Dated: April 30, 2025

The Manager
BSE Limited
Corporate Relationship Department
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai- 400001
Scrip Code: 540750

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
Symbol: IEX

Sub: Transcript of the Earnings Conference call with analysts and investors held on April 25, 2025.

Dear Sir / Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find the attached transcript of the earnings conference call held with analysts and investors on April 25, 2025, to discuss the financial results of the Company for the quarter ended March 31, 2025.

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

Digitally signed by VINEET HARLALKA
Date: 2025.04.30 12:55:58 +05'30'

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

Encl: as above

"Indian Energy Exchange Limited

Q4 FY '25 Results Conference Call"

April 25, 2025

MANAGEMENT: **MR. SATYANARAYAN GOEL – CHAIRMAN AND MANAGING DIRECTOR – INDIAN ENERGY EXCHANGE LIMITED**
MR. ROHIT BAJAJ – JOINT MANAGING DIRECTOR – INDIAN ENERGY EXCHANGE LIMITED
MR. VINEET HARLALKA – CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY – INDIAN ENERGY EXCHANGE LIMITED
MR. AMIT KUMAR – HEAD OF MARKET OPERATIONS, NEW PRODUCT INITIATIVES AND EXCHANGE TECHNOLOGY – INDIAN ENERGY EXCHANGE LIMITED
MS. APARNA GARG – HEAD, INVESTOR RELATIONS AND CORPORATE COMMUNICATIONS – INDIAN ENERGY EXCHANGE LIMITED
MR. ADITYA WALI – INDIAN ENERGY EXCHANGE LIMITED

MANAGEMENT: **MR. ROHAN GHEEWALA – AXIS CAPITAL**

Moderator: Ladies and gentlemen, good day, and welcome to Indian Energy Exchange Limited Q4 FY '25 Earnings Conference Call, hosted by Axis Capital. 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 star, then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Rohan Gheewala from Axis Capital. Thank you, and over to you, sir.

Rohan Gheewala: Thank you, Manav. Good afternoon, ladies and gentlemen. On behalf of Axis Capital, I'm pleased to welcome you all for the IEX Q4 FY '25 earnings conference call. We have with us the management team of IEX, which is represented by Mr. S.N. Goel, Chairman and Managing Director; Mr. Rohit Bajaj, Joint Managing Director; Mr. Vineet Harlalka, Chief Financial Officer; Mr. Amit Kumar, Head of Market Operations, New Product Initiatives and Exchange Technology; and Ms. Aparna Garg, Head, Investor Relations and Corporate Communications.

We will begin with the opening remarks from Mr. Rohit Bajaj, followed by an interactive Q&A session. Thank you, and over to you, sir.

Rohit Bajaj: Thank you. Good evening, friends. I welcome you all to the IEX earnings call for Q4 FY '25. With me today on this call are Mr. Satyanarayan Goel, CMD, IEX; Mr. Vineet Harlalka:, CFO and Company Secretary; Mr. Amit Kumar, Head of Market Operations and Exchange Technology; Ms. Aparna Garg, Head of Investor Relations and Corporate Communications; and Mr. Aditya Wali.

Friends, the Indian economy continues to be the world's fastest-growing major economy with a robust Q3 -GDP growth of 6.2%. According to the second advance estimates released by the National Statistics Office, India is expected to end FY '25 with a growth rate of 6.5%.

As per the RBI, various high-frequency indicators of economic activity point towards sustained growth momentum in Q4. For the new fiscal, the Metrological Department has forecasted an above normal monsoon of 105% of the long-term average, potentially boosting the agriculture sector and pushing economic momentum. Even with current uncertainty in global trade, the IMF expects the Indian economy to grow at 6.2% in FY '26 and continue to remain the fastest growing among the world major economies.

On the power sector front, electricity consumption during Q4 FY '24 recorded 415 billion units, which is an increase of 3.7% on a year-on-year basis. States such as UP, Maharashtra, Gujarat, MP, Rajasthan, Karnataka and Tamil Nadu remained drivers of demand during this quarter.

According to data released by CEA for FY '25, India’s electricity consumption increased 4.4% year-on-year to 1,694 billion units. In preparation of yet another summer of peak power demand, the MoP has initiated policy measures to ensure adequate supply. The directive of imported coal-based generators under Section 11 has been extended until April 30, 2025.

It is likely that MoP may further extend the directive under Section 11 for the remaining crunch period and gas-based power plants have been made available to run during this period.

To address the trend in rising peak demand, the government has been working to facilitate thermal capacity addition of nearly 80 gigawatts by 2032.

The capacity addition of 29 gigawatt is under construction, with 11 gigawatt expected to be commissioned in less than a year. The government has also awarded 19 gigawatt of new coal-based thermal capacity and a further 36 gigawatt of capacity is in various stages of planning, clearances and bidding.

In FY '25, India added a record 34 gigawatt of power capacity, led by 29.5 gigawatt of renewable energy. India's total installed renewable capacity now stands at nearly 220 gigawatt. The government's target is to achieve 500 gigawatt of renewable capacity by 2030. This energy transition would also require efficient integration with the grid.

