

# Inox Wind to raise Rs 1,000 cr



Primary market is really having tough time despite secondary market posting new historic highs for indices. As far as current calendar year is concerned, the first main board IPO of NCML Ind stands withdrawn due to poor response despite lowering the price band and extension of period. The second IPO of Ortel Communication however considered close with getting just 75% subscription against the offer size and was reduced to that extent.

Inox Wind Ltd (IWL) is a Gujarat Fluorochemicals Ltd subsidiary that is going public with book building process IPO of approx 3.15 crore equity shares of Rs. 10 each with a price band of Rs. 315-325. IWL is engaged in renewable energy segment and is one of the leading wind power solution providers manufacturing wind turbine generators and taking contracts on turnkey basis. To part finance its expansion and up gradation of existing

manufacturing facilities, investment in subsidiaries and raise general corpus fund, it is entering the capital market with its maiden IPO.

The issue opens on 18.03.15 and will close on 20.03.15. The issue is a combo of fresh equity as well as offer for sale. Parent company Gujarat Fluorochem is offering 1,00,00,000 equity shares and the rest is fresh issue. The issue includes 5,00,000 shares reserved for the employees. Minimum application is to be made for 45 shares and in multiples thereon, thereafter. Retail investors and Employees will get discount of Rs. 15 per share. Company's equity capital of Rs. 40 crore issued at par stood enhanced to Rs. 200 crore in May 2013 with issue of bonus shares in the ratio of 4 shares for every 1 share held. This will further rise to approx Rs. 221 crore post issues. Issue is lead managed by Axis Capital Ltd, BofA Merrill Lynch, Edelweiss Financial Services Ltd and Yes Bank Ltd. Link Intime India Pvt Ltd is the registrar to the issue. Post allotment, shares will be listed on BSE and NSE.

For the nine months ended December 31, 2014 and the years ended March 31, 2014,

and 2013, respectively, IWL produced and sold 190, 163 and 60 WTGs of 2 MW each and its total revenue was Rs. 1794.99 crore, Rs. 1576.19 crore, Rs. 1063.66 crore and profit after tax was Rs. 179.19 crore, Rs. 131.46 crore and Rs. 150.42 crore. For the said periods, IWL has erected and commissioned 90, 75 and 60 WTGs. The company did not provide installation services prior to the year ended March 31, 2012. Based on first three quarters earnings the annualized EPS on equity was Rs. 200 crore stands at Rs. 11.95 and on fully diluted equity post IPO it comes to Rs. 10.86. Thus the asking price on fully diluted equity is at P/E of around 30. Thus issue appears aggressively priced.

As the company belongs to a well known investor friendly group and the renewable energy sector is set for a big boost going forward, moderate investment at lower price band for long term plan may be considered.

Disclaimer: Author has no plans to invest in this IPO. Investors can use their own discretion for investing in this IPO, as any investment in stock market is attached to market risks.