

IPO Note

About Company:

- Inox Green Energy Services Ltd (“IGESL”) was incorporated on May 11, 2012. Subsidiary of Inox Wind Ltd (“IWL”), IGESL is one of the major wind power operation and maintenance (“O&M”) service providers within India. The company is engaged in the business of providing long-term O&M services for wind farm projects, specifically the provision of O&M services for wind turbine generators (“WTGs”) and the common infrastructure facilities on the wind farm which support the evacuation of power from such WTGs.
- IGESL enjoys synergistic benefits as a subsidiary of IWL, which is principally engaged in the business of manufacturing WTGs and providing turnkey solutions by supplying WTGs and offering a variety of services including wind resource assessment, site acquisition, infrastructure development, EPC of WTGs, and, through Inox Green, providing long-term O&M services for wind power projects.
- Pursuant to an exclusivity agreement between IWL and IGESL, the company provides exclusive O&M services for all WTGs sold by IWL through the entry of long-term O&M contracts between the WTG purchaser and themselves for terms which typically range between 5 to 20 years.
- As of June 30, 2022, IWL had entered into binding contracts for the supply of 2 MW capacity WTGs with an aggregate capacity of 964 MW. Further, IWL had also received letters of intent, which are non-binding and which therefore may not lead to execution of any form of binding contract, for its new 3.3 MW capacity WTGs with an aggregate capacity of 524.7 MW.
- As of June 30, 2022, their O&M services portfolio consisted of an aggregate 2,792 MW of wind farm capacity and 1,396 WTGs.

Issue Details:

Fresh Issue of Equity shares aggregating upto ₹ 370 Cr & Offer for sale of Equity Shares aggregating upto ₹ 370 Cr

Issue size: ₹ 740 Cr

No. of Shares: 121,311,474-113,846,152 Shares

Face value: ₹ 10/-

Price band: ₹ 61-65

Bid Lot: 230 Shares and in multiple thereof

Min. Application Amt. @Upper Band (Retail): ₹14,950

Min. Application (Retail): 230 Eq. Shares

Max. Application Amt. @Upper Band (Retail): ₹194,350

Max. Application (Retail): 2990 Eq. Shares

Post Issue Implied Market Cap: ₹ 1804 Cr – 1898 Cr

BRLMs: : Edelweiss Financial, DAM Capital, Equirus Capital, IDBI Capital, Systematix Corporate

Registrar: Link Intime India Pvt. Ltd.

Indicative Timetable:

Activity	On or about
Anchor Investor Issue Opens	10-11-2022
Issue Opens	11-11-2022
Issue Closes	15-11-2022
Finalization of Basis of Allotment	18-11-2022
Refunds/Unblocking ASBA Fund	21-11-2022
Credit of equity shares to DP A/c	22-11-2022
Trading commences	23-11-2022

Issue Break-up:

Investor	₹ In Cr (@Upper)	No. of Shares (In Cr.)		% of Allocation
		@Lower	@Upper	
QIB	555	9.10	8.54	75%
NIB	111	1.82	1.71	15%
Retail	74	1.21	1.14	10%
Total	740	12.13	11.38	100%

Shareholding Pattern:

	Pre-Issue	Post-Issue
Promoters	93.84%	56.04%
Public	6.16%	43.96%
Total	100%	100%

Listing On: BSE & NSE

Offer Details:

Objects	Amount (₹ Cr)
Repayment and/or pre-payment, in full or part, of certain borrowings availed by the company including redemption of Non-Convertible Debentures in full	260
General Corporate Purposes	[•]
Total	[•]

Fresh Issue	₹ Cr	No. of Shares	Weighted Average cost of Acquisition on Fully Diluted Basis (₹)
Fresh Issue	₹ 370 Cr	Upto 60655737 - 56923076 Equity Shares	-
The Promoter Selling Shareholder:			
Inox Wind Ltd	₹ 370 Cr	Upto 60655737 - 56923076 Equity Shares	48.28

Key Financials:

