



ABOUT THE COMPANY



Incorporated in 2007, STERLING AND WILSON SOLAR LIMITED (SWSL) is engaged in providing solar engineering, procurement and construction (EPC) solutions to the end-users. SWSL is focused on utility-scale solar power projects and manages the solar projects from conceptualizing to commissioning. It provides operations and maintenance (O&M) services for the 3rd party projects as well. It was previously named as Rashmika Energy Private Limited.

Sterling & Wilson offers customized solutions to its customers for solar power projects. The company follows a "hub-and-spoke" business model where services go from the central hub to several spokes or routes to reach the end-users.

As per IHS Markit data SWSL became the largest solar EPC solutions provider in 2018 and it has presence across 26 countries. As of December 31, 2018, they have 183 commissioned and contracted solar power projects with an aggregate capacity of 6,062.83 MWp.

Issue details	
Price Band (in ₹ per share)	775-780
Fresh Issue (in ₹ Crore)	3125
Offer for Sale (Shares in lakhs)	3125
Issue open date	06/08/2019
Issue close date	08/08/2019
Total number of shares (lakhs)	403.22-400.60
No. of shares for QIBs (75%) (lakhs)	302.40-300.40
No. of shares for NII (15%) (lakhs)	60.50-60.10
No. of shares for retail investors (10 %) (lakhs)	40.30-40.10
Minimum order quantity	19
Face value (in ₹)	1.00
Amount for retail investors (1 lot)	14725-14820
Maximum number of shares for Retail investors at lower Band	247(13 Lots)
Maximum number of shares for Retail investors at upper band	247(13 Lots)
Maximum amount for retail investors at lower Band- upper band (in ₹)	191425-192660
Exchanges to be listed on	BSE, NSE

Promoters

Individual Promoter

Khurshed Yazdi Daruvala

Corporate Promoter

Shapoorji Pallonji and Company Private Limited ("SPCPL")

Objects of the Offer

The objects of the offer are:

1. To achieve the benefits of listing the Equity Shares on the Stock Exchanges
2. For the offer of the Equity Shares by the Promoter Selling Shareholders
3. To enhance visibility and brand image and provide liquidity to shareholders

**Brief Financials ***

Particulars (Rs. Cr)	Pertaining to the Company-SWSL (as derived from the Restated Consolidated Summary Financial Information)		Pertaining to the SWPL- Solar EPC Division (as derived from the Carved Out Combined Financial Statements)	
	FY19	FY18*	FY17	FY16
Share Capital	16.04	16.04	16.04	16.04
Revenue from Operation (Gross)	8240.41	6871.71	1640.27	2739.43
EBITDA ~	851.63	550.46	64.65	195.86
PBT	759.17	528.68	60.28	194.29
PAT	638.23	450.54	31.43	125.36
EPS(Rs)	39.85	29.97	N/A	N/A
Net Asset Value (Rs)	63.79	25.42	N/A	N/A
P/E #	19.57	26.03	N/A	N/A
P/B #	12.23	30.68	N/A	N/A

*The P&L details for the period 9th March 2017 to 31st March 2018, # calculated on Higher Price band

Company Review

STERLING AND WILSON SOLAR LIMITED is a global pure-play, end-to-end solar engineering, procurement and construction (“EPC”) solutions provider and became the world’s largest solar EPC solutions provider in 2018 based on annual installations of utility-scale photovoltaic (“PV”) systems of more than five mega-watt peak (“MWp”), according to IHS Markit.

SWSL has benefited from their parental brand reputation, industry relationships and project management expertise of the Shapoorji Pallonji group (the “SP Group”) and the Sterling and Wilson group (“S&W”). The SP Group is a global conglomerate and has over 150 years of experience as an EPC solutions provider in various industries across 45 countries. As of March 31, 2018, the total consolidated assets of Shapoorji Pallonji and Company Private Limited (“SPCPL”), the flagship company of the SP Group was Rs. 56,353.1 crores. The SP Group is a global conglomerate and has over 150 years of experience as an EPC solutions provider in various industries across 45 countries. As of March 31, 2018, the total consolidated assets of Shapoorji Pallonji and Company Private Limited (“SPCPL”), the flagship company of the SP Group was Rs 56353.14 crores, which helps to meet certain financial requirements for bidding for solar power projects.

Company’s International Operations: They are currently expanding their presence internationally, with an emphasis in Middle East and North Africa region, rest of Africa, Europe, the United States and Latin America and Australia. Company is the largest solar EPC solutions provider in the Middle East in 2018 based on annual installations of utility-scale PV systems of more than 5 MWp

Major Projects Completed by the Company

- Single location solar power plant of 1,177 MWp in Abu Dhabi.
- 22.32 MWp solar power project in Philippines.
- 36.3 MWp solar power project in Rajasthan, India.
- 580 MWp solar power project in Rajasthan, India.

In Fiscals 2018 and 2019, Company’s revenue from operations outside India accounted for 59.11% and 65.13% of total revenue from operations, respectively. As at March 31, 2019 company’s order book was Rs.3831.5cr and has received letters of intent of Rs.3908.1 cr (of which Rs. 2195.9 cr were converted into definitive EPC contracts since March 31, 2019) for solar power projects for which company has won the bid, but have not yet executed definitive EPC contracts.



