



Dated: May 19, 2021

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The Manager
National Stock Exchange of India Ltd
Listing Department
Exchange Plaza, 5th Floor, Plot no. C/1
G Block, Bandra Kurla Complex
Bandra (E), Mumbai-400 051

Scrip Code: 540750

Symbol: IEX

Sub: Transcript of the Earnings Conference call with analysts and investors relating to Financial Results of the Company for the quarter ended March 2021.

Dear Sir/Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached transcript of earnings conference call held with analysts and investors on **May 14, 2021, at 02:30 pm (IST) to discuss the financial results of the Company for the quarter ended March 2021.**

The above information will also be made available on the website of the Company:
www.iexindia.com

You are requested to take the above information on record.

Thanking You.

Yours faithfully,

For **Indian Energy Exchange Limited**

Vineet Harlalka
CFO, Company Secretary & Compliance Officer
Membership No. ACS-16264

Indian Energy Exchange Ltd

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“Indian Energy Exchange Q4 FY2021 Earnings Conference Call”

May 14, 2021



ANALYST: MR. SUMIT KISHORE - AXIS CAPITAL LIMITED

MANAGEMENT: MR. VINEET HARLALKA - CHIEF FINANCIAL OFFICER
MR. RAJESH MEDIRATTA- DIRECTOR, STRATEGY & REGULATORY AFFAIRS
MR. ROHIT BAJAJ- HEAD, BUSINESS DEVELOPMENT
MR. AMIT KUMAR – HEAD, MARKET OPERATIONS
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MR. GAUTAM SANGH - CHIEF TECHNOLOGY OFFICER
MS. APARNA GARG – LEAD, INVESTOR RELATIONS



*Indian Energy Exchange
May 14, 2021*

Moderator: Ladies and gentlemen, good day, and welcome to the Q4 FY2021 Earnings Conference Call of Indian Energy Exchange 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 questions after the presentation concludes. Should you need assistance during the conference call, please signal 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. Sumit Kishore from Axis Capital Limited. Thank you and over to you Sir!

Sumit Kishore: Thank you Rutuja. Good afternoon ladies and gentlemen. On behalf of Axis Capital, I am pleased to welcome you all for the Indian Energy Exchange Q4 FY2021 earnings conference call. We have with us the management team of IEX, which is represented by Mr. Vineet Harlalka, Chief Financial Officer, Mr. Rohit Bajaj, Head - Business Development and Ms. Aparna Garg, Lead - Investor Relations. Now we will begin with the opening remarks from Mr. Bajaj followed by an interactive Q&A session. Over to you Rohit!

Rohit Bajaj: Thank you Sumit. Good Afternoon, dear friends! I welcome you all to the Q4 and fiscal year 2021 earnings call. Present with me today are – Vineet Harlalka, Rajesh Mediratta, Amit Kumar, Sangh Gautam, Samir Prakash, Deepak Mehta, Indranil Chatterjee, Shruti Bhatia and Aparna Garg. Our Chairman and Managing Director Sh S. N. Goel is unable to join us today. He had been unwell and is now recovering.

Amidst the surging CoVID pandemic, I sincerely hope you, your colleagues and your families have been keeping safe, healthy, and cautious. The second wave has affected us in so many ways. Our wishes for everyone’s wellbeing, good health, and speedy recovery. It has been almost a year since we have been confronting the CoVID-19 pandemic. Its harsh realities have impacted many of us besides marking a dent on the economy, industry, as well as life as such. The second wave of the pandemic poses some risks and might offset some of the economic gains made in the last two quarters. The fiscal year 2021 has had its own share of ups and downs. As we faced the hardships caused by the pandemic, the macro-economic growth indicators dipped to an unforeseen level. The energy and power sector have not been an exception. The first two quarters were difficult; however, the last two quarters have seen good growth momentum led by the resilience on the economic and industrial activities front. In fact, in both Q3 and Q4, IEX achieved the highest quarterly volumes ever traded at the platform. During the fiscal year 2021, we made significant contribution towards supporting the economic and industrial revival through our robust Business Continuity Plan. It ensured round the clock access to our trading platform and facilitated the distribution utilities with uninterrupted access to most competitively priced

electricity in the most flexible, transparent, and reliable manner thereby helping them accrue financial savings as well as improve their financial liquidity. Besides, the launch of the new market segments – real time market as well as green market added much needed vibrancy and dynamism to the market providing greater choices in terms of the product offerings to the market participants. As our nation prepares to revive the economic growth, we are confident of playing a key role in establishing an efficient energy order and supporting India's transition to building a sustainable energy economy.

