Indian Energy Exchange Ltd — Aug 2025 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Strong Beat **One-line:** The structural thesis remains robust as IEX enters a "virtuous cycle" where crashing battery storage costs and peak-summer demand diversity are offsetting regulatory uncertainties, while the Gas Exchange (IGX) reaches a new profitability plateau.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Strong Beat	Consol PAT (□120.2 Cr) and Revenue (□184.2 Cr) reached all-time highs, growing 25.1% and 19.2% YoY respectively.	□
Earnings Quality	High (Core driven)	Growth is led by transaction volumes; however, "Other Income" rose to 23% of revenue, suggesting strong treasury performance.	□
Guidance Confidence	Strong	Management's focus on BESS and the Coal Exchange (FY26-27) aligns with the MoP's roadmap for market deepening.	□
Management Credibility	Strong	Successfully scaled IGX to 108% YoY volume growth (24.6 Mn MMBTU) and maintained 89%+ EBITDA margins.	□
Business Quality Signal	Improving	The shift toward "Firm Dispatchable RE" (FDRE) and RTC tenders creates structural sell-side liquidity that bypasses old PPA constraints.	□
Key Q&A Exchange	N/A — no concall	PPT_ONLY mode	□
The Street's Primary Anxiety	Market Coupling / RE Integration	PPT highlights BESS and ToD (Time of Day) tariffs as the solution to grid balancing, mitigating coupling fears through volume expansion.	□
Capital Cycle Stage	Harvesting	Asset-light model continues to generate high free cash; diversification into Carbon (ICX) and Coal is in the "Investment" phase.	□
Margin / Return Ratio Trajectory	Improving	EBITDA margins remained resilient at 89.2%, demonstrating near-perfect operating leverage as volumes scale.	□
Pricing Power	Stable	2-paise transaction fee remains the industry standard; moat is liquidity-based rather than price-based.	□
FCF Conversion & Quality	Strong	Consistent with the asset-light exchange model; IGX is now a self-sustaining profit contributor.	□
Competitive Moat Signals	Widening	IGX volume share target of 4-5% by 2030 and ICX's status as India’s only I-REC issuer reinforce the "Multi-Asset Exchange" moat.	□
Balance Sheet Strength	Strong	Cash surplus remains robust (Prior Context: □1,000 Cr+), enabling the exploration of new coal and carbon platforms.	□
Working Capital Efficiency	Stable	Daily settlement mechanism eliminates credit risk; 5-minute RTO (Recovery Time Objective) ensures operational uptime.	□
Mgmt Guidance Track Record	Reliable	Consistent delivery on IGX scaling and RE market leadership.	□
Key Vulnerability / Red Flag	Treasury Reliance	Other Income as % of revenue increased from 18% to 23% QoQ; monitoring the mix between core fees and treasury is required.	□
Management Tone	Confident	Bullish on "Market Based RE" and BESS viability (prices crashed to □2.08-2.80 Lac/MW/Month).	□

Key Takeaways (Positives & Negatives): * **Positives:** Q1 FY26 was a record-breaking quarter with Consolidated PAT growing 25% YoY. The Gas Exchange (IGX) is no longer a "future bet"—it delivered 108% YoY volume growth and has established a clear path to capturing 5% of national gas consumption. The collapse in Battery Energy Storage (BESS) tender prices (discovered as low as □2.08 Lac/MW/Month) is the single most important fundamental tailwind, as it makes merchant RE supply economically viable during peak hours. * **Negatives:** Standalone transaction fees as a percentage of revenue dropped from 79% (Q4 FY25) to 74% (Q1 FY26). While total revenue grew, this suggests "Other Income" (treasury/investments) provided a larger-than-

usual boost to the bottom line this quarter. * **Forward Watchpoint:** The MMDRA Amendment Bill, 2025, slated for the Monsoon session, is the "gatekeeper" for the Coal Exchange. Success here would open a third major revenue vertical for IEX by FY26-27.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS DATA SOURCE: Concall not available — commentary absent.

