

4<sup>th</sup> February 2022

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**Q3FY22 Update – Strong Quarter – Robust Volumes**

**Important Statistics**

**Q3FY22 Result Snapshot**

- IEX achieves 37% YoY volume growth in Q3FY22, 45% YTD
- PAT grows 39% YoY with PAT margin at ~63%; total revenues grew 36% YoY.
- Volume momentum to sustain with launch of new products in quarters ahead.
- IGX, subsidiary company, achieves breakeven within one year of authorization
- Exchange announce interim dividend of 100%

<b>M.CAP (₹ bn)</b>	~₹203.00
<b>52 Week H/L (₹)</b>	318.40 / 82.98
<b>NSE Code</b>	IEX
<b>BSE Code</b>	540750

**Key takeaways from Q3FY22 result**

➤ **Volumes**

- **The electricity volumes came in at 27,677 MU in Q3FY22 as compared to 20,167 MU in Q3FY21, growth of 37% YoY.**
- **The growth was driven by :**
  - a) Ramp up in Industrial and Manufacturing activities leading to spur in demand for electricity
  - b) Growing consumption of electricity as well as resurgence of trading in REC's and ESCERT's
  - c) Strong traction in market segment such as real time market; 70% YoY growth.

➤ **Real Time Electricity Markets (RTM)**

- RTM continues to be one of the fastest growing market segment on the exchange, achieving growth of 70% YoY with 4.8 BU of volumes traded during the quarter.
- The consistent growth of RTM is an indication of growing reliance of distribution utilities and industry to achieve power demand supply balancing in the most efficient manner.
- RTM on consistent basis contributing on an average ~20% in total volume in 9MFY22.

➤ **Green-Market**

- The green market, including the day ahead and term ahead market, cumulatively traded 1.2 BU during the quarter and contributed 5% to overall volumes.
- The green market is expected to see greater momentum and newer products going forward, as penetration of renewable energy increases in India's energy mix.

➤ **New Products to sustain volume growth**

- IEX is planning to launch new products during Q1FY23.
- Long Duration Contracts (LDC)
  - a) The decade old jurisdiction battle between SEBI and CERC is settled in respect of jurisdiction of long duration forwards and futures, paving the way to launch LDC.

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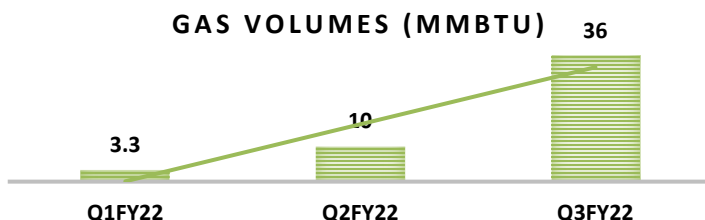
- b) The company is well prepared in terms of technology to launch the product once CERC approval on the same is received.
- c) Market size of LDC is ~44 BU- This will help IEX to capture good share from bilateral category.

➤ **Market based economic despatch(MBED)**

- MBED which was expected to be operational through Exchanges on April 1, 2022 seems difficult as CERC still has to finalize draft rules and regulations for implementing the same.
- The management declined to comment any timeline for implementing the same.
- Launch of MBED will spurt volumes with all inter state generating capacity hitting on the exchange platform.

➤ **Other**

- **IGX**
  - a) IGX has been achieving consistent growth in terms of volumes as well as eco-system development, reflected in below charts.
  - b) During the quarter,IGX achieved breakeven, within one year of securing PNGRB authorization



- **Cross Border Trade**

- a) Cross Border Trade commenced with Bhutan in Day Ahead Market in addition to Nepal.
- b) The company is closely working with key stakeholders in Bangladesh to garner their participation as well.

**Risks**

The company operates in the power trading sector, where decline in demand could impact growth. The volatility could also impact margins and profitability.

**View**

The stock has gained ~65% in last six months on the back of robust volume growth of ~45% in 9MFY22 and exciting market proposals like MBED will spurt volume growth on exchange platform.

**Given the strong fundamentals of the business, sound financial performance track record, and massive growth opportunity, the stock can be bought with a long term perspective.**

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**Financial Performance**

(₹ Cr)

	Q3FY22	Q3FY21	YoY%	Q2FY22	QoQ%	FY21	FY20	YoY
Electricity Volume (MU)	23,539	20,175	17%	25,976	-9%	73,965	53,861	37%
REC + ESCERT Volume (in '000)	4114					696.7	6027	-88%
Total Volume	27,653	20,175	37%	25,976	6%	74,662	59,888	25%
<b>Revenue</b>	<b>117.5</b>	<b>85.2</b>	<b>38%</b>	<b>110.4</b>	<b>6%</b>	<b>317.1</b>	<b>257.0</b>	<b>23%</b>
Other Income	13.2	10.9	22%	11.9	11%	40.3	40.1	0%
Total Revenue	130.7	96.1	36%	122.3	7%	357.4	297.2	20%
Operating Expenses	18.7	15.6	20%	15.3	22%	57.7	52.6	10%
<b>EBITDA</b>	<b>112.0</b>	<b>80.5</b>	<b>39%</b>	<b>107.0</b>	<b>5%</b>	<b>299.7</b>	<b>244.6</b>	<b>23%</b>
<b>EBITDA Margin %</b>	<b>86%</b>	<b>84%</b>	<b>2%</b>	<b>87%</b>	<b>-2%</b>	<b>84%</b>	<b>82%</b>	<b>2%</b>
Dep	4.4	4.3	3%	4.4	1%	15.9	15.9	0%
Fin Cost	0.5	0.5	-4%	0.5	6%	2.1	1.6	31%
PBT	107.1	75.6	42%	102.1	5%	281.8	227.2	24%
Tax	26.4	17.6	50%	24.7	7%	68.3	49.9	37%
<b>PAT</b>	<b>80.7</b>	<b>58.0</b>	<b>39%</b>	<b>77.4</b>	<b>4%</b>	<b>213.5</b>	<b>177.3</b>	<b>20%</b>
EPS	0.90	0.65	38%	0.87	3%	2.30	1.92	20%

Source: Company Filing, Way2wealth Research

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**Disclosure of Interest Statement Indian Energy Exchange Ltd. (IEX) as on February 04, 2022**

Name of the Security	Indian Energy Exchange Ltd. (IEX)
Name of the analyst	Harshil Gandhi
Analysts' ownership of any stock related to the information contained	NIL
Financial Interest	
Analyst :	No
Analyst's Relative : Yes / No	No
Analyst's Associate/Firm : Yes/No	No
Conflict of Interest	No
Receipt of Compensation	No
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