

IWL: NOI: 75: 2020

27th June, 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,

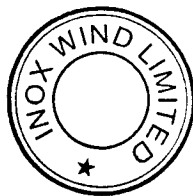
Pursuant to the Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed a copy of the Earnings Presentation on the Standalone and Consolidated Audited Financial Results of the Company for the quarter and financial year ended 31st March, 2020. The said Earnings Presentation is also being uploaded on the Company's website, 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
Q4FY20 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
- ❑ OPERATIONAL HIGHLIGHTS – IMPACT OF COVID -19
- ❑ FINANCIAL HIGHLIGHTS
- ❑ SIGNIFICANT MARKET OPPORTUNITY & WAY AHEAD - FY 21
- ❑ ORDER BOOK AS ON DATE
- ❑ TECHNOLOGY
- ❑ O&M – STRONG ANNUITY MODEL
- ❑ WORKING CAPITAL ANALYSIS
- ❑ CASH FLOW AND DEBT ANALYSIS
- ❑ WIND AUCTIONS
- ❑ WIND SECTOR: GAINING STRENGTH
- ❑ MANUFACTURING CAPACITY
- ❑ SHAREHOLDING STRUCTURE
- ❑ DETAILED FINANCIALS



Operations

- ✓ During FY 20, we successfully Commissioned 262 MW including 250 MW of SECI projects.
- ✓ Won our single largest order ever - 250 MW from Continuum Wind. The customer has already achieved financial closure with PFC. We have already implemented a 170 MW order for Continuum Wind earlier. This is amongst the largest single orders in the Country.
- ✓ Our consolidated order book as on date stands at 1452.7 MW.
- ✓ All future project executions at Dayapar (Gujarat) including the Continuum Wind order will 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
- ✓ Strategically tied up a manufacturing facility located at Bhuj, in Gujarat on lease for manufacturing Nacelles & Hubs. 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 .

COVID – 19 Impact

- ✓ The Company has adhered to all the requisite norms stipulated by the Government(s) in respect of COVID – 19.
- ✓ The supplies during Q4 FY 20 were muted due to the COVID – 19 impact. The operations across all the manufacturing plants and project sites were subdued during the quarter, on account of non availability of manpower and supply chain constraints and were subsequently temporarily suspended w.e.f. 26th March, 2020.
- ✓ The manufacturing operations resumed w.e.f. 27th April 2020, to a very limited extent, due to restrictions imposed on account of social distancing, manpower availability and supply chain constraints.
- ✓ Post Unlock 1.0, the Company has started ramping up operations given availability of the required manpower and access to supplies.
- ✓ We have utilised the lock down period to further optimise our costs and ready ourselves for the upcoming 3.3 MW WTG. We are now well poised to ramp up and grow significantly in the future.

FINANCIAL HIGHLIGHTS



Q4FY20

- ✓ During the quarter, we commenced execution of new orders along with fresh supplies of WTGs.
- ✓ Revenue and EBITDA compared to the corresponding quarter (Q4FY19) :
 - Revenue of Rs. 189 crs against revenue of Rs. 180 crs
 - EBITDA profit of Rs. 11 crs against EBITDA loss of Rs. 24 crs – without exceptional provision
 - EBITDA loss of Rs. 177 crs against the EBITDA Loss of Rs. 24 crs - with exceptional provision
- ✓ As a one time measure/provision the Company has provided for Expected Credit Losses (ECL) to the tune of Rs. 187 crs on consolidated receivables pertaining to FIT regime. This is an “exceptional item” and has no cash impact on the Company.
- ✓ Over all continuous improvement in working capital cycle : Rs. 152 crs in Q4FY20 as compared to Rs. 635 crs in Q3FY20
- ✓ Constant reduction in net debt quarter on quarter : Rs. 634 crs in Q4FY20 as compared to Rs. 648 crs in Q3FY20.
- ✓ Net Debt to Equity ratio continued to remain robust at 0.38x (vs. 0.34x in Q3FY20).

