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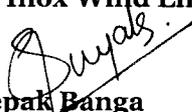
Dear Sir / Madam,

Sub: Transcript of Conference Call with the Investors/ Analysts

The Company had organized a conference call with the Investors/Analysts on 28th October, 2016 post declaration of its Unaudited Standalone and Consolidated Financial Results for the quarter and half year ended 30th September, 2016. A copy of Transcript of conference call held with the Investors/Analysts is enclosed herewith and the same has also been uploaded on the Company's Website, www.inoxwind.com.

We request you to please take the above on record.

Yours faithfully,
For Inox Wind Limited


Deepak Banga
Company Secretary



Encl: as above



“INOX Wind Limited Q2 FY 2017
Results Conference Call”

October 28, 2016



ANALYST: MR. BHAVIN VITHANI - AXIS CAPITAL LIMITED

**MANAGEMENT: MR. DEVANSH JAIN - DIRECTOR - INOX WIND LIMITED
MR. DHEERAJ SOOD - HEAD INVESTOR RELATIONS – INOX
GROUP**

Moderator: Ladies and gentlemen good day and welcome to Inox Wind Q2 FY2017 results conference call, hosted by Axis Capital Limited. As a reminder all participant lines will be in the listen only mode and there will be an opportunity for you to ask the questions after the presentation concludes. Should you need assistance during the conference call please signal for an operator by pressing “*” then ‘0’ on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Bhavin Vithani from Axis Capital. Thank you and over to you Sir!

Bhavin Vithani: Thank you, Rohan. Good evening everyone on behalf of Axis Capital, I welcome you all to the second quarter earnings conference call for Inox Wind. Today we have with us, the senior management of Inox Wind, represented by Mr. Devansh Jain –Director of Inox Wind Limited and Mr. Dheeraj Sood – Head of Investor Relations at Inox Group. Without much ado, I would now like to handover the call to Mr. Dheeraj Sood for the opening remarks post which we could open the floor for Q&A. Over to you Mr. Dheeraj!

Dheeraj Sood: Thanks very much Bhavin. Good evening everyone and welcome to the conference call to discuss the second quarter and half-yearly results of Inox Wind Limited. The results along with the earnings presentation have been uploaded on the websites of both the stock exchanges as well as the company website. I will quickly run through the important operational and financial highlights of the quarter and the half and then we can have the Q&A.

Continuing from last quarter, production in this quarter was further geared towards clearing the inventory backlog and improving the working capital cycle of the company. One of the key reasons that the working capital blockage had occurred was because there was a mismatch in manufacturing capacities and therefore to this extent, this quarter we have again focus on correcting that mismatch and hence also in terms of production, we have consciously focused more on the production of blade and towers and less on the production of Nacelles and the Hubs. In the second quarter 84 Blade Set equivalent to 168 MW, 69 towers equivalent to 138 MW and 61 Nacelles and the Hubs equivalent to 122 MW were produced.

As a result of this at the end of the quarter, majority of the inventory backlog has been cleared and production has been synchronized across Nacelles and the Hubs, Blades and Towers. Clearing of the inventory backlog has led to improvements in the working capital cycle and we expect significant improvements in the working capital cycle going forward as well.

Some other key highlights of the quarter include significant fresh order inflow of 322 MW and the launch of Inox’s 120-meter tower. Also, as we had mentioned in the last conference call as well an intercorporate deposit had been given to our group company Inox Renewable Limited, an amount of about 278 Crores as of March. This ICD has already been repaid to the extent of about 152 Crores and we expect the remaining amount to be liquidated over the forthcoming few months.

In terms of physical numbers as mentioned earlier for Q2 FY2017 122 MW of Nacelles and the Hubs were made compared to 212 MW in the same quarter last year, 168 MW of Blades were made compared to 160 MW last year and the production of towers was at 138 MW compared to 200 MW in the same quarter last year.

Coming to commissioning 146 MW was commissioned this quarter versus 138 MW last year. We are seeing significant ramp up in commissioning activity post the monsoon period and also given the fact that policies are now in place in major states where we operate particularly Gujarat. For the first half of the current fiscal year, 162 MW of Nacelles and the Hubs were produced versus 332 MW last year, 366 MW of Blades were produced versus 280 MW last year and 286 MW of Towers were produced versus 340 MW last year. 194 MW was commissioned in the first half of the current year versus 216 MW in the first half last year.

In terms of financial results, our revenues went from 1,016 Crores in Q2 FY2016 to about 800 Crores in Q2 FY2017. EBITDA including other income went from about 166 Crores to about 117 Crores. EBITDA percentage went from 16.3% to 14.6%. EBITDA without other income went down from 145 Crores to 101 Crores. In percentage terms it went from 14.2% to 12.6%. PAT for the quarter stood at 56.5 Crores. For the first half of the current year compared to the first half of last year, revenues went from 1,660 Crores to 1,235 Crores. EBITDA including other income went from 279 Crores to about 183 Crores and PAT from 154 Crores to about 68 Crores.

In terms of cost analysis for the quarter, raw material and EPC cost which were at 75.6% of the overall sale price in the same quarter last year is now down to 70.8%, which is a cost saving of almost 5% points. Other variable cost was at about 3.5% last year versus 3.9% this year. Fixed overheads went up from 6.7% to 12.7% largely because of lower production of Nacelles and the Hubs. I would just like to reiterate that as far as annual performance targets are concerned, Inox remains firmly on track to achieve those targets.