Particulars	As at June 30,	As at March 31,		
	2022	2022	2021	2020
Equity Share Capital	235.02	235.02	128.62	116.21
Equity component of compound financial instrument			32.9	32.9
Reserves	559.98	571.62	-118.56	-52.5
Net worth as stated	795	806.63	42.96	96.54
Revenue from Operations	61.79	172.17	172.25	165.32
Revenue Growth (%)		-0.05%	4.19%	
EBITDA as stated	18.93	100.26	77.27	95.35
EBITDA Margin (%) as stated	29.97%	52.70%	41.48%	55.39%
Profit/Loss Before Tax	-15.59	-4.71	-32.34	2.77
Restated Profit/Loss for the period	-11.58	-93.2	-153.52	-52.26
Net Asset Value (₹)	33.83	34.32	3.34	8.31

Directors & Key Managerial Personnel:

The company was originally incorporated as 'Inox Wind Infrastructure Services Limited' at Vadodara on May 11, 2012. The company was promoted by Inox Wind Ltd ("IWL"), who in aggregate together with its nominee, holds 220,531,701 Equity Shares, representing 93.84% of the pre-Offer issued, subscribed, and paid-up Equity Share capital of the company.

Brief Biographies of Directors:

Manoj Shambhu Dixit is the Whole-time Director of the company. He has been associated with the company since October 8, 2013, and is currently responsible for, inter alia, project development, people management, and power sale. In the past, he has been associated with Perfect Refractories Ltd, and Gujarat Fluorochemicals Ltd.

Mukesh Manglik is the Whole-time Director of the company. He has been associated with the company since October 21, 2014, and is currently responsible for, inter alia, engineering, machine automation, new product development and technical support. In the past, he has been associated with Suzlon Infrastructure Services Ltd.

Vineet Valentine Davis is the Non-Executive Director of the company. He has been associated with the company since October 8, 2013. In the past, he has been associated with Camphor & Allied Products Ltd, Chambal Fertilisers and Chemicals Ltd, Reliance Industries Ltd, Essar Investments Ltd, and JITF Water Infrastructure Ltd.

Venkatanarayanan Sankaranarayanan is an Independent Director of the company. He has been associated with the company since October 21, 2014. He is on the board of various companies including Inox Wind Ltd and Triumph Trading Ltd. In the past, he has been associated with the Hotz Industries Ltd for over 30 years in different capacities.

Shanti Prashad Jain is an Independent Director of the company. He has been associated with the company since May 29, 2014.

Bindu Saxena, is an Independent Director of the company. She has been associated with the company since December 14, 2021.

Key Managerial Personnel:

Devansh Jain is a consultant with the company and is associated with the company in an advisory capacity since January 21, 2022, for a term of 1 year ending on January 20, 2023. He is also the executive director on the board of the Promoter. He has been associated with the promoter since April 25, 2009.

Key Managerial Personnel:

Kailash Lal Tarachandani is a consultant with the company and is associated with the company in an advisory capacity since January 21, 2022, for a term of 1 year ending on January 20, 2023. He is also the chief executive officer of the promoter. He has been associated with the promoter since May 16, 2013. He was previously associated with Kenersys India Pvt Ltd.

Jitendra Mohananey is a consultant with the company and is associated with the company in an advisory capacity since January 21, 2022, for a term of 1 year ending on January 20, 2023. He was appointed by IWL as senior vice president (finance) on November 13, 2014. He was previously associated with Green Infra Ltd, Lanco Infratech Ltd, Indraprastha Gas Ltd, Jagatjit Brown-Forman India Ltd, and Dura-line India Pvt Ltd.

Govind Prakash Rathor is the Chief Financial Officer of the company. He has been associated with the company since November 9, 2019, and is currently responsible for, inter alia, financial monitoring of operations, monitoring the various direct and indirect tax compliances of the company, and overseeing the accounting consolidation. He was previously associated with Punj Lloyd Ltd, Caparo Engineering India Ltd, and Vacmet India Ltd.

