Dated: August 01, 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 July 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 July 25, 2025, to discuss the financial results of the Company for the quarter ended June 30, 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: 2025.08.01 13:21:55 +05'30'

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

Encl: as above

"Indian Energy Exchange Limited

Q1 FY'26 Earning Conference Call"

July 25, 2025

MANAGEMENT: **MR. SATYANARAYAN GOEL – CHAIRMAN AND MANAGING DIRECTOR –INDIAN ENERGY EXCHANGE LIMITED**
MR. VINEET HARLALKA – CHIEF FINANCIAL OFFICER--INDIAN ENERGY EXCHANGE LIMITED
MR. ROHIT BAJAJ – JOINT MANAGING DIRECTOR – INDIAN ENERGY EXCHANGE LIMITED
MR. AMIT KUMAR – HEAD OF OPERATIONS NEW PRODUCT INITIATIVES AND EXCHANGE TECHNOLOGY –INDIAN ENERGY EXCHANGE LIMITED
MS. APARNA GARG – HEAD OF 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 Q1 FY '26 Earnings 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 star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand over the conference over to Mr. Rohan Gheewala.

Rohan Gheewala: Thank you, Pari. Good afternoon, ladies and gentlemen. On behalf of Axis Capital, I'm pleased to welcome you all for the IEX Q1 FY '26 Earnings Conference Call.

We have with us the management team of IEX, which is represented by; Mr. Rohit Bajaj, Joint Managing Director; Mr. S.N. Goel, the Chairman and Managing Director; Mr. Vineet Harlalka, Chief Financial Officer; Mr. Amit Kumar, Head of 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: Good evening, friends. I welcome you all to the IEX earnings call for Q1 FY '26. 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 stand out as the world's fastest-growing major economy, registering a robust growth rate of 6.5% in FY '25. Notably, India recently became the fourth largest global economy surpassing Japan. This remarkable trajectory has been underpinned by resilient domestic demand, strong investment activity and a steady expansion of both industrial, as well as service sectors.

Despite global uncertainties from ongoing policy changes and geopolitical tensions, India remains a source of stability and opportunity in the international landscape. High frequency indicators as reported by Reserve Bank of India, revealed sustained momentum in both manufacturing and service sectors.

Looking ahead, the Indian metrological department has maintained its forecast of an above-normal monsoon for the June to September 2025 period with rainfall expected at 106% of the long period average. This bodes well for the agriculture sector, potentially boosting rural income and supporting broader consumption trends.

In addition, the RBI has maintained its real GDP forecast at 6.5% for FY '26. Overall, India's macroeconomic outlook remains bright, supported by a balanced approach to growth, financial stability and inclusive development.

On the power sector front, India's peak summer power demand in 2025 reached 242 gigawatts in June 2025. This peak demand was met without any power shortages, thanks to the proactive government measures. These included extending Section 11 of the Electricity Act mandating imported coal-based plants to run at full capacity till June end, activating gas-based power plants and ensuring sufficient domestic coal supply.

Weather played a key role this quarter. Despite forecast of an intense summer leading to a peak demand expectation of 277 gigawatt, early monsoon and widespread unseasonal rain kept temperatures low, resulting in lower-than-expected power demand. India's power consumption of 446 billion units in Q1 FY '26 was lower by 1.3% as compared with Q1 FY '25.

On the fuel side, ample fuel has been available at competitive prices. India's coal production reached 247 million tonnes in the first quarter of FY '26, similar to production during the same period last fiscal. Coal inventory as of mid-July 2025 stood at a high of 25 days.

For the quarter, imported coal price for 4,200 GAR coal remained steady at around USD 50 per tonne, lower by 9% as compared with the same period last quarter. Prices of imported gas have also remained stable at nearly $11 per MMBtu in the first quarter of this fiscal. Overall, the fuel situation for the sector has remained comfortable in Q1 FY '26.

Friends, while there was lower-than-expected power demand in Q1 FY '26, CEA expects power demand in the country to grow at a rate of 6% per annum till 2032. Based on this, MOP has been regularly monitoring the road map of thermal capacity addition of 80 gigawatts by 2032. The MOP has also been lending policy support to energy storage solutions such as pump storage and battery storage to meet peak demand and also enable renewable power integration with the grid.

To support battery energy storage solution, BESS, the Ministry of Power has finalized 2 tranches of viability gap funding mechanism. Under the first tranche, 13,200 megawatt hour of BESS projects are currently being implemented across the country and about 9,750 megawatt hour of BESS projects have been awarded and another 5,000 MWH are in the pipeline.

