



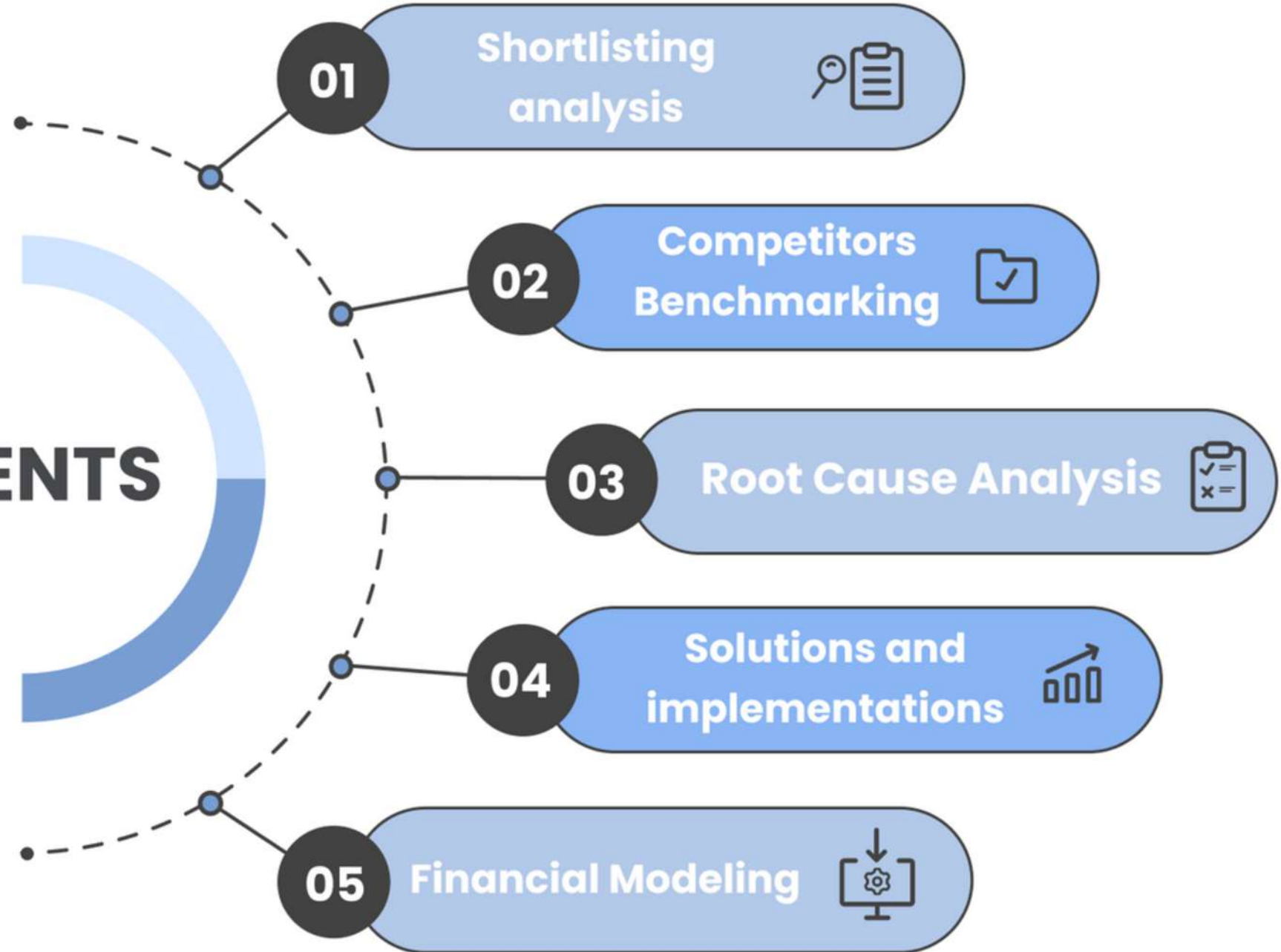
# KRITI'25

EcoEdge Consulting Challenge

Hostel ID - 84



# CONTENTS



# Executive Summary

## Background

India's renewable energy sector is growing rapidly, fueled by government policies and increasing sustainability commitments. Despite this momentum, some companies face operational inefficiencies, financial distress, and regulatory challenges, preventing them from capitalizing on industry tailwinds.

## Objective

This study evaluates Inox Wind, an underperforming publicly listed green energy company, to diagnose the reasons behind its struggles and propose strategic solutions for financial and operational recovery.

## Key Findings

**High Material Costs** – Dependence on imported components raises costs due to customs duties and currency fluctuations.

