

Indian Energy Exchange Limited

28th April 2025

Volume continues to grow

During Q4 FY25, Indian Energy Exchange Ltd. (IEX) experienced a strong revenue growth of ~17% on a YoY basis, accompanied by a volume increase of ~28%. EBITDA grew by ~16% on a YoY basis. The Day-Ahead price for Q4 FY25 was ~4.43/unit, down by ~9% on a YoY basis, leading to a surge in electricity trading on the platform. The management anticipates a favorable outlook with strong electricity demand and easing sell-side liquidity constraints. As a result, the Company is optimistic about achieving a double-digit volume growth on a YoY basis for FY26E.

Update on market coupling

Post the first simulation of the coupling of DAM & RTM, which didn't yield any benefits, CERC is currently working on building software to run a shadow pilot test for a simulation of RTM & SCED. The report was expected to be submitted in July 2024, but it's already delayed, and management cannot provide any comments on market coupling.

Robust growth in the ecosystem

The registered participants on the platform grew by ~8% on a YoY basis to 8500+, Commercial & industrial grew by ~16% on a YoY basis to 5700+, Generators grew by ~38% on a YoY basis to 1100+, and Discoms grew by ~25% on a YoY basis to 75+. This suggests increasing interest in short-term electricity trading through the electricity exchange continues.

View and Valuation

With revised estimates, we have revised our stance from BUY to NEUTRAL, setting a target price of Rs. 205, based on a 37x FY26E P/E multiple. With the ongoing strong demand for electricity and the anticipated growth in electricity exchanges driven by improved price discovery, IEX, as the market leader, is well-positioned to capitalise on these favourable conditions. However, we believe that the growth is priced in at the current price.

NEUTRAL

CMP Rs. 195
Target Price: Rs. 205 (5.2%)

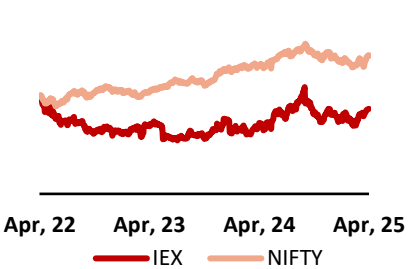
Company Data

Bloomberg Code	IEX IN
MCAP (Rs. Mn)	175,241
O/S Shares (Mn)	892
52w High/Low	244 / 134
Face Value (in Rs.)	1
Liquidity (3M) (Rs. Mn)	1,069

Shareholding Pattern %

	Mar 25	Dec 24	Sep 24
Promoters	0.0	0.0	0.0
FIIs	16.13	16.24	15.66
DII	34.15	32.78	31.48
Non-Institutional	49.74	51.00	52.86

IEX vs Nifty



Source: Keynote Capitals Ltd.

Key Financial Data

(Rs Mn)	FY24	FY25	FY26E
Revenue	4,492	5,373	6,199
EBITDA	3,769	4,537	5,240
Net Profit	3,508	4,292	4,918
Total Assets	17,737	21,967	29,355
ROCE (%)	41%	41%	40%
ROE (%)	40%	41%	40%

Source: Company, Keynote Capitals Ltd.

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IEX Ltd | Quarterly Update

Q4 FY25 Result Update

Particulars	Q4 FY25	Q4 FY24	Change % (Y-o-Y)	Q3 FY25	Change % (Q-o-Q)	FY25	FY24	Change % (Y-o-Y)
Total Volume (BU)	38.6	30.1	28.1%	33.2	16.3%	139	110	26.2%
Revenue from operations	1,422	1,213	17.3%	1,321	7.7%	5,373	4,492	19.6%
Employee Cost	114	103	10.8%	116	-1.1%	461	390	18.3%
Other Operating Expense	95	64	48.4%	74	28.5%	375	333	12.5%
EBITDA	1,213	1,046	16.0%	1,131	7.3%	4,537	3,769	20.4%
EBITDA %	85.3%	86.2%	-93 Bps	85.7%	-37 Bps	84.4%	83.9%	54 Bps
Depreciation	53	52	1.1%	54	-2.4%	213	205	3.8%
EBIT	1,160	994	16.8%	1,077	7.7%	4,324	3,564	21.3%
EBIT %	81.6%	81.9%	-34 Bps	81.6%	2 Bps	80.5%	79.3%	114 Bps
Finance Cost	6	7	-14.7%	7	-8.6%	26	28	-7.7%
Other Income	323	280	15.5%	285	13.6%	1,201	1,017	18.1%
Exceptional items (+/(-))	0	0		0		0	0	
PBT	1,478	1,266	16.7%	1,355	9.1%	5,499	4,553	20.8%
Tax	349	320	8.9%	322	8.5%	1,354	1,154	17.3%
Share of Associates	42	21	102.9%	39	7.4%	146	109	34.3%
PAT	1,171	967	21.1%	1,073	9.2%	4,292	3,508	22.3%
EPS	1.3	1.1	21.1%	1.2	9.1%	4.8	3.9	22.6%

Source: Company, Keynote Capitals Ltd.

