



INOX WIND LIMITED
Q1 FY22 INVESTOR UPDATE

DISCLAIMER



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.

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DISCUSSION SUMMARY



- ❑ OPERATIONAL HIGHLIGHTS
- ❑ FINANCIAL HIGHLIGHTS
- ❑ NEW HOLDING COMPANY OF WIND BUSINESS
- ❑ STRATEGIC INITIATIVES – FY22 & ONWARDS
- ❑ SIGNIFICANT MARKET OPPORTUNITIES
- ❑ ORDER BOOK
- ❑ TECHNOLOGY
- ❑ O&M – STRONG ANNUITY MODEL
- ❑ COMPONENTS OF WORKING CAPITAL
- ❑ WIND AUCTIONS
- ❑ WIND SECTOR: GAINING STRENGTH
- ❑ MANUFACTURING CAPACITY
- ❑ SHAREHOLDING STRUCTURE
- ❑ FINANCIALS



Operations

- ✓ The Company has recorded Gross Revenue of Rs. 169 Crs. for Q1FY22 as compared to Rs. 97 Crs. for Q1FY21 resulting in an increase of ~ 74%.
- ✓ The Company continued to be EBITDA positive with EBITDA of Rs. 2.7 Crs for Q1 FY22, as compared to negative EBITDA of Rs. 26 Crs. for Q1 FY21.
- ✓ During the quarter, production and execution was impacted due to the 2nd wave of COVID-19, which also resulted in non availability of Oxygen for industrial applications. Consequently the production of towers stopped and supply of complete sets was delayed. Now production and execution is in full swing.
- ✓ We are on track to launch the 3.3 MW turbine during this wind season.
- ✓ Execution of the Continuum project, Nani Virani (SECI II SPV) and various retail orders is progressing well and commissioning of turbines is taking place progressively.
- ✓ Our consolidated order book stands at 1300.7 MW.

More Balance Sheet Actions on the card:

- ✓ The Company is contemplating raising funds by way of NCDs, the proceeds of which will be utilised *inter alia* to optimise working capital and retire high cost debt. It will also lead to improve the short term fund availability of the Company.
- ✓ Certain other initiatives are in progress which will lead to significant reduction in financial costs.

Financials

- ✓ Revenue and EBITDA compared to corresponding quarter :
 - Revenue of Rs. 169 Crs in Q1 FY22 against revenue of Rs. 97 Crs in Q1 FY21
 - EBITDA of Rs. 2.7 Crs in Q1 FY22 against EBITDA loss of Rs. 26 Crs in Q1 FY21

- ✓ Inox is committed to creating value for its stake holders. As a part of the same, the Wind Business has been demerged from GFL Limited and a new entity Inox Wind Energy Limited (IWEL) is now the new holding company of IWL by the way of a Composite Scheme of Arrangement between GFL Limited, Inox Renewables Limited and Inox wind Energy Limited (the "Scheme") approved by National Company Law Tribunal (NCLT) on 25th January 2021, Ahmedabad Bench with appointed date 01st July 2020 effective from 09th February 2021.
- ✓ The consolidation of the Wind Business under the new holding company called Inox Wind Energy Limited (IWEL) will:
 - result in unlocking the value of the wind business;
 - enable pooling of homogenous assets and expertise for better synergy realization, administrative efficiencies, independent collaboration and expansion and
 - provide better management focus and specialization for sustained growth etc.