FY20

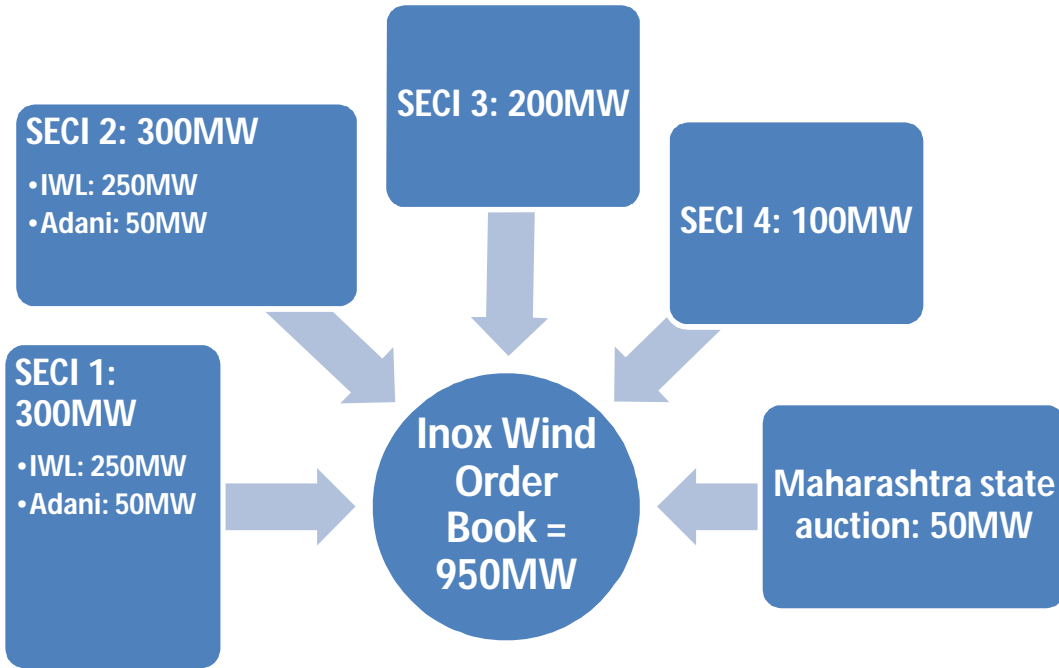
- ✓ During the year, we commissioned 262 MW and resumed fresh supplies of WTGs.
- ✓ Lower revenue and EBITDA for FY20 is primarily due to the fact that, post the central grid availability which was significantly delayed, we utilised our resources to complete projects under SECI 1, for which substantial supplies had taken place in FY19. We focussed on commissioning these projects and collecting receivables. We are now poised to ramp up new supplies and execution.
- ✓ Revenue and EBITDA compared to FY19:
 - Revenue of Rs. 760 crs against revenue of Rs.1437 crs
 - EBITDA of Rs. 82 crs against EBITDA Profit of Rs. 173 crs - without exceptional provision
 - EBITDA loss of Rs. 106 crs against EBITDA of Rs.173 crs - with exceptional provision
- ✓ EBITDA was impacted due to one time provision of Rs. 187 crs towards Expected Credit Losses in the receivables.
- ✓ Over all continuous improvement in working capital cycle Rs. 152 crs in FY20 as compared to Rs. 1213 crs in FY19
- ✓ Constant reduction in net debt year on year Rs. 634 crs in FY20 as compared to Rs. 916 crs in FY19.
- ✓ Net Debt to Equity ratio stands at a healthy 0.38x (vs. 0.47x in FY19).

SIGNIFICANT MARKET OPPORTUNITY & WAY AHEAD - FY 21



- ✓ 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. We believe the removal of this cap will result in higher levels of participation in the forthcoming SECI IX auction and all future auctions, which until now had been subdued.
- ✓ 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.
- ✓ We expect the discovered tariff to be around Rs. 3 per KWh. This along with our new 3.3 MW Wind Turbine platform will ensure sustainable EBITDA margins for us as well as IPPs.
- ✓ 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	(304)
Net order book	678



LOI for 3.3 MW from Adani	501.6
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Agreement signed with leading MNC IPP for 3.3 MW	23.1
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Order from Continuum	250
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Total	1452.7
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•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 and we are fully focused on leveraging this.

WORKING CAPITAL ANALYSIS – POSITIVE MOMENTUM CONTINUES



In Rs. Cr.