**Project Execution Delays** – Land acquisition and grid connectivity issues extend timelines and increase expenses.

**Profitability & Efficiency Challenges** – High debt, poor asset utilization, and low ROCE limit financial performance.

**Increased Short-Term Borrowings** – Rising short-term debt (₹14B) strains liquidity and financial stability.

**Policy & Regulatory Uncertainty** – Frequent policy shifts and PPA renegotiations create financial unpredictability.

## Strategic Solutions & Implementation

**Cost Optimization:** Increase local sourcing, improve supply chain efficiency, and explore government incentives.

**Debt Restructuring:** Focus on long-term financing to reduce dependency on short-term borrowings.

**Operational Efficiency:** Streamline project execution by improving land acquisition strategies and grid integration.

**Diversification & Innovation:** Expand into offshore wind, hybrid energy solutions, and digitalized asset management.

**Regulatory Strategy:** Engage with policymakers for stable incentives and secure long-term PPAs.

## Conclusion

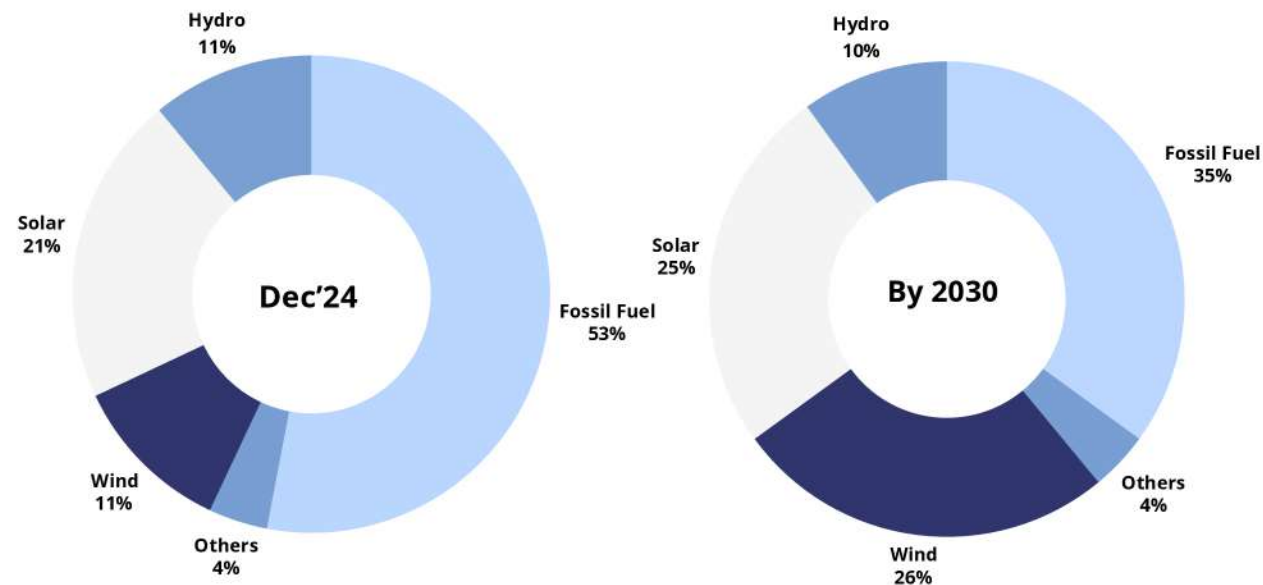
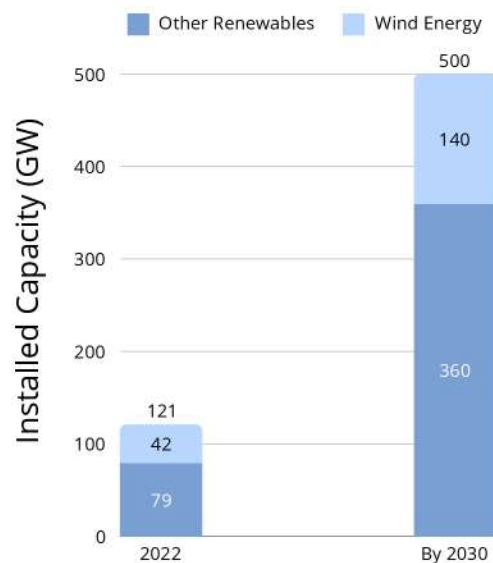
Implementing these strategies will enable Inox Wind to overcome challenges, enhance competitiveness, and ensure long-term sustainability in India's renewable energy sector.



# Shortlisting Analysis

## Why Wind Sector?

- India, the 4th largest wind market, drives growth through policies like the National Offshore Wind Policy, Wind-Solar Hybrid Policy, PLI, Repowering Policy, Green Energy Corridor, RECs, VGF, single-window clearances, 100% FDI, and Renewable Generation Obligation.
- Wind energy outperforms solar with a 30-45% capacity utilization factor (vs. 15-25%), a 20-25 year lifespan, 50-70% less land use, and stable day-night generation, ensuring better grid integration and lower long-term costs.



| Porter's Five Forces   | Influence       | Rationale  |
|------------------------|-----------------|--|
| Industry Rivalry       | HIGH            | Even though the wind turbine manufacturing market is dominated by few companies, the competitive level in this industry is still high. Some companies focus on wind turbines only while use different business strategies to position themselves in the market |
| Threat of New Entrants | LOW             | The wind turbine manufacturing industry requires a large amount of capital in the form of plant and equipment  |
| Threat of Substitutes  | MODERATE to LOW | Although solar energy is a key alternative, wind energy has a complementary role in India's renewable energy mix. Technological advancements in wind turbines, increasing wind energy efficiency, and favorable policies reduce the risk of substitution.      |
| Power of Suppliers     | LOW             | The bargaining power of suppliers decreases when an industry can control their suppliers either by acquiring them or by negotiating long-term commitments.   |
| Power of Buyers        | LOW             | Typically a wind power project is purchased by a utility company, local government, or investment company. They are constantly evaluating all the factors that will affect the profitability of the project.   |

# Shortlisting Analysis

## Why INOX Wind Ltd?

### Financial Challenges Facing Inox Wind -

- Declining profitability with low ROE and ROCE
- High debt burden adding financial pressure
- Rated low on financial strength, with a Financial Rank of 3

### Operational and Financial Hurdles for Inox Wind -

- Project delays and operational inefficiencies impact overall performance, revenue fluctuations and investor concerns
- Low tariff prices pressure profitability
- Regulatory challenges like land acquisition and transmission

### Debt Reduction and Financial Growth at Inox Wind -

- Lowering debt through asset sales and capital raising.
- Strong financial growth in Q3 FY25 with higher profitability and revenue.
- Healthy order book supports execution targets and future prospects.

## Company Intro



- INOX Wind Limited, established in 2006, is an Indian wind energy service provider, headquartered in Noida, India, and a subsidiary of the INOX GFL Group.
- Kailash Lal Tarachandani has been serving as the CEO of INOX Wind Limited since 2020.
- It is engaged in the business of manufacturing Wind Turbine Generators (WTGs) and is a wind energy solutions provider servicing IPPs, Utilities, PSUs, Corporates and Retail Investors.
- INOX Wind provides turnkey solutions for wind power projects including site acquisition, project development, commissioning, and long-term operations and maintenance.
- It operates manufacturing facilities in Gujarat, Himachal Pradesh, and Madhya Pradesh, producing key wind turbine components such as nacelles, hubs, rotor blades, and towers.





