INOXGreen
ENERGY SERVICES LIMITED

U45207GJ2012PLC070279

INOX Green Energy Services Limited
(Earlier known as Inox Wind Infrastructure Services Ltd.)

Corporate Office: INOXGFL Towers, Plot No.17, Sector-16A, Noida-201301, Uttar Pradesh, India.
Tel: +91-120-6149600 | contact@inoxgreen.com
Fax: +91-120-6149610 | https://inoxgreen.com

IGESL: NOI: 2023

17th February, 2023

The Secretary BSE Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai 400 001	The Secretary National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex Bandra (E) Mumbai 400 051

Scrip code: 543667

Scrip code: INOXGREEN

Sub: Intimation under Regulation 30 and 46(2)(oa) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Transcript of Conference Call held with Investors /Analysts on 10th February, 2023

Dear Sir/Madam,

Pursuant to Regulations 30 and 46(2)(oa) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the transcript of conference call held with Investors/ Analysts on 10th February, 2023 at 04:00 P.M. (IST) pertaining to the Unaudited Financial Results of the Company for the quarter and nine months ended 31st December, 2022.

You are requested to take the above on record.

Thanking You

Yours faithfully,
For **Inox Green Energy Services Limited**

Mukesh Manglik
Digitally signed by Mukesh Manglik
Date: 2023.02.17 18:21:36 +05'30'

INOX GREEN ENERGY SERVICES LIMITED

Mukesh Manglik
Whole-time Director

Encl: as above

“Inox Green Energy Services Limited
Q3 FY2023 Earnings Conference Call”

February 10, 2023

ANALYST: **MR. JIGAR KAMDAR - SYSTEMATIX INSTITUTIONAL EQUITIES**

MANAGEMENT: **MR. DEVANSH JAIN - EXECUTIVE DIRECTOR - INOX GFL GROUP**
MR. JITENDRA MOHANANEY - GROUP FINANCIAL CONTROLLER
MR. KAILASH LAL TARACHANDANI - CHIEF EXECUTIVE OFFICER - INOX WIND GROUP
MR. S.K. MATHUSUDHANA - CHIEF EXECUTIVE OFFICER - INOX GREEN ENERGY SERVICES LIMITED

Moderator: Ladies and gentlemen, good day and welcome to Inox Green Energy Services Limited Q3 FY2023 Earnings Conference Call, hosted by Systematix Institutional Equities. As a reminder, all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Jigar Kamdar from Systematix. Thank you and over to you, sir.

Jigar Kamdar: Thank you Nirav. Good afternoon and warm welcome to everyone to the 3Q FY2022 Results Conference Call of Inox Green Energy Services Limited. On behalf of the management I would like to apologies for the delay for the start of the call. The management will be represented by Mr. Devansh Jain, Executive Director, Inox GFL Group; Mr. Jitendra Mohananey, Group Financial Controller; Mr. Kailash Lal Tarachandani, Chief Executive Officer, Inox Wind Group; and Mr. S.K. Mathusudhana, who is the Chief Executive Officer of Inox Green Energy Services Limited

Without any further delay I would like to hand over the call to the management for their opening remarks. Over to you, sir. Thank you.

Devansh Jain: Thank you Jigar. Thank you everybody for your patience. We apologize for the delay. I think it was the first time we were readying ourselves to have an investor call as a listed company as part of Inox Green. So we needed to comply with certain requirements although now that has been done and everything has been uploaded on the stock exchanges. We are happy to go about with this investors call.

Thank you for taking out the time, and welcome to the first inaugural investor call for Inox Green. This is the first time we are having the call post the IPO of Inox Green and I will take this opportunity to take everybody through our investor presentation in brief, and then through the financial numbers of this quarter as well as discuss strategic developments which have taken place at Inox Green since the IPO.

I will also take this opportunity to introduce you to S.K. Mathu, who joined us as a CEO for Inox Green. He is available for any questions when we open the floor to questions and Kailash Tarachandani, who is well known in the wind sector, who has been the CEO of Inox Wind for almost a decade with us.

If it's convenient for everybody, I am just going to do a page turn, and run through some of the key points.

Inox Green is a part of the strong Inox GFL Group; we are a group, which operates into two primary verticals-chemicals and renewable energy. Under renewable energy we have our listed parent Inox Wind, and under Wind we have Inox Green Energy Services, which we have recently listed. The overall group market capitalization is close to $5 billion. Post the IPO, Inox Green is owned approximately 56% by Inox Wind Limited, and the rest is owned by the public consisting of FIIs, domestic institutions and obviously retail and corporate investors.

