

February 1, 2026

Company Update

Key Financials - Standalone

| Y/e Mar | FY25 | FY26E | FY27E | FY28E |
|----------------|-------|-------|-------|-------|
| Sales (Rs. m) | 5,354 | 5,970 | 6,504 | 7,285 |
| EBITDA (Rs. m) | 4,551 | 5,059 | 5,517 | 6,202 |
| Margin (%) | 85.0 | 84.7 | 84.8 | 85.1 |
| PAT (Rs. m) | 4,146 | 4,755 | 5,242 | 6,003 |
| EPS (Rs.) | 4.7 | 5.3 | 5.9 | 6.7 |
| Gr. (%) | 21.4 | 14.7 | 10.2 | 14.5 |
| DPS (Rs.) | 3.0 | 3.4 | 3.8 | 4.3 |
| Yield (%) | 2.4 | 2.7 | 3.0 | 3.4 |
| RoE (%) | 40.5 | 40.2 | 38.5 | 38.5 |
| RoCE (%) | 42.4 | 40.9 | 38.9 | 38.2 |
| EV/Sales (x) | 18.7 | 16.3 | 14.5 | 12.5 |
| EV/EBITDA (x) | 22.0 | 19.3 | 17.1 | 14.7 |
| PE (x) | 27.2 | 23.8 | 21.5 | 18.8 |
| P/BV (x) | 10.3 | 8.9 | 7.8 | 6.8 |

Key Data

IEX.BO | IEX IN

| | |
|---------------------|---------------------|
| 52-W High / Low | Rs.215 / Rs.125 |
| Sensex / Nifty | 82,270 / 25,321 |
| Market Cap | Rs.113bn/ \$ 1,229m |
| Shares Outstanding | 892m |
| 3M Avg. Daily Value | Rs.2343.39m |

Shareholding Pattern (%)

| | |
|-------------------------|-------|
| Promoter's | - |
| Foreign | 11.41 |
| Domestic Institution | 34.95 |
| Public & Others | 53.64 |
| Promoter Pledge (Rs bn) | - |

Stock Performance (%)

| | 1M | 6M | 12M |
|----------|-------|-------|--------|
| Absolute | (5.5) | (6.3) | (27.4) |
| Relative | (2.2) | (8.2) | (31.6) |

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Awaiting outcome of Aptel hearing

Indian Energy Exchange (IEX) reported steady 3QFY26 performance, with overall volumes growing 9% YoY, driven by a 12% YoY increase in power volumes—which account for ~95% of total volumes—partly offset by a sharp 30% YoY decline in REC volumes. The low-teen growth in power volumes came despite muted national power demand (-1% YoY), supported by softer short-term power prices. IEX continues to benefit from a cash-rich balance sheet (cash of ~Rs15bn in Q3FY26, ~13% of market capitalization), negligible capex requirements and high RoE (~40%); however, the proposed market coupling mechanism poses a key overhang on its near-monopoly position in the DAM segment (~40% of its volume) of exchange. We model power volume growth (ex-REC) of 15%/9%/11% in FY26E/FY27E/FY28E, assuming a gradual decline in DAM market share to 85% in FY27E and 70% in FY28E, while maintaining power segment margins at ~Rs0.04/kWh. Following the CERC's Jul'25 order mandating centralized price discovery for DAM, IEX has appealed to APTEL, with the hearing concluded and an order expected by Q4FY26. Given the expected moderation in volume growth to ~10% CAGR over FY26–28E from ~20% CAGR over FY20–25, we believe IEX is likely to trade at a lower valuation multiple versus historical levels. Accordingly, we have 'HOLD' rating with TP of Rs135, based on 20x FY28E EPS.

