CMP: ₹3367 | Target ₹ 3900 (16%) | Target Period: 12 months

BUY

November 5, 2026

Volume surge drives earnings momentum...

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

Q2FY27 performance: MCX reported strong Q2FY27 performance as growth remained robust on YoY basis, with healthy momentum witnessed sequentially. Revenue from operations surged 113.9% YoY to ₹800 crore (+14% QoQ); healthy growth in trading volumes being the primary driver. EBITDA grew by 150.9% YoY to ₹611 crore (+23.7% QoQ), with operating margins expanding by 1,134 bps YoY to 76.4% (vs. 65.1% in Q2FY26 and 70.4% in Q1FY27), supported by scale efficiency and lower regulatory fee contributions. Consequently, PAT more than doubled, rising 130.8% YoY to ₹455 crore (+10.1% QoQ).

Investment Rationale:

- **Volume momentum remains strong, though premium realisation remains monitorable:** F&O ADT surged 207.1% YoY and 20.4% QoQ to ₹12.6 lakh crore, supported by broad-based participation and commodity volatility. However, options premium ADT growth of 13.3% QoQ lagged notional growth of 21.3%, with the premium-to-notional ratio moderating to 0.86% from 0.92%, primarily due to energy options. While expanding client participation supports a structurally higher volume base, premium realisation remains sensitive to volatility and contract mix. Lower SGF contributions aided profitability, though recurring technology expenses and volatility-dependent volumes remain key monitorable for earnings sustainability.
- **Product diversification strengthens medium-term growth opportunities:** Silver 100g futures gained traction, recording ADT exceeding ₹100 crore, while electricity futures recorded ~₹77 crore ADT at ~75% market share, a with management indicating significant growth potential ahead. Base metals F&O ADT surged 681.1% YoY, largely reflecting options scaling from a low base, with management indicating further growth potential in copper. Extended contract tenures and rationalised delivery locations should support hedging participation, while ~250 onboarded FPIs and potential regulatory access to physically settled contracts offer incremental opportunities. However, bullion's 66.9% share of F&O ADT suggests diversification benefits will accrue gradually.

Rating and Target Price

- Strong volume growth, rising participation and product diversification support the growth outlook. However, premium realisation remains sensitive to commodity volatility, while temporary SGF benefits and rising technology cost warrant monitoring. Traction in new products launched recently including electricity futures could act as re-rating trigger. With growth prospects largely factored into valuations, we revise our rating to BUY, valuing MCX at ~46x FY28E EPS with a target price of ₹3,900.

MCX METAL & ENERGY
Trade with Trust

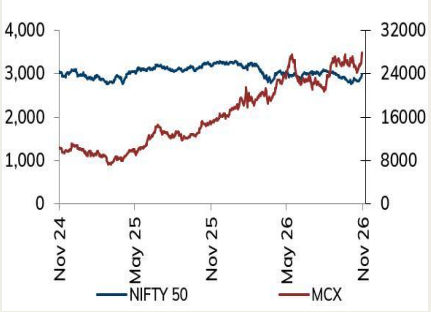
Particulars

Particulars	Amount
Market Capitalisation	84,530 crore
Net Worth	3,512 crore
Face Value	2
52-week high/low	3538 / 1761

Shareholding pattern

in %	Dec 25	Mar 26	Jun 26	Sep 26
DII	59.2	54.4	50.8	55.2
FII	20.6	26.1	29.9	27.1
Public	20.0	19.4	19.2	17.6
Others	0.2	0.2	0.2	0.2

Price Chart



Key risks

(i) Moderation in volume amid drop in volatility in commodities prices

(ii) Slower than expected scale up in new products launched recently

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Result Update

ICICI Securities – Retail Equity Research

Key Financial Summary

(₹ crore)	FY25	FY26	3-year CAGR (FY23-FY26)	FY27E	FY28E	2-year CAGR (FY26-28E)
Net Sales	1113	2302	64.9%	3054	3746	27.6%
EBITDA	665	1647	122.4%	2269	2782	30.0%
Net Profit	560	1332	107.5%	1776	2165	27.5%
EPS (₹)	22.0	52.2		70	85	
P/E(x)	153.3	64.5		48.3	39.7	
Annual Volume Traded (in lakh crore)	565.2	773.8		967.3	1112.4	
RoE (%)	29.7	46.8		49.9	48.9	
RoA (%)	12.9	17.8		20.3	21.3	