A key enabler in achieving this is the availability of energy storage technologies. With the potential of about 181 gigawatt of pumped storage projects, the government has set a target of adding 35 gigawatt PSP capacity by 2032, of which 6 gigawatt is under construction.

To develop Battery Energy Storage System, BESS, the government has implemented the viability gap funding mechanism, which provides up to 30% of the capital cost for various BESS projects. Under this proposed model, BESS-based storage of 9 gigawatt is to be made available by 2027 and eventually scaled to 47 gigawatt by FY '32.

The decreasing cost of BESS globally and in India has been driving its financial viability and adoption. Earlier this month, Karnataka Power Transmission Corporation, KPTCL, discovered a low price of INR2.49 lakhs per megawatt per month for a 500-megawatt 2-hour, 2-cycle tender under the VGF model.

Further, a few days back, in the without VGF category, GUVNL discovered a price of INR2.8 lakhs per megawatt per month for a 500-megawatt 2-hour, 2-cycle tender. This is much lower than last year's discovered price of INR3.72 lakhs per megawatt per month for GUVNL 250-megawatt tender.

BESS would be able to deliver electricity during peak hour demand and help efficient integration with the grid. As discussed in our earlier interaction, one of the avenues for charging and discharging of BESS is through power exchanges, and this would increase liquidity on the exchanges.

On the fuel side, we remain in a comfortable position. For FY '25, coal production grew 5% year-on-year basis to 1,048 million tonnes while coal dispatch to the power sector rose to 843 million tonnes, which is higher by 5.9% year-on-year basis.

For FY '25, imported coal price closed the year at less than $50 per ton, lower by nearly 11% over FY '24. Imported gas prices for FY '25 remained near $14 per MMBtu, similar to the price discovered in the previous financial year. Coal price premium under SHAKTI B8 scheme has also come down between 10% to 20% and coal inventory on 31st March 2025 stood at nearly 23 days. This is the highest over a few years. Overall, the fuel situation has remained stable throughout FY '25.

On the exchange front, sell-side liquidity increased by 23.5% on a year-on-year basis in Q4 FY '25 and by nearly 36% throughout FY '25 compared with FY '24. The average market clearing price in the DAM segment during Q4 FY '25 period was INR4.43 per unit as compared to INR4.88 per unit in Q4 FY '24. This is a decline of 9% on a year-on-year basis.

During the year, DAM prices declined from INR5.25 per unit in FY '24 to INR4.47 per unit in FY '25. That is a fall of nearly 15% over the year.

The overall short-term market in India remains stable. According to data from CERC up till December 2024, the short-term market accounted for 15% of the country's generation in FY '25, similar to the number in FY '24. However, within the short-term market, the share of power exchanges has grown to 9% of overall generation from 7% in FY '24. This is an encouraging trend and points towards the crucial role exchanges are playing in the power market.

Let us now talk about the noteworthy regulatory updates and policy initiatives for Q4 and FY '25 that continued to be conducive for power market development.

Under the amendments to the late payment surcharge, LPSC rules, generating stations which have long-term PPA can now offer un-requisitioned power in day ahead market, real-time market and other exchange segments.

Recent amendments in the LPSC procedure have also brought State government-owned generating stations under its ambit, mandating them to offer URS power on the exchange platform. As a result of these rules, about 100 million to 120 million units of URS power from Central generating stations has been available on the exchange platform, out of which on an average, 15 to 20 MUs are getting cleared.

Once these rules are extended to private generators as well, there would be further increase in the liquidity on exchanges.

In a draft order earlier this fiscal, the CERC proposed various changes in the design of Term Ahead Market, which will align TAM products across exchanges and help improve liquidity in this segment. The final order on this matter is awaited.

In reference to the carbon market, CERC issued draft procedure for trading of carbon credit certificates for both obligated as well as non-obligated entities through power exchanges. Recently, Greenhouse Emission Intensity, GEI targets have been notified for 282 obligated entities across sectors.

The notification regarding this has been published by MoEFCC, the Ministry of Environment, Forest and Climate Change for stakeholder comments. This development is expected to pave the way for introduction of trading of carbon credit certificates on IEX in the near future.

These regulatory measures improved sell-side liquidity on the exchange, helped soften power prices and supported deepening of power markets. As prices continue to remain competitive, it is expected to present an opportunity for DISCOMs, commercial and industrial consumers to optimize their power procurement costs.

In terms of business performance, IEX traded 31.7 billion units of electricity volume during Q4 FY '25, the highest ever electricity volume traded on a quarterly basis, recording a growth of 18% on year-on-year basis.

For FY '25, IEX traded electricity volume of 121 billion units, a growth of 18.7% over FY '24. In Q4, a total of 68 lakh renewable energy certificates were traded, the highest ever in a quarter, recording a growth of 108% over the same quarter last fiscal. The highest recorded REC of nearly 178 lakhs were traded for FY '25, up by 136% over FY '24.

The RTM segment continued to demonstrate strong growth. For Q4 FY '25 RTM volumes at nearly 9.7 billion units were higher by 29% on a year-on-year basis, highlighting the segment's critical role in helping DISCOMs and open access consumers efficiently manage short-term needs.

