

## Solarworld Energy Solutions – IPO Investment Note

Issue Open	Issue Close	Price Band (₹)	Rating
23 Sept 2025	25 Sept 2025	₹333-351	Neutral

### Company Overview

Solarworld Energy Solutions Ltd. (SESL), incorporated in 2013 is a leading provider of comprehensive solar energy solutions in India. The company specializes in engineering, procurement, and construction (EPC) of solar power projects, catering primarily to public sector undertakings (PSUs) and commercial & industrial (C&I) clients.

SESL executes projects under both the CAPEX model where customers own the assets and the RESCO model—where SESL owns and operates the projects while customers purchase power under long-term agreements. As of July 31, 2025, the company has successfully completed projects totaling 253.67 MW AC / 336.17 MW DC, with ongoing projects of 765 MW AC / 994 MW DC for EPC and 325 MW / 650 MWh in battery energy storage systems (BESS).

Its end-to-end capabilities, spanning land evaluation, design, procurement, installation, transmission infrastructure, and long-term operations & maintenance, enable customers to adopt solar energy efficiently and cost-effectively. With a strong project execution track record and a growing pipeline, SESL is well-positioned to support India’s energy transition and decarbonization goals.

### Industry Outlook

The Indian solar energy sector is poised for robust growth, driven by government initiatives, ambitious renewable energy targets, and rising demand from industrial and commercial consumers. India aims to achieve 500 GW of renewable energy capacity by 2030, with solar power expected to constitute a significant portion of this target, supported by policies such as the National Solar Mission, accelerated depreciation benefits, and state-level renewable energy obligations. Falling costs of solar modules and battery storage, coupled with technological advancements in solar + storage solutions, are enhancing the economic viability of both grid-connected and off-grid projects.

The commercial and industrial (C&I) segment is witnessing increased adoption due to corporate sustainability commitments and the need to reduce energy costs, while PSUs and government entities continue to invest in large-scale solar farms to meet regulatory mandates. Additionally, the adoption of RESCO models is enabling customers to transition to clean energy with minimal upfront investment, further expanding the market. With increasing focus on decarbonization, energy efficiency, and the electrification of industries, the solar EPC and renewable energy services industry is expected to experience sustained demand, presenting strong growth opportunities for well-positioned players with proven execution capabilities.

### Business Model

Solarworld Energy Solutions Ltd. generates revenue by providing end-to-end solar power solutions through its EPC and RESCO models. Under the CAPEX model, it earns project execution fees for designing, procuring, installing, and commissioning solar plants, while customers retain ownership. In the RESCO model, SESL invests in and operates the projects, earning revenue by selling power to clients under long-term fixed-tariff agreements. Its services include site evaluation, engineering design, procurement of modules and inverters, installation, transmission setup, and ongoing operations & maintenance, ensuring turnkey solutions for clients. The company also integrates battery energy storage systems (BESS) with solar projects, creating additional revenue streams. By offering solutions that reduce upfront costs for customers, SESL attracts PSUs and commercial/industrial clients seeking to meet decarbonization goals. Recurring revenues from power sales and O&M contracts provide predictable cash flows, while EPC execution fees contribute to one-time project income. This dual-revenue structure allows SESL to scale with increasing solar adoption, maintain flexibility in project financing, and strengthen long-term client relationships.

## Investment Rationale

### 1. Strong Execution Track Record

Solarworld Energy Solutions Ltd. has demonstrated robust project execution capabilities since its inception in 2013. As of July 31, 2025, it has completed projects totalling 253.67 MW AC / 336.17 MW DC, with ongoing projects of 765 MW AC / 994 MW DC in EPC and 325 MW / 650 MWh in BESS. The company's ability to deliver large-scale solar projects on time and within budget showcases operational efficiency. Its turnkey approach, encompassing land evaluation, engineering design, procurement, installation, transmission setup, and long-term O&M, ensures end-to-end project delivery. This execution strength builds client confidence and strengthens its reputation in the PSU and C&I segments. A consistent project pipeline reduces revenue volatility and enhances predictability. Overall, SESL's execution track record positions it as a reliable partner in India's renewable energy ecosystem.

### 2. Beneficiary of Sectoral Tailwinds

SESL operates in a fast-growing solar energy market, supported by government initiatives such as the National Solar Mission and state-level renewable obligations. India's target of 500 GW renewable capacity by 2030, with solar contributing a significant portion, creates a strong demand backdrop. Falling solar module and battery storage costs improve project viability and adoption rates. The increasing focus on decarbonization and energy efficiency is driving C&I clients and PSUs to invest in renewable energy solutions. SESL is well-positioned to capitalize on these structural tailwinds, given its expertise in both EPC and RESCO models. The growing acceptance of RESCO models enables adoption without upfront capital expenditure, expanding the addressable market. This combination of policy support, technological cost decline, and corporate sustainability mandates ensures long-term growth potential.

### 3. Diversified and Flexible Business Model

SESL's dual business models, CAPEX and RESCO provides flexibility to cater to clients with varied financial capabilities. Under the CAPEX model, revenue is earned through project execution fees, while clients retain asset ownership. The RESCO model generates recurring revenue from long-term power purchase agreements, providing predictable cash flows. Integrating battery energy storage systems (BESS) enhances project value and opens new revenue streams. The turnkey offering reduces complexity for clients, strengthens engagement, and increases project stickiness. This diversified approach allows SESL to balance one-time and recurring revenues efficiently. Flexibility in client offerings strengthens resilience against market fluctuations and enhances competitive positioning.

