Dated: January 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 January 24, 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 January 24, 2025 to discuss the financial results of the Company for the quarter ended December 31, 2024.

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: 2025.01.30 12:11:51 +05'30'

Vineet Harlalka
CFO, Company Secretary & Compliance Officer
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Encl: as above

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"Indian Energy Exchange Limited

Q3 FY '25 Results Conference Call"

January 24, 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 OF INVESTOR RELATIONS AND CORPORATE COMMUNICATIONS –INDIAN ENERGY EXCHANGE LIMITED

MR. ROHAN GHEEWALA – AXIS CAPITAL

Moderator: Ladies and gentlemen, good day, and welcome to the Indian Energy Exchange Q3 FY '25 Results Conference Call. 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 the conference over to Mr. Rohan Gheewala. Thank you, and over to you, sir.

Rohan Gheewala: Thank you, Sagar. Good afternoon, ladies and gentlemen. On behalf of Axis Capital, I'm pleased to welcome you all for the IEX Q3 FY '25 Earnings Conference Call. We have with us the management team of IEX, which is represented by Mr. S.N. Goel, the 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. Over to you, sir.

Rohit Bajaj: Good afternoon, everyone. Am I audible?

Moderator: Yes, sir, you're audible, loud and clear.

Rohit Bajaj: Okay. Thank you. Good afternoon, everyone. I welcome you all to the IEX Earnings Call for Q3 FY '25. With me today on this call are Mr. Satyanarayan Goel, CMD, IEX; Mr. Vineet Harlalka, our CFO and Company Secretary; Mr. Amit Kumar, Head of Market Operations, New Product Initiatives and Exchange Technology, Ms. Aparna Garg, Head of Investor Relations and Communications; and Mr. Aditya Wali.

Friends, the last quarter was a challenging one for the Indian economy. Economic growth in Q2 experienced a dip on account of weaker private consumption and slowed to 5.4% after more than 2 years of sustained accelerated growth. Subsequently, the RBI has also revised India's GDP growth forecast for FY '25 from 7.2% to 6.6%. However, based on high-frequency indicators of economic activity, RBI expects a recovery in Q3 FY '25 from the previous quarter's slowdown driven by increased private consumption.

On the power sector front, electricity demand at 393 BUs during the third quarter was higher by 3% Y-o-Y, better than the previous quarter's muted 0.5% growth. Power demand in the country for the first 9 months of FY '25 has been higher by 5% over the same period last year.

The Ministry of Power has continued to maintain its focus on monitoring capacity addition and strengthening overall power infrastructure. Already, 28 gigawatt of thermal capacity is under construction and about 40 gigawatt is under planning and tendering stage. In addition, 40 to 50 gigawatts of renewable capacity is to be added every year till 2030. This additional capacity is expected to increase sell-side liquidity on the exchanges in the coming years.

On the fuel side, there has been ample availability of coal this fiscal. At 726 million ton, coal production for the first 9-month period from April to December FY '25 has been higher by 6.1%

compared with the same period last fiscal. Coal is available at a nominal premium of 10% to 20% under the Shakti B8 auction and coal inventory today stands at a healthy 19 days. Imported coal prices in Q3 have also been competitive at $50 per ton.

To meet the growing demand for power, MoP also made adequate provisions to ensure availability for the winter months by extending Section 11 directive to imported coal-based power plants to operate at full capacity up to 28 February 2025. These imported coal-based assets should support liquidity on the exchanges.

Gas price at $14 per MMBtu, however, has seen a slight uptick in Q3 compared with $12 per MMBtu in Q2 due to onset of winters and continued geopolitical issues. Adequate availability of fuel in this quarter led to higher liquidity on the exchange platform as sell quantum increased by 62% on a Y-o-Y basis, leading to softening of the prices. For Q3 FY '25, prices in the Day Ahead market averaged at INR3.71 per unit, a decline of nearly 26% on a year-on-year basis.

As prices remain competitive, DISCOMs and Commercial &Industrial consumers continue to have an opportunity to meet their demand at competitive prices and optimize their power procurement costs. With these trends, volume growth is expected to continue going forward.

Let us now talk about important regulatory updates and policy initiatives during the quarter that helped deepening of the power markets.

Under the amendments to late payment surcharge, LPSC rules, generating stations which have long-term PPA can now offer un-requisitioned power in the Day Ahead market as well as the Real-time Market segments. Recent amendments in the LPSC procedures has now also brought the State government-owned generating stations under its ambit, mandating them to offer URS power on the exchange platform. This is expected to further increase liquidity of the exchanges.

