

## WEEKLY WEALTH

March 06, 2023





## DOMESTIC INDICES

Index	03-Mar-23	24-Feb-23	Weekly % Chg
Nifty 50	17,594.4	17,465.8	0.7
Nifty Next 50	38,008.1	37,504.2	1.3
Nifty 100	17,386.0	17,242.2	0.8
Nifty 500	14,774.8	14,630.5	1.0
NIFTY MIDCAP 100	30,697.7	30,103.4	2.0
S&P BSE SENSEX	59,809.0	59,463.9	0.6
S&P BSE 100	17,835.7	17,694.8	0.8
S&P BSE 200	7,482.3	7,409.4	1.0
S&P BSE 500	23,496.2	23,268.5	1.0
S&P BSE MidCap	24,595.9	24,178.7	1.7
S&P BSE SmallCap	27,846.4	27,584.6	0.9

## NIFTY TOP GAINERS (WEEKLY)

Scrp	03-Mar-23	24-Feb-23	Weekly % Chg
Adani Ports &Special	684.7	558.9	22.5%
SBI	561.2	521.1	7.7%
Indiabulls Housing	108.3	101.2	7.0%
Indusind Bank	1,126.4	1,079.2	4.4%
Yes Bank	16.9	16.2	4.3%

## NIFTY TOP LOSERS (WEEKLY)

Scrp	03-Mar-23	24-Feb-23	Weekly % Chg
Cipla	878.65	961.8	-8.6%
Infosys	1,479.3	1,550.65	-4.6%
UPL	710	738.3	-3.8%
Bajaj Auto	3,732	3,849.95	-3.1%
Tech Mahindra	1,085.15	1,119	-3.0%

## WORLD INDICES

Index	03-Mar-23	24-Feb-23	Weekly % Chg
Nikkei Index	27,927.5	27,453.5	1.7
Hang Seng Index	20,567.5	20,010.0	2.8
Kospi Index	2,432.1	2,423.6	0.3
Shanghai SE Composite	3,328.4	3,267.2	1.9
Strait Times Index	3,282.3	3,282.3	0.0
Dow Jones	33,391.0	32,816.9	1.7
NASDAQ	11,689.0	11,394.9	2.6
FTSE	7,947.1	7,878.7	0.9

## FOREX

Currency	03-Mar-23	24-Feb-23	Weekly % Chg
US\$ (Rs.)	81.7	83.0	-1.5
GBP (Rs.)	98.0	99.1	-1.1
Euro (Rs.)	86.8	87.5	-0.8
Yen (Rs.) 100 Units	60.1	60.9	-1.3

## FII - ACTIVITY

(INR. Cr.)

