



INOX WIND LIMITED  
Q3FY21 INVESTOR UPDATE

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## DISCUSSION SUMMARY



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- ❑ FINANCIAL HIGHLIGHTS
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### Operations

- ✓ The Company has become EBITDA positive after three consecutive quarters of negative EBITDA. The business is gradually getting back on track , as a result of ramp up in new supplies.
- ✓ Manufacturing operations are streamlined across all the plants and are fully geared for up coming ramp up in supplies.
- ✓ We expect high growth Q4 onwards on the back of new supplies for the existing order book as well as commissioning revenues.
- ✓ Significant *repeat* order(s) are on the verge of closure ; expect announcements shortly.
- ✓ Multiple retail orders won, which will result in liquidation of stuck up inventory and free up our working capital.
- ✓ Our consolidated order book as on date stands at 1328.7 MW.

### Operations

- ✓ Execution of the Continuum project is in full swing and commissioning of turbines will take place progressively in the near future. We have recently commissioned Renew Power's 18 MW at Anjar, in Gujarat and some small retail orders.
- ✓ Post receiving the requisite approvals, the Equity allocation of IWISL is progressing well.
- ✓ We have achieved financial closure for un commissioned 100 MW of SECI SPVs with PFC. This will enable us to free up significant short term capital blocked in a 50 MW un commissioned SPV.
- ✓ All future project executions at Dayapar (Gujarat) including the Continuum 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 Q3FY21, The Company has raised Rs. 199 crs by issuing Non Convertible Debentures (NCDs) at 9.5%.
- ✓ The proceeds were utilised inter alia to optimise working capital and retire high cost debt. It will improve the short term fund availability of the Company.
- ✓ On the front of raising equity, IWISL has already started allocating the equity against multiple EOIs( Expression of Interest) received by the Company.
- ✓ Certain other initiatives are in progress which will lead to significant reduction in financial costs

### Financials .

- ✓ The impact of COVID -19 lock down on the Revenue and Margins is now behind us.
- ✓ Revenue and EBITDA compared to preceding quarter :
  - Revenue of Rs. 204 crs in Q3FY21 against revenue of Rs. 171 crs in Q2FY21
  - EBITDA profit of Rs. 8 crs in Q3FY21 against EBITDA loss of Rs. 33 crs in Q2FY21

- ✓ Globally there is a huge thrust on renewable energy. Across the world, the marginal cost of renewable energy today is the lowest within the energy basket. Recently the United States of America has rejoined the Paris Climate Accord. Tackling climate change and ESG compliance today are global priorities.
- ✓ 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.
- ✓ Recently 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.
- ✓ SECI has recently floated two more tenders:
  - SECI X Wind Tender of 1200 MW and
  - RTC II Tender of 2500 MW