- ✓ With our 3.3 MW Wind Turbine Platform, we are well placed to thrive under the auction regime and achieve sustainable margins which we used to enjoy during the FIT regime. We see a significant opportunity to further leverage, by being amongst the lowest cost producer of wind turbines globally.
- ✓ We are fully focused and on track for the launch of 3.3 MW WTG. The first turbine will be operational in the ongoing wind season and the commercial production shall commence immediately thereafter.
- ✓ We are seeing a major thrust in the retail, captive and C&I segment of the market; additionally, the PSU segment which was virtually negligible during the transition period (from FIT to auction regime) is also now looking very promising. We are well positioned to cater to both these segments besides IPPs.
- ✓ Given the way the market is developing, we expect to have an increased proportion of equipment supply which will reduce the EPC work and related risks to a significant extent.
- ✓ We will continue taking certain key balance sheet actions including but not limited to:
 - Retiring high cost debts
 - Reduction in financial costs
 - Leveraging IWISL equity amongst others

- ✓ The Intergovernmental Panel on Climate Change (IPCC) issued, arguably, its strongest warning yet on the impending catastrophe from unmitigated global warming caused by human activity. For India and the World the message is clear: need to take rapid actions to achieve net zero emission target.
- ✓ India has announced a renewable energy target of 175 GW by 2022 and a target of 450 GW by 2030. Similar major announcements have been made by various countries globally including China to the tune of 1200 GW by 2030.
- ✓ Prime Minister Narendra Modi inaugurated the world's largest Hybrid Renewable Energy Park in the district of Kutch in Gujarat - 30 GW !! More such hybrid parks are expected to be developed across the country on the lines of solar parks. These hybrid parks will be on a plug and play model where in the land and power evacuation facilities will be provided by the state/development agencies.
- ✓ Hybrid Tenders are increasingly gaining traction wherein the minimum wind capacity will be 33% of the contracted capacity.

SIGNIFICANT MARKET OPPORTUNITIES



✓ SECI has recently floated three more tenders:

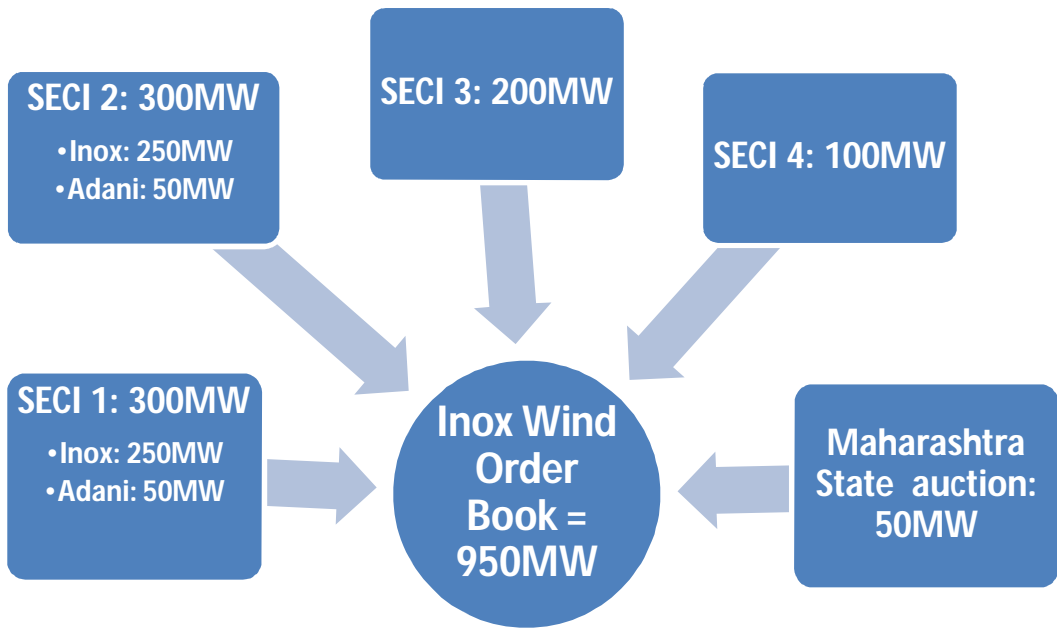
- SECI XI Wind Tender of 1200 MW;
- Hybrid IV 1200 MW and
- RTC II Tender of 5000 MW*

We have seen very enthusiastic participation from existing as well as new players in both these tenders.

