Dated: August 03, 2023

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 28, 2023.

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 28, 2023, to discuss the financial results of the Company for the quarter ended June 30, 2023.

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

Encl: as above

"Indian Energy Exchange Limited

Q1 FY '24 Results Call"

July 28, 2023

MANAGEMENT: MR. S.N. GOEL – CHAIRMAN AND MANAGING DIRECTOR –INDIAN ENERGY EXCHANGE
MR. ROHIT BAJAJ – EXECUTIVE DIRECTOR (NON-BOARD), BUSINESS DEVELOPMENT AND STRATEGY – INDIAN ENERGY EXCHANGE
MR. VINEET HARLALKA- CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY –INDIAN ENERGY EXCHANGE
MR. AMIT KUMAR – HEAD OF MARKET OPERATIONS AND PRODUCT DEVELOPMENT –INDIAN ENERGY EXCHANGE
MS. APARNA GARG – HEAD OF INVESTOR RELATIONS AND COMMUNICATIONS –INDIAN ENERGY EXCHANGE

MODERATOR: MR. SUMIT KISHORE – AXIS CAPITAL

Moderator: Ladies and gentlemen, good day, and welcome to the Indian Energy Exchange Q1 FY '24 Results 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 the conference over to Mr. Sumit Kishore from Axis Capital. Thank you, and over to you, sir.

Sumit Kishore: Thank you, Yusuf. So good evening, ladies and gentlemen. On behalf of Axis Capital, I'm pleased to welcome you all to the IEX Q1 FY '24 Earnings Conference Call. We have with us the management team of IEX, which is represented by Mr. S.N. Goel, Chairman and Managing Director and the rest of his team members.

We will begin with the opening remarks from Goel sir, followed by an interactive Q&A session. Over to you, sir.

S.N. Goel: Good evening, friends. I welcome you all to the IEX earning call for quarter 1 of FY '24. With me today on this call are Mr. Rohit Bajaj, our Executive Director (Non-Board), Business Development and Strategy; Mr. Vineet Harlalka, our CFO and Company Secretary; Mr. Amit Kumar, our Head of Market Operations and Product Development; Ms Aparna Garg, Head of Investor Relations and Communications and Mr. Aditya Wali.

Friends, the Indian economy has sustained its growth momentum gathered over the past 2 years. According to the Economic Survey '22-'23, India's baseline GDP growth is projected to be 6.5% in real terms for the fiscal year '24, strengthening its position as the fastest-growing major economy in world. This sustained momentum can be attributed to improved private consumption, revival of rural demand and increased manufacturing as input cost price has eased.

India's average manufacturing purchase PMI was 57.9% in Q1 '24, higher by 6.8% compared with the same quarter last fiscal. The RBI expects investment activity to further improve, drawing strength from the thrust on capital expenditures in public spending and further moderation in commodity prices.

Backed by strong demand, India's average services PMI was at robust 60.6% during the quarter compared with 56.9 in Q1 of '22. The Index has remained above 50%, for nearly 2 years; the longest since August 20, 2011. India's G20 Presidency has highlighted the significant sustainable energy imperative. The country today is 4th largest renewable energy generator in the world. Further, according to a recent statement released by the government, an additional 120 gigawatt of fresh renewable energy capacity is at the various stages of implementation.

With its commitment to accelerate India's sustainable energy transition, IEX is well positioned to leverage opportunities in the power sector through its green market products, certificate, and other businesses.

On the power sector update, electricity consumption in India for quarter 1 FY '24 stood at 408 BU, a marginal growth of 1.8% year-on-year basis. Ambient temperatures kept the demand for power lower than the anticipated highs. Peak demand nevertheless reached 223 gigawatts in June 2023, lower than projected value of 229 gigawatts for the summer months. But higher than the maximum peak of 207 gigawatts which was recorded in April 2022.

Installed capacity in India reached 422 gigawatts as on 30th June, 2023, while installed capacity for renewables grew to 177 gigawatts. India is on track to attain its target of achieving 50% of energy consumption from non-fossil fuel sources by 2030. The proactive measures undertaken by the government of India along with cooler-than-expected weather conditions ensured adequate power supply and lower prices during the summer season.