Pooja Paul is the Company Secretary and Compliance Officer of the company. She was appointed as a Company Secretary on June 27, 2020 and is currently responsible for, inter alia, compliances under the various laws, and maintenance of minutes of various meetings, statutory records, registers and other secretarial documents. She was previously associated with Delta Colonizers Ltd and Den Entertainment Network Pvt Ltd.

Shareholding Pattern:

Shareholders	Pre-offer		No. of Shares offered	Post-offer	
	Number of Equity Shares	% of Total Equity Share Capital		Number of Equity Shares	% of Total Equity Share Capital
Promoters	22,05,31,701	93.84%	3,66,33,663	16,36,08,625	56.04%
Promoters Group					
Total for Promoter & Promoter Gr	22,05,31,701	93.84%	3,66,33,663	16,36,08,625	56.04%
Public	1,44,84,557	6.16%		12,83,30,709	43.96%
Total for Public Shareholder	1,44,84,557	6.16%		12,83,30,709	43.96%
Total Equity Share Capital	23,50,16,258	100.00%	3,66,33,663	29,19,39,334	100.00%

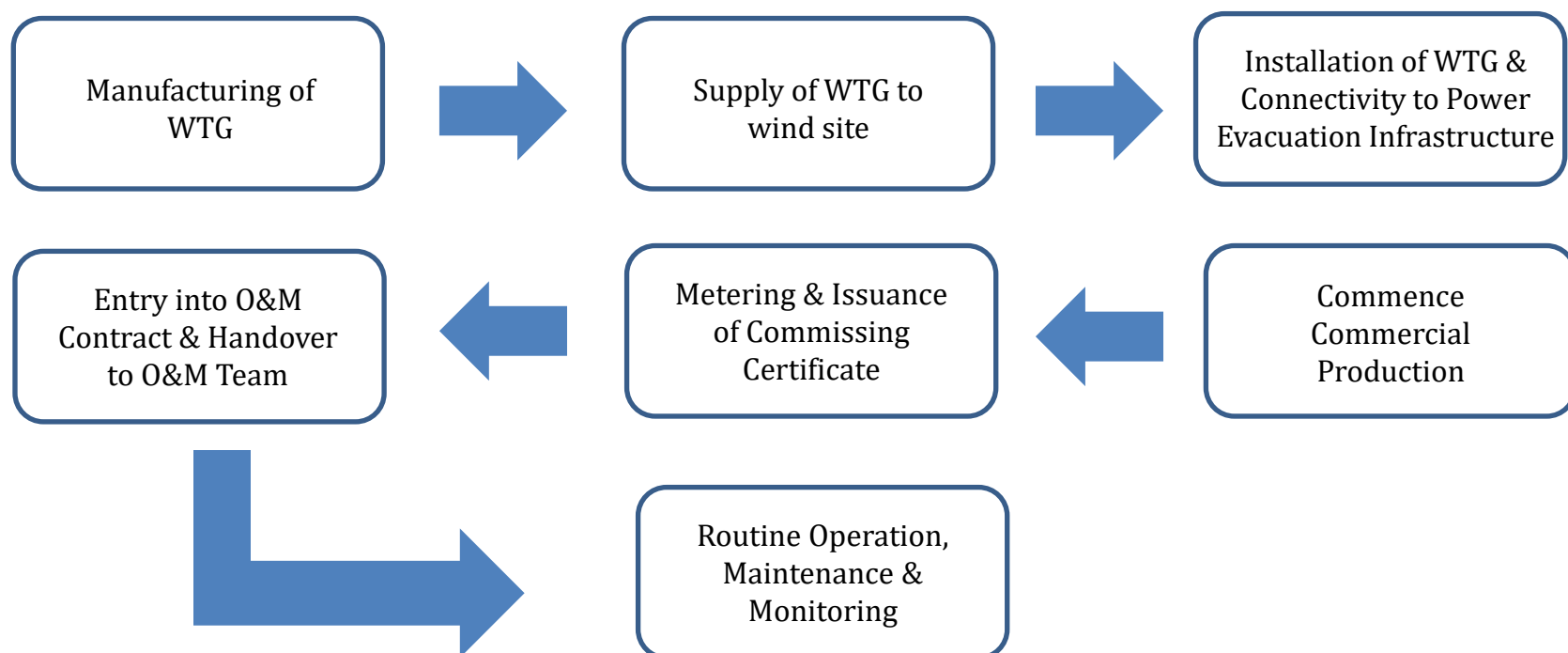
Business Overview:

Inox Green Energy Services Ltd (“IGESL”) is one of the major wind power operation and maintenance (“O&M”) service providers within India. The company is engaged in the business of providing long-term O&M services for wind farm projects, specifically the provision of O&M services for wind turbine generators (“WTGs”) and the common infrastructure facilities on the wind farm which support the evacuation of power from such WTGs. They have stable annual income owing to the long-term O&M contracts that they enter into with their customers. They are a subsidiary of Inox Wind Ltd (“IWL”), a company which is listed on the National Stock Exchange of India Ltd and BSE Ltd, and part of the Inox GFL group of companies (“Inox GFL Group”). Their subsidiaries are engaged in the business of power generation through renewable sources of energy with Nani Virani Wind Energy Pvt Ltd being the only subsidiary which has commenced power generation.

IGESL enjoys synergistic benefits as a subsidiary of IWL, which is principally engaged in the business of manufacturing WTGs and providing turnkey solutions by supplying WTGs and offering a variety of services including wind resource assessment, site acquisition, infrastructure development, EPC of WTGs, and, through Inox Green, providing long-term O&M services for wind power projects. Pursuant to an exclusivity agreement between IWL and IGESL, the company provides exclusive O&M services for all WTGs sold by IWL through the entry of long-term O&M contracts between the WTG purchaser and themselves for terms which typically range between 5 to 20 years. Due to this exclusivity agreement, IWL’s order book is an important indicator of future revenue and growth for their company.

As of June 30, 2022, IWL had entered into binding contracts for the supply of 2 MW capacity WTGs with an aggregate capacity of 964 MW. Further, IWL had also received letters of intent, which are non-binding and which therefore may not lead to execution of any form of binding contract, for its new 3.3 MW capacity WTGs with an aggregate capacity of 524.7 MW.

The diagram which summarizes the general process from the manufacturing of a WTG by, for example, IWL, to the point where the provision of their O&M services commences.



Business Overview:

As of June 30, 2022, their O&M services portfolio consisted of an aggregate 2,792 MW of wind farm capacity and 1,396 WTGs. This included a total capacity of 1,220 MW for various customers in Mahidad, Rojmal, Sadla, Savarkundla and Dayapar in Gujarat; a total capacity of 632 MW for various customers in Kukru, Nipaniya, Jaora and Lahori in Madhya Pradesh; a total capacity of 560 MW for various customers in Dangri, Rajasthan; and a total capacity of 196 MW for various customers in Vaspet, Bhendewade and South Budh in Maharashtra.

Of the 2,792 MW capacity, 1,964 MW was attributable to their contracts for comprehensive O&M services and 828 MW was attributable to their common infrastructure O&M contracts. In general, their comprehensive O&M contracts cover the provision of O&M services to both WTGs installed on a wind farm and the common infrastructure facilities, such as electrical substations and transmission lines, which support the wind farm; their common infrastructure O&M contracts relate only to the provision of O&M services on the common infrastructure facilities.

Customer Base:

The company has a diversified customer base, some of whom they have enjoyed business relationships with between 5 and 9 years, comprising private companies, independent wind power producers, power utilities and government organizations in India, to whom they provide wind farm O&M services. Their customers comprise large IPPs, PSUs and retail customers.

- Gujarat Fluorochemicals Ltd.,
- Continuum Power Trading (TN) Pvt Ltd.,
- Gujarat Industries Power Co. Ltd.,
- Torrent Power Ltd.,
- Shree Cement Ltd.,
- Integrum Energy,
- Sri KPR Infra & Projects Ltd.,
- Markdata Green Energy Pvt Ltd.Ltd.,
- Roha Dyechem Pvt. Ltd.,
- Amrit Bottlers Pvt Ltd.