More recently, under the second tranche of VGF, approval has been granted for further 30,000 megawatt hour of BESS projects to be implemented. As per the CEA, BESS-based storage of 47 gigawatt shall be required by FY '32. The increased activity in BESS tenders has been driven by a reduction in battery capex cost and declining storage cost. As recently as June 2025, NVVN and NHPC both discovered INR 2.16 lakh per megawatt per month and INR 2.08 lakh per megawatt per month for 500-megawatt 2-hour cycle tenders under the VGF mechanism, respectively.

As we have mentioned earlier as well, BESS would be able to store surplus power during daytime to deliver electricity during hours of peak demand while leveraging power exchanges. This would increase liquidity and potentially increase volume on exchanges during daytime as well as during evening hours.

Let us now talk about a few important regulatory updates and policy initiatives that continue to be conducive for power market development. The Cabinet Committee on Economic Affairs revised the Shakti Policy for coal allocation to thermal power plants. The existing policy replaced the earlier policy and has attempted to make it more flexible and transparent for the power sector.

In the new policy, fresh coal allocation is now available under 2 windows, one for Central and State GENCOs at notified price and another for all GENCOs at a premium above notified price. The policy paves the way for coal linkages to generators even without PPAs, generating unrequisitioned surplus (URS) power, which can then be sold in power markets. The revised policy would ensure continued availability of adequate fuel supply for thermal generators and help maintain liquidity on exchanges for competitive price discovery.

In FY '25, in a draft order, CERC proposed various changes in the design of the Term Ahead Market across exchanges to help improve liquidity and transparency in this segment. In its order in April 2025, the CERC streamlined time-lines for completion of various stages of any day single side (ADSS) contracts across exchanges. Other proposals include notifying predefined time slots for trade under TAM contracts. Public consultation for these predefined slots have been conducted and a petition has been filed before the CERC for approval of the same. In its order, the regulator also proposed modification in the price discovery mechanism of the day ahead contingency segment from the current continuous matching to uniform price step auction through draft amendments in the Power Market Regulation 2021. These amendments are open to stakeholder comments till July 2025.

In May 2025, CERC issued draft guidelines for Virtual Power Purchase Agreements, VPPAs. These guidelines recognize power exchanges as authorized platform for sale of electricity by RE generators under VPP arrangements. Renewable generators entering VPPAs may sell the electricity component in the collective segment on power exchanges. This would help increase volume on exchange.

Recently, the CERC issued draft amendments to Deviation Settlement Mechanism regulations with regards to infirm power charges for thermal stations. Earlier thermal generators could not recover payment before the trial run, but with the draft amendments, they are assured of payment of a ceiling price. With these amendments, RE infirm power can also come to market before its commercial operation date. These amendments by CERC are designed to refine DSM, ensuring a clear framework for managing inform power injections and promoting stable grid operations under varying frequency conditions.

Further to the approval in February 2025 of SEBI and CERC to introduce electricity derivatives in India, the much-awaited electricity future contracts began trading on MCX and NSE respectively, earlier in July 2025. The launch of electricity derivatives is expected to benefit spot market participants allowing them to hedge against any volatility in the market. With the availability of hedging instruments, the spot market will also benefit through higher participation and volume spillover.

CERC recently issued an order on implementing market coupling. Order was issued on 23rd July, in which the regulator has decided to initiate process of implementation of market coupling in Day Ahead Market. This is to be done by January 2026 as per the order. In the same order, it is mentioned that coupling of the real-time market will be considered at a later stage.

The order also talks about running a shadow pilot for coupling of the Term Ahead Market and stakeholder consultation for RTM and SCED coupling. Further in the order, CERC directed its staff to initiate consultation with Grid India and all exchanges on operational and procedural aspect of the Day Ahead Market coupling, including identifying and proposing amendments required in the various regulations.

During Q1 FY '26, IEX recorded electricity trading volume of 32.4 billion units, a growth of 15% on Y-o-Y basis. Revenue for the company grew by 19.2% Y-o-Y, increasing from INR 154.5 crores in Q1 FY '25 to INR 184.2 crores in Q1 FY '26. PAT increased by 25.2%, rising from INR 96.4 crores in Q1 FY '25 to INR 120.7 crores in Q1 FY '26. The robust performance in Q1 FY '26 was led by a substantial sell availability due to weather conditions and also measures undertaken by the government and the regulators.

In Q1, nearly 53 lakh Renewable Energy Certificates were traded, recording a growth of nearly 150% over the same quarter last fiscal. Due to efforts of the Bureau of Energy Efficiency, compliance by designated consumers to meet their RPO targets has increased.

