



INOX WIND LIMITED  
Q2FY21 INVESTOR UPDATE

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## DISCUSSION SUMMARY



- ❑ OPERATIONAL HIGHLIGHTS
- ❑ FINANCIAL HIGHLIGHTS
- ❑ LOOKING AHEAD – FY 21 & ONWARDS :  
SIGNIFICANT MARKET OPPORTUNITY
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### Operations

- ✓ During Q2FY21, we progressively ramped up our operations despite heavy monsoon pan India and are now at normalised operations across all plants .
- ✓ Manufacturing operations have been fully established at the newly set up plant at Bhuj, Gujarat and are in full swing.
- ✓ Our consolidated order book as on date stands at 1366.7 MW
- ✓ The company has bagged orders from various retail customers for 24 MW.
- ✓ We have certain significant deals at final stages of closure across IPPs and retail customers.
- ✓ During Q2FY21, we commissioned 8 MW in Karnataka for a retail customer.
- ✓ All future project executions at Dayapar (Gujarat) including the Continuum Wind order will be on a plug and play basis given the common infrastructure which includes the 220 KV transmission line, the 220 KV substation and bay are already in place.

### Key Balance Sheet Actions

- ✓ During the Q2FY21, the Wholly Owned Subsidiary of the Company (IWISL) has raised Rs. 195 crs by issuing Non Convertible Debentures (NCDs) at 9.5%. The proceeds of which were utilised inter alia to optimise working capital and retire high cost debt.
- ✓ The company is also in the process of raising long term funds by issuing NCDs, amounting to Rs. 199 crs, the proceeds of which too will be utilised for retiring high cost debts and optimising the working capital.
- ✓ On the front of raising equity, IWISL has already received multiple EOIs (Expression of Interest) and pending certain approvals, allotment is expected to take place in the near future.

### Financials

- ✓ The impact of COVID -19 lock down on the Revenue and Margins has now subdued.
- ✓ Revenue and EBITDA compared to preceding quarter :
  - Revenue of Rs. 171 crs in Q2FY21 against revenue of Rs. 97 crs in Q1FY21
  - EBITDA loss of Rs. 33 crs in Q2FY21 against EBITDA loss of Rs. 26 crs in Q1FY21
- ✓ Range bound Net debt quarter on quarter Rs. 838 crs in Q2FY21 as compared to Rs.645 crs in Q1FY21.
- ✓ Net Debt to Equity ratio stands at robust 0.54x (vs. 0.40x in Q1FY21).

## LOOKING AHEAD - FY21 & ONWARDS SIGNIFICANT MARKET OPPORTUNITY



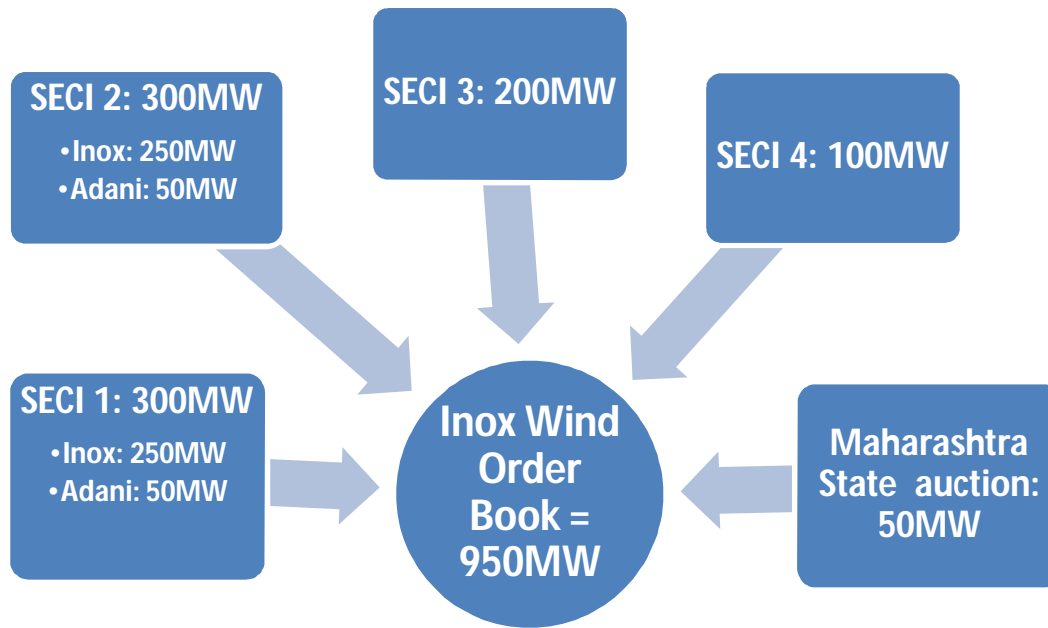
- ✓ Post the painful transition period, the sector is now looking up and poised for significant growth. MNRE has decided to remove the upper cap in the reverse auctions which had been a long pending demand of the industry.
- ✓ The recent discovery of tariff in SECI IX is Rs. 3.00 per KWh. This along with our new 3.3 MW Wind Turbine platform will ensure sustainable EBITDA margins for us as well as IPPs.
- ✓ Post monsoon the Company is now ramping up the execution on ground in sync with the ramp up of manufacturing operations.
- ✓ We have certain multiple deals at final stages of closure across IPPs and retail customers. These are across our 2 MW and 3.3 MW platforms.
- ✓ The Company has taken certain actions to refinance high cost debts and optimized working capital.
- ✓ With recent measures such as tying up manufacturing facility at Bhuj, we will continue to focus on optimising our costs and working capital cycle.