For FY '25, nearly 39 billion units were traded in this segment, a growth of 29% year-over-year. RTM's ability to offer flexibility and immediate responsiveness underlines the opportunity to efficiently integrate renewables with the grid.

Green market volume in Q4 FY '25 rose 100% to 1.9 billion units compared with Q4 FY '24. For FY '25, the segment achieved volume of 8.7 billion units, an increase of 171% on a year-on-year basis. The segment advances integration of clean sources such as solar and wind into the grid and helps obligated entities, including DISCOMs, meet their renewable purchase obligations.

With regard other business developments, we continue to await approval from CERC on our petition to extend the Term Ahead Market contract from 90 days to 11 months. The trader market, which is presently around 40 BUs is the total addressable market for these contracts going forward.

As mentioned previously, hearing for our petition on the green RTM segment with the CERC has already been completed, and public comments on the petition hosted on CERC website have been closed.

Green RTM would provide an opportunity for RE sellers to avail price premium over conventional power and allow buyers to avail green attributes of electricity for fulfillment of their renewable purchase obligations. This segment shall also help reduce deviation exposure due to weather events by providing an avenue to trade green energy power in one hour in advance.

In September 2024, our wholly-owned subsidiary, International Carbon Exchange, ICX, became accredited as India's first International Renewable Energy Certificate issuer. Over the last 7 months, a total of 59 lakh I-RECs were issued by ICX. I-REC is globally recognized digital certificate that serves as a transferable proof of generation of 1 megawatt hour of energy from renewable sources.

This fiscal also witnessed positive movement on setting up India's first coal exchange under the supervision of the Coal Controller Organization. IEX has been working with stakeholders to explore this diversification option. The discussion paper on the proposed coal trade exchange was floated earlier in March this year. Public comments on the proposed draft are still open. The draft proposes amendments in The Mines and Minerals (Development and Regulation) Act, MMDRA, to facilitate sale of surplus coal through coal exchange. It also proposes that the exchange would facilitate sale of coal from commercial and captive mines.

Earlier in August 2024, draft guidelines for authorization and functioning of Extended Producer Responsibility, EPR, Trading & Settlement Platform for Plastic Packaging were issued by Central Pollution Control Board, CPCB.

This will help in the transparent and competitive price discovery for EPR certificates through an online platform. EPR certification ensures proper recycling, reuse, end of life disposal of waste generated from electronic and plastic products. We have filed an expression of interest with CPCB for developing the EPR trading platform.

Moving on to IGX. IGX traded highest-ever gas volume of 60 million MMBtu in FY '25, a growth of 47% over FY '24. For Q4 FY '25, IGX recorded a profit after tax of INR8.9 crores, which was higher by nearly 103% compared with INR4.4 crores in Q4 FY '24.

The profit after tax for IGX in FY '25 increased 34.3% to INR30.9 crores from INR23 crores in FY '24. As gas prices continue their downtrend, volume at IGX would pick up going forward.

Financial and business update. Let me summarize the financial performance of the company in this quarter and financial year. On a consolidated basis, revenue for Q4 FY '25 was higher by 17% at INR174.6 crores. For FY '25, consolidated revenue stood at INR657.4 crores, an increase of 19.3% on year-on-year basis.

Consolidated PAT during the quarter came in at INR117.1 crores, higher by 21.1% on a year-on-year basis from INR96.7 crores in Q4 FY '24. For FY '25, consolidated PAT was recorded at INR429.2 crores, higher by 22.3% over the previous financial year. Also, the Board of Directors of the company announced a final dividend of INR1.5 equivalent to 150% of the face value of equity share.

Friends, according to the IMD, India is expected to experience hotter-than-usual temperature from April to June this year. Estimates are that peak demand, may cross the 270 gigawatt mark this summer compared with the last summer peak demand of 250 gigawatt.

With the CEA forecast of peak power demand of 458 gigawatt by 2032, power consumption growth will continue to drive exchange volume growth. Of the 15 gigawatt of thermal capacity expected this fiscal, there has been a shortfall of nearly 11 gigawatt due to delays in project commissioning. This shortfall is expected to be available in the new fiscal along with renewable capacity.

In addition, policy measures undertaken by the government and regulators to ease supply side liquidity is expected to further rationalize power prices on the exchanges. We concluded FY '25 with almost 19% growth in electricity volume and remain optimistic about what lies ahead to be able to grow further in the coming year.

Power sector is undergoing changes with the development of new market models in the form of battery storage arbitrage, Firm and Dispatchable Renewable Energy, FDRE, the virtual power purchase agreements, VPPAs. These market models are slated to be future drivers to deepen India's power market and eventually ensure a successful energy transition. As India marches towards achieving its net zero targets, there is bound to be a much larger role of our exchanges in the country's energy landscape.

Thank you, and now we can have question-answers.

Moderator: We have our first question from the line of Rushabh Shah from Buglerock PMS.

Rushabh Shah: I had three questions. In the previous call, you mentioned that there are many steel plants and cement industry and aluminum industries who have large captive generation capacities with them. So they are also required to purchase the RECs? How big could this market be in the next 4 to 5 years? What is your vision related to this market?

Satyanarayan Goel: Yes. REC compliance by the industries who have captive generation is a requirement. But unfortunately, enforcement of that is not happening at the moment. And these industries also have taken up with the government that there should be some relaxation for them because otherwise, it will increase the cost of production.

