

Week Gone

- ⇒ In the week ended on Friday, 15 July 2022, the Sensex declined 721.06 points or 1.32% to settle at 53,760.78. The Nifty 50 index lost 171.40 points or 1.06% to settle at 16,049.20.
- ⇒ The BSE Mid-Cap index rose 0.88% to settle at 22,854.62.
- ⇒ The BSE Small-Cap index gained 0.54% to settle at 25,779.56.

Week Ahead

- ⇒ On the macro front, the Europe Central Bank (ECB) will announce its interest decision on 21 July 2022
- ⇒ Japan will announce inflation rate for June on 22 July 2022
- ⇒ China will announce Loan Prime Rate for 1 year and 5 years on 20 July, 2022.

Technical Overview

The head index Nifty after failing to sustain above the major previous gap-down area of 15880 – 16200 saw a corrective intermediate trend. The decline has also come on declining VIX which indicates profit taking after a 7% up move from the intermediate bottom formation. The index on Thursday halted the decline at the support of the gap and saw a pullback on Friday managing to cross and sustain above the short term moving average. On the weekly timeframe the price action is bolstered by the upper moving average band where the intermediate bottom formation was formed. Going ahead the resistance come near 16200 – 16450 – 16550 whereas support comes in near 15850 - 15700 - 15550.



Source: Falcon, BP Equities Research

Weekly Wealth

DOMESTIC INDICES

Index	15-Jul-22	08-Jul-22	Weekly % Chg
Nifty 50	16,049.2	16,220.6	-1.1
Nifty Next 50	38,944.4	38,374.7	1.5
Nifty 100	16,317.2	16,424.0	-0.7
Nifty 500	13,790.2	13,828.3	-0.3
NIFTY MIDCAP 100	28,017.3	27,649.1	1.3
S&P BSE SENSEX	53,760.8	54,481.8	-1.3
S&P BSE 100	16,421.2	16,530.6	-0.7
S&P BSE 200	7,011.5	7,037.2	-0.4
S&P BSE 500	21,971.5	22,028.1	-0.3
S&P BSE MidCap	22,854.6	22,655.6	0.9
S&P BSE SmallCap	25,779.6	25,640.8	0.5

WORLD INDICES

Index	15-Jul-22	08-Jul-22	Weekly % Chg
Nikkei Index	26,788.5	26,517.2	1.0
Hang Seng Index	20,297.7	21,725.8	-6.6
Kospi Index	2,331.0	2,350.6	-0.8
Shanghai SE Composite	3,228.1	3,356.1	-3.8
Strait Times Index	3,099.2	3,131.3	-1.0
Dow Jones	31,288.3	31,221.9	0.2
NASDAQ	11,452.4	11,494.6	-0.4
FTSE	7,159.0	7,167.3	-0.1

FOREX

Currency	15-Jul-22	08-Jul-22	Weekly % Chg
US\$ (Rs.)	79.9	79.1	1.1
GBP (Rs.)	94.5	94.9	-0.4
Euro (Rs.)	80.1	80.4	-0.3
Yen (Rs.) 100 Units	57.5	58.2	-1.1

NIFTY TOP GAINERS (WEEKLY)

Scrip	15-Jul-22	08-Jul-22	Weekly % Chg
NTPC	149.8	143.7	4.2%
ONGC	126.6	121.5	4.2%
Yes Bank	13.3	12.8	3.9%
Maruti Suzuki	8,778.1	8,476.0	3.6%
Eicher Motors	3,034.0	2,931.6	3.5%

FII - ACTIVITY

(INR. Cr.)

