



“Sterling and Wilson Renewable Energy Limited Q1 FY '26 Earnings Conference Call”

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Moderator: Ladies and gentlemen, good morning, and welcome to the Sterling and Wilson Renewable Energy Limited Q1 FY '26 Earnings Conference Call. Please note, 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 guarantee of future performance of the company and it may involve risks and uncertainties that are difficult to predict.

As a reminder, all participant lines will remain 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 the conference call, please signal the operator by pressing star, then zero on your touchtone telephone. Please note that this conference is being recorded. I will now hand the conference over to Mr. Sandeep Thomas Mathew, Head of IR, for opening remarks. Thank you, and over to you.

Sandeep Thomas Mathew Yes. A very good morning to all, and welcome to our Q1 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 key operational highlights for the quarter and the industry outlook, followed by the financial highlights post which we will open for Q&A. Thank you, and over to you, now C.K.

C.K. Thakur: Thanks, Sandeep, and a very good morning to all the participants on this call. I shall begin with a quick update on our business operations and outlook. FY '26 is setting up to be a very good year for the domestic solar EPC market from the strong bid pipeline that we are seeing buildup. Awarding activities from both PSU and private IPPs is expected to begin to gain strong traction soon compared to the relatively quiet first quarter that we have seen for us and the market as a whole since bidding activities got pushed out due to various reasons, including escalating border conflict among others.

This push out has resulted in our bid pipeline growing significantly, and now exceeds 30 gigawatts, including over 26 gigawatt pipeline for India alone. We expect the majority of this domestic pipeline to be awarded before December '25. Over and above the solar EPC pipeline we will continue to target BESS projects and select hybrid wind EPC projects as well. Our international pipeline also appears very promising, and we have been focusing on select PV and BESS projects in Africa and Europe. We started this fiscal year by bagging our first turnkey orders when we were declared L1 for a 290-megawatt projects in Gujarat worth approximately INR813 crores from a leading PSU.

On the execution side, our teams have been making good progress and commissioned over 1 gigawatt of projects in Q1 alone. In terms of execution, our scale-up plans continue to remain on track and the improved top line of Q1, which has grown 93% year-on-year is reflective of the same. Ajit will also update you on some of the positive results of our efforts to increase non-fund-based limits during this quarter.

Our unexecuted order book was approximately INR8,348 crores as of June 2025 and is expected to improve going forward with a pickup in domestic and international order inflows. Over 88%

of this order book comprises domestic Indian projects while the international UOV comprises primarily 2 projects each in Europe and South Africa.

I'd like to reiterate that we continue to judiciously evaluate projects in India and overseas and are mindful of having to remain patient in order to target profitable orders. Our EPC business is lumpy in terms of order inflow, and time lines for achieving projects closures could vary depending on a host of factors, including finalizations of contractual terms, land and transmission availability related issues.

Our O&M portfolio outlook remains strong and continues to steadily increase. Our current portfolio stands at 9.3 gigawatt as of June 2025. As we commission our large stream of EPC projects, which are nearing completion, it will feed our O&M portfolio and should aid a meaningful pickup in revenues in this segment from second half of FY '26. In addition to our organic O&M portfolio growth, we are also targeting strategic third-party O&M contracts, which can be accretive to our existing portfolio, both in India and overseas.

Now moving to industry outlook. India's clean energy journey has been nothing short of transformative thus far. Over the past decades, the country has recorded a remarkable surge in solar energy capacity, expanding from just 2.8 gigawatts in 2014 to 105 gigawatt by financial year '25. We have also witnessed a sharp decline in solar tariff, which have plummeted by nearly 80% from INR10.95 per unit in 2010 -- 2011 to just INR2.25 per unit today. This unprecedented cost reduction has made solar, even when coupled with the battery storage to provide round-the-clock solution, more affordable than conventional thermal power - fundamentally, reshaping the country's power economics.

Reflecting this momentum, renewable continues to command an overwhelming share of all power sectors investments. India has also emerged as the world's top destination for clean energy financing. Clean energy investments have been growing rapidly, which is a testament to the investors' confidence in India's green energy future.

Given India's renewable energy ambitions, it is clear that the pace of new capacity additions will continue to remain strong for India to achieve 300 gigawatt target by 2030. We are also seeing firsthand, the ambitious plans of some of our clients driving this growth. For example, the Government of India has laid out an ambitious road map to significantly scale up NTPC's green energy portfolio, aiming to expand its current renewable capacity from 6 gigawatts to 26 gigawatt in the near term with a bold target of reaching 60 gigawatt by 2030. In a major policy boost just a few days ago, the Cabinet Committee on Economic Affairs approved enhanced investment threshold for both NTPC and NLC India, signaling a strong intent to accelerate the clean energy transition.

