CMP: ₹2661 | Target ₹ 2970 (12%) | Target Period: 12 months

HOLD

August 7, 2026

MCX
METAL & ENERGY
Trade with Trust

Volume moderation seen in Q1; valuation headroom limited...

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 99%+ market share in precious metals, base metals and energy
- Presence in various commodities offers healthy diversification with focus on option volume

Q1FY27 performance: MCX reported a healthy consolidation quarter, with revenue from operations at ₹702 crore (up 88% YoY, down 21% QoQ). Sequential drop in revenue attributed to decline in Option Premium ADT. EBITDA recorded at ₹544 crore (up 98% YoY, down 23% QoQ) with margin declined to 72.3% (down 359 bps QoQ) due to sustained operating expenses and annual employee cost increment. PAT came in at ₹413 crore (up 103% YoY, down 22% QoQ).

Investment Rationale:

- **Volume momentum normalizing but structurally intact:** ADT grew 47% YoY to ₹10.5 lakh crore (vs. ₹6.6 lakh crore in Q4FY26), with notional options ADT surging 266% YoY, reflecting continued deepening of participation. However, bullion options premium ADT fell 27% QoQ even as notional ADT rose 116% QoQ, compressing the premium-to-notional ratio from 1.03% to 0.35% — management attributed this largely to a fall in implied volatility rather than any adverse shift in contract mix or participation, with underlying option volumes (gold ADV up 100% QoQ) holding firm. Crude oil options volumes stayed largely flat QoQ despite three months of elevated crude volatility, versus a shorter, sharper volatility spike in Q4FY26. Geopolitical uncertainties continue to drive volatility across commodities prices and volumes; thus, continue to remain watchful.
- **Strong command over diversified products:** Recently launched Silver 100g and Gold 10g futures have been well received in view of the increased volatility and elevated prices in these metals. Electricity futures command ~55% ADT market share, though overall contribution remains benign. Domestic silver and additional gold refiner empanelment should support both volume and potential data-services monetization over time, though management indicated these revenue streams are still at an early, non-quantified stage.

Rating and Target Price

- Post Q4FY26, futures and options volumes have started settling down, indicating that volatility-led surge has largely played out. Continued momentum in price volatility could still aid traction, but incremental gains in trading volumes appear capped. Meanwhile, healthy traction in option segment, product launches and trading client addition shall support steady business growth over long term. Current valuation seems to largely capture benefit of robust growth in options volume. Anticipating normalization, we assign a multiple of ~40x FY28E PAT; thus revise our target price to ₹2970. We downgrade our rating from Buy to Hold.

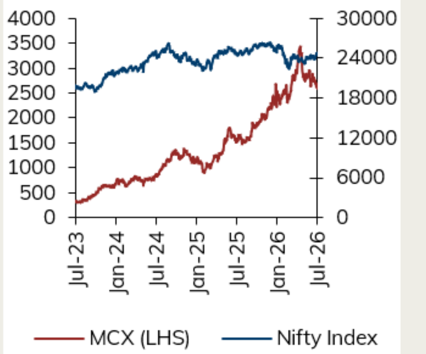
Particulars

Particulars	Amount
Market Capitalisation	67,711 crore
Net Worth	2,848 crore
Face Value	2
52-week high/low	3480 / 1461
DII Holding (%)	50.8
FII Holding (%)	29.9

Shareholding pattern

in %	Sept 25	Dec 25	Mar 26	Jun 26
DII	60.5	59.2	54.4	50.8
FII	19.0	20.6	26.1	29.9
Public	20.3	20.0	19.4	19.2
Others	0.2	0.2	0.2	0.2

Price Chart



Key risks

(i) Volume growth driven by volatility in commodities prices

(ii) Technical break-down esp. post recent couple of glitches which may also invite regulatory risk

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Key Financial Summary

(₹ crore)	FY24	FY25	FY26	3-year CAGR (FY23-FY26)	FY27E	FY28E	2-year CAGR (FY26-28E)
Net Sales	684	1113	2302	64.9%	2948	3324	20.2%
EBITDA	64	665	1647	122.4%	2104	2353	19.5%
Net Profit	83	560	1332	107.5%	1730	1942	20.8%
EPS (₹)	3.3	22.0	52.2		68	76	
P/E(x)	816.5	121.2	51.0		39.2	34.9	
Annual Volume Traded (in lakh crore)	276.6	565.2	773.8		671.6	243.9	
RoE (%)	6.0	29.7	46.8		48.9	45.0	
RoA (%)	2.4	12.9	17.8		19.9	19.4	

Source: Company, ICICI Direct Research

Concall highlights and outlook

Business growth

- Total income for Q1FY27 rose 85% YoY to ₹752 crore, with revenue from operations up 88% YoY to ₹702 crore. Reported EBITDA doubled YoY to ₹544 crore at a 72% margin, while PAT came in at ₹413 crore.
- Management flagged sequential decline as a consolidation following an exceptionally strong Q4FY26, led by one-off geopolitical volatility.
- Average daily turnover (ADT) grew 238% YoY to ₹10.5 lakh crore. Notional options ADT surged 266% YoY, reflecting deeper liquidity and wider derivatives adoption.
- Traded client base doubled YoY to 13.72 lakh, though broadly flat QoQ as some Q4 participants stepped back. Management still sees the new-member trendline as positive, guiding for a higher full-year UCC number versus last year's 20 lakhs.
- Bullion options notional ADT rose 116% QoQ even as premium ADT fell 27%, compressing the premium-to-notional ratio from 1.03% to 0.35% — attributed mainly to volatility normalization rather than contract-mix shift, with underlying volumes (gold ADV ~300 MT, up 100% QoQ; silver ADV ~9,400 MT) holding healthy.

