



INOX WIND LIMITED
Q3FY20 INVESTOR UPDATE

This presentation and the following discussion may contain “forward looking statements” by Inox Wind Limited (“IWL” or “the Company”) that are not historical in nature. These forward looking statements, which may include statements relating to future state of affairs, results of operations, financial condition, business prospects, plans and objectives, are based on the current beliefs, assumptions, expectations, estimates, and projections of the management of IWL about the business, industry and markets in which IWL operates.

These statements are not guarantees of future performance, and are subject to known and unknown risks, uncertainties, and other factors, some of which are beyond IWL’s control and difficult to predict, that could cause actual results, performance or achievements to differ materially from those in the forward looking statements.

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- OPERATIONAL HIGHLIGHTS
- FINANCIAL HIGHLIGHTS
- SIGNIFICANT MARKET OPPORTUNITY & WAY AHEAD – Q4 FY20 & FY 21
- ORDER BOOK
- TECHNOLOGY
- O&M – STRONG ANNUITY MODEL
- RESULT ANALYSIS
- WORKING CAPITAL ANALYSIS
- CASH FLOW AND DEBT ANALYSIS
- WIND AUCTIONS
- WIND SECTOR: GAINING STRENGTH
- MANUFACTURING CAPACITY
- SHAREHOLDING STRUCTURE
- DETAILED FINANCIALS



Operations

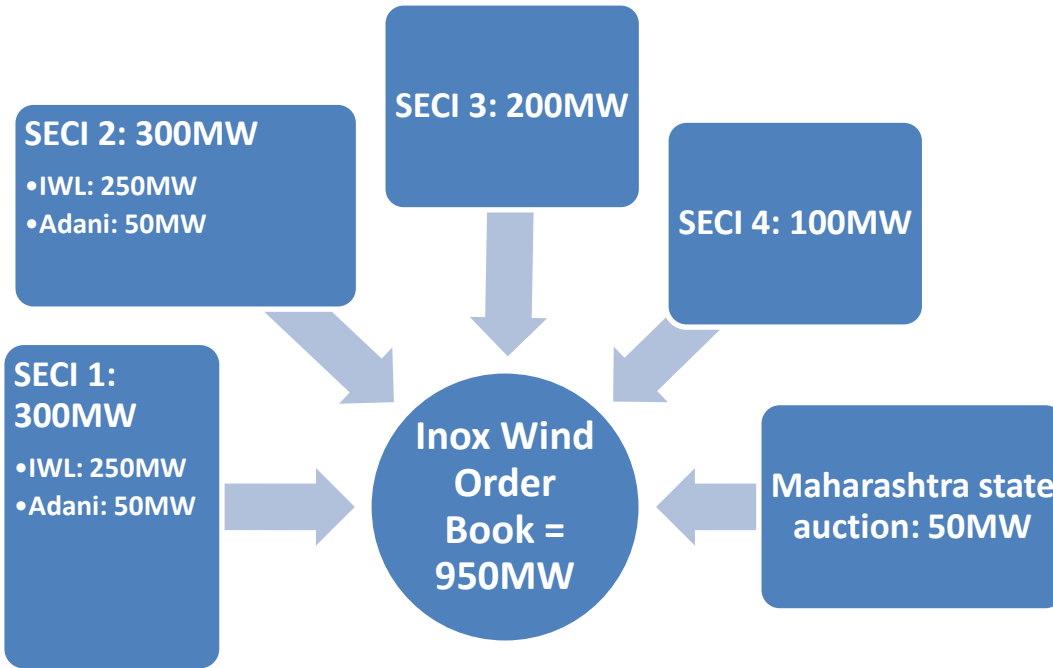
- ✓ Successfully Commissioned 200MW of SECI 1 at Dayapar, Gujarat.
- ✓ Got time extension for Balance 50MW of SECI 1 – to be executed by March 2020.
- ✓ Consolidated order book:
 - Bagged fresh order for 250MW from Morgan Stanley backed Continuum Energy.
 - Bagged fresh orders for 12MW from various Retail Customers and many more orders in progress.
 - Order Book as on date stands at 1470.7MW.
- ✓ All future project execution at Dayapar (Gujarat) to be on a plug and play basis given the common infrastructure for the same is already in place which includes:
 - 220KV Pooling Substation at Meghpar
 - 220KV Transmission Line for 72 km, longest built till now by Inox
 - 220KV Bay at PGCIL Nirona End