On one hand, while the integration of renewal energy is gaining strong momentum, a challenge of grid stability is going to become increasingly pronounced. The 2025 blackout in Spain stands as a cautionary tale. It underscores the vulnerability of power systems, heavily reliant on renewables without corresponding investments in grid forming technologies and robust energy storage solutions. This incident serves as a reminder that the clean energy transitions must be underpinned by parallel advancements into both grid infrastructure and storage system to ensure

long-term reliability and resilience. In this context, battery storages are emerging as a vital enabler for renewable energy integration. The Government of India is actively advancing policies around this, while also promoting circularity in solar and wind component life cycles and exploring green hydrogen potentials. This plays a crucial role in grid stabilization, power optimization and ensuring round-the-clock electricity supply, particularly as renewables penetration increases.

Encouragingly, the cost of battery storage has come down dramatically from INR10 lakh to around INR2.5 lakh per megawatt per month, making it more viable than ever before. Despite the progress, India's installed BESS capacity remains modest at just 205 megawatt. However, a significant pipeline is building up, 3.3 gigawatts of projects are already lined up and another 12.5 gigawatt is currently under various stages of tendering processes.

The country has set an ambitious target of achieving 74 gigawatt of BESS capacities by 2031, '32, which will be instrumental in balancing the intermittency of renewable power generation. Ministry of Power recently launched the second tranche of Viability Gap Funding scheme aimed at catalyzing the development of 30 gigawatt hour of BESS projects backed by a budgetary allocation of INR5,400 crores. Of this, 25-gigawatt hour will be distributed across 15 states, tailored to their individual storage requirements, while 5 gigawatt hour has been earmarked for NTPC alone. These projects are expected to be commissioned within 18 months from the signing of the battery energy storage purchase agreement or power purchase agreement reflecting the urgency and seriousness with which India is approaching storage deployment.

Beyond batteries, the government is also reinvigorating pumped hydro storage. It aims to add around 3,000 megawatts of hydro pumped storage capacity in the near term with a broader objective to scale total pumped storage capacity to 50 gigawatts over the next 5 to 6 years. These developments signal a comprehensive strategy to strengthen India's green infrastructure and make the power sectors future ready for high renewables landscape.

On the international EPC side, we are increasingly seeing attractive opportunities opening up primarily in Africa and Europe. We are also seeing a good number of European BESS projects to complement the renewable spurt seen in the market. Our current progress in ongoing projects has also been very positive.

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

Ajit Singh:

Thank you, C.K.T. We are very pleased to report a very strong first quarter performance with a top line growing around 93% year- on-year to INR1,762 crores. Sequential decline in revenue is attributable to seasonality impact, since Q1 is usually slower than Q4. We also wish to thank our employees, suppliers, contractors, other stakeholders who put their utmost efforts to achieve this strong revenue growth in this quarter despite the disruption in various projects caused by cross-border conflict.

Our majority of the projects were in Rajasthan and Gujarat and those were disrupted for around 40, 45 days. Despite that challenge, we could achieve this revenue growth. All 3 segments,

domestic EPC, international EPC and O&M contributed to the strong performance in quarter 1. With respect to our gross margins, our consol Q1 gross margin was approximately 11.7%, while our FY '25 gross margin was 10.1%. So this has moved from 10.1% to now 11.7% first quarter. Softening of some key input costs helped gross margin positively during the current quarter.

Looking at it segment-wise, our domestic EPC gross margin was 10.8%, and that's above our target range of 10%, while our international EPC gross margin was approximately 12.3% and more reflective of the steady-state margin profile of that segment. Our O&M margin trended back to now 23%, which is, again reflective of a recurring margin profile of that segment. Our operational EBITDA, which is operating revenue less recurring overheads, amounted to INR123 crores this quarter, that 7% operational EBITDA margin compared to approximately INR25 crores we have seen in quarter 1 FY '25. And for for Q4 FY '25, it was INR158 crores.

Our recurring overhead has been steady at INR83 in Q1 compared to INR77 crores in Q1 FY '25 and INR105 crores last quarter. Reported Q1 EBITDA was INR102 crores at a 5.8% EBITDA margin and up 175% year-on-year compared to INR37 crores in Q1 FY '25. And is very close to INR116 crores reported in Q4. Reported Q1 PAT was INR39 crores compared to INR5 crores for same period last year and INR55 crores in the prior quarter. The tax expense has been high during the current quarter due to higher stand-alone profitability in SWREL as well as in South Africa and Spain projects.

Now coming to balance sheet. Our gross borrowings have declined during the quarter due to start of repayment of our IREDA loan. Our net debt has increased by around INR205 crores during the current quarter. Because last quarter, we've taken disbursement from Bank of Maharashtra for INR200 crores, and that amount was utilized in the first quarter.

A key development that I would like to highlight is a two-notch rating upgrade to BBB+ that we have received for our working capital facilities and term loan. We have also made progress on our banking limits front and have obtained fresh sanctions from 3 new banks for around INR900 crores, plus surety bonds of around INR200 crores we have got.