Talking a little bit about the wind sector, I think something which is fundamental, which is a very, very, significant development in the wind sector, which has taken place since the IPO is the fact that we had been expecting reverse auctions to be discontinued, and to that extent the Government of India has now introduced a new policy wherein they will be calling for bids for 8 gigawatts of wind projects every year from 2023 to 2030 and mind you this is beyond public sector enterprise tenders and private consumption through C&I model, which itself is a very, very significant part of the market. The good part about these tenders is these are spread across all the 8 key windy states of this country and all of them are under a typical single stage two envelop closed bid basis which is what all infrastructure project primarily most infrastructure projects in this country are bidded out.

The unique and good part about this, which we had been pushing the government for the past many years was to make it a evenly spread out policy such that wind develops across the country and not just in Gujarat or Tamil Nadu and to that extent they have taken out composite bid which will include state specific bids, but the unique part being that no specific state under central bids can have more than 2 gigawatts per annum. So it will ensure uniform developments in states like Rajasthan, Madhya Pradesh, Maharashtra, Karnataka and Andhra which were till now being left out under the auction regime.

India has announced a massive renewable energy target of 175 gigs by 2022 and obviously they want to ramp this up 450 gigawatts by 2030 and this 8 gigawatt goal will go a long way to achieve in a significant part of that journey.

I won't take too much time on various other things which are happening in the sector, but basically the more renewables which come into the grid and with this policy stalemate being sorted out finally and such a large target trajectory being announced, we expect significant growth opportunity for Inox Green on the organic side of business through its parent company.

The next slide talks about the salient features of Inox Green. We are backed by a very, very strong and dependable $5 billion Inox GFL group. We have very, very strong government push for this sector. The ensuing developments and the update I gave you only take this sector looks stronger as we move forward. At Inox Green, we have had a very strong execution record of about ten years, we have been managing about 2700 megawatts organically. We have very reliable and stable cash flows in this business, we provide comprehensive solutions and it is a technology driven sector. What is important is, which I will speak about is, in the later part of my presentation is we had said we will be growing this business not just organically via Inox Wind, but also inorganically by way of taking our contracts and acquiring companies and I am happy to announce we have signed a definitive agreement and have taken over I-Fox Windtechnik India Private Limited which is a third-party O & M service provider with 230 megawatts of operating assets. Besides a big chunk in pipeline under I-Fox which we expect to add as we move forward.

The portfolio of Inox Green has grown from 90 megawatts to now 3050 odd megawatts in a span of about 10 years; this has grown at a CAGR of over 40% and we expect to maintain this growth for the next two financial years at least.

Coming to where we are with Inox Green. We are transitioning to an asset light models with minimal Capex. The historical business model required us to develop common infrastructure and incur significant Capex towards that. This is completely stopped at Inox Green, what we are doing now is monetizing investments of our power assets, so that we move towards higher EBITDA margins, and profit margins and focusing on organic as well as inorganic growth. Towards monetizing our investments I am happy to say that the entire 50 megawatts of Nani Virani, the last SPV in our system stands commissioned. We are now discussing with multiple buyers to down sell this asset which we expect to do in the near future, once we do that, Inox Green will be a net debt free entity.

In terms of organic, inorganic growth, organically we continue to grow. Inox Wind the parent of Inox Green post the IPO is very well capitalized is being ramping up operations and we expect Q4 to be the first full quarter where Inox Wind will be back to operational levels which used to exist during the pre-auction regime scenario.

On the inorganic growth side of things, as I mentioned we have recently taken over I-Fox Windtechnik as we acquired 51% of the company, the strategic intent being that we want to carry teams with us, we want the local contracts to be married to us for multiple years. As many of you may be aware all the contracts which are at the Inox Green level from Inox Wind married to us for the next 20 years or 25 years given the common infrastructure is controlled by us. In third-party O & M acquisition which we are carrying out naturally majority of the OEMs have gone bust as a result of which third-party O&M developers has come around and to ensure longevity of the business and to ensure we have solid control over the one, two, three years and then typically people stick with you. We have taken over 51% of this company. We have the rights to acquire 49% in due course of time, but we believe it is a prudent strategy to acquire 51% which is a mix of cash as well as equity over a period of time such that it's value operative from day one and cash flow approvals are solid at the Inox Green level.

