

CMP: ₹ 7877

Target: ₹ 8500 (8%)

Target Period: 12 months

HOLD

August 5, 2025

## Commodity volatility boosts Q1, Trend to be watched

About the stock: MCX is the leader in commodity derivatives exchanges in India with 98.8% market share in terms of commodity futures turnover

- It has ~100% market share in precious metals, base metals and energy
- Presence in various commodities offers healthy diversification with focus on option volume

**Q1FY26 performance:** MCX reported strong revenue of ₹373 crore which increased by 28% QoQ and 59% YoY as tariff related uncertainty and Iran-Israel war developments created significant volatility in commodities. In Q1, Futures Average daily turnover (ADT) increased by 56% YoY, 48% QoQ to ₹40,547 cr and options premium ADT increased by 79% YoY, 29% QoQ to ₹4245 cr. Compared to Q1, the average run-rate of futures ADT from July start till date has declined by ~15% and options premium by ~10%. EBITDA and PAT surged sharply in Q1 backed by topline growth. The combined number of traded clients during Q1FY26 saw a healthy 22.8% YoY, 11.1% QoQ growth at 7 lakh which is noteworthy.

## Investment Rationale

- Global uncertainties to keep commodities volatile, aiding MCX's business:** With increasing global uncertainties esp. on tariff side and periodic geopolitical tensions, commodity prices are witnessing higher volatility at intervals. This was reflected in sharp jump in MCX's business during Q1. Further, product launches by MCX are getting better participants attention. During Q1, MCX launched cardamom futures, gold ten futures and electricity futures. Meanwhile, strong volumes continue to be seen in gold options post shifting from bi-monthly to monthly expiry since Nov, 2024. Similar change is implemented silver options during Jun 2025.
- Strong margins to be maintained:** MCX earned strong EBITDA margin of ~60% in FY25 and ~65% in Q1FY26. High operating leverage factor and contained expenses shall support margin. We estimate EBITDA margin of 63.7%/64.4% in FY26E/27E. Employee expense in Q1 was higher owing to apportionment of variable pay for the year, increase in employee count and appraisals. Management has guided similar levels to be expected for FY26E. Other expenses including product license fees, tech expenses as well as contribution to SGF was in line with business momentum.

## Rating and Target Price

- MCX is a play on commodity volatility esp. related to oil and gold prices. This coupled with healthy traction in option segment, product launches and trading clients addition shall support steady business growth over long term. Margins and superior return ratios with RoE of ~30% to be sustained. We value MCX at 47x FY27E PAT to arrive at a target price of ₹ 8500 and a HOLD rating on the stock.

## Key Financial Summary

(₹ crore)	FY23	FY24	FY25	2 year CAGR (FY23-FY25)	FY26E	FY27E	2 year CAGR (FY25-27E)
Net Sales	514	684	1113	47.2%	1491	1767	26.0%
EBITDA	150	64	665	110.8%	950	1139	30.8%
Net Profit	149	83	560	93.9%	773	919	28.1%
EPS (₹)	29.2	16.3	109.8		152	180	
P/E(x)	269.7	483.4	71.7		52.0	43.7	
RoE (%)	10.1	6.0	29.7		32.0	31.9	
RoA (%)	4.9	2.4	12.9		14.8	15.3	

Source: Company, ICICI Direct Research



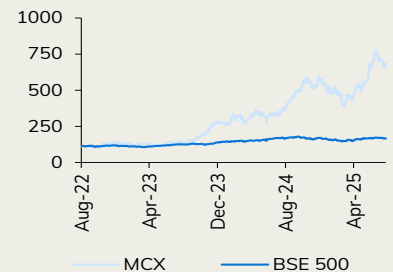
### Particulars

Particulars	Amount
Market Capitalisation	40,112 crore
Networth	1,884 crore
Face Value	10
52 week high/low	9115/ 4130
DII Holding (%)	59.1
FII Holding (%)	21.7

### Shareholding pattern

in %	Sep 24	Dec 24	Mar 25	June 25
DII	57.5	56.3	58.1	59.1
FII	22.1	23.1	21.8	21.7
Public	20.3	20.4	19.9	19.0
Others	0.2	0.2	0.2	0.2

### Price Chart



### Key risks

- Delay in new product launch to impact growth
- Increase in competitive intensity from players like NCDEX

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## Concall highlights and outlook

- Total revenue for Q1 was ₹ 373 cr. Transaction charges between futures and options stood at ₹109 crore and ₹227 crore respectively.
- In Q1, company has launched products across segments including 10 gm futures on gold, options on silver products, electricity futures (June'25) along with cardamom in Agri-sector (July'25). Further, it aims to launch various new products across categories including option contracts on metals and bullion index as well as on agri side.
- No cannibalization across products observed, both futures and option volumes showed healthy growth along with increase in retail participation which increased from 51.8% to 52.4% gaining traction from 10-gm gold contract.
- The company will continue to invest as required esp. on technology front while margin and expense ratios shall be broadly maintained. Q1 EBITDA margin of ~65% is on elevated side as Q1 had strong volume and topline. This margin could come under some pressure in near term with early indication of July average volume being weaker than Q1.
- Product license fees increased 66% YoY, 18% QoQ to ₹ 22 cr. This fee is linked to revenue from energy products and thus shall vary as per income in this segment.
- Company remains optimistic on electricity derivatives with early indications being positive. However, being a new product, it shall take a while to build. Transaction fees on electricity derivatives charged in the same way as in futures of other commodities.