We have also received favorable indications from our existing consortium banks as well as few new other banks for a request for additional credit lines. Our improved credit rating has also helped us in getting our LC and BG charges reduced going forward, and we have made significant progress in that direction with some of the consortium members.

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

Moderator:

Thank you. We take the first question from the line of Kunal Shah from DAM Capital Advisors Limited. Please go ahead.

Kunal Shah:

So just a couple of things. So one, on the muted order inflow bit, could you just help -- I mean you did touch upon it, but was it more to do with the overall tendering activity being soft? Or are you still letting go off orders due to aggressive competitive intensity? And related to that, how do you see now for the full year order inflow shaping up? Like, do we maintain the previous guidance?

C.K. Thakur: Yes. So primarily the order has been pushed from the last few quarters to Q1, to maybe Q2 also, mainly because of few reasons, one prominently could be the ALMM II requirements for the cell and industry just watching to see that how the domestic solar modules could be produced and what price and all. So all of the developers have applied for the relief on the time lines for the projects. That is one of the reasons.

The other reasons for the projects being pushed to quarter 1 and quarter 2 is basically some of the connectivity's issues, so connectivity's which were all planned by March 2025 have been pushed towards '25, '26, particularly in Rajasthan and Gujarat - some of the large size substations and all. So from our side, although the Q1 has been a little lumpy, but we are sure that with all the push to quarter 2 and quarter 3, there would be large opportunities, and we are well placed to follow the guidance that we have given to the investors.

Kunal Shah: Understood. Just wanted to confirm, you mentioned about relaxation on ALCM time line, right? What we are sort of trying...

C.K. Thakur: Yes. So deadline for the ALMM II on the cell has been decided by ministries as 1st June 2026 right. And I mean, you see the total capacity in the country, I mean, not basically, as of now, the manufacturing capability and other things are not up to the scale to that level that can meet the requirement of the country's development plan. So therefore, I mean, people have been approaching to extend the time lines.

Now if that happens, then there is a confusion on the pricing on the module side, whether the pricing that could be considered in the international modules or international sales with the domestic tolling or maybe the purely domestic. So that's the reason basically, and all of them have been just watching, right. So this is the reason basically mostly that the development projects have been shifted, in fact, from last quarter to quarter 1, maybe a few of them will go to quarter 2. But quarter 2 pipeline seems to be very, very strong.

Kunal Shah: Understood. This is very helpful. Second on the cross-border tension, could you just highlight on the quantum of revenue impact here? I mean, because you mentioned about 15 to 20 days of impact. I missed that number, but could you just highlight on the revenue impact here?

C.K. Thakur: Yes. So we could have done better than what we have been showing now. From the last week of April to the May almost full, the entire projects, bordering Pakistan, I mean, like Gujarat and Rajasthan projects were evacuated. And again, it was remobilized. So, we lost the productivity for, let's say, for 40, 45 days.

And that has definitely impacted our revenue generation for this quarter. Going forward, because of monsoon, some impact could be there, but primarily, we feel we are very strong and we will make some adjustments because of monsoon and all, but nearly we should be on our target.

Kunal Shah: Understood. And one last thing on the banking limits, like over the last 12-odd months, there has been like a slew of ratings upgrade consistently, but the commensurate increase in limits -- actual available limits from the banks has been like very slow. So how do you think of LCs opening up over the next 3 to 4 months? Like could you just help with the current positioning? And how do you see the non-fund-based limits opening up?

- Ajit Singh:** So this year, we have seen quite good progress this quarter, rating got upgraded now to BBB+ and that has helped us in achieving new sanctions for around INR900 crores from new banks who we are going to add in our consortium. Over and above, we are also speaking to our existing consortium members, as well as few new banks, and we are hopeful to get additional around INR1,500 crores lines in this year.
- Kunal Shah:** So you're saying INR900 crores plus INR1,500 crores is the total number, right, that we are looking at? .
- Ajit Singh:** Right. Over and above, we also got surety bonds from insurance companies, 3 insurance companies we have inducted and now using surety bonds also -- as the replacement of our EMD and performance guarantee requirement.
- Kunal Shah:** Understood. And just one last bit on the bookkeeping, like you mentioned about softening of input costs in your presentation for the reason for improvement in gross margin. Now could you just touch upon here, like what are these costs, I mean, in that sense?
- C.K. Thakur:** Yes. So what Ajit had mentioned about the input cost is basically a few of the orders that you had was with the turnkey solutions, right, so including the modules and all. So, because of the tariff war and all those things, U.S. imposing and others. So there was a good amount of the modules available in the market, right? So because of the overall requirements -- demand issues, so the module prices have gone down. And some of the modules that -- the portions of modules that were supplied during this quarter that has given us advantage.
- So on our normal way if you see them, you could have achieved probably what was the stated margin on the project, but the softening of some of the raw material costs like the module prices and all, that has supported us to increase our margin on the projects.
- Kunal Shah:** Sir, just -- sorry for one of this follow-up, but it should not benefit or the margin should not be upwards or downwards, right, because of the back-to-back billing. So could you just help here because irrespective of module pricing going up or down, because we are doing back-to-back billing to hedge ourselves, why should it even be advantageous?
- C.K. Thakur:** So basically, when we have got the project, it was ex-price of module suppose, right. And we have seen that we had cushion in the project schedule. And going forward, then we renegotiated the price of the modules. And the price that was fixed, I mean, have gone under change to take advantage of the existing market price. That was our business strategy and that has supported us to increase the bottom line.
- Kunal Shah:** But sir, this strategy can work the other way around as well, right, in case if there is any inflationary bet on the modules. So just wanted to understand.
- C.K. Thakur:** No, but then the order was not stopped. The order was already, I mean, placed. So we were, in any case, protected.
- Kunal Shah:** That's it from my side. This is very helpful. Sorry, sorry, go ahead.

