

BSE SENSEX 74,617 **S&P CNX** 23,124

CMP: INR127 **TP: INR137 (+8%)** **Neutral**



Stock Info

| | |
|-----------------------|-------------|
| Bloomberg | IEX IN |
| Equity Shares (m) | 892 |
| M.Cap.(INRb)/(USDb) | 113.2 / 1.2 |
| 52-Week Range (INR) | 215 / 115 |
| 1, 6, 12 Rel. Per (%) | 10/-2/-31 |
| 12M Avg Val (INR M) | 1934 |

Financials Snapshot (INR b)

| Y/E March | FY26E | FY27E | FY28E |
|--------------|-------|-------|-------|
| Sales | 6.2 | 6.4 | 6.8 |
| EBITDA | 5.2 | 5.3 | 5.5 |
| Adj. PAT | 4.8 | 4.9 | 5.3 |
| EPS (INR) | 5.4 | 5.5 | 5.9 |
| EPS Gr.% | 15.5 | 3.1 | 6.7 |
| BV/Sh. (INR) | 14.5 | 16.7 | 19.1 |

Ratios

| | FY26E | FY27E | FY28E |
|------------|-------|-------|-------|
| Net D:E | (0.2) | (0.3) | (0.4) |
| RoE (%) | 40.1 | 35.6 | 33.1 |
| RoCE (%) | 39.1 | 34.8 | 32.5 |
| Payout (%) | 60.0 | 60.0 | 60.0 |

Valuation

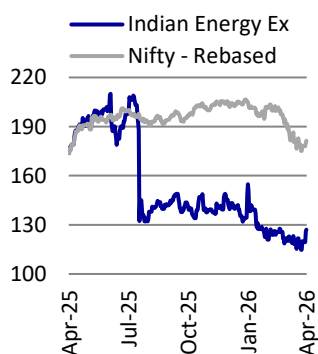
| | FY26E | FY27E | FY28E |
|----------------|-------|-------|-------|
| P/E (x) | 23.6 | 22.9 | 21.5 |
| P/B (x) | 8.8 | 7.6 | 6.7 |
| EV/EBITDA (x) | 21.3 | 20.5 | 19.1 |
| Div. yield (%) | 2.5 | 2.6 | 2.8 |

Shareholding pattern (%)

| As On | Dec-25 | Sep-25 | Dec-24 |
|----------|--------|--------|--------|
| Promoter | 0.0 | 0.0 | 0.0 |
| DII | 35.0 | 36.4 | 32.8 |
| FII | 11.7 | 13.5 | 16.5 |
| Others | 53.4 | 50.1 | 50.7 |

FII includes depository receipts

Stock Performance (1-year)



Evaluating the coal exchange opportunity

- IEX's Board had granted in-principle approval in Mar'26 to explore a coal exchange, tapping into a nascent opportunity backed by the Ministry of Coal's Draft Coal Exchange Rules (published in Dec'25). Other competitors, such as NSE, have also proposed setting up a coal exchange. Assuming final rules are issued shortly, we believe the award could take place in 12–15 months, pushing the setup of the coal exchange well into FY28.
- We estimate India's coal demand at ~1.6BnT in FY28, with 10% spot market penetration. Of this, we estimate 5% of spot volumes might flow through an exchange. Assigning a 50x PE to FY28 PAT we arrive at an equity valuation of ~INR8.2b (i.e., INR6.8b when discounted back by two years at 10%) for the coal exchange opportunity.
- Currently, IEX, MCX, and BSE are trading at one-year forward P/E of 22.2x, 39.6x, and 39.8x, respectively.
- We reiterate our Neutral rating on IEX with a TP of INR137.

Coal demand surges 40% in five years; power utilities lead the charge

- The total coal demand in India has shown an upward trajectory over FY21-25, rising from 0.9 BnT in FY21 to 1.3BnT in FY25, reflecting a cumulative growth of ~40% (~9% CAGR). Power utilities have largely driven this growth, as they accounted for 60-70% of the aggregate demand over the years.
- Coal imports are essential to meet ~20-25% of India's total coal demand, especially for high-quality coking coal and high GCV coal that are domestically scarce.
- Coal India Limited (CIL) and Singareni Collieries Company Limited (SCCL) are the major producers of coal in the country.