On the side of working capital, in terms of absolute numbers, working capital declined from the June quarter this year from 2,228 Crores in June 2016 to 2,026 Crores in the September quarter. This quarter we have also seen significant traction in the collection of receivables and we expect significant improvements in the working capital cycle going forward as well.

In terms of order book the second quarter has seen significant traction with fresh order inflows of 322 MW during the quarter. Order book as of September 30, 2016 is 1,346 MW, which is one of the largest order books in the industry and represents roughly 12 to 15 months of execution time. During the quarter we have bagged repeat orders from the likes of ReNew Power, PTC Green Energy, CESC, Malpani Group and also bagged maiden orders for execution in Karnataka. We have also now aligned our manufacturing capacity with the expansion of the Blade and the Tower facilities and therefore our overall current capacity in megawatt terms for Nacelles and Hubs is 1100 MW, for Blades 1600 MW,

and for Towers 1000 MW. With the doubling of the blade manufacturing capacity to 1600 MW and the enhanced tower manufacturing capacity production capacity for nacelles, hubs, blades and towers are now fully aligned. As a result of synchronized production of nacelles, hubs, blades and towers going forward we expect to be able to supply complete sets of WTGs and hence expect to see further improvements in the working capital cycle.

Pipeline of project sites continues to remain extremely robust. We have more than 4,500 MW of project sites as of end of September, which should be good enough for at least another six to seven years of project execution. We remain amongst the largest land bank owners in Gujarat, Rajasthan and Madhya Pradesh and have expanded our presence in Andhra Pradesh and Karnataka with a sizable project site inventory in South India.

Coming to product development in addition to the 113-m rotor turbine, which was launched earlier in the year, our 120-m tower has been duly certified and launched as well. Inox is one of the two players to offer the 120-m tower in the country. The 113-m rotor diameter WTG combined with the 120-m tower offers higher generation, better uptime for our customers, lower operational maintenance cost and hence higher IRRs for the investors. For us it leads to increased margins and higher market share.

So that is the broad overview of the operations. Bhavin we can now open the floor for question and answer session please.

Moderator: Thank you very much. We will now begin the question and answer session. We have the first question from the line of Mohit Kumar from IDFC. Please go ahead.

Mohit Kumar: Good evening Sir. Sir, my question pertains to your receivables. Is it possible for you to quantify as it exists today may be you know how has been the receivables collection over the last month?

Devansh Jain: Again, Mohit, we do not disclose this on a monthly basis, but as has been visible over Q2 there has been a significant traction in collections given the fact that policies are now in place across the board, given the fact that there is complete synchronized supply of components and the fact that a big chunk of what we are doing over the financial year being in Gujarat where the policy has been announced and the PPAs which started getting signed over September there has been tremendous traction in collections. Beyond that it is not possible for us to share with you, but all I can say is we have seen sizable traction and huge momentum in terms of receivables going down as we keep moving forward.

Mohit Kumar: Have you heard anything on the wind auction? When do you expect the auction process to start? Is there any clarity on that?

Devansh Jain: We have now had finally three rounds of comments. SECI put out a bid document in the public domain and asked industry for comments. We have had about three rounds of back and forth. The

final comments have just been put forward and we have seen the final draft come out. I would expect over the next 45 to 60 days the first tender open for comments. So I would expect over December to January the first tender being put in the public domain.

Mohit Kumar: Thank you. Wish you a very Happy Diwali.

Devansh Jain: Thank you. Happy Diwali to you too.

Moderator: Thank you. We have our next question from the line of Charanjit Singh from Batlivala and Karani Securities. Please go ahead.

Charanjit Singh: Sir Good evening. On the execution front, if you can help us understand now in the first half we have done a commissioning of 194 MW, so how do you see the full year volume we should be able to ramp up significantly in the second half?

Devansh Jain: Charanjit, I think we are well on track to achieve to our full year performance target as has been reiterated. I think people are well aware in states when policies are not in place and tariff orders are not in place, PPAs are not signed. Without PPAs you cannot commission turbines. So while you see a number of 194 MW out there, we have a significant amount of turbines already erected waiting for commissioning to happen. While PPAs started getting signed in Gujarat and some other states over September everything cannot be done within September. So like we have said, I think we expect a huge chunk of commissioning to happen over the course of the coming financial year. I would also reiterate if you look at the last financial year FY2016 when we commissioned close to 800 MW, in H1 we had done about 200 MW and in H2 we had done about 600 MW. So honestly we are virtually in the same position as the last financial year. I would not be startled by the numbers we are talking about.

Charanjit Singh: Sir, in terms of the order inflow pipeline, how is that looking like because this year definitely is the market is expected to remain buoyant because of the AD going out and maybe GB also there is some uncertainty going forward, so if you can help us in terms of how much IPP related market you are seeing going forward and government related tenders?

