

CMP: ₹ 2550

Target: ₹ 2980 (17%)

Target Period: 12 months

BUY

January 28, 2026

Soaring volumes aided by persistent commodity volatility

About the stock: MCX is the leader in commodity derivatives exchanges in India with ~98% 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

Q3FY26 performance: MCX reported a strong set of Q3 results, boosted by volatility and surge in gold and silver prices. Revenue stood at ₹666 crore, up 121% YoY and 78% QoQ. Futures average daily turnover (ADT) in Q3 has sky-rocketed at 202% YoY, 102% QoQ to ₹84,472 crore while options premium ADT surged 100% YoY, 73% QoQ to ₹ 7104 crore, driven largely by higher activity in bullion. EBITDA rose to ₹495 crore, growing 156% YoY and 103% QoQ, while EBITDA margins expanded to 74.4%, aided by strong operating leverage.

Investment Rationale

- Commodity volatility boosting volumes and profitability:** In January month, the growth momentum has grown stronger with futures ADT at ₹1,13,363 crore (up 34% vs Q3 average) and options premium ADT at ₹10,255 crore (up 44% vs Q3 average) owing to rising volatility in gold, silver as well as natural gas joining the bandwagon recently. Global uncertainties on tariff side, persistent geopolitical tensions, rising trust in hard commodities across countries, as well as rising speculative interest is likely to keep this volatile commodity trend to continue of which MCX shall be key beneficiary. Besides, oil prices have been subdued and stable in recent times which could add periodic volatility factor. Further, product launches esp. with lower contract size/weekly expiries alongwith steady unique client addition shall support steady business growth going ahead.
- Regulatory factors relatively supportive:** SEBI Chairman Tuhin Kanta Pandey recently signaled that the regulator is working with the RBI and IRDAI to allow banks, insurance companies, and pension funds to trade in the commodity derivatives market. In addition, the regulator is evaluating a proposal to permit FPIs to participate in non-cash settled, non-agricultural derivatives. Earlier, electricity derivative was permitted which shall add to business growth over long term.

Rating and Target Price

- MCX is a play on commodity volatility esp. related to gold and oil prices which is reflected in recent sharp surge in its ADT. Surge in ADT has been far higher than estimate. We thus revise FY26E, FY27E estimate upwards and introduce FY28E. We estimate revenue/EBITDA/PAT CAGR of 44%/52%/50% over FY25-28E. We value MCX at 40x FY28E EPS to arrive at a target price of ₹2,980 and recommend BUY rating on the stock.

Key Financial Summary

(₹ crore)	FY23	FY24	FY25	2 year CAGR (FY23-FY25)	FY26E	FY27E	FY28E	3 year CAGR (FY25-28E)
Net Sales	514	684	1113	47.2%	2292	2968	3318	43.9%
EBITDA	150	64	665	110.8%	1642	2099	2344	52.2%
Net Profit	149	83	560	93.9%	1348	1695	1898	50.2%
EPS (₹)	5.8	3.3	22.0		53	66	74	
P/E(x)	436.5	782.4	116.1		48.2	38.4	34.3	
RoE (%)	10.1	6.0	29.7		48.8	49.3	45.2	
RoA (%)	4.9	2.4	12.9		23.1	24.6	23.7	

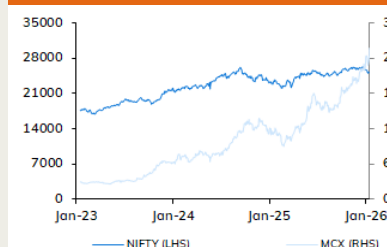
Source: Company, ICICI Direct Research

**Particulars**

Particulars	Amount
Market Capitalisation	65,022 crore
Networth	2,087 crore
Face Value	2
52 week high/low	2659 / 881
DII Holding (%)	59.2
FII Holding (%)	20.0

Shareholding pattern

in %	Mar 25	Jun 25	Sept 25	Dec 25
DII	58.1	59.1	60.5	59.2
FII	21.8	21.7	19.0	20.6
Public	19.9	19.0	20.3	20.0
Others	0.2	0.2	0.2	0.2

Price Chart**Key risks**

- Decline in price and volatility of commodities that would impact ADT accordingly
- Technical break-down esp. post recent couple of glitches which may also invite regulatory risk

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Concall highlights and outlook