Business Strategies:

Exploring opportunities to expand the portfolio and scale the operations

In addition to growing their portfolio through the entry of new long-term O&M contracts with customers who purchase IWL's WTGs, IGESL plans to expand their portfolio to also provide O&M services for WTGs which are not manufactured by IWL. Their plans also include the recovery of contracts for the provision of WTG O&M services from a few large IPPs which had previously entered comprehensive O&M contracts with them but have recently opted to internalise their WTG O&M services.

They also intend to continue looking for opportunities to strategically acquire the O&M portfolios of other wind OEMs, especially smaller scale wind OEMs or third party and independent service providers which are currently unable to compete effectively, to further grow their portfolio base.

Transitioning to an asset-light model with minimal capital expenditure

IGESL has developed common infrastructure facilities such as pooling substations and transmission lines under their current business model and have incurred significant capital expenditure in doing so. This was partly as a result of successful project bids which required them to develop such infrastructure prior to securing investors to establish wind farms on a plug-and-play basis. There is still some unutilized capacity for the installation of WTGs as of June 30, 2022, which they intend to fill. While such capital expenditure is expected to continue in the short-term of their ongoing prior commitments, they intend to transition to an asset light model with minimal capital expenditure.

Continuing and enhancing the focus on predictive maintenance over reactive maintenance

IGESL focuses their efforts on practicing predictive maintenance in order to avoid the negative impacts of reactive maintenance such as downtime stemming from the need to effect major service, repairs or overhaul. Major components of WTGs require constant and diligent monitoring to ensure they operate as efficiently as possible in order to deliver a high yield of power generation for their customers. Using predictive maintenance, they are able to accurately forecast potential component failures before they occur and take steps to repair or replace such components.

Provide analytics and asset performance forecast services

IGESL is keen adopters of new technologies to assist them in the provision of their O&M services which ultimately helps their clients in optimizing the use of their WTG assets. To this end, they employ the use of various software technologies such as AMSC's proprietary Supervisory Control and Data Acquisition system ("wtSCADA") to monitor 250 WTG parameters.

Competitive Strengths:

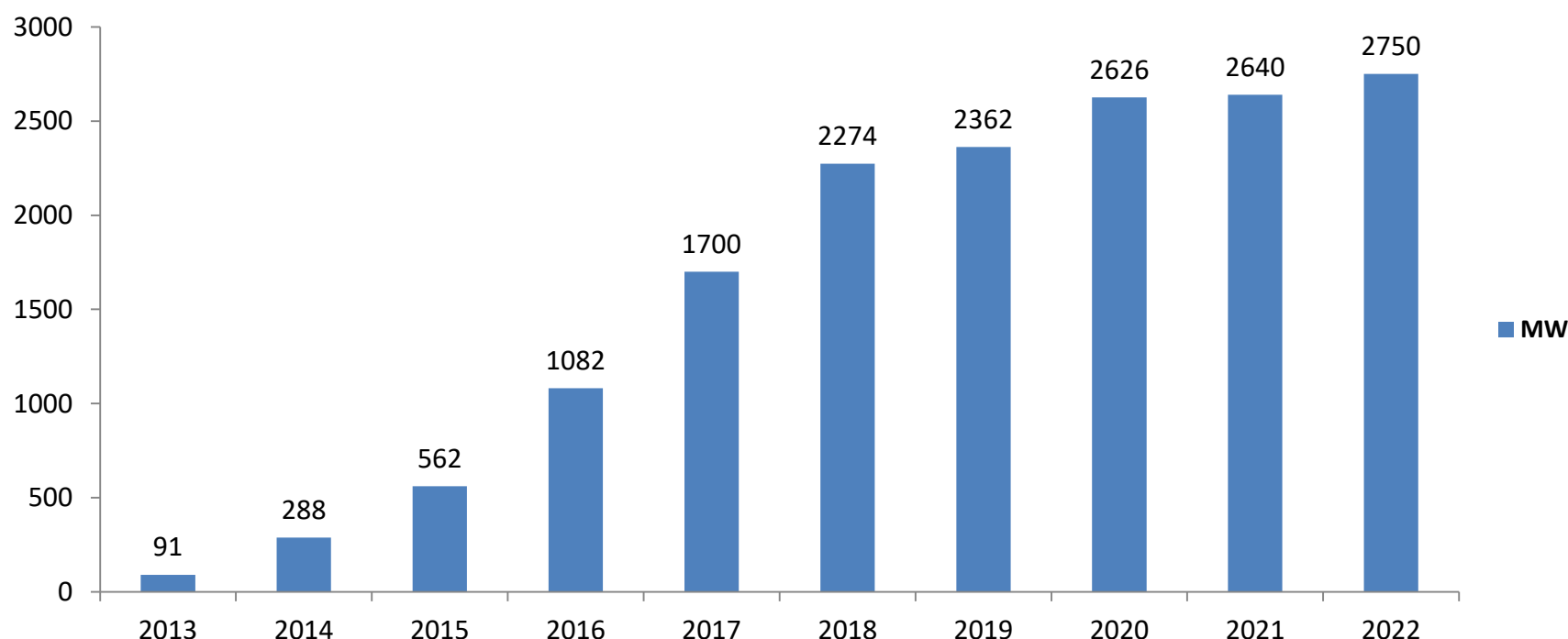
Strong and diverse existing portfolio base

