

Established in the year 2009, Inox Wind Ltd (IWL) is an India based wind power solution provider. The company is primarily engaged in the manufacturing of wind turbine generators (WTGs). It has facilities dedicated to manufacturing nacelles, hubs, rotor blade sets and towers at Una Unit (Himachal Pradesh) and Rohika Unit, located in the Ahmedabad district of Gujarat. IWL has a technical collaboration with AMSC (American Superconductor Corporation) Austria GmbH to manufacture 2 MW WTGs in India.

Key Developments

Major segments of IWL:

Inox Wind Ltd. (IWL) operates in two broad segments viz; Turnkey Solutions and Equipment Supply Model. Turnkey projects comprise of all the aspects related to development of wind power project from concept to commissioning including operation and maintenance. It contributes ~13% to the company's revenues.

Under the Equipment Supply arrangement, Inox supplies the WTG and other associated equipments to customers for erection on sites owned by them. This segment accounts for the rest 87% of the company's top-line.

Consolidated net profit surged by 63.5%YoY to Rs. 89.1 Crores in Q2FY16:

IWL reported ~86% rise in its top-line in Q2FY16 to Rs. 1,008.2 Crores from Rs. 543.1 Crores in Q2FY15. Consequently, EBITDA grew by 57.6% YoY to Rs. 137 Crores during the quarter from Rs. 87 Crores. The operating expenses of the company increased by 91%. However, the EBITDA margins fell by 242 bps during the period. The company's net profit saw a growth of 63.5% during the period under review to Rs. 89.1 Crores from Rs. 54.5 Crores in Q2FY15. PAT margins witnessed a contraction of 120 bps during the quarter to 8.8% from 10% in the corresponding quarter of the last fiscal.

Association with AMSC Austria GmbH:

The company has bagged an exclusive license from AMSC to produce 2 MW WTGs, with rotor diameter between 75 meters and 120 meters, using its proprietary technology. IWL is required to purchase all Electron Control Systems (ECS) from AMSC under the license agreement. Over 7,000 turbines with an aggregate capacity of more than 15,000 MW are successfully operating across the globe based on the AMSC technology.

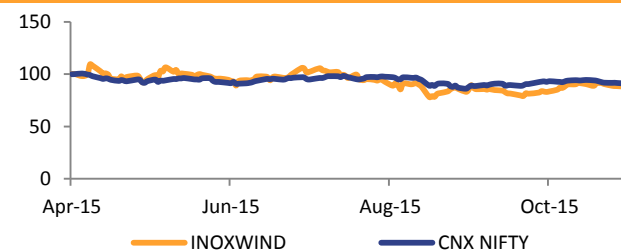
Market Data

CMP (Rs.)	369
Face Value	10
52 week H/L (Rs.)	495/315
Adj. all time High (Rs.)	495
Decline from 52WH (%)	25.5
Rise from 52WL (%)	17.1
Beta	1.3
Mkt. Cap (Rs.Cr)	8,188
Enterprise Value(Rs. Cr)	8,323

Fiscal Year Ended

	FY13A	FY14A	FY15A
Net Sales (Rs.cr)	1,059	1,567	2,710
Net Profit (Rs.cr)	150	132	296
Share Capital (Rs.Cr)	40	200	222
EPS (Rs.)	37.6	6.6	13.4
P/E (x)	N/A	N/A	27.6
P/BV (x)	N/A	N/A	5.9
ROE (%)	101.7	36.6	32.6

Price Chart



Shareholding	Sep15	Jun15	Diff.
Promoters (%)	85.6	85.6	0.0
DII (%)	4.8	4.7	0.1
FII (%)	3.4	3.9	(0.5)
Others (%)	6.2	5.8	0.4