# Business Model

## Key Partners

1. Wind farm developers
2. Power utilities and energy companies
3. Government agencies and regulatory bodies
4. Investors and financial institutions

## Key Activities

1. Wind turbine manufacturing and assembly
2. Site identification and wind resource assessment
3. Land acquisition and project development
4. Installation, commissioning, and maintenance of wind turbines

## Revenue Streams

1. Wind turbine sales and installation fees
2. Operation and maintenance (O&M) service contracts
3. Wind farm turnkey project fees

## Customer Relationship

1. Dedicated project managers for seamless execution
2. Long-term service agreements and maintenance contracts
3. Technical support and troubleshooting services
4. Strategic partnerships for joint ventures in wind energy projects

## Customer Segments

1. Independent power producers (IPPs)
2. Large corporate and industrial consumers
3. Government renewable energy programs.

## Channels

1. Direct sales through business development teams
2. Official website and corporate outreach
3. Government tenders and renewable energy auctions

## Value

### Propositions

1. Cost-effective and reliable wind energy solutions
2. End-to-end turnkey solutions for wind power projects
3. High-quality, durable wind turbine generators (WTGs).

## Key Resources

1. Manufacturing plants with advanced production capabilities
2. Research & Development (R&D) for turbine technology innovation

## Delivery & Supply Chain

1. Manufacturing facilities in Gujarat, Himachal Pradesh, and Madhya Pradesh
2. Component suppliers for rotor blades, nacelles, towers, and control systems

## Cost Structure

1. Manufacturing and material procurement costs
2. Research & Development (R&D) expenses
3. Land acquisition and site development costs
4. Logistics and transportation expenses
5. Employee salaries and workforce training
6. Regulatory compliance and certification costs
7. Marketing and sales expenses

# SWOT Analysis

## Strengths

- Profitable Q3 FY 24-25
- Established Market Presence
- In-house production helps control costs and quality
- Strategic manufacturing locations
- Comprehensive wind energy solutions i.e erection, procurement, commissioning

**S**

## Weakness

- Limited Technological Edge vs. Competitors i.e use of epoxy-glass fibres
- Lower PLF (Efficiency) vs. Suzlon & Vestas
- Higher Dependence on Indian Market
- Debt Burden and cash flow issues
- Supply chain issues, infrastructure gaps and project execution delays

**W**

## Threats

- Intense competition in renewable energy sector and from legacy companies
- Economic fluctuations affecting its order book and investment
- Grid Infrastructure Challenges in India
- Policy & Regulatory Risks like tariff structures, bidding processes, or subsidies

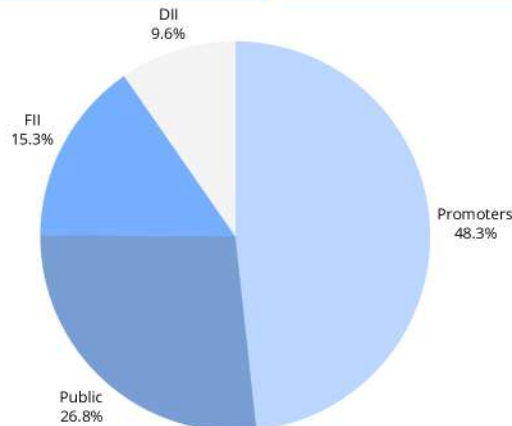
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## Opportunities

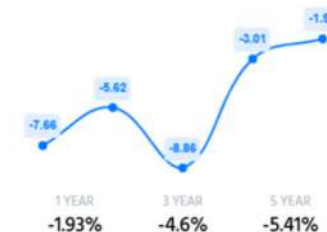
- Growing renewable energy market and increasing global focus on clean energy
- Offshore and International operations expansion
- Diversification in other renewable energy sectors
- Government Incentives & PLI Scheme

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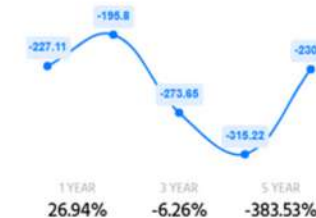
## Shareholding Pattern



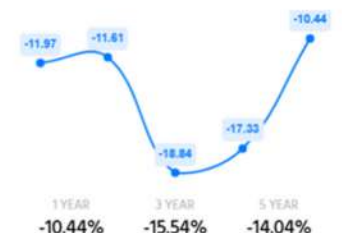
## ROCE %



## Profit Growth



## ROE %



## Struggling Financials

# Competitor Benchmarking

## OPERATIONAL COMPARISON

### • Suzlon VS Us

Suzlon holds a dominant market position with significantly more global wind installations, on the other side inox mainly boasting it's wind capacity across four plants in Gujarat, Madhya Pradesh, and Himachal Pradesh.

### • KP Energy VS Us

With a dominant 54% market share in Gujarat's wind sector, KP focuses regionally, while Inox has a broader national presence, offering turnkey solutions across 16 states.

