Dated: November 13, 2017

The Manager
BSE Limited
Corporate Relationship Department
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai- 400001

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: BSE- 540750; NSE- IEX

Subject: Transcript of the Conference call with analysts and investors

Dear Sir / Madam,

Please find enclosed herewith transcript of the Conference call with analysts and investors held on Wednesday, 8th Nov 2017, at 6:00 pm (IST) to discuss the financial results of the Company for the quarter ended September 30, 2017 (Q2 FY 2018 Results).

You are requested to take the above information on record.

Thanking You

Yours faithfully,

For **Indian Energy Exchange Limited**

Vineet Harlalka
Company Secretary & Compliance Officer

"Indian Energy Exchange Q2 FY2018 Results Conference Call"

November 8, 2017

ANALYST: **MR. BHAVIN VITHLANI - AXIS CAPITAL LIMITED**

MANAGEMENT: **MR. S N GOEL – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – INDIAN ENERGY EXCHANGE**
MR. VINEET HARLALKA – CHIEF FINANCIAL OFFICER - INDIAN ENERGY EXCHANGE
MR. SANJAY MEHROTTRA - HEAD INVESTOR RELATIONS - INDIAN ENERGY EXCHANGE
MR. RAJESH KUMAR MEDIRATTA – DIRECTOR OF BUSINESS DEVELOPMENT - INDIAN ENERGY EXCHANGE
MR. AKHILESH AWASTHY – DIRECTOR OF MARKET OPERATIONS - INDIAN ENERGY EXCHANGE

Moderator: Ladies and gentlemen good day and welcome to the Indian Energy Exchange Q2 FY2018 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 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. I would now like to hand the conference over to Mr. Bhavin Vithlani from Axis Capital Limited. Thank you and over to you Sir!

Bhavin Vithlani: Thank you Stanford. Good evening everyone and welcome to the maiden earnings conference call for Indian Energy Exchange. From the management, we have with us Mr. S N Goel - Managing Director and CEO, Mr. Vineet Harlalka - Chief Financial Officer, Mr. Sanjay Mehrottra - Head Investor Relations, Mr. Rajesh Kumar Mediratta – Director, Business Development, Mr. Akhilesh Awasthy – Director, Market Operations. The flow of the call would be a brief presentation by the management on the results and the outlook post which we will open the floor for Q&A. Over to you SNG for your opening remarks please.

S N Goel: Thank you Mr. Bhavin. Friends it is 6 p.m. in India a very good evening to all of you. At the outset, I would like to thank you all for your support in the recently concluded IPO of IEX and IEX has now become the listed company from October 23, 2017. Before I talk about the financial performance of the company, I would like to discuss in brief about the recent developments, which took place in the power sector because this developments have a direct impact on our business. On the supply side, the total generation in the country grew by 4.5% during April to September 2017. In absolute terms, the generation has increased from 581 billion units to 607 billion units and during the same period, exchange volume in electricity segment has grown by 17% whereas the demand in the sector has increased by 4.5%, exchange transactions increased by 17%. The Honorable Prime Minister on September 25, 2017 announced the Saubhagya scheme under which government aims to provide access to electricity to all villages by December 2017 and electricity supply to each household by December 2018. This is expected to accelerate the process of rural electrification and increased the overall electricity demand in the country.

On the transmission side, there has been significant development to the transmission capacity addition and power grid has recently commissioned Champa-Kurukshetra HVDC line by increasing 3000-megawatt capacity for the Northern Region and similarly for the Southern region Wardha-Nizamabad, Angul-Srikakulam double circuit 7605kV lines for commission. As a result of all this transmission line commissioning, the transmission congestion, which was very acute for the Southern region earlier, now the congestions have disappeared. Virtually we are now operating in congestion-free market. In the month of July-September 2017 almost 90% of the days, we had no congestion in the market and this will give comfort to the distribution companies that they can now buy power from the exchange whenever they want. I am sure this will increase participation of the distribution companies on the exchange trade form. The overall trend in the short-term market is published by CERC and for the period April to August 2017 as per the report, the short-term market size has increased from 10.9% to 11.15% and within the short-term market, the direct banking transactions have gone down by 20%, there is a reduction of 20% in the banking transaction, bilateral transactions to the traders have increased by 3% whereas exchange transaction have increased by 17%. IEX has been the largest gainer in the short-term market segment.