COMPETITIVE STRENGTHS:

Strong parentage and ability to leverage global “SP” brand: They benefit from the brand reputation, industry relationships and project management expertise of the SP Group and S&W. The SP Group is a global conglomerate and has over 150 years of experience as an EPC solutions provider in six major business areas and operations across 45 countries. Currently, S&W has over 90 years of offering EPC solutions and has operations across various industries, including mechanical engineering and plumbing, co-gen solutions, transmission and distribution, turnkey data centers, diesel generators and renewables in 34 countries. They benefit from global presence and stakeholder relationships of the SP Group and S&W.

In particular, before entering a new market, they typically leverage from the SP Group’s and S&W’s presence in that market to get a head start in establishing operations. For example, SP Group’s presence in the Middle East, Africa and South East Asia assisted them in accessing these markets. In addition, SP Group’s and S&W’s relationships with key stakeholders have helped them to establish connections with major customers and market leading subcontractors, lenders, designers and consultants. Further under the Brand Sharing Agreements with SPCPL, they have the right to use intellectual property belonging to the SP group and to benefit from the SP Group’s track record of project execution in bidding for large scale projects.

Largest global solar EPC solutions provider in a fast-growing solar industry: Currently company has a presence across 26 countries with operations in India, South East Asia, Middle East and North Africa, rest of Africa, Europe, United States and Latin America and Australia, which has helped the company to diversify the business globally. As of March 31, 2019, company had 205 commissioned and contracted solar power projects with an aggregate capacity of 6,870.12 MWp, that included 177 commissioned projects with an aggregate capacity of 5,271.34 MWp and 28 contracted solar power projects with an aggregate capacity of 1,598.78 MWp. SWSL is the world’s largest solar EPC solutions provider, they have won the bid for 1,177 MWp solar power project in Abu Dhabi, which is the world’s largest single location solar PV plant, according to CRISIL Research. According to IHS Markit, For the period from 2018 to 2021, annual solar PV installations could grow at a compound annual growth rate (“CAGR”) of 11.7% in India, 70.6% CAGR in South East Asia, 22.2% CAGR in the Middle East and North Africa, 42.0% CAGR in the rest of Africa, 30.0% CAGR in Europe, 17.4% CAGR in the United States, 5.4% in CAGR Latin America and 8.1% CAGR in Australia. On an aggregate this represents a cumulative 20.0% CAGR growth in annual solar installations in India, South East Asia, the Middle East and North Africa, the rest of Africa, Europe, the United States, Latin America, and Australia from 49.1 GW in 2018 to 84.8 GW in 2021. Their relationships with customers and suppliers and innovative and cost-effective engineering project designs make them well positioned to benefit from this positive trend.

Risk Factors

Adaptability of Solar photovoltaic (“PV”): The solar power market is still developing and the extent of acceptance of solar power as a form of energy generation remains uncertain. In many of the geographies in which they operate, the solar power market is at an early stage or nascent stage of development and they cannot assure that a sustainable market for solar power will emerge in those countries. Historical and current market data on the solar power industry are not as readily available as those for more established industries where trends can be assessed more reliably from data gathered over a longer period of time. If solar PV technology is regarded as unsuitable for widespread adoption or the demand for solar power or solar power projects fails to develop or takes longer to develop than anticipated, revenues may decline and they may be unable to sustain profitability.

Operating in a competitive industry: Business depends on ability to continually win bids for solar power projects and current business strategy focuses on increasing the number of solar power projects to which they provide EPC services and expanding operations into new geographies. They bid for solar power projects and compete with other EPC solutions providers based on, among other things, pricing, technical and design and engineering expertise, financing capabilities, past experience, amount and type of guarantees given and track-record.

Regulatory Requirements: The company has been operating as a separate, independent company for two years, they may not meet the bid requirements of track-record or technical and financial specifications. For example, in Vietnam, they have faced difficulties in satisfying bid requirements because they were not able to demonstrate the required period of prior EPC experience. Such requirements could have a material adverse effect on business, financial condition, results of operations and prospects and give a competitive advantage to other market players. Any increase in competition during the bidding process or reduction in competitive capabilities could have a material adverse effect on market share and on the margins.



Peer Comparison

STERLING AND WILSON SOLAR LIMITED does not have any listed entities in India whose business portfolio is comparable with that of their business.

Our Views

STERLING AND WILSON SOLAR LIMITED has explored solar opportunities globally. As at March 31, 2019, STERLING AND WILSON SOLAR LIMITED had a successful track record of 205 solar power projects portfolio, an order book of ₹3834.58 crore and letter of intent of ₹3908.16 crore. It operates on an asset light model and they typically lease equipment required for operations so that entails low capital expenditures and offers flexibility to meet customer's needs. The company had an EPS of Rs 39.85 and trades at 19.57x P/E for FY19 earnings. We believe that the stock is fairly valued. One may subscribe the IPO for long-term gains.

Sources: (Company Website and Red Herring Prospectus)



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