- **Steady volume and earnings growth despite muted power demand:** During Q3FY26, IEX traded 34.1BU of electricity volumes, reflecting ~12% YoY growth, despite flat underlying power demand in India. Revenue increased 14% YoY to Rs1.8bn, while PAT grew 11% YoY. For 9MFY26, volumes rose 14.3% YoY and PAT grew 16.4% YoY, supported by lower power prices driving higher exchange-based optimization.
- **IGX continues steady scale-up:** In Q3FY26, IGX volume accounted for ~3% of India's total gas consumption and ~20% of spot gas volumes. Gas volumes grew 8% YoY to 17.5mn MMBtu, while 9MFY26 volumes surged 46% YoY. PAT for Q3FY26 stood at Rs88mn (+6% YoY), and for 9MFY26, rose by ~48% YoY to Rs325mn, aided by lower gas prices and expanding delivery points. IEX owns ~47% in IGX, and thus, profit from the associate contributes to ~3% to IEX PAT. As per regulations, IEX needs to bring down its holding to 25%, and IEX expects IPO of IGX in CY26.
- **Market coupling, regulatory process still unfolding:** CERC issued an order in Jul'25 to initiate market coupling in the day-ahead market (DAM), with Jan'26 as the initial target. IEX has challenged the order at APTEL on grounds of lack of due process and absence of merit, and hearings have concluded. The management remains confident of a favorable outcome and highlighted that even if coupling proceeds, multiple steps—draft regulations, public consultation, and final procedures—are still pending. Hence, implementation is expected to be gradual, rather than immediate.
- **New product approvals to unlock incremental volume opportunities:** IEX has sought regulatory approvals for several new products, including long-duration term-ahead contracts (up to 11 months), Green RTM, and peak power markets (peak DAM and RTM). The management estimates that long-duration contracts alone could add incremental volumes of 15–20BU. Green RTM is expected to scale meaningfully with rising renewable capacity and intermittency management needs. Peak power products could support storage, gas-based, and PSP assets during high-demand hours.

Exhibit 1: Quarterly snapshot

| (Rs mn) | Dec-25 | Dec-24 | YoY gr. (%) | Sep-25 | QoQ gr. (%) |
|-------------------------------|---------------|---------------|----------------|---------------|----------------|
| Net Sales | 1,439 | 1,313 | 9.6 | 1,522 | (5.5) |
| EBIDTA | 1,204 | 1,128 | 6.7 | 1,320 | (8.8) |
| Other income | 374 | 285 | 31.1 | 345 | 8.5 |
| PBIDT | 1,578 | 1,414 | 11.6 | 1,665 | (5.2) |
| Depreciation | (60) | (54) | 12.0 | (57) | 6.2 |
| Interest | (5) | (7) | (22.4) | (5) | (2.2) |
| PBT | 1,512 | 1,353 | 11.8 | 1,603 | (5.7) |
| Tax | (361) | (322) | 12.3 | (387) | (6.6) |
| Adjusted PAT | 1,151 | 1,031 | 11.6 | 1,216 | (5.4) |
| Reported PAT | 1,151 | 1,031 | 11.6 | 1,216 | (5.4) |
| No. of shares (mn) | 891 | 891 | | 891 | |
| EBIDTA margin (%) | 83.6 | 85.9 | | 86.7 | |
| PBIDT margin (%) | 109.6 | 107.7 | | 109.4 | |
| EPS (Rs) | 1.3 | 1.2 | 11.6 | 1.4 | (5.4) |
| Segment traded (in MU) | | | | | |
| DAM | 16,251 | 16,713 | (2.8) | 14,535 | 11.8 |
| TAM | 2,535 | 1,960 | 29.3 | 3,008 | (15.7) |
| RTM | 12,649 | 9,331 | 35.6 | 14,924 | (15.2) |
| GDAM+GTAM | 2,647 | 2,471 | 7.1 | 3,039 | (12.9) |
| REC and Others | 1,863 | 2,652 | (29.8) | 4,421 | (57.9) |
| Total | 35,945 | 33,127 | 8.5 | 39,927 | (10.0) |
| Revenue Rs/kWh | 0.04 | 0.04 | 1.0 | 0.04 | 5.0 |
| EBITDA Rs/kWh | 0.03 | 0.03 | (1.7) | 0.03 | 1.3 |
| Composition | | | | | |
| DAM | 45% | 50% | -524 bps | 36% | 881 bps |
| TAM | 7% | 6% | 114 bps | 8% | -48 bps |
| RTM | 35% | 28% | 702 bps | 37% | -219 bps |
| GDAM+GTAM | 7% | 7% | -10 bps | 8% | -25 bps |
| REC and Others | 5% | 8% | -282 bps | 11% | -589 bps |
| Total | 100% | 100% | 0 bps | 100% | 0 bps |

Source: Company, PL

Q3FY26 earnings call highlights

Segmental and pricing trends

- RTM share was maintained at ~40% of IEX electricity volumes; Q3FY26 RTM volumes stood at 13BU, up 36% YoY, and 9MFY26 RTM volumes grew 38.6% YoY to 40.5BU.
- Green market volumes in Q3FY26 stood at ~3BU, up 7.2% YoY; 9MFY26 green market volumes were over 8BU, up 23% YoY.
- REC trading in Q3FY26 was 18.6 lakh certificates vs. 27 lakh YoY (down YoY), but 9MFY26 REC volumes were 115 lakhs, up 4% YoY.
- DAM sell bids in Q3FY26 were up 44% YoY, driving strong liquidity.
- Average DAM price in Q3FY26 was Rs3.22/unit (down 13.2% YoY); RTM average price was Rs3.56/unit (down 16% YoY).
- For 9MFY26, average DAM price was Rs3.85/unit (down 14% YoY) and RTM average price Rs3.56/unit (down 16% YoY), enabling cost optimization for DISCOMs and C&I consumers.