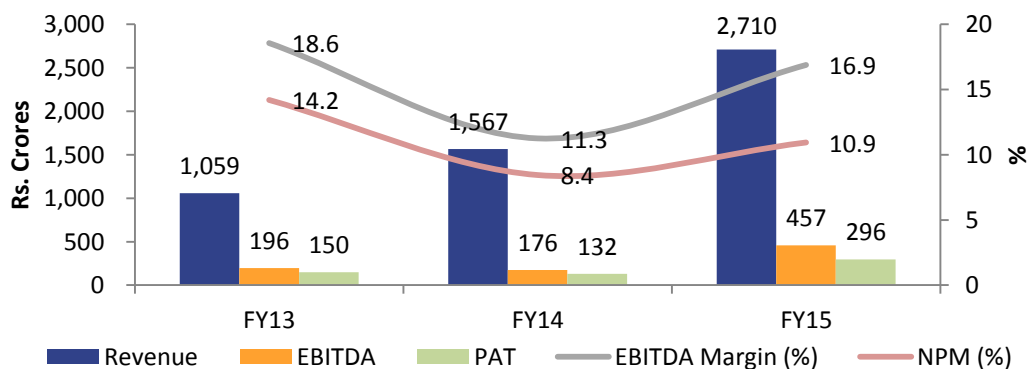
Inox Wind Ltd. is a major wind power solution provider based in India with business interests in turnkey projects and equipment supply arrangements.

Inox Wind Ltd. – Overview

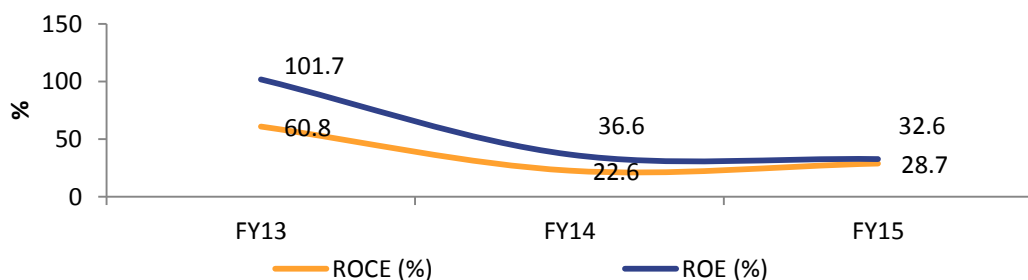
Incorporated in 2009, Inox Wind Ltd. is an India based wind power solution provider. It is a part of the Inox Group of companies having diversified interests in industrial gases, engineering plastics, refrigerants, chemicals, cryogenic engineering, renewable energy and entertainment sectors. The company is primarily engaged in the manufacturing of wind turbine generators. It has facilities dedicated to manufacturing nacelles, hubs, rotor blade sets and towers. It manufactures nacelles and hubs at its Una Unit (Himachal Pradesh). Its rotor blade and tower manufacturing facility are housed in its Rohika Unit, located in the Ahmedabad district of Gujarat. The company has also commenced construction of a new integrated manufacturing facility at Barwani, Madhya Pradesh to produce nacelles and hubs, rotor blade sets and towers. IWL has a technical collaboration with AMSC Austria GmbH to manufacture 2 MW WTGs in India. It derives ~85% of its revenues from repeat orders. Its top clientele includes Tata Power Renewable Energy Limited, SembCorp IDFC, Continuum (Morgan Stanley), Bhilwara Energy and CESC.

It operates in two segments viz; Turnkey Solutions and Equipment Supply Model. The former contributes ~13% to the revenues while the latter accounts for the rest 87%. Turnkey projects take care of all the aspects related to development of wind power project from concept to commissioning including operation and maintenance. This includes wind studies, energy assessment, land acquisition, site infrastructure development, power evacuation, statutory approvals, and supply of WTG, erection and commissioning and long term operation and maintenance of the wind farms. Under the Equipment Supply arrangement, Inox supplies the WTG and other associated equipments to customers for erection on sites owned by them. The rest of the project development work is in the customers' scope. Erection and commissioning and long term operation and maintenance of the wind farms remain in IWL's scope. Civil works could either be in IWL's scope or the customers' scope, on a case to case basis.

Financial snapshot for Inox Wind Ltd.



Return ratios trend



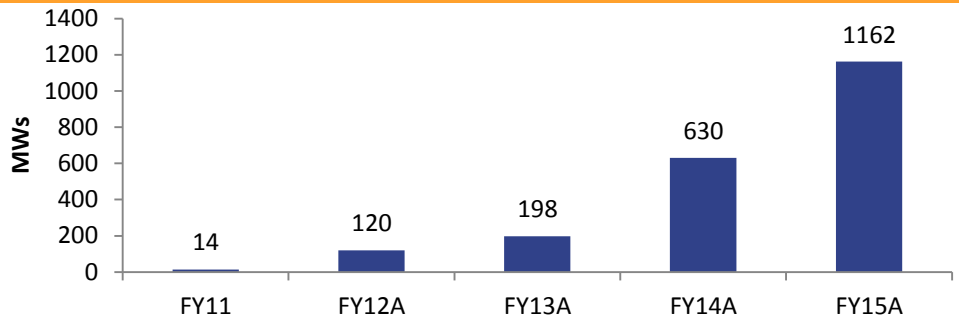
Increasing order inflows and higher execution rate are major drivers of revenue growth for IWL.

