



Indian Energy Exchange Ltd.
ANNUAL REPORT 2018-19

Forward-looking statements

Some information in this report may contain forward-looking statements which include statements regarding Company's expected financial position and results of operations, business plans and prospects etc. and are generally identified by forward-looking words such as "believe," "plan," "anticipate," "continue," "estimate," "expect," "may," "will" or other similar words. Forward-looking statements are dependent on assumptions or basis underlying such statements. We have chosen these assumptions or basis in good faith, and we believe that they are reasonable in all material respects. However, we caution that actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements. We undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

The cover design is prepared using the logo of the Company which embodies an expression of trust, growth and empowerment. IEX is the pioneer and leading energy exchange in India, taking rapid strides to facilitate governments mission to provide electricity to all at 24*7 basis at competitive price, in flexible and reliable way. The image depiction of multiple power sector stakeholders within the logo of the Company resonates the holistic value-creation philosophy of the Company.



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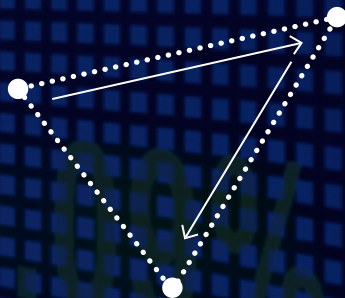
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Bringing Energy to India on 24x7 basis in the most competitive, flexible and reliable way

Partnering in the nation's growth

Energy drives economies.

Energy is one of the most crucial resources required for the economic development of any nation.



Electricity is one of the most convenient,

efficient, and versatile forms of commercial energy and hence is critical for the growth of different industries, be it manufacturing, service or agriculture.

GDP of a country is vastly dependent on availability of power.

In case of developing economies like India, the energy sector assumes an even greater importance with ever-increasing energy needs. Growing power demand requires substantial investments in infrastructure for delivering at the most competitive, efficient and reliable ways is critical.

Over the last decade, the Indian power sector has grown exponentially with installed capacity reaching 356 GW and energy production at 1372 billion units as on 31 March 2019



Despite exponential growth, the Indian power market is yet to achieve its true potential. Presently, a meagre 11% of total power generated is traded in the short-term power market. To accelerate growth a greater degree of focus and attention is required.

In 11 years of its presence and operations, IEX has responded to the realities of the nation's energy requirements by, acting as a catalyst in the Indian government's drive towards Power for All on 24 x 7 basis at affordable rates in reliable way. We have facilitated:

Capacity addition in generation and transmission

Investments in merchant and captive power generation capacities began to rise when IEX enabled generation companies to accrue additional revenues by selling power in the market. Simultaneously, price signals emanating from the Exchange helped the country improve transmission capacities and achieve One Nation, One Grid and One Price characterizing an efficient market place.

Smooth inter-regional exchange of power

States with surplus power began to focus on enhancing their resource utilization and optimized processes to enhance power savings by selling surplus power to deficit States.

Competitively priced power to commercial and industrial consumers in India

IEX pioneered operationalization of retail open access in India in the year 2008. Over the last eleven years, several industrial and commercial consumers across the country have benefited with competitive prices of electricity. Also, several ailing industries leveraged an opportunity to revive themselves, and become cost competitive. Thus, the Exchange has immensely facilitated the 'Make in India' initiative of the Government.

Providing a transparent and efficient technology platform for electricity trading in the country

IEX aided to bring buyers and sellers under one roof, ensured a transparent and competitive price discovery, provided flexibility to market participants and enabled them to buy any requirements at anytime, along with a sound payment security mechanism, as well as robust risk management systems.

'Future' – what it stands for at IEX Limited

...reinventing ourselves over and over again

We are often asked "what can a market leader still achieve"? We answer 'Everything'. IEX stands for constant innovation and transformation. Our openness to new ideas has enabled us to grow continuously over the past decade. As we stand to take up for our next leg of the journey, we think that new opportunities leveraging innovation, technology are going to be the game changer. This is a challenge as well as opportunity for us. We are determined to utilize our leadership position in order to emerge as the winner in this competitive race.

...never standing still

We believe that nothing is more dated than yesterday's success and tomorrow's success lies outside the box. That is why it is critically important for a company like IEX to maintain a keen interest on everything and stay on the move. We feel this is the only way to develop new and unusual solutions for our customers keeping in mind their changing needs. We intend to shake things up and add new geographies and product offerings to accelerate our growth and drive long-term value.