So this issue has not been resolved. As of now, as per the prevailing notifications, they have to comply with the RPO compliance requirement. And if that is implemented, the opportunity is very large. I mean we have not calculated that, but we have estimated that the existing RECs will not be able to meet that requirement. Today, we have an inventory of about INR4 crores RECs, so even the requirement is much more than that.

Rushabh Shah: But there's no update on the notification, right?

Satyanarayan Goel: There’s a notification, but then there is no penalty under the notification. So as of now, enforcement of that notification, particularly for the industries, that is not being ensured.

Rushabh Shah: Okay. Sir, as a technology platform where buyers and sellers meet, what challenges do you face in a business like IEX?

Satyanarayan Goel: On IEX platform, we don't face any challenges as far as the technology is concerned, as far as the platform is concerned. The challenges are basically the availability of power during the peak hours or the demand of the States.

Rushabh Shah: I was asking more on a business perspective, not as a technology IEX platform.

Satyanarayan Goel: Your question is not clear.

Rohit Bajaj: Asking about the business perspective, not on the technology side of the platform.

Satyanarayan Goel: Challenges on the IEX business?

Rushabh Shah: Yes.

Satyanarayan Goel: Yes, yes, one of the challenge for the business is basically availability of power, surplus power in the market because only when the ample supply of power is there, then only the rates on the exchange platform will be reasonable.

And then also, there should be demand growth in the country. So as far as demand growth is concerned, we are continuously seeing that, yes, the demand is growing. India is a developing economy, so demand growth rates is going to be there for the next couple of decades.

But as far as supply of power is concerned, yes, in between, we face a few challenges, particularly the peak summer months, month of April and May. Otherwise, there is adequate supply of power also and government has made necessary arrangements to ensure to meet the peak demand also. So I don't see much challenges in that.

(One challenge on the business side is) Participation of distribution companies on the exchange platform because their reliance is mostly on the power purchase agreements. So, in fact, 85% of the demand they meet through the power purchase agreement, so that is definitely one big challenge and how to bring them on the exchange platform. And in future also, how to ensure that distribution companies don't get into the PPA, they buy more power from the market. I think this is something on which we are regularly working and doing the policy advocacy with the government.

Rushabh Shah: Okay. So my last question is, sorry to harp on this topic of coupling. So even if coupling were to happen, so why would there be customer loyalty towards IEX like customers trading on our exchange?

Satyanarayan Goel: It is because of the kind of services which we provide and the robust technology platform which we have, on which there has been no problem in the last 17 years and the financial reconciliation settlement, everything we do on time. And in addition to that, we also provide a lot of data analytics to them. So I think because of all that only the customers are staying with us. Even today also, the customers are staying because of that only. And in future also, I'm sure we will be able to retain a large part of the customer base.

Moderator: We have our next question from the line of Mohit Kumar from ICICI Securities.

Mohit Kumar: Congratulations on a very good set of numbers. So my first question is how much is the volume in long-duration contract for FY '25 versus FY '24? It seems that the TAM volume overall hasn't picked up in this fiscal year. Is it the loss of market share or decline in the market overall?

Satyanarayan Goel: TAM volume, yes, there is an increase in the TAM volume. TAM volume on IEX platform were about 10 billion units. Year before that, also, it was about 10 billion unit. So almost the same number.

Rohit Bajaj: So what has happened this year is, earlier, when we were talking about TAM volume, it was a combination of conventional as well as green. So this time, what has happened, the liquidity in the Green Day Ahead Market has increased considerably. So all the transaction in the Green TAM which was happening last year has actually moved to the Day Ahead Market.

So now the volume that we are seeing in TAM is only conventional. So in absolute terms, we are not seeing growth. But if you see since the green part has moved to the Day Ahead Market, in real terms, there is some growth there.

And another reason here is after 2, 3 years, we have seen such a good growth in our Day Ahead numbers. Now the availability was much better this year. And whenever you have good availability and the prices were also lower by 15%. So our Day Ahead Market and RTM market has increased from 86 billion unit last year to 109 billion unit this year. So since there was tremendous growth in this segment, so TAM, you can say, was a little compromised. And again, it is because of the macro factors, which is availability and less prices.

Mohit Kumar: Secondly, sir, on the uniformity of contracts in TAM. I think you mentioned that some order is reserved, right? I think the CERC direction was given in the October month, right, on the uniformity of contracts. Where are we right now? And when do you think this is likely to be implemented?

Satyanarayan Goel: No, they had issued a draft order to ensure some standardization in the contracts and they have invited comments on that. Comments were given to CERC. I think we are expecting final order on that any day.

Mohit Kumar: Understood. My last question, is it possible to help us with the status of market coupling. Has there been any update from CERC or the regulator?

Satyanarayan Goel: No update on that.

Mohit Kumar: Understood. Sir, one more last question, if I may squeeze in? What is the revenues, EBITDA and PAT of IGX for FY '25, sorry?

Satyanarayan Goel: IGX?

Mohit Kumar: Yes.

Satyanarayan Goel: Gas exchange?

Mohit Kumar: Yes, sir, gas exchange.