Coal exchange: A market in the making, but miles to go

- The Ministry of Coal issued the Draft Coal Exchange Rules, 2025, on 19th Dec'25. The rules apply only to delivery-based contracts.
- As coal output rises, the market is expected to move from a supply-constrained and deficit-coal regime towards one with a potential surplus beyond long-term fuel-supply agreements and project-linked allocations.
- To manage this surplus, the sales model is expected to shift from opaque and bilateral allocations toward a more transparent and market-oriented system anchored on a national coal exchange.
- The coal exchange will aim to bring in standardized contracts defined by grade, quality, and delivery terms – enabling centralized order matching and liquid trading across multiple sellers and buyers. This will create transparent, real-time price discovery and reduce information asymmetry.

Exhibit 1: Coal demand over FY21-25 (mmt)

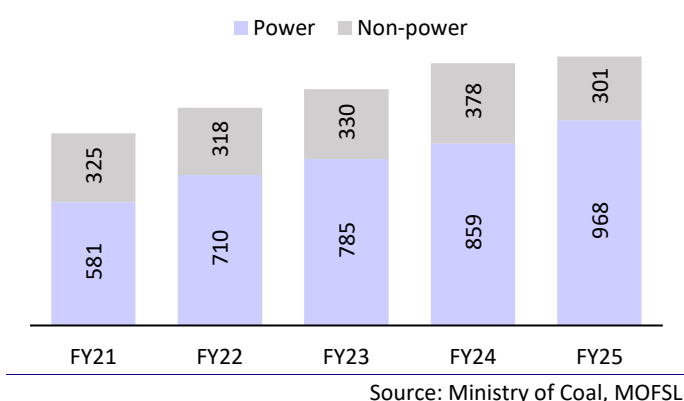


Exhibit 2: Coal Ministry’s demand projections – FY26-30 (mmt)

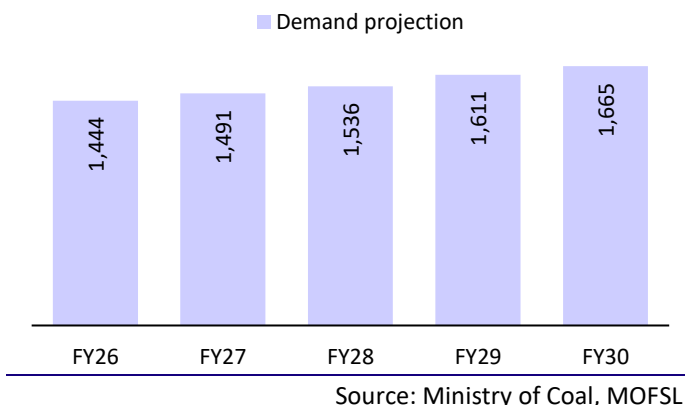


Exhibit 3: Total coal imports over FY21-25 (mmt)

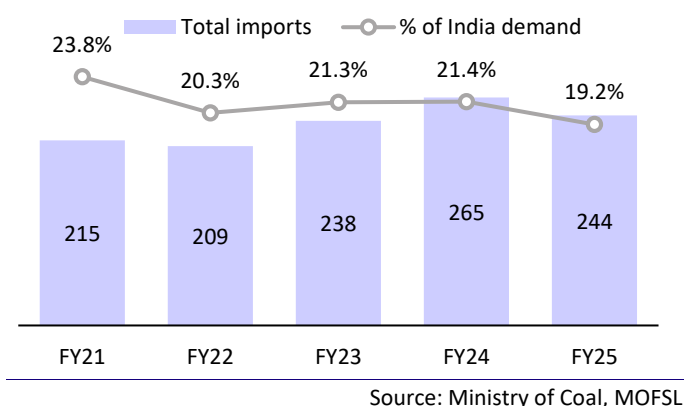
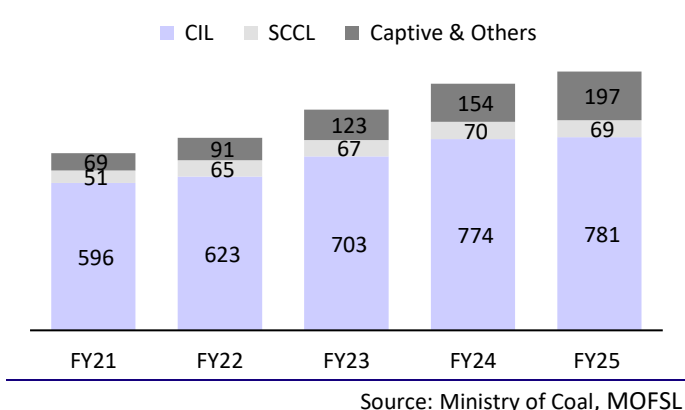