Technology and Innovation are the key cornerstones of our vision to build energy markets. As a technology-led marketplace, we strive to integrate innovative technologies at both the trading and enterprise IT levels, to provide an intuitive, seamless, customer centric and best in class solutions to the market participants. Fiscal year 2021 had been an exceptional year for us in our journey of the last 12+ years. We can say that the year was characterized by digital transformation comprising several initiatives fulcrumed on technology and customer centricity. Our key role in the energy ecosystem, robust digital and technology infrastructure, growing and diverse market segments and seamless market operation and services, have helped us deliver success in these challenging times. During the year, we strengthened and advanced technology, expanded IEX product portfolio with commencement of the new market segments such as green markets and real time markets, and also diversified our play within the energy sector with entry into gas trading through Indian's first authorized Gas Exchange - IGX. The Indian Gas Exchange has subsequently onboarded several eminent strategic partners such as NSE, ONGC, GAIL, Adani Total Gas and Torrent Gas as its key stakeholders. Our sectoral partners have a strong play in both upstream and downstream segments of the gas sector, while NSE - a global markets leader with a rich legacy, expertise, and experience in conducting operations at a large scale, should help IGX play a key role in developing India as markets-based gas economy. With the market participants warming up to the idea of competitively priced gas and several key policy & regulatory initiatives, we expect trade to grow at a faster pace in the coming months. Additionally, during the year, IEX also signed a licensing agreement with Multi-Commodity Exchange of India (MCX), under which MCX will launch electricity derivatives in the country using IEXs price as reference. Of course, this is subject to approvals from the Government and the Regulators. Throughout the year, we engaged with customers through the outreach and capacity building efforts through series of workshops and webinars focused on the electricity market, green market as well as the gas markets. To build momentum in the gas markets, we introduced an open auction format and also several market-friendly features, which have been received well by the market participants. In February 2021, the CEA laid down the much-awaited procedure for approval and facilitation of Cross Border trading of Electricity, and we are pleased to inform that on 17 April 2021, we pioneered commencement of the Cross-Border Electricity Trade (CBET) on Exchange. In the mid to long term, our endeavor is to build a vibrant and integrated South

Asian Regional Power Market. Nepal is the first country to have participated in the day-ahead market on the Exchange and Nepal has since been trading daily. The trading volumes are likely to increase going forward. We also continue our pro-active efforts to bring other grid connected South countries such as Bangladesh and Bhutan. Simultaneously, we have also been doing the groundwork to advance our technology platform to support the line-up of the upcoming new segments that include Long Duration Delivery Contracts (LDC) and the integrated Green Day-ahead Market. Our efforts on these fronts and invaluable support from our members, clients, partners, and employees, have helped us navigate safely through the challenging times during the last one year. Continued encouragement and support from all our stakeholders have been key to delivering a great success and we continue to be optimistic about the future growth trajectory.

I will now share with you an overall economic and industry update and how it played out for our business. The industrial and economic activities and thereby, electricity consumption reduced over 25% during the initial months of the fiscal year 2021, primarily due to the nationwide lockdowns. In the subsequent months with the relaxation in the restrictions, manufacturing PMI that had dipped to the historic level of -57.3 in April 2020 rebounded to +58.9 – the highest over the last eight years. The industrial activity decelerated a bit in Q4 compared to Q3 FY'21, however it remained above 50. This has been a good sign so far and indicates the resilience and recovery of the Indian economy. With the recovery in the economic activities, the electricity demand and consumption improved. The electricity consumption had dropped by 23.2% in April 2020 and remained negative for the first two quarters, the phenomenal rebound was seen in Q3'FY21. In Q4 FY'21, electricity consumption increased 8.9% YoY. The national peak demand met also reached the new heights of 189 GW in the fiscal year 2021. As of March 2021, the installed power capacity at 382 GW saw 3.3% YoY growth. The renewable energy capacity saw about 9% YoY growth with cumulative renewable capacity now at 94 GW from an earlier 87GW in the fiscal year 2020. This considerable growth in green power reiterates the fast-paced energy shift that has been underway and an increased impetus on building a sustainable and decarbonized energy economy. During the fiscal year 2021, IEX witnessed increased participation from the market participants given its robust value proposition of most competitive price besides the flexibility, transparency, and no counter-party risk in the power procurement. This was also reflected in the increase in share of exchanges in the short-term power market, which has increased from 40% in the fiscal year 2020 to 54% in the fiscal year 2021. This is a significant jump of 14% in just one year. Most importantly, power exchanges now contribute about 6% of the electricity consumed in the country, this was 4.4% in the fiscal year 2020. Therefore, the Exchange market has seen accelerated pace of growth in this fiscal year.

On the policy and regulatory front, the Government introduced many futuristic initiatives to support the revival of the power sector. With an objective to revive the viability of the distribution segment, especially from the perspective of DISCOMs financial health, the Power Ministry came up with Electricity (Amendment) Bill 2020 proposing amendments to the Electricity Act 2003 with an aim to unleash the distribution reforms such as de-licensing of the distribution business and facilitating competition in power distribution and supply. This was followed by FM's announcement in the Union Budget 2021-22, to introduce revamped reforms-based, result-linked, power distribution sector scheme. This is set to be launched with an outlay of Rs 3 lakh crores over 5 years. Further, to encourage better efficiency through increased competition within the distribution segment, the government will introduce electricity connections portability while giving consumers the power of choice. In December, the Ministry of Power also introduced a proposal enabling the distribution utilities to exit the Power Purchase Agreement after completion of the term of the Agreement. This initiative will accelerate utility procurement besides increased sale of power by the generators on the Exchange platform. Another key development from consumers' perspective was notification of Electricity (Rights of Consumers) Rules, 2020. This was a significant step that aimed at streamlining and enhancing the quality of electricity supply and services being provided to consumers across the country. More recently the Government has also issued the draft National Electricity Policy 2021 which underlines the most pertinent issues of the power sector with key focus on areas such as promotion of clean and sustainable generation of electricity, development of adequate and efficient transmission system, revitalization of the distribution utilities, as well as the development of efficient power markets through an increased role of markets - aiming at market to represent 25% share by FY 2024. The Ministry of Power also issued a paper on Development of Integrated Day Ahead Market in Power Exchanges with separate price formation for RE Power and Conventional Power. Some of the important regulatory initiatives to deepen the power markets were: CERC Power Market Regulations 2021 which allows introduction of electricity contracts beyond 11 days, notification of procedure on the Cross Border Electricity Trade, Merit Order Dispatch & Power Purchase Optimization Regulations by the State Regulators.