Satyanarayan Goel: Gas exchange PAT is INR31 crores.

Mohit Kumar: And the revenues and...

Satyanarayan Goel: Pardon?

Mohit Kumar: Revenues for the year, fiscal year?

Satyanarayan Goel: INR55 crores.

Moderator: We have our next question from the line of Sahil Choudhary from Yashwi Securities.

Sahil Choudhary: So I was seeing our 9-month number, so there's a discrepancy in our investor presentation and in our press release. So in our investor presentation, it says that in 9 months, we traded 100 billion units of volume and in our press release, it says that we traded around 88 billion units. So sir, what is the discrepancy there?

Satyanarayan Goel: I think 9 months was electricity plus certificate and subsequently, we have started reporting electricity separately and certificate separately.

Sahil Choudhary: But like 12 billion units of certificate were discrepancy.

Satyanarayan Goel: Pardon?

Sahil Choudhary: Sir, the discrepancy was of 12 billion units.

Satyanarayan Goel: Yes, yes. We have sold this year in the full year, almost 18 billion certificates. So in 9 months, almost 12 billion units of certificates were sold.

Moderator: We have our next question from the line of Subhadip Mitra from Nuvama Wealth.

Subhadip Mitra: My first question is with regard to what you earlier mentioned that I think this year has been particularly productive because of better supply and hence lower prices, and hence, we're seeing higher DAM and spot market-related volumes vis-à-vis TAM, which is, let's say, more or less stagnant.

Now going ahead, if the general view is over the next 2 to 3 years, the demand-supply gap will widen, and possibly, we will see higher shift of volumes from DAM towards the longer-term TAM market. Two questions over there. Firstly, in TAM, what I understand is our market share is somewhere around 36%-odd vis-a-vis almost 100% market share that you have in DAM. So could that be a longer-term risk?

Secondly, in terms of moving towards, let's say, longer-term contracts, let's say, towards the 6-month contract, etcetera, in TAM as and when you get the approval, can that have any working capital related risks for you?

Satyanarayan Goel: The first question is that the large gap between the demand and supply and volume shifting to the Term Ahead Market instead of the DAM. I think as far as demand-supply is concerned, Government of India is working on ensuring adequate supply of power. And this year, particularly almost about 10 gigawatt of coal-based capacity is going to be commissioned.

See, because last year, they had planned almost about 14 gigawatt. Out of that 5 gigawatt was commissioned. So 9 gigawatt is basically spillover of last year, which is in a very, very advanced stage of commissioning and that is going to be commissioned. In addition to this 40 gigawatt of renewable and 5 gigawatt of battery storage is going to be commissioned.

So I'm sure with this new additional capacity, there is not going to be any shortage of power. And that basic assumption that there's going to be a shortage and demand is going to shift from DAM to TAM, I don't think that is going to happen.

And in any case, the shortages also which you see, invariably this happens only for 2 months, which is the month of April and May. But from June, the monsoon starts and the wind generation starts, so thereafter, the spread is not that critical. So I don't think that there's going to be any impact on the business as far as the demand and supply is concerned.

Subhadip Mitra: Understood. Okay. And sir, on the second one that -- yes, go ahead.

Satyanarayan Goel: And on the second one, CERC is yet to approve our 11-month contract. And when the contract is approved, I'm sure the margins should take care of all that kind of risk, which you are expecting. We have a proper margining system and we have thereafter daily payment system. It is working very effectively in the 3 months contract. And I'm sure even with 6-month contract also, that should be effective.

Subhadip Mitra: So in these longer-term contracts, the margins will not be limited to the 4 paise that we have in DAM, you might see better margins?

Satyanarayan Goel: No, margins will be only INR0.04 per unit only, INR0.02 from buyer, INR0.02 from seller.

Subhadip Mitra: Okay. Even in the longer-term contracts, that's what we're anticipating?

Satyanarayan Goel: Yes, yes, yes.

Subhadip Mitra: Okay. Understood. Sir, secondly, I just wanted to get your view on this that what we hear is that the Security Constrained Economic Dispatch, SCED, which is currently active for central government-owned plants might be extended towards state government plants, etcetera, through the GRID-INDIA platform. Does that have any ramifications for IEX in terms of volumes?

Satyanarayan Goel: No, let me first explain this. SCED is applicable only for the power plants which are scheduled by GRID-INDIA, okay? And GRID-INDIA is scheduling only Central government generating stations and inter-State IPP stations.

Intra- State SCED is applicable for the State generating stations and IPPs who are supplying power to the State where they are located. And that will be done by the SLDC of that particular State. So intra-State SCED will be done by the SLDC of that State. I mean, SCED by NLDC and intra-State SCED will not have any conflict.

Subhadip Mitra: So it doesn't impact -- yes, go ahead.

Rohit Bajaj: Just one more point here. SCED is done when all the available markets are closed. So today, when at national level, when GRID-INDIA is running SCED, it is after the schedules of real-time markets are available, which means the entire thing has been done.

So after you have participated in the market, your schedules are there, you have taken full advantage of the market in terms of meeting your demand or in terms of optimization, then this window operates. So, if it is going to be there at a State level, this is going to be a win-win. It is going to be positive for the sector, and it will not have any negative impact on the markets.