The Deviation Settlement Mechanism, DSM regulation 2024 is work in progress towards renewable integration and grid stability. Under the proposed amendments, deviation charges are again linked to grid frequency. With regards solar and wind generators, deviation percentage allowed for levy has been narrowed to 10%. This is expected to help increase RTM volumes at exchanges.

With regards 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. This will result in trading of Carbon Credit Certificates on IEX in the near future.

IEX business performance during Q3 FY '25 has been robust. At 30.5 billion units, electricity volumes for the quarter were 16% higher on a year-on-year basis. For the first 9 months of FY '25, electricity volume at 89 billion units were higher by 19% Y-o-Y basis. In Q3, a total of 26.5 lakh renewable energy certificates were traded, a jump of 31% over the same quarter last fiscal. REC trading volume touched 110.6 lakh certificates for the first 9 months of FY '25, a rise of 158% over the same period in FY '24.

The RTM segment continues to demonstrate strong growth. For Q3 FY '25, RTM volumes were higher by 30% Y-o-Y at nearly 9.3 billion units, showcasing its critical role in helping DISCOMs as well as open access consumer efficiently manage their short-term electricity requirements. For the first 9 months in FY '25, 29.3 billion units were traded in this segment, a growth of 29% year-on-year basis. RTM's ability to offer flexibility and immediate responsiveness highlights the opportunity to efficiently integrate renewables with the grid.

With regards the Green Market, in Q3 FY '25, volume rose over 300% to nearly 2.5 billion units, compared with Q3 FY '24.

While we continue to await approval from CERC for our long duration contracts of up to 11 months, the hearing of our petition on the Green RTM segment was held recently by the CERC. As per the commission's direction, we have sought public comments on our proposal.

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. This segment shall also help reduce deviation exposure due to weather events by providing an avenue to trade green power one hour in advance.

Let me now summarize the financial performance of the company in this quarter. On a consolidated basis, revenue for the company grew 13.7% on a year-on-year basis in Q3 FY '25, increasing to INR160.5 crores from INR141.2 crores in Q3 FY '24. Consolidated PAT increased by 16.9%, rising to INR107.3 crores in quarter 3 of FY '25 compared with INR91.8 crores in quarter 3 of FY '24.

For fiscal year 2025, the Board of Directors of the company announced an interim dividend of INR1.50, equivalent to 150% of the face value of equity shares.

IGX traded volume of 162 lakh MMBtu for Q3 FY '25 compared with 84 lakh MMBtu traded in Q3 last fiscal. In the first 9 months of FY '25, IGX traded volumes of 398 lakh MMBtu, higher by 24% over the same period in FY '24. The profit after tax for IGX for Q3 FY '25 came in at INR8.3 crores compared with INR7.4 crores in Q3 FY '24. For the first 9 months of FY '25, IGX recorded a PAT of INR22 crores, higher by 18% compared with the same period last fiscal.

Friends, development of new market models in the form of battery storage arbitrage, firm and dispatchable renewable energy, FDRE, or virtual power purchase agreement, VPPA, is slated to be the future driver of India's power market, eventually pressing a successful energy transition.

In a recent SECI tender, the price of INR3.52 per kilowatt was discovered for a 2,000 megawatt solar with 1,000 megawatt or 4,000 megawatt hour energy storage requiring 4-hour discharge for one cycle a day.

Storage prices are already competitive to make a promising case for market development and provide enough arbitrage to make it commercially viable. Rates under the VGF scheme have also declined. Visibly, battery storage remains poised to improve liquidity during non-solar hours and help meet the power demand.

Further, the government recently reiterated its plan for setting up India's first coal exchange in the calendar year 2025, details of which are being worked out. The draft note for the cabinet for setting up a coal exchange has already been circulated for interministerial consultations. The exchange is expected to work under the supervision of coal control organization.

With the CEA forecast of peak power demand of 458 gigawatt by 2032, power consumption growth will continue to drive exchange volume growth. Government's effort to facilitate the path of energy transition shall continually support market development. As India marches towards achieving its net zero target, there is bound to be a growing role of power exchanges in the country's energy landscape and IEX shall continue to be part of this journey.

Thank you, and now we can move towards question and answers.

Moderator: Thank you very much. We will now begin the question and answer session. Our first question comes from Mayuresh M, individual investor.

Mayuresh M: Okay. My question was, what is the current revenue breakdown for IEX, IGX, ICX and coal trading in terms of numbers and in terms of percentages?

SN Goel: Yes. I'll request Mr. Vineet Harlalka, our CFO, to respond to this.

