

05 December 2024

India | Equity Research | Company Update

Inox Wind

Capital Goods

Supercharging an RE branded house

We attended the INOXGFL Group Vision Day held on 2 Dec'24; takeaways being the INOXGFL group's foray into: 1) renewable power generation for the commercial and industrial (C&I) sector with an envisaged capacity of 3GW by FY27/FY28; 2) production of solar cells and modules as well as EPC and O&M services; and 3) systematically targeting third party C&I players looking for hybrid RE solutions through these new ventures. The group is spreading its wings beyond WTG (and related services) to become a forward-integrated comprehensive renewables player. The vision of the group is to be present across the value chain in India's pursuit for energy transition. The group aims to leverage the solid foundation of Inox Wind to piece together the rest of the puzzle. Maintain **BUY** at a TP of **INR 245**.

Kicking off RE solutions for C&I players

The group is setting a C&I renewable power generation company – 'IGREL Renewables' – at the promotor-level. The group aims to build a hybrid portfolio of 3GW in the next 2–3 years. PPAs and Lols with GFL (the group's chemical arm) and other third party off-takers are in place. Operational capacity of IGREL is 157MW of wind with another 36MW near commissioning. Moreover, orders have been placed for another 750MW of wind and 250MW of solar.

Venturing into solar manufacturing

The group is also venturing into the production of solar cells and modules along with end-to-end EPC and O&M solutions through 'Inox Solar'. The group aims for a capacity of 4.8GW of modules and 2.4GW of TOPCon cells by FY27.

Synergising their part in India's RE story

IGREL to benefit from Inox Wind (WTG), Inox Resco (Wind EPC) and Inox Green (O&M) through backward integration and GFL as initial off-taker. Similarly, Inox Solar to benefit from these companies via forward integration.

FY25 guidance reiterated; maintain BUY with a TP of INR 245

The company also reiterated its guidance of execution of 800MW (2x FY24) in FY25 and stated its goals for FY25 (1.2GW; +50% YoY) and FY26 (2GW; +67% YoY) as well. We believe the synergies from the new businesses are to benefit Inox Wind as well. We maintain **BUY** with a TP of **INR 245** per share.

Financial Summary

Y/E March (INR mn)	FY23A	FY24A	FY25E	FY26E
Net Revenue	7,370	17,432	44,988	73,050
EBITDA	(2,638)	2,686	7,825	11,277
EBITDA Margin (%)	(35.8)	15.4	17.4	15.4
Net Profit	(6,707)	(429)	4,867	8,641
EPS (INR)	(5.1)	(0.3)	3.6	5.3
EPS % Chg YoY	(76.3)	(93.6)	(1,193.5)	47.1
P/E (x)	(40.2)	(627.5)	57.4	39.0
EV/EBITDA (x)	(109.5)	110.4	39.0	31.9
RoCE (%)	(8.8)	5.3	13.0	17.3
RoE (%)	(37.6)	(2.5)	25.1	33.0

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Market Data

Market Cap (INR)	269bn
Market Cap (USD)	3,180mn
Bloomberg Code	INXW IN
Reuters Code	INWN.BO
52-week Range (INR)	262 /73
Free Float (%)	52.0
ADTV-3M (mn) (USD)	27.5

Price Performance (%)	3m	6m	12m
Absolute	(7.3)	34.7	187.0
Relative to Sensex	(5.3)	29.0	167.2

ESG Score	2023	2024	Change
ESG score	64.7	NA	NA
Environment	44.8	NA	NA
Social	64.7	NA	NA
Governance	74.7	NA	NA

Note - Score ranges from 0 - 100 with a higher number indicating a higher ESG score.

Source: SES ESG, I-sec research

Previous Reports

28-10-2024: [Q2FY25 results review](#)

13-08-2024: [Q1FY25 results review](#)

Outlook and valuation

Inox Wind (INOX) is benefitting from the improvement in industry prospects. Due to industry slowdown and low execution, INOX saw a substantial spike in debt from FY17-FY23. The company has been deleveraging and its net debt reduced to ~INR 6.5bn by end-FY24. In addition, the industry is looking up and a revival led by a slew of policy actions is in the offing along with strong bidding activity for RE projects with wind component of 10–12GW in FY24.

INOX has witnessed a sharp improvement in order inflow (at 2.3GW in FY24). This inflow was largely driven by 1,500MW of order from CESC, which may be executed over the next 3–4 years. This has improved execution growth visibility over the next 3–4 years and should substantially improve execution growth over the next 1–2 years.

We maintain **BUY** on the stock with an SoTP-based target price of **INR 245/share**, valuing the wind business at **35x FY26E EPS**.

Key risks: 1) Slowdown in order inflow; and 2) slowdown in RE project bidding.