As of June 30, 2022, Company's portfolio of O&M contracts (consisting of both comprehensive O&M contracts and common infrastructure O&M contracts) covered an aggregate of 2,792 MW of wind projects spread across 8 windresource rich states in India with an average remaining project life of more than 20 years. The counterparties to their O&M contracts feature a mix of independent power producers ("IPP") (approximately 72%), public sector undertakings ("PSU") (approximately 14%) and corporates (approximately 14%). Further, certain individual wind project sites which they have developed in collaboration with IWL have significant capacity to support the installation of additional WTGs which will further grow their portfolio base. Such capacity exists due to the nature of wind project site development which requires the construction and installation of supporting infrastructure such as pooling substations and transmission lines in advance of the installation of WTGs.

Established track record, favourable national policy support and visibility for future growth

IGESL has an established track record in the wind energy O&M industry of more than 9 years.

The operating portfolio of O&M contracts (both comprehensive O&M contracts and common infrastructure O&M contracts) has grown at a compound annual growth rate of approximately 40.16% in the past 9 years since their commencement of operations.



IWL's wind energy extraction technology and access to wind sites coupled with strong industry growth prospects enable IGESL, through their exclusive arrangement with IWL, to provide O&M services for the WTGs they manufacture and to forecast a steady growth in their O&M business over the coming years.

Competitive Strengths:

Reliable cash flow supported by long-term O&M contracts with high credit quality counterparties

IGESL enters into long-term O&M contracts with their customers which range from 5 to 20 years with a renewal option provided in most cases. Such contracts provide them with full revenue visibility as the price for their O&M services is pre-determined for each year of the contract. Furthermore, such contracts feature a built-in fixed price escalation formula of approximately 5% p.a. (compounded on the previous year's charges for a contractually specified number of years). Their ability to maintain and renew their O&M contracts throughout the useful lifecycle of each WTG is further secured given their experience and expertise in servicing the proprietary components which make up the WTGs manufactured by IWL as well as the common infrastructure facilities developed by IWL.

Established supply chain in place

IGESL has an established relationship with their suppliers for the parts, components, and tools they require in their provision of O&M services. As part of their synergistic relationship with IWL, they are able to obtain proprietary components and spare parts for the IWL manufactured WTGs directly from IWL.

Strong and experienced management team

As of June 30, 2022, IGESL has a team of 401 employees which include managers who have extensive experience in the O&M of WTGs and in the wind industry generally. Their senior managers in charge of, are well educated in the fields of engineering, design and business management and have an average of more than 10 years of experience in their respective fields and considerable experience in the wind energy industry. To ensure that their O&M team remains up to date with industry best practices, IGESL conduct regular trainings to sharpen their technical, safety and behavioural skills.