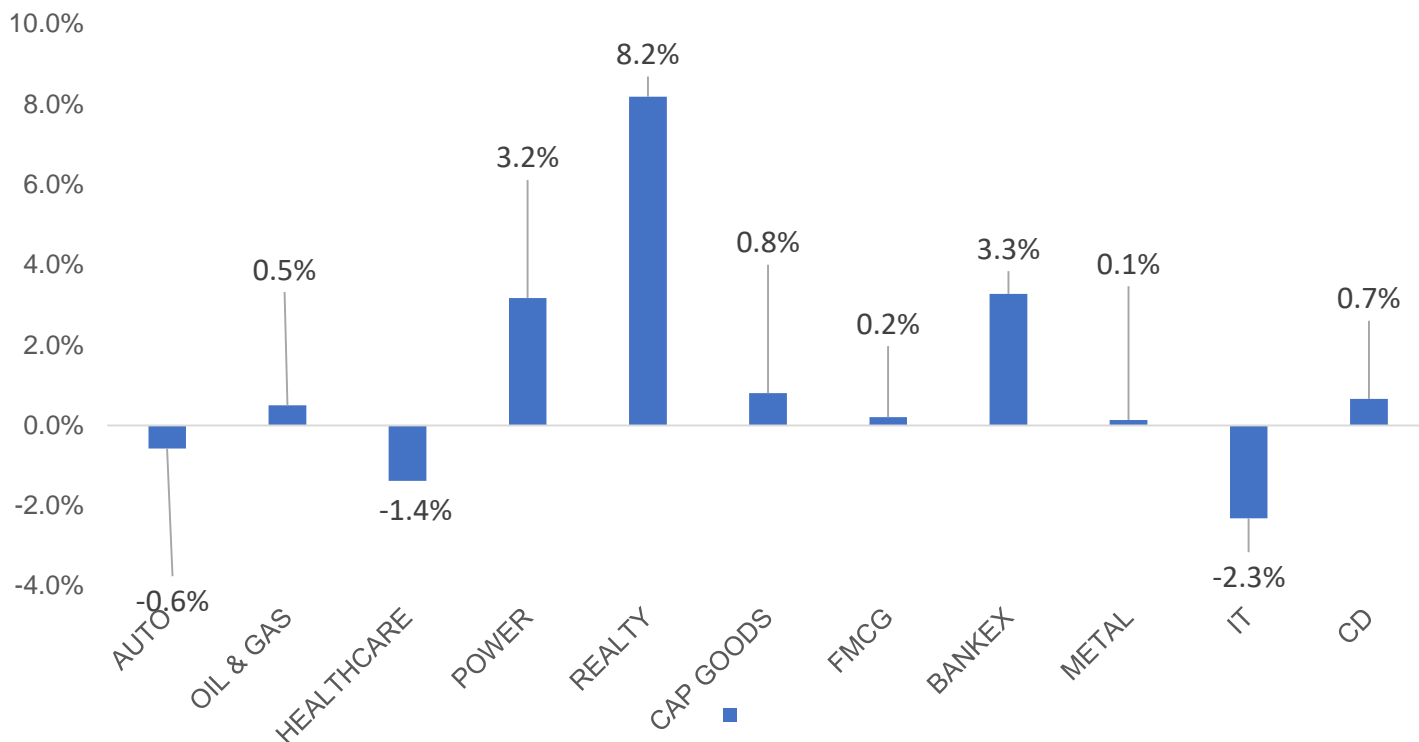
Date	Purchases	Sales	Net
03-Mar-23	6,969.4	6,723.2	246.2
02-Mar-23	20,596.1	7,825.3	12,770.8
01-Mar-23	6,953.4	7,378.3	-424.9
28-Feb-23	18,559.0	23,118.2	-4,559.2
27-Feb-23	4,315.2	6,337.7	-2,022.5
<b>MTD</b>	<b>57,393.1</b>	<b>51,382.7</b>	<b>6,010.4</b>

## DII - ACTIVITY

(INR. Cr.)

Date	Purchases	Sales	Net
03-Mar-23	5,869.6	3,779.7	2,089.9
02-Mar-23	5,948.2	3,819.4	2,128.8
01-Mar-23	5,918.7	4,420.1	1,498.7
28-Feb-23	9,307.9	4,698.0	4,609.9
27-Feb-23	6,621.3	4,389.6	2,231.7
<b>MTD</b>	<b>33,665.7</b>	<b>21,106.7</b>	<b>12,558.9</b>

## BSE WEEKLY SECTORAL PERFORMANCE



## TOP OPEN INTEREST GAINERS (WEEKLY)

SCRIP NAME	29/03/23 Share Price (Rs.)	24/02/23 Share Price (Rs.)	Weekly % Chg	29/03/23 Open Interest	24/02/23 Open Interest	Weekly % Chg
CIPLA	884.3	967.25	-8.6	13164450	9229350	42.6
MFSL	693	694.85	-0.3	3556800	2569450	38.4
ESCORTS	1,997.25	2,008.25	-0.5	1446225	1059025	36.6
POLYCAB	3,064.45	3,052.05	0.4	1081800	809100	33.7
TATASTEEL	107.75	110.35	-2.4	2.29E+08	1.74E+08	31.6