Financials

- ✓ During the quarter, we commenced execution of new orders along fresh supplies of WTGs.
- ✓ Higher Revenue and EBITDA compared to preceding quarter:
 - Revenue of Rs. 173 crs in Q3FY20 against revenue of Rs. 139 crs in Q2FY20
 - EBITDA of Rs. 24 crs in Q3FY20 against EBITDA of Rs. 4 crs in Q2FY20
- ✓ Over all continuous improvement in working capital cycle Rs. 635 crs in Q3FY20 as compared to Rs. 828 crs in Q2FY20
- ✓ Constant reduction in net debt quarter on quarter Rs. 648 crs in Q3FY20 as compared to Rs. 791 crs in Q2FY20.
- ✓ Net Debt to Equity ratio stands at 0.34x (vs. 0.42x in Q2FY20).

- ✓ Post the painful transition, the sector is now catching up, certain project time extension approvals which are now being acted upon by concerned authorities.
- ✓ As a result of the painful transition over the past ~3 years, multiple wind turbine manufacturers have either closed down or are facing severe financial issues. This has resulted in shortage of supplies of WTGs in the market.
- ✓ Inox sees a significant opportunity to further leverage from these manufacturers' closure/ financial problems to increase market share; moreover virtually being the lowest cost producer of wind turbines in India, is well placed to thrive under the auction regime.
- ✓ The tariff is also inching up and has stabilised in the range of Rs. 2.85 – 2.95/Kwh.
- ✓ Inox is gaining traction in the market post the transition period pain and has recently concluded new deals with Adani, ReNew Power and Continuum.
- ✓ Due to the lower intensity of competition and with our new 3.3MW world class WTGs, going forward, we expect to get back to normalised profit levels.

- ✓ Supplies of 3.3MW to commence in FY 21 which will be amongst the most competitive WTGs in the Indian Market. This will improve our margins and also address any potential issue of lower tariffs.
- ✓ We will continue focus on optimization of our Working Capital cycle.
- ✓ Balance 50MW out of 250MW of SECI 1 (200MW commissioned upto Q2 FY20) is expected to be commissioned over Q4 FY20.
- ✓ Our O&M business gives us a “*real*” significant opportunity for monetization and has the potential for significant organic and inorganic growth.



Particulars	Capacity MW
Auction based order book	950
Others (Retail)	12
Supplied	(304)
Net order book	658



LOI for 3.3 MW from Adani	501.6
Agreement signed with leading MNC IPP for 3.3 MW	23.1
Order from ReNew	38
Order from Continuum	250
Total	1470.7

•Above order book will translate into revenues of ~Rs.8400 crores over the next ~ 24 months.

