



January 23, 2026

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Sub.: Investors Call Q3 FY 26 - Transcript

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Dear Sir/ Madam,

In continuation to our letters dated January 12, 2026 and January 15, 2026, please find enclosed the Transcript of the Investors Call held on Friday, January 16, 2026, at 10:00 A.M. (IST) on the Unaudited Standalone and Consolidated Financial results of the Company for the quarter and nine months ended December 31, 2025.

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**

Jagannadha Rao Ch. V.
Company Secretary and Compliance Officer
Encl: As above

Sterling and Wilson Renewable Energy Limited

Regd. Office: Universal Majestic, 9th Floor, P. L. Lokhande Marg, Chembur (W), Mumbai - 400043
Phone: (91-22) 25485300 | Fax: (91-22) 25485331 | CIN: L74999MH2017PLC292281
Email: info@sterlingwilson.com | Website: www.sterlingandwilsonre.com



“Sterling and Wilson Renewable Energy Limited Q3FY26 Earnings Conference Call”

January 16, 2026

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 16th January 2026 will prevail.



MANAGEMENT: MR. C.K. THAKUR – GLOBAL CHIEF EXECUTIVE OFFICER
MR. AJIT PRATAP SINGH – CHIEF FINANCIAL OFFICER
MR. SANDEEP THOMAS MATHEW – SENIOR VICE PRESIDENT, INVESTOR RELATIONS

Moderator: Ladies and gentlemen, good day, and welcome to Sterling and Wilson Renewable Energy Limited Q3 FY '26 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 date of this call. These statements are not the guarantees of future performance and 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.

I now hand the conference over to Mr. Sandeep Thomas Mathew, Senior Vice President, Investor Relations, for his opening remarks. Thank you, and over to you, sir.

Sandeep Thomas Mathew: Yes. Good morning, and very welcome to our Q3 FY '26 earnings call. We have with us today Mr. C.K. Thakur, our Global CEO; Mr. Ajit Pratap Singh, our CFO; and SGA, who are our IR partners. We will start today's call with the key operational highlights for the quarter and industry outlook by Mr. Thakur, followed by the financial highlights by Ajit, post which we will open the floor for Q&A. Thank you, and over to you, CKT, sir.

C.K. Thakur: Thanks, Sandeep, and a very good morning to all of you. This investor earnings call marks my first anniversary as Global CEO of Sterling and Wilson, and I would like to thank all stakeholders for their continued support in this exciting journey.

I'll begin today's call with a quick update on business operations and outlook. The third quarter has been an eventful and exciting time for our business with the company achieving some important milestones, which is expected to have a long-term positive impact on the company's future operations.

We have been able to deliver on the key order inflows guidance, which is a critical lead indicator of the company's business health. While we had conservatively projected 15% growth in order inflows at the start of this fiscal year, we have already achieved INR6,929 crores of new orders this fiscal till date. Of this, INR3,086 crores of new orders was bagged in the third quarter through 4 new project wins.

We are happy to announce that with the orders already achieved and a few more orders in advanced stage of closure, we are increasing our order inflow guidance to more than INR11,000 crores in this fiscal, which is more than 60% year-on-year growth in order inflows and will mark this fiscal as one of the most successful ever in terms of order bookings for the company.

We bagged 4 new orders this quarter totaling INR3,036 crores. The first was a gigawatt scale order from Adani Green for a balance of system package for 3 solar power projects at one of the world's largest RE projects at Khavda Renewables Energy Park, Gujarat. This order is valued at approximately INR1,381 crores.

We also took a meaningful step towards deepening our engagements by entering into a multiyear strategic partnership framework agreement with Adani Green Energy Limited. This framework

is intended to support future utility scale renewables deployments through our structured and enduring engagement model and reflects a growing industry preference for experienced EPC partners that can deliver large, repeatable project scopes with speed, consistency and rigorous risk management.

We view this partnership as a strong endorsement of our execution capabilities and operating discipline as well as a recognition of our increasing relevance in India's next phase of large format renewable energy development, where scale, reliability and repeatability will be critical differentiators.

We are confident of delivering the projects within stipulated timelines which we also hope will start to showcase our ability to deliver domestic gigawatt scale projects in a short 12 months time frame or lesser, which we expect will increasingly become the norm for the project in Kutch regions where a huge 100-plus gigawatt scale PV project pipeline is building up.

On the domestic side, there has been 2 more key project wins in the third quarter, including a 210-megawatt project from a private IPP and the large 790-megawatt hour battery energy storage project from Serentica. After the JSW BESS order award last year, the Serentica project win really establishes our BESS credentials strongly in the market.

In the international market, we continue to make strong inroads in South Africa, where we have bagged our second order win this fiscal with a 240-megawatt turnkey project worth nearly USD147 million. This will be the fourth project we will be executing in South Africa, and we have made strong progress with the first 2 projects in South Africa as well.

At this point, it may be worth reiterating that all our post-COVID international projects have been moving along expected lines and profitability, indicating that our strategy to only work as per our terms and risk appetite in the international market is bearing fruit.

On the execution side, we are continuing to scale up and deliver as per expectation. This is evident from our top line, which is up nearly 48% year-on-year and also well ahead of the revenue guidance at the start of the year.