Subhadip Mitra: Understood, understood. Thank you on that one. And lastly, the financial derivatives also, which are now planned to be introduced on the MCX platform. How does this impact, if at all, IEX volumes?

Satyanarayan Goel: The direct impact of the financial derivatives will be that there will be some stability in the price. It will provide some visibility in the price to the generator so that they can make arrangements for the fuel and also some visibility of price for the long-duration contracts.

Subhadip Mitra: Understood. So again, would that in any manner actually help your volumes because at some point in time, even though financial derivatives need to have delivered volume, right? So does it help IEX volumes in any manner?

Satyanarayan Goel: I think let the derivative start and then we will see how to leverage that for increasing our volumes.

Moderator: We have our next question from the line of Lokesh Manik from Vallum Capital Advisors.

Lokesh Manik: My question was on the green market. A part of the volume is being driven by new installations. New installations this year were about 80 gigawatts, next year is expected to be 30, 40. So do you see an impact of that on the growth of green market going forward from 8 BU to, let's say, even if we were to take 20% growth, would this have an impact on growth, the installations coming down?

Satyanarayan Goel: No, no, this year, the renewable sector, the capacity addition was about 29 gigawatt, and next year, we are expecting about 40 gigawatt of renewable capacity addition. So it is going to increase. So liquidity in the green market is further going to increase.

Lokesh Manik: And sir, what percentage of this is coming to the market? I mean, 80% is long-term PPA or 90% is long-term PPA?

Satyanarayan Goel: That depends from case to case. But in any case, what we have seen is that even the States who are buying green power and whenever they have surplus beyond the RPO obligation, they also sell that green power in the market. So even if they have the PPA, there are many States who sell green power. So what is more important is the capacity addition in the country. So if capacity addition happens, then we will directly or indirectly get benefit of that.

Lokesh Manik: Understood. And sir, do you see now that green power is traded on exchange and RPO obligations can be done from there, when do you see a slowdown in REC certificates as such? Because there's a limited capacity that has come up with that route of capacity addition.

Satyanarayan Goel: See, if you look at the RPO compliance number, they are in fact much higher than the renewable power available in the country. So I don't see any less requirement -- I mean any adverse impact on the REC market. The RPO compliance numbers are much higher, so there will be enough scope for the REC market also and also increase in the green market.

Moderator: We have our next question from the line of Devesh Agarwal from IIFL Capital.

Devesh Agarwal: First question, sir, on power derivatives itself. We have a tie-up with MCX in terms of revenue sharing, what we also read in news there are other exchanges who are looking at this product. So is this an exclusive contract that we have with MCX, so we can also enter into with other exchanges? That is one. And are we ourselves looking at the power derivatives market?

Satyanarayan Goel: We don't have any exclusive contract with MCX, number one. Number two, as IEX, we are regulated by CERC, and derivatives are going to be regulated by SEBI. So if we want to get into derivative business, then we'll have to incorporate another company under the jurisdiction of SEBI. And single product derivative doesn't make any sense. So that is why we do not want to get into this. As of now, we don't want to get it to this.

Devesh Agarwal: So that means we can also get...

Satyanarayan Goel: In the future, if we see a large opportunity, maybe we can explore that also.

Devesh Agarwal: Understood. So does that mean we can also get into a contract with NSE if they are looking to get into the power derivatives market for price referencing?

Satyanarayan Goel: Yes. As I told you that we don't have any exclusive contract, so that means we can get into any number of parties.

Devesh Agarwal: Understood. Secondly, sir, can you share segment-wise what would be our market share in FY '25?

Satyanarayan Goel: Our market share in the collective transaction is 99.8%. And in the other segment, which is the bilateral, DAC plus TAM plus GTAM, percentage is about 35%.

Devesh Agarwal: And sir, REC?

Satyanarayan Goel: REC market share is 60% -- 58.8%.

Devesh Agarwal: So you did mention that the REC inventory is around INR4 crores. So do you think that the scope for growth in REC volume is limited from here on? Or you see there is a risk of...

Satyanarayan Goel: No, no, no. Every year, the RECs are getting issued.

Devesh Agarwal: Even on this 1.8 crores number, are we expecting, say, 10% growth in FY '26?

Satyanarayan Goel: Yes, yes, definitely. Definitely, we are expecting at least this year to trade about 20 billion units of RECs.

Devesh Agarwal: Okay. And sir, in terms of these new opportunities that you did mention, FDRE, virtual PPAs, BESS, by when will we see actual volumes coming on to the exchange platform from these new opportunities?

Satyanarayan Goel: Things have started. If you see our green market volumes, that is slightly increasing now. Now that increase is mostly coming from these things because virtual PPAs also, we find that in one or two cases, they have started operating, and we are getting volume from them. Maybe Rohit can give you more details about that.

Rohit Bajaj: Yes, close to 1,500 megawatt of capacity under VPPA is already registered with us, and they are selling this power in the conventional market because when you bring VPPA power in exchange, then it is not seen as a green power, it is a conventional power.

And you can see these trends because when we compare our supply available during the solar hours this year versus previous year, you will find there is increase of 10-15,000 megawatt of supply during the solar hours. So VPPA has contributed that. And this power is available to us and this power is bidded at a very cheap prices, and this is one reason why the solar prices have come down in this particular year.