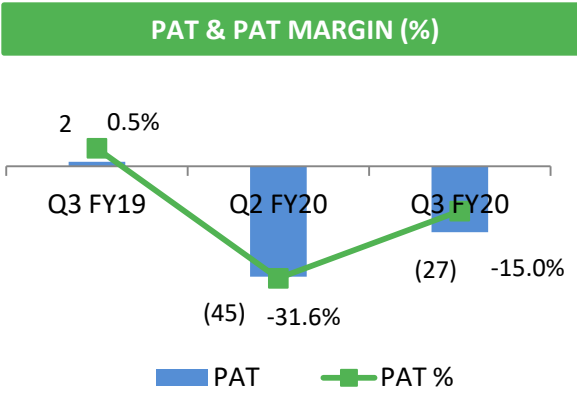
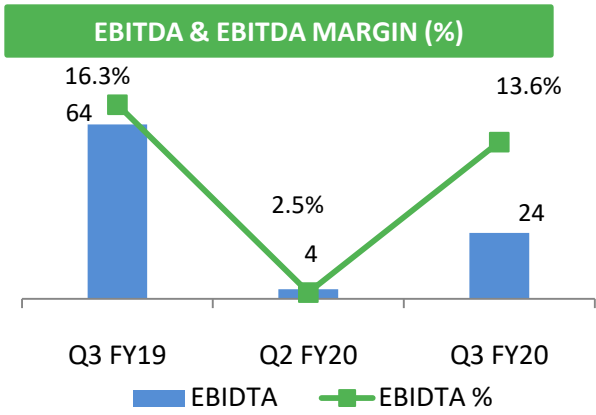
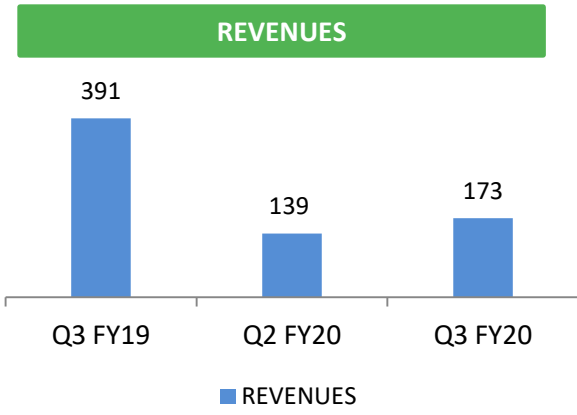
- ✓ Inox Wind extends its existing 2MW product offering with the launch of the 3.3MW wind turbines which are ideally suited for low wind regimes in India.
- ✓ The newly launched 3.3MW turbine is a globally operating proven platform which will further improve energy yields and reduce levelised cost of electricity.
- ✓ The 3.3MW wind turbine will have a 146 meter rotor dia which will probably be the largest rotor dia in India and will be available in a host of hub heights which can be selected as per site conditions.

Technical Specification

- ✓ Rated power: 3300KW
- ✓ Drive Train : DF, 6 Pole Generator
- ✓ Turbine Design : AMSC, Austria
- ✓ Rotor diameter : 146m
- ✓ Tower construction type : Tubular Steel
- ✓ Cut-in wind speed (10 min mean) V_{in} : 2.9 m/s
- ✓ Rated wind speed (steady wind) V_r : 9.5 m/s
- ✓ Cut-out wind speed (10 min mean) V_{out} : 20 m/s

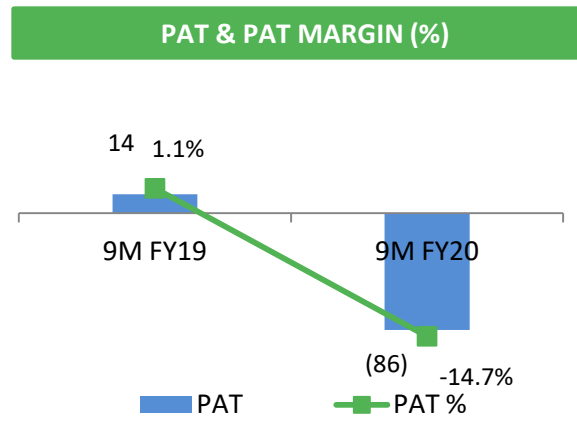
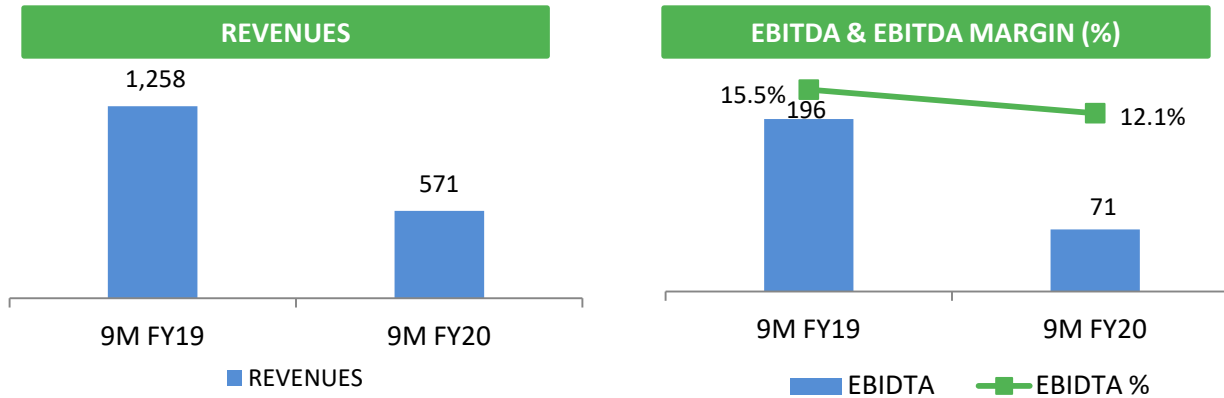
- ✓ Inox Wind has multi year O&M agreements for its fleet across customers and from the upcoming new financial year, a significant part of the WTGs will be beyond the free O&M/warranty period.
- ✓ Moreover, with the increase in the fleet size on the back of strong auction order inflow, we expect this revenue stream to pick up strongly in the coming years.
- ✓ O&M revenues are noncyclical in nature, have steady cash flow generation and higher margins.
- ✓ Our O&M business gives us a “*real*” significant opportunity for monetization and has the potential for significant organic and inorganic growth.