On the gas markets front, PNGRB introduced the Gas Exchange Regulations in September 2020. Another important step that would help the development of gas markets was the simplification of pipeline tariff structure by PNGRB. The two-zone tariff structure will lead to a reduction in transportation charges for distant users of natural gas, thereby making it more conducive for trade on gas markets. PNGRB also notified final regulations regarding access code of CGD entities post exclusivity period wherein 20% of the pipeline network will be available for open access. Another important development was PNGRB notifying the Imbalance Management Services regulation. These developments together will help

increase competitiveness in the market and increase the consumption of natural gas in the country.

On a standalone basis revenue for the quarter grew by 28.3% YoY from Rs. 79.4 Cr. in Q4FY'20 to Rs. 101.8 Cr. in Q4 FY'21 largely attributed to an 41% increase in transaction revenues. For the fiscal year 2021, this growth was 20.3% YoY with revenue at Rs. 357.4 Cr. for the year. Q4FY'21 saw the highest ever electricity volume growth of 62% YoY during a quarter. Also, fiscal 2021 saw the highest ever yearly volume of 73,965 MU traded at the Exchange since 2008, resulting in a growth of 37.3% in electricity segment on YoY basis. The growth was driven by the competitive power prices creating traction with the distribution utilities as well as the industrial consumers, growing consumption of electricity, availability of adequate domestic coal and that too at competitive prices, along with commencement of the new and much awaited market segments such as the real time market and the green market. The day-ahead market saw an average market clearing price of Rs 2.82 in the fiscal year 2021, about 6% lower than the previous year price. Low power prices, and ample sell-side liquidity through the year helped the distribution utilities and industrial consumers to optimize their power procurement and maintain good financial liquidity amidst the COVID crisis. The real-time electricity market commenced trading on 1 June 2020 and has received an incredible response from the market participants. The market crossed the 1 BU benchmark for four consecutive months i.e., from December 2020 to March 2021. In fact, in March 2021 it saw the highest ever monthly volume of 1414 MU. On a cumulative basis in Q4 FY'21, the market traded 3766 MU. Since its commencement, the market has traded 9468 MU. We introduced another important market segment this year - green term ahead market to support and accelerate India's transition to a sustainable energy economy. The market commenced trading on 21 August 2020 and has cumulatively traded 785 MU since commencement. In Q4, the market traded 238 MU volume across both the solar and non-solar segment. As per the APTEL order, the stay in REC trading has been continuing since June 2020. During the fiscal the REC market could only cumulatively trade 6.97 lakh certificates. This has been a dampener for the Exchange market during an otherwise exceptional fiscal year.

Fiscal year 2021 was a year of splendid success and growth for us. The year started in a turbulent way, however, demand resilience and positive sentiments in the last two quarters assisted economic revival and recovery in a significant way. While we are now going through and experiencing a second and much harsher pandemic wave, our experience to deal with challenges, undaunted spirit and collective efforts will ensure victory in the battle. The localized restrictions and lockdowns may impact economic growth to some extent. However, the industry and commercial ecosystem seems to be well-prepared this time as compared to last year and consumption seems to be stable. Owing to the current situation, while RBI expects that the GDP will grow at 10.5% in this fiscal year, the industry experts

have started coming out with revised estimates ranging between 10% - 12%. Taking all these into account and looking at the growth momentum IEX achieved in fiscal year 2021, we would endeavor to maintain the double digit CAGR growth track that we have achieved over the last five years. Overall, we expect the demand to register a robust growth during the next year too on account of economic revival. Further, conducive policy and regulatory regime besides increasing power demand and consumption, adequate availability of domestic coal, and phasing out of old and inefficient plants, will serve as key growth levers for us. Additionally, the much-awaited launch of new market segments –Longer duration delivery contracts upto 365 days, integrated Green Day-Ahead Market, commencement of derivative trading on the commodity exchanges and focus on diversification, will unleash growth for us. In fiscal 2021, we made considerable investments to strengthen and advanced our technology. We will continue the momentum in this fiscal too. Our endeavor is to make IEX a best in the class technology platform. The FY'22 will see fruits of our past investments and our continuing efforts and investments towards technology, innovation and automation. Some new initiatives that our market participants will experience are provision of data insights, APIs, adoption of advanced MILP algorithm and most importantly our web-based trading portal launched recently on April 28 will make the trading experience seamless and far more intuitive for our participants.