### Exhibit 1: Variance Analysis

	Q1FY26	Q1FY25	YoY	Q4FY25	QoQ	Comments
Revenue	373.2	234.4	59.2%	291.3	28.1%	Revenue surged as tariff related uncertainties and geo-political tensions led to spike in ADT
Other Income	32.6	18.8	73.3%	29.2	11.8%	
Total Income	405.8	253.2	60.3%	320.5	26.6%	
Operating Expenses	86.7	69.7	24.4%	84.9	2.1%	Opex including product license fees were higher in line with business momentum.
Employee Expenses	44.8	32.1	39.7%	46.3	-3.1%	
Total Expenses	131.6	101.8	29.2%	131.2	0.3%	
<b>EBITDA</b>	<b>241.7</b>	<b>132.6</b>	<b>82.3%</b>	<b>160.2</b>	<b>50.9%</b>	
<b>EBITDA %</b>	<b>64.8%</b>	<b>56.6%</b>	<b>819 bps</b>	<b>55.0%</b>	<b>977 bps</b>	Margin elevated in Q1 owing to robust topline
Depreciation	17.3	13.4	28.8%	21.7	-20.2%	
Finance Costs	0.1	0.1	NM	0.1	NM	
Exceptional Items	-0.5	0.4	NM	0.8	NM	
PBT	256.4	138.3	85.5%	168.3	52.4%	
Tax	53.2	27.3	94.7%	32.8	62.1%	
PAT	203.2	110.9	83.2%	135.5	50.0%	PAT growth robust on the back of strong topline.

## Financial Summary

**Exhibit 2: Profit and loss statement**
**₹ crore**

(₹ crore)	FY24	FY25	FY26E	FY27E
Net Sales	683.6	1,112.7	1,490.8	1,766.8
Operating Exp	506.9	303.1	356.3	415.5
Software	392.9	92.7	105.3	123.7
Employee Cost	112.3	144.3	184.7	212.4
Total Expenses	619.2	447.4	541.0	627.9
EBIDTA	64.3	665.3	949.8	1,138.9
Depreciation	35.9	63.8	79.3	91.4
Other Income	75.4	96.2	117.5	131.4
Interest	0.3	0.5	0.3	0.3
PBT	102.0	699.4	987.3	1,178.6
Tax	18.9	139.4	214.0	259.3
PAT	83.1	560.0	773.2	919.3

Source: Company, ICICI Direct Research

**Exhibit 3: Key ratios**

	FY24	FY25	FY26E	FY27E
No. of Equity shares	5.1	5.1	5.1	5.1
EPS (₹)	16.3	109.8	151.6	180.3
BV (₹)	270.3	369.5	474.1	564.2
P/E (x)	483.4	71.7	52.0	43.7
P/BV (x)	29.1	21.3	16.6	14.0
OPM %	9.4	59.8	63.7	64.5
PAT %	12.2	50.3	51.9	52.0
RoE %	6.0	29.7	32.0	31.9
RoA %	2.4	12.9	14.8	15.3

Source: Company, ICICI Direct Research

**Exhibit 4: Balance sheet**
**₹ crore**

(Year-end March)	FY24	FY25	FY26E	FY27E
<b>Sources of Funds</b>				
Share Capital	51.0	51.0	51.0	51.0
Reserves and Surplus	1327.5	1833.4	2366.9	2826.6
Total Shareholder's Fund	1378.5	1884.4	2417.9	2877.6
Non Current Liabilities	65.6	88.1	92.5	97.1
Current Liabilities	1184.2	1422.5	1564.8	1721.3
Settlement Gurantee Fund	780.6	930.1	1162.7	1302.2
Total	3408.8	4325.2	5237.9	5998.2
<b>Application of funds</b>				
Fixed Assets	184.0	223.8	241.7	261.0
Investments	876.8	1341.0	1609.2	1850.6
Loans & Advances	0.0	0.0	0.0	0.0
Cash and equivalents	965.6	1901.7	2476.8	2921.7
Other Assets	1382.4	858.7	910.2	964.9
Total	3408.8	4325.2	5237.9	5998.2

Source: Company, ICICI Direct Research

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Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



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