In Rs. Cr.



During the quarter, we commenced execution of new orders along fresh supplies of WTGs.

In Rs. Cr.



Post Common Infra readiness, focus is on execution and reducing working capital.

In Rs. Cr.

Particulars	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19
Inventory	779	764	756	944	933	1,086	993
Net Receivables	1,175	1,305	1,446	1,261	1,058	723	519
Payables	635	838	956	889	1,083	1,103	1,002
Others	137	52	19	103	(103)	(122)	(125)
Net Working Capital	1,181	1,179	1,227	1,213	1,011	828	635

- Inventory:** Consolidated Inventory levels are on decline mainly on account of optimization and includes the project work in progress at sites which will be commissioned over coming quarter(s). Going ahead we expect inventory levels to come down as the execution picks up pace in the coming quarters. Inventories will also be consumed towards new orders bagged by the Company.
- Net Receivables:** Continuous reduction in net receivables quarter on quarter. In Current quarter Net receivable reduced by Rs.204 crs which is also due to continued collection from past receivables.
- Net Working Capital:** Despite the huge delay in the central grid readiness, working capital cycle is improving and with the grid now finally in place, further efficiencies will kick-in and lead to further reduction in working capital.

In Rs. Cr.

Particulars	Q3FY20	Q2FY20	Q1FY20	FY19
Opening Net Debt	(791)	(849)	(916)	(705)
Cash Profit	(5)	(26)	3	27
Net Working Capital	193	183	202	26
Capex	(92)	(95)	(77)	(113)
Others	47	(3)	(61)	(151)
Closing Net Debt	(648)	(791)	(849)	(916)

Particulars	Q3FY20	Q2FY20	Q1FY20	FY19
Net Debt	648	791	849	916
Equity	1,878	1,905	1,950	1,964
Net Debt: Equity (x)	0.34	0.42	0.44	0.47