- C.K. Thakur:** Yes. So you have around 1 to 2 months' time between the order placement and all this kind of understanding. So that has supported us to renegotiate better and get the pricing.
- Ajit Singh:** So there has been a difference between we getting the order and placing order for modules - that also help us in better negotiation of terms.
- Moderator:** The next question comes from the line of Akshay Mane from Nuvama Wealth Management Limited.
- Akshay Mane:** So just wanted to understand, just sort of follow-up question from the point of view where the order inflows were lower in this quarter. I mean, going ahead, I mean, we've always maintained that order inflows of around INR6,000 crores to INR8,000 crores for full year. Can we expect a similar guidance for this year as well?
- C.K. Thakur:** Yes. So last call, if you can recall, so we are giving guidance to the market that we will be growing at 15% to 20% on a year-on-year basis. So for sure, I mean, what was achieved during last financial years, we will be doing better than the last ones at the rate of, say, 20% growth on the order booking.
- Akshay Mane:** Okay. Okay. And another thing, see there was this news regarding the ISTS waiver getting expired now. Is there any further update on extension of the same or if there is any clarity on that policy, which will actually hamper further round of bidding or any of that sort?
- C.K. Thakur:** Firstly, also I think this is one of the reasons, apart from the ALMM II that I spoke. So connectivity is also an issue. So, one, that the infrastructure readiness is getting delayed. Other is that the ISTS waivers, people are seeking approval for extension, which has not been given as of now.
- But then the industries, particularly in C&I sectors, they are expecting that this to come, right, so that they can get the -- I mean, the advantage on to the tariff that they have committed in terms of pricing and all. So yes, you are right. So the ISTS waivers, of course, not announced as of now, but this is impacting the overall growth of the industries.
- Akshay Mane:** Okay. And lastly, our other expenses were slightly on the higher side. Do we have any other exceptional item in the other expenses this quarter?
- Ajit Singh:** Yes, Akshay, we have impaired some of the receivables on a conservative basis, around INR21 crores, for one of our international projects. That's why other expenses was a little high. So if you remove that, then we are in line and consistent in terms of our recurring overheads.
- Akshay Mane:** Okay. Okay. And just lastly, any update on the couple of projects? I mean I think there was this NTPC project where we were facing delays because of module supplies. So, I believe that would have been sorted currently?
- C.K. Thakur:** So basically, out of 2 projects, one project Khavda 1 has almost been sorted, hardly 100-megawatt module supply is still pending. But Khavda 2, yes, it is not sorted because we thought

of the project getting commissioned by June, July, but the module supply has been delayed. And around 200-megawatt kind of modules have been supplied and rest is underway.

The monsoon is still impacting. So the project would be further going on. But then because of all such delays, we have given very strong notice for time extensions and the claim to NTPC. So in any case, on our project finances because of delays on account of the customer input is not going to impact us.

Moderator: We take the next question from the line of Puneet from HSBC.

Puneet: My first question is, in your overall order book, what percentage of value is the projects with modules?

C.K. Thakur: Percentage-wise, see 2 things. One, that until last financial years, some of the orders, which were placed to an EPC player that has been canceled, those were with the modules and that have come up now for the finalizations. And out of that, we have won, the first one that we have won, right, in the first quarter, this is with modules. So in the last financial year, if you see percentage-wise, it could be around 25% to 30%, right? This year, the trend could be reversed because of the ALMM requirements, most of the tenders are expected with the BoS schemes.

Puneet: Understood. So then the responsibility will be with the developers to bring modules, not yours, right? Or will that module part come in later?

C.K. Thakur: No. I mean it will be the responsibility of the developers. So, they will take the module in their scope and give us the free issue items. So that's the trend we are expecting, because of the uncertainty on the ALMM II decisions and all.