Date	Purchases	Sales	Net
15-Jul-22	5,300.7	6,950.0	-1,649.4
14-Jul-22	7,139.0	6,830.0	309.1
13-Jul-22	5,093.2	7,932.7	-2,839.5
12-Jul-22	4,650.7	6,216.3	-1,565.7
11-Jul-22	5,294.5	5,465.0	-170.5
<u>MTD</u>	27,478.0	33,394.0	-5,916.0

NIFTY TOP LOSERS (WEEKLY)

Scrip	15-Jul-22	08-Jul-22	Weekly % Chg
HCL Tech.	883.15	983.55	-10.2%
TCS	2,994.6	3,265.45	-8.3%
Bharti Airtel	651.8	695.15	-6.2%
Wipro	393.85	419.1	-6.0%
Infosys	1,430.35	1,514.45	-5.6%

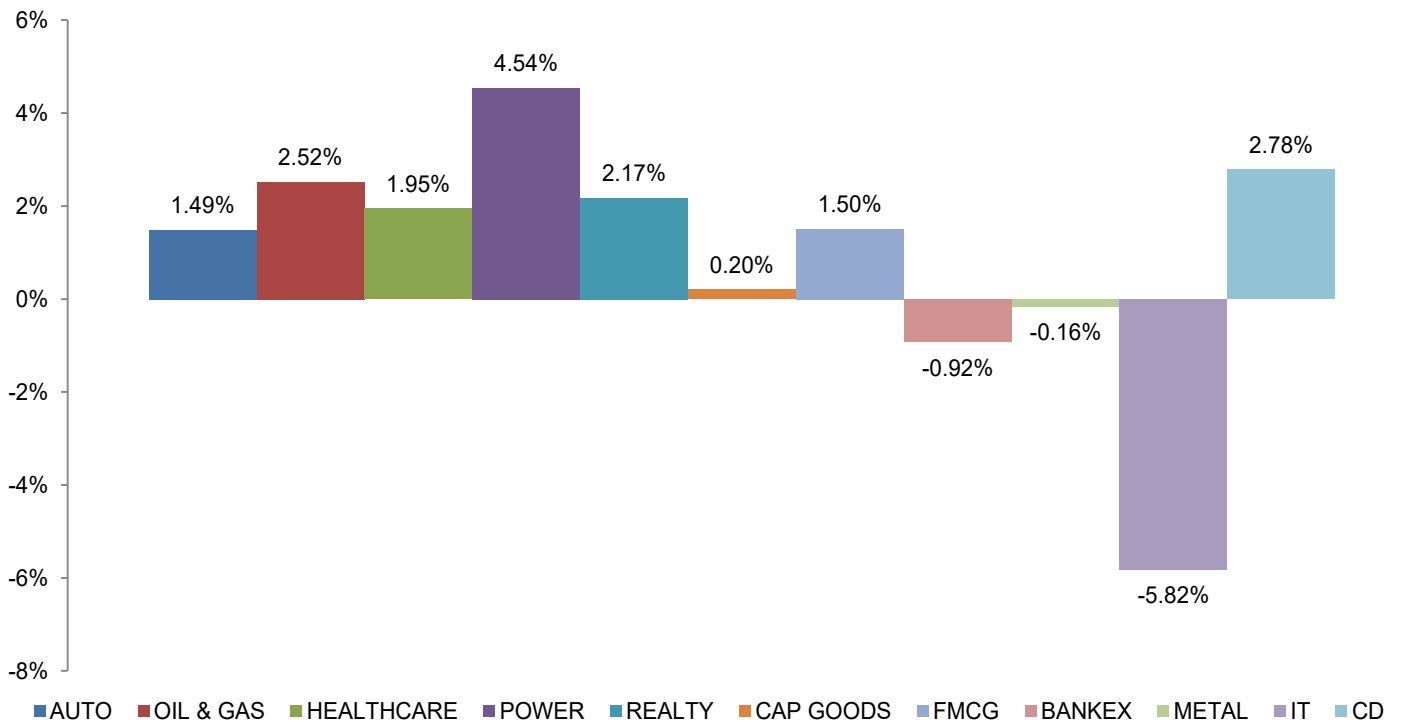
DII - ACTIVITY

(INR. Cr.)

