

## Company Name: Indian Energy Exchange Ltd

BSE CODE: 540750

NSE CODE: IEX

Sector: Power

Industry: Power Exchange

**CMP (Rs): 182 | Buy Range: 170-182 | Target Price: 230 | Potential Upside: 25%**
**Duration of Recommendation: 9-12 months**

### Company Data

Market Cap (Rs Cr)	16,349
Enterprise value (Rs Cr)	16,174
52-Week High/Low (Rs)	189/119
EPS (TTM) (Rs)	3.83
P/E Ratio (x) TTM	47.9
Industry PE (x)	53.2
EV/EBITDA (x) TTM	33.7
P/PB (x) TTM	17.3

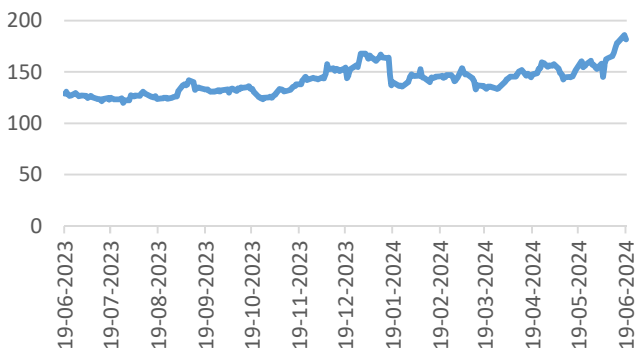
Shareholding %	Q2FY24	Q3FY24	Q4FY24
Promoters	0.00	0.00	0.00
FII's	14.12	13.37	10.89
DII's	22.61	26.34	27.24
Public	62.98	60.01	61.57
Others	0.00	0.00	0.00
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Pledged	0.00	0.00	0.00

### Financial Performance (Consolidated)

INR (Cr)	FY23	FY24	FY25E	FY26E
<b>Revenue</b>	<b>401</b>	<b>449</b>	<b>517</b>	<b>597</b>
Growth (%)	-5.8%	12.0%	15.0%	15.5%
EBITDA	337	377	434	501
EBITDA growth	-7.9%	12.0%	15.1%	15.5%
EBITDA margin	83.9%	83.9%	84.0%	84.0%
<b>Net Profit</b>	<b>306</b>	<b>351</b>	<b>395</b>	<b>456</b>
Profit growth	10.4%	10.4%	12.7%	15.5%
Profit margins	76.3%	78.1%	76.5%	76.5%
<b>EPS</b>	<b>3.4</b>	<b>3.9</b>	<b>4.4</b>	<b>5.1</b>
BVPS	8.8	10.6	14.0	18.1
P/E (x)	37.6	34.4	41.4	35.9
P/BV(x)	14.5	12.6	13.0	10.0
ROE (%)	39.4%	39.4%	37.8%	34.2%
RoCE	39.8%	37.4%	36.0%	34.3%
EV/EBITDA(x)	26.79	31.25	37.29	32.28

Source: Company, Share India Securities

### Price Performance



Share India Securities | Retail Research

**Our Recommendation:** IEX is the leading power exchange in India covering a market share of 99.9% in its two product offerings - DAM & RTM segments. We expect volume growth of more than 15% in the coming years. Company is optimistic about the growth potential in the power sector due to various technological, regulatory, and government initiatives. Stock is currently trading at 35.6x its FY26E EPS. We value the stock at 45x its FY26E earnings due to increasing demand for electricity and energy transition efforts. **We recommend BUY in price range of 170-182 with target price of 230 (based on 45x FY26E EPS) with potential upside 25%.**

**About Company:** The Indian Energy Exchange offers an automated platform and infrastructure for trading electricity units for physical delivery. Company is the 1st Power Exchange-licensed by the Central Electricity Regulatory Commission for spot trading in electricity and trading of Renewable Energy Certificates (REC) and ESCerts. The exchange platform promotes efficient price discovery, enhances the accessibility and transparency of India's power market, and improves the speed and efficiency of trade execution.

### Investment Rationale:

**Monopoly Status:** Currently, IEX commands an overall market share of 94.2%, & its market share is 99.9% in DAM & RTM. Market coupling mechanism materialization will take some time.

**Robust growth story of IGX drives the business forward:** The government aims to raise the share of natural gas in the total energy mix from 6.3% to 15% by 2030, aligning well with the company's new venture, the Indian Gas Exchange. In Q4FY24, total gas volume stood at 8.7 Million MMBtu.

**Consistent Healthy Financial Performance:** Consolidated Revenue/EBITDA/ PAT have grown at CAGR of 12%/14.5%/19.6% respectively over FY21-24 period. EBITDA margins have improved to 84% from 79% in FY21. Company's ROE/ROCE have been 42.6%/42.77% respectively during FY21-FY24. Company's leverage position is also very good with company being debt free with D/E of 0.01 with Rs

### Healthy Financial Performance In Q4FY24:

- ❖ Total volumes in Q4FY'24 at 30.1 BU increased 15.5% YoY.
- ❖ Consolidated Revenue/EBITDA/PAT up by 13.3%/12.3%/9% YoY to Rs. 121/105/97 crores respectively.
- ❖ EBITDA margins reduced by 80 bps to 86.2% YoY from 87.0%.
- ❖ On QoQ basis, Revenue/EBITDA/PAT increased by 5.2%/5.9%/5% respectively.

**Reasonable Valuations:** The stock is currently trading at 35.6x its FY26E EPS & P/BV 10x of FY26E earnings, which is reasonable given current financial performance & increasing demand for electricity and energy transition effort.

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