Particulars	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20
Inventory	756	944	933	1,086	993	994
Net Receivables	1,446	1,261	1,058	723	519	110
Payables	956	889	1,083	1,103	1,002	1,055
Others	19	103	(103)	(122)	(125)	(103)
Net Working Capital	1,227	1,213	1,011	828	635	152

• **Inventory:** Consolidated Inventory levels continued to be stable, on account of optimization and 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.409 crs which is due to continued collection from past receivables and also on account of one time measure/adjustment done as a provision for Expected Credit Losses (ECL) to the tune of Rs. 187 crs on receivables pertaining to FIT regime.

• **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 in Bhuj we expect further optimization.

CASH FLOW AND DEBT ANALYSIS



In Rs. Cr.

Particulars	Q4FY20	Q4FY19	FY20	FY19
Opening Net Debt	(648)	(836)	(916)	(705)
Cash Profit	(169)	(36)	(198)	27
Net Working Capital	483	14	1,062	26
Capex	(40)	(56)	(304)	(113)
Others	(260)	(3)	(277)	(151)
Closing Net Debt	(634)	(916)	(634)	(916)

Particulars	Q4FY20	Q4FY19	FY20	FY19
Net Debt	634	916	634	916
Equity	1,686	1,964	1,686	1,964
Net Debt: Equity (x)	0.38	0.47	0.38	0.47

Healthy Net Debt to Equity ratio of 0.38x

WIND AUCTIONS



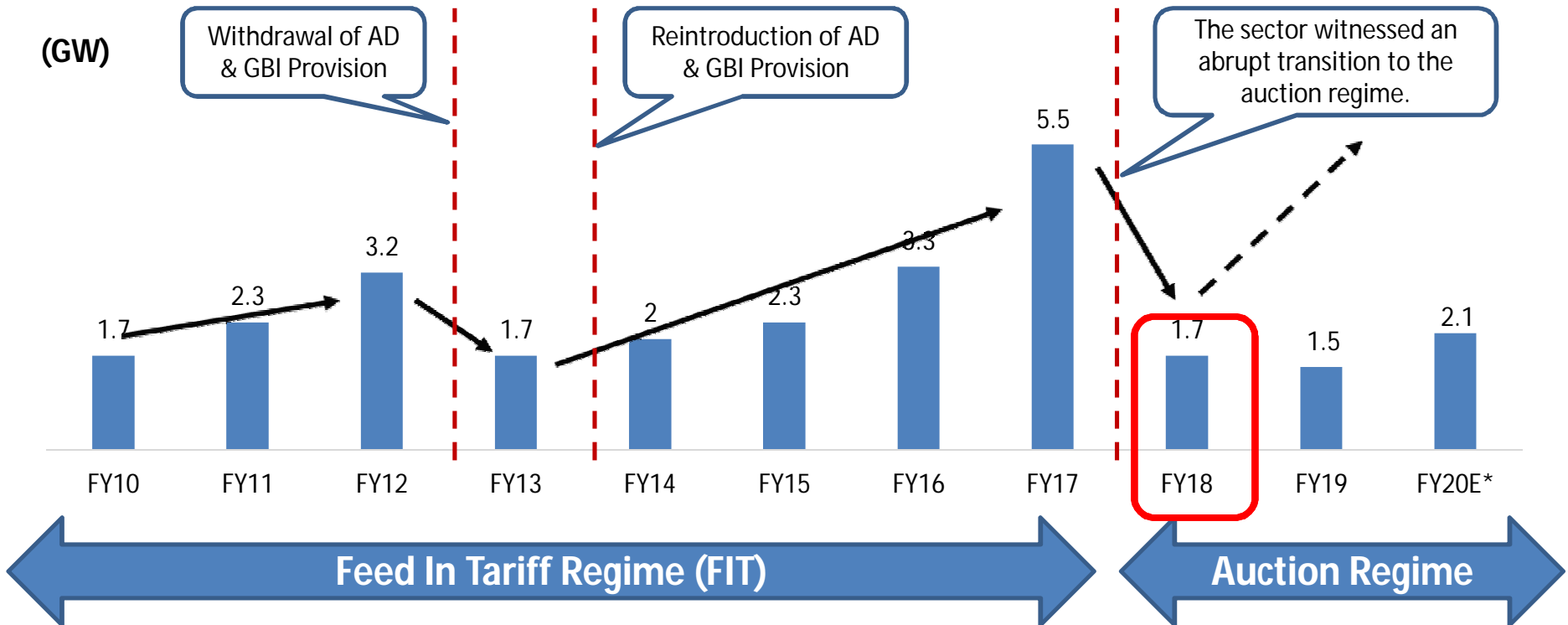
Auction	Period	Volume (MW)
SECI 1 – SECI 3	Feb'17 – Mar'18	4050MW
State Auctions	Feb'17 – Mar'18	1500MW
SECI 4	Apr-18	2000MW
NTPC	Aug-18	1200MW
SECI 5	Sep-18	1200MW
Hybrid 1	Dec-18	840MW
SECI 6	Feb-19	1200MW
Gujarat	May-19	745MW
Hybrid 2	May-19	720MW
SECI 7	Jun-19	480MW
SECI 8	Aug-19	440MW
Hybrid 3	Mar-20	1200MW
RTC 1	May-20	400MW
SECI 9	Expected date 09 th July, 2020	2000MW
Total		17975MW