Coming to the new product launches, we have already marked the beginning of this year with the launch of the Cross Border Electricity Trade. We expect to create greater momentum as we engage in capacity building and create awareness among stakeholders. After Nepal, we expect countries such as like Bangladesh and Bhutan to join soon. We are also working to introduce Longer Duration Delivery Contracts upto 365 days in both the electricity and the green markets. Another market segment that we expect to launch is integrated Green Day-Ahead Market. Once functional, this will allow greater avenues for renewable power sellers and buyers to trade renewable power. We will continue to work in collaboration with the government, customers, and other stakeholders to develop the energy markets. As we move forward with confidence and certainty in this otherwise an uncertain year, we firmly believe that the energy markets play a key role in transforming the sector. IEX is committed to playing a proactive role in facilitating the much-needed efficiency, competitiveness, and sustainability in the energy ecosystem. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session.

Sumit Kishore: Rohit while the question queue assembles, I have a question, what is your take on resumption of trading in REC, when do you see that happening and your take on the status of new product launches particularly LDC and the timing of that in FY2022?

Rohit Bajaj: Sumit to answer your first question which is about resumption of REC trade, APTEL initially came out with three dates in the month of April and they wanted to do it on a fast track basis so that in a month or so time the REC trading could be resumed, but now the recent development is. on the last date of hearing which was 28th because of COVID situation again the new date given by them is July 15, 2021 which is again three months away, so this is a bit of setback because we were expecting it to start somewhere later in the Q1 itself, but now it will surely go to Q2, so resumption will not happen till Q2, but since the REC is one segment where you have to fulfill your obligation on annual basis and since last year it did not happen so all the RPO has been carried forward to this particular year and even though we might start little late but as and when it will start all the participants both distribution company as well as consumers will fulfill their entire past obligation, which is for FY2021 and FY2022 also, so though it is being pushed because of this pandemic situation but we are hopeful that by Q2 end this must start. So similar is the case with ECERT market i.e. energy saving certificates because we were expecting it to start somewhere in Q3 FY2021, but again on similar reasons it also got pushed. For energy saving certificates we are expecting it to start trading somewhere in Q2 FY2022.

LDC is another segment which we are very excited about and here we have already filed a petition with CERC about six months back. The only thing which is blocking the introduction of this new product is the settlement which has happened between the two regulators which is SEBI and CERC. They have to withdraw case which is pending in the Supreme Court. Once that is withdrawn our petition will be taken up for hearing and then we will get approval. After Supreme Court withdrawal we expect two to three months for launching this new contract. From our side, technology readiness is there, petition we have already filed, so nothing is stopping us from this except the regulatory bottlenecks which has taken more time than our expectation. You also asked about volumes, so here on annual basis about 25 to 30 billion units are traded under this forward contract platform. Today most of these transactions are done through the DEEP platform and depending on our launch in current fiscal we would like to capture some of the existing value.

Moderator: Thank you. The next question is from the line of Mohit Kumar from DAM Capital. Please go ahead.

Mohit Kumar: Few questions Sir. How far are we in terms of readiness for launching green day ahead market contracts and secondly where do you think RTM volumes can stabilize as a percentage of total electricity volumes? How far can it go up as a percentage of total electricity volumes in short to medium terms?

Rohit Bajaj: What we have seen last year, total RTM volume, which was available only for 10 months, its contribution was 13% in our total electricity volume, but if you see Q4 particularly

which was exceptional for us in volume terms, contribution of real time market was close to 17.5% so it is picking up really well and we are seeing increasing participation coming from almost all the segments, which includes distribution utilities as well as open access consumers. So, what is happening here is now some of the distribution utilities are dividing their total requirement in two baskets. One is the firm demand for which they are coming to day ahead market, and where there is 10%, 20% mismatch or they have some doubts whether this demand would be there or not, that part they are keeping for real time market. This is one reason and in the month of April the same trend continued. April we again witnessed more than 1 billion unit of RTM trade and in fact highest ever monthly volume was recorded in the month of April. It is difficult to put number to contribution because we have seen consistent growth, but I would not be surprised if this starts to do somewhere between 20% to 25% also in few quarters from now.

Rajesh Mediratta: Yes, for the first part Mohit, GDAM, we have been pursuing with the CERC, earlier we had applied for GDAM which was rejected in 2018 and now the Ministry is very keen to launch this GDAM market and the paper was issued, and paper set the deadline of June 30, 2021. However, we do not expect CERC to clear our application by June 30, 2021. We have already filed our application last month; and we are waiting for approval of GDAM from CERC and post approval we are ready to launch this. As soon as we get approval from CERC we are ready for launch so maybe Q2 of this year we should expect this market to commence.

Mohit Kumar: Thank you Sir.

Moderator: Thank you. The next question is from the line of Gokul Maheshwari from Awriga Capital. Please go ahead.

Gokul Maheshwari: RTM market has done really well for us and the market share gains have come from largely the bilateral market and not from the DSM. Could you comment on how can we capture more share from the DSM market and secondly on the REC, wanted to reconfirm that the customer segment will have to make up for the FY2021 volumes as well?