Future is...

...thinking out-of-the-box

Thinking in a new and different way means to focus on disruptive technologies and process across every sphere of our business, so as to make the lives of our different stakeholders easier. As we move forward, we intend to make our process more and more user friendly and technologically advanced, test new ideas and translate them into a reliable business. We intend to surprise our customers with new and comprehensive solutions.

...thinking in terms of solutions

We believe that only those who know their customer's need can survive in today's market. In a world of accelerating change, we feel that it is important to know where the market is headed – ideally even before the market knows. For this very reason, we intend to move further close to our customers, so that we identify their challenges and needs and offer them appropriate solutions.

About IEX

Building on a proud past;
creating a strong future.

First

Energy Exchange
in India

6,429

Total participants
registered

97.2%

IEX's market share
in the Electricity
Exchange market

13%

Y-o-Y growth in IEX's
Electricity traded
volume

Largest

Energy Exchange
in India

55+

Total number of state
distribution companies
registered

52

Electricity traded in
FY19 (billion units)

Yesterday

We started in a nascent market, committed ourselves to addressing the long-standing need in India for commodifying energy and focussed on building a transparent and efficient platform for electricity exchange across the country.

Today

We are India's leading energy market place providing a trading platform, with operational excellence defined by robust processes and global six sigma standards.

Tomorrow

We will continue to strengthen our position as leaders by further developing the energy market, pursuing innovation, technology advancements, domain expertise, transparency, ease of transaction and superior service.



Knowing IEX Limited

Pioneering the concept of energy trading just like any other commodity, IEX Limited started its journey as India's premier power exchange platform in 2008.

Over the years, IEX has been successful in aggregating a host of buyers and sellers under one roof thereby ensuring ample liquidity and competition in the marketplace leading to efficient price discovery. It also offers its participants the opportunity to trade in a variety of energy products under one roof.

IEX also helped in bringing accessibility and transparency in the power market in India, along with enhancing the speed and efficiency of trade execution.

Our participant mix

6400+

Participants

500+

Electricity generators

4000+

Open access consumers

1000+

Renewable energy generators

55+

Distribution companies

Our beneficiaries

Distribution companies, power generators and commercial and industrial consumers representing multiple industries are major participants on IEX. The diversity of participation in the exchange has helped build liquidity, ensuring reduced power prices (for buyers) and increase revenues (for sellers), thereby strengthening respective businesses.

Our trust factors

We are a process driven company and hold ourselves up to the highest quality standards in the field. The Company is compliant with ISO 9001:2008 accreditation for quality management, ISO 27001:2013 accreditation for information security management and ISO 14001:2004 accreditation for environment management.

Management

Led by MD and CEO Mr. Rajiv Srivastava, IEX is managed by a team of reputed professionals. Its Board of Directors comprises of some of the top names from diverse industries - finance, professional services and eminent personalities. Mr. Srivastava heads the day to day operations of the Company along with his highly qualified and experienced team, and together they oversee a company that employs 126 professionals (as of March 2019) with various academic degrees.

Ownership

The Company is owned through diversified shareholding, and at the end of FY2018-19, our shareholders comprised of non-institutional investors 47%, Foreign Corporate Bodies 22.10%, Foreign Portfolio Investors 17.61%, Mutual Funds 5.94% and other domestic institutional investors 6.91%.



Our Approach

Building on a proud past;
creating a strong future.

Our offerings basket

Day-ahead Market (DAM)

Trading of 96 distinct electricity contracts of 15-minute time block each for the next day offering ample flexibility to the market participants.

Price competitiveness is ensured by means of price discovery through double-sided anonymous auction with uniform clearing price thus enhancing social welfare for market participants.

Term-ahead Market (TAM)

Includes range of options for electricity trading for a period of up to 11 days.

Trading is possible through intra-day, day-ahead contingency, daily and weekly contracts.

Renewable Energy Certificates (RECs)

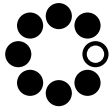
REC-solar and non-solar alternatives.

Provides the option to ensure compliance with renewable power consumption requirements to obligated entities.

Energy Saving Certificates (ES Certs)

ES Certs are issued on accomplishing targets for reduction in specific energy consumption, which are tradable on the exchange.