Puneet: Secondly, if you can also comment a bit more on the color of your order inflow for this quarter. Was there any battery projects and who are the key customers for you in this quarter?

C.K. Thakur: I mean trend is reversing. So now people are going under FDRE schemes or to remove the intermittency of the renewable energy nature. People are going more for the hybrid. So that's the trend we've seen. Of course, as of today, if you see in the country, we have only 205 megawatt battery capacity, which we added. But in the pipeline seems to be, as I told in my -- the opening speech also, so around 3 gigawatt clarity has come out, right, so various options and other things.

For us, I mean, for sure, we are discussing with a few private clients, which are of the large size of the hybrid orders. That will I mean, the solar, that will include the wind and the battery storage. I don't want to name those clients at this stage, but then yes, there are a few large-sized orders which are expected.

Puneet: But in Q1, none of those are there. It's fair to assume that?

C.K. Thakur: No. Q1, I told that we have won only 1 order from NTPC and that is the turnkey EPC solutions with modules, but not with the BESS and other schemes.

Puneet: Okay. Okay, understood. And lastly, any updates on Reliance side, on when they want to scale up for you?

- C.K. Thakur:** Yes. So basically, all of you are aware that we are doing 1 pilot project for them and that is the combination of various technologies and all. The project is doing well. Other than these projects, then they are still planning for the Kutch regions and other areas. So I mean, frankly speaking, the opportunities are not reflected in the market. But as and when it comes. I mean, all of you will come to know that.
- Moderator:** We take the next question from the line of Anuj Jain from Globe Capital.
- Anuj Jain:** Yes. Sir, I just want to understand like projects which we are doing from the solar EPC side and the order book, how much is allocated towards this battery energy storage system? What is the share of this BESS in the order book?
- C.K. Thakur:** If you see the total -- I mean, the plan for the financial year -- the coming financial year, the next 9 months, 3 gigawatts out of the total 26 gigawatt opportunity in India, 3 gigawatt battery storage visibility is there. So, I mean, out of 26 gigawatt kind of batteries, so I understand this is around 15%, right. But as I have told in the previous answer, that the trend is reversing now under the FDRE schemes and the hybrid projects installation schemes and all.
- So going forward, the battery share has to improve to avoid the intermittencies of the renewables -- the solar renewables and the others. So the share will increase. As of now, for us, we are better placed because we are doing one of the largest projects for one of the clients in the solar. So we are better placed in terms of integration, in terms of understanding, in terms of everything.
- Anuj Jain:** So sir, what is the revenue percentage contribution from this space as of now?
- C.K. Thakur:** As of now, I mean, let's say, in 3 gigawatt, if you are able to grab around 400, 500 megawatt of hours, that would be the combination of our total battery space in this financial year going forward.
- Last year, there was hardly anything. one of the projects which we were doing, unfortunately, it has gone under the legal route with SECI and all. So that project is not stalled basically. But going forward, in this particular financial year, could we -- percentage-wise difficult to say at this stage, but could be miniscule, let's say, 500-megawatt hour kind of thing.
- Anuj Jain:** Okay. Okay. So going forward, I mean, from probably next financial year onwards, we can expect some meaningful revenue from this battery energy segment? If I'm right?
- C.K. Thakur:** Absolutely. Absolutely. For sure.
- Anuj Jain:** And second question, sir, I mean like you have...
- C.K. Thakur:** So what I say the interesting point here is that under the new scheme of the Government of India, now for all the new tenders, 20% capacity of the solar plants have to be supported with the battery, right. But this traction has started showing just now. So under this scheme, every single tender which will come out, that will be, I mean, demanding the battery installation of 20%. So let's say, if you have INR100 revenue, so for sure, then the battery cost of the solar plants and this, I mean, more or less being comparable, slightly higher from the solar and all.

So with this, you can expect that now going onwards, 20% revenue streams would be throughout the country. The industrial scenario would be like this. But I mean, this traction is to be seen. This is the policy. And then tenders have not started coming out, but I'm expecting that the quarter 2, quarter 3, most of the tenders will come on this scheme. And therefore, I mean, it would be reasonable to assume that at least 10% revenue streams would be coming from the battery and the other storage solutions.

Anuj Jain: Got it, sir. Got it. And my second question is like we have increased gross margin in this particular quarter and our EBITDA margins are hovering in the range of 5-odd percent. So, from the perspective of next 2 to 3 years or 4 years, what is the -- I mean, guidance which you can give for the EBITDA margins and gross margins? I mean, definitely, it should be a range -- kind of range where we want to be. I mean what are the expected levels of EBITDA margin where we want to go?

Ajit Singh: Yes. So our operational EBITDA, if you see it's around 7% for the quarter. And overall EBITDA was around 5.8%, and we expect to maintain the same range going forward.