The RTM segment continued to demonstrate strong growth. For Q1 FY '26, RTM volumes at nearly 13 billion units were higher by 41% on a year-on-year basis, highlighting the segment's critical role in helping DISCOM and open access consumers efficiently manage their short-term requirements. RTM’s ability to offer flexibility and immediate responsiveness underlines the opportunity to efficiently integrate renewables with the grid.

Green market volume in Q1 FY '26 rose 51% Y-o-Y to 2.7 billion units compared with Q1 FY '25. This 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 an increase in hydro, wind and sustained supply from coal-based generation, supply liquidity on power exchanges improved and drove prices down. In Q1 FY '26, supply liquidity in the Day Ahead Market of IEX increased 45.2% on Y-o-Y basis. As a result, the average Day Ahead Market price was INR 4.41 per unit, down 16% Y-o-Y, while price in the Real Mime market averaged at INR 3.91 per unit, a 20% drop. On May 25, heavy rains pushed RTM prices down to INR 1.53 per unit on average basis with near zero prices during several time blocks.

In terms of new products, we continue to await approval from the CERC on our petition to extend the Term Ahead Market contract from 3 months to 11 months.

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 have also been closed. We await the final order on the matter. Green RTM would provide an opportunity to reduce deviation exposures due to weather events by providing an avenue to trade green power 1 hour in advance.

Our associate company, IGX traded record gas volumes of 24.6 million MMBtu in Q1 FY '26, a growth of 109% over Q1 FY '25, led by demand push from the oil marketing companies, refineries and city gas distribution companies. The quarter also witnessed the first trade in the 3 to 6-month long duration contract, underscoring market confidence in long-term gas trading on IGX.

In Q1 FY '26, IGX recorded a profit after tax of INR 14.1 crores, which was higher by nearly 86.7% compared with INR 7.6 crores in Q1 FY '25. As gas prices continue their downtrend and policy initiatives continue to remain positive in the sector, volume at IGX would continue to be robust.

Friends, as per CEA estimates, India was to experience hotter than usual temperature from April to June this year. However, the advent of early monsoons meant lower peak demand than forecasted. Nonetheless, with CEA forecast of peak demand at 366 gigawatts by 2032, and power consumption to reach nearly 2,500 BUs, demand growth will continue to drive exchange volume growth. In addition, policy measures undertaken by the government and the regulators to ease supply side liquidity is expected to further rationalize power prices on exchange.

Our diversification initiatives are also gradually gathering momentum. For the first quarter of FY '26, the International Carbon Exchange ICX, issued over 44 lakh I-RECs compared with 59 lakh I-RECs issued in the previous financial year.

Revenue for ICX in Q1 FY '26 stood at INR 178.8 lakhs. The I-REC is a globally recognized digital certificate that serves as a transferable proof of generation of 1 megawatt hour of energy from renewable sources. Through ICX, we have also filed an Expression of Interest with the Central Pollution Control Board (CPCB) for developing the Extended Producer Responsibility (EPR) trading platform and are awaiting final results of the EOI.

On formation of Coal Exchange, stakeholder comments have been closed, and we await further directives with regards to the legislative changes to the Mine and Mineral Development Regulation Act. The MMDRA Amendment Bill 2025 is scheduled to be tabled for discussion in the monsoon session of the Parliament.

The power sector is undergoing changes with the development of new market models in the form of battery storage arbitrage, firm and dispatchable renewable energy, virtual power purchase agreements and the introduction of electricity derivatives. These market models and instruments are slated to be the 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 power exchanges in the country's energy landscape. Thank you. And now we can have question and answers.

Moderator: The first question is from the line of Bharani Vijay from Avendus Spark.

Bharani Vijay: Congratulations on a good set of numbers. My first question is on market coupling. Could you refresh us regarding the advantages that IEX has over its competitors, which helped it to have a near 100% market share in the DAM and RTM segments? And also, why the competitors were not able to replicate this? And if they would be able to gain market share now after market coupling implementation? This is my first question.

SN Goel: Yes. IEX has maintained a leadership position in the Day Ahead and RTM market over the years. In the DAM market, in fact, from the last 17 years, we have the leadership position. If you see initially, the other exchange also had some reasonable market share of 20%, 25%. But over the years, they even lost that.

And we today have more than 95% of market share. And this has happened because of many factors. There is not one reason, there are many factors. One is we have a very, very robust technology platform. We have introduced new products ahead of our competitors. We have done a lot of activities with the customers. We regularly interact with the customers, understand their problems, tell them how they can use the exchange to purchase cheaper power and optimize their power procurement cost.