Supported and promoted by the parent company, IWL

Company's parent company, IWL, together with its group companies, is one of India's notable WTGs manufacturers which provides wind energy turnkey solutions across India. Its service offerings include wind resource assessment, wind site acquisition, infrastructure development, EPC and it has an installed capacity of approximately 2,792 MW as of June 30, 2022. IWL has manufacturing facilities in Gujarat, Himachal Pradesh and Madhya Pradesh and clientele which includes various IPPs, PSUs and corporates. Their parent also has exclusive licenses and agreements in place to manufacture WTGs in India using WTG technology developed by American Superconductor Corporation ("AMSC"), a NASDAQ listed company, and is backed by a management team with extensive experience in the renewable energy sector.

IGESL benefits from a synergistic relationship with their parent pursuant to an exclusivity agreement which enables them to provide O&M services to all customers who purchase WTGs from their parent company.

Competitive Strengths:

In November 2021, IWL secured a 150 MW wind power project order at Dayapar, Kutch, in Gujarat, valued at approximately ₹900 crore from a notable Indian statutory corporation and PSU (“PSU Order”). As part of their exclusive arrangement with IWL, IGESL is contracted to provide comprehensive O&M for the lifetime of this project.

IWL’s order book (which includes the PSU Order) as at June 30, 2022.

Particulars	WTG Capacity (raw)	Order Book Capacity (MW)
Binding Contracts		
SECI 1	2	50
SECI 2	2	200
SECI 3	2	200
SECI 4	2	100
Maharashtra	2	50
PSU Order	2	150
PSU Order- II	2	200
Others	2	14
Total Binding Contracts		964
Non-Binding Contracts		
Letters of intent to purchase new 3.3 MW WTGs*	3.3	524.7

(*The letters of intent are non-binding and may not lead to execution of any form of binding contract.)

IWL’s order book currently consists of executed binding contracts and letters of intent which are non-binding and which therefore may not lead to execution of any form of binding contract. As of June 30, 2022, IWL had entered into binding contracts for the supply of 2 MW capacity WTGs with aggregate capacity of 964 MW. Further, IWL had also received letters of intent, which are non-binding and which therefore may not lead to execution of any form of binding contract, for its new 3.3 MW capacity WTGs with an aggregate capacity of 524.7 MW. The expansion of IWL’s product offerings to include its new 3.3 MW capacity WTGs is expected to increase its market prominence and market share which, in turn, will lead to growth in their O&M business.

IGESL is a member of the Inox GFL Group, which principally operates in the speciality chemicals and renewable energy sectors and has historical connections with the wider Inox Group which commenced operations in 1923. The Inox GFL Group includes 3 publicly listed companies, namely Gujarat Fluorochemicals Ltd (“GFL”), Inox Wind Energy Ltd and IWL. The Inox GFL brand and generally, Inox, are recognized in India and its long operating history and business relationships instil confidence in their customers who prefer dependable and established service providers for capital intensive and long-term projects such as wind farms.

Competition:

There are several other WTG OEMs which provide O&M services for the WTGs which they manufacture based on contracts for annual maintenance. This arrangement is generally preferred globally primarily due to the ease of procuring spare parts or components from the OEMs compared with other O&M service providers. Their primary competitors in India who are in this category to be **Siemens Gamesa Renewable Energy, S.A., Enercon GmbH, GE and Vestas India.**

Independent Service Providers are typically engaged by WTG owners at the expiry of the OEM's initial O&M on the WTGs or for other reasons relating to costs or incapability of the OEM to provide reliable services for continued business operations. In this category, **Renom Energy Services LLP, SKF Ltd, Windcare India Pvt. Ltd. and Kintech Engineering** to be among their primary competitors.

Outlook: Neutral

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Investments in securities market are subject to market risks, please read all the related documents carefully before investing.

Source: RHP (Red Herring Prospectus)

(For Additional & Detailed information, please refer RHP.)

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