Moving to our unexecuted order value. It currently stands at INR10,413 crores compared to INR9,096 crores as of March '25 and approximately INR9,287 crores as of last quarter. About 75% of our current order book comprises domestic Indian projects, while the international UOV comprises primarily 2 projects in Europe, which are in advanced stages of completion and 4 projects in South Africa. A large proportion of new wins is coming from clients with strong balance sheets, projects with clearer land and transmission visibility.

Our operations and maintenance business continues to be a steady and growing annuity stream and has now touched the 10-gigawatt portfolio mark. The O&M portfolio has crossed critical scale, supported both by third-party contracts and the steady commissioning of our own EPC projects. As more large projects move from construction to operation, we expect this segment to contribute meaningfully to revenue stability and margin resilience over time.

Now coming to the industry outlook and how things are shaping up for us in quarter 4 and beyond.

We have nearly 6 to 7 gigawatt of orders that are likely to be bid out this quarter in India alone. And we are fairly confident of making further headway in some of these bids. We also have some interesting projects lining up in the international side, where as I mentioned earlier, we are beginning to find work along with terms that we prefer and find equitable. I would like to reiterate that we continue to remain patient and carefully evaluate projects in India and overseas. We stay focused in targeting profitable orders. We did see some aggressive biddings in the last 2 quarters on the PSU side, especially from smaller new EPC entrants.

Last but not least, our new order inflow guidance does not capture any potential order inflow from Reliance, where we continue to remain in active dialogue on their large multiyear multi-gigawatt RE rollout. Those will be over and above our current guidance for this fiscal. For financial year 2027, we are already beginning to see a strong third-party EPC pipeline continue to build and expect the market bids can surpass over 30 gigawatt.

What gives us greater confidence is the character of our order pipeline. We are increasingly engaging in projects that are part of multiyear capacity rollouts. These programs will typically involve repeatable scopes, standardized engineering and tight integration with transmission and historic infrastructures, and an environment where scale, experience and process maturity becomes distinctly advantageous.

Over the past quarters, we have seen a visible shift in how large developers engage with EPC partners — moving away from purely transactional contracts towards longer horizon engagement frameworks and deeper operational coordination. This evolution aligns well with our strategic intent to grow through repeatable executions rather than episodic wins. These developments are structurally significant for EPC players like us.

A broader outlook for India's renewable synergy sectors remains fundamentally constructive. Installed capacity continues to rise. Costs are tending lower. And ecosystem is deepening across manufacturing, energy storage and emerging building sectors such as hydrogen and ammonia.

As India accelerates its transition towards renewables, the availability of reliable large-scale battery storage systems is becoming essential for round-the-clock power. Despite its strategic importance, India's installed BESS capacity is at a very nascent stage. As of June 2025, cumulative operational capacity stood at roughly 0.5 gigawatt hour. CEA estimates India will need 34.7 gigawatts and above of BESS capacities by the end of financial year 2027. This widening gap between current capacity and future requirements is now driving a significant reallocation of capital across the power value chain where we hope to play an active role in the coming years.

With this, I'll ask Ajit to take you through the consolidated financial highlights. Thank you very much.

Ajit Pratap Singh:

Thank you, CKT sir, and good morning, everyone. Our quarterly performance has continued to pick up pace. We achieved our highest ever third quarter top line performance since listing with revenues reaching INR2,092 crores. For the 9-month period, our revenue has grown 48% year-on-year to INR5,602 crores. The strong top line performance is largely attributable to improved execution pace witnessed in our domestic EPC business aided by the availability of nonfund-based limits in recent quarters, among other factors.

Our unexecuted order book of INR10,413 remains healthy and diversified, providing revenue visibility for the future periods. Importantly, the nature of the outlook continues to improve with commercial structures that minimize commodity price exposure, accelerate cash flows and are less demanding on our balance sheet. This reflects our conscious decision to prioritize quality of earnings over aggressive bidding, a principle that remains central to our operating philosophy as we prefer to chase margins rather than changing only the top line growth.

On the gross margin front, our 9MFY26 gross margin was 10% compared to FY25 gross margin of 10.1%. Third quarter gross margin of 9.5% has shown improvement, both sequentially where it was 8.9% in previous quarter and versus same period last year, where it was about 9.4% in Q3 FY '25.

Our operational EBITDA, which is operating revenues less recurring overheads amounted to INR105 crores this quarter compared to approximately INR90 crores seen in Q3FY25 last year and INR62 crores seen in prior quarter. On a 9-month basis, operational EBITDA is up 115% to INR289 crores from INR134 crores in the same period last year. The operational EBITDA is a key indicator of how operational leverage can favourably aid bottom line as execution scale pickup.

Our recurring overheads have remained flat in this quarter at around INR93 crores and at levels similar to seen in last quarter. Our nonrecurring overheads for this quarter was impacted by an additional charge on the Conti matter towards legal expenses of Conti as a result of the final order, which we received in Q3, that resulted in us having to provide for some additional costs, thereby impacting our reported PBT and PAT.

Now coming to the balance sheet numbers. Our debt levels have remained stable during the quarter, with net debt decreasing by approximately INR4 crores compared to last quarter and stands at INR738 crores. Our net working capital has shown improvement at negative INR407 crores compared to negative INR279 crores in previous quarter. And we continue to operate in a negative working capital cycle.