*RE 51%, with coal based thermal power

- ✓ NTPC has recently doubled its renewable target to 60 GW to be achieved by 2032.
- ✓ The Union Government is working on a “green tariff” policy that will help electricity distribution companies (DISCOMs) supply electricity generated from clean energy projects at a cheaper rate as compared to power from conventional fuel source such as coal.
- ✓ The Ministry of Power has announced an extension to the inter state transmission system (ISTS) charges waiver on solar and wind energy projects commissioned up to June 30, 2025.
- ✓ The sector is witnessing active participation by multiple existing players as well as seeing entry of players like JSW, O2, Ayana and creation of new renewable energy platform of investors backed by private equity and pension funds like KKR, Edelweiss, Sekura, CPPIB etc.

ORDER BOOK



Particulars	Capacity MW
Auction based order book	950
Others	96
Supplied	(426)
Net order book (A)	620
+	
LOI for 3.3 MW from Adani (B)	501.6
Agreement signed with leading MNC IPP for 3.3 MW (C)	23.1
Order from Continuum	250
Supplied	(94)
Net order book (D)	156
=	
Total (A+B+C+D)	1300.7

•Above order book will translate into revenues of ~Rs.7600 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 3.3MW turbine is a globally operating proven platform which will further improve energy yields and reduce levelized 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 with customers. The revenue earning fleet stands at 1514 MW.
- ✓ 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 and we have already started leveraging this through equity allotment in IWISL.

COMPONENTS OF WORKING CAPITAL



In Rs. Cr.

Particulars	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21
Inventory	1,115	1,020	958	917	917
Net Receivables	65	70	22	(161)	(185)
Net Payables	760	644	496	448	387
Others	311	231	165	193	280
Net Working Capital	109	214	320	115	65

•**Inventory:** Consolidated Inventory levels are under control and maintained. This also includes the project work in progress at sites which will be commissioned over the coming quarter(s). Going ahead, we expect inventory levels to further 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:** Net receivables are favorable due to continued collection from past receivables.

•**Net Working Capital:** There is an improvement in the net working capital primarily due to control over inventory levels and receivables. As we ramp up supply and execution, we expect this to improve further.

WIND AUCTIONS



Auction	Period	Volume (MW)
SECI 1 – SECI 3	Feb'17 – Mar'18	4050MW
State Auctions	Feb'17 – Mar'18	1500MW
SECI 4	Apr-18	2000MW
NTPC	Aug-18	1200MW
SECI 5	Sep-18	1200MW
Hybrid 1	Dec-18	840MW
SECI 6	Feb-19	1200MW
Gujarat	May-19	745MW
Hybrid 2	May-19	720MW
SECI 7	Jun-19	480MW
SECI 8	Aug-19	440MW
Hybrid 3	Mar-20	1200MW
RTC 1	May-20	400MW
SECI 9	Aug-20	970MW
SECI 10	Mar-21	1200MW
RTC 2	Extended	5000MW [@]
Hybrid 4	Auction Pending	1200MW
SECI 11	Auction Pending	1200MW
Total		25545MW