Now coming to the transactions in the day-ahead market, IEX in the first half of this financial year, the purchase which at the exchanged has increased by 21%. The increase in the purchase, which indicates that there was larger participation by the buyer particularly distribution companies on the exchange platform. However, the trade volume was not commensurate with the increase by which on the sell side, because on the sell side, there was only increase of 2%, which was due to supply constraint in the sector caused by reduction in coal production and because of the post monsoon affect, the price of the e-auction coal also increased and price of imported coal also increased by almost about 32%. So the effect of all these things, there was less supply of power and increase in the clearing price also in the month of September. Average coal stock at the power stations, which was for 21 days in the last year, during this year it came down to almost about eight days. So I am sure now a lot of improvement is taking place in the coal supply. In the month of November, this situation should normalize and this should also start seeing large supplies on the exchange platform. With these facts in mind, let me brief you about the performance of the company.

In the first half of the FY2018, IEX experienced a robust volume growth in the HVDC segment of 17.03%, our volumes increased from 20.47 BUs to 23.956 BUs in April to September 2017. On the quarterly basis, Q1 and Q2 experienced growth of 22.3% and 12.3% respectively compared to the same period last year. The total registered participant base stood at 5971 as on September 30, 2017 We also commenced electricity saving certificate ESCerts from September 27, 2017. In the first half of the FY2018, the revenue from our business activities grew at a good rate with the income from transactions seen increasing by 15.17%; however, the income from membership fees remained more or less constant. The profit from our core business increased by 19% excluding the treasury income and this was achieved on account of increased transaction revenue and substantial reduction in the expenses. The expenses reduced by almost 18.83%. This was possible because of purchase of technology by the company from 63 Moons. Our total profit, profit after tax increased by 10.34% during April to September 2017 period compared to the same period last year. We witnessed the decline in our treasury income from Rs.18.03 Crores in April-September 2016 to Rs.12.2 Crores this year. This was mainly because of payment of special dividend of Rs.127 Crores in July, technology buy out by making a payment of Rs.114 Crores in month of May and low interest rates in this period. So I think now we can take questions and answers.

Moderator: Thank you very much Sir. Ladies and gentlemen we will now begin with the questions and answer session. We take the first question from the line of Rohan Advant from MultiAct. Please go ahead.

Rohan Advant: Thanks for the opportunity. My first question is on the open access customer volume from June 2016 to November 2016, we have seen that these volumes grew very rapidly over 40% but since December 2016, these volumes seem to have degrown. We do not have the first half of numbers so can you tell share how have these volumes behaved in the first half and there are talks about surcharges on OAC customers so how does that impact our business in the long term?

S N Goel: See open access volumes in this first six months that has reduced basically because of increase in the clearing price. As you are aware that open access consumers are quite price sensitive and our price this year has increased by almost 26% in comparison to that clearing price which was there in the last year. So that is why the open access.

Rohan Advant: Should I understand this as that the reduction is more because of increase in clearing price and not owing to surcharges levied by government?

S N Goel: The reduction in volume was more because of the increased in the clearing price. There was Minor reduction also because of the increased in cross-subsidy surcharge but the major reduction was because of the increase in clearing price and increase in clearing price was mainly because there was larger participation of the distribution companies. In fact distribution companies purchase volume increased by almost 100%. Last year they purchased 7.6 billion units; this time they purchased 15.1 billion units.

Rohan Advant: Okay Sir and my second question was regarding the DEEP portal in a short time, we have seen it garner a lot of volumes so I mean cannot our customers look at DEEP portal as an alternative and shift towards that and so how do we look at that as a competition to us?

S N Goel: See DEEP portal is these transactions are nothing new. Earlier these transactions were happening through the trading companies, distribution companies were inviting bids, competitive bid, different trading companies and generators were quoting their rate for sell off power and then they were awarding the contracts based on the price quoted by these parties. These transactions are now as per the Government of India guidelines; the distribution companies can purchase power only through the DEEP portal or through the exchange. So all the bilateral transactions through the traders are now shifted to the DEEP portal. So the DEEP portal is nothing new, but if you look at the transactions which are happening now that increase in bilateral transactions that has reduced as I told you CERC power market report for the period April to August, the increased in the bilateral transactions which have come in through the DEEP platform, the increase is only 3% with respect to last year whereas exchange transaction increased to 17%.