Vineet Harlalka: So, if you look at the overall numbers for IEX, IEX stand-alone PAT was at INR103 crores, which was higher by 15.5% on a year-on-year basis, quarterly basis, and on consolidated PAT was INR107 crores, which was almost 17% higher than the previous year. The IGX stand-alone PAT for the quarter was INR8.3 crores, which was higher by 13% in the corresponding period from the previous year i.e. quarter for the previous year. And ICX during this quarter made a profit of INR20 lakhs against a loss of INR1 crores during quarter 3 of financial year '24.

Mayuresh M: And how about coal trading?

SN Goel: Coal trading, nothing has started. Coal exchange is still on paper. And only after approval by the government, they will decide who will do, when it will start. There’s no clarity on that.

Mayuresh M: Okay. All right. Understood. And what is the expected growth? Or what are the expected revenues for the next 1 or 2 years, say FY '26 and FY '27 as a whole? And also for the sub-companies like IGX, ICX?

SN Goel: See, as far as IEX is concerned, it is difficult to make any projections. I mean, since it is a technology platform, it all depends on growth in demand and supply. But looking at what we have achieved in the last 4, 5 years, I think a number of 15%, 20% growth is definitely achievable.

In case of gas exchange, at present, it's a challenging business environment wherein gas prices are very high. These are in the range of $14, $15. And at these rates, gas affordability is not there in India. Gas consumption is not increasing at the rate at which it was expected to increase.

But it is expected that in 2026-27, there are many liquefaction terminals which are under construction in the countries where gas is available, and that will increase the gas supply in the world. And gas prices are expected then to come down to almost about $8, $9. And if that happens, I'm sure gas consumption in India will increase and gas exchange should also see a jump in the volume growth. But it's difficult to make any projections at this stage now.

Mayuresh M: Yes, yes, I understand that. And for IEX, considering the fact that the government is promoting a lot of investment in new renewable technologies like wind and solar energy, and we have made a lot of progress in the past 3 years and also, we will be making a lot of progress in the coming years in terms of installations and capacity, do you think that would help IEX to increase its volumes by more than 15% maybe after 2, 3 years when this capacity will come into operation?

SN Goel: Yes, that should definitely help. Because what we have seen is that when there is good supply, the clearing price on the exchange reduces. And with that, if the clearing price reduces, it provides opportunity to distribution companies to optimize their power procurement cost and also to industrial consumers to optimize their costs. So definitely, the volume will increase further. But again, it's difficult to make projections for the future growth.

Mayuresh M: I understand. So the profitability, I would say, is inversely proportional to the cost. So, or you can say the volumes are inversely proportional to the cost. If the cost of electricity or gas, reduces, the volumes will increase as the companies will try to buy them from exchanges rather than their normal contracts, which they have signed for a higher cost, right?

SN Goel: Yes, you're right.

Mayuresh M: Okay. But if the demand also increases with the supply, then maybe this might not be the thing that we are expecting, the cost to reduce? It may not happen?

SN Goel: When demand increases and supply doesn't increase, or commensurate supply increase doesn't happen, then the rate increases. And that puts a lot of pressure on the distribution companies. So, it is good when both demand and supply increase, then we really see a jump in the volume increase.

Mayuresh M: Yeah**.** Okay. Quite understood. Thank you very much for answering my questions and good luck.

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

Sumit Kishore: Good Afternoon Sir. My first question is, you've had very strong volume growth on the collectives - Day Ahead Market, and RTM. Has that been accompanied with an overall increase in market share also as of 9 month FY '25? If you could give us the data.

SN Goel: In the electricity segment, we are maintaining a market share of around 84%. And that was the trend last year also. And this year also, we are maintaining the market share at the same level.

Sumit Kishore: Okay. And what would be your market share in the REC segment?

SN Goel: REC segment, I think the market share is about 60%, 65%. But then REC, is not counted as far as the market share is concerned. REC is done twice in a month. And the revenue stream also for REC, we have reduced the fees. So electricity market is basically the main market as far as the market share is concerned. In any case, in electricity, our market share is 84.5% and in REC, it is about 60%.

Sumit Kishore: Okay. And within that, for the TAM, including DAC, your market share is still around 40% or So?

SN Goel: Yes. I mean, RTM and DAM is practically 100%. And rest of the products, it is about 35%.

Sumit Kishore: The second question is, in the opening remarks, it was mentioned about the new products and the regulatory developments. So this trade up to 11 months for TAM, how soon can this materialize? And similarly on the Green RTM front, what is the stage of progress? So if you could break up the LPSC rules, Green RTM and TAM and the time lines over which you expect these to materialize and the volume uptick they can translate into?