Standalone Revenue Split

Particulars	Q4 FY25	Q4 FY24	Change % (Y-o-Y)	Q3 FY25	Change % (Q-o-Q)	FY25	FY24	Change % (Y-o-Y)
Total Standalone Revenue	1,722	1,493	15.4%	1,596	7.9%	6,541	5,507	18.8%
Transaction Fees	1361	1166	16.7%	1256	8.3%	5,148	4,292	20.0%
Admission and Annual Fees	53	47	12.1%	55	-4.2%	206	199	3.5%
Other Income	309	280	10.4%	285	8.5%	1,187	1,017	16.7%
Transaction Fees	79%	78%		79%		79%	78%	
Admission and Annual Fees	3%	3%		3%		3%	4%	
Other Income	18%	19%		18%		18%	18%	

Note: these are approximate numbers based on revenue contribution given by the Company

Source: Company, Keynote Capitals Ltd.

Q4 FY25 Conference Call Takeaways

General Highlights

- In FY25, the Company recorded a growth of 18.7% on a YOY basis in electricity volumes traded on the exchange. Additionally, RECs traded surged by 136% on a YoY basis.
- As of FY25, the Company held an overall market share of 84.2%, with the DAM and RTM stood at ~99.5%, other segments (such as TAM, DAC, etc.) stood at ~35%, and REC stood at ~58.8%.
- Due to a decline in imported coal and gas prices, the Company saw a 26.5% improvement on a YoY basis in sell-side liquidity on its platform.
- The Company distributed ~65% of its PAT as dividends to shareholders in FY25.
- There are no updates available regarding market coupling.
- A trading holiday at the end of March 2025 caused a one-time increase in payables, which are expected to normalize soon.
- Management expects REC volume to grow at 10%+ in the future.

Products

- The framework for electricity derivatives was agreed upon by the Joint Working Group of SEBI and CERC in February 2025, clearing the path for the introduction of electricity derivatives. The Company currently does not hold an exclusive contract with MCX for derivative products.
- The Company is awaiting approval to extend the TAM trading window up to 11 months, which could result in a significant shift of volume to the exchange.
- The Company is waiting for approval for Green RTM.
- A draft proposal for coal trading is under regulatory review. However, there can be multiple challenges as there are various grades of coal available in market.

IGX

- The Company achieved a volume growth of ~47% on a YoY basis, increasing gas traded from 40.8 MMBtu to 60 MMBtu in FY25.
- A new delivery point, Palanpur, located at the interconnection between GIGL and GSPL, is being added to the Company's network.
- MoPNG has drafted the Renewable Gas Certificates scheme under the Compressed Biogas Regulations, 2025. The final notification is awaited. Once approved, IGX can facilitate certificate trading and establish a separate green market for CBG.
- IGX reported a PAT growth of 103% on a YoY basis, reaching Rs. 89 Mn in FY25.

Financial Statement Analysis

Income Statement

Y/E Mar, Rs. Mn	FY23	FY24	FY25	FY26E	FY27E
Net Sales	4,009	4,492	5,373	6,199	7,151
Growth %		12%	20%	15%	15%
Raw Material Expenses	0	0	0	0	0
Employee Expenses	346	390	461	527	608
Other Expenses	298	333	375	433	499
EBITDA	3,364	3,769	4,537	5,240	6,044
Growth %		12%	20%	15%	15%
Margin%	84%	84%	84%	85%	85%
Depreciation	186	205	213	225	243
EBIT	3,178	3,564	4,324	5,015	5,801
Growth %		12%	21%	16%	16%
Margin%	79%	79%	80%	81%	81%
Interest Paid	25	28	26	26	26
Other Income & exceptional	732	1,017	1,201	1,300	1,380
PBT	3,886	4,552	5,499	6,289	7,155
Tax	959	1,154	1,354	1,553	1,767
PAT	2,926	3,399	4,145	4,736	5,388
Others (Minorities, Associates)	133	109	146	183	229
Net Profit	3,059	3,508	4,292	4,918	5,616
Growth %		15%	22%	15%	14%
Shares (Mn)	891.7	891.7	891.7	891.7	891.7
EPS	3.4	3.9	4.8	5.5	6.3