Exhibit 4: Domestic coal production over FY21-FY25 (mmt)



For the coal exchange to take shape, key regulations need to evolve

- Despite its promise, the idea of a coal exchange in India remains nascent, and for it to take concrete shape, there is a need for the regulatory landscape to evolve.
- **Structural overhang from legacy fuel linkages:** The legacy of long-term fuel-supply agreements and project-linked allocations implies that most of the coal demand – especially from power – is already locked into multi-year contracts, leaving little volume for spot or exchange-based trading. This will require regulatory reforms to gradually release a defined share of coal into the exchange-linked market while protecting power-sector fuel security.
- **Need for standardization and benchmarking framework:** Indian coal is highly heterogeneous in calorific value, ash content, and moisture. Consequently, the government will have to standardize quality grades and define clear contract specifications, along with quality-adjustment mechanisms, before an exchange can function with a true benchmark price.
- **Logistics fragmentation and delivery infrastructure constraints:** Coal contracts are still largely mine- or plant-specific, and the rail network and storage infrastructure remain fragmented. To make an exchange viable, regulators will need to align the exchange framework with designated deliverable points, rail-allocation windows, and common-stockyard arrangements so that physical delivery risk is minimized and market participants no longer default back to off-exchange bilateral contracts.

IEX and NSE eyeing a coal exchange; CIL and NTPC too remain stakeholders

- IEX and NSE have already outlined plans to establish a coal exchange. Additionally, other potential participants include Coal India and NTPC, given their substantial coal production/consumption needs.
- IEX's Board granted an in-principle approval in Mar'26 to explore establishing a Coal Exchange, marking a concrete first step toward capturing this emerging opportunity.
- NSE has also moved in this direction, proposing a subsidiary to set up a coal exchange ([link](#)) – by the name of National Coal Exchange or India Coal Exchange, subject to approval of MCA, in which it proposes to hold a minimum 60% stake, signaling early competitive interest in the space.

Draft rules set the stage for a coal exchange to materialize

- Draft Coal Exchange Rules, 2025 outline a clear application process with the Coal Controller Organization (CCO), providing regulatory visibility on the path to operationalization.
- The applicants must be demutualized companies limited by shares with a minimum net worth of INR1b.
- Registration shall be granted for 25 years and will be renewable for additional periods of up to 25 years.
- Assuming final rules are issued shortly, a formal application and CCO approval could take 12–15 months, pushing coal exchange establishment well into FY28.

Exhibit 5: Key provisions of draft coal exchange rules

| Provision category | Key details |
|---------------------------|---|
| Regulatory authority | ❖ The Coal Controller Organization (CCO) is appointed to register and regulate coal exchanges. |
| Contract type | ❖ The rules specifically apply to delivery-based contracts as approved by the authority. |
| Quality adjustments | ❖ The final price of traded coal is adjusted based on quality. This requires verification and certification by an empaneled Coal sampling agency. |
| Eligibility criteria | ❖ Applicants must be companies limited by shares, demutualized, and maintain a minimum net worth of INR1b. |
| Registration validity | ❖ Registration is granted for 25 years and can be renewed for further periods of up to twenty-five years. |
| Price discovery | ❖ Trading must follow the principle of maximizing economic surplus using a double-sided closed bid auction. |
| Financial safeguards | ❖ Exchanges must establish a Settlement Guarantee Fund (SGF) to guarantee trades and a Risk Assessment and Management Committee (RAMC) to monitor risk. |
| Information dissemination | ❖ Exchanges must establish a Settlement Guarantee Fund (SGF) to guarantee trades and a Risk Assessment and Management Committee (RAMC) to monitor risk. |