Anuj Jain: Okay. Okay. So that is our comfortable range.

Moderator: We take the next question from the line of Faisal Hawa from H.G. Hawa & Company.

Faisal Hawa: So my question is that, sir, what is the kind of order book that we can expect from overseas now in this current year -- financial year? And second is, sir, what is the involvement now of the promoters, Shapoorji Pallonji and Khurshed, with this company? Is it now -- are they now more involved? Or has the involvement come down?

C.K. Thakur: No. So the management -- I mean, the shareholding patterns is on the public domain, right? And Mr. Khurshed Daruvala is well involved into the company, as the Chairman of the company. So as far as the management controls and other things are there, it is with the professionals under the guidance of Chairman, Mr. Daruvala. On the order guidelines that you have asked for, so I've already told that I mean, you should be expecting, let's say, 20% over and above the last financial year, right. So, we are well placed.

Faisal Hawa: So sir, one more question is that with the overseas orders now coming down and a large part of the central office expenses were coming from legal expenses, do you feel that these expenses now could go down a lot because that is what is causing our EBITDA margin to go down because of these large legal expenses? And also, do we expect any kind of large write-offs in this year on the debtor front?

Ajit Singh: So in terms of order book, we are expecting new orders from international locations also. We are bidding in some of the geographies and are in active discussions. So that will come. In terms of legal expenses, because still most of the legal cases are continuing, the legal expenses also will continue at least for some time period.

Faisal Hawa: So for 2 more financial years?

Ajit Singh: Yes, at least 1.5, 2 years.

- Faisal Hawa:** And what -- would that -- will the quantum of these legal expenses be around INR40 crores a year or more than that?
- Ajit Singh:** Yes, it will be around INR40 crores per year.
- Faisal Hawa:** So in 2 years from today, maybe these expenses will come down to 0?
- Ajit Singh:** Right. And we don't expect any substantial write-off in terms of any receivables, because most of the receivables are indemnified (legacy ones) and current receivables, these are all booked.
- Faisal Hawa:** And sir, do you have any idea of what the NTPC pipeline will be for this financial year?
- C.K. Thakur:** Come back again, please, NTPC....
- Faisal Hawa:** What is the bid pipeline?
- C.K. Thakur:** Yes. So if you see the NTPC plan, so they want to become 60 gigawatt renewable company by 2032. They have now the operating asset of around 6 gigawatts, right. And, I mean, Government of India, as I have told in my opening speech also, so they have allowed them to invest around INR20,000 crores in the renewables, I think, this year and the next year. So steadily, they will - I mean, touching up to 60 gigawatt, where by 2030 they are targeting around 16 gigawatt.
- Faisal Hawa:** Okay. And sir, is the competitive intensity in the EPC players going down? Or is it still very high?
- C.K. Thakur:** No. So the competitive spree, of course, is going high sometimes, I can say. This quarter, you have seen a spurt of a lot of infrastructure players coming for the solar EPC and all. I'm not sure how long and how best they can be continuing on, but then yes, it is cyclic. So sometimes you see that, I mean, there are only a few, but suddenly, you find so many people coming in, they take 1 or 2 projects, not able to execute, again they will exit. So this kind of situation is there. But yes, people are looking for this as a very attractive market. So this competition is still -- in my opinion, will be there for some time.
- Moderator:** We take the next question from the line of Mayank Chaturvedi from HSBC Mutual Fund.
- Mayank Chaturvedi:** Just one question from my end. In your order book of about INR8,000 crores order. How much of that will be dependent on DCR cell integration in the EPC projects?
- C.K. Thakur:** No. So that's what I was just speaking. So as of now, the deadline for the DCR is 1st June 2026, right. And I mean, now in 9 months' time, out of the 26, 27 gigawatt opportunity that you are seeing in the market, right. I mean people are just waiting. I mean, this 27 megawatts have to be added, there has to be extension of the time lines. So that is one particular point.
- And otherwise, you can say in 9 months' time, if everybody decides to go for the international these things - but the best part is that in our existing order book as of now, we don't have anything which is DCR components. Everything is basically the international sale and the module side. So, we don't have the -- in the UOV and the orders that we are getting, it is not affected because of this.