Rohit Bajaj: Yes, for REC segment they have to make up for the FY2021 volume as well because RPO calculation is done on annual basis in most of the cases and in certain cases carry forward is allowed and in some other cases it is not allowed. However, if there is no option available you have to make up in the subsequent year, so most of earlier RPO will get converted into FY2022. To answer your first part, which is about RTM, there is no shifting which has happened from bilateral market to RTM because these are two very different markets which operate in very different timeframe. When we talk about bilateral market it is normally one month and beyond. Those who are participating in real time market, they are doing it on the

basis of their balancing requirement, they need correction in forecasting where they have gone wrong on day ahead basis and that correction, they do in the RTM market so no relation between the two, but as far as DSM is concerned, a lot of shifting has happened. If you see absolute number of DSM you will not find major change but if we do deep analysis of DSM numbers we have seen that lot of quantum has shifted from DSM to RTM. What happens in DSM is that you are overdrawing from grid and there are various slabs where drawing is more than 12% and a penalty, then there is a 20% slab penalty which is applicable, up to 12% nothing is applicable. We have to purely pay on the basis of DSM prices, but suppose we go beyond 15% then 40% penalty is applicable and after that 100% penalty is applicable. So, what we have seen in most of the cases, there are certain states which were overdrawing their penalty portion and paying high penalty which has now gone down and that quantum has shifted to RTM market. We have seen in many cases where all of a sudden there is a tripping of one big state plant, particularly in Chhattisgarh, two, three times all of a sudden. One plant which was running at 600 megawatt got tripped for some reason and this state was participating in RTM in a very big way, so to make up for the loss which has happened on account of this plant being off they had no other option than to come to RTM market. Had this market not been there, this would have been done on DSM market and they would have paid very high penalty by overdrawing from there. So as per our analysis lot of shifting has happened. Only thing is absolute number has not gone down to the extent there is no penalty.

Gokul Maheshwari: Lastly on the dividend payout. The company is sitting on around 600 Crores of cash could you comment on your dividend payout policy especially given that investments are largely done with the IGX as well and there is no major capital investment, so is there a firm dividend payout policy?

Vineet Harlalka: We have a dividend policy and as per the dividend policy about 50% of net profit should be distributed in the form of dividend and keeping that in line in January itself, ie last quarter the company paid a dividend of 250% ie Rs.2.5 per share and considering the COVID uncertainties the dividend was not declared in this quarter but when we go with our annual report to the shareholders we may see dividend. Regarding the 600 Crores which is lying with us, the company has invested the money in IGX and is also expecting a lot of other opportunities because of the way the platform market and the way the sector is progressing, we are looking at the upcoming opportunities and we will take a call subsequently.

Gokul Maheshwari: Great Sir, thank you so much and stay safe.

Moderator: Thank you. The next question is from the line of Devansh Nigotia from SIMPL. Please go ahead.

Devansh Nigotia: Congratulations on a very good set of numbers. Just one reclarification on LDC and derivatives contract. We were expecting that there was a positive development but currently you highlighted that the matter has been settled but the case has not been withdrawn so not able to understand what has really changed here from the past?

Rohit Bajaj: So, nothing changed in last quarter or last few months, what we are saying is the settlement has happened and now there is an absolute clarity amongst both the regulators which is SEBI and CERC in this particular case. They have drawn a line on what falls under their respective jurisdiction. Only thing is this settlement has to be done by the court because this is pending in Supreme Court for 10 years now, this is very close to resolution and now only thing is they have to file one joint application for withdrawal, which they have already filed, but the problem is because of COVID only very pressing matters are being taken up at Supreme Court level, so in the past we have seen many dates were given and for some reason all those dates, the hearing did not happen on that date. It is just one hearing away from Supreme Court where the final order will come, and the settlement done by regulators and ministries will be acknowledged and will be authorized. So, nothing changed only thing is we are waiting for Supreme Court to come out with the order so that courts can be opened and finally these contracts can be launched.

Devansh Nigotia: In case of green term ahead market, there has been an increase in the momentum recently. Is it because the summers are there, which yield the liquidity from the side of the generator on a higher side or is there some seasonal effect or something that has changed structurally here?

Rohit Bajaj: Yes, it is a combination of both the things. Not many sellers today are actively participating and some of the state utilities are also there. Some southern state utilities are actively participating and their own demand has gone down, so when their own demand has gone down they have huge surplus quantum, which they want to sell and they are bidding that at our platform that is number one and second important thing is when we launched this market in August 2020 and August is normally a time when wind season is over in India, and wind generation starts to pick in May and it peaks somewhere in June, July, August and after that it repeats again, so last time we could not take advantage of wind season because by the time we launched this contract, there was not enough wind generation, but this time we are rightly placed and initial five, six months this volume should be very high because of solar which is largely available throughout the year, and wind which is available mostly in the H1.

Devansh Nigotia: Amongst the generators who have not tied-up PPAs, what is the percentage of the generators we are able to tap on the exchange currently for trading of GTAM and what are

the constraints for the generators whom we are not able to tap and who are still not tied-up with the PPA?