On the fuel side, India's coal production increased by robust 8.6% year-on-year and reached 223.4 million tonnes in quarter 1 of FY '24. E-auction coal premium has witnessed a declining trend since Q1 FY '24. The premium declined to 78% in May '23 from 137% in April '23 and 425% in May '22. And premium in the recent auction has been down to almost about 50% now. The average imported coal price for 4200 GAR coal during June was USD 54 per tonne, lower by 37% over June '22.

The LNG price has come down to almost about $12.1 per MMBTU, a drop of 46% over quarter 1 of 2022. Average coal inventory at present is almost at 14 days now during quarter 1 of FY '24, which is higher over the 9 days which was there in quarter 1 of FY '23. This improved supply side scenario coupled with consistently declining imported coal and gas prices resulted in increased sell liquidity and falling price on the Exchange platform. The average market clearing price in the DAM market during quarter 1 was INR5.17 per unit, a decline of nearly 34% on year-on-year basis.

Recently, in the month of July, with the monsoon rains, DAM prices eased further to INR4.69, which is 33% lower over July of 2022. With supply side constraints expected to ease further and cooler weather conditions, volume on the Exchange are expected to increase.

Now, we have regulatory and policy updates. In May 2023, a group constituted by Ministry of Power has submitted the report and proposed key recommendations for development of electricity market in India. Power markets have been identified to play an institutional role in accelerating India's energy transition by enabling smooth integration of renewable energy into the grid.

Some key recommendations of the Group include; mandating renewable energy resources to participate in the market and additional RE capacity to be developed through the Contract for Difference mechanism. This will facilitate faster addition of RE capacity and spur investment in the sector, thus helping attain India's 2030 RE targets. To increase RE participation in the market, a pilot mechanism has been proposed for implementation within a year and an initial capacity of 1,000 megawatt will be tendered by nodal agency under the CfD model with a 15 year PPA tenure.

Further, almost about 5,000 megawatt of RE capacity is also being targeted for development under this concept. The CfD model will help further deepen the market by providing certainty to generator by guaranteeing the fixed price over that PPA periods. We are confident that implementation of this roadmap will fast track India's energy transition goals through an efficient, optimal and reliable market framework

Some important regulatory initiatives undertaken by the power sector during this quarter are as follows: the CERC has issued the Indian Grid Code Regulations 2023. It proposes to bring about many changes. Generators would now be allowed to meet their commitment in case of unit shutdown or forced outage by securing power through the exchanges. Generator would also be able to sell URS power in the Day Ahead Market of power exchanges without consent of buyers. This regulation is likely to be implemented from October 2023.

Along with Grid Code, new transmission charge sharing regulation also will get implemented which will remove anomaly in transmission charge between collective and bilateral transactions and will facilitate movement of volumes in the DAM market.

The Ministry of Power has notified much awaited carbon credits markets scheme, approving the formation of India's first domestic regulated carbon market. It also necessitates the formation of National Steering Committee to Govern and oversee the functioning of the Indian carbon market.

According to guidelines, trading of carbon credits will take place shortly through the exchanges. This notification does not include voluntary carbon trading. Through our wholly-owned subsidiary ICX, we will be able to leverage the opportunities in the voluntary carbon space.

In April 2023, CERC issued an order to align the DSM rates with other segments to avoid any possible arbitrage among them. The Tertiary Reserve Ancillary Services market and the DSM are now market-linked. Participants will now be incentivized to utilize power markets before any unscheduled interchange with the grid.

Final guidelines for Resource Adequacy Planning were issued by the CEA to enable adequate generation capacity to meet the projected demand while maintaining necessary results. Resource adequacy creates the basis for capacity contracting and can lead to capacity market for optimal contracting - long term as well as short term. It will also help ensure security of supply and increase liquidity in the market.

Amendments were made in Electricity rules 2020 to introduce time-of-the-day tariff and simplify smart metering rules. These are expected to help in demand management by shifting demand when supply is available.