## TOP OPEN INTEREST LOSERS (WEEKLY)

SCRIP NAME	29/03/23 Share Price (Rs.)	24/02/23 Share Price (Rs.)	Weekly % Chg	29/03/23 Open Interest	24/02/23 Open Interest	Weekly % Chg
DIXON	2,986.8	2,804.25	6.5	679000	895875	-24.2
ADANIENT	1891.2	1318.55	43.4	10469750	12579250	-16.8
DELTACORP	198.65	184.9	7.4	15618400	18225200	-14.3
MCX	1451.6	1372.2	5.8	874000	1003600	-12.9
SBIN	563.25	523.6	7.6	76332000	86625000	-11.9

## Company Background

Indian Energy Exchange (IEX) which commenced its operations in 2008 is the largest power exchange in India regulated by the Central Electricity Regulatory Commission (CERC). The exchange provides an automated trading platform for the physical delivery of electricity, renewables, and certificates (renewable energy certificates and energy-saving certificates) which helps in enabling efficient price discovery and ease of power trade for its participants. IEX has launched a wide range of products in its offering bucket which includes: Day - Ahead market (physical electricity trading of 15-minute contracts within 24 hours of the next day); Green Day - Ahead market (renewable energy trading on a day-ahead basis); Term - Ahead market (term basis for a duration of up to 11 days); Green Term-Ahead Market (features contracts such as Green-Intraday, Green-Day-ahead Contingency (DAC), Green-Daily and Green-Weekly); and Real - Time market (half-hourly auction session wherein power is delivered after 4-time blocks or an hour after gate closure of the auction). With the focus of growth ahead, the exchange has also expanded its offerings in countries like Nepal, Bhutan, and Bangladesh with its recent endeavour in Cross-border Electricity trade. Along with this, the company has also ventured into the gas trading exchange and carbon market through IGX (Indian Gas Exchange) and ICX (International Carbon Exchange). Presently, IEX hosts 7,300+ participants comprising 55+ distribution utilities, 600+ conventional generators, 1,800+ RE generators, and obligated entities. They also cater to 4600+ 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.

## Investment Rationale

### Improvement in coal production and cooling off of high e-auction coal prices to result in higher volumes for the exchange

In Q3FY23, IEX's electricity volumes stood at 23 BU registering a growth of 9% on a quarterly basis. However, the exchange witnessed a 2% decline in its volume on a YoY basis mainly due to supply-side constraints of coal resulting from high e-auction coal prices which in turn led to higher average clearing prices hampering the exchange's Day-Ahead market volumes. However, with gradual improvement in the domestic production of coal and a further reduction in e-auction coal prices (quarterly average price premium declined from 293% in Q2FY23 to 242% in Q3 FY23) the cost optimization opportunities for Distribution Companies and Open Access consumers will rise again leading to higher volumes for the exchange. Moreover, with the Government's aim to increase coal production to 1 billion tonnes for FY24 and other favourable regulatory amendments in place, the outlook of the coal position for the short-medium term remains optimistic thus higher traction is expected.

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

Stock Details	
CMP (INR)	145
Target Price (INR)	165
NSE Symbol	IEX
BSE Code	540750
Bloomberg	IEX IN
Reuters	IIAN.BO

Key Data	
NIFTY	17,594
52Week H/L (INR)	252/129
O/s shares (mn)	893
Market Cap (INR bn)	130
Face Value (INR)	1

Average Volume	
3 months	46,53,320
6 months	54,04,450
12 months	73,91,120

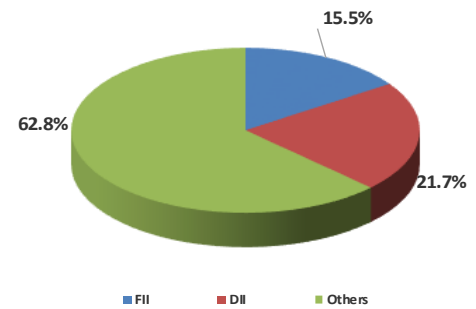
## The robust growth story of IGX drives the business forward

The Government has set a target to increase its share of Natural Gas in the total energy basket from 6.3% to 15% by 2030 which bodes well with the company's new venture- Indian Gas Exchange. In Q3FY23, the exchange added 7 members including prominent players like RIL, BP Exploration (Alpha), and Vedanta Limited in its basket. In Q3FY23, IGX registered a 568% YoY increase in its total traded volume to 24.4 million MMBtu aided by high participation from major domestic gas producers. Additionally, the government's decision to allow the trading of domestic gas with the ceiling price also resulted in a boost in its yearly volumes. Moving forward, the moderation in LNG prices will drive additional volumes in the exchange.