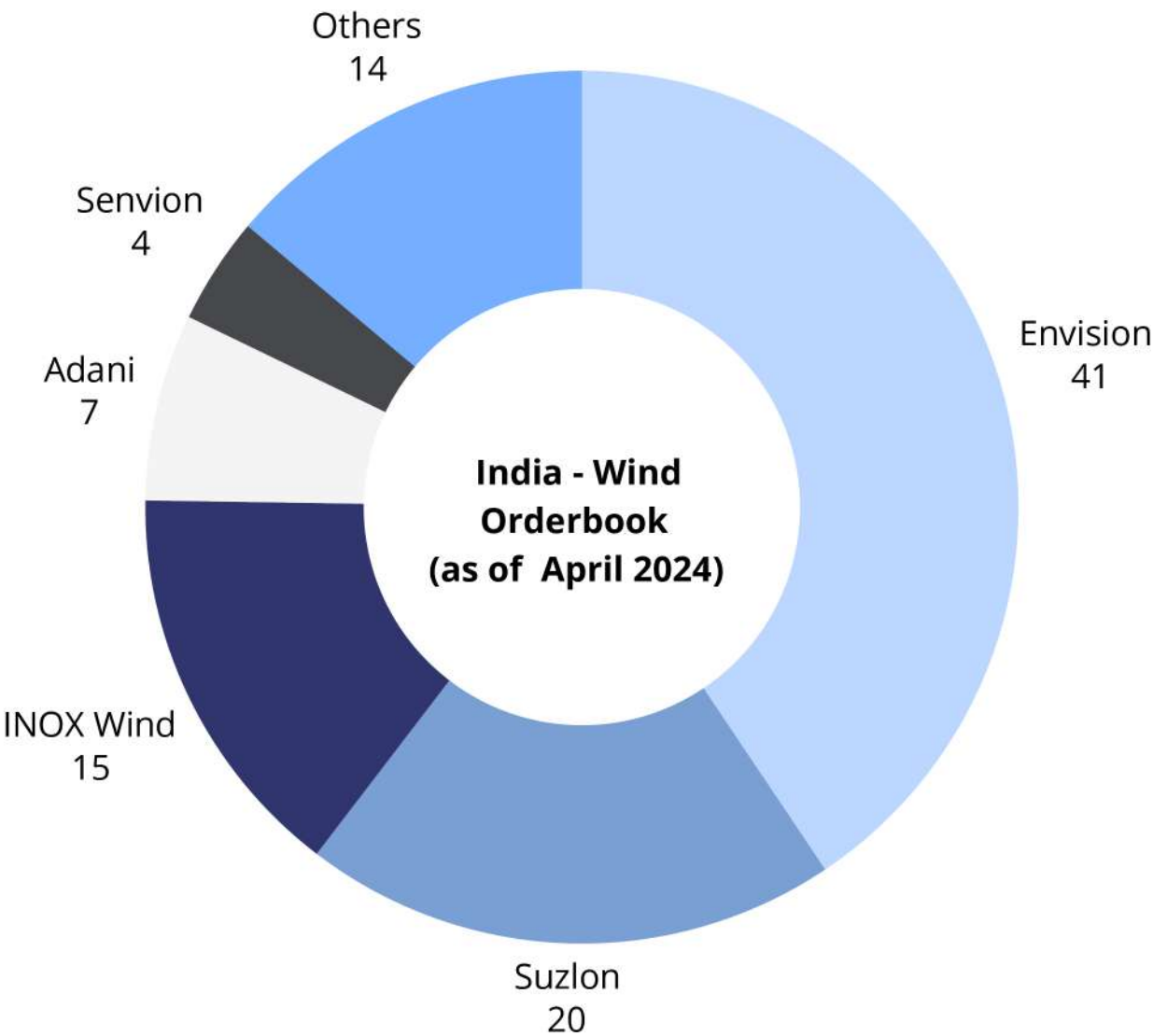
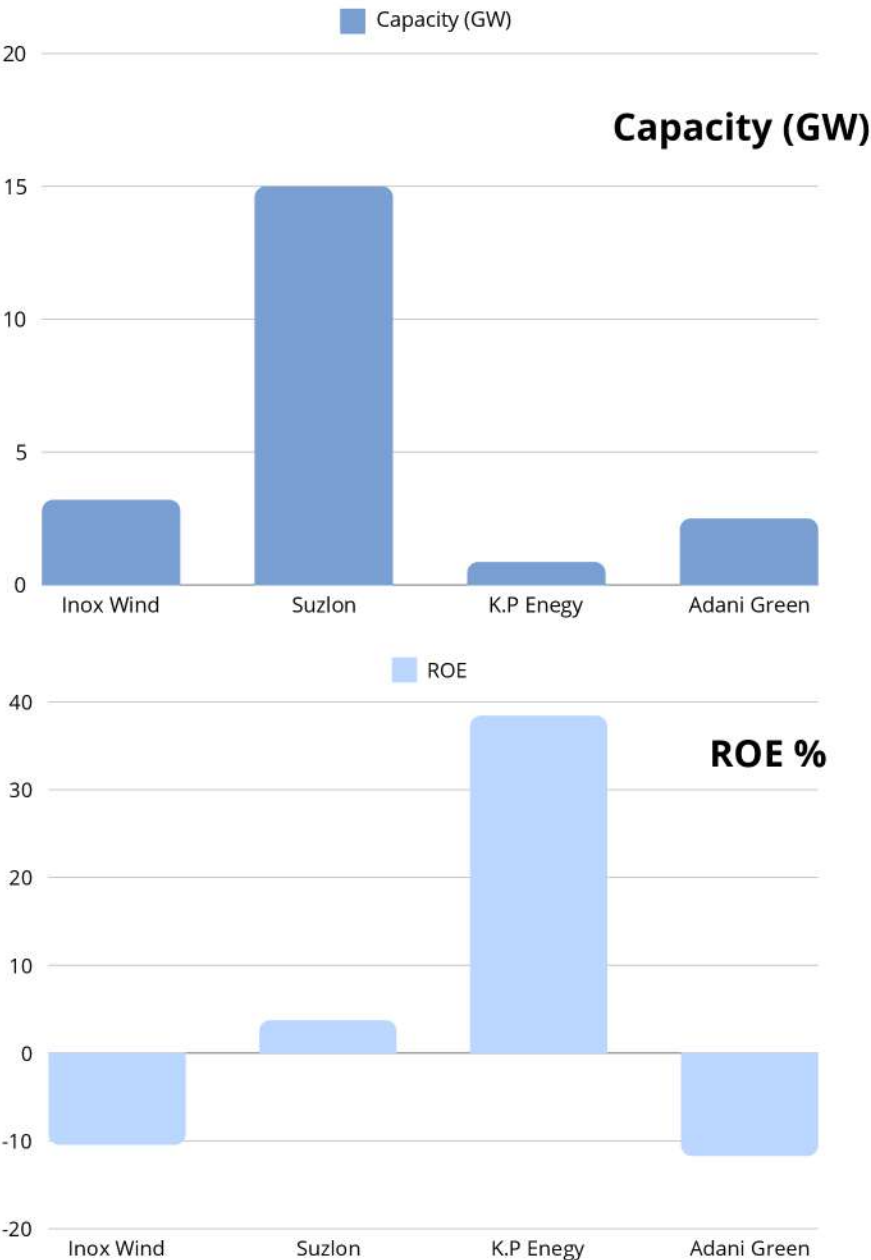
### • Adani Green Energy VS Us

Adani Green Energy Limited (AGEL) is a major player in India's wind energy sector, boasting 2.4 GW of operational wind capacity, whereas on the other side inox boasting 2.5 GW of operational wind capacity.