Going forward because of this improvement in the transmission capacity, there is no congestion in the market today. So distribution companies are now more comfortable that they will be able to get power from the exchange whenever they wanted. If they are buying power through the DEEP portal, they are making a commitment in advance and entering into a contract. Even if the demand goes down, they will have to honour the contract. On the exchange platform, they are buying on day-ahead basis. So they are only buying what they need and now with augmentation in transmission capacity, they are more comfortable. That is why we have seen in this first half year that there were more number of buy bids, increase in buy bids was almost by 21%.

Rohan Advant: Sir so what you are saying is that what used to happen on a bilateral basis is essentially shifting to DEEP, is that understanding right?

S N Goel: Yes what was happening earlier bilaterally that have shifted to the DEEP and in fact a part of those transactions are now shifting on the exchange platform.

Rohan Advant: Sir and my last question was that in RHP said that short-term as a percentage of total power production can increase from 10% currently to 22% over the next few years; however over the last six to seven years, we have seen that this has stayed constant at 10%. So can you just throw some light on what are the new drivers that can now really pull it up to more than 10%?

S N Goel: See that RHP details for basically based on the report which was given by CRISIL to us and though in the last four, five years, the power market size has remained almost around 10%, but now with large generation capacity addition, which have taken place so we are surplus with power and more important is augmentation in the transmission capacity. So I am sure that will give a lot of comfort to the distribution companies that they can buy power whenever they wanted. So instead of getting into a contract through the bilateral transaction, they will now shift to the exchange market and that will also increase the short-term transaction. See earlier, they signed the long-term contract, if you see three, four years back, all distribution companies were signing long-term contracts but in the last four years virtually, no long-term contracts have been signed except for one or two contract by Kerala I think about 1500 megawatt to 1600 megawatt contracts have been signed. So distribution companies are not signing long-term contract, which as they know under the long-term contract, they have to pay the capacity charge even if they are not utilizing the capacity and now they are comfortable that in the short-term market, there is enough liquidity. So, I think in future the short-term market size will increase.

Rohan Advant: Okay, I have few more questions I will join back in the queue. Thanks for taking my questions.

Moderator: Thank you. We will take the next question from the line of Murtuza Arsiwalla from Kotak Securities. Please go ahead.

Murtuza Arsiwalla: Hi Sir thank you for taking my questions. There is an article, which talked about SEBI and CERC sort of coming to an understanding on allowing power derivatives. A. Could you throw some light on it? B. If that opportunity were to materialize any sense on how large the opportunity would be and would we require from a systems perspective any sort of incremental capex to set our sales up for that opportunity?

S N Goel: I will not like to comment on the article, but I would like to definitely say one thing that there are discussions on in the ministry to resolve this issue about the jurisdiction regarding this forward and future contracts. So hopefully in the next couple of months, this issue should get resolved and as and when this situation is resolved, I am sure that will have a lot of opportunities. IEX even if this is under the SEBI jurisdiction maybe we will also have the opportunity to setup another business unit for doing trading in the forward and future and I will tell you when that is introduced that will also lead to increase in the volume on the spot market. Then buyers will be able to take position in the forward market from the price point of view and take deliveries at spot market as and when the demand is there. So on both account, I am sure we should be benefited.

Murtuza Arsiwalla: From the systems perspective are we prepared or would there be a significant sort of systems upgrade that would be needed for this?

S N Goel: For the forward and future market yes there will be system requirement also maybe there will be clearing and settlement mechanism also which we will have to look into this. We are working on these things.

Murtuza Arsiwalla: All right, thank you so much Sir.

Moderator: Thank you. We will take the next question from the line of Dhruv Muchhal from Motilal Oswal Securities. Please go ahead.

Dhruv Muchhal: Hi Sir. Thank you. Sir just a followup on the first question on the industrial consumers, we have seen in Telangana and I think even Andhra Pradesh are looking at imposing I think additional surcharges. So I am sure the amount is not on I think it is from 0.91 but it is still to be decided but how does the economic changes. If you can also say what is the proportion in terms of total consumption how much of Telangana and Andhra consumers are using this from IEX approximately over the last few years and if say for example the rate is Rs.1 how does it change the equation assume of course IEX price is around Rs.3?