We interact with the State regulatory commission. In fact, we are in the advisory board of more than 12 State regulatory commissions. We advise them how exchange and power market can be used for the benefit of distribution companies. We provide a lot of data analytics to our customers. And we have a web-based technology platform. Our IT infrastructure is very robust. In spite of so many cybersecurity attacks, so far on IEX platform, there has not been a single penetration. And it's a sum together of all these activities because of which we have been able to have a significantly large market share in the exchange -- in the Day Ahead Market and the RTM market.

Going forward, even after coupling, I'm sure we will continue to do all these activities and maybe even more to ensure that the customers stick to us and the customer loyalty is maintained. So, I'm very sure that we will be able to maintain definitely a larger market share even after coupling.

Bharani Vijay: Okay, sir. My second question is on the trader members who trade on behalf of their clients and submit bids to IEX. Like one significant trader member is PTC India. So, I wanted to know what percentage of volumes overall for IEX and specifically in DAM market that PTC India as a trader member contribute because being investor in one of our competitors, post market coupling, I just wanted to see if they can shift this to that competitor. So, I just wanted to know how much of it will be impacted.

SN Goel: As per the power market regulations, , if a trader member is holding more than 5% equity, then he cannot trade in that exchange. Since PTC is holding 25% equity in the competing exchange and also on the Board of that exchange, they cannot trade on that exchange. However, their percentage share is almost about 10-12% on IEX platform.

Moderator: The next question is from the line of Sumit Kishore from Axis Capital.

Sumit Kishore: Thanks for the opportunity. Your clarifications on the technology edge that IEX has and your other advantages versus competing exchanges are well received. But do you see competition using transaction fee as a tool to take market share in Day Ahead Market post market coupling?

SN Goel: We will deal with that when we reach there. Why to worry about that right now. I don't think customers really will value that part of it because transaction fees is a very, very small component of the total power procurement cost. But if that is the case, then we will deal with that also.

Sumit Kishore: Okay. Because if they are not able to overcome your barrier of having a tech advantage and they cut price by 5% or 10%, you would have to follow suit in order to retain market share. Is that the right understanding?

SN Goel: I told you. I mean we will deal with the situation when we reach there. So if we have to do that, we will do that.

Sumit Kishore: Sir, would Day Ahead Market also include GDAM?

SN Goel: Well, today, it is DAM only, Day Ahead Market only.

Sumit Kishore: Okay. So Green Day Ahead Market would not be part of the overall Day Ahead Market that would be impacted.

SN Goel: That is ambiguity in the order.

Sumit Kishore: Yes, it's not mentioned there.

SN Goel: Yes, it's not mentioned.

Sumit Kishore: And based on the current status of technological progress that Grid India might have made, do you foresee Jan '26 timeline as being implementable? And where or when do you see RTM also forming part or progress on RTM to come under ambit of market coupling, if at all?

SN Goel: First of all, as far as the implementation of market coupling in the DAM segment is concerned, there are a lot of things to be done. And one of the things is basically you need a common software for all 3 exchanges, the IT infrastructure for all 3 exchanges to be compatible. You need clearing and settlement mechanism. We have to work out that part of it. And in fact, also at the commission's end, they have to formulate regulations for the implementation of market coupling. So all these things will need time. So, let's see. I will not like to comment on this whether January '26 is feasible or not. But, based on the activities involved, I feel that it may take longer time. That is about the Day Ahead Market.

As far as RTM market is concerned, I'm reading out from the order. "*Given the shorter time for bid submission and running the market clearing engine, the decision to implement the coupling of RTM of power exchanges shall be considered at a later stage.*"

So, there is no decision. The decision will be considered at a later stage after gaining operational experience from the coupling of DAM. So, in this order, they have not taken any decision about the RTM.

Sumit Kishore: Sure. And finally, any comment from your side? Are we any closer to MBED now that market coupling has been put in place for Day Ahead Market?

SN Goel: Well, I think that is something which the regulator will have to decide about. That is a much bigger issue. So, let's hope that happens.

Moderator: The next question is from the line of Vikas Jain from FQ.

Vikas Jain: Good Afternoon Sir. Thank you for the opportunity. So my question is regarding the recent order by CERC for the market coupling. Is there any mention of MBED in the order that has been recently received? Any comments or any insights on that part of the market coupling?

SN Goel: There is no mention about MBED in the order.

Vikas Jain: So is it likely that, that would follow up from CERC or there is no hope that MBED will be implemented. So, what is the management view from IEX on this one?

SN Goel: I can't say about that. That is for the regulatory commission to take up that issue. I wish that happened.