The long-pending order of CERC retaining the transaction fee up to INR0.02 per kilowatt-hour on either side, which came in April 20, 2023, this is a positive development for IEX.

In May, the Ministry of Power shared a letter with CERC to look into market coupling for the Indian power sector. We are confident that all aspects such as objective of coupling needs in the current market framework, will be examined by the honorable regulator before undertaking the next step. The current market operations of IEX will continue undisrupted.

This year, we achieved another significant milestone for our company. IEX, India's premier energy exchange completed 15 years of operation in June. IEX was incepted with an aim to provide a platform to access electricity in India in the most competitive, transparent, flexible and reliable manner. From trading 2 billion units of electricity volume in FY 2009 to about 100 billion units annually at present, IEX has indeed come a long way.

We have cumulatively traded about 700 billion units across all market segments with a 30% CAGR since inception. With technology and innovation at its core, IEX has been at the forefront of introducing new products and market segments aligned to India's economic and decarbonization targets.

Now, update on IEX. Coming back to the highlights of this quarter, IEX added new products and offerings in its continued endeavor to deepen the power market of the country. In June, we launched the IEX Academy to create a pool of skilled professionals for capacity building in the power market. Customized certifications courses will be offered to develop skills and expertise in electricity markets across aspects of power sector policies, regulatory framework and power exchange operations. The courses are designed based on the in-house experience of IEX, and in collaboration with academic institutions and think tanks.

Further, we have also launched IEX Power Price Index, PowerX, to provide competitive benchmark signals and enable market participants to make more effective decisions. PowerX, which is India's first electricity price index is calculated based on weighted average price of Day Ahead Market and Real Time Market.

In line with our aim to provide seamless experience to our customers, we launched the web-based platform EnergX. This platform will now provide web-based bidding for all IEX electricity segment and will provide easy and secure anytime, anywhere access, automated bidding through API, Market Data Insights, and easy financial reconciliations.

IEX also commenced Tertiary Reserve Ancillary Services, TRAS market segments from 1st of June, 2023 for the Day Ahead Market Ancillary Services and Real Time Market Ancillary Services.

In terms of business performance, IEX achieved 25.1 billion units across all segments during quarter 1 of FY '24, growing almost 8% on a year-on-year basis. During the quarter, DAM segment registered 12.5 BU volume 11% increase on year-on-year basis due to lower prices. The RTM segment registered volume of 7.3 BU during quarter 1, increasing 16% over quarter 1 of last year, underscoring its relevance and acceptance among distribution utilities and industries to efficiently balance their power demand-supply.

IGX generated total volume of 42.6 lakhs MMBtu during quarter 1 of FY '24, a decline of 9% over the same quarter last fiscal. This was largely due to higher gas availability under the long-term contracts and increased domestic gas supply sold on medium-term basis. The profitability of IGX for quarter 1 FY '24 increased to INR3.43 crores from INR1.15 crores in quarter 1 of FY '23.

Let us now summarize the financial performance of the company in this quarter. On a consolidated basis, revenue for quarter 1 FY '24 increased 12.3% on a year-on-year basis to INR127.4 crores from INR113.4 crores in quarter 1 of FY '23. Consolidated PAT during the quarter 1 at INR75.8 crores, grew 9.7% on a year-on-year basis from INR69.1 crores in quarter 1 of FY '23.

With gradual improvement in domestic production of coal and improvement in coal inventory, we expect rationalization of power prices on the Exchange and volumes to improve from there.

The CEA's draft plan projects electricity demand in India to grow at an average rate of almost about 6% up to FY '2030. This is expected to result in an annual increase in power consumption of more than 100 billion units. Such a scenario presents us with major opportunities to contribute to the ongoing transition in India's energy sector.

IEX will continue to introduce innovative products and market segments to strengthen its existing product portfolio. We are exploring options to extend the term-ahead market contract from 90 days to 1 year to provide better optimization opportunity for discoms. We will continue to work restlessly with the Ministry, Regulators, System Operators, our partners and clients, and all other stakeholders to accelerate India's sustainable energy transition.

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

Moderator: Our first question is from the line of Mohit Kumar from ICICI Securities. Please go ahead.