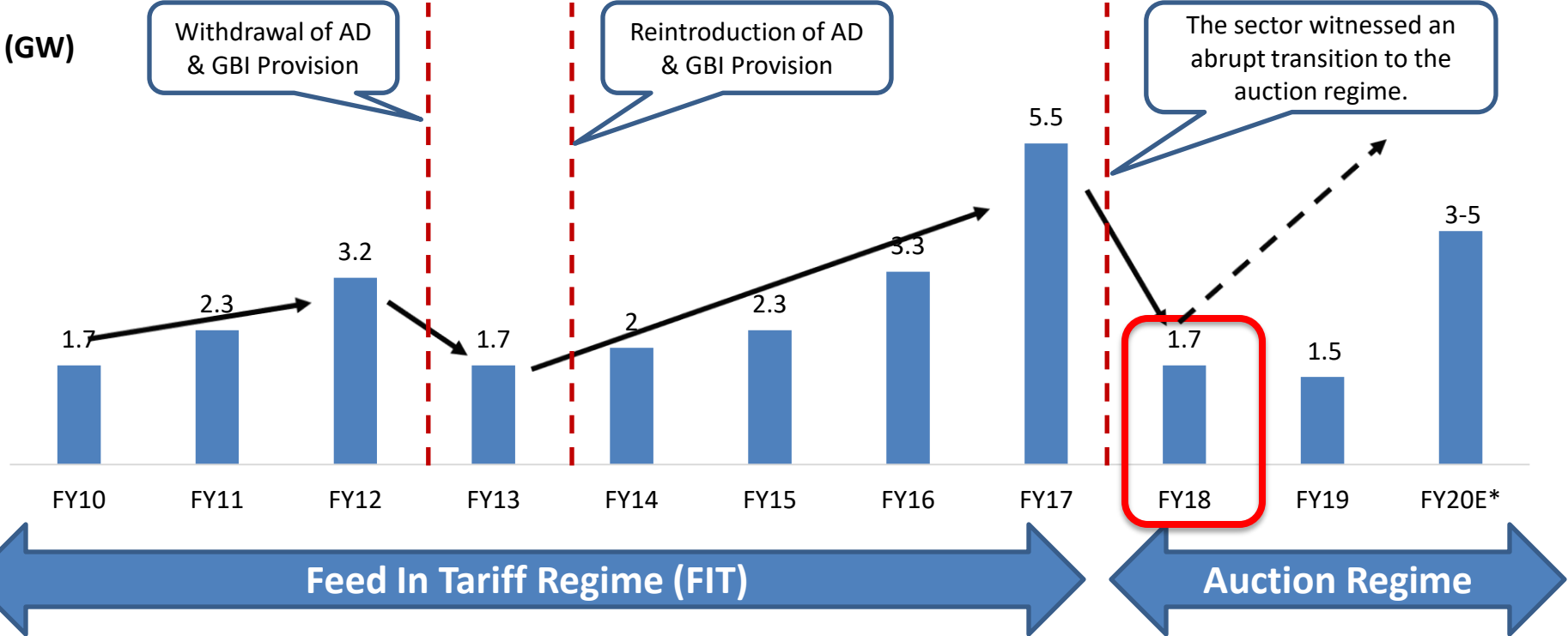
Healthy Net Debt to Equity ratio of 0.34x

Auction	Period	Volume (MW)
SECI 1 – SECI 3	Feb'17 – Mar'18	4050MW
State Auctions	Feb'17 – Mar'18	1500MW
SECI 4	April 2018	2000MW
NTPC	August 2018	1200MW
SECI 5	September 2018	1200MW
Hybrid 1	December 2018	840MW
SECI 6	February 2019	1200MW
Gujarat	May 2019	745MW
Hybrid 2	May 2019	720MW
SECI 7	June 2019	480MW
SECI 8	August 2019	440MW
Total		14375MW

- The ~14 GW auctions conducted in the past 24 months should reflect in capacity addition over FY20 and FY21.
- In addition, the government has announced wind auctions of 10GW per annum till 2028* which provides huge potential runway for the sector.
- RPO target increased to 21% for FY22 for state discoms from 17% in FY19**.
- Strong volume of upcoming auctions from SECI, States and Wind solar hybrid etc in the next 6-12 months.

* <https://www.financialexpress.com/economy/india-to-auction-40-gw-renewables-every-year-till-2028/1226479/>

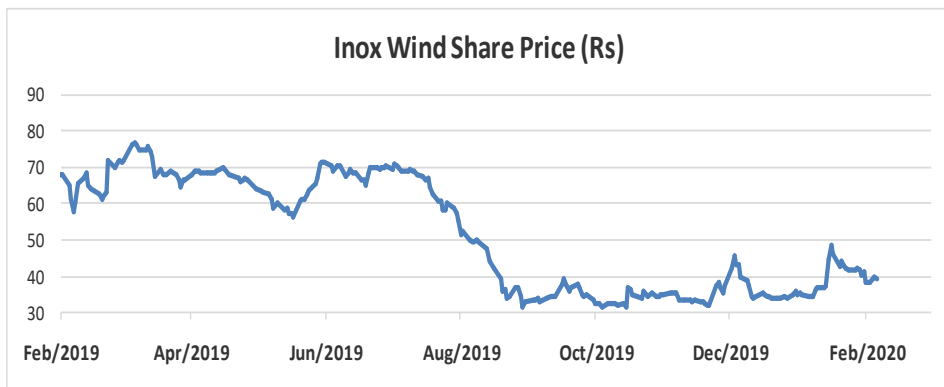
** <https://www.livemint.com/Money/enQ7h8JaD6rKXGXiMTsORM/Govtsrenewableenergyusagetargets-ambitious-scaling-up.html>



Impact of the abrupt transition to auction Regime from FIT regime seen in wind installations in FY18 and FY19. The impact of 14GW auctions conducted during last two years would be visible in installations in the next couple of years.