SN Goel: 11-month contract hearings were complete, order is reserved. So it depends on CERC, but then the hearings were complete a couple of months back. So we are waiting that order. As far as volume in the 11 months contract is concerned, again, it is difficult to say because we already have 3 months contract and distribution companies normally purchase power on a seasonal basis.

Only thing is there are a few distribution companies who purchase power maybe for the month of June to September, maybe 3, 4, 5 months in advance. So maybe that kind of opportunity, if 11 months contracts are approved, we can get that opportunity also on the exchange platform. So that may not be very significant, but then we are awaiting CERC order's approval on that.

Green RTM, the petition was admitted. We have posted the petition on the website for public comments. Thereafter we will respond to CERC also on those comments and CERC will then have a hearing. It will take some time, maybe a couple of months, 3, 4 months, it may take.

Sumit Kishore: Okay. And in LDC right now, what kind of volumes have you seen in the 9-month period? And what has been IEX's share?

SN Goel: Our volumes, total volumes for all the three exchanges in LDC has been about 18 billion units and our share is about 38% in that.

Sumit Kishore: So 18 billion units, because this number, I think, was just 5.2 billion units as of first half. So there has been a big uptick in LDC in third quarter?

SN Goel: So, this number is Term Ahead Market and GTAM taken together. It is TAM segment and G-TAM segment number is...

Rohit Bajaj: So 5.8 must be for IEX...

Sumit Kishore: Okay, okay. Yes, yes, yes, it's for IEX.

Rohit Bajaj: This one is for the market -- together. For IEX alone, this number is 7.1 billion.

Rohit Bajaj: 7.1 billion.

Sumit Kishore: Okay. Just one last question, an update on how, if at all, market coupling is, the study etcetera and events are panning out?

SN Goel: No update. CERC had issued order in the month of February for simulation of the different market segments and submit the report with CERC, report is awaited.

Sumit Kishore: So that shadow pilot study, etcetera, is done? Or...

SN Goel: No, shadow pilot report is awaited. So only when they submit the report, CERC will take a view thereafter.

Sumit Kishore: So, in terms of timeline, you think that this can keep getting delayed and for how long?

SN Goel: This was to be submitted in the month of July, and we are now in the month of January of next year. So already 6 months are over. So let's see.

Moderator: Our next question comes from Rushabh Shah from Buglerock PMS.

Rushabh Shah: Sir, my question is, in one of the calls, you mentioned that even if coupling happens, we will be able to defend it and defend the market share. Could you please explain in detail how would you do that? What measure will you take to defend your share?

SN Goel: Your question is not clear. Can you repeat the question?

Rushabh Shah: In one of the calls, you mentioned that even if coupling happens, you will be able to defend your market share. So can you explain in detail?

SN Goel: No… no….I don't think we have ever said that in case of coupling we will be able to maintain the market share. What we always say is that even in case of coupling, we are doing a lot of customer-centric activities to ensure customer loyalty, and we should be able to retain a significant market share.

Rushabh Shah: Okay. Next question is, as you said that on the sell side, you have thermal generators who are registered with you. So what do you do for engaging more and more customers on our platform? Are there any incentives you offer for both buy side as well as sell side?

SN Goel: Getting customers on the exchange platform, today, we have all distribution companies registered with us, all large generators, captive generators, they're all registered with us. Renewable generators, they are all registered with us. So there is hardly any generator in the market who is not registered with us. We have practically more than 400 generators who are registered with us. So all major sector participants are already registered.

Rushabh Shah: Okay. So practically speaking, 90%, 95% of all of them are registered on IEX?

SN Goel: Yes, yes, yes. Not only registered, they are participating in the market also.

Rushabh Shah: And sir, my last question is the REC market in India, which is a compliance market, so which type of companies have to take these certificates for compliance? And is it important for them to purchase these certificates?

SN Goel: See, one is that distribution companies have to meet their RP obligations, which is specified by Government of India and the State regulators. So, there are many States who do not have renewable power with them. So, they purchase RECs to meet their RP obligation.

Then there are industrial consumers who have captive generation capacity. So they have to also meet the RP obligation and also purchase certificates. There are many steel plants, cement industries, aluminum industries, who have large captive generation capacities with them. So they also purchase RECs. Then there are many open access consumers who buy power from the market. So they also have to meet the RP obligation, and they also purchase the certificates.

Rushabh Shah: Okay. And my last question is what is your vision for IEX in the next 5 years? What are the top 3 priorities for the last 4 to 5 years?

SN Goel: My vision is to provide a robust, reliable technology platform so that all market participants can do trading through this. And the numbers will depend on the demand and supply growth in the country because demand growth is not something which we can create. It is a function of demand and supply. And we will not like to give any projections on the numbers.