Rohit Bajaj:

For all the renewable plants you will find that all the renewable generators have some sort of arrangement with either the consumers or with the distribution companies where they are supplying under certain terms and conditions, so most of these are under long-term PPA, which is up to 25 years, but there are many small generators where they have small quantum PPAs with the consumers in the C&I segment particularly for one year or so. So today we have participation of over 10 generators at our platform already where they have participated and whatever surplus quantum they had, they have started, and in fact there are two, three opportunities for us - one opportunity is where they have tied up very short-term tie-ups and there are many where they have tie-up of one, two, three years. We are targeting those generators because here the realization is pretty good and they can explore this option as well, that is one. Second is there is another set of generators where as per the PPA terms they have to maintain certain utilization in a year so sometimes what happens is, and now particularly because of newer technologies, because of some good year where their generation is more and they exceed those previous numbers, what we are trying to tell them is when they are going beyond their PPA commitment they can also come to this platform and start selling their surplus power and realize the market prices that are available. But large part of the transactions which are happening today, here the sellers are distribution companies, there are many distribution companies in the country today those who have surplus, there are states like Karnataka which is surplus in both solar as well as non-solar, AP is surplus in both solar and non-solar, Telangana is surplus with solar, Tamil Nadu is surplus with non-solar, Gujarat is surplus in one of the two, similarly Rajasthan is also surplus, so many distribution companies are there who are surplus and we are trying to get them onboard so that sell side liquidity can be maintained and on the buyer side there is no dearth of demand because since REC trading is not happening most of these buyers they are willing to buy green energy itself for the purpose of getting their RPO and prices are also quite decent.

Devansh Nigotia:

In case of cross border, the existing volume that we highlighted was 18.07 billion units in FY2021 so what percentage would be up to 11 days and 11 days to one year and one year and above so the 18 billion units that you mentioned?

Rohit Bajaj:

Cross border trade that we have started recently a month back where we have seen participation from just one entity which is Nepal and participation has been quite decent, some days we have seen overall participation going up to 5% of our day ahead market and it is ever increasing, and they are meeting their requirement depending on their demand supply situation. All this quantum that we are talking about is in the spot market, today participation is allowed only in spot market on the exchange.

- Devansh Nigotia:** So, we are the ones to start the spot volumes if that is the right understanding in cross border as of now?
- Rohit Bajaj:** Absolutely.
- Devansh Nigotia:** Thanks a lot Sir that was really helpful.
- Rajesh Mediratta:** Let me add what Rohit said because if you see when we started exchange there was nothing up to a week volume or up to a day, so we started with converting bilaterals into day ahead and other markets. So this is what will happen, some part of the volume which is currently happening in bilateral which is the one year contract that part may shift to day ahead market because all the neighboring countries would like to transact at a competitively discovered price and in bilateral they are not comfortable with the prices whether it is a competitive enough or not, always that apprehension is there so we hope that currently what is happening in bilateral a part of that will shift to day ahead so there is nothing which is currently happening on day ahead basis, but what is happening on a monthly or yearly that will shift to day ahead.
- Moderator:** Thank you. The next question is from the line of Kunal Thanvi from Banyan Tree Advisors. Please go ahead.
- Kunal Thanvi:** Congratulations on good set of numbers. My question was again on the DSM market. You highlighted on the previous participant's question that we are seeing a shift. What I remember that we launched RTM as a product to make sure that there is a shift from DSM to the RTM and you also highlighted that we are already seeing that shift; however, when you look at the absolute numbers you do not see that at all, you are continuing to see DSM volumes to be there where it were, in fact in your presentation it is highlighted that there is 1% drop from last year on a nine months comparison basis, whereas when you look at the bilateral market there you see a significant drop in the volumes. So how should one look at this?
- Rajesh Mediratta:** What I can add to the understanding is that with the increased renewables coming into system, probably if RTM or other auctions were not available, probably that time the DSM should have increased so what has not increased is actually coming to the RTM market so that can be explained like this because as we are going into high renewable regime then intermittency and deviations are likely to take place which has not been reflected, it means that deviations otherwise which would have happened are actually coming to the real time market.

Kunal Thanvi: Also, in one of the call last time around we had discussed this point about the price at which the penalties are being levied is not a block price and the day average price, anything of that you can share like what will happen to the DSM market is they will change in the regulation regarding the price at this benchmark for the DSM?

Rohit Bajaj: This regulation came somewhere in 2017 or 2018 at that time they mentioned very clearly that in a year's time they are starting this on pilot basis and within a year's time they will migrate from RTC average price to time block wise price so it was mentioned there in the particular regulation but for some reason they have not taken it up and we have seen increased grid discipline after that so today frequency is not changing much and you will most of the time find frequency in the narrow band of what they have designed so that way it is an excellent point because going forward if that has to happen then surely we will see some more conversion from DSM market to RTM market.

Kunal Thanvi: I also missed on the dividend policy part you had mentioned that we have a policy of 50% profits as payout right; however, this year that payout looks lower than 50% you did explain something with the annual general meeting notice, but I missed on that, can you repeat that please?

Vineet Harlalka: Rightly said the company has the policy of paying at least 50% of the profit as dividend and in line with that in the month of January we paid the interim dividend of 250%, Rs.2.5 so we have the cash outflow of almost 175 Crores and because of COVID situation we have not declared the final dividend, this is at the overall position, when we declare the AGM notice and at that time definitely we will consider and announce the dividend, how much I cannot comment.

Kunal Thanvi: Thanks, I will get back in the queue. Thank you so much all the best.

Moderator: Thank you. The next question is from the line of Swarnim Maheshwari from Edelweiss. Please go ahead.

Swarnim Maheshwari: Sir two set of questions, first one on the day ahead market. Now I believe we will be launching the LDC market somewhere by December, if you see that the demand has soften a bit and it is likely to be in the low teens by the next two or three months and this has also impacted our volumes for day ahead market, but what we also see is that there is some of a revival in the short-term PPAs so my question here is can the DAM volumes be under some pressure from Q1 to Q3?