## LOOKING AHEAD - FY21 & ONWARDS SIGNIFICANT MARKET OPPORTUNITY



- ✓ The sector is witnessing active participation by multiple existing players as well as seeing the entry of newer players like JSW, O2, Ayana and the creation of newer renewable energy platforms backed by private equity and pension funds like KKR, Edelweiss, CPPIB etc.
- ✓ We see a significant opportunity to further leverage, by being amongst the lowest cost producer of wind turbines globally. Along with our 3.3 MW Wind Turbine Platform, we are well placed to thrive under the auction regime and achieve sustainable margins as which we used to enjoy during the FIT regime.
- ✓ We are fully focused and on track for the launch of 3.3 MW WTG and expect the prototype to be in place in FY21. The commercial production of 3.3 MW WTG shall commence simultaneously. ***The foundation work and tower manufacturing of the prototype has commenced.***
- ✓ Our O&M business gives us a “real” significant opportunity for monetization and has the potential for significant organic and inorganic growth and we are fully focused on leveraging this.

# ORDER BOOK



Particulars	Capacity MW
Auction based order book	950
Others	56
Supplied	(378)
Net order book	628
+	
LOI for 3.3 MW from Adani	501.6
Agreement signed with leading MNC IPP for 3.3 MW	23.1
Order from Continuum	250
Supplied	(36)
Net order book	214
=	
<b>Total</b>	<b>1366.7</b>

•Above order book will translate into revenues of ~Rs.8000 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 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 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 and we are fully focused on leveraging this.

## WORKING CAPITAL ANALYSIS



In Rs. Cr.

Particulars	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20
Inventory	933	1,086	993	994	1,115	1,020
Net Receivables	1,058	723	519	110	65	70
Net Payables	691	757	623	656	760	644
Others	289	224	255	296	311	231
<b>Net Working Capital</b>	<b>1,011</b>	<b>828</b>	<b>635</b>	<b>152</b>	<b>109</b>	<b>214</b>

• **Inventory:** Consolidated Inventory levels are slightly lower due to execution of Continuum order, 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 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 remain stable in line with the previous quarter which is due to continued collection from past receivables.

• **Net Working Capital:** There is a increase in net working capital primarily due to reduction in the current liabilities. As we ramp up supply and execution, we expect this to further improve.

## CASH FLOW AND DEBT ANALYSIS



In Rs. Cr.

Particulars	Q2FY21	Q1FY21	FY20	FY19
Opening Net Debt	(645)	(634)	(916)	(705)
Cash Profit	(55)	(53)	(198)	27
Net Working Capital	(105)	42	1,062	26
Capex	(2)	31	(304)	(113)
Others	(32)	(32)	(277)	(151)
<b>Closing Net Debt</b>	<b>(838)</b>	<b>(645)</b>	<b>(634)</b>	<b>(916)</b>

Particulars	Q2FY21	Q1FY21	FY20	FY19
Net Debt	838	645	634	916
Equity	1,541	1,630	1,686	1,964
<b>Net Debt: Equity (x)</b>	<b>0.54</b>	<b>0.40</b>	<b>0.38</b>	<b>0.47</b>