To take you through the operational and the financial highlights for this quarter. This was the first quarter post the IPO, we successfully completed our IPO in November 2022 and raised 740 Crores- 370 was primary in Inox Green, and 370 was secondary in Inox Wind. Of the 370 Crores, which came into Inox Green, 330 Crores were utilized towards deleveraging the balance sheet and paring of all the debt, which left out is approximately 40 Crores of which want to share 31-odd Crores worth share of Inox Green towards IPO expenses and so on and so forth. The remaining 8 to 10 Crores lies at Inox Green in our ESCROW accounts for debt towards or repaying debt or utilizing towards acquisitions.

As we had mentioned during the IPO, Inox Green is expected to become net debt free the only debt which we carry at the Inox Green level now is 200-odd Crores which belongs to Nani Virani and 100 Crores which is a equity invested in Nani Virani. As I mentioned over this quarter we fully commissioned Nani Virani, we are now negotiating and in discussions with multiple potential buyers for this last SPV, once we flip this 200 Crores of debt will go away from the system and 100 odd Crores of invested equity will come back into the company which will make Inox Green net debt free.

Let me just add it is not that if we are carrying this 200 Crores of debt presently, we have any incremental cost given that it is a generating asset and it is throwing our cash on an ongoing basis. So we are kind of well covered. Having said that we are not in the business of owning IPP assets, and as we sold four IPP assets in the past this would be the last asset which we expect to flip in the near future.

Over this quarter, again to reiterate we entered our third-party O&M services. I recall during the IPO many people had questions, how would we end up doing this, how is this rocket science, is this complicated and we are happy to say that this was a first acquisition we made. We are looking at multiple acquisitions and you should be hearing on many of them from the team as we move forward.

Over the quarter, CRISIL has upgraded the rating from CRISIL BBB with a stable outlook to CRISIL BBB+ with a positive outlook. We expect this to be further upgraded post the down sale of Nani Virani. Of course, we were told that post commissioning of Nani Virani, this will be done, but I think we are working towards making it net debt free, such that we can hopefully move to A category.

Operationally during the quarter revenue from operations of 71 Crores compared to 61 Crores in Q2. Let me please reiterate and explain this, total revenue includes revenue from trading activities pertaining to the wind business, post the IPO this will be discontinued once bank limits are transferred to other wind group companies and for this we are in discussions with all the banks, and I believe over the course of this quarter all the limits which are pertaining to Inox Wind or Inox Wind infrastructure services or RESCO will be transferred to the respective entities such that with effect from 1st April there should be no trading activity carried out at Inox Green.

From an EBITDA perspective we made operationally 18.26 Crores, but effectively our EBITDA margin from plain vanilla O&M operations have been close to 48% in this quarter we guided for 50% to 55% and I think over the course of the full financial year we are well on track to be at 50% to 55% EBITDA margin.

This quarter also excluded onetime other income of 20 Crores given at the Inox Wind level we have provided for all sticky receivables and certain legacy issues which we have to clean up as a result of which there was a gain at the Inox Green level to the extent of 18 to 20 Crores which comes in exceptional items. We have not spoken about that in operations and that is the one off item and will not occur going forward. Now that was a gain of 20 Crores in this quarter.

With this I will leave the floor open to questions. I have with me S.K. Mathu, who is the CEO of Inox Green, Mr. Mohananey, who has been with me across the road shows when we did the IPO of Inox Green and Kailash Tarachandani, who is the CEO of Inox Wind.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Nirav Shah from Gee Cee Investments. Please go ahead.

Nirav Shah: Good afternoon sir, and thanks for the opportunity. Few questions. We mentioned that the portfolio is 3034 megawatt as on date, but what was the exact size, and how do you see the March exit portfolio and also the breakup between how much will be from acquired asset and how much will be from IWL installations.

Jitendra Mohananey: The portfolio as on 31st December was 2804 megawatt. So that we have added 230 megawatts of I-Fox acquisition.

Nirav Shah: Okay sir, that is already added, and balance would be the further installations.

Jitendra Mohananey: Yes, that will come in due course as and when we do the commissioning those contracts will come under O&M business.

Nirav Shah: And how do you see the March exit.