S N Goel: You may please repeat, we did not full question.

Dhruv Muchhal: Sir the thing was you have seen that few states are like trying to improve additional surcharges, so Telangana I think is trying too and Andhra is trying too and potentially additional customers for us so assuming IEX price is Rs.3 and if this additional surcharges comes as Rs.1, how can it impact our consumption from these states?

S N Goel: States distribution companies are doing whatever is possible to block the open access and many of the states, the tendency is like that. So they have filed their petition to the regulatory commission, but regulator will have to take a view. Open access provision was created basically to create competition in the sector, to promote efficiency and regulators are aware about this and regulators are taking the view, which is right for the sector. I do not think whatever has been asked by the distribution company that same will be allowed, whether this will be allowed or not. So, whenever the order comes then only we will able to work out the impact, but what I would like to say is like in case of Telangana. Telangana as a state itself is becoming active on the exchange; purchase by Telangana is increasing significantly. I mean this year Telangana purchase has increased by almost 350% with respect to last year. So if the open access consumers are not buying power, maybe the demand will be met by the distribution company and purchased by the distribution company it may increase.

Dhruv Muchhal: Okay and Sir one more thing was on the DEEP platform, which was also followup on the first question. You said DEEP does not compete with us directly, but have you seen a few bids by UP, which are for time of date tariff so for example, they are between 8 on 10 daily for 21st, 22nd, 23rd like this. So is there something which can stop I mean, you are not allowed for a long-term contracts not more than 11-day contracts so is there something which can stop the DEEP or because effectively it is taking some share from you?

S N Goel: Since you have UP bids, UP definitely placed some orders on the DEEP platform and the prices were discovered there, but have you tracked after that. Has UP placed order against those bids?

Dhruv Muchhal: Sure sir, the bid prices are extremely high I think less Rs.7…

S N Goel: So, UP has not placed the order. Same thing is happening in most of the states. What we are doing is they are giving tenders on DEEP platform trying to get a price and then comparing that price with respect to that exchange prevailing price and what is expected on the exchange considering what was the price last year and what is the trend this year and we have seen in most of the cases, distribution companies do not proceed ahead in placing the award, they must prove in case of UP, UP has not placed the award against any of those prices, which were discovered in DEEP platform.

Dhruv Muchhal: True I believe that was also because the prices were high and also because of the coal shortage situation, which was coinciding with it. If the prices of the coal shortage resolves and let us say for example if the prices comes to say Rs.3 or whatever similar to what we are, then it could be competition so just wondering on that side if they come?

S N Goel: If on the DEEP platform prices are as competitive as exchange price then yes distribution company will like to go with DEEP platform because at least you are blocking it for particular duration. But again you are blocking it in and you are also getting blocked by in the process. You will have to then purchase the power even if the demand goes down. On Saturday and Sunday, if you are demand goes down then also you will have to honour that contract. On the exchange, they have that flexibility, so we have seen distribution companies now states like Bihar, they are only depending on the exchange platform, they are not going for the MSTC. West Bengal, if you look at the transactions through the MSTC platform, DEEP platform done by West Bengal. The quantum is very small in comparison to the transactions they are doing on the exchange platform. Same thing is too for Telangana, Gujarat. So I do not think DEEP platform is really a cause of concern for us as long as our prices are competitive and also there is no congestion in the market.

Dhruv Muchhal: Sure Sir and Sir last thing probably more long-term thing but there have been talks about we looking at gas exchange market probably I think Europe exchange has that natural gas market. If you can just highlight what is the potential there, I mean what needs to happen for gas market to evolve, probably like in the electricity, the transmission network was the key. What can drive the gas market in India?

S N Goel: Now, Honorable Minister for the petroleum, he has been very active in the media also for setting up the gas exchange and they want to create a market in the gas sector and particularly for the marginal fields. So that these output from these fields can be sold through the market and there is no involvement of the government in the price setting. We are in discussion with some of the stake holders so that we are in a position to set up the gas market because electricity market and the gas markets have lot of synergy so we are in discussion with the stakeholders let us see, but there are few enablers which are required for setting up a gas market, unfortunately we do not have those enablers in place. One is basically that suppression of the transported gas, transportation system from the supply business. So today we have GAIL, which is doing both supply and the transportation. Then we also need a system operator, which will do the gas transportation accounting, the deviations in the contracts are to be settled by the system operator. So, these infrastructures will have to be created before starting the gas market.