Rohit Bajaj: DAM market is there to fulfill certain set of requirement for the market participants so these distribution companies they analyze their cost of supply, availability on day ahead basis and

on that basis wherever is the deficit wherever they want to replace or optimize they participate in our day ahead platform and get that requirement, so I do not agree since the softening of demand has happened so our volume would be under pressure, as I can recall last year in the month of May, volume was down, overall demand was down 15% YoY but that was the month where we registered 40% growth in our volume so it is not purely related to demand, in fact if you see H1 also last year or Q3 also where demand has not picked up, so what happens is there the market is used for the purpose of meeting deficit so if you have shortages you come to market and second important thing is when the cheap power is available in the day ahead market many distribution companies today they start to bring down their own generation hence come to this market to optimize on their power cost. Similarly, if the prices are down, if there is ample availability in the market, we see lot of C&I participation increasing and when the prices are down their breakeven viability increases and they participate. So, no reason for us to believe that going forward for let us say next quarter one, two, three we are expecting day ahead market to be under pressure. LDC is a different segment altogether so we do have bilateral market, which has been functional for so many years, in fact it started much before exchange and this has been doing decent volume year-on-year, as I said there is about 25, 30 billion units potential which is available and we are in the process of launching this market to capture that, so it is not that we are expecting some shift from here to there, both the markets are independent market and this is as per the global standard. Globally also you will find there is market available for different timeframe, market is available for annual, quarterly, monthly, day ahead, real time, all these markets are as per the standard design which has been adopted by almost most of the countries globally.

Swarnim Maheshwari: My best limited understanding was that we are unlikely to go back to 200 million units per day kind of a volume that we saw in Q4 specifically that was my limited point because the demand has softened and then there is a revival of short-term PPAs and in isolation on absolute basis the DAM volumes will be strong, but maybe since we have a base effect also I am just talking more from that perspective. The second question is on IGX. We have almost sold now closer to 45% stake and there is no price discovery, can we expect the remaining stake to be sold at premium?

Rajesh Mediratta: You are very right actually we have divested about 46% and we do not intend to sell further 30% in the near future so we still have to take a call when we will be doing it and at what premium that will be done so I cannot say anything on that because the Board will take a call, but overall the investment is not going to happen beyond this anytime soon. So currently what is there maybe next some small investment can happen to one of the strategic investors, which can happen maybe in a month or so, but beyond that we are not looking for any further investment and premium we will seek as we go along.

- Swarnim Maheshwari:** Because the next 25% we have got a long window of about 4 to 5 years?
- Rohit Bajaj:** Yes, we have four years time so that we will decide when to do that.
- Swarnim Maheshwari:** Thank you so much and wish you all the best.
- Moderator:** Thank you. The next question is from the line of Abhilasha Satale from Dalal & Broacha. Please go ahead.
- Abhilasha Satale:** Sir my first question is towards the new CERC approval for the new exchange , which is in offering. What is the update on that?
- Rohit Bajaj:** So very recently there was order from CERC where registration has been approved by them and now what we understand is they have to file business rules and they also have to share their technology platform with CERC and obtain approval, so that is the status and as far as we are concerned, we have been maintaining that we welcome competition. What we think is, it is just a start, at exchanges we are doing only 6% and we have to go a long way, our focus should be on evolving right market design, there is lot which is to be done, in fact if you go by National Electricity Policy Draft, which has been released by government very recently they talk about exchanges contributing 25% in the total consumption by FY2022 so if those are our targets and if you want to go beyond that, if you want to route entire generation through exchange and if you want to use exchanges for the purpose of renewable capacity addition, if you have plans for CFD and all these things are being considered at various levels the government, by the regulators and everybody, so if those are things to be done we always believe that competition is required it will eventually help the end consumers, they will have more competitive power, which would be available. As an exchange we would be able to do some more innovation, create more customer centric products and everybody will gain out of that competition.
- Abhilasha Satale:** After approval what is likely timeline for the actual launch of the exchange according to you?
- Rohit Bajaj:** Difficult to say, it depends, but one thing is clear what I mentioned three months time has been given by CERC for the purpose of obtaining these approvals they have to sign and beyond that we are not aware of how much time they will take, but developing technology and since now so many new products are there it is a constant continual improvement basis we have to do so many things as far as technology is concerned. So, we have to invest time, we have to invest money to get all these things, simply difficult to say at this point of time on the timelines.

Rajesh Mediratta: There was a media story that said that they are expected by year end so that is what you can take it because there must be some statement from Pranurja recorded in the media, so they are expecting to start operations by year end.

Abhilasha Satale: Secondly Sir my other question is on GTAM, you mentioned about the GTAM volume, from where the volumes are coming when we launched GTAM wherein as you mentioned as most of the green energy is with PPAs so from where and what kind of opportunity we are seeing in that product, how much volumes we are seeing over a longer period of time coming through green energy?