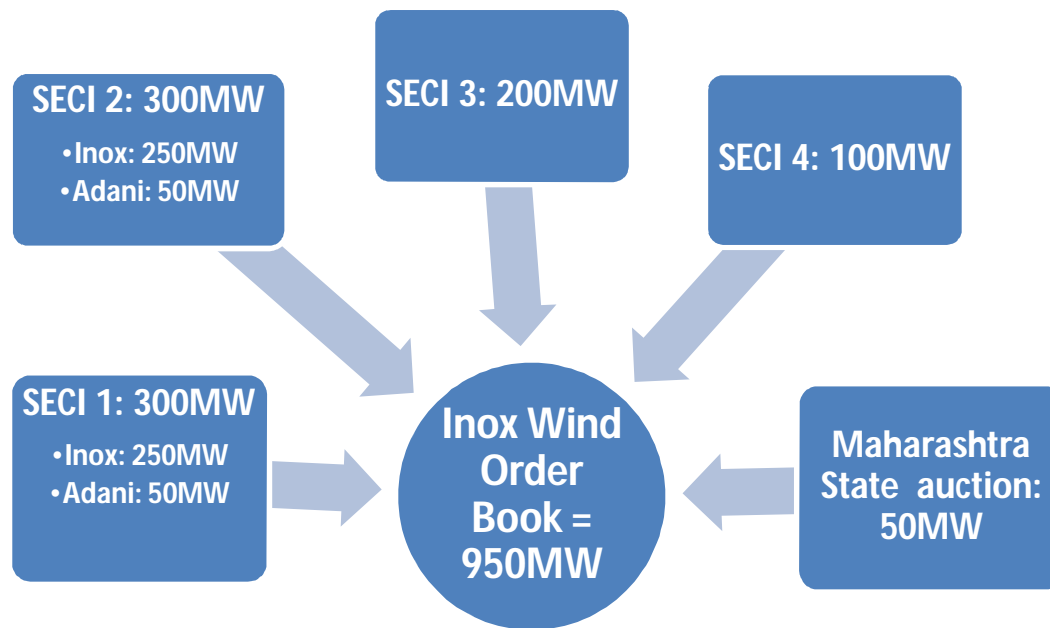
## SIGNIFICANT MARKET OPPORTUNITIES



- ✓ 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, Sakura, CPPIB etc.
- ✓ NTPC has announced a renewable energy target of 32 GW by 2032. Various other PSUs are also aggressively looking at expanding their renewable energy capacities.
- ✓ 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 the near future. The Commercial production of 3.3 MW WTG shall commence simultaneously.
- ✓ 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	54
Supplied	(380)
Net order book	624
+	
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	(70)
Net order book	180
=	
<b>Total</b>	<b>1328.7</b>

•Above order book will translate into revenues of ~Rs.7800 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	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20
Inventory	1,086	993	994	1,115	1,020	958
Net Receivables	723	519	110	65	70	22
Net Payables	757	623	656	760	644	496
Others	224	255	296	311	231	164
<b>Net Working Capital</b>	<b>828</b>	<b>635</b>	<b>152</b>	<b>109</b>	<b>214</b>	<b>320</b>

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

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

## CASH FLOW AND DEBT ANALYSIS



In Rs. Cr.

Particulars	Q3FY21	Q2FY21	FY20	FY19
Opening Net Debt	(838)	(645)	(916)	(705)
Cash Profit	(29)	(55)	(198)	27
Net Working Capital Changes	(106)	(105)	1,062	26
Capex	(53)	(2)	(304)	(113)
Others	(49)	(32)	(277)	(151)
<b>Closing Net Debt</b>	<b>(1,076)</b>	<b>(838)</b>	<b>(634)</b>	<b>(916)</b>

Particulars	Q3FY21	Q2FY21	FY20	FY19
Net Debt	1,076	838	634	916
Equity	1,489	1,541	1,686	1,964
<b>Net Debt: Equity (x)</b>	<b>0.72</b>	<b>0.54</b>	<b>0.38</b>	<b>0.47</b>

Healthy Net Debt to Equity ratio of 0.72x

Closing net debt is higher due to reclassification of the current maturity of debts.