Regulatory and policy environment

- The Draft National Electricity Policy, 2026, targets: cost-reflective tariffs, phased reduction of cross-subsidies, ToD pricing, higher per capita consumption (2,000 units by 2030, 4,000+ by 2047), and deeper power markets via standardized exchange contracts and routing of long-term PPA power through exchanges/other platforms.
- The Draft Electricity Amendment Bill, 2025, proposes: SERCs empowered to suo motu determine tariffs, progressive elimination of cross-subsidies over 5 years for manufacturing, railways, metro, and relaxation of DISCOM obligation to supply C&I consumers >1MW with non-discriminatory open access.
- CERC issued final guidelines for virtual PPAs (VPPAs) in Dec'25; power exchanges are recognized as authorized platforms for sale of electricity under VPPAs, which is expected to support exchange volumes.
- GEI targets under carbon market have been notified for 7 sectors (aluminum, chloralkali, cement, pulp & paper, petrochemicals, petroleum, textiles), laying the groundwork for carbon certificate trading on exchanges.
- IEX has sought CERC approval to align green contracts with updated the renewable consumption obligation framework; order is reserved.

Market coupling status and outlook

- CERC's Jul order to implement market coupling in DAM is under appeal at APTEL; hearings have concluded and order is awaited (expected by Feb'26 end).

- Even if coupling proceeds, the management expects a long implementation path: draft regulations, public consultation, final regulations, and procedure finalization.
- Under envisaged coupling design, bids across all exchanges will be aggregated; price discovery will be done on a round-robin basis (e.g., each exchange conducting coupling for a month in rotation).
- CERC has indicated RTM coupling, if considered, will only be examined after experience with DAM coupling due to complexity (48 auctions/day, tight timelines).

Market share and realizations

- Overall electricity market share for IEX in 9MFY26 stood at ~83%; REC share was ~50%, and TAM share was 45–50%,
- REC transaction fee has been cut to Rs20 per certificate for the full year, and IEX is also offering incentives to participants given the current market conditions.
- The management has clarified that per-unit realization optics in Q3 reflect inclusion of annual membership fees and timing of TAM revenue recognition, and not a structural change in pricing.

Exhibit 2: Growth levers for IEX

| (1) | (2) | (3) | (4) | (5) | (6) |
|--|--|---|---|---|---|
| Increase in Power Consumption | New Products & Regulatory Developments | Re-designing electricity market | Energy Transition | Diversity in Demand/Supply Patterns | Ample Supply Side Availability |
| <ul style="list-style-type: none"> • High GDP growth will drive demand • Electrification of economy – EVs, roof top solar, cooking, railway traction, data centers • CEA Electricity Demand Projections | <ul style="list-style-type: none"> • TAM up to 11 months • Green RTM • LPSC Rules • Draft Electricity Amendment Bill 2025 • Draft NEP 2026 • Optimization potential • REC | <ul style="list-style-type: none"> • Report on Development of Electricity Market – Roadmap for the future • Electricity sector Moving Away from LT • Optimal Capacity Mix next 5-10 Year • Capacity Contracting | <ul style="list-style-type: none"> • Changing Energy Mix and RE Integration • New market models | <ul style="list-style-type: none"> • Diurnal Variation • Seasonal Variation • Geographical Variation | <ul style="list-style-type: none"> • Adequate availability of fuels at reasonable prices • New Capacity Addition – both conventional & RE |