Rushabh Shah: No, sir, I don't want the projections, nothing on the projections. Just your vision and the priorities for you.

SN Goel: Vision I told. I mean, a growth of 20% is something which we are targeting.

Moderator: The next question comes from Yashodhan Nerurkar from Ionic Wealth.

Yashodhan Nerurkar: Thank you for the opportunity. So, one question that I had was in terms of the Contract for Differences. So most of the PPAs which are coming in the renewable space, right now, there's some delay from the...

SN Goel: Your voice is not clear. Can you put the question slightly slowly?

Yashodhan Nerurkar: Just a second. Hello, is it better now?

SN Goel: Yes, yes, better now.

Yashodhan Nerurkar: Yes. So what I was saying is I was asking in terms of your volume. So something like a Contract for Differences, would that make a big difference in terms of increasing the volumes, at least in the renewable space where we are seeing most of the PPAs, there's a delay in signing by the DISCOMs because the prices are consecutively dropping. So would CfD be the ideal solution for you to boost the volume?

SN Goel: We are working on this with the Government and renewable generators, but so far, they are not willing to set up the capacity without the PPA because one of the problems which they are facing is that the banks are not willing to lend without the PPA. But definitely, there are alternate models of transactions which has been worked out like virtual PPAs. Some of the MNCs are working on that also and Government is also thinking about that. So that will definitely bring more liquidity in the market and should give a boost to the volume.

Yashodhan Nerurkar: So at least there's some thought given to it in terms of increasing the liquidity at least in the renewable space to increase the adoption of it. So that's the whole purpose behind it

SN Goel: Correct.

Yashodhan Nerurkar: And secondly, I just wanted to understand. So, most of the solar parks that we are seeing currently, there, I mean, it is suggested that it should come along with a battery pack, like a storage battery. So does that reduce the variability of the energy demand? Because I think there is this concept of net metering, where most of the power is traded in the short term like power market. So with battery storage coming into picture on a larger scale, would that variability be reduced? And does that reduce the volumes in the exchanges?

SN Goel: Wherever battery is coming, that battery, most of the generators are setting up additional capacity for charging the battery and supplying that additional power in remaining hours. So battery will ensure availability of larger power during the non-solar hours also, and that is good for the market.

Yashodhan Nerurkar: Okay. So that extra power, which is getting generated through, I mean, dispatched through the battery, even that could be a part of the short-term power market like through the exchanges?

SN Goel: You are right.

Moderator: The next question comes from Bharani from Avendus Spark.

Bharani: Yes. Okay. So my first question is on sustainability of this growth that we have seen in this 9 months period for FY '25. We have, of course, seen 16%, 17% electricity volume growth when the market has grown at 5%. And my first question is what proportion of this incremental growth or extra growth over and above the country's growth is due to the price drop?

SN Goel: See, the demand growth in the country has been in the first 9 months, 5%, precisely 4.8%, and our electricity volume growth has been 19%. And though there is no direct correlation between the demand growth and our electricity growth but based on the last 10-years data, we find there is a correlation of about 2.5 to 3x.

So 5% growth in demand should give, let's say, a volume growth of 15% on the exchange platform. But this year, volume growth was better because supply side, there was a lot of improvement, and coal prices also were low. Imported coal prices were also low and Government of India also took many initiatives to ensure availability of power. So as a result of all these things, our clearing price also reduced, and that resulted in extra volume on the exchange platform.

Bharani: Okay. Understood. So like any idea of the growth if it were not for the price drop?

SN Goel: It is very difficult to segregate like that.

Bharani: Yes, the corollary question to that is do you expect this growth to sustain in FY '26 because prices have dropped to Rs 3.5/unit. And then we may not see growth over and above the base power demand like 5%, 6% in 2026. Or if it is going to be again 15%, why would that be again on a base of this year?

SN Goel: See if the Indian economy has to grow at a rate of 7%, 8%, then power demand in the country has to definitely grow at a rate of 6%, 7%. And if that happens, we are quite confident that we will be able to achieve a growth of 15% to 20%.

Bharani: Perfect. And how much was the open access customer as a proportion in this first 9 months, it should have increased compared to last year?

SN Goel: Yes. Open access percentage was about 13%. And distribution company purchase was about 87%.

Bharani: Okay. And last year, it must have been very less, right?

SN Goel: Pardon?

Bharani: Last year, it must have been very less.

SN Goel: Yes. Last year prices were higher, so the number was lower.

Bharani: My last question, to just complete the loop on the market coupling discussion. Now you had, of course, mentioned we are awaiting the results of the pilot study. But exactly where is the process right now? Is the software ready? Has the testing or the simulation started? Have the exchanges started giving the data for the simulation?

