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India | Equity Research | Q1FY25 results review

Inox Wind

Capital Goods

Get Set Go - Clean slate and a bulging orderbook

Inox Wind (INOX) has reduced its external debt to zero with fresh infusion from promoters in Q1FY25. Thus, its concerns on debt are now a thing of the past. Its business fundamentals have never looked better with bulging orderbook of 2.9GW (a high in its history). Moreover, it received 0.6GW of orders during Q1 from a bevy of customers, reducing the concerns on its dependence on a single client. Its attempt to set the wheels on the right path has started yielding results. In Q1FY25 it all came together – execution ramped up to 140MW (vs 66 MW YoY). As a result, revenue grew 2x, EBITDA margin improved to 21.3% and PAT stood at INR 472mn (vs loss last year). We expect execution of 0.75GW/1.2GW for FY25/26E – drawing comfort from 2.9GW orderbook. We reiterate **BUY** with a revised TP of **INR 240** (vs INR 180 earlier).

Execution picks up

Inox Wind's execution came in at 140MW (vs 129MW in Q4FY24). As a result, it reported revenue of INR 6.4bn (2x YoY), EBITDA of INR 1.4bn (4x YoY) and profit of INR 472mn (vs loss of INR 632mn YoY).

Diversified order inflow

Orderbook improved to 2.9GW, 3x YoY. In Q1FY25, it received orders from two IPPs and one C&I player. As a result, its dependence on a single large off taker has reduced significantly. We estimate execution of 0.8GW and 1.2GW for FY25E and FY26E, respectively.

Strengthened balance sheet

It saw an infusion of INR 9bn in the company by promoters (in the form of convertible preference shares). As a result, the company has become debt free.

Unlocking the value

Inox Wind is looking to demerge its EPC arm into a separate listed entity, thus, unlocking the value for minority shareholders. Also, in Q1FY25, it raised INR 10.5bn from investors and promoters through equity and warrants

Maintain BUY with a revised TP of INR 240

Maintain **BUY** with a revised target price of INR 240 per share (vs INR 180 earlier). The new order inflow has improved the execution outlook.

Financial Summary

Y/E March (INR mn)	FY23A	FY24A	FY25E	FY26E
Net Revenue	7,370	17,432	45,810	75,095
EBITDA	(2,638)	2,686	6,827	11,615
EBITDA Margin (%)	(35.8)	15.4	14.9	15.5
Net Profit	(6,707)	(429)	4,855	9,351
EPS (INR)	(5.1)	(0.3)	3.6	5.7
EPS % Chg YoY	(76.3)	(93.6)	(1,190.9)	59.6
P/E (x)	(40.5)	(633.5)	58.1	36.4
EV/EBITDA (x)	(109.5)	110.4	44.8	31.0
RoCE (%)	(8.8)	5.3	11.9	18.5
RoE (%)	(37.6)	(2.5)	25.0	35.3

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Market Data

Market Cap (INR)	272bn
Market Cap (USD)	3,238mn
Bloomberg Code	INXW IN
Reuters Code	INWN.BO
52-week Range (INR)	209 /47
Free Float (%)	44.0
ADTV-3M (mn) (USD)	25.0

Price Performance (%)	3m	6m	12m
Absolute	53.7	69.6	298.5
Relative to Sensex	44.2	58.3	276.5

Previous Reports

05-05-2024: [Q4FY24 results review](#)

19-02-2024: [Company Update](#)

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 has substantially improved execution growth over the next 1-2 years.

We maintain **BUY** rating on the stock with a revised target price of **INR 240/share**, valuing the wind business at **35x FY26E EPS**.

Key risks – 1) slowdown in order inflow, 2) slowdown in RE project bidding.

Exhibit 1: Shareholding pattern

%	Dec'23	Mar'24	Jun'24
Promoters	52.9	52.9	48.3
Institutional investors	19.2	19.2	23.6
MFs and others	8.9	8.9	7.9
FIs/Banks	0.5	0.5	0.5
Insurance	0.3	0.3	0.1
FIIIs	9.5	9.5	15.1
Others	27.9	27.9	28.1

Source: Bloomberg

Exhibit 2: Price chart



Source: Bloomberg

Financial Summary

Exhibit 3: Profit & Loss

(INR mn, year ending March)