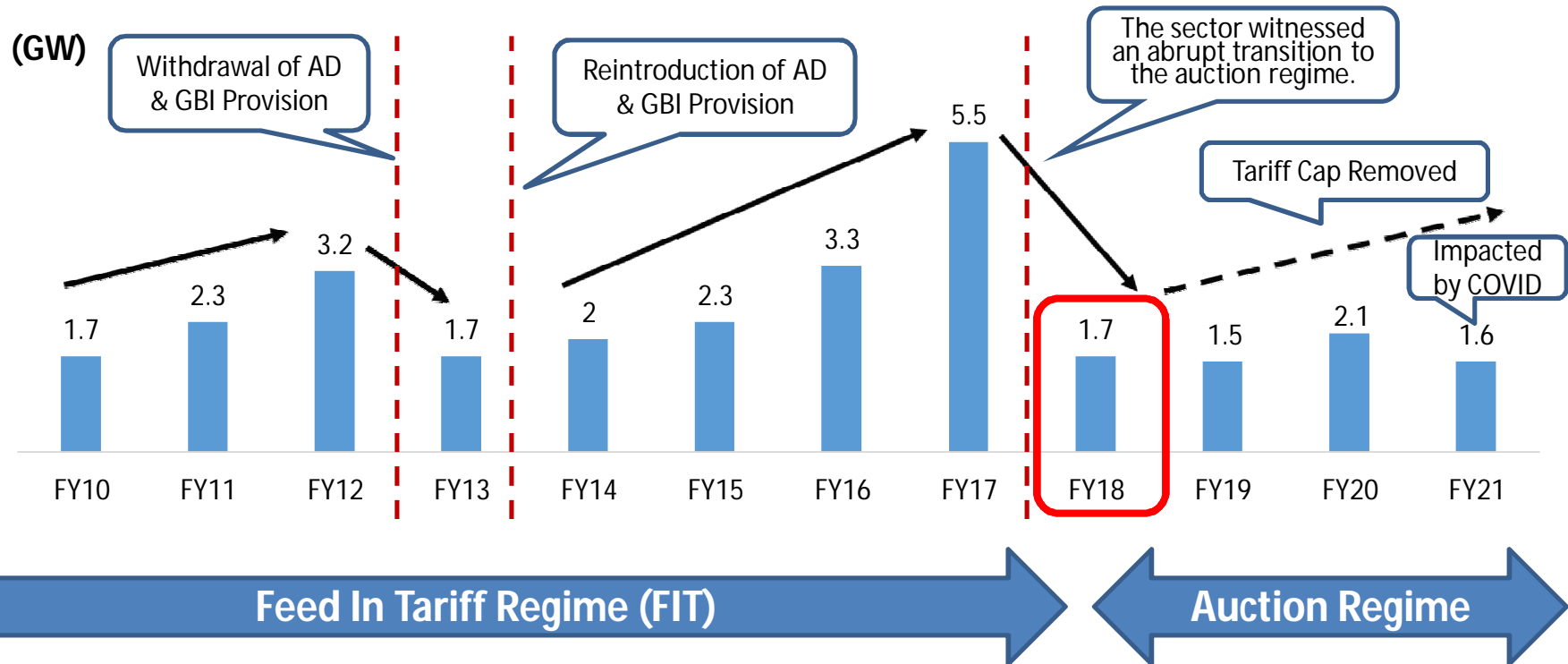
- The ~25 GW auctions conducted in the past 36 months should reflect in capacity addition over FY22 ~ FY25. About 5~6 GW of this has been commissioned to date.
- In addition, the government has announced wind auctions of 10GW per annum till 2028* which provides huge potential runway for the sector.
- RPO target increased to 21% for FY22 for state discoms from 17% in FY19**.
- Significant volumes are expected from upcoming auctions from SECI, across wind and wind solar hybrid tenders in the coming 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>

@ Hybrid with Thermal where minimum 51% from Renewable Power.

WIND SECTOR: GAINING STRENGTH

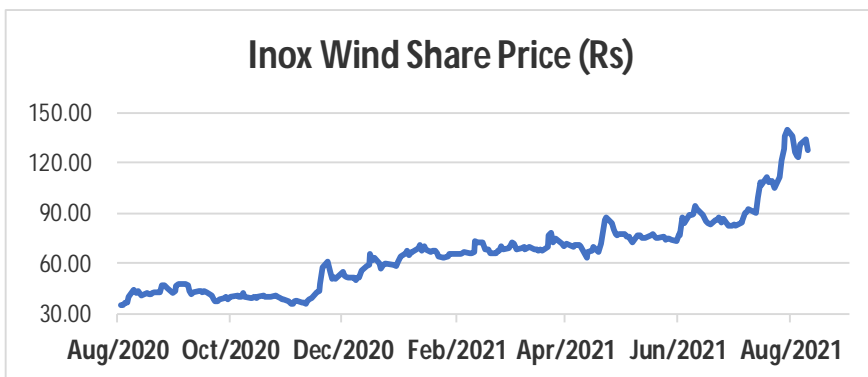


Impact of the abrupt transition to Auction Regime from FIT Regime seen in wind installations in FY18, FY19 and FY 20. Going forward we expect 3~5 GW of wind installations will take place every year.

