

November 10, 2022

IPO Note

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Issue Details

Price Band: ₹ 61 to ₹ 65
Issue Opens on: November 11, 2022
Issue Closes on: November 15, 2022
Lot Size: 230 Shares & in Multiples thereafter

Issue Highlights

Issue Size :	₹ 740 Cr.
No of Shares :	113,846,152
Face Value :	₹ 10

Offer Structure

Issuance	₹ in Cr.
Fresh Issue	370
Offer for Sale	370
Total	740

Issue Breakup

Reservation for	% of Issue	₹ in Cr. (at upper band)
QIB	75	555
HNI	15	111
Retail	10	74
Total	100	740

* 60% Shares of the QIB Portion to Anchor Investors

Listing

BSE & NSE

Lead Managers

- Edelweiss Financial Services Ltd.
- DAM Capital Advisors Ltd.
- Equirus Capital Private Ltd.
- IDBI Capital Markets & Securities Ltd.
- Systematix Corporate Services Ltd.

Registrar

Link Intime India Private Limited

ANALYST

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COMPANY OVERVIEW

Inox Green Energy Services Ltd. is subsidiary of Inox Wind Ltd. and is one of the major wind power operation and maintenance (O&M) service providers within India. It 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.

The company enjoy synergistic benefits as a subsidiary of IWL. 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.

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.

HIGHLIGHTS

1. Strong and diverse existing portfolio base
2. Established track record, favourable national policy support and visibility for future growth
3. Reliable cash flow supported by long-term O&M contracts with high credit quality counterparties
4. Supported and promoted by parent company, IWL
5. Established supply chain

Objects of the issue

The Offer comprises of the Fresh Issue by the company and the Offer for Sale by Inox Wind Limited, the Selling Shareholder.

1. Repayment and/or pre-payment, in full or part, of certain borrowings availed by the company including redemption of Secured NCDs in full (Rs.260 Cr.)
 2. General corporate purposes
- Company will not receive any proceeds from the Offer for Sale.

OUR VIEW

Inox Green is a major wind power operation and maintenance service providers within India. As of June 30, 2022, its 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 eight wind-resource rich states in India with an average remaining project life of more than 20 years. Inox Green posted total revenues of Rs. 63 Cr. with loss of Rs. 11 Cr. for the Q1FY23. Company's topline improved at CAGR 2% from FY20 to FY22 and bottom-line was negative in the same time.

The issue is priced at a P/BV of 1.92 based on its NAV of Rs.33.83 as of June 30, 2022. The Issuer appears to be highly leveraged; debt to equity ratio being 1.12x (Q1FY23), 1.02x (FY22), 31.71x (FY21) and 116.70x (FY20) respectively.

Company intends to expand portfolio, scale operation and become asset light in future. It has bright prospects with major government initiatives for renewable energy.

Company had stable revenue growth in the last 3 years, while it incurred losses at the same time. However, margins for FY22 and Q1FY23 have improved. Investors can wait until company starts showing positive numbers.

Brief Financials

PARTICULARS	₹ in Million			
	As at June 30, 2022	FY '22	FY '21	FY '20
Total Income	631.63	1,902.32	1,862.87	1,721.64
Total Expenditure	787.49	1,949.39	1,996.38	1,696.38
EBITDA	189.31	1,002.60	772.67	953.53
Profit before Tax	(155.85)	(47.07)	(323.42)	27.65
Profit after Tax	(116.35)	(929.12)	(1,535.16)	(520.22)
E.P.S. (Rs.)	(0.49)*	(0.25)	(2.29)	0.20
P/E (x)	-	-		
RONW (%)	(1.46)*	(0.61)	(64.54)	1.74

* Not Annualized

PRICE CHART (@ ₹ 65)

LOT SIZE	Amount
230	14,950
460	29,900
690	44,850
920	59,800
1150	74,750
1380	89,700
1610	104,650
1840	119,600
2070	134,550
2300	149,500
2530	164,450
2760	179,400
2990	194,350

Please go through the RHP for salient features.

(https://www.sebi.gov.in/filings/public-issues/nov-2022/inox-green-energy-services-limited-rhp_64663.html)

Indicative Time Table

Tentative Events	Indicative Dates
Finalisation of Basis of Allotment with the Designated Stock Exchange	18/11/2022
Initiation of refunds/unblocking ASBA Fund	21/11/2022
Credit of Equity Shares to demat accounts of Allottees	22/11/2022
Commencement of trading of the Equity Shares on the Stock Exchanges	23/11/2022

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