We have been able to retain our credit rating during the quarter and continue to make progress on fresh limits on non-fund as well as fund-based requirement. We have been able to raise fresh funds to the tune of around INR2,500 crores since the start of the fiscal. That includes both fund-based as well as non-fund based limits. With respect to indemnity proceeds, we have received the full amount from Mr. Khurshed Daruvala, while we are expecting Shapoorji Group payment by January 31.

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

Moderator: Thank you very much. The first question is from the line of Sameer Dalal from Natverlal & Sons Stockbrokers. Please go ahead.

Sameer Dalal: So two questions. The first is, we've scaled up our operations very well, which is -- congratulations on that. You've got INR2,000 crores revenue. But obviously, the gross margins have not come in very good, for the simple reason that if you look at your overall costs have not gone up, but your operating margins overall have not gone up, in fact, have gone down quarter-on-quarter. So what was the reason for that lower gross margins? And how do we see gross margins moving going forward, given that we are working on this kind of open costing model, especially the one we tied up with Adani?

Two, INR30 crores, again, we took additional loss. I'm guessing now this is completely over. But going forward, do we -- I mean, are there any other known or unknown risks that lie in the balance sheet like the one we had? And if you can just elaborate a little bit on that?

Ajit Pratap Singh: Sure. Sure. So in terms of gross margin, as we've indicated earlier also, we expect a gross margin in the range of 8% to 10%. And the gross margin is changing based on the orders we execute, whether it is a turnkey order or it's only BOS, because in general, in percentage terms, margins are better if the order is only BOS.

If it is coupled with the module supplies, in terms of margin percentage, the margins come down a little bit. But on an overall basis and absolute number terms, our margins improved. So we'll continue to maintain the guidance of around 8% to 10% overall margin, and I think we are in the same range.

Coming to the second question on Conti matter. Last time when we gave our investor presentation, that time, we have received the interim order under Conti matter. And that interim order has a variable element, which was legal fees of the Conti lawyers which was to be reimbursed on an actual basis.

And this INR30 crores is towards that legal fees of Conti lawyers. We now received the final order and with that, we believe the Conti matter is over in terms of the impact in our financials. Going forward, most of the legal cases are covered under indemnity. Conti case was the largest case, which was not covered under indemnity, and we don't foresee any large impact in future like Conti in our financials.

Sameer Dalal: I understand that. My question is, are there any small -- you said this is the largest one. Are there any smaller ones that we need to look out for, which will have smaller impacts, no doubt. If you can just tell us if there is any possibility of anything coming up surprising because that is what has hurt the stock. People don't like these sudden losses, sudden exceptional losses coming up. So, can you just tell us what exactly is there in the book? Even if it's small INR10 crores, INR5 crores, whatever, what is the possibility of any loss, I think, which is not stopped by the erstwhile promoters?

Ajit Pratap Singh: There is -- at this point in time, there is no crystallized foreseeable loss which is not covered right now.

Sameer Dalal: No, my question is not the crystallized. I'm saying what is there in the books? Is there any contingent liability that we need to worry about? And what is that amount?

C.K. Thakur: No. So, Sameer, so basically, you see there are 2 things. One is that some kinds of the non-recurring things coming out of the court cases. And the other part is that if you can foresee some of the losses through operations, right? So if you see the operational losses, I don't see any such eventualities coming in, right. So as of now, we don't have any claims from the client. There's no operational deficiencies, absolutely not, right? So I don't foresee any such things to happen again.

On the court side cases, right. So we are pretty confident that whatever court cases are pending for the U.S. matters, once it is -- I mean, we are pretty confident about winning those cases. But the court case is a court case, you know that, right? So -- but then our all experts' opinions, legal experts' opinions, I mean, stay confident about winning these cases.

Sameer Dalal: All right. So what is the value for those court cases. That's the question.

C.K. Thakur: No. So I mean court cases are basically -- all of you are aware that this is all basically the -- I mean the encashment of the bank guarantee, right? So those against that encashment of the bank guarantee we have moved to the court. That's it. Otherwise, there is nothing that the client has basically -- knowing the process, this goes -- I mean, clients have some claims. We have some claims. But it's all about basically against the bank guarantee encashment, that we moved to the court.

Ajit Pratap Singh: So our cash outgo at this point in time is around INR750 crores towards legal cases, which is covered under indemnity.

Moderator: The next question is from the line of Puneet from HSBC.

Puneet: Can you also talk in detail about what is the framework agreement that you have with Adani? Does it lock in your margins, any volumes?

C.K. Thakur: Yes. So this is 5 years or more framework arrangement and the scope is defined. Contractual terms and conditions have been agreed between both the parties. And if you can successfully complete this project, which is in hand, basis that since they have a lot of ambitious plans in Khavda regions to go on - we are expecting that at a similar rate or even more than that, we could be getting EPC orders year-on-year basis.

Margins, typically, if you see it is aligned with the numbers that Ajit has just spoken, so this comes to be around INR10 lakhs per megawatt, kind of things, right? So which comes to be around 10%, something like this.

So it is all aligned at the market. But what is important is that it is all in the same region without any risk of the module price going up and down or transmission lines or the land issues. So we have assured business, right? So with this kind of business propositions, we feel that our stability towards the margins and all would continue.