Healthy Net Debt to Equity ratio of 0.54x

## WIND AUCTIONS



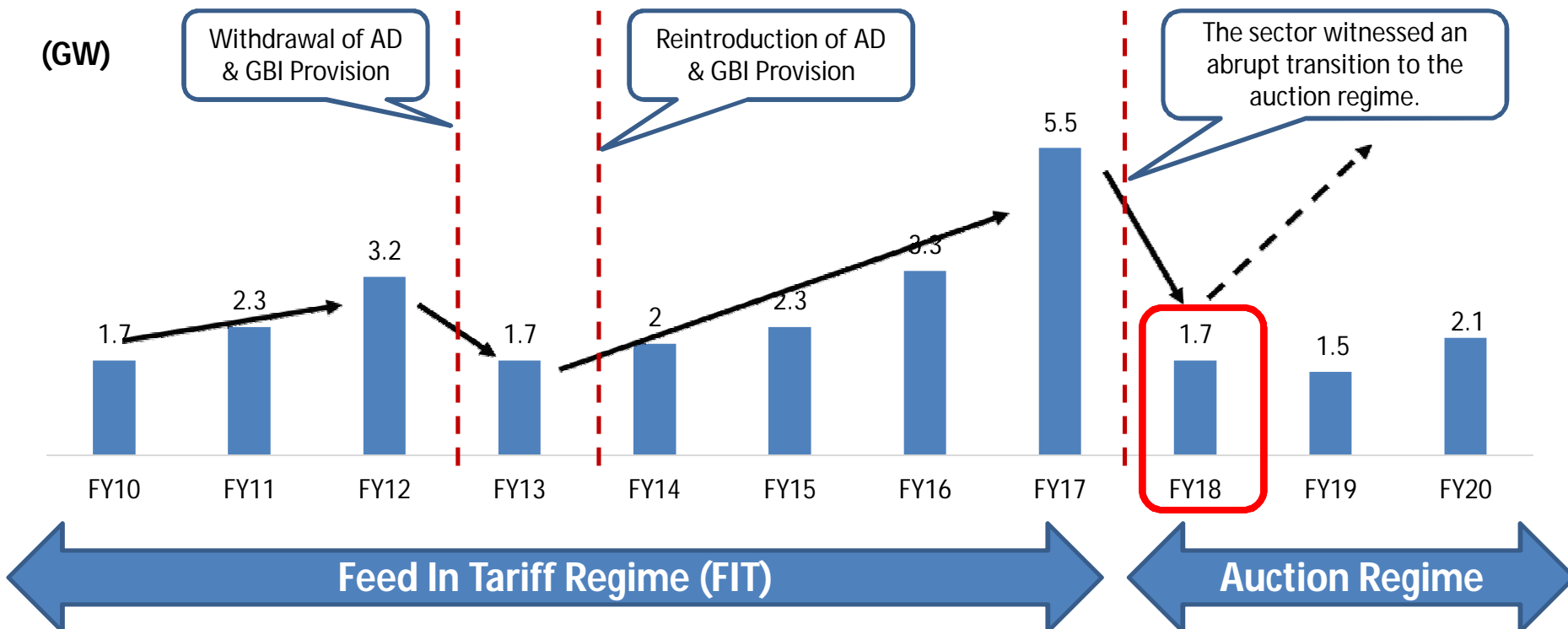
Auction	Period	Volume (MW)
SECI 1 – SECI 3	Feb'17 – Mar'18	4050MW
State Auctions	Feb'17 – Mar'18	1500MW
SECI 4	Apr-18	2000MW
NTPC	Aug-18	1200MW
SECI 5	Sep-18	1200MW
Hybrid 1	Dec-18	840MW
SECI 6	Feb-19	1200MW
Gujarat	May-19	745MW
Hybrid 2	May-19	720MW
SECI 7	Jun-19	480MW
SECI 8	Aug-19	440MW
Hybrid 3	Mar-20	1200MW
RTC 1	May-20	400MW
SECI 9	Aug-20	970MW
<b>Total</b>		<b>16945MW</b>

- The ~17 GW auctions conducted in the past 36 months should reflect in capacity addition over FY21 and FY22. About 4 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\*\*.
- Strong volume of 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>

# 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. The remaining capacity of ~ 12 GW which has already been auctioned is expected to be implemented over the next few years.**