Product launches

- Successfully launched the silver 100g futures contract, seeing strong early traction as an accessible hedging/investment product.
- Expanded delivery norms: Empanelled the country's first domestic silver refiner and three additional domestic gold refiners; extended the gold delivery framework across all contracts.
- Over 15 AMCs now reference MCX bullion price for AUM calculations following a regulatory directive.

Other updates

- MCX Coal Exchange of India incorporated after regulatory approval; early-stage groundwork underway.
- Technology platform now handles 3 billion+ transactions/day (from <1 billion four quarters ago) with headroom to double capacity; new ED for Critical Operations & Technology onboarded.
- Added 12 new members and 35 new FPIs in the quarter (FPI count ~220, ~2.5% of ADT); electricity futures ADT at ₹37 crore with ~55% market share by ADT and >70% by open interest. RBI's bank guarantee regulation impact seen as more of a Q2 factor, with no significant detriment yet observed.

Exhibit 1: Variance Analysis

	Q1FY27	Q1FY26	YoY	Q4FY26	QoQ	Comments
Revenue	702.0	373.2	88.1%	888.9	-21.0%	Growth momentum continued on YoY basis, though witnessed a decline sequentially owing to 14.5% decline in option premium traded value and 33% decline in futures traded value
Other Income	49.8	32.6	52.7%	36.4	36.8%	Driven by MTM gains on invested financial asset
Total Income	751.8	405.8	85.3%	925.3	-18.8%	
Operating Expenses	150.6	86.7	73.6%	176.8	-14.8%	Increased advertisement, regulatory fees and provisioning to statutory fund
Employee Expenses	57.5	44.8	28.1%	46.1	24.7%	Annual employee increments
Total Expenses	208.0	131.6	58.1%	222.8	-6.6%	
EBITDA	494.0	241.7	104.4%	666.1	-25.8%	EBITDA growth in-line with top-line
EBITDA %	70.4%	64.8%		74.9%		
Depreciation	20.7	17.3	19.7%	19.1	8.5%	
Finance Costs	0.2	0.1	166.7%	0.2	-23.8%	
Exceptional Items	0.2	-0.5	NM	-1.4	NM	
PBT	523.1	256.4	104.0%	681.8	-23.3%	
Tax	109.7	53.2	106.1%	152.0	-27.8%	
PAT	413.4	203.2	103.5%	529.8	-22.0%	Sequential decline in earnings owing to volatility in volumes

Financial summary

Exhibit 2: Profit and loss statement ₹ crore

(₹ crore)	FY25	FY26	FY27E	FY28E
Net Sales	1,113	2,302	2,948	3,324
Operating Exp	303	475	630	726
Software	93	105	125	151
Advertisement	69	108	167	196
Others	141	263	339	379
Employee cost	144	180	213	245
Total Expenses	447	655	843	971
EBIDTA	665	1,647	2,104	2,353
Depreciation	64	78	88	99
Other Income	96	127	173	205
Interest	0	0	1	1
PBT	699	1,690	2,189	2,457
Tax	139	359	459	515
PAT	560	1,332	1,730	1,942

Source: Company, ICICI Direct Research

Exhibit 3: Key Ratios ₹ crore

	FY25	FY26	FY27E	FY28E
No. of Equity shares	25.5	25.5	25.5	25.5
EPS (₹)	22.0	52.2	67.9	76.2
BV (₹)	73.9	111.7	138.8	169.3
P/E (x)	121.2	51.0	39.2	34.9
P/BV (x)	36.0	23.8	19.2	15.7
OPM %	59.8	71.5	71.4	70.8
PAT %	50.3	57.8	58.7	58.4
RoE %	29.7	46.8	48.9	45.0
RoA %	12.9	17.8	19.9	19.4
No. of Equity shares	25.5	25.5	25.5	25.5
EPS (₹)	22.0	52.2	67.9	76.2

Source: Company, ICICI Direct Research

Exhibit 4: Balance sheet ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Sources of Funds				
Share Capital	51	51	51	51
Reserves and Surplus	1833	2797	3489	4266
Total Shareholder's Fund	1884	2848	3540	4317
Non Current Liabilities	88	92	97	102
Current Liabilities	1423	3170	3487	3835
Settlement Guarantee Fund	930	1367	1572	1761
Other liabilities	2441	4630	5156	5698
Total	4325	7477	8696	10015
Application of funds				
Fixed Assets	224	233	251	271
Investments	1341	2889	3467	4091
Loans & Advances	0	0	0	0
Cash and equivalents	1902	2537	3050	3609
Other Assets	859	1819	1928	2043
Total	4325	7477	8696	10015

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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