Devansh Jain: We would not give forward looking guidance’s, but I think we shared broad numbers in terms of what we expected to do during the IPO, and I think we are very well on track, not just organically, but inorganically as well. Obviously sometimes you have organic commissioning, which gets bunched up and to that extent you may not have it one quarter, you may have it in the other quarter, but as execution is ramping up, I think we should be ahead of targets in terms of both our organic growth as well as our inorganic growth.

Nirav Shah: Second question is, sir you give the reason for increase in other income, I just missed that. If you can just repeat it.

Jitendra Mohananey: This comes from Wind Two which has been down sold to Adani quarter back. Now this company the Wind Two was our associate and we had share of losses in that to the extent of 18 Crores that company being associate Now as the company has been down sold, the impact has been reversed and shown as income, other income, which is the exceptional item and it is one time so it is not going to get repeated again.

Nirav Shah: And sir, you mentioned that the core O&M margins were somewhere around 48% whereas reported operating profit from the somewhere around the will be just 23%. So what was the one offs over here.

Devansh Jain: No, one off I think what has been included in that is a trading revenue as you may understand when we did the IPO all the limits of the wind companies were under IWISL and Inox Wind, all of them were not shifted out. Post the IPO we have been talking to all the banks to obviously now shift all the limits and there was a process which had to be undertaken we are also as some of you may be aware has spoken with multiple banks to remove the corporate guarantees which have come in from various group entities as well and to a great extent a lot of that is in vogue . So basically, it is the trading revenues which we do not pertain to this business otherwise that their O&M business for this quarter has been at about 48% to 50% EBIT margin, which is what should, I mean, ideally everyone should focus on the O&M business. The trading business is some thing, which is D'facto being done till the limits get transferred and as I mentioned we expect all those limits to get transferred to the respective wind companies by 31st March such that from 1st April onwards there is no trading revenue coming in Inox Green does that answer your question.

Nirav Shah: Yes. So what was the O & M revenues of Inox.

Devansh Jain: O&M revenues approximately 44 to 45 Crores.

Nirav Shah: And just a last question, I mean, you mentioned that there the debt that is there on the books is largely close to around 300 Crores. If we got that right.

Devansh Jain: Net debt is close to 300 Crores and will actually be about 270 Crores, about 265 Crores, its approximately 265 Crores at this point in time. 200-odd Crores will go by way off, I mean, when we sell Nani Virani we get 300-odd Crores thumb rule. So the 265 Crores gets eliminated against that whatever is the incremental becomes net cash. so hence we are guiding for net debt free post sale of this asset possibly we may be plus 30-40 Crores on top of that only, and again just to reiterate it is not as if the asset is lying with us for one or two or three months there will be any impact we are not factoring that bit when a 50 megawatt asset is operating it typically generates about 45 Crores of top line. So to that extent your earning revenues, and your interest costs are lower. But we are not factoring that in our operations, given that this asset is only being held to be down sold.

Nirav Shah: Perfect. Got it, sir. Thank you.

Moderator: Thank you. Next question is from the line of Akhilesh Bhandari from ICICI Prudential. Please go ahead.

Akhilesh Bhandari: Good evening sir, and thank you for taking my questions. My question was that you mentioned that you have repaid this considerable portion of the debt, but quarter-on-quarter there is a slight increase in finance costs. So when was the actual repayment done during the quarter.

Devansh Jain: I think first and foremost while the 330 Crores of debt has been repaid immediately post the IPO once the funds were released to us in November end and to that extent the interest pertaining to that debt has been eliminated over say 33 days of the gone by quarter, but Nani Virani got commissioned in that quarter, and all the interest pertaining to that project prior to that period has been reflected in the interest costs. On an ongoing basis, if you will look at it from Q4 onwards the debt which will remain in the system at an operating level now is 200 Crores pertaining to Nani Virani and a 100-odd Crores which is the equity invested in that asset and as soon as that asset is sold 300 Crores of interest bearing debt, if I may say will also be eliminated from the P&L.

Just to add Nani Virani is now fully commissioned.

Akhilesh Bhandari: Sir, in this quarter it will be helpful if we can break up the 71 odd Crores. You mentioned that the O&M revenue is around 44-45 Crores what is the revenue from Nani Virani and the other trading revenue, which you mentioned, if you can also mention that.

Devansh Jain: Broadly speaking I think the O&M revenues approximately 45 Crores Nani Virani revenues in this quarter are approximately 2 Crores and the remaining 23-odd Crores is the trading revenue, which is at cost. Low wind season, also it was commissioned over the line which was suspended without commission so it is not full year, so Nani Virani is not full year revenue just like trading revenues one off.

