	↑ Improving (Record)
Revenue Growth Guide	15%+	10% - 15%	↓ Deteriorating
O&M Portfolio	13.5 GW	18.3 GW	↑ Improving (Strong)
Gross Margin	12.0% (One-off high)	9.9% (Normalizing)	↓ Normalizing
Credit Lines	□2,800 Cr	□3,200 Cr	↑ Improving
Domestic Awards	Robust activity expected	Sluggish (only □6.4k Cr in Q1)	↓ Sluggish Market
BESS Capability	Serentica 790MWh win	Egypt 600MWh win (Gigawatt scale)	↑ Improving (Tier 1 status)
Net Working Capital	(329) Cr	(260) Cr	□Stable (Slightly less negative)

STOP HERE.