Dhruv Muchhal: Sure Sir, open access network which is not so much there in the gas sector.

S N Goel: Basically it will have to evolve as the power market has evolved over the years. I mean with the development of the gas transportation infrastructures the market size will further improve, but with whatever infrastructure is available it is possible to do that provide the suppressions are done and these enablers are put in place.

Dhruv Muchhal: Sure Sir. Thank you Sir.

S N Goel: But we are working with different stakeholders for developing a gas market in the country and taking advantage of that.

Moderator: Thank you. We will take the next question from the line of Rishi Pathak from Jain Irrigation Systems Limited. Please go ahead.

Rishi Pathak: My question is that in the presentation that we have seen before the IPO, the EBITDA margin for the company was shown around 70%-75% so can we expect the same EBITDA margin for the current year and what will be the expected EPS for the full year?

S N Goel: EBITDA margin will definitely improve this year whatever was shown, this year it will be better than that and EPS I will request my CFO to respond to this question.

Vineet Harlalka: Mr. Pathak this is Vineet Harlalka so if you look at the quarterly result also what we had published if you have gone through it, there is a significant improvement in the EBITDA margin for the half-year ending also. Because during this period we had acquired the trading software in-house, which reduces our technology cost significant which will help us in improving the EBITDA margin and in forward also as when the volume increases that impact will be more visible and secondly regarding the full year guidance though it will be difficult to say but if you look into the present status we have almost around 22 number we are achieving and looking at the past year if I go back that too, we are expecting double-digit growth.

Rishi Pathak: Okay and my last question, can we expect a dividend payout same like last year?

Vineet Harlalka: This will depend upon the board decision because we had done the big amount of capex and a good dividend was paid. So how the company performed and the board will take a call, I will not be able to comment on that at this stage.

Rishi Pathak: Thank you very much.

Moderator: Thank you. We will take the next question from the line of Darshan Shah from MultiAct. Please go ahead.

Darshan Shah: Thanks for the opportunity. In the short-term we have power exchange license traders and bilateral contracts between DISCOMs and DSM, so which one of this remaining three has moved to DEEP platform. Is it both licensed traders and bilateral contracts?

S N Goel: It is bilateral contracts, which have moved to the DEEP platform.

Darshan Shah: In total volume right for the first half?

S N Goel: Yes.

Darshan Shah: Okay and my second question is on volume growth by customer like what was the volume growth in case of open access consumer for the first half and for the SCBs in the first half. SCBs I think it was mentioned, it was around 100%?

S N Goel: In case of open access consumers, there was a volume reduction by 33% with respect to first six month of last year and in case of distribution complaint, the volume growth was almost about 100% and the volume reduction in case of open access consumer was more because the clearing price has increased this year because of larger participation by distribution company and lower supply side bids. Lowe supply bids were more because of the coal issues and I am sure you must be reading that in the media also from the last two, three months, there are coal issues.

Darshan Shah: Okay thanks.

Moderator: Thank you. We will take the next question from the line of Trupti Agarwal from White Oak Capital. Please go ahead.

Trupti Agarwal: Thank you for the opportunity Sir. Sir just a question that was asked by the previous participant, I just have a follow on that so in the short-term market which is about 10% of the total electricity that gets traded in the short-term, we said there are four largely four participants or four types of contracts which is traders, the bilateral, the DSM and the exchange. What I want to understand is what is the relevance of traders in today's context and can tag volume which is almost close to 29% in FY2017 move to the exchange so that is my first question. I will ask you the second one after this?

S N Goel: When we had transmission congestions in the country, there was race between the different distribution companies to enter into bilateral contracts and book the corridor whatever is available. So there were signing this bilateral contracts three months, four months, five months, eight months in advance booking the corridor. There was a role of the traders also in the process. But now with the transmission system commissioning when the congestions have virtually disappeared, I think it will be possible to replace a good part of this bilateral transactions by the exchange transaction.

Trupti Agarwal: Sir do these traders provide credit in the system by any chance to the DISCOM?