Exhibit 1: Maintain BUY and TP of INR 245

Particulars	Methodology	Stake	Value (INR mn)	INR/share
Wind Business	35x FY26E EPS	100%	3,11,063	239
Less: NCRPS			18,700	14
Add: Tax Shield			-	-
Sub-total			2,92,363	224
Inox Green	Mkt cap adjusted @15% for holdco	56%	27,702	21
Total			3,20,065	245

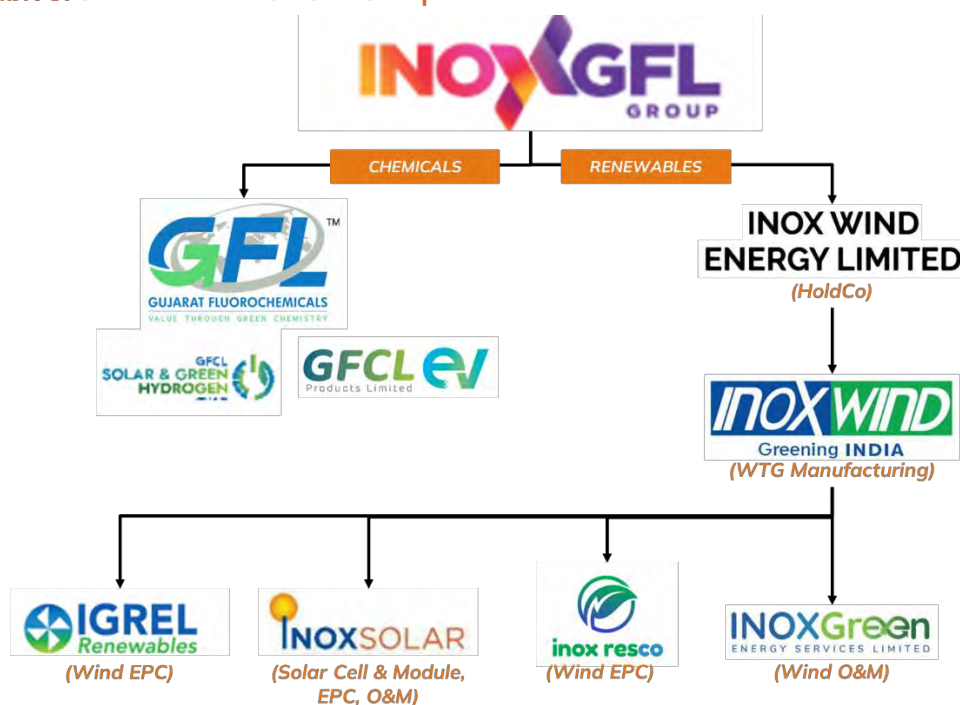
Source: I-Sec research, Company data

Exhibit 2: Guidance of +75% CAGR over FY24–27E

Particulars	Actuals				Guidance		
	FY22	FY23	FY24	H1FY25	FY25	FY26	FY27
Execution (MW)	112	104	372	280	800	1,200	2,000
YoY growth (%)	40%	-7%	258%		115%	50%	67%

Source: I-Sec research, Company data

Exhibit 3: Structure of INOXGFL Group

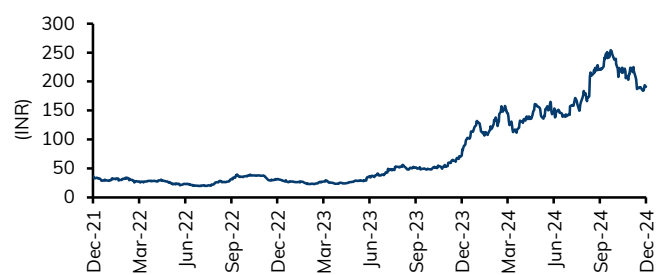


Source: I-Sec research, Company data

Exhibit 4: Shareholding pattern

%	Mar'24	Jun'24	Sep'24
Promoters	52.9	48.3	48.3
Institutional investors	19.2	23.6	25.1
MFs and others	8.9	7.9	7.2
FIs/Banks	0.5	0.5	0.0
Insurance	0.3	0.1	0.2
FIIIs	9.5	15.1	17.7
Others	27.9	28.1	26.6

Source: Bloomberg

Exhibit 5: Price chart

Source: Bloomberg

Financial Summary

Exhibit 6: Profit & Loss

(INR mn, year ending March)

	FY23A	FY24A	FY25E	FY26E
Net Sales	7,370	17,432	44,988	73,050
Operating Expenses	5,446	2,571	3,110	4,011
EBITDA	(2,638)	2,686	7,825	11,277
EBITDA Margin (%)	(35.8)	15.4	17.4	15.4
Depreciation & Amortization	1,062	1,100	1,680	1,680
EBIT	(3,699)	1,587	6,145	9,597
Interest expenditure	3,407	2,483	1,485	1,096
Other Non-operating Income	214	561	449	471
Recurring PBT	(6,892)	(335)	5,109	8,973
Profit / (Loss) from Associates	-	-	-	-
Less: Taxes	(185)	36	-	-
PAT	(6,707)	(566)	4,867	8,641
Less: Minority Interest	-	(58)	(242)	(331)
Extraordinaries (Net)	-	(137)	-	-
Net Income (Reported)	(6,707)	(566)	4,867	8,641
Net Income (Adjusted)	(6,707)	(429)	4,867	8,641