## FINANCIAL COMPARISON

| COMPARISON METRIC | INOX WIND    | SUZLON       | KP ENERGY   | ADANI GREEN       |
|-------------------|--------------|--------------|-------------|-------------------|
| MARKET CAP        | ₹ 22,034 CR. | ₹ 76,162 CR. | ₹ 2,654 CR. | ₹ 1,55,678.71 CR. |
| CAPACITY (GW)     | 3.2          | 15           | 0.86        | 2.5               |
| NPM %             | -2.32        | 11.1         | 12.6        | 15.7              |
| ROA %             | -5.07        | 1.41         | 12.34       | 1.87              |
| ROE %             | -10.44       | 3.74         | 38.42       | -11.72            |
| ROCE %            | -1.93        | 7.98         | 35.34       | 4.24              |
| D/E RATIO         | 1.22         | 0.18         | 0.82        | 5.23              |

# Competitor Benchmarking





# Root Cause Analysis

## High Material Cost

01

### CAUSES:

1. When Inox Wind imports materials, its cost structure is affected by customs duties and exchange rate fluctuations making imported materials more expensive compared to domestically sourced alternatives.
2. Higher import duties increase material costs, while a weaker Indian Rupee against foreign currencies raises expenses for imported components and raw materials.

### CAUSES:

1. Wind energy projects face significant delays due to land acquisition challenges and inadequate grid connectivity, as identified by Inox Wind.
2. Despite improved policies and strong financials, these persistent issues increase project costs and extend timelines, potentially discouraging power distribution companies and impacting revenue streams in the sector.

## Challenges in Profitability and Efficiency

03

### CAUSES:

1. Inox Wind highlights land acquisition and grid connectivity challenges as major causes of wind project delays.
2. Despite policy improvements and strong financials, these issues escalate costs, extend timelines, and impact revenue streams.

## 02 Project Execution Delays

# Root Cause Analysis

**Low  
ROCE**

04

## CAUSES:

1. Inox Wind's short-term liabilities surged 82% to ₹14 billion in one fiscal year, reflecting a heavy reliance on short-term debt—likely due to difficulties in promptly converting receivables into cash.
2. The transition from a Feed-in Tariff (FiT) regime to an auction-based system in FY18 halted operations, delayed projects, worsened financial performance, and led to higher receivables.

**Policy and  
Regulatory  
Uncertainty**

06

## CAUSES:

1. Inox Wind's high Debt to EBITDA ratio indicates a substantial debt burden, limiting reinvestment and negatively impacting profitability.
2. Poor management efficiency and ineffective asset utilization result in inadequate returns on capital, contributing to low ROCE.
3. Additionally, the reinstatement of reverse auctions by the MNRE may lead to lower tariffs, further affecting profit margins.

05

**High  
Receivables**

## CAUSES:

1. Frequent Policy Changes: Dynamic shifts in government renewable energy policies, encompassing tariffs, subsidies, and incentives, significantly impact strategic planning and investor confidence in the sector.
2. Uncertainty in Power Purchase Agreements (PPAs): The integrity of long-term Power Purchase Agreements faces critical challenges through state-driven renegotiations and payment delays, creating substantial financial and operational uncertainties for wind energy operations.

# Solution Development

**1) Offshore expansion:** The company currently operates only onshore wind projects, but shifting to offshore wind energy is strategically beneficial. Offshore projects offer higher revenue (₹17,210 vs. ₹8,198 per kW) and a shorter payback period (5.81 years vs. 6.09 years) despite higher initial costs. Additionally, government support through VGF reduces financial risks, making offshore wind a more profitable and sustainable investment for the future.

| Category                          | Onshore Wind Energy | Offshore Wind Energy |
|-----------------------------------|---------------------|----------------------|
| Wind Capacity Factor              | 25-35% (Avg: 30%)   | 45-55% (Avg: 50%)    |
| Annual Energy Generation (per kW) | 2628 kWh            | 4380 kWh             |
| Tariff Rate (₹/kWh)               | ₹3.5/unit           | ₹4.5/unit            |
| Total Revenue (₹/kW annually)     | ₹9198               | ₹19,710              |
| Maintenance Cost (₹/kW annually)  | ₹1,000              | ₹2,500               |
| Net Revenue (₹/kW annually)       | ₹8,198              | ₹17,210              |
| Installation Cost (per kW)        | ₹50,000             | ₹1,00,000            |
| Payback Time                      | 6.09 years          | 5.81 years           |

## Metrics Affected

- 1. EBITDA Margin Enhancement
- 2. Debt-to-Equity Ratio Improvement
- 3. ROA and ROI Optimization

## GOVERNMENT SCHEMES FOR OFFSHORE PROJECTS

### Viability Gap Funding (VGF) Scheme:

The Viability Gap Funding (VGF) scheme is a government initiative aimed at promoting offshore wind energy by providing financial assistance to bridge the cost gap.

### Calculation:

- ₹7,453 crore VGF fund for offshore wind projects
- Provides 20% cost support (₹20,000 per kW subsidy)
- Adjusted cost per kW: ₹80,000 (after VGF support)

### Impact on Payback Period:

- Without VGF: ⌚ 5.81 years
- With VGF: ⌚ 4.65 years (20% faster recovery)



# Solution Development

## 2) Expanding Growth: Inox Wind Should Adopt a Leasing Model

The company should adopt a hybrid model, combining leasing with selling. Leasing ensures higher long-term profits (₹800 crore vs. ₹150 crore), while selling provides immediate revenue, creating a balanced and sustainable growth strategy.

| Category     | Selling Model   | Leasing Model  |
|--------------|---|--|
| Assumptions  | Manufacturing cost per MW = ₹5.5 crore                          | Annual Lease Revenue per MW = ₹1.2 crore                     |
|              | Selling price per MW = ₹7 crore                                 | Annual Maintenance Cost per MW = ₹0.3 crore                  |
|              | Profit per MW = ₹1.5 crore (Selling Price - Manufacturing Cost) | Lease Period = 15 years                                      |
| Calculations | Total Wind Farm Capacity = 100 MW                               | Total Wind Farm Capacity = 100 MW                            |
|              | Total Revenue: ₹7 crore × 100 MW = ₹700 crore                   | Total Revenue: ₹1.2 crore × 100 MW × 15 years = ₹1,800 crore |
|              | Total Profit: ₹1.5 crore × 100 MW = ₹150 crore                  | Total O&M Cost: ₹0.3 crore × 100 MW × 15 years = ₹450 crore  |
|              |   | Total Profit: ₹1,800 crore - ₹450 crore = ₹1,350 crore       |
| Conclusion   | Lower overall profitability                                     | Leasing increases profitability significantly                |