Source: Company, PL

Exhibit 3: Key annual operational and financial metrics

| | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026E | 2027E | 2028E |
|---------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Volume | | | | | | | | | |
| - DAM | 49,112 | 66,000 | 65,151 | 51,168 | 53,354 | 61,312 | 59,473 | 53,079 | 47,373 |
| - TAM | 4,768 | 5,000 | 5,756 | 10,091 | 14,943 | 11,760 | 13,877 | 16,652 | 19,983 |
| - RTM | | | 19,910 | 24,175 | 30,124 | 38,906 | 54,468 | 70,809 | 92,052 |
| - Green | | | 4,914 | 5,200 | 3,227 | 8,747 | 10,496 | 10,706 | 10,920 |
| - REC | 6,027 | 3,662 | 6,196 | 6,170 | 8,436 | 24,113 | 16,879 | 17,723 | 18,609 |
| Electricity Vols | 59,907 | 74,662 | 1,01,927 | 96,804 | 1,10,084 | 1,44,838 | 1,55,193 | 1,68,969 | 1,88,937 |
| Change YoY, % | -2% | 25% | 37% | -5% | 14% | 32% | 7% | 9% | 12% |
| Growth YoY, % | | | | | | | | | |
| - DAM | -2% | 34% | -1% | -21% | 4% | 15% | -3% | -11% | -11% |
| - TAM | 127% | 5% | 15% | 75% | 48% | -21% | 18% | 20% | 20% |
| - RTM | | | | 21% | 25% | 29% | 40% | 30% | 30% |
| - Green | | | | 6% | -38% | 171% | 20% | 2% | 2% |
| - REC | -33% | -39% | 69% | 0% | 37% | 186% | -30% | 5% | 5% |
| Total | -2% | 25% | 37% | -5% | 14% | 32% | 7% | 9% | 12% |
| Share | | | | | | | | | |
| - DAM | 82% | 88% | 64% | 53% | 48% | 42% | 38% | 31% | 25% |
| - TAM | 8% | 7% | 6% | 10% | 14% | 8% | 9% | 10% | 11% |
| - RTM | | | 20% | 25% | 27% | 27% | 35% | 42% | 49% |
| - Green | | | 5% | 5% | 3% | 6% | 7% | 6% | 6% |
| - REC | 10% | 5% | 6% | 6% | 8% | 17% | 11% | 10% | 10% |
| Total | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| ASP Rs/kWh | 0.043 | 0.040 | 0.040 | 0.039 | 0.039 | 0.037 | 0.038 | 0.038 | 0.038 |
| EBITDA Rs/kWh | 0.034 | 0.035 | 0.036 | 0.035 | 0.034 | 0.031 | 0.033 | 0.033 | 0.033 |
| Revenue Rs mn | 2,570 | 3,171 | 4,255 | 4,009 | 4,492 | 5,354 | 5,970 | 6,504 | 7,285 |
| Change YoY, % | 1% | 23% | 34% | -6% | 12% | 19% | 12% | 9% | 12% |
| EBITDA Rs mn | 2,044 | 2,618 | 3,670 | 3,365 | 3,785 | 4,551 | 5,059 | 5,517 | 6,202 |
| Change YoY, % | 1% | 28% | 40% | -8% | 12% | 20% | 11% | 9% | 12% |
| Margin % | 80% | 83% | 86% | 84% | 84% | 85% | 85% | 85% | 85% |
| Other Income (OI) , Rs mn | 401 | 403 | 523 | 732 | 1,016 | 1,189 | 1,477 | 1,768 | 2,115 |
| OI as % to PAT | 17% | 14% | 13% | 19% | 22% | 22% | 23% | 25% | 26% |
| PAT Rs mn | 1,779 | 2,158 | 3,040 | 2,927 | 3,414 | 4,146 | 4,755 | 5,242 | 6,003 |
| Change YoY, % | 8% | 21% | 41% | -4% | 17% | 21% | 15% | 10% | 15% |
| Margin % | 69% | 68% | 71% | 73% | 76% | 77% | 80% | 81% | 82% |

Source: Company, PL

Outlook & Valuations

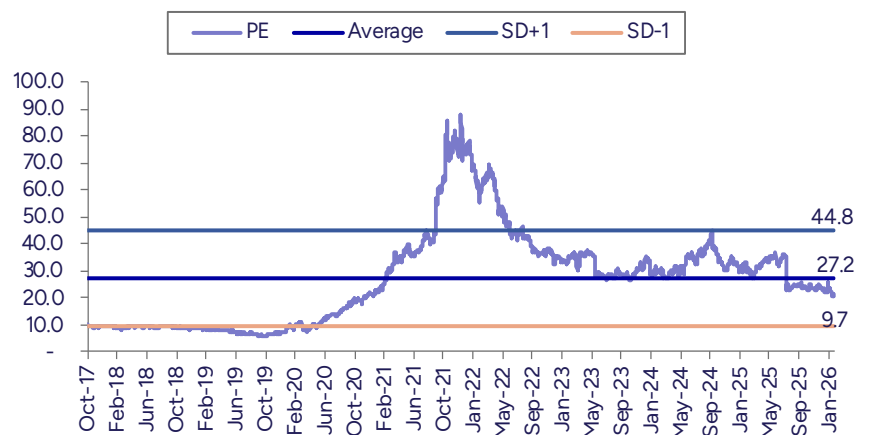
Leveraging its long-standing experience in operating power exchanges, IEX offers meaningful optionality through planned launches such as the Green RTM product, the 11-month contract (addressable opportunity of ~40BU), an international carbon exchange and a coal exchange. Over the medium to long term, the structural rise in renewable power penetration—from ~44% in FY24 to ~60% by FY30—provides a sustained volume growth opportunity for power exchanges in India. The business is supported by a net cash balance sheet, healthy OCF yield of over 4% and structurally high RoE of ~40%. We would turn more constructive once there is greater clarity on the Market-Based Economic Dispatch framework, which has the potential to materially expand IEX's addressable market. In the interim, CERC's market coupling order (Jul'25), which mandates centralized price discovery for DAM by Jan'26, remains an overhang; IEX has appealed the order to APTEL and the outcome is awaited. We have 'HOLD' rating on the stock with TP of Rs135, based on 20x FY28E EPS.

