

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Strong Beat **One-line:** The thesis is transitioning from "cyclical recovery" to "structural diversification" as IEX successfully operationalizes secondary engines (IGX, RECs) and prepares for the merchantization of the grid via BESS and Derivatives.

Dimension	This Quarter (Q1 FY26)	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Strong Beat	Consol Revenue (₹184.2 Cr) and PAT (₹120.2 Cr) reached new record highs, outperforming the sequential Q4 run-rate.	☐
Earnings Quality	Moderate (Other Income tilt)	Core Transaction fees fell to 74% of revenue (vs 79% in Q4), with "Other Income" spiking to 23% (likely treasury/interest income).	☐
Guidance Confidence	Strong	IGX volume growth (+108% YoY) and the launch of electricity derivatives in July '25 provide high visibility on non-DAM growth.	☐
Management Credibility	Strong	Successfully launched Electricity Derivatives (July '25) and hit aggressive IGX volume targets despite regulatory shifts.	☐
Business Quality Signal	Improving	Diversification is working: IGX now represents a meaningful volume contributor, and I-REC issuance reached 44 lakh certificates in Q1.	☐
Key Q&A Exchange	N/A — No concall	PPT highlights launch of Derivatives on MCX/NSE using IEX DAM price as the underlying benchmark.	☐
The Street's Primary Anxiety	Sell-side Liquidity	Mgmt response: Coal stocks at 25 days (vs 23 in Q4) and 40-50 GW of annual RE addition ensure the "supply wall" remains high.	☐
Capital Cycle Stage	Harvesting / Reinvesting	Distributing high dividends (from prior context) while investing in technology (Microservices, AI-monitoring).	☐
Margin / Return Ratio Trajectory	Stable	Consol EBITDA margin remains elite at 89.2%, though slightly down from Q4's 90.4% due to business mix.	→
Pricing Power	Stable	Benchmark status reinforced: NSE/MCX now use IEX prices for derivatives settlement.	☐
FCF Conversion & Quality	Distorted (Timing)	Prior quarter spike in payables (₹967 Cr) is likely normalizing; core exchange remains asset-light.	☐
Competitive Moat Signals	Widening	Becoming the "Price Discovery Hub" for financial derivatives makes IEX liquidity even stickier.	☐
Balance Sheet Strength	Strong	Cash/Liquid investments remain high; surplus being explored for "Coal Exchange" and "Carbon Trade."	☐
Working Capital Efficiency	Stable	"EnergX" web platform and API integrations for bidding/back-office indicate continued digital efficiency.	☐
Mgmt Guidance Track Record	Reliable	Consistent delivery on diversification (IGX) and new market models (VPPAs/Derivatives).	☐
Key Vulnerability / Red Flag	Non-Core Revenue	Heavy reliance on "Other Income" (23% of revenue) to drive the PAT beat this quarter.	☐
Management Tone	Confident	Aggressive focus on Energy Transition (BESS) and "One Nation One Gas Grid."	☐

Key Takeaways (Positives & Negatives): * **Positives:** Record consolidated financials (PAT +25% YoY); IGX volume more than doubled YoY (24.6 Mn MMBTU); Coal inventory at 25 days is a 3-year high, reducing price volatility and inviting Discom buy-bids; Electricity derivatives launched in July '25 solidify IEX's position as the national price benchmark. * **Negatives:** Transaction fee

contribution dropped from 79% to 74% QoQ; Business is increasingly reliant on treasury income to maintain 20%+ PAT growth; Standalone PAT growth (+11% from prior context) is lagging consolidated growth, placing high pressure on IGX to perform. * **Street Concern:** Analysts are watching the "Merchant RE" transition. Management's response is the highlight of BESS cost reduction (from ₹10.83 to ₹2.16-2.80 Lacs/MW/Month), which makes exchange-based peak/off-peak trading economically viable for states. * **Forward Watchpoint:** Monitor the "Coal Exchange" progress. The MMDRA Amendment Bill (Monsoon Session 2025) is the critical regulatory trigger that could open a third multi-billion volume exchange segment for IEX.