SN Goel: We have been giving the data from the last 1 year. Grid India is doing the simulation. So we do not know when the report will be submitted. I think Grid India, when they, or once the software is developed, they will have to test the software also only after that, they will do the simulation and then submit the reports to CERC.

Moderator: The next question comes from Devesh Agarwal from IIFL Securities.

Devesh Agarwal: Good Afternoon Sir. And congratulations on a good set of numbers. Sir, my first question is basically, if we see the volume growth in the quarter, and I'm talking about sequential growth, we see that the DAM segment has seen a 17% growth on a Q-o-Q basis, while RTM has seen a 13% decline. Now is there any particular reason why we have seen a decline in the RTM because that has been structurally growing quarter after quarter. And this quarter, we are seeing this anomaly.

Rohit Bajaj: See what happens is in case of RTM, energy mix also plays a very important role. So when we compare, or when we are comparing Q3 vis-a-vis Q2, Q2 is the time when we have lots of wind generation in the country, lots of hydro generation in the country and overall renewable proportion is very high. More the renewable proportion, more is the intermittency.

So these months, normally, you will find Q2 particularly starting from May going up to September, October, these are the times when generally, there is a historical data also available where you can see that real-time market numbers are much, much better during these months. They are very high.

And particularly in the Q3 quarter when the overall renewable proportion is so low, we see there is some drop in the renewable side, on the RTM side. But if we look at collectively, both RTM as well as DAM market, then you will see that collective segment overall has grown.

Devesh Agarwal: Right, Sir. Right. And secondly, Sir, if we talk about the DAM segment per se because you have seen an overall decline in the clearing prices, and I think these are at a 2.5-year low. Is there a way to quantify what would be the replacement demand that you have seen in this quarter?

SN Goel: Replacement demand is difficult to quantify. But we have seen active participation of distribution companies. And what happens, when the prices are low, distribution companies don't get into bilateral contract, and that demand comes to the market. So, we have not quantified that, and it's also difficult to do that.

If we compare what was the bilateral transactions last year and what is the bilateral transactions this year, what is the difference in that, maybe something we can work out from that way. But otherwise, what we find is definitely that purchase by distribution companies has increased. It is, it has increased because of the demand growth and also because the prices were low.

Devesh Agarwal: Right, Sir. And Sir, one final one. All the new opportunities that you mentioned, be it your energy storage solution or firm dispatch RE, or even the virtual PPA, have any of this started to contribute on the exchange volumes? Or is there any expectation as to how much can come through these different opportunities in FY '26?

SN Goel: Virtual PPAs, what we understand that there are 2 MNCs with whom there are virtual PPAs. So maybe that capacity, what is the capacity, Rohit? Maybe you can respond to this question.

Rohit Bajaj: So as per our estimate, we are getting close to 300, 400-megawatt already on our platform, which is actually coming from VPPA. There are certain VPPAs which are there in place. And they have this generation during the solar hours and they are selling it.

As we have done some more assessment internally, where we are seeing that, let's say, by end of this fiscal, we are expecting up to 2 gigawatts of total renewable sell potential, which will be there and which has potential to participate in our spot markets. And this would be not only VPPA, it would be some merchant capacity also.

Devesh Agarwal: This 2 gigawatt is just the virtual PPAs or it's including your energy storage?

Rohit Bajaj: I'm talking about total renewable capacity. This would include virtual PPA also, and this will also be, there would also be certain merchant plants, certain disputed PPA plant. Everywhere, where they are not supplying under long-term PPA, this would be the total thing that we are expecting by year-end.

SN Goel: In addition to what we did this year.

Moderator: Next question comes from Shaleen Kumar from UBS.

Shaleen Kumar: Congrats on a good set of numbers, Sir. I know you have kind of answered this question, but just again, to pick your thought process here. Sir, on the long-duration side, there is some update as well. So two parts to it. One, should we consider that on the Green side, if there is a kind of -- we have received a positive signal from CERC, it's an indication that things should move swiftly on the long duration as well? And if that happens, what's your best guess, I think for a guess, for an estimate, that this could happen in what time frame, both the things?

Rohit Bajaj: So there are, 2 things. One is Green real-time market, second is a long duration contracts up to 11 months. Green real-time market, as Mr. Goel has just explained, all the first hearing has happened, petition has been admitted, consultation process has started. So our expectation is, let's say, next 2 to 3 months' time we should get something positive from the CERC then we would be in a position to launch this.