- The ~16 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.

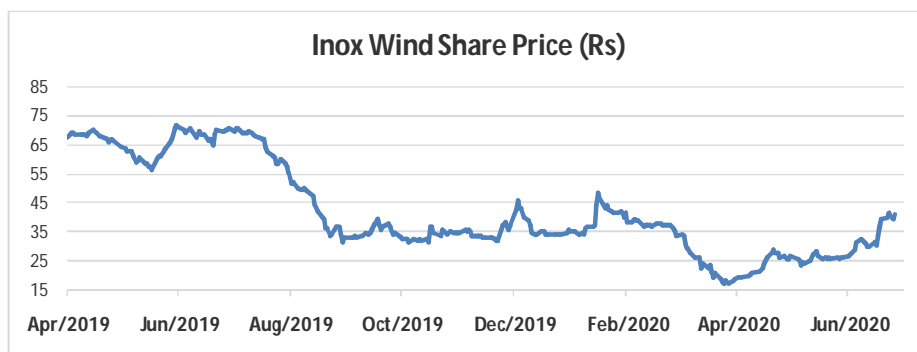
MANUFACTURING CAPACITY



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

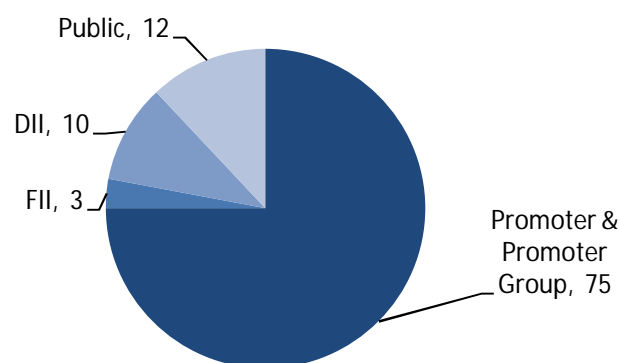
- ✓ Well positioned to take advantage of the growing market.
- ✓ Potential to debottleneck our nacelle and tower capacity with minor capex. Tower capacity can also be outsourced depending on project location.
- ✓ The recently tied up facility to manufacture Nacelles & Hubs at Bhuj in Gujarat will add further capacity.

SHAREHOLDING STRUCTURE



Source - BSE

% Shareholding – As of 31st March 20



Source - Company

Market Data

As on 26th June 20 (BSE)

Market capitalization (Rs. Cr)	908
Price (Rs.)	40.90
No. of shares outstanding (Cr)	22
Face Value (Rs.)	10.0

Source - BSE

Key Investors as of 31st March 20

% Holding

Progressive Star Finance Pvt. Ltd.	3.2%
Aadi Financial Advisors LLP	1.3%
Elara India Opportunities Fund Ltd.	1.1%
Mangal Bhanshali	1.0%