- Puneet:** Is there any quantum of how many gigawatts you will execute over the period or each year?
- C.K. Thakur:** Yes. So this year, the first order that we are executing is over 1 gigawatt and for the value of INR1,381 crores and they have the huge capacity to add it there. Initially they were doing their internal EPC. Now they have moved to the third-party EPC. So there are 4 -5 parties. We and L&T are the major players there. So, depending on our performance, which we are, I mean, pretty sure about delivering good, we should be expecting, if not more, at least the same gigawatt level kind of operations every year for them.
- Puneet:** So 1 gigawatt each year broadly.
- C.K. Thakur:** Minimum. That's what I said. Minimum. 1 Gigawatt and more, right? Yes.
- Puneet:** Okay. And any further clarity from when the Reliance will start for you?
- C.K. Thakur:** So I mean, things seem to be on the ground now. The infrastructure development activities are going on. And we are expecting that some more traction will take in this quarter, end of this quarter.
- Puneet:** Okay. And will we have bandwidth to do both Adani and Reliance at the same time? Or would you have to rely on any external help here?
- C.K. Thakur:** I think it's a very interesting question. Today, we are doing almost 10 gigawatt in the country, right, and overseas. And every single segment is defined in a manner that a particular -- I mean, operational region is sufficient to deliver that kind of goods. So while we're talking about Reliance, obviously, we have to build up our capacity. That's how the organization expands. So, Reliance -- Adani has a separate setup that has already been defined.
- When we are moving to Reliance, then Reliance setup will be different. Everything will be different. So as far as capacity is concerned, no organization from day 1 say that we are there to handle everything, but gradually have to improve, and you have to keep on building up. So that exercise, we will continue doing, but we are confident of delivering.
- Puneet:** Understood. And just lastly, if you can elaborate why Conti was not covered in the indemnity?
- Ajit Pratap Singh:** Most of the cases with customers, those who were covered under indemnity when Reliance came as a new strategic investor in the company. Conti being a case with subcontractor that was not considered during due diligence and negotiation with Reliance when they joined as an investor. And case also started after the Reliance came. So -- it was not before that.
- Moderator:** The next question is from the line of Bajrang Bafna from Sunidhi Securities.
- Bajrang Bafna:** Just need to understand your gross margins during the quarter was above 9%. But despite that, our EBITDA margins on a consolidated basis is around 3% or maybe slightly better than 3%. So can you cite is there any one-off in the operational numbers on consolidated basis also?

- Ajit Pratap Singh:** So I think as we alluded during our discussion, one, Conti matter came that we have shown around INR30 crores cost for that. And yes, so that has impacted our EBITDA margin from our gross margin.
- Bajrang Bafna:** But that too you have shown as an exceptional item. So I'm not talking about that. That has been mentioned in the consolidated numbers. But even after excluding that, your EBITDA is somewhere around INR65 crores or INR67-odd crores on a consolidated basis. So normally, you indicated that our recurring cost is around INR93 crores. So the numbers are not matching up because still the EBITDA looks a little lower on percentage terms and also on absolute terms. So any other one-off in the numbers apart from this INR30 crores?
- Ajit Pratap Singh:** In one of the case in Australia, we have incurred certain expenses on defect liability during O&M. So those costs have been accounted for, but those are normal business expenses basically, although one off, but normal business expenses in terms of our O&M cost. So O&M margin, that's why came down a little bit during the quarter, and that has impacted our EBITDA.
- Bajrang Bafna:** Okay. Got it. So sir, next year, excluding, let's say, Reliance is something that also we expect maybe some time in the near future. That is also something which is expected. But barring Reliance, in FY '27, considering our order book is about INR10,000 crores, with Adani also in the foray, can we expect INR9,000 crores sort of top line in FY '27 with at least 9%, 9.5% sort of GP margin and close to 5% EBITDA margin. Is that a right assumption?
- Ajit Pratap Singh:** Yes. So in terms of revenue growth, we have guided for the current year around 15% to 20% growth over last year. We are on the same guidance. And for the next year also, we can consider similar kind of growth, 15% to 20% in the revenue with the gross margin, what I indicated during our discussion. So...
- Bajrang Bafna:** Got it. And sir, just on the interest cost part, during the quarter also on the consolidated basis, interest costs have shot up to almost INR45 crores or INR47 crores. So any broader reasons for that shoot up? And how do we see interest cost panning out into FY '27, because our debt is more or less stable, and we are almost a negative working capital company. So just some highlights on that will be really helpful.
- Ajit Pratap Singh:** So during -- if you remember, during last discussion, we have disclosed that we have obtained a loan from IREDA that was disbursed in September 2025. That was for INR500 crores. So interest expense out of that loan came during this quarter for full quarter, and that has increased overall interest expense.
- Plus during the current quarter, we have also taken another loan from an NBFC, for INR100 crores. So this put together the INR600 crores addition in our gross debt. That has increased the interest expenses. With the repayment of these loans, majorly in the next year, FY '27, we expect the interest cost to come down.
- Bajrang Bafna:** Okay. So can we expect the run rate to be around INR30-odd crores per quarter basis on FY '27?
- Ajit Pratap Singh:** It will change. First quarter will be high and then gradually it will come down until fourth quarter. My Q4 interest costs would be highest because we'll have INR500 crores impact of

IREDA loan, plus INR100 crores what we've taken recently, Q4 interest would be the highest one and then gradually it will come down. We can expect around INR35 crores, INR40 crores per quarter on an average basis.

Moderator: The next question is from the line of Anuj Jain from Globe Capital.