Moderator: The next question is from the line of Kunal Tanvi from Banyan Tree Advisors.

Kunal Tanvi: My questions were related to market coupling. I had a few questions around that. One, if you can explain us how the regulation that has come up is going to play out. Our understanding was that all the bids would be given to one exchange in a particular time and the prices would be discovered there. So, the price discovery that used to happen on IEX will now happen across the 3 exchanges, right? Because of that, is there any possibility of change in the pricing regulations by the regulator itself? If you can throw some light.

SN Goel: All this will be a part of the various operational and procedural aspect, which needs to be decided by the Commission. There are a lot of things like this, which needs to be decided.

Kunal Tanvi: Sure. So at this point in time, the only clarity is that market coupling is being implemented and all for the DAM market. That is the only clarity we have, right?

SN Goel: Yes. You're right.

Kunal Tanvi: Sure. The second question was when market coupling was first talked about like 4, 5 years back when the first draft had come, the idea was that market coupling would be a good tool for expanding the market and long term and PPAs would also come through. Any thoughts that you would want to share like if in the form and shape that the current regulation talks about was to get implemented, what are the benefits to the customers' ecosystem that would come through?

SN Goel: What you're asking is basically MBED and as far as MBED is concerned, there is no mention of that bit in this order, and we are not sure when this will be taken up by the Commission.

Kunal Tanvi: And like if this form, the current form gets implemented, what are the benefits to the ecosystem?

SN Goel: Well, we don't see any benefit, but then it is a regulatory decision.

Kunal Tanvi: So, is there a possibility that because there could be a confusion among the ecosystem because of 3 exchanges?

SN Goel: Confusion in what respect?

Kunal Tanvi: For example, we have 95% market share, right? So, if our customers were to trade on the exchange, they will continue to come on IEX and then the orders get pulled to some other exchange. Your customers will continue to be yours?

SN Goel: I wish that. And I'm sure the kind of efforts we are making, we would like to maintain that. We'd like to ensure that. The customers remain with us.

Kunal Tanvi: Okay. From a client perspective, you talked about there are numerous things that play a role in terms of value addition that you provide to the customer, including, technology and the support and the long-term relationship. How do you think the price plays a role? Like price discovery, how important is the role price discovery plays when customers come to buy a power on the exchange?

The reason I ask this question is if you see historically, the demand on the exchange, the volumes on the exchange have been a function of change in the price. So, times when price is lower, you see higher volume. So definitely, the price discount that the exchange plays some role in terms of more and more people coming on the exchange. So, if you want to share some insights on that, it would be very helpful.

SN Goel: See, price discovery is the key function of exchange. And one of the USP of IEX has been that in the last 17 years, there has been no questions raised on the price discovery of IEX. We display all market data on our website. We display the price discovery curves, and no issue has been raised by anybody till so far because that shows the robustness of technology platform and our price discovery process. Let's see what happens after the coupling. I would not like to comment anything on that at this stage.

Kunal Tanvi: Sure. And one last question, apart from IEX since we have a very long history of operation, one competitor has a reasonable history of competition of operations. The last one is very new. Will the other exchanges be able to handle this kind of volumes if it could get divided among 3 exchanges? Any comment you would like to?

SN Goel: I'm sure about one thing that before implementing the coupling, regulatory is definitely going to do the mock drill to check about the capability of the different exchanges, the IT infrastructure available and the capability of the exchange and then also do the mock trial with the big data post-trade basis. And that it will be seen And what other efficiencies in the system and how to take care of that.

Moderator: The next question is from the line of Prateek Jain from ICICI Prudential AMC Limited.

Prateek Jain: Yes. So Sir, my question is regarding other income. So, it was INR120 crores in FY '25. And this quarter, it's INR42 crores, up 37% Y-on-Y. So why is this large increase? And can you broadly explain the source of this income? What part of it comes from the interest on margin money and what part comes from the investments that belong to IEX?

Vineet Harlalka: The increase is mainly because of one target maturity fund investments we had in our books, whereby because of the rate cut by the RBI during the first week of June, we got a decent mark-to-market gain, so we capitalized on that gain. We redeemed the funds and recognized that gain. That was the one reason.

And second, we had some investment in the NIFTY 50 index fund. So, a good amount of mark-to-market gain was during this quarter because of the market made a good recovery from 22,000 to almost 25,000. So these 2 factors were the main reason where we had a decent treasury performance during this quarter.

Prateek Jain: Okay. And sir, regarding that, let's say, about FY '25, so if we have to look at the breakup regarding our own investments versus the interest income and from margin money, so what sort of proportion would that be?