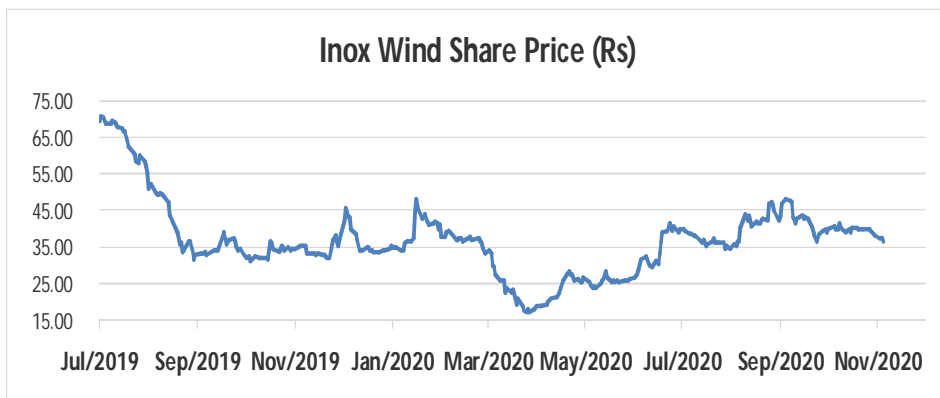
## MANUFACTURING CAPACITY



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

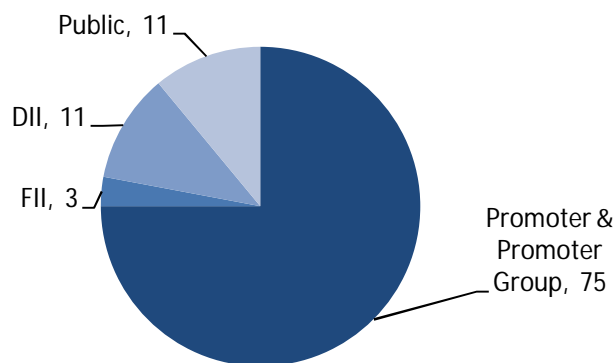
- ✓ Well positioned to take advantage of the growing market.
- ✓ Potential to debottleneck our nacelle and tower capacity with minor capex. Tower capacity can also be outsourced depending on project location.
- ✓ During the current quarter, manufacturing operations have been fully established at the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

# SHAREHOLDING STRUCTURE



Source - BSE

## % Shareholding – As of 30<sup>th</sup> Sep 20



Source - Company

## Market Data

As on 5<sup>th</sup> Nov 20 (BSE)

Market capitalization (Rs. Cr)	820
Price (Rs.)	36.95
No. of shares outstanding (Cr)	22
Face Value (Rs.)	10.0

Source - BSE

## Key Investors as of 30<sup>th</sup> Sep 20

% Holding

Progressive Star Finance Pvt. Ltd.	3.1%
Aadi Financial Advisors LLP	1.3%
Elara India Opportunities Fund Ltd.	1.0%
Lend Lease Company (India) Ltd.	1.0%
Lend Lease Company India Limited	0.7%

Source – Company





## FINANCIALS : CONSOLIDATED P&L STATEMENT



(In Rs Lakhs)	Q2FY21	Q2FY20	Q1FY21	H1FY21	H1FY20	FY20
<b>Income</b>						
a) Revenue from operation (net of taxes)	17,109	13,861	9,667	26,776	39,820	76,019
Other Income	553	473	523	1,076	967	2,419
<b>Total Income from operations (net)</b>	<b>17,662</b>	<b>14,334</b>	<b>10,190</b>	<b>27,852</b>	<b>40,787</b>	<b>78,438</b>
<b>Expenses</b>						
a) Cost of materials consumed	3,923	6,434	2,096	6,020	13,391	18,037
b) Purchases of stock-in-trade	7,928		4,333	12,261	-	11,495
c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(1,367)	(3,253)	(435)	(1,802)	1,363	(2,917)
d) Employee benefits expense	2,474	2,366	2,288	4,762	4,558	9,022
e) Finance costs	6,102	5,470	6,307	12,408	10,318	24,377
f) Erection, Procurement & Commissioning Cost	4,799	7,049	1,851	6,649	14,393	25,768
g) Foreign Exchange Fluctuation (Gain)/Loss (net)	271	15	(85)	185	(365)	1,379
h) Depreciation and amortization expense	2,135	1,899	2,093	4,228	3,590	8,030
i) Other expenses	2,974	1,354	2,774	5,748	2,752	7,513
<b>Net Expenditure</b>	<b>29,238</b>	<b>21,349</b>	<b>21,222</b>	<b>50,460</b>	<b>50,022</b>	<b>102,680</b>
<b>Profit/(Loss) before exceptional items &amp; tax</b>	<b>(11,576)</b>	<b>(7,015)</b>	<b>(11,032)</b>	<b>(22,609)</b>		<b>(24,242)</b>
Exceptional item - One time provision for expected credit losses	-	-	-	-		18,739
<b>Profit/(Loss) from ordinary activities before tax</b>	<b>(11,576)</b>	<b>(7,015)</b>	<b>(11,032)</b>	<b>(22,609)</b>	<b>(9,235)</b>	<b>(42,981)</b>
Total Provision for Taxation	(3,976)	(2,455)	(3,705)	(7,681)	(3,259)	(15,041)
<b>Profit/(Loss) for the period</b>	<b>(7,600)</b>	<b>(4,560)</b>	<b>(7,327)</b>	<b>(14,927)</b>	<b>(5,976)</b>	<b>(27,940)</b>
Other Comprehensive Income (after tax)	3	34	(16)	(14)	44	100
<b>Total Comprehensive Income for the period comprising Net Profit/(Loss) for the period &amp; Other Comprehensive Income</b>	<b>(7,597)</b>	<b>(4,526)</b>	<b>(7,343)</b>	<b>(14,941)</b>	<b>(5,932)</b>	<b>(27,840)</b>
Earning Before Interest, Tax, Depreciation & Amortization (EBITDA) Incl Other Income	(3,340)	354	(2,632)	(5,972)	4,673	8,165
Paid-up Equity Share Capital (Face value of Re 10 each)	22,192	22,192	22,192	22,192	22,192	22,192
<b>Basic &amp; Diluted Earnings per share (Rs)</b> <b>(Face value of Re 10 each) - Not annualized</b>	<b>(3.42)</b>	<b>(2.06)</b>	<b>(3.30)</b>	<b>(6.73)</b>	<b>(2.69)</b>	<b>(12.59)</b>