The company has entered into an agreement with AMSC Austria GmbH to produce 2 MW WTGs in India.

Order book stood at 1,202 MWs at the end of Q2FY16

Over FY12-FY15, the company has witnessed a four-fold rise in its executed order book registering a CAGR of 150% in its top-line from ~Rs. 450 Crores to Rs. 2,710 Crore. The realisations have been ~ Rs. 5 Crore/MW. During Q2FY16, IWL sold 212 MW of WTGs as against 114 MW of WTGs sold during Q2FY15 (growth of 85.6% YoY). The order book in Q2FY16 stood at 1,202 MWs.

Order Inflows over the years



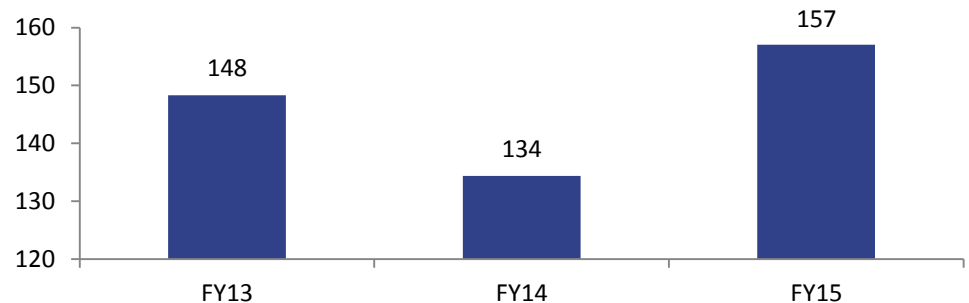
Collaboration with AMSC

IWL has a perpetual exclusive license from AMSC to manufacture 2 MW WTGs, with rotor diameter between 75 meters and 120 meters, using its proprietary technology. Under the license agreement, IWL is required to purchase all Electron Control Systems (ECS) from AMSC. There are more than 7,000 turbines with an aggregate capacity of more than 15,000 MW operating across the globe based on AMSC technology. IWL's WTGs are equipped with double fed induction gear (DFIG) technology. This collaboration not only gives IWL a technological advancement, it also reduces the company's R&D expenditure substantially.

NWC days position in FY15

IWL's net working capital (NWC) days have risen over the past few years. Its' NWC days stood at 148 days in FY13 and further increased to 157 days in FY15. Also, the industry has witnessed deterioration in its net working capital cycle since FY13.

NWC days



The company has two wholly owned subsidiaries – Inox Wind Infrastructure Services Limited (IWISL) and Maruti Shakti Energy India Limited (MSEIL).

For the quarter ended Q2FY16, Inox Wind Ltd.'s consolidated PAT grew by 63.5% YoY to Rs. 89.1 Crores from Rs. 54.5 Crores in Q2FY15.