Devansh Jain: You know with respect to order inflow I think we probably bagged the largest number of orders in this quarter compared to the industry. I think if you look at where we stand today, probably we have the largest order book in the sector. I do not think it is a question of whether orders are coming through this, there is huge demand in the market, but there is X amount of volume, which anybody can do within a financial year. We would continue to see order traction and we would continue to increasingly keep getting orders of course there would be significant execution going forward, so to that extent we would not, again I would reiterate this is not a pizza shop where 100 stores goes to 150 stores goes to 200 stores, so the order book is not something, which goes from 1000 to 1300 to 1800

to 2500. This is the largest order book in the sector. You have 15 to 16 to 17 months of visibility with this order book. You do not get more visibility because people are not signing orders beyond that given that policies are in place for X period of time. I mean we are not talking of MoUs and we are not talking of large framework agreements here in the order book because framework agreements can be signed for years depending on where policies come in but without policies in place orders are not firm. Having said that while we see the market there are various independent estimates out there ranging from CRISIL to so on and so forth where people expect the market to be anywhere from 4 to 4.5 gigawatts over this financial year and I think going forward as well we expect the market to be at 4 to 4.5 gigawatts moving up with the central auctions kicking in. Fact of the matter is with the more competitive products coming in the market the cost of energy continues to decline. Case in point is the 113-m blades or now the 120-m towers. Wind energy is probably the lowest cost of power today compared to any other source of energy whether it is solar or biomass or any other source of power. Majority of the wind state tariffs are now between 4.15 and 4.7 and I think with increasingly more and more competitive products coming in the market I think wind is only getting more and more competitive. So going forward as well we expect momentum to be maintained in the markets with respect to four to five gigawatts of market at least in the foreseeable future of the next financial year.

Charanjit Singh:

Last thing on the receivables part, now that is kind of 2000 Crores of sticky number because even at the end of September 2016 so is it related to these PPAs not getting signed and commissioning getting deferred and how do we see just to come back again on this question like how do you see the receivables panning out over the second half? Do we see a significant reduction?

Devansh Jain:

Charanjit, we have said this multiple times. I think there were valid reasons for this going up. Majority of it has been the mismatch in terms of blades, towers, and nacelles. As you may be seeing, we have learnt from what was happening in the past, we now continue to supply only synchronized sets in the market. We have cleared backlogs of blades and towers but once you clear backlogs money does not come in overnight, number one. There is an X number of days within which you should get the money. Second as you may have been known in many cases while orders were intact, draft policies were in place, the final policies have come in only towards September, August and September. So once the policies came in and people got the confidence and PPAs started getting signed money started coming in. If you look at our collections, we have almost doubled our collections in Q2 compared to Q1. Supplies have been very limited in H1. It is only blades and towers, which have been going out in the market. So we would continue to see huge traction in collections in Q3 and obviously Q4 would be the largest quarter in terms of collections. We said this multiple times and I would like to reiterate. I think we are well on track to keep reducing our working capital cycle. We are well on track to become a net debt free company by the end of this financial year. It is very hard for me to tell you every month; October what is our collection, what is our status in October or what will happen in November or December. **Charanjit Singh:** Sir the last question will be the new SECI order this opens up kind of market where central government is getting into the

wind market and how do you see this kind of a business models scaling up? Do we see further orders coming from SECI in this segment and like you mentioned that the market can be much higher or bigger because with this kind of a phenomenon in the sector?

Devansh Jain: Certainly just to correct one of your understanding SECI will be carrying out the auctions. SECI is not placing orders on Inox Wind or on any other competitor. Just like the solar tenders where SECI does auctions and they award PPAs to people, what the Central Wind Auctions allow us to do is there is a non-solar RPO obligation across the country, across every state, but states which are not endowed with wind energy obviously cannot set up wind turbines and hence until now they were unable to fulfill their non-solar obligation. Through the central auctions, SECI is carrying out bidding and awarding PPAs and then through PTC and SECI these guys would be transmitting the power on a pan India basis and supplying and enabling states which are not able to fulfill their non-solar obligation to fulfill their non-solar obligation. This is very much in public domain, which has been mentioned multiple times by the Power Minister as well this 1000 MW initial tender is only the beginning of the central auction. They intend to scale this up manifold. If you recall when the first solar auction was carried out it was for 50 MW or 100 MW. In wind there is jump from 50 to 100 to clearly 1000 MW to begin with. Once we have the first auction done and some learning from this if at all there are they would be scaling this up manifold. To put a number in perspective the unfulfilled non-solar obligation of states in India today is approximately 27000 MW. You can just visualize the kind of demand, which is still readily available.

Charanjit Singh: Thanks a lot for taking my questions and wish you a very Happy Diwali.

Devansh Jain: Thank you Charanjit. Wish you a very Happy Diwali too.

Moderator: Thank you. We have the next question from the line of Suyesh Kapoor of Maple Vypaar Private Limited. Please go ahead.

Suyesh Kapoor: Good evening Sir. First of Happy Diwali to everybody. Sir, you have mentioned regarding backlog of inventory. Please explain how backlog of inventory has been cleared. Sir, what costs the company has incurred while executing this backlog of inventory?

Devansh Jain: The Company is not incurring costs to clear backlog of inventory. What this means is we had a lot of backlog in terms of mismatch of blades, towers and nacelles, and what the company has achieved over H1 is clear this mismatch. This backlog of blades and towers, which has to be manufactured and supplied to have synchronized supply of complete wind turbines in the market.

Suyesh Kapoor: Sir, I got your point, but with due respect, Inox group is one of the most respectable and one of the most shareholder awarding group. Sir, how this mismatch had happened? Has any report been come out? Like we have seen in the market that even great corporates facing this problem so they come out

with an independent audit report or an independent report that what was the reason for this mismatch. You have been a very well managed company and very rewarding for the shareholders?

