



## INGOVERN RESEARCH SERVICES

### STERLING AND WILSON SOLAR LIMITED

#### *Solar Eclipse for Minority Public Shareholders of a Solar EPC Company*

**Bangalore, India - Jan 9, 2020, 1430 hrs IST:** InGovern Research Services releases detailed research report on Sterling and Wilson Solar Limited.

Sterling and Wilson Solar Limited (“SWSOLAR”) is an end-to-end solar EPC solutions provider which got listed on the BSE and NSE on August 20, 2019. The company was listed through an offer for sale of shares by the promoters, belonging to the Shapoorji Pallonji Group. The offer for sale of shares resulted in Promoters raising Rs. 2,850 crore through the IPO. While the objects of the IPO were to enable the promoters to repay loans amounting to Rs. 2,563 crore to SWSOLAR within 90 days of listing, the Company has received only Rs. 1000 crore on December 31, 2019, i.e., 133 days after listing. This non-fulfilment of obligations by the promoters as per the objects of the offer has resulted in a loss of over 60% in investment value for IPO investors as stock price has fallen from the issue price of Rs. 780 to Rs. 310 as on January 6, 2020, resulting in a loss of Rs. 1,700 crore (approx. USD 250 million) for public minority shareholders.

This is tantamount to change of objects of the IPO from what was stated in the prospectus. This has resulted in aggrieved minority public shareholders. SEBI (ICDR) Regulations, 2018 allow for the dissenting shareholders to be provided an exit offer by the promoters, in cases where there is a change in objects of the issue/ offer in the IPO prospectus. In this case, where shareholders have suffered significant erosion in value of their holdings solely due to the non-utilisation of funds as per the objects of offer of the IPO, SEBI must force the promoters to provide an exit offer to shareholders at a price as per SEBI (ICDR) Regulations.

**Shriram Subramanian**, founder and MD of InGovern comments: “Overall, a huge loss of reputation for the promoters of the SWSOLAR, the SP group. With substantial – over Rs.1,700 crore - erosion of wealth of public minority shareholders, and loss of investor trust for a group that seemed to have a stellar reputation. In order to redeem this reputation, the SP group should provide an exit option for public minority shareholders. This is a demand from minority shareholders and SEBI should force the promoters to provide and exit option for minority shareholders”.

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#### **ABOUT INGOVERN**

InGovern Research Services Pvt. Ltd. is India's leading independent governance analysis firm assisting institutional investors that have financial or reputation exposure to public companies. Our services include: Corporate Governance Research and Proxy Voting Solutions. InGovern was founded with the objective of enhancing the corporate governance culture in India and enhancing shareholder activism of institutional investors.