Source: Company, ICICI Direct Research

Concall highlights and outlook

Business growth

- Total income for Q2FY27 rose 112.2% YoY and 13.2% QoQ to ₹851 crore, with revenue from operations up 113.9% YoY and 14.0% QoQ to ₹800 crore. EBITDA grew 145.9% YoY to ₹664 crore at a record 78.0% margin, up 1,070 bps YoY and 570 bps QoQ, partly aided by lower regulatory contributions.
- PAT rose 130.8% YoY to ₹455 crore. QoQ growth was limited to 10.1% (vs. 22.1% for EBITDA), partly due to a higher effective tax rate. For H1FY27, revenue from operations doubled YoY to ₹1,502 crore and PAT rose 116.4% YoY to ₹868 crore.
- F&O ADT rose 207.1% YoY and 20.4% QoQ to ₹12.6 lakh crore, led by options notional ADT of ₹12.0 lakh crore (up 224.8% YoY). Futures ADT grew 50.6% YoY to ₹62,819 crore. Bullion accounted for 66.9% of F&O ADT and energy 31.5%, while base metals ADT grew 681.1% YoY to ₹20,605 crore. Management sees further headroom in base metals, particularly copper, though not at the scale of precious metals.
- Options premium ADT rose 151.2% YoY and 13.3% QoQ to ₹10,291 crore, trailing notional ADT growth of 224.8% YoY and 21.3% QoQ. The premium-to-notional ratio eased to 0.86% from 0.92% in Q1FY27 (1.11% in Q2FY26), with compression coming from energy (1.89% vs. 2.23%), while bullion remained broadly stable at 0.37%. Management attributed the ratio to volatility, contract mix and tenure and does not expect an immediate uplift from longer-dated contracts.
- Traded clients rose 89.8% YoY and 9.2% QoQ to 14.98 lakh, led by options clients. The H1FY27 count of 19.75 lakh is close to FY26's 20.9 lakh. Client trading share rose to 53.3% in futures and 41.6% in options, from 51.0% and 39.3%, respectively, in Q1FY27.
- Prop contribution remains broadly unchanged. Management acknowledged that RBI's bank guarantee norms, effective July 2026, have tightened market credit, but it has not observed a significant shift in contribution and continues to monitor the impact.

Costs and Regulatory update

- Contribution to statutory funds fell 53.7% QoQ to ₹25 crore as no SGF contribution was made in Q2FY27. This followed SEBI's August 2026 circular rationalising the SGF requirement under the Z-score method (from 10 to 5). The Q2FY27 charge relates to IPF, ISF and other regulatory payments.
- Management did not quantify the Q2 FY27 benefit but indicated that the contribution requirement could have been similar to Q1FY27 levels in the absence of the regulatory change. The existing core SGF of ₹1,472 crore provides a buffer for a few quarters, after which contributions may resume at a more optimised level.
- Product license fees rose 131.6% YoY to ₹44 crore, linked to CME crude pricing and scaling with volumes. IT costs rose 25.0% QoQ to ₹35 crore on running expenses associated with expanded capacity, which management characterised as recurring rather than one-off.
- The effective tax rate rose to 28.9% from 21.0% in Q1FY27 as MCXCCL made a tax provision and the annual rate was reassessed, with a YTD catch-up booked in Q2FY27. The H1FY27 rate stood at 25.3%, and management guided for ~25% going forward.
- Management refrained from providing margin guidance but does not anticipate significant changes in EBITDA levels, while continued

investments in technology, information security and innovation would entail additional costs

Product launches

- Silver 100g futures, launched on June 1, 2026, now record ADT of over ₹100 crore, while gold 10g futures and silver micro-options continue to gain traction. The launch pipeline is being paced to facilitate market absorption.
- Far-dated futures were introduced, with expiries extended to 12 months for aluminium, copper and zinc and 18 months for crude oil to support corporate and institutional hedging. Delivery locations were consolidated effective November 2026, with lead shifted to Chennai and zinc to Thane, while the respective mini contracts have delivery locations at Palwal and Kolkata.
- Crude sunflower oil futures and the coal and minerals trading platforms went live in October 2026. Base metal deliveries rose 84.5% YoY to 34,707 MT, led by copper at 22,158 MT.