Source Ministry of Coal

We estimate an equity opportunity of INR8.2b

- We estimate an equity opportunity of INR8.2b for setting up a coal exchange. Our key assumptions: 1) coal demand to be ~1.6BnT in FY28 (growing 7% annually), 2) spot market penetration at 10%, 3) 5% of spot volumes to flow through coal exchange, 4) transaction fee of INR30/t, 5) PAT margin of 70%.
- **Timeline:** The award of a license for establishing a coal exchange is likely to take approximately 12–15 months. This timeline reflects the need for regulatory approvals, detailed framework design, stakeholder consultations, and operational readiness before the exchange can be officially launched.
- **Valuation:** Assigning a 50x P/E to FY28 PAT, we arrive at an equity valuation of ~INR8.2b (INR6.8b when discounted back by 2 years at 10%). Currently, IEX, MCX, and BSE are trading at a one-year forward P/E of 22.2x, 39.6x, and 39.8x, respectively.

Exhibit 6: IEX's coal exchange valuation

| Particulars | Unit | Amt | Comments |
|-------------------------|-------------|--------------|---|
| India Market- FY25 | MMT | 1,270 | ❖ Total India demand is 1.5BnT |
| Growth Rate | % | 7% | ❖ Assumed 7% annual growth rate |
| India Market- FY28 | MMT | 1,556 | |
| Share of Spot | % | 10% | ❖ Spot market share assumed at 10% |
| Share of Spot | MMT | 156 | |
| Exchange volume | % | 5% | ❖ Exchange share in spot assumed at 15% |
| Exchange volume | MMT | 8 | |
| Fees | INR/t | 30 | ❖ Assumed coal at USD 100/t; transaction fee INR15/t on purchase and sell |
| Revenue | INRm | 233 | |
| PAT margin | % | 70% | ❖ Slightly lower than the IEX margin |
| PAT | INRm | 163 | |
| PE multiple | x | 50 | ❖ Based on the current multiple for exchanges |
| Equity valuation | INRm | 8,168 | |

Source: MOFSL

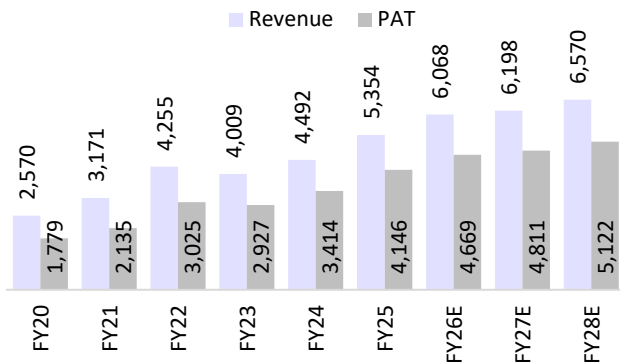
Exhibit 7: IEX – Valuation table

| Particulars | Units | Amount |
|----------------------------|------------|------------|
| Dec-27 EPS | INR | 5.8 |
| Valuation multiple | (x) | 24 |
| Target Price | INR | 137 |
| CMP | INR | 127 |
| Upside / (Downside) | % | 8% |

Source: MOFSL

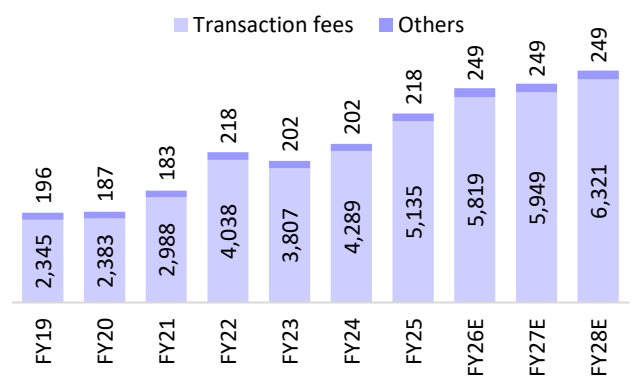
Story in charts

Exhibit 8: Exchange volumes and share in ST volumes (INR m)