Anuj Jain: Congratulations on the good set of numbers. My -- just a simple question. I mean in terms of revenue visibility, we are doing a lot of many things, and it is shown in the numbers. But again, the same is not reflecting in the bottom line. That is the main concern over the last, I would say, 7, 8 quarters - that we have a very lumpy kind of bottom line due to some event or the other?

So when we can see a stabilized number going -- I mean by which quarter or which year we would be able to see the stabilized number that these are our gross margins and we have so much lumpiness in the EBITDA margins. So any stability in kind of numbers as an investor because it's pretty difficult in every quarter, we don't see any improvement on the bottom line side. So I just want to understand what is the way forward?

Ajit Pratap Singh: So one of the unforeseen issue was this Conti legal case, which we were hopeful to win, but ultimately, we lost and that has resulted in an exceptional loss in the last quarter as well as this quarter - of around INR30 crores this quarter, we have got the impact. With this, looks like most of these exceptional and unforced things are resolved.

And -- now in terms of cost also, we are in the process of rationalizing the cost and overhead. So we're expecting in the future, the EBITDA margins to be in the range of 5% plus and gross margin, as I indicated, 8% to 10%. So that's what we can guide at this point in time.

Anuj Jain: By when we can see that stability. I mean from the Q4? From the next financial year?

Ajit Pratap Singh: That's right. Yes.

Anuj Jain: From Q4, you're saying?

Ajit Pratap Singh: Q4 onwards. Yes.

Anuj Jain: Okay. Okay. And one more thing. Any colour on this Nigeria project? I mean do we have any discussions going on or still it is not there or...

C.K. Thakur: Yes. So Nigeria, it is still on. I will not say -- I mean now what has happened is that basically the Ministry of Finance has taken over the SPV operations, right? So they say that now this project is to be under SPV. So the project is still on, but their internal discussions, it has moved to Ministry of Finance. So at this stage, I can only say that there's still things are going on.

Anuj Jain: Okay. Okay. And in your order win, you have one order win for the battery energy BESS thing. So can you quantify that thing? I mean how big that order is? And what kind of things are lined up in the battery energy storage system vertical?

C.K. Thakur: Yes. So, this order is for about 790-megawatt hour, although the battery supply is sourced from the client. But the rest of the integration is with us. So on the risk part, if you say, in a way, this

is better. right? Value is less, but then at least the battery risk is not there. Recently, you must have seen the battery prices are again going up and all. So, after the JSW orders last year, so this is the first large size BESS order that we have got.

Anuj Jain: So what kind of margins do you expect in this BESS project?

C.K. Thakur: Margin. Yes. So margin would be in the same range for all the EPC works, I'd say, whether it is the BESS project -- except for the BOS - the margin slightly goes down. But for all such BESS projects, all the margin remains the same, about 10%. So here also, it is more than 10% only.

Anuj Jain: And sir, value-wise, what did you say, I mean, in terms of value-wise BESS project, I mean.

C.K. Thakur: So this value is around INR170 crores.

Moderator: The next question is from the line of Danesh Mistry from Investor First Advisors.

Danesh Mistry: First of all, congratulations on a good set of numbers and revenue going pretty well. I had 2 questions. One, actually, you had alluded to a previous caller earlier, where you spoke about the O&M margin. But if you could give us a sense on, when do you think these would kind of come back to where they were. So if I were to see in December '24, your margins were close to 25%. And today, you're at approximately 3%. I understand there are one-offs that are there. But do you, at any point of time, see these margins coming back? Or will they be lower? That's question number one.

Question number two, sir, you also spoke about the Adani order, there's roughly 1 gigawatt a year, what would that translate in value terms? And any indication or colour on what would be the order booking next year, sir? That's it from my end.

C.K. Thakur: So I'll take the second question first, right? So, on the Adani order side, the value of the orders for over 1 gigawatt is around INR1,381 crores, right? So INR1,381 crores. And this is pretty aligned with the normal market orders that we get from the various clients from the PSU and then the IPP. So a better impact, we'll say. And as I have told, I mean, just now that this is a long-term framework agreement. So based on our performance in these projects, we'll keep on getting this kind of the megawatt level orders or even more. This, I think you see how the India is progressing. So last year has been around 62 gigawatts of the tendering. More -- I mean, part of them, the contract signing still has to happen between the implementing agencies and the developers. But with this, I mean, this pace has to continue.

But in the other energy transition element, the hydrogen and this and the other things coming up. So the requirement of solar for sure is going up only. So what we have seen this year, let's say, around 40 gigawatt plus we will be achieving. So I'm expecting the similar, I mean, traction will happen in a few years to come again, right? So whatever order guidance that we have given now, right? So I mean, around this level orders for sure will be coming. That's what I believe.

Ajit Pratap Singh: And in case of O&M margin, you are right, we have consistently given 20% to 25% O&M margin, and that's what we delivered also in the past. During this quarter, our O&M margins were around 18%. And there is a little bit dip in terms of O&M margin because of one-off

expense we have incurred in a defect liability in one of the international locations. So that has reduced our O&M margin for the quarter a little bit. But otherwise, we continue to maintain the guidance of 20% to 24%, 25% in the times to come.