## FINANCIALS : CONSOLIDATED BALANCE SHEET



Particulars (Rs. in Lakhs)	As of	As of
	30-Sep-20	31-Mar-20
<b>Assets</b>		
<b>(1) Non-current assets</b>		
(a) Property, Plant and Equipment	114,992	120,009
(b) Capital work-in-progress	3,426	3,336
(c) Intangible assets	2,344	2,768
(d) Financial Assets		
(i) Investments	6,955	6,955
(ii) Loans	1,440	1,341
(iii) Other financial assets	43,739	39,493
(e) Deferred tax assets (Net)	33,130	26,048
(f) Income tax assets (Net)	2,164	2,785
(g) Other non-current assets	5,784	7,135
<b>Total Non - Current Assets</b>	<b>213,973</b>	<b>209,870</b>
<b>(2) Current assets</b>		
(a) Inventories	102,025	99,410
(b) Financial Assets		
(i) Investments	2,525	2,444
(ii) Trade receivables	135,724	132,232
(iii) Cash and cash equivalents	4,359	730
(iv) Bank Balances other than (iii) above	10,165	15,380
(v) Loans	8,599	8,056
(vi) Other financial assets	3,142	4,618
(c) Income tax assets (net)	380	932
(d) Other current assets	61,691	55,486
<b>Total Current Assets</b>	<b>328,609</b>	<b>319,288</b>
<b>Total Assets (1+2)</b>	<b>542,582</b>	<b>529,158</b>

Particulars (Rs. in Lakhs)	As of	As of
	30-Sep-20	31-Mar-20
<b>EQUITY AND LIABILITIES</b>		
<b>(1) Equity</b>		
(a) Equity Share capital	22,192	22,192
(b) Other Equity	131,860	146,372
(c) Non Controlling Interest	-	(7)
<b>Total equity</b>	<b>154,052</b>	<b>168,557</b>
<b>Liabilities</b>		
<b>(2) Non-current liabilities</b>		
(a) Financial Liabilities		
(i) Borrowings	23,504	11,858
(ii) Other financial liabilities	183	183
(b) Provisions	1,160	829
(c) Other non-current liabilities	4,300	1,881
<b>Total Non - Current Liabilities</b>	<b>29,146</b>	<b>14,751</b>
<b>(3) Current liabilities</b>		
(a) Financial Liabilities		
(i) Borrowings	78,795	72,731
(ii) Trade payables	109,010	105,466
(iii) Other financial liabilities	37,395	41,292
(b) Provisions	179	285
(c) Current Tax Liabilities (Net)	0	11
(d) Other current liabilities	134,005	126,065
<b>Total Current Liabilities</b>	<b>359,384</b>	<b>345,850</b>
<b>Total Equity and Liabilities (1+2+3)</b>	<b>542,582</b>	<b>529,158</b>

THANK YOU



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