Press Release

Inox Wind Limited
December 31, 2024
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	195.00	ACUITE A+ | Stable | Assigned	-
Bank Loan Ratings	355.00	-	ACUITE A1+ | Assigned
Total Outstanding Quantum (Rs. Cr)	550.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

ACUITE has assigned its long-term rating of **'ACUITE A+' (read as ACUITE A plus)** on the bank facilities of Rs.195.00 Crore and short-term rating of **'ACUITE A1+' (read as ACUITE A One Plus)** on the bank facilities of Rs.355.00 Crore of Inox Wind Limited (IWL). The outlook is **'Stable'.**

Rationale for Rating

The assigned rating factors in the established track record of operations, healthy order book bagged by the group, improved financial risk profile of the group as the group has infused funds through preferential shares which has brought down the debt level. Further, on the consolidated level, the company has acheived revenue of Rs.1371.05 Crore followed by EBITDA of Rs.346 Crore during H1FY25. In addition, the capital infusion to the tune of Rs.900 Crore has been done for deleveraging the company. Going forward, the company is expected to grow under the range of Rs.3000 Crore to Rs.4000 Crore backed by strong order book of Rs.25617 Crore which is expected to be executed in near to medium term. However, the above mentioned strengths are partly off-set by the intensive working capital operations resulting into higher GCA days and any volatility in raw material prices will remain a key sensitive factor.

About the Company

Himachal Pradesh based; Inox Wind Limited was incorporated in 2009. The company is engaged in Manufacturing of Wind Turbine Generators and its components. It is the leading wind energy solution provider to IPP, Utilities, PSUs, Corporate and retail investors. It is a fully integrated player in the wind energy market which manufactures key components of WTGs in-house to maintain high quality, advanced technology, reliability and cost competitiveness. Inox WTGs are designed for low wind speed sites such as those in India. Company provide turnkey solutions for wind farm projects and services ranging from wind resource assessment, site acquisition for infrastructure development, erection and commissioning, long term operations and maintenance services for wind power projects. Mr. Manoj Dixit, Mr. Bindu Saxena, Mr. Devansh Jain, Mr. Mukesh Manglik, Mr. Sanjeev Jain and Mr. Brij Mohan Bansal are directors of the company.

About the Group

INOX Green Energy Services Limited (IGESL) (formerly known as INOX Wind Infrastructure Services Limited)

Gujarat based; INOX Green Energy Services Limited (IGESL) (formerly known as INOX Wind Infrastructure Services Limited) was incorporated in 2012. The company is engaged in the business of providing Operations and Maintenance ("O&M") services, wind farm development services and Common Infrastructure Facilities for WTGs. Mr. Venkatanarayanan Sankaranarayanan, Mr. Manoj Dixit, Mr. Mukesh Manglik, Mr. Bindu Saxena, Mr. Shailendra Tandon and Mr. Sanjeev Jain are directors of the company.

Resco Global Wind Services Private Limited
Gujarat based; Resco Global Wind Services Private Limited was incorporated in 2020. The company is engaged in EPC of wind turbine generators supplied by the parent. Resco is a wholly owned subsidiary of INOX Wind

Limited. The Directors of the company are Mr. Mukesh Manglik, Mr. Nitesh Kumar and Mr. Venkatesh Sonti.

Unsupported Rating
Not applicable.

Analytical Approach

Extent of Consolidation
•Full Consolidation

Rationale for Consolidation or Parent / Group / Govt. Support
Acuite has considered consolidated the business and financial risk profiles of IWL and its subsidiaries, INOX Green Energy Services Limited and RESCO Global Wind Services Private Limited. These entities, collectively referred to as IWL, are in related businesses on account of common management, similar line of business, and operational linkages. Acuité has also considered notched up support on a standalone rating by factoring in the strong operational and financial support extended by group.

Key Rating Drivers

Strengths
Experienced management and support extended by INOXGFL Group
INOX group, promoted by Jain family holds significant stake in IWL through its ultimate holding company INOX Leasing and Finance Limited and other group companies. The group has presence in speciality chemicals and manufacturing of wind turbines, O&M and infrastructure development for farms. The group is in the process of merging of two group companies, Inox Wind Energy Limited (IWEL) will get merged into IWL.

Healthy order Book in near to medium term
The group has an order book of 3.07 GW which provides revenue visibility to the group of over Rs.25617 Crore in next couple of years. The group is also focusing on enhancing the execution capabilities, in result, the higher growth is expected in near to medium term. Further, during FY25 and FY26, the group is targeting to go for execution of more than 800 MW and 1200 MW respectively on an account of strong order book which comprises of strong counter parties such as National Thermal Power Corporation (NTPC), NLC,Calcutta Electric Supply Corporation (CESC), Hero Wind Energy etc. in the pipeline, as India is moving towards 10 GW of annual wind addition which is expected to provide large jump in profitability and cash flows. Further, the company have also migrated from 2 MW WTG to 3.3 MW which has PLF of around 35-40% in comparison to PLF of 25-28 % in 2 MW WTG. It reduces the levelized cost of electricity generation and there is huge market for 3.3 MW in the country.