Date	Purchases	Sales	Net
15-Jul-22	5,278.7	4,219.2	1,059.5
14-Jul-22	4,224.3	4,780.7	-556.4
13-Jul-22	6,217.6	4,418.4	1,799.2
12-Jul-22	3,493.9	3,353.2	140.7
11-Jul-22	4,558.1	4,855.1	-297.0
<u>MTD</u>	23,772.6	21,626.6	2,146.0

Weekly Wealth

BSE WEEKLY SECTORAL PERFORMANCE



Source: BSE, BP Equities Research

TOP OPEN INTEREST GAINERS (WEEKLY)

SCRIP NAME	15/07/22	08/07/22	Weekly % Chg	15/07/22	08/07/22	Weekly % Chg
	Share Price (Rs.)			Open Interest		
BANDHANBNK	270.45	272.1	0.6	24726600	30166200	22.0
MFSL	839.95	842.5	0.3	1289600	1552850	20.4
KOTAKBANK	1,788.4	1,746.45	-2.3	14484800	17027600	17.6
GUJGASLTD	453.2	442.65	-2.3	3698750	4342500	17.4
DIXON	3,752.5	3,657.9	-2.5	467875	545250	16.5

TOP OPEN INTEREST LOSERS (WEEKLY)

SCRIP NAME	15/07/22	08/07/22	Weekly % Chg	15/07/22	08/07/22	Weekly % Chg
	Share Price (Rs.)			Open Interest		
COFORGE	3,360.5	3,589.2	6.8	682050	429450	-37.0
SYNGENE	615.45	574.25	-6.7	1288000	913000	-29.1
INTELLECT	667.5	667.95	0.1	1047750	822000	-21.5
MINDTREE	2,840.35	2,899.45	2.1	3394000	2725000	-19.7
HAL	1,733.2	1,744.55	0.7	2043925	1645875	-19.5

Company Background

Indian Energy Exchange India Ltd. (IEX) is India's premier energy marketplace, providing a nationwide automated trading platform for the physical delivery of electricity, renewables, and certificates. It commenced its operation in 2008 and now it is Market Leader with approx. 95% share. More recently, IEX has pioneered cross-border electricity trade expanding its power market beyond India in an endeavour to create an integrated South Asian Power Market. IEX is powered by state-of-the-art, intuitive and customer-centric technology, enabling efficient price discovery and facilitating the ease of power procurement. IEX has a robust ecosystem of 7,000+ participants across 29 States and 5 Union Territories comprising 55+ distribution utilities and 600+ conventional generators. It also has a strong base of 4400+ commercial and industrial consumers representing industries such as metal, food processing, textile, cement, ceramic, chemicals, automobiles, information technology industries, institutional, housing, real estate, and commercial entities. IEX has various market segments such as Day-Ahead Market (DAM), Term-Ahead Contracts (TAC), Real-Time Market (RTM), Green Term Ahead Market (GTAM), Green Power Delivery for next day (GDAM), Renewable Energy Certificates (REC), Energy Saving Certificates (ESC)

Investment Rationale

Innovative Growth through the new technology platform

In FY22, IEX achieved an all-time high volume of 102 billion units, achieving a growth of 37% on a year-on-year basis. The growth in the conventional power market was driven by an increase in electricity consumption in states such as Maharashtra, Gujarat, Andhra Pradesh, Tamil Nadu, and Punjab. The conventional electricity volume - the day-ahead, term-ahead, and real-time markets saw 24% YoY cumulative growth. The Green Market achieved growth of 5 times in FY22. To make the bidding experience seamless with zero manual effort, IEX launched automated bidding through Application Programming Interface (API) for the Real-Time Market products. The Company plans to commence API-based automated bidding for DAM, GDAM, and REC segments. API has also been launched for the market data to enable the market participants to automatically fetch data across the market segments. Further, the Value-Added Services have been introduced for the renewable generators to facilitate generation forecasting solutions from the best-in-class service providers empanelled with IEX.

Focus on Renewable Energy by setting up Gas Exchange

The Company through its subsidiary Indian Gas Exchange (IGX) which started its operation in June 2020 has been growing from strength to strength since its inception. This has helped the company in solidifying its performance by creating new records on the business front while also accelerating the development of the gas market. During the year, prominent leaders in the petrochemical sector, such as BPCL, IOCL, IGL, ONGC, and Adani Gas Private Limited among others joined IGX as members. Due to its immense focus on Renewable Energy, Green Markets achieved 530% volume growth YoY. The Gas Exchange will also drive competition across the value chain, leading to innovative business models and efficient cost structures, thus supporting the overall affordability of gas.