Business growth –

- Revenue came in at ₹666 crore (up 121% YoY). Revenue from options stood at ₹380 crore, while futures revenue was ₹227 crore. EBITDA increased 144% YoY to ₹527 crore, while PAT rose 151% YoY to ₹401 crore, supported by operating leverage and strong volume growth.
- Futures & options combined notional ADT rose sharply to ₹7.5 lakh crore, up ~220% YoY, driven by heightened volatility and increased market participation. In terms of futures market, ADT increased 202% YoY, 102% QoQ to ₹84,472 crore in Q3FY26. Options ADT surged to ₹6.66 lakh crore, up by 227% YoY while options premium ADT rose to ₹7,104 crore up by 100% YoY. Premium ADT growth is less as bullion segment has been major contributor wherein relative premiums are less vs oil and natural gas which tend to be relatively more volatile.
- Bullion segment continued to outpace, contributing ~69% of total ADT, aided by strong activity in gold and silver. In terms of futures ADT, bullion constituted 81%, options notional ADT: 67.5% and options premium ADT: ~42%. Besides, base metals futures and options combined ADT grew 171% QoQ and 96% YoY, supported by higher volatility and contract improvements.
- Number of traded clients rose sharply to 11.1 lakh in Q3FY26 (vs. 7.9 lakh in Q2FY26) driven by higher retail participation and onboarding of new members.

Product launches –

- Launched Gold Mini and Gold ten futures, silver monthly options, and smaller denomination bullion contracts under bullion segment. Also, introduced monthly options on MCX iCOMDEX bullion index.
- On metal front, Nickel futures relaunched with improved contract structure with differential trading and delivery units.
- Product pipeline remained healthy with new commodity products awaiting regulatory and internal approvals.

Other updates -

- Technology investment continues to remain in-line with no sharp spike in Capex envisaged. Current infrastructure is capable of supporting 3-4x current volumes with management building readiness for upto 10x scale over time.
- Client base remains diversified across market participants including hedgers, investors, retail participants, HNIs, ultra HNIs, corporates alongwith jewellery community. Management expects a structurally higher volume baseline even if commodity volatility moderates supported by broader participation and deeper product offerings.

Exhibit 1: Variance Analysis

	Q3FY26	Q3FY25	YoY	Q2FY26	QoQ	Comments
Revenue	665.6	301.4	120.9%	374.2	77.9%	Revenue growth has largely been supported by the bullion segment, backed by sharp volatility in gold & silver prices.
Other Income	31.5	23.0	37.0%	26.6	18.6%	
Total Income	697.1	324.4	114.9%	400.8	73.9%	
Operating Expenses	126.0	75.0	68.0%	85.8	46.9%	
Employee Expenses	44.4	33.2	33.6%	44.8	-0.8%	
Total Expenses	170.5	108.3	57.5%	130.6	30.5%	Expense increase broadly in line, likely to increase going ahead.
EBITDA	495.2	193.1	156.4%	243.6	103.2%	EBITDA growth backed by strong topline.
EBITDA %	74.4%	64.1%	1031 bps	65.1%	929 bps	Strong margin maintained.
Depreciation	21.9	14.6	50.1%	19.8	10.9%	
Finance Costs	0.1	0.2	NM	0.1	NM	
Exceptional Items	-1.5	0.5	NM	-1.5	NM	
PBT	503.2	201.9	149.3%	248.9	102.2%	
Tax	102.1	41.8	144.2%	51.4	98.7%	
PAT	401.1	160.0	150.6%	197.5	103.1%	PAT growth strong on the back of healthy business momentum.

Financial Summary

Exhibit 2: Profit and loss statement

₹ crore

(₹ crore)	FY25	FY26E	FY27E	FY28E
Net Sales	1,113	2,292	2,968	3,318
Operating Exp	303	465	649	728
Employee cost	144	185	220	246
Total Expenses	447	650	869	974
EBIDTA	665	1,642	2,099	2,344
Depreciation	64	84	105	118
Other Income	96	154	180	208
Interest	0	0	0	0
PBT	699	1,708	2,173	2,434
Tax	139	361	478	535
PAT	560	1,348	1,695	1,898

Source: Company, ICICI Direct Research

Exhibit 3: Key ratios

	FY25	FY26E	FY27E	FY28E
No. of Equity shares	25.5	25.5	25.5	25.5
EPS (₹)	22.0	52.9	66.5	74.5
BV (₹)	73.9	108.3	134.8	164.6
P/E (x)	116.1	48.2	38.4	34.3
P/BV (x)	34.5	23.6	18.9	15.5
OPM %	59.8	71.6	70.7	70.6
PAT %	50.3	58.8	57.1	57.2
RoE %	29.7	48.8	49.3	45.2
RoA %	12.9	23.1	24.6	23.7

Source: Company, ICICI Direct Research

Exhibit 4: Balance sheet

₹ crore

(Year-end March)	FY25	FY26E	FY27E	FY28E
Sources of Funds				
Share Capital	51	51	51	51
Reserves and Surplus	1833	2709	3387	4147
Total Shareholder's Fund	1884	2760	3438	4198
Other liabilities	2441	3071	3444	3816
Total	4325	5832	6883	8014
Application of funds				
Fixed Assets	224	242	261	282
Investments	1341	2414	2897	3418
Loans & Advances	0	0	0	0
Cash and equivalents	1902	2266	2760	3292
Other Assets	859	910	965	1023
Total	4325	5832	6883	8014

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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