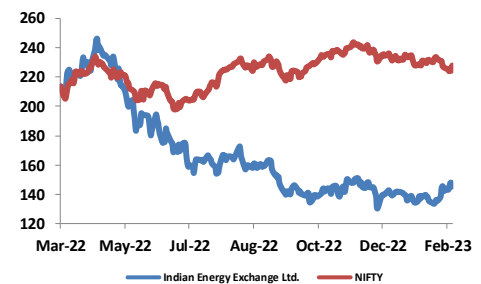
## Valuation and Outlook

IEX is the leading power exchange in India enjoying a market share of 99.9% in its two product offerings i.e. DAM and RTM segments. Earlier, the company was restricted to deliver electricity contracts for a period ranging from 1 hour to 11 days. However, in a drive to expand the short-term market and increase its share within the segment, the business introduced longer-duration contracts in July 2022. Moving forward, it is also working to initiate other proactive concepts like gross bidding contracts and ancillary markets. In the year 2030, India is expected to sell around 200 million carbon credits with demand driven from Indian corporations in the range of 120-130 million. Thus, the company envisions a huge potential in its new subsidiary- ICX to cater to this market in the future. On the valuation front, we value the company at a P/E of 48x based on its FY22 earnings to arrive at a target price of INR 165 which is an upside of 14% from the current levels.

### Shareholding Pattern (%)



### Relative Price Chart



## Key Financials

YE March (Rs. millions)	FY19	FY20	FY21	FY22
<b>Revenue</b>	<b>2,541</b>	<b>2,571</b>	<b>3,179</b>	<b>4,310</b>
<i>Revenue Growth (Y-o-Y)</i>		1.2%	23.6%	35.6%
<b>EBIDTA</b>	<b>2,028</b>	<b>2,022</b>	<b>2,506</b>	<b>3,637</b>
<i>EBIDTA Growth (Y-o-Y)</i>		(0.3%)	24.0%	45.1%
<b>Net Profit</b>	<b>1,650</b>	<b>1,757</b>	<b>2,054</b>	<b>3,072</b>
<i>Net Profit Growth (Y-o-Y)</i>		6.5%	16.9%	49.5%
<b>Adjusted EPS</b>	<b>1.8</b>	<b>2.0</b>	<b>2.3</b>	<b>3.4</b>
<i>Adjusted EPS Growth (Y-o-Y)</i>		7.8%	17.2%	49.7%

## Key Ratios

<b>EBIDTA margin (%)</b>	<b>79.8%</b>	<b>78.6%</b>	<b>78.9%</b>	<b>84.4%</b>
<b>NPM (%)</b>	<b>65.0%</b>	<b>68.3%</b>	<b>64.6%</b>	<b>71.3%</b>
<b>RoE (%)</b>	<b>44.6%</b>	<b>45.3%</b>	<b>39.0%</b>	<b>43.7%</b>
<b>RoCE (%)</b>	<b>54.8%</b>	<b>52.1%</b>	<b>47.6%</b>	<b>51.7%</b>

## Valuation Ratios

<b>P/E (x)</b>	<b>79.7x</b>	<b>74.0x</b>	<b>63.1x</b>	<b>42.2x</b>
<b>EV/EBITDA</b>	<b>63.3x</b>	<b>63.7x</b>	<b>51.1x</b>	<b>34.9x</b>
<b>P/BV (x)</b>	<b>35.0x</b>	<b>33.4x</b>	<b>24.7x</b>	<b>18.4x</b>
<b>Market Cap. / Sales (x)</b>	<b>50.8x</b>	<b>50.2x</b>	<b>40.6x</b>	<b>29.9x</b>

Source: Ace Equity, Stobox Research



## Disclaimer Appendix

Analyst (s) holding in the Stock : Nil

### Analyst (s) Certification :

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