## WIND AUCTIONS



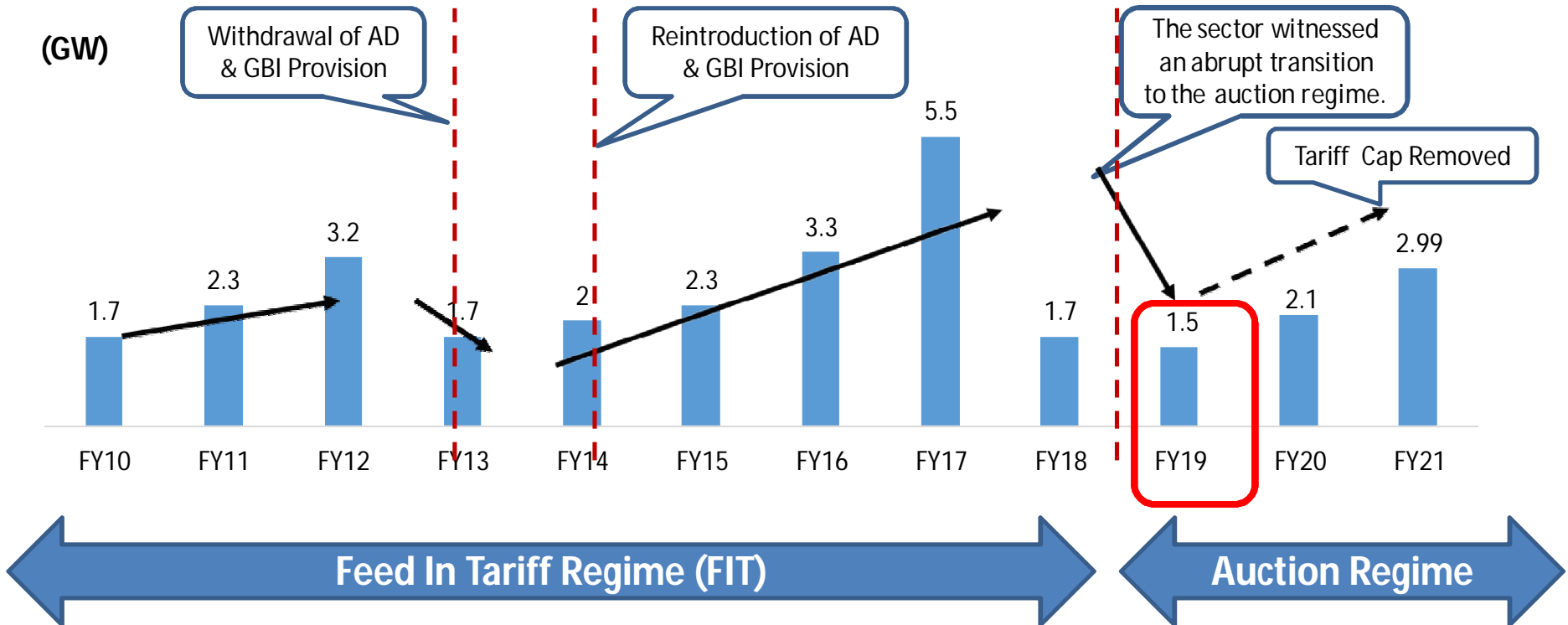
Auction	Period	Volume (MW)
SECI 1 – SECI 3	Feb'17 – Mar'18	4050MW
State Auctions	Feb'17 – Mar'18	1500MW
SECI 4	Apr-18	2000MW
NTPC	Aug-18	1200MW
SECI 5	Sep-18	1200MW
Hybrid 1	Dec-18	840MW
SECI 6	Feb-19	1200MW
Gujarat	May-19	745MW
Hybrid 2	May-19	720MW
SECI 7	Jun-19	480MW
SECI 8	Aug-19	440MW
Hybrid 3	Mar-20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



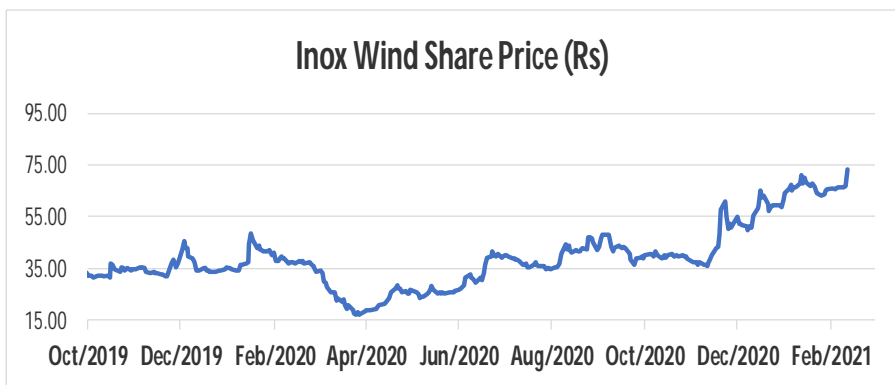
**Impact of the abrupt transition to Auction Regime from FIT Regime seen in wind installations in FY18, FY19 and FY 20. The remaining capacity of ~ 12 GW which has already been auctioned is expected to be implemented over the next few years.**

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.
- ✓ Manufacturing operations have been fully established at the newly set up plant at Bhuj, Gujarat and are in full swing.