Rohit Bajaj: I will share one example. When we started exchange in 2008 that time there was no concept of merchant generators so except for one or two IPP where they had no tie up available they were selling at exchange, otherwise entire capacity in the country was tied up in the long-term PPA, now if you see today over the years, what has happened today we have 30 gigawatt of merchant capacity available in the country where there are no tie-ups and people are investing in the projects where they want to create capacity, which they solely depend on the market, they are participating in bilateral market and are participating in the spot market and trying to maximize their revenue so this is what we have seen and it has its own credit, so initially some of the IPPs they started keeping just 15% power for market remaining 85% they preferred long-term PPAs and same thing is or will happen in renewable as well, so today as I said there are not many generators where they have tie ups, but there are many generators where PPAs are coming to an end, there are many generators who are following and watching this crisis, those who are taking reference of this crisis and then they are planning to create some capacity only for supply. So, what we do is first we create marketplace, whatever is available in the market will come to the market and then market will start giving signals to all the people who are willing to make investments in the sector and take position and try to create capacity itself.

Abhilasha Satale: Sure. Sir thank you.

Moderator: Thank you. The next question is from the line of Varun Goenka from Nippon Mutual Fund. Please go ahead.

Varun Goenka: Congratulations for a fantastic performance, thank you and you have been delivering for over 10 years now, so very credible, I think you have answered in very good detail thank you so much. You mentioned a few technology initiatives if you could lay down some details as to what you have done in FY2021, what are the key initiatives and implementations for FY2022, what is it solving at your end and what is it solving at the customer's end it could be really good to hear.

Amit Kumar:

Good afternoon everyone. Regarding the technology initiatives that we have taken in the last financial year, some of the key ones is that we launched - automated bidding option for the customers through the application program interface, so with the launch of real time market where the customers had to be bidding for a number of times, it was important to drive the growth in real time market and provide customers with an option to integrate their systems directly with our systems through API so that the whole bidding process can be automated and that is something we launched right from day one of the launch of the real time market and some of our large members are already integrated to this automated API bidding solutions and almost close to 60%, 70% of the clear volume in real time market actually aims for the bids that gets placed to the automated API bidding order so that is one of the options that we did. The second, we continuously are innovating and identifying how we can make the whole process seamless and easy for customers to interact with the exchange platform so with that objective we also look at opportunity wherein we can provide customers with an option of auto forwarding their uncleared bids of day ahead market into term ahead market, customers have an option of placing uncleared bids into the day ahead contingency market and the existing process was that if there is a uncleared bid and they have to then create a bid for placing in the day ahead contingency market and place that bid manually. So, we built a solution which was an option of automating this and carry forward of uncleared day ahead market bid into a day ahead contingency market and if it does not get cleared the day ahead contingency gets carry forward to the intraday market, so customer have that option to take up that as well. So those are one or two examples of solutions that we provided, which eases the bidding experience for the customers. Then in addition to that we also introduced enhancements that enables view of the existing bid so for that we introduced a dynamic market watch which enabled customers a very, very easy view of the active bids. For the continuous matching products looking at the dynamic market watch, the tentative plan to put in bids and at the right prices to do the matches, so that is another example that really helps the customers. In addition to that we have built in lot of automations of the existing processes, which helps us provide a much faster outcome to the customers. One of the examples we have done automated intimations of clearing banks, which now enables us to provide payment credit three to four hours faster than what we used to do earlier, which means that we are earlier on most of the time to create this to happen in the second half and now we are able to do that credit in the first half itself so that customers want to utilize that money to invest in the funds or use it for the investment and other working capital investments. These are some of the examples of automation that we have done and technology that we have used to enhance the customer experience and so that is from a customer perspective and then there are lot of process automation that we have done within our internal company processes, which makes our company's internal processes much more effective, we have done SAP rollout within the organization, which makes lot of internal processes much more effective and there are lot of

business process automation that we have done, which makes the whole market operations processes, through which we provide the registration and scheduling, settlement facilities to the customers that becomes much more effective, and very recently we have launched the web based platform for our customers so one of the key initiatives that we are also working on is to provide all our existing platform features through our best platform to the customers and also going forward to procure mobile based platform. We have in the end of April launched our web-based features platform to the customers so that is something that we have done till now. Going forward some of the key things that we are going to do is extension of the web-based platform to provide bidding for all the products through the web-based platform itself and also introduction of mobile based platform, which will provide a deep data analytics and also going forward provide the bidding option to the customers so that is one important thing that we are in the current financial year going to work on providing. Second, I mentioned about the auto carry forward between day ahead and day ahead contingency. With this success of auto carry forward functionality we are working on building auto carry forward integrated pipeline for all the different product segments so that customers could have the option of using the auto carry forward functionality to carry forward. To give an example suppose a customer wants that a bid placed in the existing green term ahead market, if it does not get cleared, let us say if it is a fair bid it should automatically move to the real time market so similarly, we have identified all the different auto carry forward flow and we are building a pipeline, which provides option to the customers to utilize that feature to the whole bidding process. So, these are some of the initiatives that we are working upon in this financial year and in the subsequent quarterly earnings call we will keep you updated about what we have done and what are the plans to do some of transforming customer experience using technology.

Varun Goenka:

Thank you so much.

Moderator:

Thank you. Ladies and gentlemen due to time constraint that was the last question for today. I would now like to hand the conference over to the management for closing comments.

Rohit Bajaj:

Thank you so much for attending this. We value your time. Today is a holiday for some of us and still we could do this call, so thank you so much. We expect you to stay safe, be cautious, this is just a passing phase and all of us together will surely win and thanks from the management team. Thank you from all of us here to all the participants. Thank you so much.

Moderator:

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