Devansh Jain:

Since you understand the Inox Group well, I am sure you have gone through multiple press releases and I am sure you have gone through the various other investor presentations, which have been put out in the public domain. The reason for the inventory mismatch there is multiple contracts previously allowed us to supply nacelles independently, blades independently and towers independently. Contractually these monies are receivables from a majority of our customers; however, customers in their prudence decide to delay payments by saying let us get the complete set to collect money. Now when you have certain big customers, you are not going to take a gun to the head and say please pay me today itself. There may be delays of 60 days, 90 days, and 30 days, in some cases and if there is an incomplete turbine these guys delay payments. These guys continue working with us, continue giving us repeat orders. Going by practical experience of the past irrespective of what contract say the company has decided going forward we will be supplying only complete sets, because once you have a complete set within an X number of days, the turbine is erected and commissioned.

Suyesh Kapoor:

One more question, what is the current debt of the company as on September 30, 2016 and follow up question is that is there any plan to bring in foreign players like Vestas to invest in your company like you have been very kind enough to mention and with full confidence that Inox to be a debt free company. As an investor I respect your view and salute your view that you want to be a debt free company but is there any plan to bring in foreign technology from these players like Vestas?

Devansh Jain:

I think we continue to be at the forefront of the technology revolution. We were the first to introduce double side induction generator turbines in this country. We were the first to introduce the 93-rotor diameter blades in the country. We are one of the two players in this country to offer 120-m blades. I hope you do understand there are over forty players who exist in India ranging from the Chinese to the Europeans to the Americans. Inox Wind in a period of four years has gone on to become the second largest player in the sector and we will continue to do what we need to do to remain at the forefront of this. Having said that what I would also like to reiterate as a group we do not like debt. At this point in time given the size of the company, our net debt to equity ratio, I do not have this data right in front of me but as of March it is 0.3 so in all prudence I think having a net debt to equity ratio of 0.3 is a very healthy matrix. Having said that like I mentioned the group does not like debt give where we are we expect to be debt free by the end of the financial year and that is about it.

Suyesh Kapoor:

You have a very good vision. I respect your vision. You have a vision that you want to be a debt free company, but what is the roadmap. Once again I wish very Happy Diwali to all of you. Thank you.

Moderator:

Thank you. We have our next question from the line of Abhijit Vara from Sundaram Mutual Fund. Please go ahead.

- Abhijit Vara:** I wanted to get clarity on IPO proceeds which are still pending because the capex is complete, so 110 crores is still pending from the IPO proceeds. So when do you plan to utilize this and has there been any cost savings in the capex program?
- Devansh Jain:** Well at this point in time, we still need to build the nacelle and hub plant at Madhya Pradesh which was part of the plan from the IPO proceeds. But given the fact that we have ability to debottle the Himachal plant itself, we have out that plan in abeyance at this point in time. Because from the 1100 MW of nacelle capacity, we could take it upto 1400-1500 MW with minor investment. Given the fact that we don't need this at this point in time, we have kept it in abeyance. As and when we need it, we will move forward with the investments.
- Abhijit Vara:** Secondly, this investment in subsidiary, 90 odd crore is still pending from IPO proceeds. This is towards the working capital of the EPC arm right? So this is yet to be deployed.
- Devansh Jain:** Again, as you may understand in IPO proceeds, there are specific sites mentioned, specific projects mentioned. Lot of it was to go to execution in Rajasthan and Maharashtra, because execution in Maharashtra and Rajasthan has slowed down, those investments have not taken place. That's the reason they are still pending. While we can move an amendment to get those objects changed, we have not it so far because those states will open up at some point in time and we don't think those are written off projects.
- Abhijit Vara:** Also interest cost sequentially QoQ has come down. Is this because of gross debt coming down or reduction in interest rates?
- Devansh Jain:** I think both. I think there has been some amount of debt that has come down and to some extent interest rates have come down. It's a mix of both.
- Moderator:** Thank you. We have our next question from the line of Kaushik Poddar from KB Capital Markets. Please go ahead.
- Kaushik Poddar:** You just talked about you being at the forefront of technology as far as wind turbine is concerned, so my first question is what is the kind of R&D spends for you, and are you also looking at offshore wind turbines as well, manufacturer of the same.
- Devansh Jain:** One, we do not have any R&D spends internally. We work closely with our technology partner AMSC to develop turbines and bring them to India. AMSC is the world's largest or second largest independent technology provider with over 18 to 20 gigawatts of turbines operating globally. As you may understand technology is very important, but wind turbines are not rocket science anymore.

Through AMSC we have had access to the entire fleet of the 2 MW products, we have announced about three quarters ago, we are also working with AMSC to develop the 3 MW turbines for Indian climatic conditions that continues to progress well and we will launch that turbine at the opportune time in the Indian market.

Kaushik Poddar: Do you have an exclusive technology tie up for them as well as India is concerned?

Devansh Jain: All exclusive licenses for the Indian market and non-exclusive globally.

Kaushik Poddar: As far as the offshore wind market is concerned is there any thought on that?

