

Indian Energy Exchange Q4FY20

Financial Results & Highlights

IEX is the first and largest energy exchange in India providing a nationwide, automated trading platform for physical delivery of electricity, Renewable Energy Certificates, and Energy Saving Certificates. The exchange platform enables efficient price discovery and increases the accessibility and transparency of the power market in India while also enhancing the speed and efficiency of trade execution. In August 2016, the Exchange received ISO Certifications for quality management, Information security management, and environment management. The Exchange is now a publicly listed company with NSE and BSE. IEX is approved and regulated by the Central Electricity Regulatory Commission (CERC) and has been operating since 27 June 2008.

Standalone Financials (In Crs)								
	Q4FY20	Q4FY19	YoY %	Q3FY20	QoQ %	FY20	FY19	YoY%
Sales	79.4	67.8	17.11%	69.4	14.41%	297.2	294.2	1.02%
PBT	59.1	53	11.51%	53.3	10.88%	227.8	231.7	-1.68%
PAT	47.2	37.9	24.54%	42.3	11.58%	177.9	165	7.82%
Consolidated Financials (In Crs)								
	Q4FY20	Q4FY19	YoY %	Q3FY20	QoQ %	FY20	FY19	YoY%
Sales	79.6	67.8	17.40%	69.4	14.70%	297.4	294.2	1.09%
PBT	57.6	53	8.68%	52.7	9.30%	225.6	231.7	-2.63%
PAT	45.6	37.9	20.32%	41.7	9.35%	175.7	165	6.48%

Detailed Results:

1. On a standalone basis, in Q4 FY'20 PAT at Rs. 47.2 crores was up 25% as compared to Rs. 37.8 crores in Q4'19; revenue for the quarter was up 17% YoY largely on account of the increase in overall volumes.
2. PAT margin at 59%, was up from 56% a year ago.
3. Starting Q3'20, the company started consolidating results of its wholly-owned subsidiary Indian Gas Exchange and PAT with that inclusion was Rs. 45.6 crores during the quarter.
4. For the full-year FY'20, on a standalone basis, the company recorded a 1% increase in revenues, PAT increased by 8% with a PAT margin at 60%.
5. IEX reported a robust 40% YoY electricity volume growth in Q4 FY'20 from 9,908 MU in Q4 FY'19 to 13,835 MU in FY'20. TAM volumes increased by 89% YoY.
6. Distribution companies leverage attractive prices on exchange to accrue significant financial savings as well as supply 24*7 uninterrupted power.
7. All set to launch Real-Time Market on June 1, 2020, and India's first Gas Exchange soon.
8. All India's electricity demand bounced back in Q4 FY'20 with a 1.6% YoY growth after a decline of 5.9% in Q3 FY'20.
9. From a full-year FY'20 perspective, the power sector was characterized by muted electricity demand growth of 1.3% YoY, due to headwinds on account of several unprecedented

developments related to economic and industrial growth slowdown as well as weather-related changes.

10. India's total installed power capacity reached 370 GW as on March 31, 2020, with renewable energy comprising 24%.
11. In line with India's commitment to the Paris Agreement to increase the share of green energy in the overall energy mix, the renewable capacity grew 12% YoY in fiscal year 2020 and reached 87GW as on March 31, 2020, whereas thermal capacity increased only 2% YoY.
12. The southern distribution utilities continued their preference for TAM contracts.
13. On the price front, the day-ahead market saw an overall decline in prices by 14% during Q4 FY'20.
14. Attractive prices helped the commercial and industrial consumers increase procurement by 41% during the same quarter. Including REC, total volumes increased by 29% YoY.
15. For the full fiscal year 2020, IEX reported 3.2% YoY growth in electricity volumes. The electricity volumes increased from 52,189BU in FY'19 to 53,862 MU during FY'20.

Investor Conference Call Highlights:

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Analyst's View:

IEX is the first and largest energy exchange in India providing a nationwide, automated trading platform for physical delivery of electricity, Renewable Energy Certificates, and Energy Saving Certificates. It has a very asset-light business model and a strong Balance Sheet. In the last several years it has done well by constantly adding new products and improving offerings for the participants on its platform. With the share of renewable energy rising in the total energy consumption, the future of IEX looks very exciting. However, it seems that competition in this sector is also increasing at a rapid pace. It remains to be seen how the whole COVID episode plays out to understand its impact on IEX. However, the company seems to have the financial muscle to tide over the disruption of COVID. It is still very early days in the power exchange market. However, as on the date, IEX looks like a pivotal player in this industry.

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