Other updates

- FPI count rose to ~250 (from ~220 in Q1FY27), with activity concentrated in cash-settled crude oil and natural gas. Management noted heightened FPI interest in India-specific contracts with domestic price discovery and delivery linkages. Access to physically settled non-agri contracts, including gold and silver, awaits a formal SEBI circular.
- Electricity futures, a focus product for management, recorded ADT of ~₹77 crore in Q2FY27 (H1FY27: ₹57 crore). Market share stood at ~75%, with open interest of 1,500–1,600 lots spread across the second- and third-month contracts.
- Technology capacity has nearly doubled. The data centre migration is under review following stakeholder consultation and is unrelated to FPI participation. Two executive directors (Critical Operations; Regulatory, Compliance and Risk) were appointed, alongside a new Chief Business Officer and Chief of Innovation.
- Market share in commodity futures and options turnover remains above 98%. Management acknowledged rising competitive intensity but refrained from predicting the market-share trajectory.

Exhibit 1: Variance Analysis

	Q2FY27	Q2FY26	YoY	Q1FY27	QoQ	Comments
Revenue	799.7	374.2	113.7%	702.0	13.9%	Growth momentum led by higher options trading volumes and increased market participation
Other Income	51.6	26.6	94.4%	49.8	3.7%	Driven by MTM gains on invested financial asset
Total Income	851.3	400.8	112.4%	751.8	13.2%	
Operating Expenses	132.3	85.8	54.1%	150.6	-12.2%	QoQ decline led by lower regulatory fund contributions.
Employee Expenses	56.2	44.8	25.4%	57.5	-2.2%	
Total Expenses	188.4	130.6	44.3%	208.0	-9.4%	
EBITDA	611.2	243.6	150.9%	494.0	23.7%	EBITDA growth in-line with top-line
EBITDA %	76.4%	65.1%		70.4%		
Depreciation	22.5	19.8	14.1%	20.7	8.8%	
Finance Costs	0.4	0.1	583.3%	0.2	156.3%	
Exceptional Items	-0.7	-1.5	NM	0.2	NM	
PBT	639.2	248.9	156.8%	523.1	22.2%	
Tax	184.7	51.4	259.2%	109.7	68.4%	
PAT	454.6	197.5	130.2%	413.4	9.9%	Strong growth impacted by higher effective tax rate

Financial summary

Exhibit 2: Profit and loss statement ₹ crore

(₹ crore)	FY25	FY26	FY27E	FY28E
Net Sales	1,113	2,302	3,054	3,746
Operating Exp	303	475	567	714
Software	93	105	218	250
Advertisement	69	108	785	964
Others	141	263	2,269	2,782
Employee cost	144	180	74	74
Total Expenses	447	655	91	97
EBIDTA	665	1,647	2,178	2,684
Depreciation	64	78	198	205
Other Income	96	127	1	2
Interest	0	0	(0)	-
PBT	699	1,690	2,374	2,887
Tax	139	359	597	722
PAT	560	1,332	1,776	2,165

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	69.7	84.9
BV (₹)	73.9	111.7	139.5	173.5
P/E (x)	153.3	64.5	48.3	39.7
P/BV (x)	45.6	30.1	24.1	19.4
OPM %	59.8	71.5	74.3	74.3
PAT %	50.3	57.8	58.2	57.8
RoE %	29.7	46.8	49.9	48.9
RoA %	12.9	17.8	20.3	21.3

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	3508	4374
Total Shareholder's Fund	1884	2848	3559	4425
Non Current Liabilities	88	116	121	128
Current Liabilities	1423	3170	3487	3835
Settlement Guarantee Fund	930	1367	1572	1761
Other liabilities	2441	4653	5181	5724
Total	4325	7501	8739	10149
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	3068	3717
Other Assets	859	1842	1952	2069
Total	4325	7501	8739	10149

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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