Devansh Jain: In all our prudence we do not think the offshore market will be taking off at this point in time simply because the cost of offshore energy, the cost of offshore energy is two to three times the cost of onshore energy. You go to offshore once you exhaust onshore potential. It is just at the tip of the iceberg in India depending on which estimate to use, potential ranges from 1 lakh megawatt to 9 lakh megawatt based on existing technologies and the Indian market is only at about 27000 megawatt. So for the next decade, I do not think we are moving beyond onshore. Unless of course, you are a country like China where governments can mandate that you need to put up Xpercent through offshore, but like I said in India people are looking at cheaper and cheaper cost of energy. I do not foresee any government coming and telling us to buy power at Rs.9 or Rs.10 when many states do not want to buy power at Rs.4 to Rs.5 itself.

Kaushik Poddar: So you feel that next six to seven years the onshore?

Devansh Jain: For the longest period of time, I do not think offshore is going to be reality in India.

Kaushik Poddar: Will land be a problem?

Devansh Jain: Offshore you do not need land.

Kaushik Poddar: I am talking of onshore. Whatever you are putting because in all your things you are saying that you also have the land along so that the projects can be installed, so will that land constraint be a problem ever.

Devansh Jain: I am not sure why there is any constraints. You already have a visibility for the next five to six years.

Kaushik Poddar: Okay next five to six years should be okay should not be a problem as far as land is concerned.

- Devansh Jain:** That assumes that we do not add any incremental land bank, right. So for the past two years, the land bank continues to remain at five to six year visibility because we continue to add land bank on a year-on-year basis.
- Kaushik Poddar:** You are incrementally adding land bank every year?
- Devansh Jain:** Yes.
- Kaushik Poddar:** Okay. Thank you.
- Moderator:** Thank you. We have the next question from the line of Pawan Parikh of HDFC Securities. Please go ahead.
- Pawan Parikh:** My first question is on the order inflow. So I guess, we announced 350 MW orders are on the third of October and no orders from that 350 MW is included in our current order inflow for this quarter, right?
- Devansh Jain:** Majority are.
- Pawan Parikh:** So some of them are not included?
- Devansh Jain:** I do not have the exact number, but barring may be one or two contracts, which may have been signed in October I think primarily almost all of them, are included in that.
- Pawan Parikh:** Secondly Sir, on the ICD front it seems like the ICD amount has increased versus what it was at the end of Q1. Is that right?
- Devansh Jain:** It is incorrect as of Q1 the ICD was 278 Crores. At the end of Q2 the ICD has reduced by 158 Crores. So in fact the ICD has gone down from 278 Crores in Q1 to 120-odd Crores in Q2.
- Pawan Parikh:** Because in our Q1 presentation we had mentioned that it has been brought down by 200 Crores.
- Devansh Jain:** We had mentioned as of September. If you look at Q1 we never reduced the ICD in Q1. We mentioned that in the call that as of September we have already reduced. So we repaid that ICD in September but that was not in Q1. We have mentioned very clearly in the presentation as of September we have reduced the ICD. I think we were very, very clear about that in our conference call and our presentation.

- Pawan Parikh:** Sir in this presentation you have mentioned that there is some 70 MW of order that we have removed from the kitty. Can you throw some light here as to what was the money that we spent and if there is any potential losses from this and why this actually order got cancelled?
- Devansh Jain:** We have not spent any money. It was an order for a site, which we wanted to do this year. We have canceled and we have removed that from our order book because that customer continues to face various challenges. They have not been able to pay advances to us. They have not been able to get their financial closure so we kind of removed them from our order book. There was no point closing a contract with a customer and keeping it in our order book when the customer itself has no line of sight as to when he will be able to go ahead with that. We have actually gone and resold that site to another customer.
- Pawan Parikh:** So there is no potential liability recoverable amount from that customer with regard to this?
- Devansh Jain:** We did not go ahead with the project. It was supposed to be executed in this financial year. It was signed in Q1 but because the customer has not been able to organise equity and debt in spite of various assurances we have chosen to count that out of our order book and we have actually gone and resold that site to somebody else.
- Moderator:** Thank you. We will take the next question from the line of Deepak Agarwal from Elara Capital. Please go ahead.
- Deepak Agarwal:** My first question is in continuation with the earlier question from Abhijit. Your debt level has actually gone up, if I see versus March versus September, so I am not sure why the interest has come down because you were mentioning that both the debt as well as interest rates have come down?
- Devansh Jain:** I am not sure where you are coming in from but as of what if you are looking at the overall working capital situation as of September.
- Deepak Agarwal:** I am looking at the short-term borrowings plus long-term borrowings short-term borrowings are up from 1400 to 1650?
- Devansh Jain:** Can we request you to connect with our team offline so that we can get the details and discuss this?
- Deepak Agarwal:** My second question is like we are almost H1 is over and even October is almost through. Now do you think you still stick to your annual guidance of 50 to 55 billion of revenue and maintaining the margin for FY2017?