### 4. Focus on Sustainability and Long-Term Client Relationships

SESL's solutions enable clients to reduce their carbon footprint and meet sustainability goals without upfront investments. The company's emphasis on long-term O&M contracts ensures continuous engagement and predictable cash flows. Serving both PSUs and C&I clients diversifies the customer base, reducing dependency on any single sector. By providing tailored solutions and flexible financing models, SESL fosters long-term client relationships and repeat business. Its investments in project management and execution capabilities enhance delivery quality and client satisfaction. This customer-centric and sustainability-oriented approach strengthens the company's competitive moat. Over time, it positions SESL as a preferred partner for India's ongoing energy transition.

## Financial Snapshot

INR CR

Metric	FY23	FY24	FY25
Revenue (₹ Cr)	232	501	545
EBITDA (₹ Cr)	21	69	107
Net Profit (₹ Cr)	15	52	57
EBITDA Margin (%)	9.05	13.77	19.63
PAT Margin (%)	6.46	10.38	10.46

## Key Risks

### 1. Dependence on Government Policies and Incentives

Solarworld Energy Solutions operates in a heavily policy-driven sector, and its growth is closely linked to government incentives, renewable energy targets, and regulatory support. Any changes in subsidies, tax benefits, or tariff structures could impact project economics and adoption rates. Delays in approvals or policy implementation may slow project execution and reduce revenue visibility. The RESCO model, in particular, depends on favourable regulatory frameworks for long-term power purchase agreements. Adverse changes in state or central policies could increase costs or affect profitability. Maintaining alignment with evolving regulations is critical for sustained growth.

### 2. Project Execution and Supply Chain Risks

The company's business relies on the timely procurement of solar modules, inverters, and other key equipment. Delays in supply, price fluctuations, or quality issues can affect project timelines and margins. Large-scale EPC projects involve logistical, technical, and labour challenges that could lead to cost overruns or delayed commissioning. Unforeseen operational or environmental challenges at project sites may also disrupt execution. Effective project management and strong vendor relationships are essential to mitigate these risks. Any execution lapses could negatively impact client trust and revenue realization.

### 3. Client Concentration and Payment Risks

A significant portion of SESL's revenue comes from PSUs and C&I clients, which exposes it to client concentration risks. Delays in payments or disputes over power purchase agreements, particularly under the RESCO model, could affect cash flows and working capital. Dependence on a few large clients may amplify revenue volatility in case of order cancellations or renegotiations. Economic slowdown or changes in corporate sustainability budgets may reduce project demand. Diversifying the client base and maintaining strong contract enforcement are important risk mitigants. Effective credit and project risk management is critical to protect profitability.

## IPO Details and Use of Proceeds

Parameter	Details
<b>Issuer</b>	Solarworld Energy Solutions
<b>IPO Structure</b>	Fresh Issue (₹440 Cr) + OFS (₹50) Cr
<b>Issue Size</b>	₹490 Cr
<b>Price Band</b>	₹333 – ₹351
<b>Face Value</b>	₹5
<b>Post-Issue Market Cap</b>	₹3043 Cr (upper band)
<b>IPO Opening Date</b>	23rd September 2025
<b>IPO Closing Date</b>	25th September 2025
<b>Listing</b>	NSE & BSE (expected)
<b>Promoter Holding (Pre/Post)</b>	78.7% / 65.03 % (approx.)
<b>Book Running Lead Managers</b>	Nuvama Wealth Management Ltd.
<b>Use of Proceeds</b>	Investment in Subsidiary Rs 575.3 Cr (Expected) General corporate purposes

## Valuation and Recommendation

At the upper price band, the stock is **valued at a post-issue P/E of ~39.48x FY25**, which is on the higher side compared to industry peers. While the company demonstrates a strong growth trajectory and operational scalability, the current valuation leaves limited margin of safety for investors. Considering industry tailwinds and growth potential, the stock offers moderate upside, but near-term returns may be constrained by the rich P/E. Accordingly, we maintain a **Neutral** stance on the IPO.

**Disclaimer**

This information/document has been prepared by Mangal Keshav Financial Services LLP (MANGAL KESHAV) and is intended for use only by the person or entity to which it is addressed. This Document may contain confidential and/or privileged material and is not for any type of circulation, and any review, retransmission, or any other use is strictly prohibited. This information/document is subject to changes without prior notice.

This information/document does not constitute an offer to sell or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. Though disseminated to all customers who are due to receive the same, not all customers may receive this report at the same time. MANGAL KESHAV will not treat recipients as customers by virtue of their receiving this information/report.

The information contained herein is obtained from publicly available data or other sources believed to be reliable, and MANGAL KESHAV has not independently verified the accuracy and completeness of the said data and hence it should not be relied upon as such. While we would endeavor to update the information herein on a reasonable basis, MANGAL KESHAV, its subsidiaries, and associated companies, their directors and employees ("MANGAL KESHAV and affiliates") are under no obligation to update or keep the information current. Also, there may be regulatory, compliance, or other reasons that may prevent MANGAL KESHAV and affiliates from doing so. This document is prepared for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. Recipients of this report should also be aware that past performance is not necessarily a guide to future performance, and the value of investments can go down as well. The user assumes the entire risk of any use made of this information.

Clients should read the Risk Disclosure Document issued by SEBI and relevant exchanges, and the Terms & Conditions on the Mangal Keshav website.

Registration and Contact Details: Name of Research Analyst - Mangal Keshav Financial Services LLP, Research Analyst  
Registration No.: INH000018319.

LLPIN: AAM-3358

Registered Office: 501, Heritage Plaza, JP Road, Opp Indian Oil Colony, Andheri West, Mumbai 400053.

Correspondence/Administrative Office Address - 501, Heritage Plaza, JP Road, Opp Indian Oil Colony, Andheri West, Mumbai 400053.

TEL: 022 61907900