S N Goel: Traders see as far as CERC regulations are concerned, traders are supposed to supply power against the LC but there are many traders who are supplying power without the LC also taking their open position also, but that is the risk which they are taking, but then looking at the competitive price which is happening on the exchange platform and the flexibility which exchange provides to the distribution companies, I think and what we have seen also that distribution companies are preferring the exchange platform because of the competitive price discovery and also flexibility and purchase of power over the credit facility provided by the trading company.

Trupti Agarwal: Sure. Got it. Sir I have just one more question I just wanted to understand if would know what are the margins typically charged by exchanges outside India because exchanges outside India more vibrant and also they are in the business for a long time. So would you have any sense on that like today if I consider the clearing price at around Rs.3 then today the DISCOM charges is around 1.33% that is 2 paisa on both sides. Would you know what this is international?

S N Goel: I do not think it is apple-to-apple comparison. We need to look at the volumes what they are doing. We are doing only 3.6% of the total generation to the exchange. There are doing 50%-70% of the total generation to the exchange. So we are at the nascent stage. I do not think that comparison is really worth doing it.

Trupti Agarwal: Okay Sir. Thank you so much.

Moderator: Thank you. We will take the next question from the line of Amit Thavani from Zenith Capital. Please go ahead.

Amit Thavani: My first question is I think as the power generation market we are moving towards renewable energy which is unpredictable as the nature of process, can you tell us how will that impact volume on an exchange?

S N Goel: Renewable energy now there are forecasting rules available, which is possible to do forecasting for the renewable generation also, but definitely there is a lot of variability in that and to manage the power demand. In the demand you do not have that kind of variability. So to manage the demand along with the renewable distribution companies will definitely need a platform from where they can buy the power to supplement that renewable generation. Countries like Germany have got more than 50% of the renewable power, renewable generation where the exchange transactions in the recent past have increased significantly. It was more because of increased in the renewable generation capacity. In India also I am sure if the renewable generation increases there will be a lot of opportunity by IEX managing that part of the distribution company.

Amit Thavani: We have also heard that DISCOMs have not been honouring PPAs especially in the wind PPA, how does that affect us, if you can…?

S N Goel: I would not like to comment on what distribution company does, so…

Amit Thavani: But if they are not able to sell somewhere then will that volume comes on the exchange?

S N Goel: Should come.

Amit Thavani: Thank you Sir. I will come back in queue.

Moderator: Thank you. We take the next question from the line of Rahul Ranade from Goldman Sachs Asset Management. Please go ahead.

Rahul Ranade: Hi Sir thanks for the opportunity. Just wanted to understand what the mix is between open access and DISCOMs and how it has changed over the past one year?

S N Goel: See last year the open access volume was almost about 62% and distribution company buy was 38%, this year in the first six months it has changed and distribution company is 64% and open access consumer is 36% and more participation of distribution company is good for the company because distribution companies are large buyers so if they are switching to exchange platform it is good for the company.

Rahul Ranade: Sure Sir just wanted to get that. Thank you.

Moderator: Thank you. We will take the next question from the line of Rohan Advant from MultiAct. Please go ahead.

Sir just one question that the global exchanges some of them we have heard that they do 50%-70% of electricity volumes of a country so just wanted to understand that do these countries actually do 50%-70% in the day-ahead market or those exchanges are allowed to do volumes across short-term, medium-term and long-term. Sir just wanted to understand that our understanding is that global exchanges do 50%-70% of the total electricity volumes. So are those volumes in day ahead or up to 11 days or these exchanges are allowed to do medium, long-term volumes as well.

S N Goel: More than 90% of those volumes are day ahead volumes.

Rohan Advant: Okay so in those countries almost all the power is bought today for tomorrow.

S N Goel: Yes, but as I told you they have the derivative market also, so they can help their position in the derivative market from the price point of view, but delivery is happening in the day-ahead market.

Rohan Advant: Sir but if a power producer does not have any PPAs and he is setting up power capacity, how does he get funded without a PPA. Can that happen in India, a power producer sets up a plant with a plan that he will do everything in the day-ahead market and can he get funding from financiers, etc.?

S N Goel: See you can understand it by looking at other sectors. What they do is, they look at demand supply and projected demand supply, on that basis they get lending not on the basis of the PPA. Most of the places, PPAs allow, normally people do is up to five to six years so it is not on the period for the whole when they are getting debt, so this is the model what we have in other sectors, the same model is used for power sector for the setting up the project.

