

Q1FY26 Earnings Call: Execution Guidance Unchanged, Margin Guidance Revised Upwards

Change in Estimates post Q1FY26 Conference Call

FY26E/FY27E: Revenue: 0%/0%, **EBITDA:** 0%/0%, **PAT:** 0%/0%

Recommendation Rationale

- Margin Guidance Revised Upwards:** The company's EBITDA margins stood robust at 22% in Q1FY26. It has revised the EBITDA margin guidance upwards, from 17-18% to 18-19% for FY26 post strong Q1 performance, along with initiatives like 1,200 MW of New Nacelle plant and Hub manufacturing unit in Gujarat and deployment of the first set of cranes on project sites.
- Execution guidance unchanged:** Q1FY26 execution stood weak at 146 MW, up only 4% YoY but down 38% QoQ. The lower execution was due to the company's focus on completing its on-ground execution backlog from Q4FY25 instead of supplying more WTGs. Despite weak Q1 execution, the management is confident to achieve its annual FY26 execution guidance of 1,200 MW and expects execution to pick up in H2FY26 (~65-70% of execution is skewed towards H2 historically). It also kept its FY27 execution guidance of 2GW unchanged.
- Orderbook:** As of Jun'25, the company's orderbook stood at 3,108 MW. The orderbook provides revenue visibility for 2-3 years and is diversified across clients and has a healthy mix of equipment supply and Turnkey projects. Inox Wind targets to build its existing relationships to get repeat orders. It has received an order of 51 MW from a new customer, First Energy, in Q1FY26. It has a strong order pipeline, and it expects orders from new potential customers in the coming months.
- Inox Green – O&M Business:** The company's recent foray into the solar business has been a strategic move as Inox Solar, one of the group companies, commenced its solar module manufacturing. In Q1FY26, the company added 1.6 GW of Solar O&M contracts. Its total Renewable portfolio stands at 5.1 GW. Inox Green is rapidly expanding its portfolio through both organic and inorganic routes. It has recently invested in a company having ~2 GW of O&M assets. The company targets to increase the portfolio to 17 GW over the next 2 years.

Sector Outlook: Positive

Company Outlook & Guidance: Management expressed confidence in achieving its execution guidance of 1.2/2 GW for FY26/FY27, respectively. With the commercialisation of the New Plants and cranes deployment, the management has revised its EBITDA margin guidance from 17-18% to 18-19% for FY26. The realisation guidance remains unchanged at Rs 6 Cr/MW.

Current Valuation: 30x FY27E EPS adjusted for minority interest (Unchanged)

Current TP: Rs 190/share (Unchanged)

Recommendation: We maintain our **BUY** recommendation on the stock.

Financial Performance: The company declared its financial results on 14th August, 2025, and we published the result update note on 18th August, 2025.

Outlook: Our outlook since our note release date of 18th August, 2025, remains unchanged. We maintain our BUY rating on the stock.

Valuation & Recommendation: We assign a target P/E multiple of 30x (Unchanged) to our FY27 EPS estimate. After adjusting for the minority stake in Inox Green Energy Services Ltd and Resco Global (~7%), we arrive at a TP of Rs 190/share. We **maintain our BUY rating on the stock**, with a potential upside of 35% from the CMP.

Key Financials (Consolidated)

(Rs Cr)	FY24A	FY25A	FY26E	FY27E
Net Sales	1,743	3,557	5,600	9,058
EBITDA	269	738	967	1,551
Net Profit	(51)	415	882	1,218
EPS (Rs)	(1.6)	2.8	5.1	7.0
PER (x)	NA	59.3	27.7	20.0
P/BV (x)	10.0	5.2	4.1	3.4
EV/EBITDA (x)	76.1	36.8	26.2	16.2
ROE (%)	-2.4%	13.3%	16.1%	18.6%

Source: Company, Axis Securities

(CMP as of 1st September, 2025)