Exhibit 4: TP of IEX, valued at 20x FY28 EPS in base case

| | FY28E |
|-----------|------------|
| EPS | 6.7 |
| Exit PER | 20 |
| TP | 135 |

Source: Company, PL

Exhibit 5: IEX PE band at its lower range



Source: Company, PL

Key Risks

- **Regulatory risk:** The power market is subject to evolving regulations, including the planned coupling of the DAM from Jan'26, which could impact exchange operations and market dynamics. DAM in FY25 contributed 42% to IEX volumes. The company remains focused on sustaining leadership through innovation and engagement with stakeholders. IEX currently charges Rs0.02/kWh from buyers and sellers separately. Margin trajectory is governed by the regulator, any changes in margin could impact its earnings.
- **Strategic risk:** As a regulated entity, IEX operates within a stringent regulatory framework under the Electricity Act, 2003, and any non-compliance could materially affect its business. The company mitigates this risk through robust governance structures, regular risk reviews, and proactive engagement with central and state regulators.
- **Technology risk:** Increased reliance on advanced technology for new product launches exposes IEX to system performance and availability risks. The company mitigates this through resilient IT infrastructure, ISO 27001-certified information security systems, and a comprehensive business continuity and disaster recovery framework.
- **Market risk:** Revenue growth may be impacted if IEX is unable to sustain market share or introduce products aligned with evolving market needs. The company mitigates this risk through continuous product innovation, stakeholder engagement, and efforts to expand its participant base and transaction volumes.

Annexure

IEX: Platform overview and business mix

- IEX is India's premier power exchange, offering a nationwide, automated platform for the physical delivery of electricity, renewable energy, and associated certificates. In FY25, IEX had a broad and diversified ecosystem with over 8,500 registered participants, including 75+ DISCOMs, 1,100+ conventional generators, 2,500+ renewable generators, and 5,700+ industrial consumers
- The product mix shows a well-balanced revenue and volume profile (in FY25), led by the DAM (42%), followed by the fast-growing RTM (27%), and certificates such as RECs (17%), term-ahead market (8%) and green market (6%). IEX earns Rs0.04/ kWh for power-related transactions and Rs0.02/kWh for RECs.
- IEX has further strengthened its energy market leadership through the IGX. IGX has 49 members and more than 200 clients. During FY'25, IGX traded the highest-ever gas volumes of 60mn MMBtu, an increase of 47% YoY. IGX currently offer trades at 17 delivery points, comprising 5 LNG terminals, and 9 domestic gas fields.
- As on 31st Mar'25, IEX holds 47.28% stake in IGX and from this investments (FY25 BV of Rs354mn) it earned Rs146.3mn as share in profit of the associate . As per the regulations, IEX needs to bring down its holding to 25%, and IEX expects IPO of IGX in CY26.

Shareholding

- IEX has 100 free floats and 11% is with FII, 35% with DII and remaining with the public.
- In DIIs, Parag Parikh Mutual Fund holds close to 9.5% and SBI Mutual Fund holds ~6.7%.

Management team led by industry veterans

- **Mr. Satyanarayan Goel, Chairman & MD:** With over 40 years of experience across the power sector, he has played a pivotal role in expanding the company's product portfolio, driving digital transformation, and leading its successful public listing in 2017. He has been closely involved in key Government of India power sector reforms, including the Electricity Act, 2003, tariff-based bidding, and open access. Prior to joining IEX, he served as Director - Marketing & Operations at PTC India Ltd and spent 29 years at NTPC Ltd, retiring as an executive director. He holds a bachelor's degree in electrical engineering from NIT Rourkela and an MBA from FMS, New Delhi.
- **Mr. Rohit Bajaj, Joint MD:** He is a management and business development professional with over 30 years of experience across the energy value chain, including power generation, power markets, and hydrocarbons. Associated with IEX since 2014, he has played a key role in conceptualizing and scaling multiple power market segments. Prior to IEX, he held senior leadership roles at National Energy Trading and Services Ltd and leading conglomerates such

as Reliance Industries, Lanco, and Jindal Stainless, and holds a mechanical engineering degree and an executive management qualification from MDI, Gurugram.