- Devansh Jain:** Again I think we said that in no unclear terms. I do not know different people would be carrying different numbers, but what the company has set out for itself we are well on track to achieve a full year guidance.
- Deepak Agarwal:** My last if I can just squeeze in, how do you see the outlook for the order inflow in the second half, like now this would be fair enough to assume bulk of the order inflow you will be getting or you might have got in September would be scheduled for FY2018 commissioning.
- Devansh Jain:** These would be for FY2017 commissioning. We do not see order inflows for bulk of FY2018 at this point in time for FY2018 majority of the order inflows kick starts in Q4 and to some extent in Q1. I do not think we are going to see significant order inflows going forward. People do not keep ordering for the next financial year without policy clarity.
- Deepak Agarwal:** So this 322 is almost would be made operational this year itself?
- Devansh Jain:** I do not have each of the contract details in front of me, but yes significant chunk of that would be made operational within this financial year.
- Deepak Agarwal:** Thanks a lot. I will get back in the queue.
- Moderator:** Thank you. The next question is from the line of Ruchi Mittal from CD Equisearch. Please go ahead.
- Ruchi Mittal:** Happy Diwali Sir. I just wanted to know how much of your receivables come from IPPs?
- Devansh Jain:** I would expect IPP should be at about approximately 70%.
- Ruchi Mittal:** Why has your other expenses increased so much?
- Devansh Jain:** Other expenses to some extent include job work expenses of outsourced towers. We out sourced lot of towers in the south, which would come under the other expenses, but honestly I would focus on the bar graphs, which we put up in the presentation, which, I would request you to focus on slide 8 it talks about the variable cost, and the raw material costs. As you can see there is a considerable decline on the raw material cost and the EPC costs the fixed cost which go up. Now why would see other expenses go up in certain quarters is depending on what freight costs we are paying and what we are paying to third party tower manufacturers. What has happened over this quarter is there has been a lot of logistic movement of inventory to the south where we are building now projects such as AP and Karnataka and Gujarat is kick starting now given the fact that the policy clarity kicked in now. Logistic costs in blades and towers are almost two to three times the logistics cost of a nacelle and as you may see over the H1 of Q2 we have had huge amounts of blades and towers which have been dispatched as opposed to nacelles and that is the reason you see a jump in other expenses as opposed

to others, but that is more to do with what products we sent out in the market at this point in time rather than anything else.

Ruchi Mittal: Sir one more question how do you calculate the megawatt-executed is it on the basis of the commissioning?

Devansh Jain: Well in most cases it would be on the basis of commissioning, so in terms of equipment supply it would be in terms of supplies done in terms of other contracts it would be with respect to complete sets supplied and commissioned.

Ruchi Mittal: Okay Sir because last quarter sorry same last case in quarter so you took the highest nacelles and hubs 212 megawatts and this one you are taking commissioning?

Devansh Jain: Well like I mentioned to you what we do is on a quarterly basis execution in terms of equipment supplies at the end of supplies and in the case of turnkey contracts is when one supply is done and commissioning is done. Complete supplies so mismatches are not counted and now with that we are making only synchronized supplies it is a synchronized executions.

Ruchi Mittal: Thank you Sir. Thanks a lot.

Moderator: Thank you. We have our next question from the line of Sameer Kapadia from Fortune Interfinance. Please go ahead.

Sameer Kapadia: I just wanted to get clarity in regards with the orders which you said of 27000 megawatts which has been pending under the RPO obligation is it for wind energy alone or like it includes the other renewable energy sources as well.

Devansh Jain: 27000-megawatt is the unfulfilled non-solar RPO obligation.

Sameer Kapadia: So it is for the wind.

Devansh Jain: When non-solar includes wind and biomass but probably in 90% of that I suppose would be wind given the fact that biomass is a very small part of that.

Sameer Kapadia: Secondly in regards with what are the implications for the states for not fulfilling this RPO obligation?

Devansh Jain: I think the important thing is with the new government in place and the amendments to the electricity act and the National Tariff Policy there are stiffer penalties and I think a lot of the UDAY restructuring has been linked and the bond issuances has been linked to the fact that states need to

fulfill the RPO obligation. So rather than just a small penalty of let us say Rs.2 lakh or Rs.3 lakh on the respective ERC the government is it is a carrot and stick policy to be honest the government is linked the UDAY disbursement bond issuances to them fulfilling their RPO obligations amongst a lot of other criteria which they need to fulfill number one. Number two I think the fact is at the end of the day with renewable energy cost becoming more and more competitive gone are those days when power is at Rs.5.5, Rs.6, Rs.5.8. At Rs.4 to Rs.4.5 the state Discoms themselves are not averse to fulfilling their RPO obligations this is fundamentally the most important point. UDAY, no UDAY government putting penalties and all come secondary.

Sameer Kapadia: Sir just I wanted to understand get that this penalty, which has been imposed on the states, is stricter enough for them to offset?

Devansh Jain: I think the UDAY restructuring is a strictest thing, 1 or 2 lakh to be honest a 1 or 2 lakh penalty is not going to make somebody bend but the fact of the matter is the entire UDAY restructuring one of the key conditions for the bond issuances and support from the center is that states need to fulfill their RPO obligations and I think Ministry of Power and MNRE are going hammer and tong after states to ensure that this is fulfilled.

Sameer Kapadia: My second question was in regards with the hybrid policy which has been announced so like to what extent the company could benefit from it and like by when, if you can throw some sense on it?

Dheeraj Sood: As you probably aware that we are one of the largest land bank owners in the country with land of more than 4500 megawatts so we will be one of the biggest beneficiaries of the hybrid policy in the sense that we will install solar panels in wind parks where we already have the common infrastructure commissioned and constructed. So what we will do is we will take advantage of the common infrastructure facilities and since both technologies are complementary as well in the sense that solar panel will operate and supply electricity during the day and wind will supply electricity during the night. So it is beneficial to for both the SEBs in terms of more stable supply of power and for the generated as well. So with the common infrastructure facilities already constructed and commissioned we will probably be one of the lowest suppliers of hybrid services as well, especially when it comes to installing solar panels.