- Moderator:** We take the next question from the line of Nitin Gosar from BOI Mutual Fund.
- Nitin Gosar:** Sir, just one clarification. If you can quantify in terms of rupee crores, you talked about 3 gigawatt worth of battery order, which will float into the system this financial year. And would it be fair to multiply this number with INR2.5 lakh per megawatt battery price? How should one quantify this overall opportunity?
- C.K. Thakur:** So the battery price is constantly evolving, but the EPC cost on this, you should be expecting between INR2.5 crores to INR4 crores per megawatt.
- Nitin Gosar:** Okay. And there is pure EPC or this will also include the component, I mean, the battery itself?
- Ajit Singh:** So we will do only BoS in battery projects.
- C.K. Thakur:** So basically trend is that the battery is being supplied by them from PSUs. Outside India, basically battery, it comes with the battery supply. So we have to tie up. So we did a few small projects in Mali, Nigeria, which were along with the battery and all. So it is both basically. So in the domestic market, you see mostly the BoS, but outside, it could be with battery.
- Now even if it is with battery, we'll carefully evaluate and we can go with a turnkey solution. So I mean that's fine.
- Moderator:** We take the next question from the line of Himanshu Dugar from Stylus Holdings.
- Himanshu Dugar:** My first query was - is a follow-up on the previous, management comment that there has been some write-off of receivables. I think last -- I think 5 to 6 quarters, we have seen this kind of happening on and off. Is there any approximate number around this? What could be a potential risk category, in the overall receivables that we have today?
- Ajit Singh:** So the write off which I spoke, that INR21 crores that we have taken on a conservative basis. There's no actually write-off. We have impaired, considering that we might have to put some expense in future in a particular project in international location. And otherwise, the receivables are good and there is no provisions need to be made.
- Himanshu Dugar:** Sir, currently, what is the more than 6 months receivables outstanding, if you could share that number?
- Ajit Singh:** I will get back to you. Primarily, retention amount. I will give you the exact number in some time.
- Moderator:** We take the next question from the line of Aejas Lakhani from Unifi AMC.
- Aejas Lakhani:** C.K.T. sir, could you just call out that the 3 gigs of BESS, is that more private sector or more public sector? And also, sir, I'm trying to get a slightly more nuanced textured view that -- so let's say that there is an existing asset, which is in place and then somebody wants to add the BESS component over and above on top of that.

What are the operational nuances or challenges? And how easy or difficult is it to do it? Is there like -- does that mean that like the flow of current has to stop for a period of time until you integrate it? What are the challenges with regards to it? And who is making these transitions today? Is it the private sector guys who are early in this trend? Or is it PSU pack?

C.K. Thakur:

Yes. So thanks, Aejas. If you see the overall -- the battery schemes basically, one that I have just informed the group that basically as per the policy, now 20%, let's say, the obligation for the battery to remove the intermittency. So that would be the requirement going forward. Now if -- I mean, this 20% would be detrimental for everybody, whether PSU or IPPs. And that is important, important to ensure the grid stability and security and other things. So any -- going forward, whatever bids will be coming, that will be both the PSU and IPP.

As of now, the large-sized few orders which are getting traction in the market is basically coming from IPPs, which is visible. But for PSU side, if you see, I mean, NTPC and all, they are discussing on the long-term basis because they have to go forward with massive scaling up of the battery and storage and all. But no such one tender was there for the small project that has also been canceled because of some reasons. But the traction will happen in both the sectors, PSU and IPPs.

Coming to your another questions of how difficult it would be to integrate in the existing facilities? It all depends on the land and level. So not necessary that in the existing only you have to install. Now maybe, the overall schemes you have to see, that you can choose any locations and all. But preferably, if you have to install into the same locations, as far as the integration is concerned, we don't have any nuances. You can do that. Solar plant may not be stopped and all during the commissioning. So I think -- I don't find any challenge.

Aejas Lakhani:

Yes. Okay. And sir just a follow-up on that, let's say that NTPC has an existing parcel on, say, I don't know, Gujarat, Rajasthan, and now they have decided that for an existing running asset, they want to put up a BESS. Is that going to be like a project-specific order or again, for the same, there has to be a tender that has to be issued and the same process has to be followed?

C.K. Thakur:

Obviously, they have to go only through the tendering process and the project code, project name, everything would be. The location could be same, but the project number will be different. So they have to go through the tendering process only.

Moderator:

We move on to the next question from the line of Gaurav from Harshad Gandhi Securities.

Gaurav:

Sir, I'm referring to Note number 7A and 7C of our consolidated notes to accounts. Sir, there are a couple of customer claims total amounting to approximately INR800 crores, which according to us are not tenable. So, I just wanted to inquire, so if the ultimate outcome doesn't come in our favor, then do these claims are part of the indemnity agreement with the promoters - referring to Note number 7A and 7C.

Ajit Singh:

It's not subject to indemnity.

Gaurav:

Both the claims? If the outcome is not in our favor, then it will have a major impact on our operation, right?