- **Mr. Vineet Harlalka, CFO & Company Secretary:** He has over 20 years of experience across finance, taxation, treasury, and corporate compliance. He is a commerce graduate from the University of Delhi and a member of the Institute of Chartered Accountants of India and the Institute of Company Secretaries of India, with prior experience at New Holland Fiat (India) Pvt Ltd.
- **Mr. Amit Kumar, Ex. Director (Non-Board) Head of Market Operations, New Product Initiatives and Exchange Technology:** He has 19 years of experience across operations, product management, and technology-led roles. An IIT BHU graduate with an MBA from ISB Hyderabad, he has held senior positions at Limeroad, Amazon, Microsoft, and Infosys. At IEX, he plays a key role in driving market operations and the development of new products.
- **Mr. Puneet Chitkara, Sr. VP – Strategy:** He has over 25 years of experience in power system modelling, electricity market design, regulatory economics, and demand and price forecasting. He has advised government bodies, regulators, global funding agencies, and private investors, and recently developed the 'STELLAR' resource adequacy model for CEA. An electrical engineer with a PhD in development economics, he has published extensively in leading international journals and has undertaken post-doctoral research at the University of Hong Kong and Johns Hopkins University.

Financials

Income Statement (Rs m)

| Y/e Mar | FY25 | FY26E | FY27E | FY28E |
|-------------------------------|--------------|--------------|--------------|--------------|
| Net Revenues | 5,354 | 5,970 | 6,504 | 7,285 |
| YoY gr. (%) | 19.2 | 11.5 | 8.9 | 12.0 |
| Cost of Goods Sold | - | - | - | - |
| Gross Profit | 5,354 | 5,970 | 6,504 | 7,285 |
| Margin (%) | 100.0 | 100.0 | 100.0 | 100.0 |
| Employee Cost | 450 | 517 | 559 | 603 |
| Other Expenses | 353 | 394 | 429 | 480 |
| EBITDA | 4,551 | 5,059 | 5,517 | 6,202 |
| YoY gr. (%) | 20.2 | 11.2 | 9.0 | 12.4 |
| Margin (%) | 85.0 | 84.7 | 84.8 | 85.1 |
| Depreciation and Amortization | 212 | 218 | 229 | 239 |
| EBIT | 4,339 | 4,841 | 5,288 | 5,963 |
| Margin (%) | 81.0 | 81.1 | 81.3 | 81.8 |
| Net Interest | 26 | 20 | 20 | 20 |
| Other Income | 1,189 | 1,477 | 1,768 | 2,115 |
| Profit Before Tax | 5,502 | 6,298 | 7,036 | 8,058 |
| Margin (%) | 102.8 | 105.5 | 108.2 | 110.6 |
| Total Tax | 1,356 | 1,543 | 1,794 | 2,055 |
| Effective tax rate (%) | 24.6 | 24.5 | 25.5 | 25.5 |
| Profit after tax | 4,146 | 4,755 | 5,242 | 6,003 |
| Minority interest | - | - | - | - |
| Share Profit from Associate | - | - | - | - |
| Adjusted PAT | 4,146 | 4,755 | 5,242 | 6,003 |
| YoY gr. (%) | 21.4 | 14.7 | 10.2 | 14.5 |
| Margin (%) | 77.5 | 79.6 | 80.6 | 82.4 |
| Extra Ord. Income / (Exp) | - | - | - | - |
| Reported PAT | 4,146 | 4,755 | 5,242 | 6,003 |
| YoY gr. (%) | 21.4 | 14.7 | 10.2 | 14.5 |
| Margin (%) | 77.5 | 79.6 | 80.6 | 82.4 |
| Other Comprehensive Income | - | - | - | - |
| Total Comprehensive Income | 4,146 | 4,755 | 5,242 | 6,003 |
| Equity Shares O/s (m) | 891 | 891 | 891 | 891 |
| EPS (Rs) | 4.7 | 5.3 | 5.9 | 6.7 |