### Metrics Affected

- 1. Cash flow increase
- 2. Lower Operating Expense Ratio

## 3) Optimize Inventory with MRP, ABC & Selective JIT for Efficiency & Cost Savings

The company should integrate MRP, ABC, and Selective JIT to optimize inventory, cut costs, and ensure timely availability of critical components, improving cash flow and operational efficiency.

| Model         | Description  | Stock Management | Supply Chain Optimization | Cost Efficiency | Key Benefits   |
|---------------|--|------------------|---------------------------|-----------------|--|
| MRP Analysis  | Determines what to order, when, and in what quantity to avoid stockouts.                     | ✓                | ✗                         | ✓               | Reduces inventory costs by 15-20% and enhances scheduling.                   |
| ABC Analysis  | Categorizes inventory based on criticality (A, B, C classes) for better resource allocation. | ✓                | ✓                         | ✓               | Improves working capital efficiency and focuses on high-value items.         |
| Selective JIT | Orders materials just before installation to reduce storage costs.                           | ✗                | ✓                         | ✓               | Reduces warehouse space needs by 30-40% and improves market competitiveness. |

### Metrics Affected

- 1. Inventory turnover ratio increase
- 2. Current Ratio increase
- 3. Lower cash conversion cycle



# Solution Development

## 4) Collaboration for Growth: Inox Wind & Vikram Solar

### The Strategic Importance of Collaboration Between Solar and Wind Energy

- Maximized Land Utilization – Wind alone generates 0.012 MW per acre, while a hybrid plant can produce 1 MW per acre, significantly improving efficiency.
- Cost Optimization – Shared infrastructure (substations, monitoring, maintenance) reduces capital and operational costs, increasing ROI.
- Lower Grid Line Costs – A common transmission system cuts expenses and improves power stability.

### Why Vikram solar ?

Continuous R&D Investment  
Cost Competitiveness  
Global Market Reach  
Scalable Energy Capacity  
Looking forward to expand

### Projected Growth Metrics:

| Metric                            | Current         | Projected              |
|-----------------------------------|-----------------|------------------------|
| Revenue                           | ₹2,510.99 crore | ₹5,000+ crore annually |
| EBITDA Margin                     | 19.1%           | 21-22%                 |
| Net Profit Margin                 | 2.1%            | 3.6-4.1%               |
| ROE (Return on Equity)            | 4%              | 8-9%                   |
| ROCE (Return on Capital Employed) | 4%              | 7-8%                   |

### Key Benefits of Collaboration:

1. Complementary Expertise: Inox Wind's wind energy experience + Vikram Solar's advanced solar manufacturing.
2. Expanded Manufacturing: Vikram Solar's 3 GW + Inox Wind's 5 GW module & 2.5 GW cell capacity by 2026.
3. Diversified Portfolio: Wind turbines + solar TopCon modules for hybrid solutions.
4. Stronger Market Position: Joint capabilities enhance competitiveness for large-scale renewable projects.
5. Financial Strength: Lower capital costs, better funding access, & profitability growth.
6. Project Synergies: Inox's 5 GW plug-and-play infrastructure + Vikram Solar's EPC expertise.
7. Global Expansion: Vikram Solar's presence in 32 countries helps Inox expand internationally.
8. R&D Collaboration: Pooling resources to accelerate innovation in renewable tech.

## 5) Debt Restructuring and Refinancing

### PHASE 1: Debt Refinancing

- Refinance high-cost debt (9.50% NCDs and 10.25% vehicle term loans) from Sovereign green bonds which are a form of government debt designed to finance projects that support India's transition to a low-carbon economy.  
**5-year Sovereign Green Bond:** Interest rate of 7.10% with semi-annual interest payout  
**10-year Sovereign Green Bond:** Interest rate of 7.39% with semi-annual interest payout
- We can also explore funding opportunities from NBFCs that specialize in the energy sector, such as Rural Electrification Corporation (REC) and Power Finance Corporation (PFC). These NBFCs have recently reduced their lending rates, offering short-term loans at interest rates as low as 6.25% per annum.

### PHASE 2: Debt-to-Equity Conversion

- As of 2024, promoters hold approximately 48.27% of Inox Wind's equity. To strengthen the balance sheet and reduce interest expenses, the company can consider converting a portion of its outstanding loans into equity.
- A strategic approach would involve identifying Foreign Institutional Investors (FIIs), Domestic Institutional Investors (DIIs), and Private Equity (PE) funds that are actively seeking long-term investment opportunities in India's rapidly growing renewable energy sector. By engaging with these investors, Inox Wind can attract substantial capital.
- Additionally, offloading around 5-8% of promoter shareholding could provide a significant infusion of funds, helping to lower debt levels and improve the company's overall leverage

### Projected Impacts:

| Option     | Interest Rate | Interest | Savings            |
|------------|---------------|----------|--------------------|
| NCDs(Avg.) | 10%           | 72 Cr.   |                    |
| PFC/REC    | 6.25%         | 45 Cr.   | (72 - 45) = 27 Cr. |
| SGBs       | 7.245         | 52 Cr.   | (72 - 52) = 20 Cr. |

Market Cap: 22,297 Cr.

Selling 5% share:  $0.05 \times 22,997 = 1149$  Cr.

Percent reduction in debt =  $\frac{1149 \times 100}{3500}$   
= 32.8%

# Implementation RoadMap

1

## Phase 1: 0-12 months

Inox should prioritize debt restructuring to improve financial stability and start turbine leasing for a cost-effective, long-term revenue model.

1. Refinance high-cost loans, restructure repayments, negotiate better terms, and explore asset-backed financing to improve cash flow and debt-to-equity ratio.
2. Lease turbines via operating or finance leases, PPAs, energy-as-a-service models, revenue-sharing, vendor financing, or government-backed programs for cost-effective deployment.

2

## Phase 2: 1-3 years

Inox should expand offshore in Phase 2 after becoming debt-free in Phase 1, as offshore offers higher tariffs and efficiency. Inventory optimization in Phase 2 reduces costs, improves cash flow, and ensures smoother project execution, enhancing overall profitability.