Similarly, when FDRE power will come, which has not yet started, but it is again in the various stages of execution, when that power will come, it will be coming under the green market itself. So VPPA already started. Other segments, we are waiting to start, and this is not very far. We are expecting it to come in next 1 to 2 years.

Moderator: We have our next question from the line of Dhruv Muchhal from HDFC AMC.

Dhruv Muchhal: Sir, in the opening remarks, you mentioned about the URS power, the potential and the actual volume traded. I missed that, if you can please repeat.

Satyanarayan Goel: Yes. Every day, we get almost about 100 million units of sale, but the volume cleared out of that is on an average about 15 million, 16 million units.

Dhruv Muchhal: Sir, this comes in the RTM market or the DAM market?

Satyanarayan Goel: This comes both in DAM market and RTM market.

Dhruv Muchhal: Okay. So as the demand increases, the potential to clear this URS volumes also increases, right? I mean I'm just wondering why does the volume not clear? It is because of the lack of demand.

Satyanarayan Goel: Yes, yes, yes. Correct.

Moderator: We have our next question from the line of Ketan Jain from Avendus Spark.

Ketan Jain: Sir, my first question was on long-duration contracts. In FY '24, we did a total TAM volume of around 15 billion units. And you had mentioned that around 10 billion units was coming from long-duration contracts up to 3 months. Can you give the same number for FY '25? Out of 11.1 billion units which we traded in TAM, how much was the long duration contracts?

Rohit Bajaj: The number is same. We did this year also about 10.5 billion units under the TAM contract, which is long duration contracts. So last year and this year numbers are same, TAM.

Ketan Jain: But this year, total TAM was only around 11.7 billion, right, sir?

Rohit Bajaj: Yes. So what has happened here is the DAC segment, which was doing very well till last time, which did about 5 billion unit trade, has reduced to 2 billion unit. So not much is happening on the DAC side. And you must have seen the report where we have mentioned these two bilateral segments in one category. So last time, it was 10.7 plus 5; this time, it is 10.2 plus 2. So there is reduction in DAC contract, TAM number is more or less same, and the reason I just explained. The green TAM has moved to green DAM. So there is some increase in the TAM contracts, but overall number remains the same.

Ketan Jain: Understood, understood. And sir, what would be the forecast for FY '26 and for TAM long duration?

Rohit Bajaj: Yes. So, again, it is dependent on the fact, –that we are expecting approval for 11 months contract. If we get that in the next 2, 3 months, then there is additional 40 billion unit addressable market which is there because that sort of transactions are happening through DEEP platform, which is being done by traders.

So we hope that some part of that, decent part of that, we should be able to convert in the first year itself. And next 2, 3, 4 years' time, we should be able to convert a major part of that. So we are expecting good growth. But again, there are factors like availability of power, power prices and other things which also decides how much distribution company rely on TAM contract and how much on DAM.

Ketan Jain: Understood. Sir, just one question on the working capital for long-duration contracts, which is for up to 3 months. How much of margin do we have? And do we have any receivable risk in these type of contracts?

Rohit Bajaj: So what we do here is in case of whether it is DAM, RTM or TAM, our settlement is done on a daily basis. So every day, whatever we are supplying, we are collecting from the seller and making this payment to the buyer. Opposite, sorry. We are collecting from the buyer and making this to the seller.

Now to ensure that there is enough margin availability in the system, we also rely on bank guarantees and other PMS. So till now for 3 months contract, there was not even a single case where we have faced any challenge in terms of getting those margins. And hopefully, when this contract would be launched up to 11 months, the same problem would not be there as well.

And why that problem is not there? Because buyers are finding this market very, very competitive. If they compare our prices vis-a-vis prices discovered in the DEEP platform, these are 15%, 20%, 30% lower. To take advantage of such a low price, they don't mind giving those additional margins, which we are willing to take in the form of PMS also. So we are really not seeing any challenge on that front.

Ketan Jain: So even in a 3-month contract, we get the payment daily for the power that was traded?

Rohit Bajaj: Absolutely. For all the contracts, the system is same, daily payment.

Ketan Jain: Okay. Understood. Sir, my last question is on the GRID-INDIA's report where the GRID-INDIA had published a short-term adequacy report where they forecast major shortages in May and June. Given good capacity addition forecast for FY '26 in the near term, how do you see this impacting our volumes if there are major shortages in May and June? How do you see it impacting our volumes? And what's your outlook on FY '26 volume growth?

Satyanarayan Goel: I think the outlook for April was also similar, April, May, June. But fortunately, in the month of April, so far, the volume growth is about 28% on the exchange platform. So we don't expect a big challenge in the month of May and June also because...

Ketan Jain: So that is because of demand being weak or supply being good, sir?

Satyanarayan Goel: Because of supply being good. And we also expect that in the month of May, June also with the kind of arrangements which have been made by the government, there will be adequate supply.

Ketan Jain: Understood. Okay. So the demand is going to be good, but because of excess supply, the prices will be low?

Satyanarayan Goel: Yes. I mean there could be some impact on the price, but...