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

| Y/e Mar | FY25 | FY26E | FY27E | FY28E |
|---------------------------------------|---------------|---------------|---------------|---------------|
| Non-Current Assets | | | | |
| Gross Block | 2,066 | 2,166 | 2,266 | 2,366 |
| Tangibles | 489 | - | - | - |
| Intangibles | 1,577 | - | - | - |
| Acc: Dep / Amortization | 1,158 | 1,376 | 1,604 | 1,843 |
| Tangibles | 1,008 | - | - | - |
| Intangibles | 150 | - | - | - |
| Net fixed assets | 909 | 790 | 662 | 523 |
| Tangibles | (519) | 790 | 662 | 523 |
| Intangibles | 1,427 | - | - | - |
| Capital Work In Progress | - | - | - | - |
| Goodwill | - | - | - | - |
| Non-Current Investments | 4,855 | 4,855 | 4,855 | 4,855 |
| Net Deferred tax assets | (346) | (346) | (346) | (346) |
| Other Non-Current Assets | 6 | 6 | 6 | 6 |
| Current Assets | | | | |
| Investments | 11,766 | 11,766 | 11,766 | 11,766 |
| Inventories | - | - | - | - |
| Trade receivables | 20 | 155 | 171 | 189 |
| Cash & Bank Balance | 1,126 | 3,591 | 6,678 | 10,202 |
| Other Current Assets | 2,875 | 2,875 | 2,875 | 2,875 |
| Total Assets | 21,572 | 24,053 | 27,027 | 30,431 |
| Equity | | | | |
| Equity Share Capital | 891 | 891 | 891 | 891 |
| Other Equity | 10,087 | 11,780 | 13,646 | 15,784 |
| Total Networth | 10,977 | 12,671 | 14,537 | 16,675 |
| Non-Current Liabilities | | | | |
| Long Term borrowings | - | - | - | - |
| Provisions | 114 | 114 | 114 | 114 |
| Other non current liabilities | 74 | 23 | 23 | 23 |
| Current Liabilities | | | | |
| ST Debt / Current of LT Debt | - | - | - | - |
| Trade payables | 33 | 38 | 42 | 47 |
| Other current liabilities | 10,027 | 10,861 | 11,965 | 13,226 |
| Total Equity & Liabilities | 21,572 | 24,053 | 27,027 | 30,431 |

Source: Company Data, PL Research

Cash Flow (Rs m)

| Y/e Mar | FY25 | FY26E | FY27E | FY28E |
|--------------------------------------|----------------|----------------|----------------|----------------|
| PBT | 5,502 | 6,298 | 7,036 | 8,058 |
| Add. Depreciation | 212 | 218 | 229 | 239 |
| Add. Interest | - | 20 | 20 | 20 |
| Less Financial Other Income | 1,189 | 1,477 | 1,768 | 2,115 |
| Add. Other | (1,141) | (1,477) | (1,768) | (2,115) |
| Op. profit before WC changes | 4,573 | 5,059 | 5,517 | 6,202 |
| Net Changes-WC | 1,032 | 704 | 1,091 | 1,248 |
| Direct tax | (1,309) | (1,543) | (1,794) | (2,055) |
| Net cash from Op. activities | 4,296 | 4,220 | 4,814 | 5,394 |
| Capital expenditures | (203) | (100) | (100) | (100) |
| Interest / Dividend Income | 266 | 1,477 | 1,768 | 2,115 |
| Others | (2,052) | - | - | - |
| Net Cash from Inv. activities | (1,989) | 1,377 | 1,668 | 2,015 |
| Issue of share cap. / premium | - | - | - | - |
| Debt changes | - | - | - | - |
| Dividend paid | (2,670) | (3,062) | (3,376) | (3,866) |
| Interest paid | - | (20) | (20) | (20) |
| Others | (49) | (51) | - | - |
| Net cash from Fin. activities | (2,718) | (3,133) | (3,396) | (3,886) |
| Net change in cash | (412) | 2,464 | 3,087 | 3,524 |
| Free Cash Flow | 4,297 | 4,120 | 4,714 | 5,294 |

Source: Company Data, PL Research

Key Financial Metrics

| Y/e Mar | FY25 | FY26E | FY27E | FY28E |
|----------------------------|---------|---------|--------|--------|
| Per Share(Rs) | | | | |
| EPS | 4.7 | 5.3 | 5.9 | 6.7 |
| CEPS | 4.9 | 5.6 | 6.1 | 7.0 |
| BVPS | 12.3 | 14.2 | 16.3 | 18.7 |
| FCF | 4.8 | 4.6 | 5.3 | 5.9 |
| DPS | 3.0 | 3.4 | 3.8 | 4.3 |
| Return Ratio(%) | | | | |
| RoCE | 42.4 | 40.9 | 38.9 | 38.2 |
| ROIC | (122.8) | (103.5) | (81.4) | (69.8) |
| RoE | 40.5 | 40.2 | 38.5 | 38.5 |
| Balance Sheet | | | | |
| Net Debt : Equity (x) | (1.2) | (1.2) | (1.3) | (1.3) |
| Net Working Capital (Days) | - | - | - | - |
| Valuation(x) | | | | |
| PER | 27.2 | 23.8 | 21.5 | 18.8 |
| P/B | 10.3 | 8.9 | 7.8 | 6.8 |
| P/CEPS | 25.9 | 22.7 | 20.6 | 18.1 |
| EV/EBITDA | 22.0 | 19.3 | 17.1 | 14.7 |
| EV/Sales | 18.7 | 16.3 | 14.5 | 12.5 |
| Dividend Yield (%) | 2.4 | 2.7 | 3.0 | 3.4 |