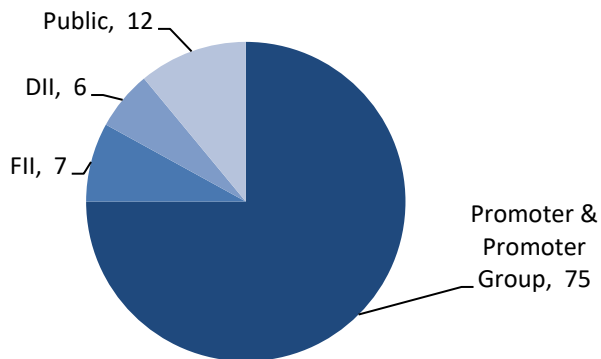
CURRENT CAPACITY (MW)				
Plant Location	Una, Himachal Pradesh	Rohika, Gujarat	Barwani, Madhya Pradesh	Total
Nacelles & Hubs	1,100	-	-	1,100
Blades	-	800	800	1,600
Towers	-	300	300	600

- ✓ Well positioned to take advantage of the growing market.
- ✓ Potential to debottleneck our nacelle and tower capacity with minor capex.
- ✓ Tower capacity can also be outsourced depending on project location.



Source - BSE

% Shareholding – As of 31st Dec 2019



Source - Company

Market Data	As on 06.02.20 (BSE)
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Market capitalization (Rs. Cr)	862
Price (Rs.)	38.85
No. of shares outstanding (Cr)	22
Face Value (Rs.)	10.0

Source - BSE

Key Investors as of 31 st Dec 2019	% Holding
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Nomura Singapore Limited	4.5%
Aadi Financial Advisors	1.4%
Elaara India Opportunity Fund	1.0%
Mangal Bhanshali	1.0%

Source – Company

DETAILED FINANCIALS CONSOLIDATED P&L STATEMENT



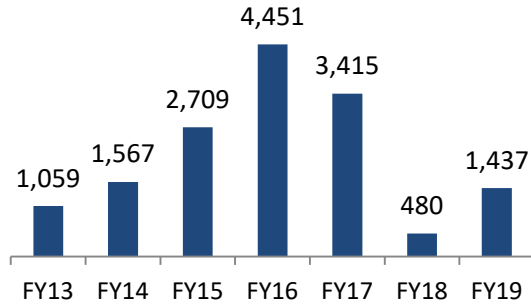
(In Rs Lakhs)	Q3FY20	Q3FY19	Q2FY20	9M FY20	9M FY19
Income					
a) Revenue from operation (net of taxes)	17,274	39,078	13,861	57,093	125,789
Other Income	702	367	473	1,670	1,196
Total Income from operations (net)	17,976	39,445	14,334	58,763	126,985
Expenses					
a) Cost of materials consumed	5,437	24,972	6,434	18,828	76,556
b) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(1,522)	(2,448)	(3,253)	(159)	(2,670)
c) Employee benefits expense	2,313	2,248	2,366	6,870	6,862
d) Finance costs	4,471	4,544	5,470	14,790	12,392
e) Erection, Procurement & Commissioning Cost	6,132	4,064	7,049	20,524	10,580
f) Foreign Exchange Fluctuation (Gain)/Loss (net)	778	(984)	15	413	(714)
g) Depreciation and amortization expense	2,151	1,623	1,899	5,741	4,908
h) Other expenses	2,445	5,108	1,354	5,197	16,719
Net Expenditure	22,159	39,171	21,349	72,180	124,655
Profit/(Loss) from ordinary activities before tax	(4,183)	274	(7,015)	(13,417)	2,330
Total Provision for Taxation	(1,436)	105	(2,455)	(4,695)	972
Profit/(Loss) for the period	(2,747)	169	(4,560)	(8,722)	1,358
Other Comprehensive Income (after tax)	46	17	34	90	32
Total Comprehensive Income for the period comprising Net Profit/(Loss) for the period & Other Comprehensive Income	(2,701)	186	(4,526)	(8,632)	1,390
Earning Before Interest, Tax, Depreciation & Amortization (EBITDA) Incl Other Income	2,439	6,441	354	7,114	19,630
Paid-up Equity Share Capital (Face value of Re 10 each)	22,192	22,192	22,192	22,192	22,192
Basic & Diluted Earnings per share (Rs)					
(Face value of Re 10 each) - Not annualized	(1.24)	0.08	(2.06)	(3.93)	0.61