Ketan Jain: But relatively, the supply would be better.

Satyanarayan Goel: Yes.

Moderator: We have our next question from the line of Raghav Bhutoria from Lindsay Securities.

Raghav Bhutoria: Sir, we have seen a lot of growth in volumes in IGX if we compare fourth quarter of last year to this year. So what is the reason for that?

Satyanarayan Goel: Yes, IGX volume increase is mainly because we have Reliance and ONGC have started production of their domestic gas and they are selling a good part of that to the market also.

Raghav Bhutoria: So we should expect this volume to keep on improving from here?

Satyanarayan Goel: Yes. In case of ONGC, we expect the volumes to increase further. ONGC is, as of date, producing almost about 2 mmscmd per day whereas the target for this year is about 5.5 mmscmd. So it's more than double. So we expect good volume from them this year, further increase this year.

Moderator: We have our next question from the line of Chirag from Keynote Capital.

Chirag: Most of my questions are answered, but I have a couple of book-keeping questions. Sir, I wanted to understand, what is the part of trading margin deposits as a part of financial liabilities? And out of INR900 crores, what is payables and what is trading margin deposit?

Satyanarayan Goel: Yes, I will request Mr. Vineet Harlalka, our CFO, to respond to this.

Vineet Harlalka: If you look at the overall, the settlement financial assets and liability, so as on the 31st of March, the total financial which are receivable obligation, the paying amount receivable is around INR220 crores. And the total amount, which is payable is around INR967 crores.

Chirag: Sir, just wanted to understand from the perspective of business, why do we have such high payables because overall, our sales are almost INR535 crores?

Vineet Harlalka: Basically this time what happened, because there was a trading holidays in the 31st March and 2, 3 days so that's why the settlement become outstanding, that's why this amount increased significantly during this year.

Chirag: Okay. So this is a one-time effect and now our books will again come back to normalized levels and...

Vineet Harlalka: and banks were not working, that's why.

Chirag: Okay. And if I just remove the settlement trading margin deposits and the payables, we would have around approximate INR1,000 crores worth of cash and mutual funds, is it correct?

Vineet Harlalka: Yes.

Chirag: Sir, I just wanted to understand are you looking at some kind of an acquisition at this moment? I just wanted to understand what is the reason for us, being the largest player in the industry, having such high cash available on the books?

Satyanarayan Goel: We are looking for some diversification opportunity. And as and when something materializes, we'll come back to you.

Chirag: Okay. And sir, secondly, I wanted to understand, even in the last conference call, I had a question related to dividend payout. Did the Board get a chance to talk about the slab-based dividend policy? Or are we going to keep continuing 65 percentage dividend policy going forward, too?

Satyanarayan Goel: We distribute more than 50% of the profit in the form of dividend and we have been distributing about 60%, 65%, 70% kind of profit. So this year also we have distributed 65% of the profit in the form of dividend. And dividend this year has been INR3 per share. Last year, it was INR2.5 per share.

Chirag: No, sir, I agree to the point. So I just wanted to understand, did the management get a chance to talk about the change in dividend policy from the 60, 65 percentage to a slab based policy? Because I just wanted to understand even if you are looking for acquisition, INR1,000 crores worth of acquisition, are we looking at that kind of size of acquisition to diversify?

Vineet Harlalka: Look, the last 5 years, our payout has been consistently increasing. And definitely, Board, if they see there is no good opportunity coming, definitely, the Board will consider, look out for the staggering payment or the higher payment of dividend.

Chirag: Perfect. Sir, my last question is on the new exchange that we're talking about, the coal exchange. In electricity, I understand the product is same. But in case of coal, the product will be different.

So I just wanted to understand, are there initial thoughts about how we are going to make sure that the quality of product which is traded is going to be of the quality which the receiver is going to receive. So I just wanted to understand your thoughts on that.

Satyanarayan Goel: Number one, on the coal exchange, it is work in progress. First of all, Government of India itself will have to do amendment in the act and thereafter, they will have to issue the regulations, and then we will apply for it.

Second is, as far as these kind of problems are concerned because coal is not a homogenous commodity so there are many challenges, not only the quality, quantity, transportation, these are challenges there in that. And we will do the product designing in such a manner that there is no risk on the exchange.

Because exchange is a technology platform, we cannot take this kind of risk. So maybe the buyers will have to take the delivery from the seller which is going to be the hub and based on the third-party sampling.

Chirag: Fair enough. Sir, one of the earlier participant asked about the market share for FY '25. Will it be possible for you to give the market share detail segment-wise based on FY '24?

Satyanarayan Goel: Yes, our market share in electricity is about 84.2%. In the in the collective transaction, which is I-DAM and RTM, it is 99.8%. And in case of the bilateral transactions, it is about 35%.

Moderator: Thank you. Ladies and gentlemen, that would be the last question for today. And I now hand the conference over to the management for closing comments.

Rohit Bajaj: Thank you, friends. I would like to thank each one of you for being part of today's call. Throughout this fiscal, we witnessed efforts from the government and regulators to establish a favorable policy and regulatory climate to develop the energy sector. We at IEX remain committed to contribute to the development of a sustainable and energy-efficient future of India. Have a wonderful evening. Thank you once again.

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