Source: Company Data, PL Research

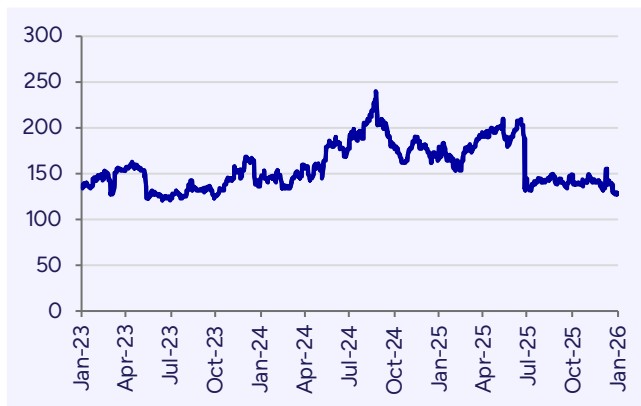
Quarterly Financials (Rs m)

| Y/e Mar | Q4FY25 | Q1FY26 | Q2FY26 | Q3FY26 |
|-----------------------------------|--------------|--------------|--------------|--------------|
| Net Revenue | 1,413 | 1,400 | 1,522 | 1,439 |
| YoY gr. (%) | 16.5 | 13.3 | 9.3 | 9.6 |
| Raw Material Expenses | - | - | - | - |
| Gross Profit | 1,413 | 1,400 | 1,522 | 1,439 |
| Margin (%) | 100.0 | 100.0 | 100.0 | 100.0 |
| EBITDA | 1,220 | 1,139 | 1,320 | 1,204 |
| YoY gr. (%) | 16.3 | 13.9 | 9.7 | 6.7 |
| Margin (%) | 86.3 | 81.4 | 86.7 | 83.6 |
| Depreciation / Depletion | 53 | 54 | 57 | 60 |
| EBIT | 1,167 | 1,085 | 1,263 | 1,143 |
| Margin (%) | 82.6 | 77.5 | 83.0 | 79.4 |
| Net Interest | 6 | 6 | 5 | 5 |
| Other Income | 310 | 425 | 345 | 374 |
| Profit before Tax | 1,471 | 1,504 | 1,603 | 1,512 |
| Margin (%) | 104.1 | 107.4 | 105.3 | 105.1 |
| Total Tax | 351 | 374 | 403 | 403 |
| Effective tax rate (%) | 23.8 | 24.8 | 25.2 | 26.7 |
| Profit after Tax | 1,120 | 1,130 | 1,200 | 1,109 |
| Minority interest | - | - | - | - |
| Share Profit from Associates | - | - | - | - |
| Adjusted PAT | 1,120 | 1,130 | 1,200 | 1,109 |
| YoY gr. (%) | 17.8 | 21.0 | 13.1 | 7.5 |
| Margin (%) | 79.3 | 80.8 | 78.8 | 77.1 |
| Extra Ord. Income / (Exp) | - | - | - | - |
| Reported PAT | 1,120 | 1,130 | 1,200 | 1,109 |
| YoY gr. (%) | 17.8 | 21.0 | 13.1 | 7.5 |
| Margin (%) | 79.3 | 80.8 | 78.8 | 77.1 |
| Other Comprehensive Income | - | - | - | - |
| Total Comprehensive Income | 1,120 | 1,130 | 1,200 | 1,109 |
| Avg. Shares O/s (m) | - | - | - | - |
| EPS (Rs) | - | - | - | - |

Source: Company Data, PL Research



Price Chart



Recommendation History

| No. | Date | Rating | TP (Rs.) | Share Price (Rs.) |
|-----|------|--------|----------|-------------------|
|-----|------|--------|----------|-------------------|

PL's Recommendation Nomenclature (Absolute Performance)

| | |
|-------------------|-----------------------------------|
| Buy | : > 15% |
| Accumulate | : 5% to 15% |
| Hold | : +5% to -5% |
| Reduce | : -5% to -15% |
| Sell | : < -15% |
| Not Rated (NR) | : No specific call on the stock |
| Under Review (UR) | : Rating likely to change shortly |

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