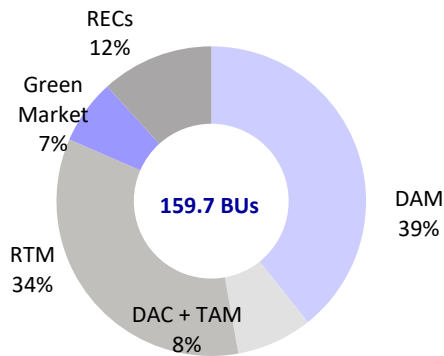
Source: Company, MOFSL

Exhibit 9: Revenue split (INR m)



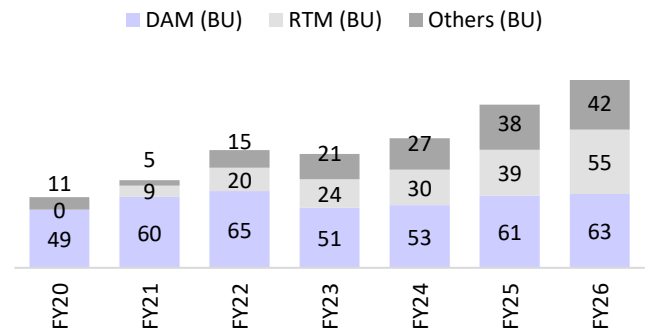
Source: Company, MOFSL

Exhibit 10: Volume break-up in FY26



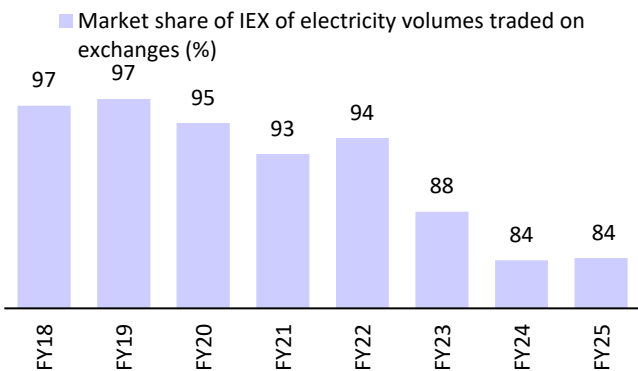
Source: Company, MOFSL

Exhibit 11: Volume break-up among DAM, RTM, and Others



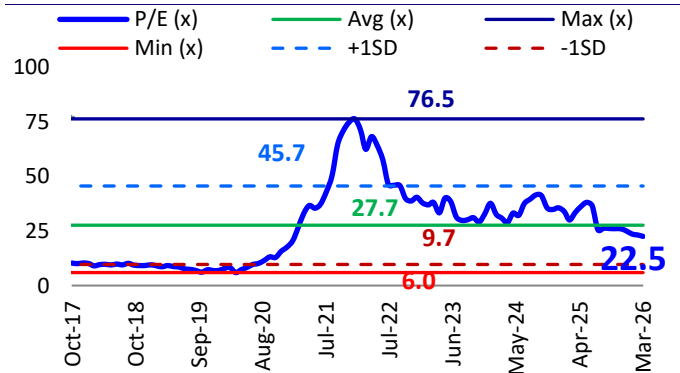
Source: Company, MOFSL

Exhibit 12: IEX's market share among exchanges (%)



Source: Company, MOFSL

Exhibit 13: One-year forward P/E



Source: Company, MOFSL

Financials and valuations

Standalone Income Statement

(INR m)