Akhilesh Bhandari: Sir, and also can you explain a bit more in detail the trading revenue and I do not fully grasp it. What is the nature of this trading revenue.

Devansh Jain: As prior to the IPO all the limits were under Inox Wind and Inox Wind Infrastructure Services Limited and these are fungible. Now when we carved out the O&M business and put it IWISL became Inox Green and the EPC business shifted to RESCO, the limits had not been transferred across these entities. The limit transferring was also prior to the IPO we could not transfer all of it. Post the IPO all these limits are now being transferred to their respective entities as a result of which if there were certain LC limits which were under the erstwhile Inox Wind Infrastructure Services Limited which then became Inox Green those limits were used to open LCs for products which had to be purchased and sold and those LCs are coming under trading revenue. Trading revenue is at cost. there is zero profit, zero loss pertaining to that, and this is something which will effect from 1st April completely stopped, because all the limits are being transferred to the respective wind companies be it RESCO or Inox Wind as we speak.

Akhilesh Bhandari: Sir, and also if you can give some more details about the I-Fox 230 megawatt portfolio, what is the remaining life, what is the break up between common infra and how much is comprehensive and also the existing profitability of that portfolio.

Devansh Jain: Mathu you want to give them a broad sense of where we are and then KT may add.

S.K. Mathusudhana: Hi! Good evening everyone, this is Mathu. To answering to the I-Fox acquisition. So I-Fox is a very, very renowned ISP in India one among the top three players in India and they have a very and solid footprint in South India as well as Maharashtra and they also do a large crane corrective actions across India. So it is a very, very special competent player which is added to our fleet and on the O&M side, so they have around 230 megawatt out of which close to 80 megawatt they are doing full comprehensive O&M with a tenure more than approximately maximum to the tune up to five years and it depends on various retail customers as well they have, and some small IPPs also they have in their kitty, and other areas they provide different, different services, right from maintenance contract services, large corrective services to some O&M, some monitoring and maintenance preventive maintenance, they have various services attached to various O&M contracts across India, and to be precise they are an expert in directing the large blades, gearbox, nasal, without using the cranes. So this is a very, very unique competency, which is much needed for the wind fleet which is operating in India. So that is a great acquisition as per ours is concerned and they have a very localized connect in South India. So we believe that using the presence of our strength we can grow I-Fox in that geography where we will expect more capacity additions in near future. Thank you.

Devansh Jain: Also, just to add these guys have been managing these assets for the past four to five years and we have factored in only those contracts, which have carried on for the past four to five years. The repeat rate for the contracts which we have taken is upwards of 98% and hence strategically also what we have done is we have ended up buying 51% in all companies so that they carry on and we have made a mix of cash and a mix of equity over a period of time. So see for example this company cost Rs.100 and I buy 51% so I have to pay Rs.51 we have made it a mix of cash and equity and let us say it is 25 is cash and let us say 26 is equity even that is spread over a period of time. We have done it in a manner such that the operating EBITDA of that business itself is more or less equivalent to our outgo in any financial year. Does that give you enough color on how we proposed to acquire companies.

Akhilesh Bhandari: Yes, sir. So should I assume that the business margin is currently about 25% which you hope to improve over time or what is the EBITDA level?

Devansh Jain: There are about 34% EBIT margin that is to weighted average of the five years of operations that it had. Given that they are a very, very specialized service company.

Akhilesh Bhandari: Got it I will get back in the queue. Thank you.

Moderator: Thank you. Next question is from the line of Anant Jain, individual investor. Please go ahead.

Anant Jain: Thanks for the opportunity, sir. First of all just add few points because this is the first quarter after the IPO and we were carrying a large amount of debt earlier it would be very helpful if you can upload the balance sheet that is one comment I have because that would help us clear as to where the debt is and how it has gone. The second thing is there is a so much confusion in the results some of the operations are like, so it would be very helpful if you can give us a very clean numbers and separate of continued and discontinued operations so that we can have some idea of how the numbers are for the business that is going to be going forward.

Devansh Jain: Your first question is about the balance sheet. Yes, balance sheet is uploaded on bi-annual basis. So H1 balance sheet we upload and as per the requirement we will upload the balance sheet as on 31st march annual balance sheet.

Anant Jain: It is not the case of requirement, it is just that we are coming from a situation where we were carrying a large amount of debt we had an IPO, it is not a regulatory requirement that I am asking you to do, it is purely for an understanding point of view.