FINANCIAL SUMMARY

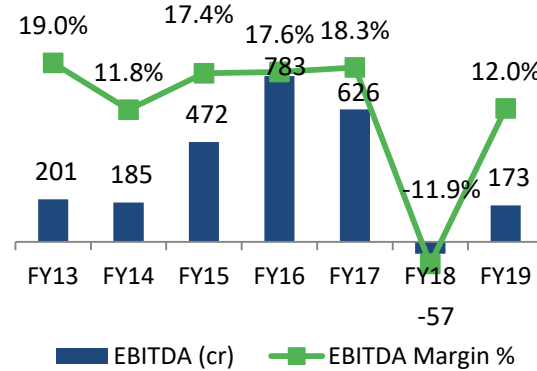
ROE: PAT/Avg. Equity, ROCE: EBIT/Avg. Capital Employed [(Capital Employed = Equity + Total Debt)]

Consolidated financials, FY13-15 as per IGAAP, FY16-19 as per Ind AS

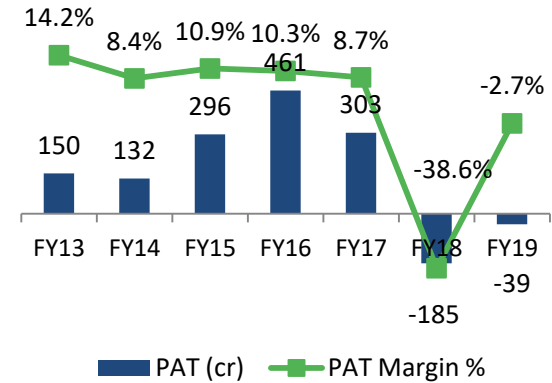
Revenue from Operations



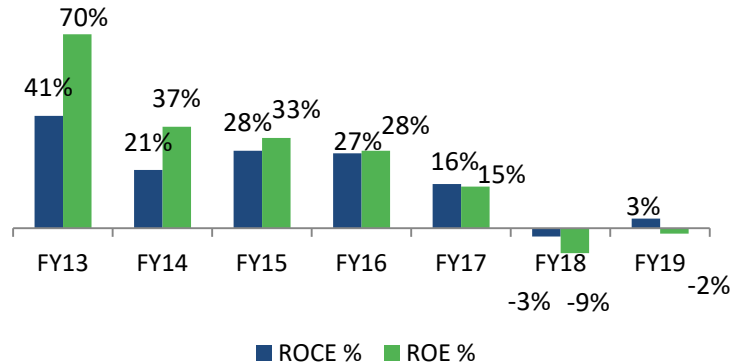
EBIDTA (Inc OI) & EBIDTA Margin %



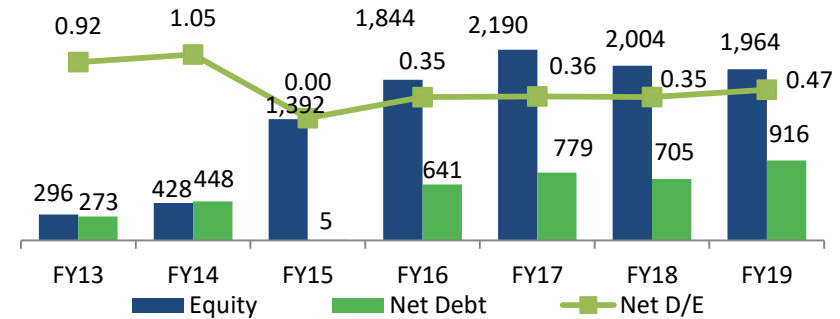
PAT & PAT Margin %



Return Ratios



Net Debt/Equity



In Rs. Cr

THANK YOU



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