Source Company data, I-Sec research

Exhibit 7: Balance sheet

(INR mn, year ending March)

	FY23A	FY24A	FY25E	FY26E
Total Current Assets	30,875	30,590	58,602	88,306
of which cash & cash eqv.	2,702	539	1,837	8,025
Total Current Liabilities & Provisions	13,210	11,113	33,412	51,095
Net Current Assets	17,665	19,477	25,190	37,211
Investments	5,070	6,871	6,871	6,871
Net Fixed Assets	15,795	15,507	14,527	13,347
ROU Assets	-	-	-	-
Capital Work-in-Progress	1,232	2,662	2,462	2,262
Total Intangible Assets	-	-	-	-
Other assets	7,853	9,517	9,517	9,517
Deferred Tax Assets	-	-	-	-
Total Assets	47,614	54,035	58,568	69,209
Liabilities				
Borrowings	24,063	31,383	31,049	33,049
Deferred Tax Liability	-	-	-	-
provisions	-	-	-	-
other Liabilities	6,188	5,678	5,678	5,678
Equity Share Capital	3,259	3,259	3,259	3,259
Reserves & Surplus	14,104	13,714	18,581	27,223
Total Net Worth	17,363	16,974	21,841	30,482
Minority Interest	-	-	-	-
Total Liabilities	47,614	54,035	58,568	69,209

Source Company data, I-Sec research

Exhibit 8: Cashflow statement

(INR mn, year ending March)

	FY23A	FY24A	FY25E	FY26E
Operating Cashflow	722	(2,938)	3,858	5,915
Working Capital Changes	(3,729)	(6,149)	(4,415)	(5,833)
Capital Commitments	(4,234)	(2,242)	(500)	(300)
Free Cashflow	4,956	(696)	4,358	6,215
Other investing cashflow	-	-	-	-
Cashflow from Investing Activities	(4,234)	(2,242)	(500)	(300)
Issue of Share Capital	-	-	-	-
Interest Cost	(3,407)	(2,483)	(1,485)	(1,096)
Inc (Dec) in Borrowings	6,881	7,319	(334)	2,000
Dividend paid	-	-	-	-
Others	511	(1,801)	-	-
Cash flow from Financing Activities	3,985	2,910	(2,063)	660
Chg. in Cash & Bank balance	474	(2,163)	1,298	6,188
Closing cash & balance	2,702	539	1,837	8,025

Source Company data, I-Sec research

Exhibit 9: Key ratios

(Year ending March)

	FY23A	FY24A	FY25E	FY26E
Per Share Data (INR)				
Reported EPS	(5.1)	(0.3)	3.6	5.3
Adjusted EPS (Diluted)	(5.1)	(0.3)	3.6	5.3
Cash EPS	(4.3)	0.5	4.8	6.3
Dividend per share (DPS)	-	-	-	-
Book Value per share (BV)	13.3	13.0	16.2	18.7
Dividend Payout (%)	-	-	-	-
Growth (%)				
Net Sales	18.0	136.5	158.1	62.4
EBITDA	(15.0)	(201.8)	191.3	44.1
EPS (INR)	(76.3)	(93.6)	(1,193.5)	47.1
Valuation Ratios (x)				
P/E	(40.2)	(627.5)	57.4	39.0
P/CEPS	(47.7)	401.9	42.7	32.7
P/BV	15.5	15.9	12.8	11.1
EV / EBITDA	(109.5)	110.4	39.0	31.9
P / Sales	37.0	15.6	6.3	4.7
Dividend Yield (%)	-	-	-	-
Operating Ratios				
Gross Profit Margins (%)	38.1	30.2	24.3	20.9
EBITDA Margins (%)	(35.8)	15.4	17.4	15.4
Effective Tax Rate (%)	2.7	(10.8)	-	-
Net Profit Margins (%)	(91.0)	(3.2)	10.8	11.8
NWC / Total Assets (%)	31.4	35.0	39.9	42.2
Net Debt / Equity (x)	0.9	1.4	1.0	0.6
Net Debt / EBITDA (x)	(6.2)	8.9	2.9	1.6
Profitability Ratios				
RoCE (%)	(8.8)	5.3	13.0	17.3
RoE (%)	(37.6)	(2.5)	25.1	33.0
RoIC (%)	(8.8)	5.3	13.0	17.3
Fixed Asset Turnover (x)	0.5	1.1	3.0	5.2
Inventory Turnover Days	606	366	303	248
Receivables Days	443	335	288	210
Payables Days	331	178	332	285

Source Company data, I-Sec research

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