Metric	Current Qtr (Q1 FY26)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Total Revenue (Consol) (□Cr)	184.2	↑ 19.2%	↑ 5.5%	↑	Record revenue driven by volume growth and treasury income.
EBITDA (Consol) (□Cr)	164.4	↑ 22.9%	↑ 4.1%	↑	High operating leverage; margins improved YoY.
EBITDA Margin %	89.2%	↑ 260 bps	↓ 120 bps	↑	Resilient profitability despite minor QoQ compression.
PAT (Consol) (□Cr)	120.2	↑ 25.1%	↑ 2.6%	↑	Strongest quarterly profit in company history.
IGX Volume (Mn MMBTU)	24.6	↑ 108.5%	↑ 21.8%	↑	Rapid scaling of the gas segment towards 5% share target.
I-RECs Issued (Lakhs)	44.0	Not in doc	Not in doc	↑	New revenue stream via ICX (International RECs).
REC Inventory (Crores)	4.1	Not in doc	→	→	Massive compliance buffer for obligated entities.
Transaction Fee % (Standalone)	74%	↓ 300 bps	↓ 500 bps	↓	Core fee mix softened slightly due to higher Other Income.
Other Income % (Standalone)	23%	↑ 300 bps	↑ 500 bps	↑	Treasury performance provided significant buffer.
Net Debt / (Cash) (□Cr)	(Cash)	→	→	→	Robust cash position sustained.

2B. SEGMENT BREAKDOWN

Segment	Volume / Revenue	YoY Growth	Market Share	Trend	vs Co. Avg	Key Development
Electricity (Core)	Revenue-led	~19% (Est)	~99% (Coll)	↑	Inline	Transitioning to solar-hour demand shifting via ToD.
IGX (Gas)	24.6 Mn MMBTU	↑ 108%	~2%	↑	Above	45 members, 200+ clients; now consistently profitable.
ICX (Carbon)	44 Lakh I-RECs	New	100% (I-REC)	↑	Above	Designated as India’s only issuer for International RECs.
Certificates	4.1 Cr (Inv)	Not in doc	~60%	→	Inline	Fortnightly trading and eliminated floor prices driving liquidity.

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3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery (vs Q4 FY25)	Risk Flag
Guidance	IGX Market Share	4-5% of total Indian gas consumption by 2030.	Requires ~36% CAGR. Current Q1 growth of 108% is well ahead of run-rate.	Ahead	Low
Guidance	BESS Capacity	47 GW / 236 GWh required by 2032 (per CEA).	Massive capacity addition needed; current tenders @ □2.08 Lac indicate viability.	On Track	Low
Strategy	Coal Exchange	Operationalize by FY2026-27.	Dependent on MMDRA Amendment Bill 2025 (Monsoon session).	On Track	Medium
Strategy	Diversification	Facilitate voluntary carbon trade via ICX.	Issued 44 lakh I-RECs in Q1 FY26 alone.	Delivered	Low
Macro	RE Penetration	Market acceleration after RE share crosses 20%.	India is at the European "2010" inflection point; growth expected to non-linearize.	Improving	Low
Balance	Technology	RTO of 5 minutes; RPO near zero.	Implementation of Microservices and AI-based monitoring completed.	Delivered	Low

4. ANALYST Q&A

Section not applicable — investor presentation only. No concall conducted or available.

5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (Q4 FY25)	This Quarter (Q1 FY26)	Direction
Consolidated PAT	□117.1 Cr	□120.2 Cr	↑
Total Revenue	□174.6 Cr	□184.2 Cr	↑
IGX Volume Growth	20.2 Mn MMBTU	24.6 Mn MMBTU	↑
Other Income Mix	18% (Standalone)	23% (Standalone)	↑
BESS Discovery Price	□2.49 Lacs/MW/Month	□2.08 Lacs/MW/Month	↑ (Viability)
I-REC Momentum	Formative stages	44 Lakh certificates issued	↑
Coal Exchange Status	Public comments closed	MMDRA Bill 2025 in Monsoon session	↑
EBITDA Margin	90.4%	89.2%	↓

Investor Notes: * **Thesis Inflection:** The most critical update this quarter is the BESS price discovery. At □2.08 - 2.80 Lacs/MW/Month, the "merchant storage" model is no longer theoretical. This will allow IEX to capture "Solar Hour" surpluses and sell them during peak evening hours, structurally increasing cleared volumes in the RTM and DAM segments. * **Earnings Quality:** While the headline PAT is a record, the 500 bps jump in "Other Income" as a percentage of revenue suggests a heavy reliance on treasury gains this quarter. Core transaction

fee growth, while healthy, was slightly slower than the total revenue growth rate. * **Regulatory Watch:** The MMDRA Amendment Bill 2025 is the next major catalyst. A Coal Exchange would leverage IEX's existing technology stack to capture a massive new commodity vertical with almost zero incremental Opex, significantly boosting ROE. * **Working Capital:** The spike in payables (□967 Cr) noted in Q4 due to bank holidays has normalized, confirming it was a non-structural timing event. The business remains a high-quality, cash-generating machine.