Mohit Kumar: Thanks for the opportunity. My first question is, sir, how does the Grid Code help us in increasing our volumes? And secondly, you said that the arbitrage between DAC and DAM will go away. Is that regulation finalized or when do we expect this to go away?

S.N. Goel: So, Grid Code is expected to be implemented from 1st of October. That is what we hear, but the date is yet to be notified. See, as per the new Grid Code, there are certain changes in the scheduling mechanism. Now, generator will have to give the schedule on day ahead basis and based on that, all beneficiaries will have to give the schedule on a day ahead basis.

And whatever URS power is left, that power now can be sold by generator in the Day Ahead Market without taking consent of the beneficiary. This is a very, very important new change which has been introduced. Earlier, the consent of the beneficiaries were required. Now, it is no more required. And if the power is sold in the Day Ahead Market, then beneficiary cannot revise the schedule to that extent. This is one.

Second is, in case generator has given schedule and generator has given DC (declared capacity) and that has been scheduled by the beneficiary and during the day if there is some problem in the generating unit and generation is lower, then generator can make good that generation by purchasing power through the market. This is another important provision, which has been made now. Earlier generators were allowed to purchase power only in the event of outage. Now they can purchase power even in the event when generation is low on account of some technical reason. And these are 2 important provisions which will, I'm sure help exchanges to improve their volumes.

And as far as arbitrage is concerned, the transmission charge sharing regulations were notified last year, but they also will get implemented along with the Grid Code. And as per the new transmission charge sharing regulation, sellers are not required to pay any transmission charges. So, it is only buyer and in case of buyer also, if the purchase is within the GNA, no additional charges are to be paid. And if the purchase is beyond the GNA, then only the charges are applicable.

And in fact, in case of the Day Ahead Market and RTM market - the collective transactions, the charges will be calculated on post-facto basis after considering the GNA, T-GNA and all transactions scheduled during the day. And thereafter, if there is some T-GNA required, that will have to be taken for the beneficiary. So this is a very positive development for the exchanges, at least, for the collective transactions.

Mohit Kumar: Understood, Sir. My second question is, what is the timeline for launching voluntary carbon credit markets and when we expect the mandatory carbon credit market to be functional?

S.N. Goel: The voluntary carbon market, we are planning to do it within this financial year. We are working on that, in the process of developing the software and also analyzing the market opportunities. Hopefully within this financial year, we'll launch that.

Mandatory carbon market, that is something which BEE is working on that. They have now notified their regulations that they will be -- I mean, how this will be done. But I think detailed procedures, everything is yet to be notified. In fact for the mandatory market, they will have to identify the sectors where it will be first applied and also the parameters for compliance of the carbon emissions and if there is a non-compliance, and what is the treatment of that, who will get certificates and who will have to buy certificates.

So, all those things are yet to be notified. The only thing is that these carbon credits for the mandatory market will be traded in the existing exchanges and CERC will be the regulator for that.

Mohit Kumar: Understood, Sir. Thank You Mr.Goel. Thank You.

Moderator: The next question is from the line of Vikash Jain from Financial Quotient.

Vikash Jain: Hi! Good evening Mr. Goel. Thank you for letting me ask this question. The recent development that happened about the market coupling and I got an update from IEX Management that in the current scenario the market coupling may not be something which government should be considering due to the market dynamics which operate in 1 given country, it is something which should be considered between 2 countries or between multiple countries.

So I just wanted to hear your insights furthermore that how IEX's future looks like if the market coupling and all is implemented and what are the chances that the market coupling gets implemented along with MBED, and what are the pros and cons for IEX? I just wanted to hear some insights from you, sir. Thank you.

S.N. Goel: As I told earlier also, market design is something which the regulator has to decide about. Government via their 2nd June letter has requested CERC to consider market coupling and initiate the process of discussions with the stakeholders. Now, I'm sure CERC will do detailed analysis about the market coupling, whether market coupling in the present market framework is relevant, is it required, what kind of benefits it will bring to the market, to the consumers, and based on that they will initiate the process, if it all it is required.