Devansh Jain: I think it is a fairly straight forward answer. So while it may not be a regulatory requirement at this point in time I think we put out in the public domain and I think it is absolutely well elucidated we have used the IPO proceeds, which are under monitoring agency 330 Crores has gone towards debt repayment, the remaining debt in the company is approximately 265 Crores, which will be offset once Nani Virani is sold, so I mean let us not mix up the wind business or the group businesses with Inox Green. Inox Wind is pretty straight forward entity now with about 265 Crores of net debt, which will be completely eliminated post sale of Nani Virani. I do not think it needs to be made so complicated.

Anant Jain: No it is not complicated what I am asking you to do is that now if I have to understand what is the interest and what is the depreciation going forward in the core O&M business how do I do that. I get the days like around 16-17 Crore of depreciation that is happening. So if I do not know what is the effect base of O&M business, how I am going to have some idea of what that is going to look going forward.

Jitendra Mohananey: Yes, so forspecifics you can get in touch with us offline and we can provide you the details.

Anant Jain: If you can just give us some idea about the interest and assuming Nani Virani does not slipover in the next quarter then what kind of interest and depreciation Inox is getting.

Devansh Jain: Let us put it like this, once Nani Virani is down sold, interest will be zero at the Inox Green level.

Anant Jain: And depreciation.

Devansh Jain: So depreciation is straight lining broadly for depreciation will be close to about Rs. 16 to 17 Crores quarter-on-quarter.

Anant Jain: Because we are only doing O&M services. So how are we planning so much effect so that the depreciation will come to 16%.

Devansh Jain: I think maybe you need to have a separate call with our finance team to explain to you as maybe you are not so kidden in this business is zero Capex barring acquisitions. Now and with respect to zero Capex it is simply because we carry a very large common infrastructure and that common infrastructure is depreciated on a straight line basis. To get a better understanding of that I would suggest you have a separate call with JM and Manish.

Anant Jain: Because I was thinking that a lot of depreciation is coming from our wind power etc., which were there on our balance sheet.

Devansh Jain: No, and that is why we said, I mean, EBITDA typically in this business will be equal to cash profit going forward. Simply because there is zero Capex in this business and we have significant brought forward losses given the five years of downturn in the wind sector so we have zero tax payout for the next three to four years and hence at the Inox Green level EBITDA would be equal to cash profit as we move forward. I think it would be better if you get into a call with our investor relations team and our finance team we will be able to take you through this fairly easily. I think we did a lot of that during the IPO.

Jitendra Mohananey: So we will be happy to address your queries offline.

Anant Jain: Yes, that I will do so. I will go on to more other sections here.

Moderator: The next question is from the line of Giriraj Daga from KM Visaria Family Trust. Please go ahead.

Giriraj Daga: Hello team. So first on the I-Fox acquisition so are we disclosing the acquisition price at EV rate or the market cap we have only given the value per share. So obviously which is like obviously we cannot make it out of how much is the market cap of the EV.

Devansh Jain: For strategic reasons we will not be disclosing that given that we are in discussions with at least eight or ten potential targets. We cannot put that out in the public domain, all we can say is as I mentioned all the acquisitions we are looking at are being structured by way of acquiring 51% and all of them are being broken up into a part cash component and part equity component spread over X number of years. For a ballpark assessment how we are trying to ring fences of these deals is broadly looking at the EBIDTA of those operations on a yearly basis and simply ensuring the cash flow, outflow of our acquisition costs towards that is equivalent or less than the operational cash flow on a year-to-year basis. So I think these are value accretive from day one and we are very, very risk averse in these costs as I mentioned or as I would like to mention the easiest way for us to grow this business was to typically give six months to one year of free O&M and then gradually start taking over many contracts on a pan India basis. To ensure speed and ensure longevity of these contracts without the risk of any of them going away we are going ahead and acquiring majority of these companies in a cash neutral manner or a cash positive manner from our perspective and ensuring that these contracts remain with us for a longer period of time and everyone's interest in built. What is also relevant and pertinent is all these companies where we are taking over 51% are those companies which are strong in their respective regional areas and all of them have multiple smaller players in those areas which can be gobbled up by these guys. So I think it is a very, very prudent strategy which we have put into mission SK is driving this very, very closely, but for strategic reasons we will not be sharing specific numbers given we have eight or ten deals being worked upon as we speak.