- Ajit Singh:** Some small portion is indemnified and some portion is not indemnified in these claims.
- Gaurav:** So reason for asking, if we lose the case, then it can have a major impact on our operation, right? Because the claims are running hundreds of crores?
- C.K. Thakur:** Yes. But based on the feedback we got from our lawyers and that has been agreed upon by the auditors also, that's why there is no impairment or any provision made for any such expenses.
- Moderator:** The next question comes from the line of Chirag Shah from ICICI Securities.
- Chirag Shah:** Sir, I just wanted to understand how BESS project would be different in terms of execution time and margins against stand-alone solar projects.
- C.K. Thakur:** Can you hear me?
- Chirag Shah:** Yes, sir.
- C.K. Thakur:** Margin would be same as the solar projects. And in terms of time lines, it will be lesser than the solar projects because the complexity involved here is less, the civil works requirement is less. So you can say, 15% to 20% less time lines and same margin.
- Moderator:** We take the next question from the line of Subhash from Value Investment.
- Subhash:** My question is more towards the guidance that you had given. So last year, it was INR7,000 crores, but we ended up doing INR6,300 crores. But now looking at the Q1, the revenue is more than 90% of last year Q1. So -- and also considering that 45 days was affected in some regions due to the border tensions, as you mentioned, will Q2 be better than Q1? And also, I mean, for the FY '26 full year, will -- can we do almost more than INR8,000 crores revenue? And along with this, I just have one question, if you can answer along with this. So what is the per megawatt hour revenue conversion in battery energy storage EPC projects?
- C.K. Thakur:** Per megawatt hour, right?
- Subhash:** Yes, correct.
- C.K. Thakur:** Yes. So first, I'll answer your first question. So on the revenue guidance, as I've already told that I it's a 20% growth year-on-year. So from last year to this year, it will be around 20% on the order booking side also in the same region. For the next quarter's revenue, we could have been expecting similar or a little better, but because of the productivity loss during the monsoon season and all, so it would be slightly cyclic, right?
- And on the second question, basically, on the BoS side, so let's say, the BoS revenue could be around INR30 lakhs to INR40 lakhs per megawatt hour kind of thing, right? So that's what our pricing is. So depending upon the size of the battery that you are running, but the revenue will be coming in this range.
- Moderator:** The next question comes from the line of Vedant Sarda from Nirmal Bang Securities Private Limited.

- Vedant Sarda:** Sir, I wanted to know the accounting method we are following - input method or output method for the contracts?
- Ajit Singh:** Input method, percentage of completion.
- Vedant Sarda:** Yes. Like on the 10% cost we have incurred, 10% revenue we are recognizing on completion basis?
- Ajit Singh:** Your voice is cracking. Yes.
- Vedant Sarda:** Okay. So sir, quarter-on-quarter, we should not see in this revenue?
- C.K. Thakur:** Direct cost plus margin, that gives us the revenue.
- Moderator:** The next question comes from the line of Darshika Khemka from AV Fincorp.
- Darshika Khemka:** My question is mainly around the international orders, particularly the Nigeria order, some clarity on that in terms of what the progress currently stands at? And even if we get the order this year, firstly, what is the probability of getting the order considering the entire scenario that is going on in terms of the geopolitical scene. And even if we get the order, I'm sure the revenues are not going to come in this year.
- And we are also seeing some sort of write-off that we have on the international order revenue. So, I just want to get some more clarity on the international order book. And what's the scenario like? What is the probability, like, of getting more orders in the international space?
- C.K. Thakur:** Yes. So in our business model, if you see for this year, financial year, our target is to get around \$250 million to \$300 million orders, primarily in European and the African markets, it is split between these 2. On the Nigeria side, it is a procedural delay. Unfortunately, it is taking longer time. But yes, the project is on. And as you have rightly told that even if it comes, it will take some time, right, financial closures and the NTP and all. So the revenue for this year will not come from this project. Yes. So these 2 points you asked.
- Ajit Singh:** I would like to respond earlier questions also. One was on the receivables more than 6 months. It's around INR330 crores, out of total receivables of around INR1,500 crore. And in terms of 7A and 7B note to the accounts, that claim is under 7A, which is not indemnifiable. Although there won't be any impact because the cash is already out. So in terms of cash flow, there won't be any impact. However, if the order goes against us, there could be impact in P&L, but not in cash flow, because we are already cash out in that.
- Moderator:** We take the next question from the line of Mohit from Hem Securities Limited.
- Mohit:** Sir, I have a book-keeping question. So sir, our subsidiaries are making constant losses. Why company is not making DTA and which all subsidiaries are making losses?
- Ajit Singh:** So in international, whatever projects we are doing, those all are in profits, in South Africa, Spain and Italy, all are making profits. The losses are from those subsidiaries, where there is no projects, there are certain overheads like U.S., Australia, Dubai.

Mohit: So it means that all the legacy orders are now complete in the subsidiary as well, and we will not see any losses coming in the future?

Ajit Singh: Legacy projects, they have losses because of -- primarily because of the legal expenses and certain overheads we have in those projects, like, as I said, in Dubai, Australia, U.S.

Moderator: Thank you. Ladies and gentlemen, with that, we conclude the question-and-answer session. And also 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. You may now disconnect your lines.