Sameer Kapadia: Sir what was I trying to understand like in terms of the order book how much incremental of megawatts order could be achieved because of that solar?

Devansh Jain: Honestly incremental order book really does not matter in this because end of the day while solar panel may got 5 or 6 Crores 90% of that business is in the panel and the EPC already done. So while value of the order will be large in terms of 5 Crores or 6 Crores of megawatts incremental margins from that will only be 2% to 3%, because there is limited work we are doing there is only panel which is fixed which 90% of panels come from China and Korea and Taiwan. EPC piece EPC job work

involving solar is very, very insignificant what we will be leveraging as a company if the land bank which we already own on which wind turbine stand and the common infra already build on which we are allowed to load incremental solar energy. So to that extent the savings that accrue to what are really the costs other people would who spend on building the common infra and on the land that would be the margin we would be making in this business, which would make 2% to 3% plus the routine 2% to 3% in any routine solar EPC contract.

Sameer Kapadia: What is the solar tariff rate if you can tell me?

Devansh Jain: Sameer solar tariffs are typically at about Rs.4.5 on a pan India basis.

Sameer Kapadia: Thank you Sir.

Moderator: Thank you. We have our next question from the line of Paras Nagda from Enam Holdings. Please go ahead.

Paras Nagda: Thanks for the opportunity Devansh wish you a very happy Diwali.

Devansh Jain: Happy Diwali Paras. Good to hear from you again.

Paras Nagda: Devansh, we were just wondering if you could give some sense on the receivables ageing if that is possible.

Devansh Jain: Should I talk in terms of less than six months and over six months if that helps?

Paras Nagda: Yes.

Devansh Jain: So the 2400 odd Crores roughly 1800 odd Crores is within six months, just give me a second, is there any other question which you have.

Paras Nagda: No that is it Devansh.

Devansh Jain: Yes the finance guys are summing it up it is front of us. We will get back to Paras in a minute. We can get to the other question in the meantime.

Moderator: We have our next question from the line of Darshan Deora from Invest Group. Please go ahead.

Darshan Deora: My question was again regarding with receivable in the commentary you have said that fair amount of work has been done on the collection side but if I look at the absolute amount of receivables it sort of stuck at 2400 Crores for March 2016 as well as June 2016 as well as September 2016 and in that

interim period the trailing revenue has come down for the 12 months from 3800 Crores to 3600 Crores to 3400 Crores this kind of means that the days receivable has gone up from 224 to 252 so can you just give some more light on what exactly is happening in terms of days receivables?

Devansh Jain:

Again, I think we have maintained this multiple times. There has been a lot of mismatch in terms of inventory so whatever we supplied while we completed to supplies at this point in time by supplying the blades and towers and majority of that was in Gujarat the policy itself did not exist in Gujarat where the draft policy which itself got delayed by six months which got announced on August 30, to be précisised the first PPAs in Gujarat started getting signed from the September 15, as a result of which now that the inventory backlog is cleared and we have got complete sets sitting there or turbines erected till when commission people were delaying payments. So while as an investor it will be hard for you to appreciate the nuances involved what actually happening is all the stuck ups if I may say due to policies not existing or due to nacelles lying on the ground without blades and towers has now been cleared. What you will now start seeing is a lot of collections so for example even if you look at Q1 where our collections were close to about 450 Crores our collections in Q2 have been now 850 to 900 Crores. Collections are continuously increasing now that policies are in place and execution on the ground, which had already been done, is getting commissioned. So as we keep moving forward you will see a huge chunk of this receivable continuously going down.

Darshan Deora:

Got it and the second question that I had was respect to the order book so in one of the prior questions you mentioned that most of the 350 megawatts you are expecting to sort of commission probably in this financial year itself. So you already have an outstanding order book of another 900 odd MW if I remove these 350 MW that 900 MW is relating to FY18 or is that also expected?

Devansh Jain:

For example part of those orders were dependent on certain policies in one or two states which was stuck up the fact of the matters many of them has come at now so you cannot execute everything today so a lot of these orders will automatically move into the next month so when you look at when we have mentioned expected time of execution to be 12 to 15 months it is from any point in time. So obviously 1340 megawatts will not be done within the next six months so by that substantial amount will be done within this financial year, but yes there would be a significant chunk of these orders which will flow in to the next financial year particularly the tenders which we have been winning over the course of this financial year.

Darshan Deora:

I am assuming of following some sort of a FIFO system right, as an order they came in earlier would probably get executed.

Devansh Jain:

Not true, depends on it is not FIFO it is a function of what timelines are given to us to executive the project so for example in terms of tenders we are given six months to nine months depending on which tender we are working on in certain cases tenders give us even one year to execute those projects.