CMP (Rs)	141
Upside /Downside (%)	35%
High/Low (Rs)	258/128
Market cap (Cr)	24,376
Avg. daily vol. (6m) Shrs.	91,54,017
No. of shares (Cr)	173

Shareholding (%)

	Dec-24	Mar-25	Jun-25
Promoter	48.27	48.27	44.18
FII	15.26	15.68	13.78
Mutual Funds / UTI	7.28	7.15	6.98
Financial Institutions	0.00	0.00	0.00
Others	29.19	28.90	35.06

Financial & Valuations

Y/E Mar (Rs Cr)	FY25A	FY26E	FY27E
Net Sales	3,557	5,600	9,058
EBITDA	738	967	1,551
Attrib Net Profit	415	882	1,218
EPS (Rs)	2.8	5.1	7.0
PER (x)	59.3	26.9	19.4
P/BV (x)	5.2	4.0	3.3
EV/EBITDA (x)	36.8	25.5	15.7
ROE (%)	13.3%	16.1%	18.6%

Change in Estimates (%)

Y/E Mar	FY26E	FY27E
Sales	0%	0%
EBITDA	0%	0%
PAT (Attrib)	0%	0%

Relative Performance



Source: Ace Equity, Axis Securities

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Other Updates

- **Rights Issue:** The Rights issue saw an oversubscription of 2.1 times. Post the fund raise, the company's cash position fortified as the promoters fully subscribed their entitlement of Rs 560 Cr and as the Non-Convertible Redeemable Preference Shares now stand eliminated from the balance sheet.
- **New Plants:** The company operationalised 1,200 MW of the new Nacelle plant and the Hub manufacturing unit in Gujarat. It has also commenced its transformer manufacturing capacity. Inox Wind is also expanding its blade manufacturing capacity and is in the process of setting up another facility in the Southern part of India, which will improve its access to the sites in the Southern States of Karnataka, Tamil Nadu and Andhra Pradesh.
- **Transfer of Substation Assets:** The scheme of demerger of the substation business from Inox Green and merger into Inox Renewable Solutions (Resco) has received no objection from the exchanges. The company has filed the scheme with NCLT and expects approval in 2-3 quarters. Post the transfer, Gross Block or ~Rs 1,000 Cr in the balance sheet of Inox Green would be transferred to Resco, which would save Rs 50 to 55 Cr for Inox Green in depreciation annually. Furthermore, post transfer, Resco would get listed, and the Shareholders of Inox Green would get the shares of Resco.
- **CERC Notification:** CERC has notified an amendment to its connectivity and General Network Access Regulations for Interstate Transmission System, allowing hybridisation of existing solar and wind transmission projects having a capacity of more than 50 MW.
- **MNRE Notification to support domestic players:** MNRE notified ALMM (Wind) and ALMM (Wind Turbine Components) mandating domestic sourcing of ~75-80% of WTG components, including blades, towers, gearbox, generators and special bearings, as well as locating R&D, data centres and servers within India. This notification provides an advantage to domestic manufacturers like Inox Wind Ltd.
- **O&M Business:** Inox Green's realisation for Wind is between Rs 8 Lc to 10 Lc per MW with margins of 45-50% and for solar, the realisation is Rs 2 Lc per MW with 20% margins.
- **Sector outlook remains robust:** The sector outlook remains strong as the nation targets 90 to 100 GW of Wind Capacity by 2030. The Management remains confident about the country reaching annual capacity additions of 8 to 9 GW. The market is focusing on RTC projects with Solar-Wind Hybrid as grid stability remains an issue. In Apr-May'25, 12 to 15 GW of PPAs were signed. The 40 GW of projects with unsigned PPAs in Apr'25 are down to 25 to 30 GW. The 12 to 15 GW of PPAs, which include Solar, Wind and Hybrid projects, would start flowing into orders by Q3FY25. The Management expects total Wind Capacity additions in the country to be 5 to 6 GW in FY26.
- **Working Capital:** The company maintains its working capital days guidance at 120 Days.

Key Risks to Our Estimates and TP

- Delay in ramp-up of execution.
- Delay or under-subscription of the auctions could result in a slowdown of wind turbine markets.