Giriraj Daga: My second point was that when we mentioned O&M revenue of 45 Crores and EBIT margin of 48%. So roughly that is like workout be close to 21.5 Crores kind of a number but when we look at the numbers EBITDA number at this state of one off you have mentioned about 18.5 Crores. So is there some number that trade income had a loss during the quarter or like how do we read that number.

Devansh Jain: So effectively what is happening is in EBITDA is trading income is done at cost so there is no gain, there is no loss; however the income from operations is netted off from Nani Virani is netted off in EBITDA so that 2 odd Crores of revenue from Nani Virani operations in the presentation which is as per accounting standards is being netted off if you add that then you will get that 48% to 50% number from top line. So 21 odd Crores what is reflected is about 18.5 and you have about 2, 2.5 Crores from Nani Virani which would take you to the 48% to 50% EBITDA margin.

Giriraj Daga: Just for the academic purpose when we mentioned in the P&L line item purchase of stock in trade is this the trading income right, 17.86 is the income right.

Jitendra Mohananey: Yes it is a purchase of stock in trade.

Giriraj Daga: The trading income only trading cost and trading income will be part of the revenue right.

Jitendra Mohananey: Yes.

Giriraj Daga: So we should assume that last quarter you had 11 Crores a kind of worth of trading and this quarter it is about 18 Crores kind of a number.

Jitendra Mohananey: Broadly yes.

Giriraj Daga: So if you look at like FY2024 obviously we had added some amount during this acquisition plus some organic growth plus we will do some four quarter organic growth and then obviously some parts will come in the next year also. So that we look at that when we look at 21-22 Crores of EBIT number probably we will do somewhere about close to 19 Crores kind of EBIT number for FY2024 is this like my thing on the right side of the number I am only looking at the O&M EBIT number.

Devansh Jain: EBITDA or EBIT and FY2023 or FY2024.

Giriraj Daga: 2024 and let us say you have mentioned 48% is EBIT margin or EBITDA margin.

Devansh Jain: Sorry we cannot give guidance for FY2024 numbers, we are barred from giving those forward-looking projections but from an FY2023 perspective I think the numbers of the past nine months in the public domain and the Q4 should only be better because there is more capacity obviously going online in Q4 and yes over FY2024 we expect growth to come not just organically from Inox Wind which has a very large order book as well as multiple orders from NTPC and so on and so forth, but also inorganically by way of multiple other acquisitions, which we are working on. But with respect to specific numbers and specific EBITDA we will not be able to share that.

Giriraj Daga: What is the Capex number for the FY2024.

Devansh Jain: We have zero Capex in this business as I mentioned.

Giriraj Daga: So will practically have a zero cash flow also.

Devansh Jain: Not zero cash flow it will be free cash flow, EBITDA will be equal to free cash flow there is zero Capex EBITDA in this business will be equal to free cash flow since depreciation is paper depreciation given the large common infrastructure, which we carry and given the brought forward tax losses of the past five years we have zero tax payable for the next three to four years. So EBITDA will be free cash flow for this company.

Giriraj Daga: Last thing from my side. Has Inox Green given any corporate guarantee to any of the group companies.

Devansh Jain: No, Inox Green has not given any corporate guarantees in fact this 330 Crores which has been paid in, paid out from the IPO proceeds was guaranteed by the group that corporate guarantee has fallen off which was also put out by way of a group level press release and once we payout the Nani Virani debt and the 100 Crores, which comes in along by selling the equity obviously the Nani Virani debt is guaranteed by the wind companies not by Inox Green but the 100 Crores which will go towards debt repayment will also lead to further group corporate guarantees going away, but Inox Green has not given any guarantees for any other company in the group.

Giriraj Daga: Okay sure. Thank you from my side.

Moderator: As there are no further questions. I will now hand over the conference to Jigar Kamdar for closing comments.

Jigar Kamdar: Thank you everyone for participating in the earnings con call. Have a good day. Thanks to management also for the time. Thank you.

Kailash Tarachandani: At the end, I would like to say that we are very happy to have this first call with the investors. We are very optimistic about the way things are moving right now. Even at Inox Wind we have plans to do lot more as the situation comes up, and we have a quite aggressive focus and pipeline on the future side. We look forward to the next call.

Moderator: Thank you very much. On behalf of Systematix Institutional Equities that concludes this conference. Thank you for joining us, you may now disconnect your lines. Thank you.