Vineet Harlalka: It will be 2/3 will be from the own fund and around 2/3 to 3/4, about 75% will be from the own fund, around 25% from the float and other income.

Moderator: The next question is from the line of Devesh Agarwal from IIFL Capital.

Devesh Agarwal: Good Afternoon Sir, and thank you for the opportunity. Firstly, sir, to start with, I just wanted to know your thoughts. Can this order be overturned by CERC? Is there any recourse that we have?

SN Goel: If CERC decides to do that, they can do it definitely.

Devesh Agarwal: No, no. In terms of any legal opinions that you would have sought over the last 2 days, which gives some comfort that there is a case to challenge this?

SN Goel: We are evaluating this order. We haven't made any view on this at the moment.

Devesh Agarwal: Right, sir. So sir, in case assuming this goes through, one of the moats that we talked about was the technology. So, when we talk about technology, is it the price discovery part is what we highlight? Or is it the integration that we would have done over the years with the buyers and the sellers that is like a moat for us?

SN Goel: It is, I think, a combination of everything.

Devesh Agarwal: The reason I asked because you mentioned that there is a common software that will be developed to do this market coupling. So, in terms of price discovery will be taken care by this common software?

SN Goel: Yes, yes. You are right.

Devesh Agarwal: So then what we are left with is the integration part.

SN Goel: We have done so many things. Out of that, one thing has been taken out. So, rest of the USP still remains. Rest of the activities, which we have done, they still remain with us, and I'm sure we will be able to get benefit of that.

Devesh Agarwal: And sir, is this something that will be very difficult for the competition to replicate in terms of -- or they can do that over time, say, probably 2, 3 quarters or 4 quarters, they'll be able to invest and replicate this or whatever technological advantage.

SN Goel: They had 17 years to replicate this.

Devesh Agarwal: Although it's much difficult than that. Right. And sir, finally, one last one. If we were to assume that with market coupling, if we have to sustain a market share of, say, more than 40%, 50% then what would be those key advantages that we would have to sustain that higher market share compared to the competition?

SN Goel: Devesh, we are working on all these strategies, and we'll let you know in due course of time. I can assure you one thing that we are not working on retaining 40%, 50% market share. We are working to retain the present market share.

Moderator: The next question is from the line of Lokesh Manik from Vallum Capital.

Lokesh Manik: Sir, first question is in the order the savings mentioned is 52 million units. Is it possible that the savings could have been derived by coupling only the number 2 and number 3 exchange because savings is nothing but inefficiency that is present in the system, which seem to have been efficient by combining all the three exchanges?

SN Goel: Increase of 52 million units is not a saving. It is an overall volume cleared increase of 52 million units in a trade of 24 billion units 24,000 million units, there is an increase of 52 million units, which is insignificant. I don't think those numbers can be a reason for doing the market coupling.

Lokesh Manik: Absolutely correct. Sir, my second question is the order talks about amendments and operational procedures to be implemented. In any scenario in any of these amendments, will there be a State involvement where involvement from states will be required from the 28 States?

SN Goel: Question is not clear. Can you repeat, please?

Lokesh Manik: Will they have some form of approval from their end also will be required for these amendments to take place? The order talks about some amendments in the Act.

SN Goel: All these approvals will have to be done by the Commission only. There is going to be a new regulation for the market coupling.

Lokesh Manik: Right. So will the State commissions be involved in this?

SN Goel: No, State commissions have no role to play in this.

Moderator: The next question is from the line of Mohit Kumar from ICICI Securities.

Mohit Kumar: Good Afternoon Sir. My first question, Sir, have you heard anything on the Coal Exchange(s) and EPR trading?

SN Goal: Coal exchange, we haven't heard anything about it, but I was reading in the newspaper that MMDR Act is going to the Parliament for some amendment. And I don't know whether that Coal Controller of India will act as the coal regulator for the purpose of coal exchange, whether it is there in that (MMDR Act amendment) or not. We have not been able to find out that. But if that is there, then that is definitely one positive step in the right direction for Coal exchange.

Mohit Kumar: And anything on the EPR side, sir?

SN Goel: Yes. On EPR side, I think CPCB is yet to take a decision on that. We are awaiting the response.

Mohit Kumar: Understood, sir. My second question is, what explains the sharp increase in the gas volume in the quarter and the sustainability of this number in the coming quarters?

SN Goel: Yes, Gas Exchange increase with respect to last year, Yes, there is a significant increase. But then the numbers are still small in comparison to our expectations. So, I'm sure in the coming quarters, you will see a much better number.