Financials (Consolidated)

Profit & Loss

(Rs Cr)

Y/E March	FY24A	FY25A	FY26E	FY27E
Total Operating Income	1,743	3,557	5,600	9,058
Cost of Material consumed	1,038	2,074	3,248	5,253
Changes in inventory	(7)	20	-	-
Employees Cost	109	170	267	432
EPC Cost	186	172	557	915
Other Expenses	148	385	560	906
Total Expenditure	1,475	2,820	4,633	7,506
EBITDA	269	738	967	1,551
Depreciation and Amortisation	110	182	175	172
EBIT	159	555	793	1,380
Other Income	56	144	159	167
Less: Interest & Fin Chg.	248	169	70	70
Less: Exceptional Items	14	13	-	-
Profit before tax	(47)	517	882	1,476
Provision for Tax	4	102	-	258
Reported PAT	(51)	415	882	1,218
EPS (Rs/sh)	(1.6)	2.8	5.1	7.0

Source: Company, Axis Securities

Balance Sheet

(Rs Cr)

Y/E March	FY24A	FY25A	FY26E	FY27E
Net Block	1,494	1,980	1,956	1,909
CWIP	266	296	296	296
Goodwill	10	10	10	10
Intangible assets	262	234	234	234
ROU Assets	46	66	66	66
Investments	-	265	265	265
Inventories	1,245	1,352	1,995	3,226
Trade Receivables	1,137	2,688	3,068	3,722
Cash / Bank balance	54	213	565	891
Misc. Assets	2,280	1,691	1,691	1,691
Total assets	6,795	8,795	10,146	12,311
Equity capital	326	1,624	1,624	1,624
Reserves	1,371	3,423	4,304	5,522
NCI	494	559	559	559
Borrowings	3,237	1,466	1,466	1,466
Other Liabilities	748	639	639	639
Provisions	13	19	19	19
Trade Payables	605	1,065	1,534	2,482
Capital employed	6,795	8,795	10,146	12,311

Source: Company, Axis Securities

Cash Flow

(Rs Cr)

Y/E March	FY24A	FY25A	FY26E	FY27E
Profit after tax	(53)	438	882	1,218
Depreciation	110	182	175	172
Interest Expenses	248	169	70	70
Non-operating / EO item	164	163	-	-
Change in W/C	(616)	(823)	(555)	(938)
Operating Cash Flow	(147)	129	572	522
Capital Expenditure	(726)	(620)	(150)	(125)
Free Cash Flow	(873)	(492)	422	397
Other Investments	(14)	1,746	-	-
Investing Cash Flow	(740)	1,125	(150)	(125)
Proceeds / (Repayment) of Borrowings	187	(395)	-	-
Proceeds from preference shares	1,010	-	-	-
Finance cost paid	(319)	(264)	(70)	(70)
Financing Cash Flow	878	(659)	(70)	(70)
Change in Cash	(9)	595	352	327
Opening Cash	21	12	213	565
Closing Cash	12	608	565	891

