

IWL: NOI: 85: 2020

28<sup>th</sup> August, 2020

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
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**Scrip code: 539083**

**Scrip code: INOXWIND**

**Sub: Disclosure of Material Event/ Information under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Earnings Presentation**

Dear Sir/ Madam,

Pursuant to the Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed a copy of the Earnings Presentation on the Standalone and Consolidated Audited Financial Results of the Company for the quarter ended 30<sup>th</sup> June, 2020. The said Earnings Presentation is also being uploaded on the Company's website, [www.inoxwind.com](http://www.inoxwind.com).

We request you to please take the above on record.

Thanking You

Yours faithfully,  
For **Inox Wind Limited**

  
**Deepak Banga**  
Company Secretary



Encl: As above



INOX WIND LIMITED  
Q1FY21 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.*

*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.*

*Such statements are not, and should not be construed, as a representation as to future performance or achievements of IWL. In particular, such statements should not be regarded as a projection of future performance of IWL. It should be noted that the actual performance or achievements of IWL may vary significantly from such statements.*

## DISCUSSION SUMMARY



- ❑ OPERATIONAL HIGHLIGHTS
- ❑ FINANCIAL HIGHLIGHTS
- ❑ SIGNIFICANT MARKET OPPORTUNITY & WAY AHEAD - FY 21
- ❑ ORDER BOOK AS ON DATE
- ❑ TECHNOLOGY
- ❑ O&M – STRONG ANNUITY MODEL
- ❑ WORKING CAPITAL ANALYSIS
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- ❑ WIND AUCTIONS
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- ❑ SHAREHOLDING STRUCTURE
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### Operations

- During Q1FY21 our manufacturing operations were impacted due to non availability of manpower and supply chain constraints given the COVID -19 lock down.
- We resumed our operations post announcement of Unlock 1 in June 2020, when manpower and raw material availability started improving. Since then we have ramped up our operations progressively and have started executing the 250 MW order received from Continuum Wind besides other orders.
- Strategically tied up a manufacturing facility located at Bhuj, in Gujarat on lease for manufacturing Nacelles & Hubs. Have commenced operations there in the current quarter. This will result in significant savings in terms of:
  - Inward and outward logistic costs due to it's proximity to the ports and project sites for execution and
  - Time of about 30 days which will lead to improvement in the working capital cycle .
- Our consolidated order book as on date stands at 1374.7 MW
- We are taking enabling resolutions for raising funds in Inox Wind and its wholly owned subsidiary IWISL by way of issuance of new securities to gear up for the upcoming growth in the wind sector.
- 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.

### Financials

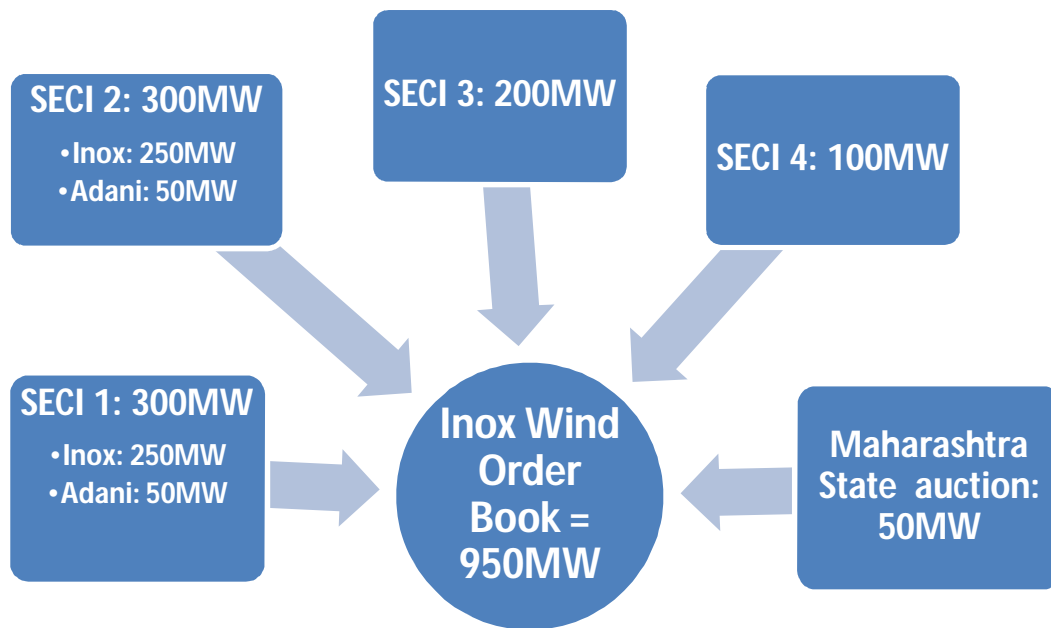
- ✓ Revenue and Margins were impacted due to the COVID -19 lock down.
- ✓ Revenue and EBITDA compared to preceding quarter :
  - Revenue of Rs.97 crs in Q1FY21 against revenue of Rs.189 crs in Q4FY20
  - EBITDA loss of Rs.26 crs in Q1FY21 against EBITDA loss of Rs. 177 crs in Q4FY20
- ✓ Over all continuous improvement in working capital cycle Rs.109 crs in Q1FY21 as compared to Rs.152 crs in Q4FY20
- ✓ Stable Net debt quarter on quarter Rs.645 crs in Q1FY21 as compared to Rs.634 crs in Q4FY20.
- ✓ Net Debt to Equity ratio stands at 0.40x (vs. 0.38x in Q4FY20)