| Y/E March | FY23 | FY24 | FY25 | FY26E | FY27E | FY28E |
|-----------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Net Sales | 4,009 | 4,492 | 5,354 | 6,169 | 6,362 | 6,755 |
| Change (%) | -5.8 | 12.0 | 19.2 | 15.2 | 3.1 | 6.2 |
| Transaction fees | 3,807 | 4,289 | 5,135 | 6,011 | 6,180 | 6,573 |
| Other revenue | 202 | 202 | 218 | 158 | 182 | 182 |
| Total Expenses | 644 | 707 | 803 | 1,009 | 1,108 | 1,207 |
| Gross Profit | 4,009 | 4,492 | 5,354 | 6,169 | 6,362 | 6,755 |
| EBITDA | 3,365 | 3,785 | 4,551 | 5,160 | 5,254 | 5,548 |
| EBITDAM (%) | 83.9 | 84.3 | 85.0 | 83.6 | 82.6 | 82.1 |
| Deprn. & Amortization | 186 | 204 | 212 | 231 | 188 | 196 |
| EBIT | 3,179 | 3,581 | 4,339 | 4,928 | 5,066 | 5,351 |
| Net Interest | 25 | 28 | 26 | 22 | 22 | 22 |
| Other income | 732 | 1,016 | 1,189 | 1,449 | 1,510 | 1,667 |
| PBT | 3,887 | 4,568 | 5,502 | 6,355 | 6,554 | 6,996 |
| Tax | 960 | 1,154 | 1,356 | 1,566 | 1,615 | 1,724 |
| Rate (%) | 24.7 | 25.3 | 24.6 | 24.6 | 24.6 | 24.6 |
| Reported PAT | 2,927 | 3,414 | 4,146 | 4,789 | 4,939 | 5,272 |
| Adjusted PAT | 2,927 | 3,414 | 4,146 | 4,789 | 4,939 | 5,272 |
| Change (%) | -3.2 | 16.7 | 21.4 | 15.5 | 3.1 | 6.7 |

Standalone Balance Sheet

(INR m)

| Y/E March | FY23 | FY24 | FY25 | FY26E | FY27E | FY28E |
|------------------------------------|--------------|---------------|---------------|---------------|---------------|---------------|
| Share Capital | 891 | 891 | 891 | 891 | 891 | 891 |
| Reserves | 6,954 | 8,591 | 10,087 | 12,002 | 13,978 | 16,087 |
| Net Worth | 7,845 | 9,482 | 10,977 | 12,893 | 14,869 | 16,978 |
| Deferred Tax Liability | 220 | 307 | 346 | 346 | 346 | 346 |
| Capital Employed | 8,065 | 9,789 | 11,324 | 13,239 | 15,215 | 17,324 |
| Gross Block | 1,944 | 2,076 | 2,025 | 2,145 | 2,285 | 2,445 |
| Less: Accum. Deprn. | 842 | 1,046 | 1,157 | 1,389 | 1,577 | 1,773 |
| Net Fixed Assets | 1,102 | 1,007 | 867 | 756 | 708 | 672 |
| Capital WIP | 38 | 30 | 41 | 41 | 41 | 41 |
| Investments | 5,197 | 4,481 | 4,205 | 4,205 | 4,205 | 4,205 |
| Curr. Assets | 8,051 | 11,974 | 16,458 | 18,485 | 20,509 | 22,655 |
| Account Receivables | 70 | 8 | 20 | 20 | 20 | 20 |
| Current Investments | 6,847 | 8,617 | 11,766 | 11,766 | 11,766 | 11,766 |
| Cash and Cash Equivalents | 645 | 1,852 | 1,126 | 3,154 | 5,177 | 7,323 |
| Cash balance | 569 | 1,478 | 1,066 | 3,093 | 5,117 | 7,263 |
| Bank balance | 76 | 374 | 60 | 60 | 60 | 60 |
| Others | 489 | 1,497 | 3,546 | 3,546 | 3,546 | 3,546 |
| Curr. Liability & Prov. | 6,323 | 7,702 | 10,249 | 10,249 | 10,249 | 10,249 |
| Account Payables | 4,024 | 26 | 33 | 33 | 33 | 33 |
| Provisions & Others | 2,299 | 7,677 | 10,215 | 10,215 | 10,215 | 10,215 |
| Net Curr. Assets | 1,728 | 4,271 | 6,210 | 8,237 | 10,261 | 12,406 |
| Appl. of Funds | 8,065 | 9,789 | 11,324 | 13,239 | 15,215 | 17,324 |