Vineet Harlalka: To add to this, we already have the merchant power plants in India itself, which have been funded so it is not that it has not happened in such countries it will continue to happen.

S N Goel: The only thing is the rate at which we created the capacity that was much higher than the demand increase that is why unfortunately the prices crashed. Otherwise, in the market based on the market fairing price also it is possible to do the funding the projects.

Rohan Advant: Thanks.

Moderator: Thank you. We will take the next question from the line of Akhilesh Bhandari from ICICI Prudential. Please go ahead.

Akhilesh Bhandari: Thank you for the opportunity, just one question. There was recently an article that in the forthcoming meeting of Energy Ministers, the power minister is going to announce that all discoms must have PPAs to cover 100% of the requirement. So just wanted to get your comments on this statement?

S N Goel: All discoms should have 100% PPAs to cover their requirement, which is basically base load requirement. In case of distribution companies, there are a lot of seasonal variations also. Looking at the state of the Delhi, or Haryana, Punjab, Gujarat who signed large PPAs and beyond their base load requirement and now their paying capacity charges without utilizing that. I do not think distribution companies are going to sign PPAs beyond the base load requirement and seasonal variations are also quite large.

Moderator: Thank you. We will take the last question from the line of Dhruv Muchhal from Motilal Oswal Securities. Please go ahead.

Dhruv Muchhal: Thank you for allowing again. Sir, just to get it right, in the previous question you answered that in 1H, your open access was 36% and the discoms are 64% of the total volumes, is that right in this year, in the first half of the FY2018 and Sir you mentioned that the demand was driven largely by UP and Telangana, any other states which have driven this demand?

S N Goel: The increase in demand purchased by West Bengal, Gujarat, Maharashtra, Bihar, Uttar Pradesh, Telangana, Kerala and many purchases were active.

Dhruv Muchhal: Just to get it right, is it only in the last few months where in August and September when there was a coal shortage situation or was it sustainable even in Q1 of this year? Q1 we did not have a stress, but it emerged in Q2, so was it the discoms started coming to exchanges then just because of the shortage or was it a sustainable trend?

S N Goel: In Q1, the shortage was not there and that is why our volume increase in Q1 was almost about 22%.

Dhruv Muchhal: But that was driven by discoms with 22%?

S N Goel: Because of the large purchase by distribution companies, the prices increased in Q1 also, but the price increase was not that high, but in Q2 the prices increased because of the more purchase by the distribution companies and since the supply was less that increase in price was very high. So that reduced purchase by distribution to the consumer.

Dhruv Muchhal: Is there a way to track how these demand centres are moving? Do you publish it or is it available somewhere if you can help us? I mean how the state-wise demand, how do you open access demand is moving, do you have any source to just track it?

S N Goel: The state wise demand is coming in the NLGC publishing daily report.

Dhruv Muchhal: Sir, not the overall state wise demand, the demand from exchanges? I mean, what you supply effectively or because PX file is almost, I think so what you would supply, is it available?

S N Goel: What we are supplying is appearing in the schedule of the different states, which is issued by the RLDC through the low dispatch centre. I mean it is quite complicated to track that, let me tell you that, but it is available.

Vineet Harlalka: What demand they are putting on the market that is not available in public domain but what they are actually buying from the exchange that is available in the public domain and the RLDC's website.

Dhruv Muchhal: I will try to track that. Thank you so much.

Moderator: Thank you. That was the last question. I now hand the conference over to the management for closing comments.

S N Goel: Thank you very much. This was the first interaction. I hope we have been able to answer most of the question and because of the paucity of time I will not be able to go-ahead. If there are more questions, you can do the concall with me or with my CFO if the questions are relating to the financial aspects and would be happy to respond to that.

Bhavin Vithlani: Thank you Goel Ji. On behalf of Axis Capital, we would like to thank all the participants to join in the call and we would also like to thank the management Of IEX to give us the opportunity to host their maiden conference call. Thank you so much and we could close now.

Moderator: Thank you very much Sir. Ladies and gentlemen on behalf of Axis Capital Limited that concludes this conference. Thank you for joining us. You may now disconnect your lines.