1. Offshore expansion : Retrofit ports in Tamil Nadu & Gujarat, develop floating wind tech, use AI for site selection, green hydrogen production, corporate PPAs.
2. Inventory Optimisation: Rank items by ACV into A, B, and C categories, conduct a pilot test, set inventory policies, optimize procurement, and implement a centralized inventory management system.

3

## Phase 3: 3-5 years

In Phase 3, a merger helps Inox Wind expand market reach, access new technologies, scale operations, and gain competitive advantages in the global renewable energy sector.

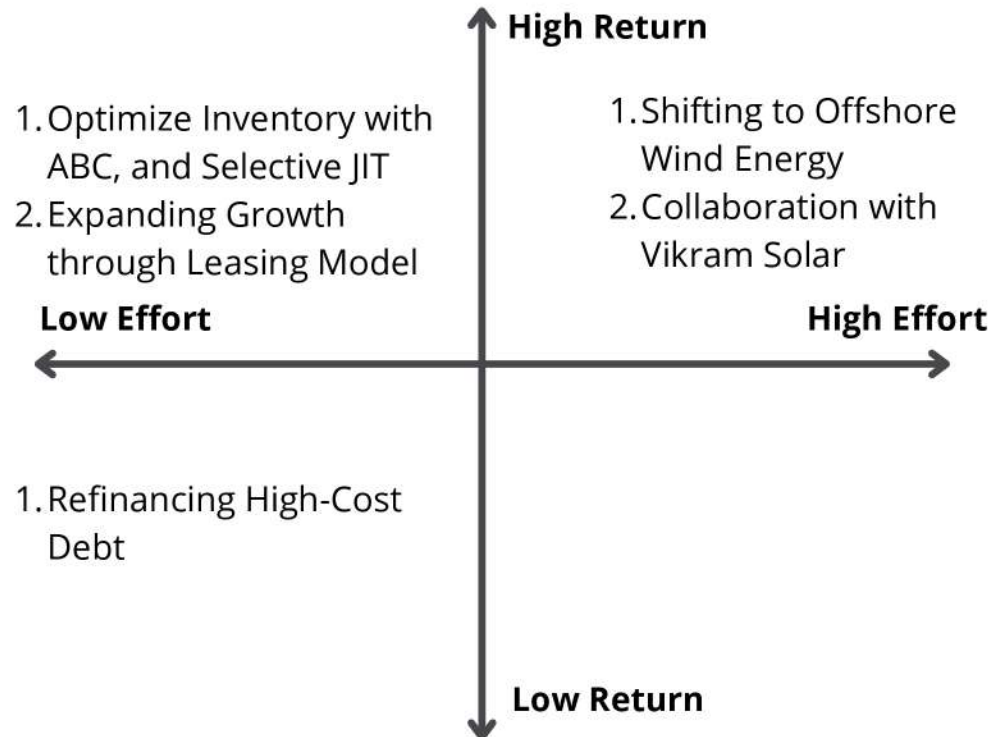
Partnering with Vikram Solar for a 1 GW hybrid plant in Rajasthan using Inox turbines and Vikram modules, with shared grid access, PLI funding, and 2028 operational goal.



# Implementation Roadmap

| SOLUTIONS                                    | PHASE 1 (0 - 12months) | PHASE 2 (1-3 years) | PHASE 3 ( 3-5 years) |
|--|------------------------|---------------------|----------------------|
| Debt Restructuring and Refinancing           |                        |                     |                      |
| Leasing of Wind Turbines                     |                        |                     |                      |
| Offshore Expansion                           |                        |                     |                      |
| Application of an Inventory Management Model |                        |                     |                      |
| Collaboration for Growth                     |                        |                     |                      |

## Prioritization matrix



## 5 Year Growth Prospects

- ✓ With the proposed changes implemented, the company is projected to achieve a revenue of ₹10,000 crore.
- ✓ Inox Wind is expected to become virtually debt-free, thereby strengthening its balance sheet.
- ✓ The next five years will be crucial for Inox Wind, positioning it as a key player in the wind energy sector.

# Financial Modelling (using DCF)

## Increase In Revenue due to offshore sector

India expected offshore wind energy capacity- 37GW by 2030

Inox Wind Market share-10%

Inox winds expected offshore wind energy capacity-3GW

Offshore wind capacity factor-50%

Annual energy generation(per GW)- $1 \text{ GW} \times 8760 \times 0.5 = 4380 \times 1000 \text{ Mwh}$  per year

Tariff for offshore- 4.5 rupees per KWh

Cost (per 1GW)- 1971 crore

Cost(3 GW)- 5900 crores.

Inox Wind will generate around 5900 crores revenue in offshore sector alone in next 5 years.

| Year          | Revenue<br>(in crores) | % of total<br>revenue |
|---------------|------------------------|-----------------------|
| 2024-2025     | 590                    | 10%                   |
| 2025-2026     | 1180                   | 20%                   |
| 2026-2027     | 1770                   | 30%                   |
| 2027-2028     | 1475                   | 25%                   |
| 2028-2029     | 885                    | 15%                   |
| Total-5 Years | 5900                   | 100%                  |

## Increase in revenue due to leasing turbines

| Year          | Total Execution<br>target(in MW) | % of sales due to<br>lease |
|---------------|----------------------------------|----------------------------|
| 2024-2025     | 800                              | 10%-80MW                   |
| 2025-2026     | 1200                             | 20%-240MW                  |
| 2026-2027     | 1380                             | 20%-276MW                  |
| 2027-2028     | 1590                             | 25%-400MW                  |
| 2028-2029     | 1825                             | 30%-550MW                  |
| Total-5 Years | 5900                             | 100%                       |

### Revenue:

Annual Lease revenue per MW = 1.2 crore

Lease period- 15 years

Total revenue-  $15 \times 1.2 = 18$  crores

### Maintenance and installation Cost:

Annual Maintaince cost - 0.3 crores

O&M cost-  $0.3 \times 15 = 4.5$  crores

Cost of 1MW turbine - 5.5 crores

Net profit (per MW) =  $18 - (4.5 + 5.5) = 8$  crores.