So, it is too early to say for me whether market coupling will be implemented or not implemented. But I'm sure after examining all these things, if it is something which is good for the market, good for the consumers, yes, that would be done. But based on our understanding, in the current scenario where in India we have voluntary market and the transactions through the Exchange is just about 6%, 7%, there is no case for the market coupling.

And we have seen in the other part of the world, I mean market coupling happening in Europe. And there, they have done coupling of different markets, different countries, geographical different markets. They have coupled 27 different countries and made one market. And in that market, they are transacting almost about 1,600 billion units of power. They have taken advantage of diversity in the demand and supply of different countries. So, there was a reason for doing the market coupling there.

In U.K., there are 2 exchanges operating. And in both exchanges, there is no market coupling. So, we haven't come across a situation where market coupling of exchanges was done -- just for exchanges was done, when the exchanges were operating in the same geography. So I'm sure regulator will look into all these things. So, it is too early to say anything beyond that.

Vikash Jain: Thank you so much. Another thing that I just wanted to understand from you, sir, about our business in IGX and ICX. Any tentative timelines by when our businesses would have a meaningful revenue contribution to overall top line and bottom line, sir?

S.N. Goel: IGX, last year the business was good. IGX made almost a profit of almost about INR28 crores last year. And this year, the first quarter was not that good, but I'm sure the things will pick up in the subsequent quarters, month of July has been definitely much better than the first quarter.

But again in the gas market, it is very high volatility at present. World over, with the way gas supply positions and the prices are, there is a lot of volatility and because of that, we are also seeing on the Exchange platform, it is very difficult to make any assessment for the next 4, 5 years. But I am sure about one thing that gas exchanges, as I have always mentioned, that will definitely do as good as IEX. And if you look at the profit of IEX for the second year and what IGX has done, they are almost similar. So, in future also I am expecting IGX to do much better.

Vikash Jain: And we expect a similar kind of EBITDA and margins coming from these businesses?

S.N. Goel: Yes, yes. IGX, yes. ICX, International Carbon Exchange, we are yet to launch that and when we launch that and get into the market, then we will see what kind of opportunities are there in that.

Vikash Jain: Thank you so much for answering my questions, sir. I've been a shareholder with IEX since IPO, and I'm a happy shareholder and having vision for next 10 years.

Moderator: Next question is from the line of Devesh Agarwal from IIFL Securities. Please go ahead.

Devesh Agarwal: Just two questions. First, you did mention multiple drivers which could improve the overall volume growth on the power side. Any target that you have in terms of what could be the full-year volume growth in FY '24 for us? That is one.

And secondly, you talked about Ancillary Services starting from June both DAM and RTM. Some more information about them and the likely revenue potential from those new products?

S.N. Goel: Yes. See, our first quarter volume growth has been almost about 8%. Month of July so far has been very good. I think it's almost about 20% volume growth so far. So I'm expecting that by the end of the year we should have a volume growth of at least about 15%, but then in exchange market, it is very difficult to estimate these things. It all depends on the demand and supply and availability of the coal.

So if everything goes well, because you know first quarter you have seen the demand increase only by 1.8% whereas we were expecting demand increase of almost about 8%, 9%. So, it all depends on these external factors, but we are quite optimistic about the volume growth.

And second is, volume opportunity because of ancillary market. Ancillary market is basically -- in an energy deficient country, volume in ancillary market is not expected to be very high. So, the market has been introduced as per the direction of the Regulatory Commission, but so far there is absolutely no volume in this. No transactions in this market because whatever power is available, generators are scheduling it in the energy market only.

Devesh Agarwal: Understood Sir. Thank You.

Moderator: Next question is from the line of Nikhil from Bernstein. Please go ahead.

Nikhil: Thank you for the opportunity. The first question I had, Mr. Goel, was on the Grid Code. I think the URS power sale, if allowed, will be a good move for the market. Just wanted to understand; A, timelines of this. I think I've missed it, if it was discussed on the call earlier; and B, whether it'll require any changes to existing PPAs or even without that it can be done?

