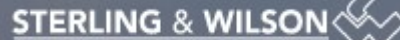


Sterling and Wilson Solar Ltd : Average Issue

IPO Note: Good Growth in Topline and bottomline:high debt : Ranking**



Issue details

Price band (Rs)	Rs.775-780
IPO Opening Date	06/08/19
IPO Closing Date	08/08/19
Issue Size	Rs.3125 Cr.

Recommendation

On the financial performance front, as the company got demerged from the group in April 2017, as EPC division of the group it (on a combined and consolidated basis) posted turnover/net profits of Rs.2746.47 cr./ Rs. 125.36 cr. (FY16) and Rs.1650.06 cr. / Rs. 31.43 cr. (FY17). Post demerger for the period 09.03.17 to 31.03.18 it earned a net profit of Rs. 450.54cr. on a turnover of Rs. 6884.42 cr. For FY19 it has posted a net profit of Rs. 638.23 cr. on a turnover of Rs. 8449.93 cr. For the demerged period performance, it has posted enhanced other income of Rs. 209.53 cr. for FY19 against Rs. 12.71 cr. for FY18. For fiscal 2019 it has posted an EPS of Rs. 40.10. If we consider FY19 earnings and attribute it on post-issue equity capital, then asking price is at a P/E of around 19.6. Thus issue appears fully priced in the given current market status. The issue is priced at a P/BV of 12.24 based on its NAV of Rs. 63.70 as on 31.03.19. As per offer documents, SWSL has no listed peers to compare with. **It has total debt of Rs.2227 crore. High risk Issue.**

Highlights

- SWSL is the world's largest solar EPC solution provider.
- It has to its credit the single largest global solar plant of 1177 MW capacity at Abu Dhabi
- Rising demand for solar power globally, the company is poised for bright prospects ahead
- The company has total debt of Rs.2227 crore

Company Introduction

Incorporated on 2017, Mumbai based Sterling & 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. The company started its operation as a Solar EPC Division of SWPL in 2011 and demerged on April 1, 2017. According to IHS Markit, the company was the world's largest solar EPC solutions provider in 2018 based on annual installations of utility-scale PV systems. Currently, it has a wide presence across 26 countries. 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. India works as a hub of the company for the complete supply chain including engineering functions, design, and engage 3rd party subcontractors and suppliers. The company aims to improve the performance ratio by offering cost-effective and innovative



STERLING & WILSON

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Financial Summary (Rs. In Crore)

Particulars	FY2019 Conso.	period March 9, 2017 to March 31, 2018	FY2017 Stand.	FY 2016
Total Income	8449.93	6884.42	1650.06	2746.46
Net Profit	643.21	452.23	27.17	124.64
EPS (Rs)	40.1	28.19	1.69	7.77

Source: RHP and ACE Equity

RANKING METHODOLOGY

WEAK	*
AVERAGE	**
GOOD	***
VERY GOOD	****
EXCELLENT	*****

designing solutions supported by an engineering and competent design team. It has 138 employees in the design and engineering team.

The object of the issue are to:

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.

Company Promoters:

The promoters of the Company are Shapoorji Pallonji and Company Pvt Ltd and Khurshed Yazdi Daruvala.

IPO Issue Proceed

For listing benefits and providing a partial exit to existing stakeholders, SSWL is coming out with a maiden IPO of approx 40064103 equity shares of Re 1 each (based on upper price band) via book building route. It is having a secondary issue by way of Offer for Sale to mobilize Rs. 3125 crore. It has fixed a price band of Rs. 775- Rs. 780 per share. The issue opens for subscription on 06.08.19 and will close on 08.08.19. Minimum application is to be made for 19 shares and in multiples thereon, thereafter. Post allotment, shares will be listed on BSE and NSE. Issue constitutes dilution of 25% of the post issue paid-up equity capital of the company. This being OFS, its paid-up equity capital will remain the same at Rs. 16.04 cr. post IPO. SWSL has reserved 75% for QIBs, 15% for HNIs and 10% for retail investors.

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