As far as longer duration contract is concerned, this hearing got completed about 8, 9 months back. So we are awaiting this. If you ask me to guess, again, I would say, 3, 4 months, we should be able to launch that as well.

Shaleen Kumar: All right. So most likely in 3 to 4 months, we'll be able to launch this. And this will roughly, if my understanding is right, roughly open up almost a 40 billion unit market for us?

Rohit Bajaj: Absolutely. So if we go by last year numbers, its total potential that exists is about 40 billion units. And in a phased manner, exchanges should be able to capture that.

Shaleen Kumar: Right. Sir, I'd also like to touch base on one more question over here, right, which everybody has been discussing about. But again, I want to go a little deeper on the coupling side, right? And I'd like to have a little debate here. So, coupling, I think, came or was introduced along with MBED, right? Now while we are talking about coupling why we are not talking about MBED, that's one front. Is it coming up in any of your discussions?

Second, again, logically, again here, I'm looking for your views. Does coupling have any merit, in your view? And if in any of your discussions with the regulators, this kind of discussion is arising and what are you thinking about it?

SN Goel: Yes, say, number one, MBED, discussions happened on this right from 2018. It was in the discussion for almost about 4 years. But under the MBED, say, today, we have, if you look at the scheduling mechanism, we have a decentralized scheduling mechanism.

Each of the State, they have their power purchase agreements. They have their allocations from the Central generating stations, and they do scheduling of that. And there are the renewables also. They do scheduling of all these renewables and thermal power plants. So it is their responsibility to manage the demand and supply within the State.

Under MBED, the scheduling is done at the Centralized level. So States are reluctant in giving their rights of scheduling. This issue was discussed with many of the States and there was a lot of reluctance on the part of the States. That is why what we understand is that MBED has been dropped. It is not being considered now.

As far as coupling is concerned, I mean we have said very clearly that there are no merits in coupling. In the past, we have mentioned about it. We have also made our submissions to CERC on the staff paper that why it is not desired and why coupling should not happen because this will kill the institutional framework of this market, power exchanges.

This will kill innovation, this will kill competition in the market. And that is why the regulator has issued the staff paper for simulation of the data, and they want to take a decision based on the simulation results that if there is actually a merit in the case that has benefit to the consumers, maybe they will consider this. Otherwise, they may not consider this.

Shaleen Kumar: But do you think that there can be, because I don't understand it is not a market coupling, it's exchange coupling, right? Earlier, the thesis was a market coupling. There are no markets to couple here. So the whole thesis...

SN Goel: I Agree with you, it's a misnomer. But whatever it is, whatever it is. So regulator will probably take a view based on the simulation results.

Shaleen Kumar: Understood. But simulation results and again, going back to the same point, given your market share at least in the key product of almost 100%, how can the simulation result be any different?

SN Goel: Again, I agree with you. If you look at the order of CERC dated sixth of February in that order itself, CERC has mentioned that if one of the exchange has a 99% market share. And as common sense, will say, coupling 99% with 1% will not lead to any benefit. So it is already there. I mean, they have also mentioned that. But anyhow, since they have issued an order for doing the simulations for the different market segments. It is RTM-RTM, DAM-DAM and also RTM with SCED. So let's wait for that report to come.

Shaleen Kumar: Right, hypothetically, even if we say coupling happens, how easy is it to implement it? Because while we say coupling, but let's think about the challenges. Any thoughts on that?

SN Goel: There are many challenges as far as DAM-DAM, RTM-RTM coupling is concerned. Then even if it is done by the system operator, they need a software. Present software, which they are developing for the simulation is basically just for the simulation of big data. But if you have to run the market, then you have, you need a market grade software. And that kind of a software will have to be developed, the front end of this, the back office of that, all those things will have to be done. So that will need a lot of time. And thereafter, you will have to also work out the process of physical settlement of power between the exchanges and the financial settlement between the exchanges and also have to ensure that how exchanges, the financial settlement between the exchange is ensured. Because each of the exchange will have to ensure payment to their sellers. So I think all these things will have to be worked out. So it will definitely take a good amount of time.

And in case of RTM and SCED, if that is the option which is decided by the regulator. Then in that case, the time required will be much, much more because SCED, the algorithm is entirely different. RTM, the algorithm is different. I think we will have to first define the logic for that. That itself is a big task. And thereafter developing a software for that. And again, the physical settlement -- because there, the number of participants are going to be large because all these generating companies under the PPA, they will be also the participants and also their distribution companies. So I think that process involved in physical and financial settlement is quite complicated there. So I think time required will be much larger there. It could be even 2 to 3 years.