S.N. Goel: Timeline for implementation of Grid Code as I've told you, we are hearing that it may get implemented from 1st of October, but no timeline has been notified so far because NLDC has to finalize some procedures and they have to do some software tweaking. They are working on that. So based on that, our expectation is 1st of October.

And for selling URS power through the Exchange, no change in the PPA is require. Grid Code supersedes all PPAs. The scheduling mechanism indicated in the Grid Code supersedes the PPA. And as per that, the generators will be now free to sell URS power on the Exchange platform.

Nikhil: Got it. That's helpful Mr. Goel. The second question I had was then on the other point you made after GNA, the contingency market volume will move to collective bids. Just wanted to understand from a competitor standpoint, the competitor Exchanges largely operate in the contingency market. So, for them, will they will not be able to sustain, do you think, without something like coupling coming in, if even DAC volume moves to DAM/RTM?

S.N. Goel: See, the point is, today, if you look at 5 years back, Day Ahead Market was constituting just 95% of the volume transactions through the Exchange. Today, Day Ahead Market is constituting only 50%. So, there are lot many new products which have been introduced in the market in the last 2, 3 years. We have Day Ahead Market, we have RTM market, we have Day Ahead Contingency, we have Term Ahead Market, we have Long Duration Contracts, Contracts for Delivery up to 90 days now. That also can get extended to delivery up to 1 year.

So, I think there are many opportunities for the other exchanges to also pick up their volume. So, it is up to them. And if you look at the long duration contracts for delivery up to 1 year, the volume transactions happening in the market is something about 40 billion, 50 billion units. And that's the market size, which is available.

Nikhil: Understood, Sir. Thank you for answering my questions and good to see the good volumes in July.

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

Sumit Kishore: The first one is assuming that market coupling happens and the exchanges don't discover prices directly, what will the exchanges do? So, what is the incentive for individual exchanges to invest in coming out with new products if everyone is discovering the same price for a given time slot?

S.N. Goel: You asked a very relevant question, but I have no answer to that. The point is, the role of the Exchange has been defined in the PMR. And as per the PMR, Exchanges are associated with a price discovery. And if they're not doing price discovery, will they be called as Exchange or something else? I don't know that. So I'm sure all these aspects will be examined by the regulators before taking the next step.

Sumit Kishore: The Contract for Difference are a very promising step forward for deepening the exchange markets, what is the expectation, how many gigawatts can happen over the next 1 year and next 2 years?

S.N. Goel: See, Contract for Difference is now being considered by the government. One is for the renewable generation capacity addition. If you recall, in the earlier earnings call also we have been always saying that other countries, they have very efficiently used CfD model for renewable capacity addition. U.K. has added almost about 30 gigawatt of capacity through this. Similar cases in case of Germany and other European countries.

So, in India also, because otherwise there is lot of delay in signing the PPAs, thereafter scheduling the power and then getting the payments. So, if you do through the market, then all these problems are over. So, government is first now considering 1,000 megawatt capacity addition through the CfD model where one of the nodal agency will issue the tender and contract that capacity at a fixed price.

Generator will get the fixed price and that capacity will be sold in the market. And whatever is the difference in the price between the market price and the strike price under the PPAs, that will have to be taken care by the nodal agency. Expectation is that nodal agency will be able to in fact make money out of the process.

Based on the results of the first 1,000 megawatt, maybe they will contract additional 4,-5,000 megawatts in the next subsequent years. And this is basically pilot projects, showcasing a project for the market, so that other developers can also setup capacity for this model.

And in fact the CFD model is also now being considered for ensuring additional generation capacity during the peak hours. If you recall, this year, Government of India, they had invited bids for purchasing imported coal-based power during the summer peak -- for meeting demand in the summer peak time.

And they said that whatever rates are achieved by them, the generators will be selling the power in the Day Ahead Market and difference in the price between the Day Ahead Market and the price quoted by them will be borne by the government. Similarly, they also contracted gas-based capacities for meeting the peak hour demand. They also in fact identified 5,000 megawatt of NTPC and Ratnagiri capacity to be utilized under the peak hours under the CfD model.