Valuation and Outlook

IEX is India's premier energy marketplace, providing a nationwide automated trading platform for the physical delivery of electricity, renewables, and certificates having approx. a dominant market share of 95%. The Company is working toward introducing long-duration contracts in both electricity and renewable energy by the end of the first quarter of 2023. It will benefit the Power Sector by providing benchmark prices for all electricity transactions, a transparent Mechanism for Price Discovery, and high liquidity on exchange has ensured the lowest cost and assured supply. The Company's focus on transitioning toward a Futuristic Tech Architecture will help the company achieve its desired growth. However, the company faces the risk of the emergence of a new power exchange in the country - Hindustan Power Exchange (HPX). Backed by BSE and Power Trading Corporation (PTC) which has been priced in. On the valuation front we value the company based on 40x of FY24e earnings and arrived at a target price of INR 197 (21% upside from CMP) with a 12 months investment horizon.

Stock Rating

BUY	HOLD	SELL
> 15%	-5% to 15%	< -5%

Sector Outlook

Positive

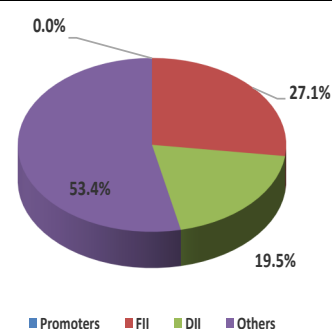
Stock

CMP (INR)	163
Target Price (INR)	197
NSE Symbol	IEX
BSE Code	540750
Bloomberg	IEX IN
Reuters	IIAN.BO

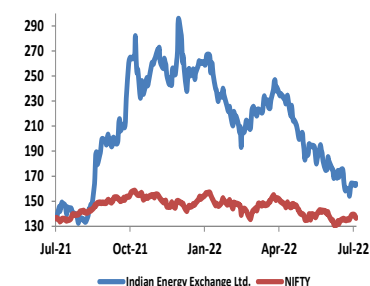
Key Data

Nifty	16,049
52WeekH/L(INR)	319/126
O/s Shares (Mn)	899
Market Cap (INR bn)	147
Face Value (INR)	1
Average volume	
3 months	93,528
6 months	99,409
1 year	107,928

Share Holding Pattern (%)



Relative Price Chart



Weekly Wealth

Key Financials

YE March (INR. Mn)	FY19	FY20	FY21	FY22	FY23E	FY24E
Revenue	2,540.8	2,571.3	3,178.5	4,310.4	5,090.5	6,480.2
<i>Revenue Growth (Y-o-Y)</i>		1.2%	23.6%	35.6%	18.1%	27.3%
EBIDTA	2,028.2	2,021.6	2,506.3	3,636.6	4,235.3	5,475.8
<i>EBIDTA Growth (Y-o-Y)</i>		(0.3%)	(24.0%)	(45.1%)	16.5%	29.3%
Net Profit	1,650.4	1,757.2	2,060.9	3,092.6	3,670.3	4,432.5
<i>Net Profit Growth (Y-o-Y)</i>		6.5%	17.3%	50.1%	18.7%	20.8%
Diluted EPS	1.8	2.0	2.3	3.4	4.1	4.9
<i>Diluted EPS Growth (Y-o-Y)</i>		6.5%	17.3%	50.1%	18.7%	20.8%

Key Ratios

EBIDTA margin (%)	79.8%	78.6%	78.9%	84.4%	83.2%	84.5%
NPM (%)	65.0%	68.3%	64.8%	71.7%	72.1%	68.4%
RoE (%)	44.6%	45.3%	37.1%	44.0%	43.4%	41.6%
RoCE (%)	54.8%	52.1%	45.1%	51.7%	50.1%	51.4%

Valuation Ratios

P/E (x)	88.8x	83.4x	71.1x	47.4x	39.9x	33.0x
EV/EBITDA	71.9x	72.3x	58.0x	39.6x	33.7x	25.6x
P/BV (x)	39.6x	37.8x	26.4x	20.8x	17.3x	13.8x
Market Cap. / Sales (x)	57.7x	57.0x	46.1x	34.0x	28.8x	22.6x

Source: Company, BP Equities Research



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