- Darshan Deora:** Got it, thank you and wish you guys a Happy Diwali.
- Devansh Jain:** Thank you. Happy Diwali to you too.
- Moderator:** Thank you. We have a follow-up question from the line of Suyesh Kapoor from Maple Vypaar Private Limited. Please go ahead.
- Devansh Jain:** I'll just get back to Paras, Paras has asked a question. Paras in terms of 0 to 180 while what we have sold in H1 is about 1300 Crores of sales and when I give you the number 0 to 180 we have got about 2000 Crores of money in terms of aging and we have got about 400 Crores which is over 180 days. I mentioned this to you because you have obviously immediately question would be your sales would have been 1300 Crores in the past H1 so in many cases because of policies itself got stuck collections did not become receivable to us which were receivable to us as of March 31, these are all receivable to us now because policies are in place in Gujarat now.
- Paras Nagda:** This really helps thanks Devansh.
- Suyesh Kapoor:** Sir my follow up question was what is the cost the company is incurring while adding land banks sir like are you owning this land bank or have you taken it on lease if you can please throw some light on it and you are saying in the past that you are significantly adding up this land bank so what is the cost you are incurring and what is the mode of acquisition?
- Devansh Jain:** The majority of the land bank which we continue to add are revenue lands which are low cost lands while we have access to multiple developers who own private sites which are very expensive we buy private sites only when we are executing it within that financial year so we do not buy private sites and hold them for years because private sites you can buy at any point in time. All our land banks which we hold for a long periods of time our low cost government revenue lands or waste lands which come at Rs.1 to Rs.2 lakh a megawatt.
- Suyesh Kapoor:** Sir as on date what is the amount can you say categorically if you say what is the amount is invested according this land banks as on date?
- Devansh Jain:** Well it is hard to say as on day because we have executed a huge chunk and lot of that includes now private lands which are commissioned and gone but all I can say the initially when we started about a year and a half two years ago when we had almost about 4 gigawatts of land without removing what we executed we had build at 4000 megawatts of land at a cost of less than 50 odd Crores and as we have been growing and adding private sites which we keep executing that within that financial year they obviously are more expensive.

- Moderator:** Thank you. We have our next question from the line of Abhijth Vara from Sundaram Mutual Fund. Please go ahead.
- Abhijth Vara:** Thanks for the follow-up. I just wanted to clarify this thing with that right now since the inventory backlog has been regularized will the some portion of receivables shift to inventories going forward in the sense that right now you are billing different components separately so it might be showing up in receivables will it move to inventory and so inventory days might increase?
- Devansh Jain:** No Abhijit. This will not move to inventory because what we are doing is those blades and towers the excess, which we manufactured to clear the backlog has gone to the nacelles which were already supplied in the past and any new supplies which are taking place are complete sets which are going out in the market.
- Abhijth Vara:** Right and one follow up question would be suppose you have to send this set from Gujarat or MP to Andhra Pradesh how long will it take logistics wise?
- Devansh Jain:** So depending on which blade type if they are the larger blades which take hydraulic trailers it would take as about 7 to 8 days,if they are not on the hydraulic trailers or smaller blades it would take us about 18 days. In terms of towers it would take us about 10 days and in terms nacelles it would take us about 18 days because nacelles go from Himachal Pradesh. So on average I would say a complete set takes about 18 to 20 days to reach site in South India.
- Abhijth Vara:** Right what I wanted to achieve is to ensure that you are talking about the entire networking capital not just receivables, which will improve going forward?
- Devansh Jain:** Well again I think we have said multiple times we are well on track,the company set up certain targets which we have discussed in the past we have got certain benchmarks we are following and I think if you look at what is happening from March from 1600 we move to about 2200 in June which has now come down to about 2050 we continue to go on a declining trend and I think over the next two quarters we should see substantial improvement continuously in the overall working capital of the company. Request our investors to focus on the overall working capital on a continues basis sometimes inventory will go up, sometimes receivables will go up or go down in so on and so forth. I think as I was communicated multiple times I think we have taken a lot of corrective actions based on the learnings of the past. We are well on track to be a net debt free company by end of this financial year and I think that would answer a huge chunk of working capital being freed out.
- Abhijth Vara:** Thank you. Happy Diwali to you guys.
- Moderator:** Thank you. Ladies and gentlemen that was the last question. I would now like to hand the conference over to Mr. Bhavin Vitlani for closing comments.

Bhavin Vithlani: Thank you Rohan. Firstly, I would like to thank the management for giving us the opportunity to host the call and wish a very Happy Diwali Devansh and Dheeraj. If you have any closing comments before we close the call.

Devansh Jain: Thank you for taking out the time to be on the conference call. We appreciate all of you being shareholders of Inox Wind. I will just reiterate the company has strengthened its longstanding relationships with some of the largest IPPs and corporates in the country over this quarter. We have had multiple repeat orders, ranging from Renew, to PTC to SVL to Green Infra so on and so forth. With the higher production of blades and towers which has been carried out over H1 we have cleared a significant portion of all the inventory backlog and now we are well synchronized to supply all turbines in completeness which is nacelles, blades and towers. With monsoon gone I think there is significant execution ramp up which is taking place across India given the fact that policies have now been announced on a pan India basis, there is absolute clarity of PPAs and commissioning across states. We continue to ramp up execution and commissioning. We are well on track to meet our annual performance targets and we continue to work towards reducing the working capital cycle the company is has and I would reiterate I think we are well on track to be a net debt free company by end of this financial year. Thank you for your time and wish you all a very Happy Diwali.

Moderator: Thank you. On behalf of Axis Capital Limited that concludes this conference. Thank you for joining us. You may disconnect your lines.