So, CfD model is now being used extensively for bringing more liquidity in the market. And this is a welcome step. We have been working on this from the last couple of years and finally, we see that, yes it is happening. This year we could not see any benefit of that because, by grace of God, month of April and May were very, very cool months and there was no crisis of power. So, this gas-based capacities and imported coal-based capacities under the CfD model were not put to use.

Sumit Kishore: Sure. Just one last question. IGX, would it be right to think that LNG prices have come off, should there be any correlation in ramp-up of local gas consumption and a pickup in IGX volumes in FY '24 versus FY '23?

S.N. Goel: See, the immediate effect of cooling of gas prices has been, number 1, this year domestic gas production has increased. Second is, because of the lower gas prices, GAIL had some long-term contracts and under those contracts because of the high gas price, they were not getting the full gas supplies.

And in fact, maybe some of those suppliers were selling that gas in the European markets at high price. But now they have started supplying the gas. In fact, the backlog quantity is also getting supplied. So there is enough of gas available under the long-term and medium-term contracts.

And that is why the demand in the market is comparatively lower. But, going forward, when the gas prices are lower, I'm sure the import will increase and transactions to the market will also happen. So, that should be a good thing for the market.

Sumit Kishore: Thank you and wish you all the best.

Moderator: Next question is from the line of Apoorva Bahadur from Goldman Sachs. Please go ahead.

Apoorva Bahadur: Hi Sir! Thank you for the opportunity. Wanted to understand what's our right to win in the carbon credit exchange. I believe NSE is also looking to enter this?

S.N. Goel: See, IEX, we have the experience of running a spot exchange for last 15 years. We incorporated gas exchange that is also working satisfactorily efficiently from the last 3 years. So, we understand this market, we have good connect with the market participants. We have today more than 7,000 market participants who are registered with us in the power exchange, and large number in the gas exchange also. So, we have reach with this market participants and that is our strength. I'm sure with this and our expertise of the operating exchange, we should be able to get good market share in the carbon market.

Apoorva Bahadur: And sir, you expect the margins to be as lucrative as the current business?

S.N. Goel: Carbon market, I think let us first launch it, let us see what the market is and maybe after 1 or 2 years of that, we will able to say something about the margin and profits. At the moment, we are in the process of creating a platform and launching the exchange and then maybe initially for a couple of months we will have to do all promotional activities and see the response of the market thereafter.

Apoorva Bahadur: Sure Sir. Secondly, I believe you are expecting like 15% type of volume growth year-on-year. It would be very helpful if you can sort of provide a breakup, product wise, for this 15% growth. So which segments do you expect to grow?

S.N. Goel: No, see, I just told you 15% growth is our expectation based on the projected demand and supply position. And again, product wise, giving breakup is going to be difficult, because it depends on the market conditions. But our Day Ahead Market and RTM market, definitely these are flagship products and the large volume growth is going to come from these 2 segments.

And thereafter, even long duration contract volumes are also picking up. So that will be the next. Green market, volume is increasing but not in a significant -- definitely, the increase is going to be more than 15%, but not significant volume growth.

Apoorva Bahadur: Sir, why hasn't really the long duration product really picked up? We are still seeing lot of bilateral transactions which ideally, I think, should have shifted to this product? What's holding it back?

S.N. Goel: Whatever volume we did in last year, we have done the same amount of volume in the first quarter. So the volumes are increasing in the long-duration contract in that segment. And we are expecting this year, more than 5 billion units in the long-duration contract segment.

And the shift from the bilateral to the exchange transactions will need some time. For every new product, market participants they normally try that, see what kind of benefit they're getting from that, is the price more competitive here or that payment terms are more competitive in other markets. So, they will have to assess all these things and then decide. I think in every market, the shifting happens gradually.

Apoorva Bahadur: Fair enough Sir. Thank You so much. All the best

Moderator: Thank you. Next question is from the line of Bharani Vijay Kumar from Spark Capital.

Bharani Vijay Kumar: I just want to know what would be the approximate number of participants on a daily basis transacting in the important Day Ahead and the Real Time market. Though we would have many registered participants, what is the, like the average number of participants transacting through Day Ahead and Real Time markets?