# Projection of Financials

## DCF- Discounted Cash Flow

| Inox Wind DCF                                       |                     |                     |                     |                     |                     |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| Mid Year Discounting                                |                     |                     |                     |                     |                     |
|   | 0.5                 | 1.5                 | 2.5                 | 3.5                 | 4.5                 |
| Date of cash flows                                  | 12 months 31-Jan-25 | 12 months 31-Jan-26 | 12 months 31-Jan-27 | 12 months 31-Jan-28 | 12 months 31-Jan-29 |
| EBIT  | 830.953             | 1987.248            | 1902.6731           | 1648.66             | 1324.588            |
| Tax rate  | 0%                  | 20%                 | 22%                 | 24%                 | 27%                 |
| Tax expense   | 0                   | -397.45             | -418.5881           | -395.679            | -357.639            |
| NOPAT   | 830.953             | 1589.799            | 1484.085            | 1252.982            | 966.9496            |
| Add:Depreciation and Amortisation                   | 38.47               | 40.43               | 42.77               | 47.047              | 51.7517             |
| Add/less:(increase)/Decrease in net working capital | -480                | -140                | 255                 | 625                 | 954                 |
| Less:Capital Expenditure                            | 92.598              | 101.8578            | 112.04358           | 123.2479            | 135.5727            |
| 0% Debt free cash flow(Free cash flow to firm)      | 296.825             | 1388.371            | 1669.8115           | 1801.781            | 1837.129            |
| 8% Discount rate(%)                                 |                     |                     |                     |                     |                     |
| Discounting Factor                                  | 0.9644304           | 0.897042            | 0.8343619           | 0.776062            | 0.721835            |
| Present value debt free cash flow                   | 286.26705           | 1245.427            | 1393.227            | 1398.293            | 1326.104            |
| Present Value for explicit period                   | 5649.3177           |                     |                     |                     |                     |
| Terminal Value                                      |                     |                     |                     |                     |                     |
| Gordon growth                                       |                     |                     |                     |                     |                     |
| Long term growth rate                               | 2.50%               |                     |                     |                     |                     |
| Terminal Value                                      | 37568.5891          |                     |                     |                     |                     |
| Present Value of Terminal value                     | 27118.32672         |                     |                     |                     |                     |
| DCF Value of Firm                                   | 32767.64446         |                     |                     |                     |                     |
| Add:Non operating assets                            | 1686.1              |                     |                     |                     |                     |
| Total Value of firm                                 | 34453.74446         |                     |                     |                     |                     |
| Less: Gross debt & Debt equivalents                 | 2552.1              |                     |                     |                     |                     |
| Add: Cash   | 0.9                 |                     |                     |                     |                     |
| Less:Non controlling interest                       | 0                   |                     |                     |                     |                     |
| DCF value of Common equity                          | 31902.54446         |                     |                     |                     |                     |
| Number of shares -diluted                           | 130.38              |                     |                     |                     |                     |
| DCF Value per share                                 | 244.6889436         |                     |                     |                     |                     |

## Variation of DCF price v/s WACC,LTGR

| LTGR | WACC     |          |          |          |          |          |          |          |         |         |
|------|----------|----------|----------|----------|----------|----------|----------|----------|---------|---------|
|      | 244.6889 | 5.00%    | 5.50%    | 6.00%    | 6.50%    | 7.00%    | 7.50%    | 8%       | 8.50%   | 9%      |
|      | 1.50%    | 367.8595 | 320.1375 | 283.0302 | 253.3529 | 229.0792 | 208.8581 | 191.7542 | 177.099 | 164.404 |
|      | 1.75%    | 393.9664 | 339.6088 | 298.0511 | 265.2511 | 238.7065 | 216.7853 | 198.3778 | 182.703 | 169.196 |
|      | 2.00%    | 424.4244 | 361.8616 | 314.9496 | 278.4713 | 249.2965 | 225.4332 | 205.5533 | 188.738 | 174.329 |
|      | 2.25%    | 460.4202 | 387.538  | 334.1013 | 293.2469 | 261.0012 | 234.9046 | 213.3528 | 195.255 | 179.843 |
|      | 2.50%    | 503.6152 | 417.4938 | 355.9889 | 309.8694 | 274.0065 | 245.3232 | 221.8613 | 202.315 | 185.782 |
|      | 2.75%    | 556.4091 | 452.896  | 381.2439 | 328.7082 | 288.5418 | 256.8385 | 231.1802 | 209.99  | 192.195 |
|      | 3.00%    | 622.4014 | 495.3787 | 410.708  | 350.2383 | 304.894  | 269.6333 | 241.431  | 218.362 | 199.143 |
|      | 3.25%    | 707.2487 | 547.3021 | 445.5293 | 375.0807 | 323.4265 | 283.9334 | 252.7608 | 227.531 | 206.695 |
|      | 3.50%    | 820.3784 | 612.2062 | 487.3147 | 404.0635 | 344.6065 | 300.0209 | 265.3494 | 237.618 | 214.933 |

## WACC

Weighted Average Cost of Capital

### Cost of debt

|                          |          |
|--------------------------|----------|
| debt borrowing rate(%)   | 5.80%    |
| Expected income tax rate | 27%      |
| After-tax cost of debt   | 4.23400% |

### Weighted average cost of capital

|           |        |                   |          |       |             |
|-----------|--------|-------------------|----------|-------|-------------|
| Debt(%)   | 45.05% | Cost of debt(%)   | 4.23400% | Value | 1.90741700% |
| Equity(%) | 54.95% | Cost of equity(%) | 10.200%  |       | 5.604900%   |
|           |        |                   |          |       | 7.51231700% |

### Cost of equity

|                        |         |
|------------------------|---------|
| Risk-free rate         | 6%      |
| Beta                   | 0.6     |
| Equity risk premium    | 7%      |
| Cost of equity capital | 10.200% |



# Appendix

## **Discounting Cash flow-excel :**

[https://docs.google.com/spreadsheets/d/182owPKQXgx8BP-GN5Fp-dOpRJTAwtfT-yp\\_wj5WF\\_hg/edit?usp=sharing](https://docs.google.com/spreadsheets/d/182owPKQXgx8BP-GN5Fp-dOpRJTAwtfT-yp_wj5WF_hg/edit?usp=sharing)

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