Source: Company, Axis Securities

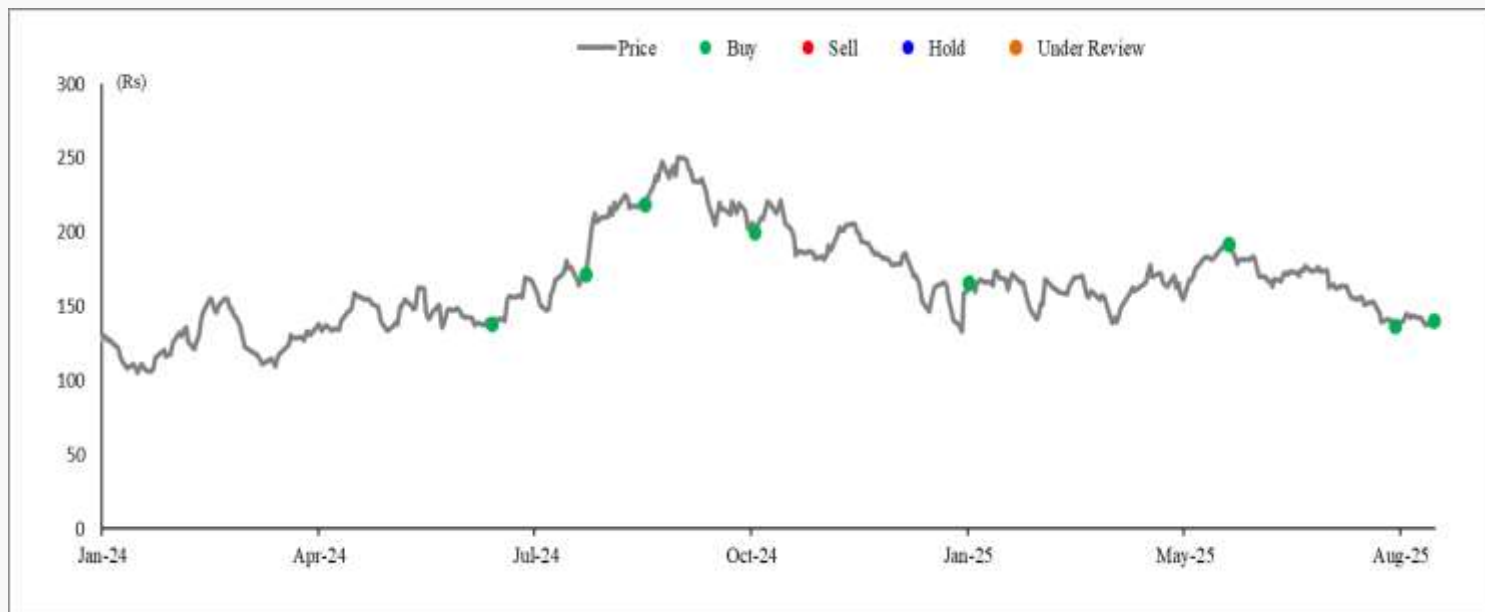
Ratio Analysis

(%)

Y/E March	FY24A	FY25A	FY26E	FY27E
Operational Ratios				
Sales growth (% YoY)	137%	104%	57%	62%
EBITDA Margin %	15%	21%	17%	17%
Net profit Margin %	-3%	12%	16%	13%
Tax Rate %	NA	19%	0%	18%
Efficiency Ratios				
Total Asset Turnover (x)	0.3	0.5	0.6	0.8
Sales/Gross block (x)	0.8	1.3	1.9	3.0
Sales/Net block(x)	1.2	1.8	2.9	4.7
Working capital/Sales (x)	1.0	0.8	0.6	0.5
Valuation Ratios				
PER (x)	NA	59.3	27.7	20.0
P/BV (x)	10.0	5.2	4.1	3.4
EV/Ebitda (x)	76.1	36.8	26.2	16.2
EV/Sales (x)	11.7	7.8	4.5	2.8
Dividend Yield (%)	NA	NA	NA	NA
Return Ratios				
ROE	-2%	13%	16%	19%
ROCE	5%	14%	13%	19%
ROIC	NA	7%	11%	15%
Leverage Ratios				
Debt /equity (x)	1.48	0.26	0.23	0.19
Net debt/ Equity (x)	1.35	0.14	0.07	0.02
Net debt/Ebitda (x)	11.00	1.07	0.47	0.08

Source: Company, Axis Securities

Inox Wind Price Chart and Recommendation History



Date	Reco	TP	Research
30-Jun-24	BUY	185	Initiating Coverage
12-Aug-24	BUY	205	Result Update
06-Sep-24	BUY	270	Result Update
26-Oct-24	BUY	270	Result Update
01-Feb-25	BUY	250	Result Update
02-Jun-25	BUY	230	Result Update
18-Aug-25	BUY	190	Result Update
02-Sep-25	BUY	190	Company Update

Source: Axis Securities Research

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