Source – Company



DETAILED FINANCIALS CONSOLIDATED P&L STATEMENT



(In Rs Lakhs)	Q4FY20	Q4FY19	Q3FY20	FY20	FY19
Income					
a) Revenue from operation (net of taxes)	18,925	17,955	17,274	76,019	143,744
Other Income	749	459	702	2,419	1,655
Total Income from operations (net)	19,675	18,414	17,976	78,438	145,400
Expenses					
a) Cost of materials consumed	3,894	11,788	5,437	18,037	88,344
b) Purchases of stock-in-trade	6,809	-	-	11,495	-
c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(2,758)	(1,899)	(1,522)	(2,917)	(4,569)
d) Employee benefits expense	2,152	2,517	2,313	9,022	9,379
e) Finance costs	9,588	4,469	4,471	24,377	16,861
f) Erection, Procurement & Commissioning Cost	5,244	7,382	6,132	25,768	17,962
g) Foreign Exchange Fluctuation (Gain)/Loss (net)	965	29	778	1,379	(685)
h) Depreciation and amortization expense	2,289	1,698	2,151	8,030	6,606
i) Other expenses	2,315	3,683	2,445	7,513	20,403
Net Expenditure	30,499	26,955	22,159	102,680	151,610
Profit/(Loss) before exceptional items & tax	(10,824)	(8,541)	(4,183)	(24,242)	(6,211)
Exceptional item - Provision for expected credit losses	18,739	-	-	18,739	-
Profit/(Loss) from ordinary activities before tax	(29,563)	(8,541)	(4,183)	(42,981)	(6,211)
Total Provision for Taxation	(10,346)	(3,185)	(1,436)	(15,041)	(2,213)
Profit/(Loss) for the period	(19,217)	(5,356)	(2,747)	(27,940)	(3,998)
Other Comprehensive Income (after tax)	9	33	46	100	64
Total Comprehensive Income for the period comprising Net Profit/(Loss) for the period & Other Comprehensive Income	(19,208)	(5,323)	(2,701)	(27,840)	(3,934)
Earning Before Interest, Tax, Depreciation & Amortization (EBITDA) Incl Other Income	1,052	(2,374)	2,439	8,165	17,256
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	(8.66)	(2.41)	(1.24)	(12.59)	(1.80)

DETAILED FINANCIALS CONSOLIDATED BALANCE SHEET STATEMENT



Particulars (Rs. in Lakhs)	As of	As of	Particulars (Rs. in Lakhs)	As of	As of
	31-Mar-20	31-Mar-19		31-Mar-20	31-Mar-19
Assets			EQUITY AND LIABILITIES		
(1) Non-current assets			(1) Equity		
(a) Property, Plant and Equipment	120,009	94,272	(a) Equity Share capital	22,192	22,192
(b) Capital work-in-progress	3,336	6,585	(b) Other Equity	146,372	174,295
(c) Intangible assets	2,768	3,030	(c) Non Controlling Interest	(7)	(39)
(d) Financial Assets			Total equity	168,557	196,448
(i) Investments	6,955	6,931	Liabilities		
(ii) Loans	1,341	1,343	(2) Non-current liabilities		
(iii) Other financial assets	39,493	31,001	(a) Financial Liabilities		
(e) Deferred tax assets (Net)	26,048	10863	(i) Borrowings	11,858	33,161
(f) Income tax assets (Net)	2,785	1600	(ii) Other financial liabilities	183	183
(g) Other non-current assets	7,135	10,957	(b) Provisions	829	755
Total Non - Current Assets	209,870	166,582	(c) Other non-current liabilities	1,881	5,920
			Total Non - Current Liabilities	14,751	40,019
(2) Current assets			(3) Current liabilities		
(a) Inventories	99,410	94,375	(a) Financial Liabilities		
(b) Financial Assets			(i) Borrowings	72,731	76,039
(i) Investments	2,444	2,155	(ii) Trade payables	105,466	88,875
(ii) Trade receivables	132,232	162,985	(iii) Other financial liabilities	41,292	32,019
(iii) Cash and cash equivalents	730	526	(b) Provisions	285	284
(iv) Bank Balances other than (iii) above	15,380	13,014	(c) Current Tax Liabilities (Net)	11	0
(v) Loans	8,056	52	(d) Other current liabilities	126,065	40,421
(vi) Other financial assets	4,618	7,124	Total Current Liabilities	345,850	237,638
(c) Income tax assets (net)	932	330	Total Equity and Liabilities (1+2+3)	529,158	474,105
(d) Other current assets	55,486	26,962			
Total Current Assets	319,288	307,523			
Total Assets (1+2)	529,158	474,105			

THANK YOU



Jitendra Mohananey
Group Financial Controller
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Email : Investors.iwl@inoxwind.com