Balance Sheet

Y/E Mar, Rs. Mn	FY23	FY24	FY25	FY26E	FY27E
Cash, Cash equivalents & Bank	646	1,866	1,129	8,284	11,036
Current Investments	6,895	8,625	11,777	11,777	11,777
Debtors	70	863	26	124	143
Inventory	0	0	0	0	0
Short Term Loans & Advances	82	427	673	673	673
Other Current Assets	23	55	2,231	2,231	2,231
Total Current Assets	7,717	11,836	15,837	23,089	25,861
Net Block & CWIP	1,127	1,008	868	830	801
Long Term Investments	5,294	4,687	5,207	5,383	5,602
Other Non-current Assets	397	204	54	54	54
Total Assets	14,534	17,736	21,967	29,355	32,318
Creditors	4,024	5,627	35	5,579	6,436
Provision	65	72	3	3	3
Short Term Borrowings	0	0	0	0	0
Other Current Liabilities	2,015	1,815	10,028	10,028	10,028
Total Current Liabilities	6,104	7,514	10,066	15,610	16,466
Long Term Debt	0	0	0	0	0
Deferred Tax Liabilities	220	307	346	346	346
Other Long Term Liabilities	219	194	192	192	192
Total Non Current Liabilities	438	501	538	538	538
Paid-up Capital	891	891	891	891	891
Reserves & Surplus	7,100	8,831	10,472	12,317	14,423
Shareholders' Equity	7,991	9,722	11,363	13,207	15,314
Non Controlling Interest	0	0	0	0	0
Total Equity & Liabilities	14,534	17,736	21,967	29,355	32,318

Source: Company, Keynote Capitals Ltd. estimates

Cash Flow Statement

Y/E Mar, Rs. Mn	FY23	FY24	FY25	FY26E	FY27E
Pre-tax profit	3,886	4,552	5,499	6,289	7,155
Adjustments	-624	-772	-905	-1,049	-1,111
Change in Working Capital	-2,690	265	8,887	5,447	837
Total Tax Paid	-930	-1,061	-1,312	-1,553	-1,767
Cash flow from operating Activities	-359	2,985	12,168	9,133	5,114
Net Capital Expenditure	-87	-146	-77	-186	-215
Change in investments	711	-327	-2,246	0	0
Other investing activities	79	228	359	1,307	1,389
Cash flow from investing activities	703	-245	-1,964	1,121	1,175
Equity raised / (repaid)	-1210	0	0	0	0
Debt raised / (repaid)	0	0	0	0	0
Dividend (incl. tax)	-897	-1,780	-2,670	-3,074	-3,510
Other financing activities	-41	-52	-52	-26	-26
Cash flow from financing activities	-2,148	-1,832	-2,722	-3,100	-3,536
Net Change in cash	-1,804	908	7,483	7,154	2,752

Valuation Ratios

Y/E Mar, Rs. Mn	FY23	FY24	FY25	FY26E	FY27E
Per Share Data					
EPS	3	4	5	6	6
Growth %		15%	22%	15%	14%
Book Value Per Share	9	11	13	15	17
Return Ratios					
Return on Assets (%)	19%	22%	22%	19%	18%
Return on Equity (%)	41%	40%	41%	40%	39%
Return on Capital Employed (%)	41%	41%	41%	40%	40%
Turnover Ratios					
Asset Turnover (x)	0.3	0.3	0.3	0.2	0.2
Sales / Gross Block (x)	2.2	2.3	2.6	2.8	3.0
Liquidity Ratios					
Current Ratio (x)	1.3	1.6	1.6	1.5	1.6
Interest Coverage Ratio (x)	159.2	161.6	212.5	242.8	276.1
Total Debt to Equity	0.0	0.0	0.0	0.0	0.0
Net Debt to Equity	-0.1	-0.2	-0.1	-0.6	-0.7
Valuation					
PE (x)	65.4	57.1	40.5	35.4	31.0
Earnings Yield (%)	2%	2%	2%	3%	3%
Price to Sales (x)	28.5	25.4	32.6	28.3	24.5
Price to Book (x)	14.3	11.7	15.4	13.3	11.4
EV/EBITDA (x)	33.7	29.8	38.1	33.0	28.6
EV/Sales (x)	28.3	25.0	32.2	27.9	24.2

KEYNOTE Rating History

Date	Rating	Market price at Recommendation	Upside/Downside
9 th May 2023	BUY	160	+13.5%
29 th May 2023	BUY	155	+19.8%
12 th June 2023	UNDER REVIEW	125	-
31 st July 2023	UNDER REVIEW	123	-
3 rd November 2023	UNDER REVIEW	133	-
29 th January 2024	UNDER REVIEW	139	-
17 th May 2024	UNDER REVIEW	148	-
31 st July 2024	NEUTRAL	192	9.4%
28 th October 2024	BUY	180	16.1%
28 th April 2025	NEUTRAL	195	5.2%

Rating Methodology

Rating	Criteria
BUY	Expected positive return of > 10% over 1-year horizon
NEUTRAL	Expected positive return of > 0% to < 10% over 1-year horizon
REDUCE	Expected return of < 0% to -10% over 1-year horizon
SELL	Expected to fall by >10% over 1-year horizon
NOT RATED (NR)/UNDER REVIEW (UR)/COVERAGE SUSPENDED (CS)	Not covered by Keynote Capitals Ltd/Rating & Fair value under Review/Keynote Capitals Ltd has suspended coverage

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