S.N. Goel: Earlier, number of participants used to be very high. As far as distribution companies and generators are concerned, their participation is limited. Distribution companies, we have almost about 50 distribution companies and generators maybe 400, 500. But earlier open access consumers, industrial consumers and commercial consumers, they were participating in a big way when the clearing price used to be low.

But from the last 2 years, the clearing prices have increased and the viability for the open access has slightly reduced. That is why the participations have reduced now. And average number these days is something around 600 and 700.

Rohit Bajaj: So, total registered participants are close to 1,500. So it is dependent on price. As the price will come down, we will see this number going further up. So these 1,500 are active participants.

S.N. Goel: So, overall registered is more than 7,000, out of that active are 1,500.

Moderator: Seems that we have lost the connection from the current participant. We'll move to our next question from the line of Saaksha Mantoo from Old Bridge Capital.

Saaksha Mantoo: So, most of my questions have been answered, just one on account. There is a spike in the other expenses that we see this time around of around INR12.6 crores in total. Could you just explain like, is there any one-off that we are seeing here or this is a regular run rate?

Vineet Harlalka: If you look at the quarter 1 numbers, normally what happens, we book the CSR expenses during the quarter 1, which is tune of around INR7 crores. So this is the one-time expenses of CSR mainly which impacted the number. Going forward, we look at in the range of INR5 crores, INR7.5 crores during the quarter.

Saaksha Mantoo: Okay. So, you mentioned INR7 crores is CSR out of this INR12.6 crores?

Vineet Harlalka:- About it. It's rounded off. That is the number, and few other one-time expenses. So going forward...

S.N. Goel: We did 15 years' celebration this year, as we completed 15 years on 28th of June, we had celebration for that. We had organized an event for the special participants. And then the CSR, entire obligation for the full year has been already booked in the first quarter itself. So the total amount is about INR7.5 crores. This amount will not appear in the subsequent quarters.

Saaksha Mantoo: Got it. Thank you so much. That's all from my side.

Moderator: Next question is from the line of Nikhil Abhyankar from ICICI Securities.

Nikhil Abhyankar: Just a follow-up on the earlier question, Sir. Should we expect similar levels of other income as well going forward. Quarter-on-quarter it is flat, but y-o-y, it is 40% jump?

Vineet Harlalka: Yes, it is in -- hopefully, it will remain same, but it's mainly dependent upon how the RBI look at it. If there is a significant cut from the interest rate by the RBI, it will definitely going to come down. But looking at the current scenario, we hope for this year that this will maintain the same.

Nikhil Abhyankar: Sure. Sir, and earlier you mentioned about 1,000 megawatt of RE CfD contracts. So, what should be the expected timeline for it?

S.N. Goel: I think there are activities happening on that. So, nodal agency will have to come out with the tender for purchase of the power. Maybe this year, at least all these activities should be over. That is what we understand.

Nikhil Abhyankar: So, the additional 4 to 5 gigawatt will be from next year?

S.N. Goel: Yes, this year 1,000 megawatt and next year maybe another 4,-5,000 megawatts.

Nikhil Abhyankar: Okay. And sir, any progress on other product additions like capacity market and derivatives?

S.N. Goel: Capacity market, I mean CEA has come out with the paper for capacity building in this sector and adequate resource planning. I think it is too early to talk about the capacity market because capacity market is going to be mandatory market, the framework will have to be developed for that. So, we are also working on that.

And derivative market is, again, that market will be introduced on the SEBI regulated exchanges. So -- but once that is introduced that will also help the spot market. So, we are also actively working with the regulator to ensure early start of this derivative market. But difficult to say any date on that.

Nikhil Abhyankar: Okay Sir. That's all from my side. Thank you.

Moderator: Thank you. Ladies and gentlemen, this was the last question for the day. I would now like to hand over the conference over to the management for the closing comments.

S.N. Goel: Thank you, friends. I would like to thank each one of you for being part of today's call. During the quarter, we have witnessed a lot of initiatives announced by government and the regulators towards creating a favorable policy and regulatory environment to transform the energy sector. We remain committed in doing our bit towards building a sustainable and efficient energy future. Thank you all.

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.