Improvement in the scale of operations and strong financial risk profile
The group has clocked revenue of Rs.1748.02 Crore in FY24 against Rs.736.53 Crore in FY23. The rationale behind increase in the top-line of the group is on an account of additional order book bagged by the group and timely execution of same has been done which resulted into 137% of growth in FY24 as compared to FY23. Whereas the company has recorded top-line of on the consolidated basis Rs.1371.05 Crore followed by EBITDA is Rs 346 Crore and PAT is Rs 140 Crore during H1FY25 Also, Q4FY24, had been a milestone quarter for the group as they have successfully transitioned to 3MW WTG supplies from 2MW WTGs. Going forward, the group is expecting a jump in the scale of the operations under the range of Rs.3000 Crore to Rs.4000 Crore on an account of healthy order book bagged by the group which stood at Rs.25617 Crore and expected to fetch better margins coupled with increase in the scale of operations. Also, the financial risk profile of the group is marked by high net-worth, low gearing and the support extended by the group. Further, Capital Infusion to tune of Rs 900 Crore, to be used for deleveraging the company during FY25. Also, the gearing of the group stood at 0.32 times as on 31st March 24 against 0.59 times as on 31st March 23. Going, forward, the company is not expecting any long term debt and there is no term loan as on 30-09-2024. Acuite believes that financial risk profile of the group is expected to improve in near to medium term as the group is not planning to go for any debt funded capex plans in near to medium term and has no long term debt and have just working capital facilities in term of CC/WCDL, LC & BG.

Weaknesses
Large working capital requirement
The working capital operations of the group is intensive marked by GCA days which stood at 628 days as on31st March 24 against 1404 days as on 31st March 23. The GCA days are higher on an account of nature of business. Further, the GCA days are comprising higher inventory days due to majority of the raw material is being imported lead to take time to deliver. In addition, the debtor days of the group stood at 250 days as on 31st March 24 against 413 days as on 31st March 23. On the other hand, the creditor days of the group stood at 203 days as on 31st

March 24 against 437 days as on 31st March 23. Going forward, the group is expected to go for additional working capital limits which will be utilised against the healthy order book in near to medium. As on date, the group has received the sanction of Rs.2160 Crore under the consortium agreement by the banks and balance is yet to be tied up. Acuite believes that working capital operations of the group is expected to remain in the same range due to the requirement of business and execution of the orders in the pipeline.

ESG Factors Relevant for Rating

The company is committed to sustainability and environmental protection, recognizing its role in the wind energy market to reduce its environmental footprint. It ensures full compliance with environmental laws and integrates evolving requirements into its practices. The company fosters open communication with regulatory authorities, meeting or exceeding sustainability obligations. Engaging with stakeholders, including employees, customers, and communities, it addresses their sustainability expectations. The company actively oversees sustainability initiatives, promoting a culture of transparency and accountability. With a strong focus on long-term environmental responsibility, it strives for a sustainable, low-carbon future.

Rating Sensitivities

- Prudent working capital management and strengthening of the financial risk profile.
- Timely execution of the projects.

Liquidity Position

Strong

The liquidity profile of the group is strong. The group is expected to repay the debt obligations of Rs.536.54 Crore for FY25 through recent fund raise and internal accruals. Further, the INOXGFL group has given comfort in terms of financial flexibility in form of inter corporate deposits and advances. The current ratio of the group is 1.59 times as on 31st March 24 against 1.61 times as on 31st March 23. Further, the group's debt-equity position of 0.32 times in FY24 shows sufficient opportunity to manage funds without much compromising the comfortable capital structure of the group. Going forward, the group is expected to go for additional working capital requirements, which would help group to keep cash-flows stress free. Acuite believes that liquidity profile of the group is expected to improve in near to medium term in the absence of any major repayment obligations as the group is not planning to take any additional debt in near to medium term.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	1748.02	736.53
PAT	Rs. Cr.	(50.78)	(696.84)
PAT Margin	(%)	(2.91)	(94.61)
Total Debt/Tangible Net Worth	Times	0.32	0.59
PBDIT/Interest	Times	1.25	(0.74)

Status of non-cooperation with previous CRA (if applicable)

None

Any Other Information

None.

Applicable Criteria

- Application Of Financial Ratios And Adjustments: https://www.acuite.in/view-rating-criteria-53.htm
- Consolidation Of Companies: https://www.acuite.in/view-rating-criteria-60.htm
- Default Recognition: https://www.acuite.in/view-rating-criteria-52.htm
- Group And Parent Support: https://www.acuite.in/view-rating-criteria-47.htm
- Infrastructure Sector: https://www.acuite.in/view-rating-criteria-51.htm

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History :

Not applicable.

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
IDBI Bank Ltd.	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE A+ | Stable | Assigned
Indusind Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	15.00	Simple	ACUITE A+ | Stable | Assigned
Indusind Bank Ltd	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	160.00	Simple	ACUITE A1+ | Assigned
IDBI Bank Ltd.	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	195.00	Simple	ACUITE A1+ | Assigned
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	150.00	Simple	ACUITE A+ | Stable | Assigned
IDBI Bank Ltd.	Not avl. / Not appl.	Working Capital Demand Loan (WCDL)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	25.00	Simple	ACUITE A+ | Stable | Assigned

*Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)

Sr. No.	Company name
1	Inox Wind Limited
2	INOX Green Energy Services Limited
3	RESCO Global Wind Services Private Limited

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

Note: None of the Directors on the Board of Acuité Ratings & Research Limited are members of any rating committee and therefore do not participate in discussions regarding the rating of any entity.