Danesh Mistry:

Got it, sir. Because if you see, even last quarter, September quarter, I'm just seeing your consolidated numbers, the segment, your O&M top line was about INR63 crores, and your O&M EBIT was about INR9.5 crores. So that's about 15%. So I'm just trying to understand, sir, if we -- if O&M, if it remains at about INR60-odd crores is the top line, will your margin come back to the INR10 crores, INR12 crores number? Or is the new normal about INR8 crores, INR9 crores.

C.K. Thakur:

No. So basically, see, I mean, our business model remains the same. With some kind of risk that we are taking for O&M project, which is operational risk, that means we have to maintain the performance ratio, we have to maintain the availability, right. That is the terms in our scope. We maintain sufficient inventory of the spares and the plant operation and maintenance practices are strictly followed with our SOPs and all.

In this particular quarter, one of the Australian projects basically. So the panel, which normally doesn't fail, right? Normally such equipments are never supposed to fail. We have -- I mean rarely it will fail. But somehow these top panels, I mean, I don't know, because of what reasons, but then is still under the due diligence. But then these panels failed.

Although we took a lot of actions to airfreight the panels to ensure that the down time becomes less and all. But despite all the actions, there were unavailability for few days, right, for a few days. So, the generation loss during that day because of unavailability of one of the panels has really caused the penalty to be incurred. And that's the reason that this quarter it has gone down. Otherwise, if you see over the several quarters or I mean, historically, our margin at O&M level remains the same. So this one kind of event does not mean that it is cyclic. And then again, in the next quarter, we were going to get a hit also. No. So the margin will continue in the range that we have been getting from the O&M business.

Moderator:

The next question is from the line of Sagar Parekh from Renaissance Asset Management.

Sagar Parekh:

So, first question is this recent export rebate, which was taken out by China on the module prices. So do you see that impacting any of our projects, especially on the turnkey where the modules we have to supply. So I'm assuming the prices of modules will go up because of this?

C.K. Thakur:

It's a very good question. So fortunately, see, it has happened in the past also several times that we -- because of the sale price, the modules prices have fluctuated over 2x, and industry has suffered because of this. Fortunately, for us, the orders that we have, these modules, all the orders are tied up.

And one project that where we are L1, we can discuss, I mean, so the order is yet to come. And this will give us some time, some time for us to take a decision. And by that time, I'm expecting that the market will be again stabilized. So of course, yes, your apprehension is right. I mean, maybe there will be some slowdown on to the development part. But I think again, it will recoup

and it will happen because market forces is such a big force that, I mean, nobody can afford to basically slow down to the extent that, I mean, we are expecting.

So -- and then particularly for Indian market on the DCR components. So even if the cells for some more time will be coming from China, but the domestic market is gearing up. So next few months of times, I am expecting that all the domestic market, the Indian market will be immune from the kind of fluctuations in my opinion, right. So this is the dynamics, but we have to keep watching. But then we are not affected. We are not affected for any of our orders.

Sagar Parekh:

Right. So India, anyway, we have been BOS largely except I think one EPC order. But -- so there is less kind of impact. But in all the South African orders and in the past also, we had tied up all these modules and then the module prices went up, and they backtracked on their contract. So that is the apprehension that I'm coming at?

C.K. Thakur:

No. So basically, you are right. So earlier, we used to take the module risk from the date of submission of the bids and all. Now the course we have taken is that the module price risk is to the customers' account till the date the NTP is given to us, right? And once the NTP is given, that means any fluctuations in the module price are to the clients' scope.

So after that, there is hardly any risk. So once the NTP is given and that price is taken care of, that means we are on to the current market level. And I mean it does never happen that every single day, the module price is going up. So we have 3, 4 months' time of window. And during this time, then we ensure that the module supplies are happening.

So, whenever we have suffered in the past from the -- I mean, from our experience, if you see for international projects, they are all basically -- primarily the prices were agreed some years before. And then during the course of execution, the prices have gone up, and there we have no contractual protection. But now every single contract that we are signing, the contract has protection that the client has to take responsibility till NTP date.

Ajit Pratap Singh:

And post NTP we generally tie up with the supplier without further delays.

Moderator:

The next question is from the line of Kartik Sharma from Anand Rath Institutional Equities.

Shweta:

Shweta here. Sir, taking forward the industry question only. Number 1 is, where are we in terms of let's say, future order inflow, not next 2 years, 3 years, but if this MNRE order, the 43 gigawatt PPA signing, which has been delayed, what kind of impact can it have on us and EPC players in general?

C.K. Thakur:

So see, our business model now is basically -- so we're getting from 3, 4 verticals. So one is the international orders that we're talking about. In domestic markets, we are now in a framework with Adani, which can give you a better stability in terms of order inflow. Then we are expecting Reliance to start, that will give us the better stability.

In terms of overall India level, if you can say, then you are right. So out of the 60 gigawatt that was, I mean, tendered out, around 40 gigawatt kind of contract yet to be signed. So that means the PPA adoption issue or some other issues, the land acquisitions or maybe there are so many

policy-related issues. So -- but I'm sure that all those orders with a delay, but then soon, these are all going to be sorted out.

It won't be -- I mean, pending forever. Otherwise, the Government of India programs for achievement of the 500 gigawatts would be under trouble. So industry is watching. And historically, if you see, this is for the first time that such a large gigawatt level of PPA signing is pending, and there has been a hue and cry and the people are pushing -- trying to solve it as early as possible.