Strategy in action



Diverse ecosystem:

We provide an open system of collaboration to support partnerships, products and services across the Indian power industry ecosystem.



Innovative solutions and technology:

We offer innovative solutions and technology to drive efficiency and deliver benefits to our customers, employees and the wider energy marketplace.



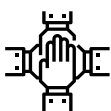
Enduring trust, integrity and resilience:

We earn trust and deliver resilience by making sure our systems and processes are robust, secure, reliable and fair, and that our people act with integrity towards the market and each other.



Customer-centric approach:

We are constantly brainstorming ways to improve the experience for our customers.

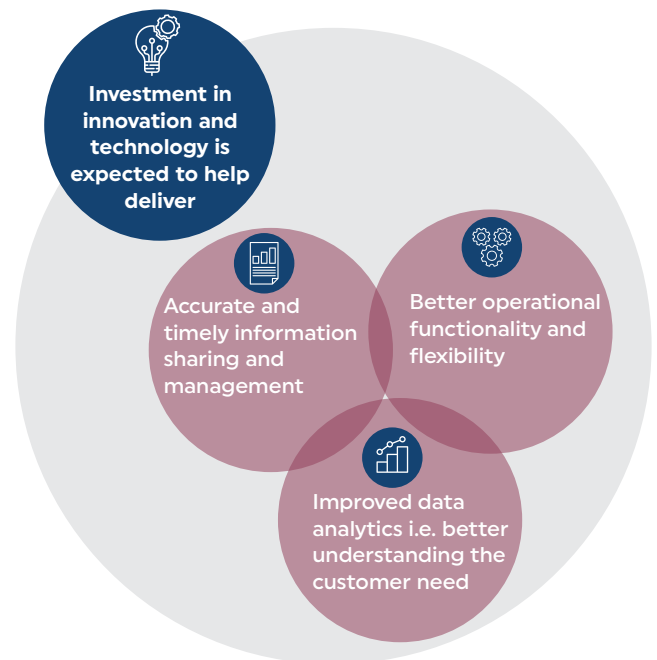


Collaborative culture:

We foster collaboration and agility within our businesses, across our teams and among our people by empowering them.

How IEX plans to drive efficiency and innovation?

By investing in technology and innovation, to build stronger foundation and enable future growth.



Message to Shareholders



“We have completed a successful decade in the business and stepped onto the next interesting phase of our journey.”

Dear Shareholders,

Energy is one of the most crucial resources required for the economic development of any nation as well as an enabler for all-round social development of its citizens. The Government of India with a vision to promote socio-economic wellbeing of its citizens aspires to provide 'Power for All' on '24x7 basis'. Providing electricity to every village and household through 'Saubhagya' initiative would help increase the per capita consumption of electricity as well as create new economic opportunities which in turn would help address the social challenge of large exodus from the villages to the cities. Positioned as a key energy market institution, the Indian Energy Exchange (IEX) has played a pivotal role for over more than a decade to facilitate the government in realising its economic and social aspiration of reaching electricity to all on round the clock basis. The electricity market on the Exchange is a physical delivery based market operating on the round the clock basis facilitating transactions between buyers and sellers spread across the country.

Impressions and reflections on the decade that passed by

In the year 2018, IEX completed a decade of successful operations. The first decade has been a noteworthy one for IEX, not because we emerged as the industry leader within energy market space but for ability to contribute

towards the nation's aim of ensuring economical and continuous supply of power across the length and breadth of India. Amidst the growing demand for power, some regions of the country had power shortage whereas others had surplus power supply. IEX addressed this paradox by providing a transparent and efficient technology platform for electricity trading which allowed market participants ample flexibility to trade required quantum, at any time, at the most competitive price. We have served as a benchmark for introducing competition in the power market facilitating capacity addition, better capacity utilisation, transparent price discovery, sound payment security mechanism and above all market signals have provided indications to the policy makers on the gaps that need to be addressed. The first decade has seen exponential growth in registered participants base from 70 in 2008 to 6400+ in 2019, while the volume of electricity traded grew from 2.6 BU to 62 BU implying CAGR of 35%

It is now time to look ahead and gear up for the next decade and move on a path that will be more exciting, enriching, challenging and fulfilling. It has been a great learning experience and a journey of building long term partnerships. We started the journey with a noble intention, pursued our goals sincerely and built an organization on strong foundation of values, ethics and principles. We are sure that the next decades for IEX would be a promising one.