- ✓ Post the painful transition period, the sector is now looking up. MNRE has recently decided to remove the upper cap in the reverse auctions which had been a long pending demand of the industry.
- ✓ The determination of tariff under the reverse auctions now will represent a “true tariff” wherein every one in the value chain be it the IPP, the DISCOM or the OEM will be in a win-win position and make reasonable and sustainable returns/get power at competitive rates.
- ✓ ***As expected, 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.
- ✓ The Ministry of Power has recently waived Interstate Transmission System (ISTS) Charges and losses on all solar and wind projects commissioned before June 30, 2023. This would apply to solar, wind, and hybrid projects with or without storage. The ISTS charges would be waived for 25 years from their date of commissioning for the transmission as well as sale to entities with Renewable Purchase Obligations (RPO).
- ✓ 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 gaining traction in the market post the transition pain and have recently concluded deals with Adani, ReNew Power and Continuum Wind amongst others. The repeat order from Continuum Wind is the single largest order received by us.
- ✓ Supplies of 3.3MW WTGs 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.
- ✓ With recent measures such as tying up of the new manufacturing facility at Bhuj, we will continue to focus on optimising our costs and working capital cycle.
- ✓ 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 AS ON DATE



Particulars	Capacity MW
Auction based order book	950
Others	32
Supplied	(372)
Net order book	610
+	
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	(10)
Net order book	240
=	
<b>Total</b>	<b>1374.7</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 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 and we are fully focused on leveraging this.

## WORKING CAPITAL ANALYSIS – POSITIVE MOMENTUM CONTINUES



In Rs. Cr.

Particulars	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20
Inventory	944	933	1,086	993	994	1,115
Net Receivables	1,261	1,058	723	519	110	65
Payables	889	1,083	1,103	1,002	1,055	1,166
Others	103	(103)	(122)	(125)	(103)	(95)
<b>Net Working Capital</b>	<b>1,213</b>	<b>1,011</b>	<b>828</b>	<b>635</b>	<b>152</b>	<b>109</b>

• **Inventory:** Consolidated Inventory levels are slightly higher 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:** Continuous reduction in net receivables quarter on quarter. In the current quarter, Net Receivables reduced by Rs.45 crs which is due to continued collection from past receivables.

• **Net Working Capital:** There is a continuous improvement in working capital cycle. As we ramp up supply and execution, we expect this to further improve. Besides post commencement of manufacturing operations at the new facility at Bhuj, we expect further optimization.

## CASH FLOW AND DEBT ANALYSIS



In Rs. Cr.

Particulars	Q1FY21	Q4FY20	FY20	FY19
Opening Net Debt	(634)	(648)	(916)	(705)
Cash Profit	(53)	(169)	(198)	27
Net Working Capital	42	483	1,062	26
Capex	31	(40)	(304)	(113)
Others	(32)	(260)	(277)	(151)
<b>Closing Net Debt</b>	<b>(645)</b>	<b>(634)</b>	<b>(634)</b>	<b>(916)</b>

Particulars	Q1FY21	Q4FY20	FY20	FY19
Net Debt	645	634	634	916
Equity	1,630	1,686	1,686	1,964
<b>Net Debt: Equity (x)</b>	<b>0.40</b>	<b>0.38</b>	<b>0.38</b>	<b>0.47</b>