Financials and valuations

Ratios

| Y/E March | FY23 | FY24 | FY25 | FY26E | FY27E | FY28E |
|-------------------------------|------|------|------|-------|-------|-------|
| Basic (INR) | | | | | | |
| EPS | 3.3 | 3.8 | 4.7 | 5.4 | 5.5 | 5.9 |
| Cash EPS | 3.5 | 4.1 | 4.9 | 5.6 | 5.8 | 6.1 |
| BV/Share | 8.8 | 10.6 | 12.3 | 14.5 | 16.7 | 19.1 |
| DPS | 1.0 | 2.5 | 3.0 | 3.2 | 3.3 | 3.6 |
| Payout (%) | 30.4 | 65.2 | 64.5 | 60.0 | 60.0 | 60.0 |
| Dividend yield (%) | 0.8 | 2.0 | 2.4 | 2.5 | 2.6 | 2.8 |
| Valuation (x) | | | | | | |
| P/E | 38.7 | 33.1 | 27.3 | 23.6 | 22.9 | 21.5 |
| Cash P/E | 36.3 | 31.3 | 26.0 | 22.5 | 22.1 | 20.7 |
| P/BV | 14.4 | 11.9 | 10.3 | 8.8 | 7.6 | 6.7 |
| EV/EBITDA | 33.4 | 29.4 | 24.6 | 21.3 | 20.5 | 19.1 |
| Dividend Yield (%) | 0.8 | 2.0 | 2.4 | 2.5 | 2.6 | 2.8 |
| Return Ratios (%) | | | | | | |
| RoE | 39.4 | 39.4 | 40.5 | 40.1 | 35.6 | 33.1 |
| RoCE (post-tax) | 38.5 | 38.5 | 39.5 | 39.1 | 34.8 | 32.5 |
| RoIC (post-tax) | 79.7 | 95.4 | 69.7 | 63.0 | 65.6 | 69.9 |
| Working Capital Ratios | | | | | | |
| Fixed Asset Turnover (x) | 3.6 | 4.5 | 6.2 | 8.2 | 9.0 | 10.1 |
| Asset Turnover (x) | 0.5 | 0.5 | 0.5 | 0.5 | 0.4 | 0.4 |
| Debtor (Days) | 6 | 1 | 1 | 1 | 1 | 1 |
| Payable (Days) | N.A. | 2 | 2 | 2 | 2 | 2 |

Standalone Cash flow statement

| Y/E March | FY23 | FY24 | FY25 | FY26E | FY27E | FY28E |
|------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| (INR m) | | | | | | |
| EBITDA | 3,365 | 3,785 | 4,551 | 5,160 | 5,254 | 5,548 |
| WC | -2,690 | 263 | 1,020 | 0 | 0 | 0 |
| Others | 30 | 14 | 34 | 0 | 0 | 0 |
| Direct taxes (net) | -930 | -1,061 | -1,309 | -1,566 | -1,615 | -1,724 |
| CF from Op. Activity | -225 | 3,001 | 4,296 | 3,594 | 3,639 | 3,824 |
| Capex | -87 | -132 | -77 | -120 | -140 | -160 |
| FCFF | -312 | 2,869 | 4,219 | 3,474 | 3,499 | 3,664 |
| Interest income | 79 | 228 | 411 | 849 | 1,010 | 1,167 |
| Others | 709 | -357 | -2,323 | 600 | 500 | 500 |
| CF from Inv. Activity | 700 | -262 | -1,989 | 1,329 | 1,370 | 1,507 |
| Share capital | 0 | 0 | 0 | 0 | 0 | 0 |
| Borrowings | 0 | 0 | 0 | 0 | 0 | 0 |
| Finance cost | -2 | -2 | -1 | -22 | -22 | -22 |
| Dividend | -897 | -1,780 | -2,670 | -2,874 | -2,963 | -3,163 |
| Others | -1,249 | -49 | -47 | 0 | 0 | 0 |
| CF from Fin. Activity | -2,148 | -1,831 | -2,718 | -2,896 | -2,985 | -3,185 |
| (Inc)/Dec in Cash | -1,673 | 909 | -412 | 2,027 | 2,024 | 2,145 |
| Opening balance | 2,242 | 569 | 1,478 | 1,066 | 3,093 | 5,117 |
| Closing balance | 569 | 1,478 | 1,066 | 3,093 | 5,117 | 7,263 |

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

NOTES

| Explanation of Investment Rating | |
|----------------------------------|--|
| Investment Rating | Expected return (over 12-month) |
| BUY | >=15% |
| SELL | < - 10% |
| NEUTRAL | < - 10 % to 15% |
| UNDER REVIEW | Rating may undergo a change |
| NOT RATED | We have forward looking estimates for the stock but we refrain from assigning recommendation |

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

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