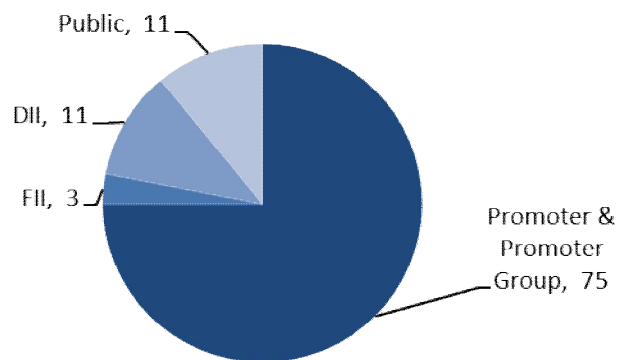


# SHAREHOLDING STRUCTURE



Source - BSE

## % Shareholding – As of 31<sup>st</sup> Dec 20



Source - Company

Market Data	As on 11 <sup>th</sup> Feb 21 (BSE)
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Market capitalization (Rs. Cr)	1627
Price (Rs.)	73.30
No. of shares outstanding (Cr)	22
Face Value (Rs.)	10.0

Source - BSE

Key Investors as of 31 <sup>st</sup> Dec 20	% Holding
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Progressive Star Finance Pvt. Ltd.	2.6%
Lend Lease Company India Limited	2.1%
Aadi Financial Advisors LLP	1.3%
Elara India Opportunities Fund Ltd.	1.0%

Source – Company



## FINANCIALS : CONSOLIDATED P&L STATEMENT



(In Rs Lakhs)	Q3FY21	Q3FY20	Q2FY21	9M FY21	9M FY20	FY20
<b>Income</b>						
a) Revenue from operation (net of taxes)	20,380	17,274	17,109	47,155	57,093	76,019
Other Income	564	702	553	1,640	1,670	2,419
<b>Total Income from operations (net)</b>	<b>20,944</b>	<b>17,976</b>	<b>17,662</b>	<b>48,795</b>	<b>58,763</b>	<b>78,438</b>
<b>Expenses</b>						
a) Cost of materials consumed	13,333	5,437	3,924	19,353	18,828	18,037
b) Purchases of stock-in-trade	267	-	7,928	12,528	-	11,495
c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	330	(1,522)	(1,367)	(1,472)	(159)	(2,917)
d) Employee benefits expense	2,509	2,313	2,474	7,271	6,870	9,022
e) Finance costs	7,045	4,471	6,101	19,454	14,790	24,377
f) Erection, Procurement & Commissioning Cost	1,172	6,132	4,798	7,822	20,524	25,768
g) Foreign Exchange Fluctuation (Gain)/Loss (net)	(334)	778	270	(149)	413	1,379
h) Depreciation and amortization expense	2,288	2,151	2,135	6,516	5,741	8,030
i) Other expenses	2,862	2,445	2,975	8,609	5,197	7,513
<b>Net Expenditure</b>	<b>29,472</b>	<b>22,205</b>	<b>29,238</b>	<b>79,932</b>	<b>72,204</b>	<b>1,02,680</b>
<b>Profit/(Loss) before exceptional items &amp; tax</b>	<b>-</b>	<b>-</b>	<b>(11,576)</b>	<b>(31,137)</b>	<b>-</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>(8,528)</b>	<b>(4,183)</b>	<b>(11,576)</b>	<b>(31,137)</b>	<b>(13,417)</b>	<b>(42,981)</b>
Total Provision for Taxation	(3,331)	(1,436)	(3,976)	(11,012)	(4,695)	(15,041)
<b>Profit/(Loss) for the period</b>	<b>(5,197)</b>	<b>(2,747)</b>	<b>(7,600)</b>	<b>(20,125)</b>	<b>(8,722)</b>	<b>(27,940)</b>
Other Comprehensive Income (after tax)	39	46	2	25	90	99
<b>Total Comprehensive Income for the period comprising Net Profit/(Loss) for the period &amp; Other Comprehensive Income</b>	<b>(5,158)</b>	<b>(2,701)</b>	<b>(7,598)</b>	<b>(20,100)</b>	<b>(8,632)</b>	<b>(27,841)</b>
Earning Before Interest, Tax, Depreciation & Amortization (EBITDA) Incl Other Income	805	2,439	(3,340)	(5,167)	7,114	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>(2.34)</b>	<b>(1.24)</b>	<b>(3.42)</b>	<b>(9.07)</b>	<b>(3.93)</b>	<b>(12.59)</b>
<b>(Face value of Re 10 each) - Not annualized</b>						

THANK YOU



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