	FY23A	FY24A	FY25E	FY26E
Net Sales	7,370	17,432	45,810	75,095
Operating Expenses	5,446	2,571	3,110	4,024
EBITDA	(2,638)	2,686	6,827	11,615
EBITDA Margin (%)	(35.8)	15.4	14.9	15.5
Depreciation & Amortization	1,062	1,100	1,062	1,062
EBIT	(3,699)	1,587	5,766	10,553
Interest expenditure	3,407	2,483	916	1,126
Other Non-operating Income	214	561	248	260
Recurring PBT	(6,892)	(335)	5,097	9,687
Profit / (Loss) from Associates	-	-	-	-
Less: Taxes	(185)	36	-	-
PAT	(6,707)	(566)	4,855	9,351
Less: Minority Interest	-	(58)	(242)	(336)
Extraordinaries (Net)	-	(137)	-	-
Net Income (Reported)	(6,707)	(566)	4,855	9,351
Net Income (Adjusted)	(6,707)	(429)	4,855	9,351

Source Company data, I-Sec research

Exhibit 4: Balance sheet

(INR mn, year ending March)

	FY23A	FY24A	FY25E	FY26E
Total Current Assets	30,875	30,590	58,490	89,056
of which cash & cash eqv.	2,702	539	802	6,702
Total Current Liabilities & Provisions	13,210	11,113	33,930	52,384
Net Current Assets	17,665	19,477	24,560	36,673
Investments	5,070	6,871	6,871	6,871
Net Fixed Assets	15,795	15,507	15,146	14,584
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	58,556	69,907
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	18,569	27,920
Total Net Worth	17,363	16,974	21,829	31,180
Minority Interest	-	-	-	-
Total Liabilities	47,614	54,035	58,556	69,907

Source Company data, I-Sec research

Exhibit 5: Cashflow statement

(INR mn, year ending March)

	FY23A	FY24A	FY25E	FY26E
Operating Cashflow	722	(2,938)	2,254	5,662
Working Capital Changes	(3,729)	(6,149)	(4,820)	(6,213)
Capital Commitments	(4,234)	(2,242)	(500)	(300)
Free Cashflow	4,956	(696)	2,754	5,962
Other investing cashflow	-	-	-	-
Cashflow from Investing Activities	(4,234)	(2,242)	(500)	(300)
Issue of Share Capital	-	-	-	-
Interest Cost	(3,407)	(2,483)	(916)	(1,126)
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	(1,495)	629
Chg. in Cash & Bank balance	474	(2,163)	263	5,900
Closing cash & balance	2,702	539	802	6,702

Source Company data, I-Sec research

Exhibit 6: Key ratios

(Year ending March)

	FY23A	FY24A	FY25E	FY26E
Per Share Data (INR)				
Reported EPS	(5.1)	(0.3)	3.6	5.7
Adjusted EPS (Diluted)	(5.1)	(0.3)	3.6	5.7
Cash EPS	(4.3)	0.5	4.4	6.4
Dividend per share (DPS)	-	-	-	-
Book Value per share (BV)	13.3	13.0	16.1	19.1
Dividend Payout (%)	-	-	-	-
Growth (%)				
Net Sales	18.0	136.5	162.8	63.9
EBITDA	(15.0)	(201.8)	154.1	70.1
EPS (INR)	(76.3)	(93.6)	(1,190.9)	59.6
Valuation Ratios (x)				
P/E	(40.5)	(633.5)	58.1	36.4
P/CEPS	(48.2)	405.8	47.7	32.7
P/BV	15.7	16.0	12.9	10.9
EV / EBITDA	(109.5)	110.4	44.8	31.0
P / Sales	37.0	15.6	6.2	4.5
Dividend Yield (%)	-	-	-	-
Operating Ratios				
Gross Profit Margins (%)	38.1	30.2	21.7	20.8
EBITDA Margins (%)	(35.8)	15.4	14.9	15.5
Effective Tax Rate (%)	2.7	(10.8)	-	-
Net Profit Margins (%)	(91.0)	(3.2)	10.6	12.5
NWC / Total Assets (%)	31.4	35.0	40.6	42.9
Net Debt / Equity (x)	0.9	1.4	1.1	0.6
Net Debt / EBITDA (x)	(6.2)	8.9	3.4	1.7
Profitability Ratios				
RoCE (%)	(8.8)	5.3	11.9	18.5
RoE (%)	(37.6)	(2.5)	25.0	35.3
RoC (%)	(8.8)	5.3	11.9	18.5
Fixed Asset Turnover (x)	0.5	1.1	3.0	5.1
Inventory Turnover Days	606	366	304	248
Receivables Days	443	335	290	211
Payables Days	331	178	333	286

Source Company data, I-Sec research

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