Shaleen Kumar: Got it, sir. So basically, in nutshell, we are saying there's a lot of investment, manpower, right technology, etcetera, is required to do this. And so this should only happen when there is a very, very strong merit for this?

SN Goel: Yes. Sure. Definitely. Regulators also will take all these points into considerations while taking a decision.

Moderator: Next question comes from Karan P. Gupta from CAVI Capital.

Karan P. Gupta: Thank you for the opportunity. Just a quick question, Sir. Can you just talk about the difference between volume growth and revenue growth in the last quarter. I noticed volume growth is about 16% and revenue growth was about 2.5% lower than that. So if you could just talk about that briefly, why that difference?

SN Goel: Yes. In some of the products, we are also giving incentive to our partners. So it is, the difference is because of that.

Karan P. Gupta: Is this incentive something that started recently? Because I haven't noticed a similar difference in past quarters. So ,and how do you see this going ahead? Is this because of competition that's happening in the market or to grow the market as a whole? If you could just start about that, please?

SN Goel: Yes, in the Term-Ahead-Market and REC market segments because of the competition between the exchanges, if they are giving incentives, we have to also match that. Otherwise, we will lose market share.

Moderator: The next question comes from Manthan D Patel from Patel Investments.

Manthan D Patel: So there are two questions. First thing I want to know, is there any learning curve involved in, while basically running front-end operations on your platform?

SN Goel: I'm not able to hear you clearly.

Moderator: Manthan sir, may we request to use the handset mode if you are using the speaker mode, please.

Manthan D Patel: Hello? Are you able to hear me?

SN Goel: Please go ahead. Let me try.

Manthan D Patel: Yes, yes. So I wanted to know, is there any learning curve involved while using your platform like, I mean if a novice or any new participants want to trade energy?

SN Goel: Okay. I got it now. I mean, whenever any new participant, he becomes a member or client, we definitely do the handholding. And our market operations team person explains to him how we can do the, submit the bids and what kind of data is available for his decision-making. And also, you know there is an IEX Academy where you can get all kind of details about the electricity market, power market, and you can understand the different rules, regulations under which the power market is operating.

Manthan D Patel: Okay. And sir, relating to first question, like I mean other exchange, will have other kind of system. Is my understanding correct? Like both systems won't be same. So, if a particular user is comfortable with IEX, I mean is there any incentive to shift and learn the new platform?

SN Goel: We are not able to hear you properly.

Manthan D Patel: Can you hear now?

SN Goel: Your voice is loud, but your line is not clear, Sir. Please send me an e-mail, send an e-mail to Aparna Garg we will respond to your questions.

Moderator: The next question comes from the line of Gopinadha from PNR Investments.

Gopinadha: Sir, my question is already answered, thank you.

Moderator: The next question comes from the line of Ankit Kanodiya from Smartsync Services.

Ankit Kanodiya: Congratulations on good set of numbers. Just one quick clarification on the market coupling things which you answered to a couple of participants. That shadow coupling is already done, and we are waiting for the report or it has not yet been done. The government has not yet completed the shadow coupling?

SN Goel: We do not know whether the shadow coupling simulation has been done or not. Yes, we are giving the data and we are not getting any feedback about the simulation details.

Ankit Kanodiya: Okay. That was very helpful, Sir. And Sir, second point is, second question is related to the transaction income which we make, that is the bulk of our basically revenue in IEX. So how has been the transaction price mechanism in the past? And how do we see that going forward? And how much of government's influence is there in that?

SN Goel: Government influence on transaction fees?

Ankit Kanodiya: Yes.

SN Goel: See, from 2008 to 2021, there was no regulation for regulation of transaction fees. Exchanges were free to charge a transaction fees which they feel right. And we have been charging this INR0.02 on either sides from 2011 onwards, and we have kept it constant thereafter. Then in 2021, the new regulations came, and there also CERC specified a transaction fees of INR0.02

on either side. And subsequently, product-wise, we have filed petition and those petitions also have been approved with INR0.02 on either side.

Ankit Kanodiya: So is it fair to assume that you don't foresee any risk on this angle going forward?

SN Goel: Yes, yes. I mean, these kind of approvals don't happen every day. So once CERC has approved that, and I feel that this approval should hold good for at least 5 years.

Moderator: Ladies and gentlemen, we would take that as a last question for today. 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. We have had a good first 9 months for this fiscal on the business front. We have witnessed several efforts announced by the government and regulators to further develop our markets in the country. We remain committed to contribute to the development of a sustainable and efficient energy future for India. Have a wonderful evening. Thank you.

Moderator: Thank you. On behalf of Indian Energy Exchange, that concludes this conference. Thank you for joining us. You may now disconnect your lines.