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

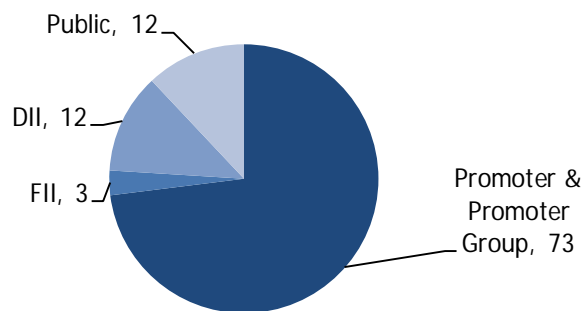
- ✓ Well positioned to take advantage of the growing market.
- ✓ Potential to debottleneck our nacelle and tower capacity with minor capex. Tower capacity can also be outsourced depending on project location.
- ✓ Manufacturing operations have been fully established at the newly set up plant at Bhuj, Gujarat and are in full swing.

SHAREHOLDING STRUCTURE



Source - BSE

% Shareholding – As of 30th Jun 21



Source - Company

Market Data	As on 12 th Aug 21 (BSE)
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Market capitalization (Rs. Cr)	2805
Price (Rs.)	126.40
No. of shares outstanding (Cr)	22
Face Value (Rs.)	10.0

Source - BSE

Key Investors as of 30 th Jun 21	% Holding
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Progressive Star Finance Private Limited	2.9%
Lend Lease Company India Limited	2.1%
Aadi Financial Advisors LLP	1.3%
Spotboy Tracom Private Limited	1.0%
Elara India Opportunities Fund Limited	1.0%

Source – Company



FINANCIALS : CONSOLIDATED P&L STATEMENT



Particulars	Q1FY22 (In Rs Lakhs)	Q1FY21 (In Rs Lakhs)	Q4FY21 (In Rs Lakhs)
Income			
a) Revenue from operation (net of taxes)	16,936	9,667	23,917
b) Other Income	145	523	5,629
Total Income from operations (net)	17,081	10,190	29,546
Expenses			
a) Cost of materials consumed	8,357	2,096	8,833
b) Purchases of stock-in-trade	2,752	4,333	1,514
c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(46)	(435)	4,911
d) Employee benefits expense	2,531	2,288	1,988
e) Finance costs	6,271	6,307	6,094
f) Erection, Procurement & Commissioning Cost	1,255	1,851	4,753
g) Foreign Exchange Fluctuation (Gain)/Loss (net)	149	(85)	(208)
h) Depreciation and amortization expense	2,048	2,093	2,286
i) Other expenses	1,813	2,774	12,590
Net Expenditure	25,130	21,222	44,318
Profit/(Loss) from ordinary activities before tax	(8,049)	(11,032)	(14,772)
Total Provision for Taxation	(2,795)	(3,705)	(4,185)
Profit/(Loss) for the period	(5,254)	(7,327)	(10,587)
Other Comprehensive Income (after tax)	14	(16)	1
Total Comprehensive Income for the period comprising Net Profit/(Loss) for the period & Other Comprehensive Income	(5,240)	(7,343)	(10,586)
Earning Before Interest, Tax, Depreciation & Amortization (EBITDA) Incl Other Income	270	(2,632)	(6,392)
Paid-up Equity Share Capital (Face value of Re 10 each)	22,192	22,192	22,192
Basic & Diluted Earnings per share (Rs) (Face value of Re 10 each) - Not annualized	(2.37)	(3.30)	(4.77)

THANK YOU



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