Mohit Kumar: And how do you see this...

SN Goel: The domestic selling price gas by Reliance was sold for 3-month period in 1 lot, and that also led to significant increase in the volume.

Mohit Kumar: And how significant is the recent PNGRB regulation, which allows only 2 tariff zone compared to, I think, earlier the higher 3 or 4 tariff zone, if I'm right? What's your take on that?

SN Goel: Definitely, these regulations are conducive for gas market development. Initially, there used to be 4 zones, then it became 3, now it is 2. And in fact, like in the power sector, we have injection and draw charges, so in the gas sector also invariably, it is only entry and exit tariff. So, we are going towards that slowly. That's a good thing.

Moderator: The next question is from the line of Rishabh Shah from BulgeRock PMS.

Rishabh Shah: Sir, I have one question. The other kind of system of the other competitors. So both systems.

SN Goel: Slightly louder, please.

Rishabh Shah: Sir the competitor's systems and our system won't be the same. So, if a user is comfortable with the platform, what incentive would he have to shift to a new platform?

SN Goel: Your question is not clear. I think what you are talking about is that if the competitor's platform is not similar to ours, what benefit we have in shifting there?

Rishabh Shah: Yes, yes, yes.

SN Goel: See, regulator will have to decide about the common platform, the common software and also the IT infrastructure across all 3 exchanges compatible to the requirement of the system. So, these kind of things can be done only after that.

Rishabh Shah: Okay. So, can we assume that if these things are not compatible, then this coupling might get removed again, if the systems of the competitors are not compatible?

SN Goel: I mean these are some of the requirements for implementing market coupling. And I'm sure regulator will implement market coupling after fulfilling all these requirements.

Moderator: The next question is from the line of Ketan Jain from Avendus Spark.

Ketan Jain: Sir, my first question is just on the competition. What steps apart from reduction in transaction fee can the competition do to attract customers? Is it something like reducing subscription fee or margin requirement? And what stops them to invest in better technology and people. So, some flavour on this?

Management: Number one, the present order is for coupling of DAM market. DAM market constitutes only about 35%, 40% of our total volume. So, we still have almost about 60%, 65% volume coming from the other products. So, we will continue to maintain that technology platform and continue to do upgradation of that.

And even in case of DAM market also, except for the price discovery, there are other part of the technology platform, technology services, customer services, market development activities, which we will continue to do. And I'm sure that all will basically ensure that we retain the leadership position.

Ketan Jain: Understood, sir. And sir, so I just wanted to understand one more thing. As a customer, if I'm a customer and if I want to move my accounts from IEX to some other competition, so will I have to shut down my account? Will the company have to pay the margin money back to them?

SN Goel: Margin money is the customers' money. They can take it back any time. When they are doing trade here, they will have to ensure that margin money is available.

Ketan Jain: Understood. –So, just an understanding question. Say, if I'm a customer and only if the DAM is coupled and RTM is not coupled. So, for me, it will become an inconvenience for me to go to some other exchange just for the DAM. But for RTM, the liquidity will be with IEX will continue to be with. Is that a fair assumption?

SN Goel: I think you can yourself analyse the situation and take a call on that. RTM, you are participating on the IEX platform on round-the-clock basis, keeping margin for that. And then we are separately participating in other exchange trying to bring additional margin there, you have to take a call on that.

Ketan Jain: Understood, sir. Yes, this is a fair point. Who will be doing the settlement and clearing process?

SN Goel: Respective exchanges.

Ketan Jain: Respective exchanges, whenever is their turn of round-robin?

SN Goel: No,. for the bids received by them, whatever bids are settled, clear for those bids, respective exchanges will do the financial settlement.

Ketan Jain: Even in the coupling, even for the DAM segment?

SN Goel: Yes, yes.

Ketan Jain: Understood. Okay. And as you said, so there should be a new common platform, which needs to be developed, right, and installed across all the exchanges for coupling?

SN Goel: Yes, that is my understanding.

Ketan Jain: And who will be developing this? Regulator will nominate someone?

SN Goel: These are all details to be worked out.

Moderator: The next question is from the line of Subhadip Mitra from Nuvama.

Subhadip Mitra: Just one point of clarity. I think this is a point that you've already talked about before. So, when we are looking at market coupling in each of the exchanges getting the opportunity to be the market coupler for price determination on a round-robin basis. So, on a particular day, if, let's say, exchange A is doing the price determination, it doesn't mean that the volumes have to also automatically flow through that exchange, right? It can flow through any of the other exchanges depending on where the bids are coming. Is that the right understanding?