Healthy Net Debt to Equity ratio of 0.40x

## WIND AUCTIONS



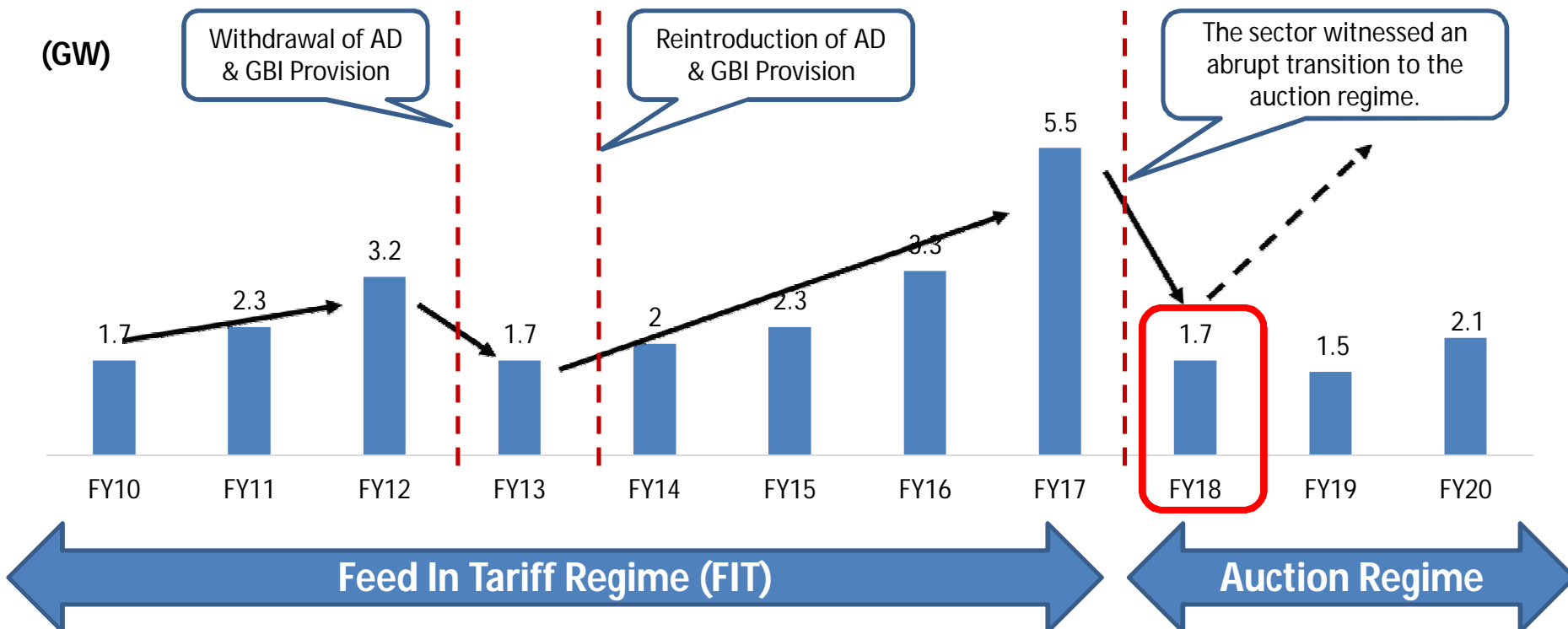
Auction	Period	Volume (MW)
SECI 1 – SECI 3	Feb'17 – Mar'18	4050MW
State Auctions	Feb'17 – Mar'18	1500MW
SECI 4	Apr-18	2000MW
NTPC	Aug-18	1200MW
SECI 5	Sep-18	1200MW
Hybrid 1	Dec-18	840MW
SECI 6	Feb-19	1200MW
Gujarat	May-19	745MW
Hybrid 2	May-19	720MW
SECI 7	Jun-19	480MW
SECI 8	Aug-19	440MW
Hybrid 3	Mar-20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