Shweta: Correct. Sir, taking that module pricing question forward, I really -- I did not clearly understand how does that module price -- changes in the module prices affect the international orders? Because even if we are transferring the modules -- even if we are making on a BOS basis, the sale prices -- the rebate has been cancelled on sales and wafers too, correct?

C.K. Thakur: No. So you see in the value chain, the wafer price is basically smaller than the cell price, correct? And now the large manufacturers in India when after 1st September 2025, when the DCR components, any bids which are going out from after 1st September 2025, I mean, necessarily, you have to follow the ALMC, which is the domestic makes.

Now under this scheme, so today, our module manufacturing capacity would be around 125 gigawatt, right? And the cell would be around 60 gigawatts, something like this, right? And in the value chain, the wafers are also coming up.

So I am expecting that at least for the large players like Adani, Reliance, the Waaree, Vikrams, all those domestic capacity would be sufficient to cater to the requirement of Indian market. Indian market is around 40 gigawatt a year, and that means capacity is already demonstrated. Now since it's going out and all those kind of things. But once the ALMC condition is imposed, the domestic requirement is to be fulfilled first.

So I don't foresee any reasons that with all those things coming up and the the pricing mechanics would be evolved when everything would be on the DCR. So then it is part of the contract. Then maybe the tariffs will also go to higher end kind of things.

Shweta: Do we expect LCOEs to inch up in that case?

Moderator: Sorry to interrupt, Shweta. Please rejoin the queue for more questions. The next question is from the line of Bhavik Shah from Invexa. Please go ahead.

Bhavik Shah: So my question is the bid pipeline stands at around 8.4 gigawatts versus the last quarter bid pipeline of 25.4 gigawatts. And we have received around orders of around INR3,000 crores in this quarter. So what gives us the confidence 8.4 gigawatts, we should be able to win us under INR4,000 crores of orders, one. And how much in this inflow you have accounted for Adani?

C.K. Thakur: Yes, so I think it's a good question. So basically, we are already L1 in one of the very important PSU for the large size project, right? And then we are at the advanced stage of closing few orders with the private IPPs, also international. So with all those things, we are pretty confident that we'll be crossing or we'll be achieving this INR4,000 crores mark.

- Bhavik Shah:** Okay. And can you just throw some light on the South Africa project. How are the margins there? Because we are actually moving towards an international order book and shifting from the domestic focus which we had in the recent couple of years.
- C.K. Thakur:** No. So we are not shifting our focus from domestic to international, as we have told that in the investor speech also. So we are very carefully evaluating the projects outside domestic market. And those projects are at better margin and the terms and conditions are conducive to our requirement, those projects we are taking, right? So we are not, just for the sake of increasing our share in the international market again.
- Bhavik Shah:** But do we have the forex risk there?
- C.K. Thakur:** No. No. So this is all -- the contract is in dollar. So there is no forex risk. So we are -- the payment would be done in dollars.
- Bhavik Shah:** Any guidance for the next year?
- C.K. Thakur:** Well, I think with this rate only will keep on increasing. So see now I mean, 3 to 4 projects we are getting every year. So at least we can say this year, we have 2 and other years also will target 2, 3. So we'll go conservatively. We will not go for -- I mean, any number of projects that we want to pick up. We'll go for the projects only those are good for us.
- Ajit Pratap Singh:** So, all the ongoing projects internationally, we are just towards completion only. So those 4 projects, 2 in South Africa, 1 in Spain and 1 in Italy. These are likely to be completed in the next 3, 4 months. So, these 2 new orders will give us some momentum to continue business internationally. And in terms of guidance, we can say around 15%, 20% of our overall revenue or order book would be international. Otherwise, our focus primarily would be domestic market.
- Moderator:** The next question is from the line of Amit Agicha from HG Hawa & Company.
- Amit Agicha:** Yes. So the recurring overheads are like about INR93 crores in Q3, what is the steady state quarterly overhead run rate as the business scales? And what is operating leverage roadmap?
- Ajit Pratap Singh:** So we are in the process of rationalizing our costs though, but on a conservative basis, we can consider the similar kind of run rate to go ahead.
- Amit Agicha:** Approx. INR100 crores every quarter?
- Ajit Pratap Singh:** Yes, around INR90 crores.
- Moderator:** The next question is from the line of Rabindra Nath Nayak from Sunidhi Securities.
- Rabindra Nath Nayak:** I have a couple of questions. Regarding the consolidated shipment performance, you can see that the operational O&M margin has come down substantially in this quarter. Does it have something to do with the gross margin, because the gross margin has not improved substantially, but the EPC margin has improved. Does it have something to do with the gross margin? That is my question -- first question.

And regarding the interest cost and also the overhead cost, interest cost -- you mentioned that the interest cost has gone up due to the additional loans you have taken in this quarter. And also probably this quarter will remain elevated -- interest costs. And also the legal expenses you were saying that a lot of cases have been resolved. So do you see that the legal expenses will go down. And also, will we see the other expenses, which is now INR66 crores in this quarter consolidated level will go down in the coming quarters. That is my second question.

And the last question about this tax outgo, which is very low in this quarter. Could you highlight what are the reason for this. And the guidance update for the extraordinary expenses in the P&L. And what are the projects which are running the reserve bases, which has come after the Reliance has taken the stake in the company.

