

One Stop Investment Avenue



**GEPL**  
CAPITAL

IPO Note

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# **INOXGREEN ENERGY SERVICES LIMITED**

November 11, 2022

**INOXGreen**  
ENERGY SERVICES LIMITED





November 11, 2022

**Details of the Issue**

Price Band	₹ 61 - ₹ 65
Issue Size	₹ 740 Cr
Face Value	₹ 10
Bid Lot	230
Listing on	BSE, NSE
Post Issue Mcap	₹ 1,804 - ₹ 1,898 Cr
Investment Range	₹ 14,030 - ₹ 14,950

**Important Indicative Dates (2022)**

Opening	11 - Nov
Closing	15 - Nov
Basis of Allotment	18 - Nov
Refund Initiation	21 - Nov
Credit to Demat	22 - Nov
Listing Date	23 - Nov

**Lead Manager**

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

**No of shares**

Fresh Issue of Shares	56.92 Mn
Offer for Sales	56.92 Mn
Total No of Shares	113.84 Mn

**Offer Details**

Offer Size	₹ 740 Cr
Fresh Issue	₹ 370 Cr
OFS	₹ 370 Cr

Type	In Rs Cr	No of Shares (Mn)		% of Issue
		Upper	Lower	
QIB	555	85.38	90.98	75%
NIB	111	17.07	18.19	15%
Retail	74	11.38	12.13	10%
Empl.	-	-	-	-
Total	740	113.84	121.311	100%

Type (In MN)	Pre-Issue		Post-Issue	
	No. Shares	% of Total	No. of Shares	% of Total
Promoter	220.52	93.84%	163.59	56.04%
Public	14.48	6.16%	128.34	43.96%
Promoter Group	-	-	-	-
Total	235.01	100%	291.93	100%

**Invest Now****Company Profile**

Inox Green Energy was incorporated in 2012, Inox Green Energy Services Limited is one of the major wind power operation and maintenance (O&M) service providers within India. The company is a subsidiary of Inox Wind Limited (IWL), a company which is listed on the National Stock Exchange of India Limited and BSE Limited, and part of the Inox GFL group of companies. Inox Green Energy services Limited 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 company for terms which typically range between five to 20 years.

**Business Highlights & Services**

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).

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.

At present company's 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 Vaspert, 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.

**Company's Services**

IGESL has a dedicated onsite O&M team to provide 24/7 operation services for their customers' wind farms to help ensure that their WTGs are generating the highest yield possible under prevailing weather conditions as well as a dedicated Client Relationship Management team which provides their customers with a direct point-of-contact with their company.

Their team operates the wind power plant's infrastructure (which includes the WTGs) and the power evacuation facilities. In particular, IGESL is able to monitor and control the WTGs in real time through the use of wtSCADA. wtSCADA is a system of software and hardware elements that enable them to: (i) control WTG processes either locally or at remote locations; (ii) monitor, gather, and process real-time data from the WTGs; (iii) directly interact with devices such as sensors and motors on the WTGs through human-machine interface (HMI) software; and (iv) record notable events into a log file. With wtSCADA, they always have an overview of WTG power production at any time and in real-time. This enables them to monitor the status of and, if necessary, control the WTGs remotely for all wind projects. Furthermore, with wtSCADA and other software they use, they are able to send each customer a daily generation report with a snapshot



description of daily, monthly and year-to-date performance.

## **Maintenance Services**

The maintenance of WTGs (i.e., WTG O&M) is generally categorised into predictive and reactive maintenance. In reactive maintenance, repairs are undertaken once a component fails and often results in long downtimes for the affected WTG. In predictive maintenance, efforts are taken to detect potential component failures in advance so as to be able to resolve any issues early and minimize such downtime. Company focuses on predictive maintenance through the scheduling of regular inspections and maintenance (which are enhanced during peak wind seasons) as well as employing advanced tools such as wtSCADA to monitor the conditions of the WTGs and common infrastructure facilities in portfolio to allow for early detection and resolution of issues.

A typical WTG consists of various components such as blades, nacelles, gearboxes, sensors, generators, drivetrains, hydraulics, unit substations and other electrical components. In the course of conducting maintenance, technicians thoroughly work through extensive checklists which include:

- Conducting visual inspections of the nacelles, gearbox, generators, yaw system and brakes
- Inspecting and assessing the turbine blades and pitching mechanism
- Examining and tightening bolts
- surveying the tower foundation
- measuring oil and lubrication levels
- checking the alignment of the drivetrain etc.

## Intellectual Property Rights

Company's applications to the Registrar of Inox Green Energy Services Limited Trademarks for the registration of trademarks under various classes are pending. Company license the mark "Inox GFL" on a non-exclusive, non-assignable, non-sub licensable and limited license basis from GFL pursuant to a trademarks and copyrights license agreement entered into on February 2, 2022 ("Agreement") and which agreement shall continue to be in force unless specifically terminated in accordance with the terms set forth therein. Further, as per the terms of the Agreement, Company is required to pay to GFL a royalty of ₹0.20 million per annum in arrear or such other royalty as may be mutually agreed between the parties to the Agreement. Based on this arrangement, Company will commence such royalty payments on December 31, 2022 .

## 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.

## Utilization of IPO Proceeds

The company propose to utilize the Net proceeds of fresh issue towards funding of the objective:

- Repayment and/or pre-payment, in full or part, of certain borrowings availed by the company including redemption of Non-Convertible Debentures in full of ₹ 260 Cr
- General Corporate Purpose

## Company's Promoter

Inox Wind Limited is the company promoters.



## Board of Directors

Manoj Shambhu Dixit and Mukesh Manglik are the whole-time- Director of the company. Venkatanarayanan Sankaranarayanan, Shanti Prashad Jain, Bindu Saxena are the Independent director of the company. Vineet Valentine Davis is the Non-Executive Director in the Board.

## Companies Competitive Strength :

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

## Key Strategies Implemented by Company

- Exploring opportunities to expand portfolio and scale operations
- Transitioning to an asset-light model with minimal capital expenditure which we believe will result in higher EBITDA and profit margins
- Continuing and enhancing focus on predictive maintenance over reactive maintenance.

Particulars (Rs Cr)	2022	2021	2020
Equity Share Capital	235.02	128.62	116.21
Reserves	571.62	(118.56)	(52.50)
Net worth as stated	806.63	42.96	96.54
Revenue from Operation	172.17	172.25	165.32
Revenue Growth (%)	(0.05)%	4.19%	-
EBITDA as Stated	100.26	77.27	95.35
EBITDA margin (%)	52.70%	41.48%	55.39%
Profit Before Tax	(4.71)	(32.34)	2.77
Net Profit for the period	(93.20)	(153.52)	(52.26)
Net Asset Value (₹ )	34.32	3.34	8.31

## Valuations and Recommendation:

- Company operates into Green Energy space specifically into Wind power which is Asset heavy in operations. It is a subsidiary of a renewed company 'Inox Wind Energy Ltd'
- Considering the Asset heavy operations and loss making nature trackrecord of company, We recommend "Avoid" rating to the issue.



## Notes

**GEPL Capital Pvt. Ltd**

**Head Office:** D-21/22 Dhanraj Mahal, CSM Marg, Colaba, Mumbai 400001

**Reg. Office:** 922-C, P.J. Towers, Dalal Street, Fort, Mumbai 400001

**Research Analyst – Mr. Harshad D. Gadekar** | + 022-6618 2685 | Harshadgadekar@geplcapital.com

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