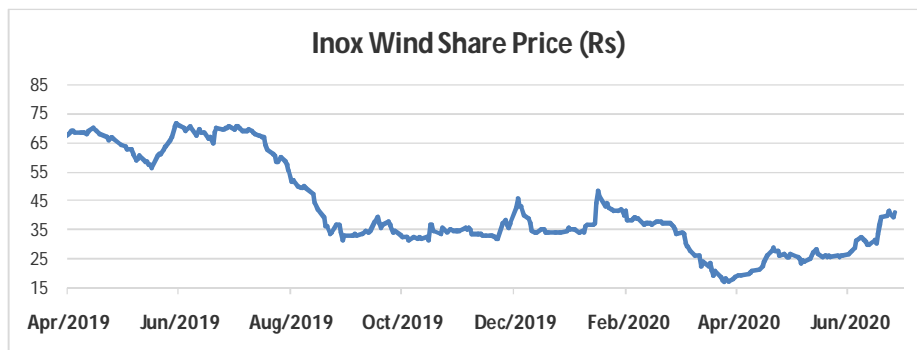


CURRENT CAPACITY (MW)				
Plant Location	Una, Himachal Pradesh	Rohika, Gujarat	Barwani, Madhya Pradesh	Total
Nacelles & Hubs	1,100	-	-	1,100
Blades	-	800	800	1,600
Towers	-	300	300	600

- ✓ 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.
- ✓ During the current quarter, we have commenced operations for manufacturing Nacelles & Hubs at the recently tied up facility at Bhuj in Gujarat.

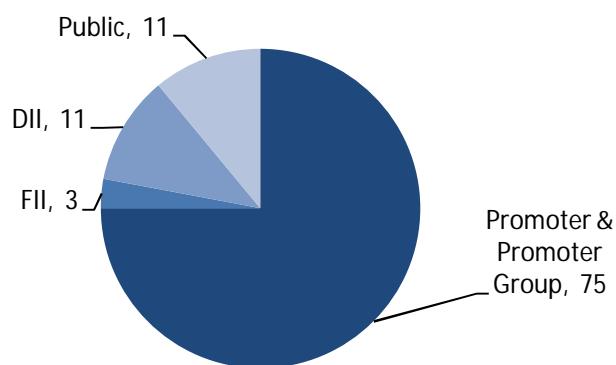


## SHAREHOLDING STRUCTURE



Source - BSE

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



Source - Company

### Market Data

As on 27<sup>th</sup> Aug 20 (BSE)

Market capitalization (Rs. Cr)	1033
Price (Rs.)	46.55
No. of shares outstanding (Cr)	22
Face Value (Rs.)	10.0

Source - BSE

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

% Holding

Progressive Star Finance Pvt. Ltd.	3.0%
Aadi Financial Advisors LLP	1.2%
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)	Q1FY21	Q1FY20	Q4FY20
<b>Income</b>			
a) Revenue from operation (net of taxes)	9,667	25,959	18,925
Other Income	523	494	749
<b>Total Income from operations (net)</b>	<b>10,190</b>	<b>26,453</b>	<b>19,675</b>
<b>Expenses</b>			
a) Cost of materials consumed	2,096	6,957	3,894
b) Purchases of stock-in-trade	4,333	-	6,809
c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(435)	4,616	(2,758)
d) Employee benefits expense	2,288	2,192	2,152
e) Finance costs	6,307	4,848	9,588
f) Erection, Procurement & Commissioning Cost	1,851	7,344	5,244
g) Foreign Exchange Fluctuation (Gain)/Loss (net)	(85)	(380)	965
h) Depreciation and amortization expense	2,093	1,691	2,289
i) Other expenses	2,774	1,398	2,315
<b>Net Expenditure</b>	<b>21,222</b>	<b>28,673</b>	<b>30,499</b>
<b>Profit/(Loss) before exceptional items &amp; tax</b>	<b>(11,032)</b>	<b>(2,220)</b>	<b>(10,824)</b>
Exceptional item - One time provision for expected credit losses	-	-	18,739
<b>Profit/(Loss) from ordinary activities before tax</b>	<b>(11,032)</b>	<b>(2,220)</b>	<b>(29,563)</b>
Total Provision for Taxation	(3,705)	(804)	(10,346)
<b>Profit/(Loss) for the period</b>	<b>(7,327)</b>	<b>(1,416)</b>	<b>(19,217)</b>
Other Comprehensive Income (after tax)	(16)	10	9
<b>Total Comprehensive Income for the period comprising Net Profit/(Loss) for the period &amp; Other Comprehensive Income</b>	<b>(7,343)</b>	<b>(1,406)</b>	<b>(19,208)</b>
Earning Before Interest, Tax, Depreciation & Amortization (EBITDA) Incl Other Income	(2,632)	4,319	1,052
Paid-up Equity Share Capital (Face value of Re 10 each)	22,192	22,192	22,192
<b>Basic &amp; Diluted Earnings per share (Rs)</b>	<b>(3.30)</b>	<b>(0.64)</b>	<b>(8.66)</b>
(Face value of Re 10 each) - Not annualized			

THANK YOU



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