Ajit Pratap Singh:

Sure. We'll try to answer as many as possible. So in terms of O&M expenses or margin, as Mr. CK Thakur has also spoken. In one of the case in Australia, we had to incur certain expenses because that project was under defect liability period, and that has resulted in additional costs being booked under O&M and that reduced our margin. So our gross margin in O&M for the quarter was around 18% as against our normal margin, which remains in the range of 20% to 24%. So that has ultimately resulted in a reduction in O&M margin. That's one.

In terms of interest costs, as I mentioned, we have taken INR500 crores loan in last quarter, September end. And this current quarter, we have taken about INR100 crores. So interest cost would remain elevated during this quarter as well, Q4 and then it will start coming down from Q1 of FY '27 onwards.

In terms of tax, tax expenses are low because we have booked exceptional expense during the last quarter as we lost case in Conti, and that has resulted in our PAT being negative on a consolidated basis as well as on a stand-alone basis, and we got that benefit so that our stand-alone tax profit has come down basically it is negative and there won't not be any tax obligation on my stand-alone balance sheet going forward for -- in this current quarter also and some of the future quarters as well until the time we set off the entire losses. So that has resulted in our tax expenses getting reduced in the quarter.

Rabindra Nath Nayak:

Okay. So can you please give guidance -- what is the guidance of the sales and gross margin for this year?

Ajit Pratap Singh:

Say, for the current year, we have given a guidance of 15% to 20% growth over last year, and we continue to maintain the same. In terms of gross margin for the full year, it would be in the range of 8% to 10%. And going forward, also, we continue to maintain the same guidance.

Moderator:

The next question is from the line of Aniket Madhwani from Steptrade Capital.

Aniket Madhwani:

Yes. First of all, congratulations on a good set of numbers. And I just want a clarification. You have mentioned 15%, 20% growth over the FY '25 or the quarter-on-quarter basis?

Ajit Pratap Singh:

FY '25. For the full year, 15% to 20% growth, yes. .

Aniket Madhwani:

Okay. And what is the current order book in hand, outstanding orders?

- Ajit Pratap Singh:** At this point in time 31st December was at INR10,000 crores plus order book. Plus another INR4,000 crores orders are in the final stage of negotiations, which we can expect during Q4.
- Moderator:** The next question is from the line of Sarang Joglekar from Vimana Capital.
- Sarang Joglekar:** So my question was more on the imports. So do you see any decline in the non-DCR module prices?
- C.K. Thakur:** Decline in the non-DCR module prices. So yes, we are expecting, if you see around 6 months before, DCR module prices were quoted at around INR18 per megawatt peak. INR18 to INR19 per megawatt, then it came to INR17. Suddenly, the wafer prices -- I mean, cell prices has gone up slightly. So therefore, some wafer also will go up.
- So for 1, 2 months, I can see some turbulence. I'm not sure that how much it will impact, right? But then some turbulence will be there for next couple of months. But going forward, then if the Indian capacities, all the developers are reaching to that level of the capacity building up that they have promised, I'm sure. that I mean, this will not impact the market at large then, right?
- Sarang Joglekar:** Understood. So non-DCR this is you're talking about, right?
- C.K. Thakur:** No, DCR I told about, right, I told about DCR. You are asking for DCR only, right?
- Sarang Joglekar:** Sir, non-DCR, I'm talking about.
- C.K. Thakur:** No, no, non-DCR, I mean, yes, for non-DCR, sure, I mean the market is under fluctuations for couple of months, and everybody is watching. Let's see, because of the subsidies that the Chinese government were giving to their manufacturers, that have been drawn. So, all those kind of things and suddenly, the market has gone up. So 1.5 to 2 cents, I mean, so this has to be stabilized. You have to keep watching.
- Moderator:** The next question is from the line of Saurabh Srivastava from Arista Consulting.
- Saurabh Srivastava:** Congratulations on the good numbers. Hope the bottom line will follow soon. My first question is that you just mentioned that tax offsetting clause or something like that. You have -- you need not to pay that tax going forward for some quarter. Can you please explain it?
- Ajit Pratap Singh:** Sure, sir. On stand-alone profit because of the Conti case which we lost, and we took a hit -- in terms of tax profit, we are tax negative. Basically, we had activated tax losses which can be set off over some future periods of profit. So that's why in our stand-alone financials, now we are not getting any tax impact.
- Saurabh Srivastava:** Okay. So can I presume that these losses which we have occurred will be taken care of in form of taxes going forward?
- Ajit Pratap Singh:** Yes. So we got the tax benefit because of the loss, you can say that.
- Saurabh Srivastava:** Yes. And second thing, sir, what sort of margins can we expect from this Reliance New Energy project, gross margin and net margin?

C.K. Thakur: I think this is too premature basically to talk about this. Yes, but it will come up. Once I think -
- I mean soon, this traction has to happen, so then we will give you the guidance on this.

Saurabh Srivastava: Can we see something by quarter 1 in this regard?

C.K. Thakur: Yes, for sure. So we are expecting that the things will start now in this quarter end or maybe first quarter. So the momentum has already gained. So once it is concluded, then we'll come back to you.

Moderator: Ladies and gentlemen, we will take this as a last question for today. With that, we conclude today's conference call. On behalf of Sterling and Wilson Renewable Energy Limited, that concludes this conference. We thank you for joining us, and you may now disconnect your lines.

Ajit Pratap Singh: Thank you, everyone.

C.K. Thakur: Thank you. Thanks, everyone. Thanks for your support.