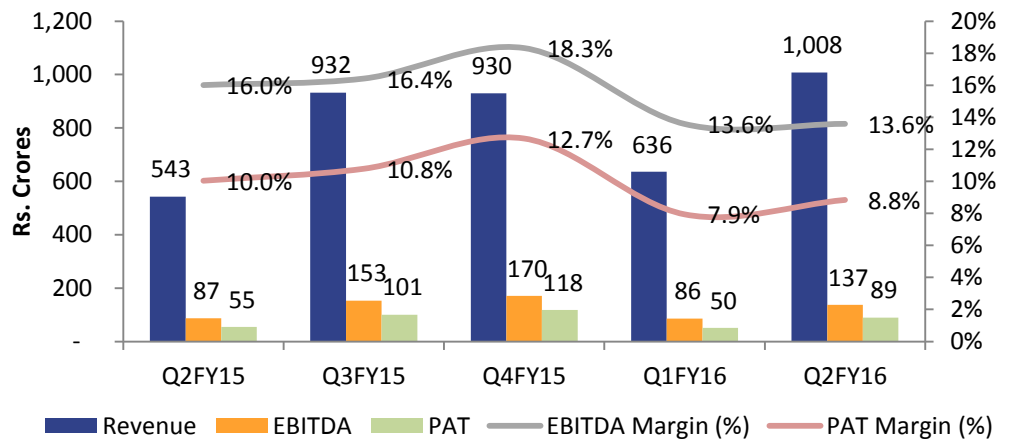
Subsidiaries of IWL

Inox Wind Ltd. has two subsidiaries viz. – Inox Wind Infrastructure Services Limited (IWISL) and Maruti Shakti Energy India Limited (MSEIL). The company provides key components of WTG along with associated and auxiliary components and offers wind farm projects on a turnkey basis across India through its wholly-owned subsidiaries. Besides, services such as wind resource assessment, site acquisition, infrastructure development, erection and commissioning, and long-term operation and maintenance of wind power projects are also provided by the group companies.

Q2FY16 performance

The company reported ~86% rise in its net revenues for Q2FY16 to Rs. 1,008.2 Crores from Rs. 543.1 Crores in the year ago period. Consequently, EBITDA grew by 57.6% YoY to Rs. 137 Crores during the quarter from Rs. 87 Crores. The operating expenses of the company increased by 91%. However, the EBITDA margins fell by 242 bps in Q2FY16 to 13.6% from 16% during the above period. Inox Wind's net profit witnessed a growth of 63.5% during the recent quarter ended September, 2015 to Rs. 89.1 Crores from Rs. 54.5 Crores in Q2FY15. PAT margins witnessed a contraction of 120 bps during the quarter to 8.8% from 10% in the corresponding quarter of the last fiscal.

Quarterly performance trend



Balance Sheet (Consolidated)

(Rs.Cr)	FY13	FY14	FY15
Share Capital	40	200	222
Reserve and surplus	256	228	1,170
Net Worth	296	428	1,392
Total Debt	337	480	845
Other non-current liabilities	23	19	3
Total Equity & Liabilities	655	927	2,240
Fixed Assets	161	198	250
Investments	0	45	0
Net current assets	432	581	1,876
Other non-current assets	63	103	114
Total Assets	655	927	2,240

Cash Flow (Consolidated)

Y/E (Rs. Cr)	FY13	FY14	FY15
Net profit/loss before tax& extraordinary items	154	128	389
Net cashflow from operating activities	(121)	(76)	(106)
Net cash used in investing activities	(136)	(44)	(148)
Net cash used from financing activities	219	120	958
Net inc/dec in cash and cash equivalents	(37)	0	704

Financial performance snapshot

IWL reported a topline of Rs. 2,710 Crores registering a growth of 74% in FY15 as compared to the last year. The company witnessed a volume growth of 75% during FY15, wherein it has sold 578MW of WTGs as against 330MW sold during FY14. EBITDA stood at Rs. 457 Crores in FY15 growing at a rate of 159% from the last year. EBITDA margins saw an expansion of 563 bps in the year to 17% from 11% in FY14. The bottom-line increased to Rs. 296 Crores in FY15 from Rs. 132 Crores in the year ago period. PAT margins increased by 250 bps in FY15 to 11% from 8% during the said period.

Profit & Loss Account (Consolidated)

(Rs.Cr)	FY13	FY14	FY15
Net Sales	1,059	1,567	2,710
Expenses	862	1,391	2,252
EBITDA	196	176	457
Other Income	5	9	14
Depreciation	9	12	20
EBIT	192	174	451
Interest	39	46	62
Profit Before Tax	154	128	389
Tax	3	(4)	93
Net Profit	150	132	296

Key Ratios (Consolidated)

	FY13	FY14	FY15
EBITDA Margin (%)	18.6	11.3	16.9
EBIT Margin (%)	18.2	11.1	16.7
NPM (%)	14.2	8.4	10.9
ROCE (%)	60.8	22.6	28.7
ROE (%)	101.7	36.6	32.6
EPS (Rs.)	37.6	6.6	13.4
P/E (x)	N/A	N/A	27.6
BVPS(Rs.)	73.9	21.4	62.7
P/BVPS (x)	N/A	N/A	5.9
EV/EBITDA (x)	N/A	N/A	18.2



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