SN Goel: Yes. Volumes will be flowing through the exchanges from which the bid has come.

Subhadip Mitra: Secondly, a broader question on MBED versus SCED. My understanding was that with SCED already in a pilot phase and some thoughts of extending these beyond Central government plans to even State-owned GENCOs, do you see MBED really having an impact since you already have an alternate mechanism to SCED? Or do you think there is space for both?

SN Goel: Yes. SCED is basically a subset of MBED. If MBED is not being implemented, maybe to some extent, SCED is serving the purpose. That is an optimization between the Central generating stations. MBED was for Central generating stations, State generating stations, IPPs, everybody taken together.

Subhadip Mitra: Correct. So, if SCED, I mean, hypothetically, if we assume that SCED gets extended to Central plus State generating stations and that is anyway running on the Grid India platform, then MBED, even if it comes, may not have much of an impact.

SN Goel: No. See, SCED is basically operated between the Central generating stations only. In the same SCED, if you bring the State generating stations also and IPPs, then it will be as good as MBED.

Subhadip Mitra: Correct. But then would exchanges still have a role to play there since that is already running on a pilot through a separate platform?

SN Goel: That is a different exercise. That basically is just before the actual scheduling actual dispatch they are doing this optimization study. But then bringing State generation to the Central SCED is a difficult process. That is why an initiative is being taken to do intrastate SCED Within the State, (within) each of the State SCED is being done to achieve some efficiency there. During your next visit, we can discuss in detail.

Moderator: The next question is from the line of Abhishek Nigam from Motilal Oswal.

Abhishek Nigam: Sir, just a theoretical question. I'm not asking you for your response to this. But theoretically, what are the options available post the CERC order? Can someone go to an appellate tribunal, can you appeal in a court of law? Again, just to reiterate, not asking you for your legal options right now.

SN Goel: There are many options available. One is we go ahead with this. Second is we go to CERC for review. Third, is we go to APTEL. So, there are many options available. I told you at the beginning of this conference that we are evaluating this order and yet to take a view on this.

Abhishek Nigam: Fair enough. I totally understand. It's very, very early. And the second question is that the order says that the exchanges have to basically cooperate with the market coupling operator. Now it's still very early days, I know this is still being sort of worked out and you are going to look for clarification. But is there any proprietary stuff, any software which they might expect or they might need to be able to implement this? Do you think you have that clarity on that?

SN Goel: I'm not clear about your question.

Abhishek Nigam: So, my question is when the order says that the exchange has to cooperate with the market coupling operator, is it just data? Or does it include some algorithm, something that is proprietary to you?

SN Goel: I don't find such mention in the order. Can you tell me where it is.

Abhishek Nigam: Okay. Maybe I'll just connect with Aparna later on.

SN Goel: Last Paragraph, Paragraph 9 is, "*the commission hereby directs all power exchanges to share the necessary data and other information as required by the staff of the commission and Grid India to analyse various operational and procedural aspects for implementation of coupling in DAM.*"

Abhishek Nigam: Yes. Actually, that's what I was referring to.

SN Goel: No. This does not talk about technology or any such thing.

Abhishek Nigam: Yes, actually. So that was my question. So, it only talks about data investing, right?

SN Goel: That we are already providing.

Abhishek Nigam: Okay. Perfect. That clears it. And just last question, post this disruption in one major segment, is there a sort of a rethink or a pause in terms of Strategy with respect to new product development, new segments which you are trying to enter and because something similar happens in one of those segments as well, then what are the thoughts over there?

SN Goel: Product development is a continuous process. Five years back, we had only one product Day Ahead Market and Term Ahead Market. Now today, we have so many products available. So, in future also, this is a continuous process. We have already filed petition for the Green RTM market and also a petition for peak power, 11 months contract is already with CERC. So, it is a continuous process. In due course of time, as and when we find that there is a need of a new product in the market, we will take that up.

SN Goel: I think it is already about 3:30. So can we have one last question or 2 last questions?

Moderator: The next question is from the line of Nikhil Abhyankar from UTI Mutual Fund.

Nikhil Abhyankar: Sir, just one question from my side. So, can you just share the revenue share agreement that we have with NSE and BSE for the power derivatives?

Management: I don't think there is a need to share that. We have an agreement with MCX so that they can use our price.

Nikhil Abhyankar: But what portion of the power derivatives revenue should flow through us.

SN Goel: I don't think these things are necessary to be discussed here. We are not paying anything to them. That is for sure. I think if there are no more questions, can we close the conference?

Moderator: Thank you. I now hand over the conference to management for closing remarks.

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

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