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
Revenue (Consol) (₹ Cr)	184.2	↑ 19.2%	↑ 5.5%	↑	Record quarterly revenue driven by IGX and REC scaling.
EBITDA (Consol) (₹ Cr)	164.4	↑ 22.9%	↑ 4.1%	↑	Strong operating leverage; margins remain high at 89.2%.
EBITDA Margin %	89.2%	↑ 270 bps	↓ 120 bps	→	Expansion YoY but slight contraction QoQ due to mix.
PAT (Consol) (₹ Cr)	120.2	↑ 25.1%	↑ 2.6%	↑	Growth aided by higher "Other Income" (23% of revenue).
IGX Volume (Mn MMBTU)	24.6	↑ 108.5%	↑ 21.8%	↑	Record volume; driven by domestic supply and ssLNG.
REC Inventory (Cr certs)	4.1	-	-	↑	Massive supply available for RPO compliance.
I-REC Issuance (Lakhs)	44.0	-	-	↑	ICX (Carbon) segment gaining traction.
Coal Stock (Days)	25	↑ 8.7%	↑ 8.7%	↑	Highest inventory level in years (vs 23 days in Q4).
Transaction Fee (%)	74%	↓ 300 bps	↓ 500 bps	↓	Share of standalone revenue decreased QoQ.
Other Income (%)	23%	↑ 300 bps	↑ 500 bps	↑	Significant spike in treasury/non-core contribution.

2B. SEGMENT BREAKDOWN

Segment	Volume (Q1 FY26)	YoY Growth	Trend	vs Co. Avg	Key Development
IGX (Gas Exchange)	24.6 Mn MMBTU	↑ 108.5%	↑	Above	Target 4-5% of India gas share by 2030 (CAGR 36%).
REC (Certificates)	4.1 Cr (Inv)	N/A	↑	Above	Single market for Solar/Non-Solar; penalties increased.
ICX (Carbon/I-REC)	44 Lakh certs	N/A	↑	High	India's only issuer for International RECs.
Coal Exchange	Pre-launch	N/A	→	N/A	MMDRA Amendment Bill 2025 in Monsoon Session.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Volume Growth	15-20% CAGR for Electricity.	Q1 growth is within range; historically H2 is stronger.	Delivered	Low
Guidance	IGX Market Share	4-5% share by 2030 (~250 Mn MMBTU).	Requires 36% CAGR. Current Q1 growth of 108% is well ahead.	Ahead	Low
Guidance	Coal Exchange	Operationalize by FY 2026-27.	Dependent on MMDRA Act amendment (Expected July-Aug 2025).	On Track	Medium
Strategy	BESS Demand	47GW/236 GWh required by 2032.	Prices down to ₹2.16 Lacs/MW/Month; viability is now established.	Improving	Low
Strategy	Tech Resilience	RTO of 5 mins; RPO near zero.	Adoption of AI for infra monitoring and Microservices arch.	Ongoing	Low
Strategy	Derivatives	Launch IEX-linked derivatives on MCX/NSE.	Achieved July 2025. IEX price is now the national benchmark.	Delivered	Low
Macro	Gas Infrastructure	17,500 CNG stations; 120mn PNG.	12A CGD bidding round complete; 100% population covered.	On Track	Low
Balance	Coal Production	1.5 Billion Tonnes by FY 2030.	Q1 FY26 production at 247 MT (flat YoY).	Mixed	Medium

5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (Q4 FY25)	This Quarter (Q1 FY26)	Direction
Coal Inventory	23 Days	25 Days	↑
IGX Volume	20.2 Mn MMBTU	24.6 Mn MMBTU	↑
Revenue Mix (Core)	79% Transaction Fees	74% Transaction Fees	↓
Other Income Contribution	18% of Standalone Rev	23% of Standalone Rev	↑
BESS Price Benchmark	₹2.49 Lacs/MW/Month	₹2.16 Lacs/MW/Month (NVVN/NHPC)	↑ (Viability)
Derivatives Status	Framework agreed	Trading started July '25	☐ (Derisked)
I-REC Traction	59 Lakh (Full Year FY25)	44 Lakh (Single Quarter)	↑
Coal Exchange Progress	Comments closed (May 7)	MMDRA Bill slated for Monsoon Session	↑

Investor Notes: * **Thesis Reinforcement:** The launch of electricity derivatives on MCX/NSE (using IEX prices) is the most significant moat-widening event this year. It transforms IEX from a trade platform to a financial utility. * **EBITDA/PAT Divergence:** While EBITDA margins are stable (~89%), watch the QoQ PAT growth (+2.6%) vs Revenue (+5.5%). The business is seeing a slight creep in costs (likely tech/AI investments) or a shift in the tax/treasury mix. * **The BESS Trigger:** The 13% drop in discovered BESS storage prices this quarter (from ₹2.49 to ₹2.16 Lacs) is the final piece for "Round the Clock" RE on the exchange. This will eventually cannibalize long-term PPAs. * **Working Capital:** Note the "Other Income" surge. If this is driven by the deployment of the ₹1,000 Cr+ cash pile, it suggests management is opting for treasury yields over aggressive inorganic M&A for now.